



**CITY OF DETROIT
 PLANNING & DEVELOPMENT DEPARTMENT
 HOUSING SERVICES DIVISION**

Neighborhood Stabilization Program (NSP)

**Notice of Funding Availability (NOFA)
 Requests for Proposals (RFP)**

(Funding provided by the Department of Housing & Urban Development, HUD)

Completed Application Packages Due: April 24, 2009



INFORMATION AND APPLICATION PACKAGE

FEBRUARY 2009

**65 CADILLAC SQUARE, SUITE 1900
 DETROIT, MICHIGAN 48226**

*Neighborhood Stabilization Program General Questions
 Please Contact: 313.224.4494 or 313.224.4006*



**Douglass J. Diggs, Director
 Planning & Development Department**



Special Notice Bulletin Addendum

HOME Program NOFA

Neighborhood Stabilization Program, (NSP) NOFA

***** Early Project Submission for Completed Applications*****

The City of Detroit, Planning and Development Department, (P&DD) will allow those development projects, that are “ready to proceed”, with completed applications, and have been awarded 2008 State of Michigan, Low Income Housing Tax Credits (LIHTC), or have firm funding commitments from HUD’s 2008 (Section 202, Sec. 221d4, or other programs) to submit applications for funding consideration, prior to the published April 24, 2009 due date.

In order to have your completed application reviewed early, you are required to schedule an appointment, with the Housing Services Division representatives, for a application review session, in order to both confirm and verify that your application meets the criteria for early acceptance, review, and funding consideration. This early review opportunity is provided, in an effort to coincide with commitment timeframes, that may be in jeopardy of expiring, prior to our published April 24, 2009 due date.

The City has the sole discretion to accept or reject those projects that request an early project submission for funding consideration. You are required to call to schedule an appointment, with one of the following HOME/ NSP representatives:

- **Concenetta Coats, (313) 224-4006**
- **Willie Moore, (313) 224-3985**
- **Darwin Heard, (313) 628-0034**

*City of Detroit “Special Bulletin Addendum”
NOFA/HOME & NSP Projects
Early Project Submission
February 24, 2009*



**City of Detroit
 Planning & Development Department
 Housing Services' Division**

2009 Neighborhood Stabilization Program (NSP) Application

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NOTE: Please note the preceding page "Early Project Submission for Completed Applications"

Notification of Funding Availability (NOFA)

**Neighborhood Stabilization Program (NSP)
Invites Applications and Requests for Proposals (RFP)**

Developers, Non-Profit Housing Development Corporations, CHDOs, Faith-based, Community Development Corporations, Supportive Housing Providers

February 24, 2009

To NSP Program Applicants:

The City of Detroit is pleased to announce that, as a result of the recently authorized Federal Housing and Recovery ACT, (HERA) of 2008, Congress approved funding under the Neighborhood Stabilization Program, (NSP). HUD awarded NSP funds to the City of Detroit for a total allocation, in the amount of \$47,137,690. Neighborhood Stabilization Program Funds are allocated to provide funding to Detroit, for "Neighborhood Stabilization and the Redevelopment of Vacant, Abandoned, and Foreclosed Homes." A major portion of the total allocation awarded to the City of Detroit will be used to support the redevelopment of vacant, abandoned or foreclosed properties and structures that add to the decline of neighborhoods and negatively impact Detroit property values.

NSP funded projects must be located in one of the nine (9) targeted neighborhood areas identified below. The City is seeking "ready to proceed" projects that can be quickly implemented, and that are compliant with Federal NSP Rules and Regulations. The City of Detroit's NSP Areas are: Brightmoor, Far Eastside/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, Osborn, North Central and Southwest Detroit. Priority consideration, through bonus points will be given to housing development projects, located within the "areas of greatest need", within the targeted NSP neighborhoods.

Approximately, \$14 Million of the City's total NSP allocation has been targeted to support various housing related activities that foster the recovery and redevelopment of targeted neighborhoods. NSP funds will be awarded to eligible, "ready to proceed", affordable housing development projects that will provide housing opportunities to benefit low to moderate and "middle" income households.

The City's official "Notification of Funding Availability" (NOFA), and "Requests for Proposals" (RFP), was posted February 18, 2009 on the Michigan Chronicle's website: www.michronicleonline.com and published in the February 25, 2009 newspaper edition. The NOFA and RFP are to solicit housing preservation projects through the rehabilitation of single-family rental housing, or for-sale affordable housing projects. NSP funding can be combined with funding from the Federal HOME Program. Eligibility for adding funds from the HOME program will be determined at the time of underwriting. At this time, an additional application is not required.

The City of Detroit is charged with the solicitation of qualified project proposals that require additional funding assistance, in the following manner:

- 1) Construction financing for the development of both "for-sale" and "rental" "projects.
- 2) Financing to fill a funding gap after all other resources have been exhausted, and there are insufficient private construction/permanent financing, and/or insufficient investor equity (gap funding) raised through the Michigan State Housing Development Authority (MSHDA), Low Income Housing Tax Credits, (LIHTC) program, Supportive Housing Program (SHP), or Housing & Urban Development Department's (HUD) Section 202 Capital Advance Loan Program.

**Notification of Funding Availability (NOFA)
Letter to NSP Program Applicants
February 24, 2009
Page 2**

The City of Detroit is also seeking Requests for Proposals, (RFP) from experienced Developers, Non-Profits, Faith based Organizations, Community Development Corporations, Supportive Housing Providers, Senior Housing Providers, for the submission of creative single-family, preservation housing development projects that are located in the nine (9) targeted areas and meet the NSP funding eligibility requirements.

Together, through public and private partnerships, the City of Detroit residents will benefit from decent, safe and affordable housing development projects. Should you decide to become a program applicant, please complete an application for the respective Program, and return the **original and one (1) copy** of the application in a sealed envelope that identifies its contents, containing either the NOFA response or the RFP response.

****Sealed applications are due no later than 4:30 p.m. on Friday, April 24, 2009.**

Applications should be addressed to:

**City of Detroit
Planning & Development Department
65 Cadillac Square, 19th Floor
Detroit, Michigan 48226**

**Attention: Ms. Jannie M. Warren, General Manager
Housing Services Division**

We look forward to the receipt of your application. Thank you for your consideration.

Sincerely,

Jannie M. Warren, General Manager
Housing Services Division

Enclosure: 2009 NSP Program Information & Application Package

Pre-NSP Application Submission “Working Session”, Date To Be Determined early April 2009

NOTICE OF NON-DISCRIMINATION: The City of Detroit does not discriminate on the basis of race, color, creed, national origin, age, handicap, sex or sexual orientation. Complaints may be filed with the Detroit Human Rights Department 1230 Coleman A. Young Municipal Center, Detroit, MI 48226.

*****SPECIAL NOTICE: A five hundred dollar (\$500.00) fee (Cashier’s Check) made payable to “Treasurer, City of Detroit” is required with applications submittal for all for profit Neighborhood Stabilization Program (NSP) Projects.***

*****SPECIAL NOTICE: Applications are subject to the review of HUD’s debarment list, for principle program participants. HUD’s debarment verification will disqualify the application.***

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) DESCRIPTION

February 2009

The Department of Housing and Urban Development (HUD) received approval from Congress in July 2008, to enact the Housing and Economic Recovery Act (HERA). Title III of HERA appropriated \$3.92 billion for the Neighborhood Stabilization Program (NSP) to be appropriated to state and local governments. The City of Detroit received an allocation of \$47,137,690 to provide federal grant funding assistance for neighborhood stabilization for the redevelopment of abandoned, vacant and foreclosed homes. The City of Detroit is required to commit all NSP funds within an 18-month period, after signing the grant agreement with HUD. In addition, all projects must be completed within a four (4) year period, ending 2013. The City is required to submit quarterly reports that are designed to track the City's performance under NSP and to assure compliance with the federal NSP regulations.

The City also encourages compliance with the Federal Section 3 Clause, which provides for possible hiring opportunities for local, Detroit residents, businesses and local contractors in the implementation of the proposed development project.

The NSP funding has been targeted to nine (9) neighborhoods in Detroit, which have been defined, by HUD, as "areas of the greatest need". The nine (9) NSP neighborhoods are Brightmoor, Far East/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, Osborn and Southwest. (Please refer to the City of Detroit, Planning & Development Department's website: www.detroitmi.gov for additional information on the NSP plan and the specific boundaries of each targeted neighborhood.)

Some of the key NSP requirements include:

- Due to the limitations of NSP funds, a maximum of three (3) projects can be submitted for funding consideration, during this NOFA funding solicitation, where a specific individual or company is involved.
- NSP funds must be committed within stringent performance time frames, which will be closely monitored by City personnel and enforced through a written contractual agreement.
- NSP projects must be developed within the nine (9) targeted neighborhoods, listed above.
- Combined NSP property acquisition and rehabilitation costs, may not exceed \$45,000 per unit
- NSP housing projects must incorporate City of Detroit Performance Standards for rehabilitation activities, including lead remediation and energy efficient conservation practices and green building standards.
- NSP properties must be purchased at discounted prices and include current appraisal within sixty (60) days of purchase.
- NSP funds must target low, moderate and middle-income national objectives.
 - 25 % of all funds must benefit individuals and families at or below 50% AMI
 - All funds must benefit individuals and families at or below 120% of AMI

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) DESCRIPTION CONTINUED

- There are certain recapture and repayment requirements that will be determined on a case-by-case basis. Examples include proceeds from the sale/lease of property acquired/rehabilitated or redeveloped. In addition, program income recapture will include principal and interest on NSP loans.
- Davis-Bacon, prevailing wages apply to projects of eight (8) or more units.

Eligible NSP financing options include:

- Down-payment funding assistant for lease-to-own and homeownership is available for up to \$30 000 per program applicant.
- Gap funding for Low Income Housing Tax Credits (LIHTC) projects.
- Loan guarantee-financing options, require coordination with financing institutions, will be provided on a case-by-case basis.
- Construction/Permanent financing for rehabilitation and preservation projects.
- Flexible financing terms, including below market interest rate loans.
- NSP funds can be combined with CDBG and HOME funding assistance for affordable housing projects.

Eligible NSP activities include:

- Reasonable developer fees are available up to 15% of the total development costs
- Purchase acquisition and rehabilitation of abandoned, foreclosed and vacant properties.
- Lease-to-own and rental projects.
- Property management and disposition.
- Property demolition and the redevelopment of vacant properties.
- Property sales to eligible low/moderate/middle income homebuyers.
- Homebuyer counseling to purchasers seeking mortgage assistance.

The City encourages all NSP applicants to refer to the following, for additional information:

- HOME: Title II of the Cranston-Gonzalez National Affordable Housing Act, as Amended, and 24 CFR Part 92
- NSP: Title III of Division B of the Housing and Economic Recovery Act (HERA) 2008, Public Law 110-289, July 30,2008.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) DESCRIPTION CONTINUED

- CDBG: Title I of the Housing and Community Development Act of 1974, as Amended and 24 CFR Part 570
- HUD.gov website, please refer to HOME, CDBG, and NSP programs

To be considered for NSP funding non-profit entities must be a 501(c)(3) organization with legal authority to operate in the City of Detroit. For-profit entities must have on hand and ready to provide the following information:

- Articles of Incorporation, certified by the Dept. of Consumer & Industry Services.
- Recent Certificate of Good Standing from Dept. of Consumer Industry Services.
- Bylaws, certified by corporate secretary.
- Incumbency certificate identifying all officers.
- Resolution of board of directors authorizing the actions to be taken.
- If required, resolution of shareholders or members authorizing the action to be taken.

*****SPECIAL NOTICE: The information contained in the NSP Program Description, referenced above, as well as the NSP NOFA, NSP application and the NSP RFP are subject to on-going revisions and modifications as determined by HUD.***

Instructions to Access Link to Nine (9) Targeted NSP Areas Map

A link to the map of the nine (9) Targeted NSP Areas is located on the website, immediately following the link to the HOME Program NOFA and the Neighborhood Stabilization Program NOFA and RFP.

The link is titled Nine Targeted NSP Areas Map, located at:

www.detroitmi.gov/Departments/PlanningDevelopmentDepartment/tabid/134/Default.aspx

NSP HOMEBUYER PROGRAM EVALUATION CRITERIA

In order for a project to receive a commitment for NSP funding, a sponsor must be able to demonstrate that the project can reasonably expect to start construction within three (3) months of the commitment date and be completed within six (6) months. To determine project feasibility, projects will be evaluated as follows:

STEP 1: COMPLETED APPLICATION:

To be able to adequately review any project for funding, all appropriate information must be submitted. The application provides a checklist of all information that must accompany a funding request; refer to EXHIBIT A - NSP Homebuyer Assistance Program Checklist. Incomplete applications, and applications lacking all required attachments will neither be reviewed nor considered for funding and will be returned to the applicant. **Developers must submit an application to purchase City-owned property through the Planning & Development Department's Welcome Center.**

STEP 2: FEASIBILITY REVIEW:

The Planning and Development Department through its Housing Services Section reviews projects to ensure that they meet financial feasibility and can begin construction within three (3) months of the commitment date as required. To achieve this goal, the feasibility review is designed to select projects, which have progressed through the pre-development process prior to submission of the NSP fund application. Following is a list of the criteria that is used to make this assessment:

Financial Feasibility

- Organizations must have other sources of financing. Projects that propose NSP as a primary source of funding are discouraged;
- Units developed must meet the sale restrictions required by HUD;
- Units developed must meet Planning and Development Department standards, Lead Based Paint and other environmental standards, local code and rehabilitation standards. New construction projects must also meet the Model Energy Code published by the Council of American Building Officials as well as Energy Star specifications that are higher than MEC standards. Developers are also encouraged to incorporate Green building standards when feasible;
- Projects must demonstrate financial feasibility as evidenced by development and operating budgets and sources and uses of funds;
- Scattered site projects with common ownership, management and financing submitted, as a single undertaking must be located in a project area of manageable size;
- Projects must demonstrate the creation of affordable housing to benefit low, moderate to middle-income residents, who are under 120% of area median income (AMI). The NSP has a program requirement that 25% of the total program funds must benefit 50% AMI or below.

Square Footage Limitation

The following Square footage limitations will apply for all projects receiving NSP assistance and assume that projects are on-site, stick-built. It is expected that projects using modular construction will demonstrate lower contractor costs.

NSP HOMEBUYER PROGRAM EVALUATION CRITERIA CONTINUED

Square Footage Limitation For Affordable Housing

Senior Apt/Special Needs:

- Efficiency - 450 sq. ft., one (1) bathroom minimum
- 1 bedroom - 625 sq. ft., one (1) bathroom minimum
- 2 bedrooms - 750 sq. ft., one (1) bathroom minimum

Family Apartments:

- 2 bedrooms - 850 sq. ft., one (1) bathroom minimum
- 3 bedrooms - 1100 sq. ft., one and half (1 ½) bathroom minimum
- 4 bedrooms - 1150 sq. ft., two bathroom minimum

Single-Family/Duplex/Town Homes:

- 2 bedrooms – 1050 sq. ft., two (2) bathroom minimum
- 3 bedrooms – 1220 sq. ft., two (2) bathroom minimum
- 4 bedrooms – 1420 sq. ft., two (2) bathroom minimum

Basements, garages, crawl spaces, attics or unfinished space may not be used in the square footage calculation.

Developers must provide justification acceptable to the City for higher per unit costs and demonstrate the infeasibility of the project without higher costs. This information must be documented by submitting Plans and Specifications and a Trade Payment Breakdown. With appropriate justification, the City may allow the higher cost units provided the total development cost does not exceed twice the after construction appraised value of the property (Single-Family Homebuyer Program Only). Costs which cannot be used as justification for higher costs include, but are not limited to; counseling, community development activities, employment training, labor costs, standard amenities. Costs which may be used as justification include, but are not limited to; environmental clean-up, historic preservation requirements, on-site improvements that exceed minimum standards (i.e. brick sidewalks, underground wiring) basements, garages, substantially larger square footage, face brick or unusual site property conditions.

Site Control

- For all city-owned real estate, the Development Section of P&DD must issue a letter confirming site control.
- There must also be evidence of site control for any privately owned land included in the proposed development.

Development Team

- Organizations must have the demonstrated capacity to carry out the project as demonstrated by the composition of the development team and past experience of the organization.

NSP HOMEBUYER PROGRAM EVALUATION CRITERIA CONTINUED

Funding Capacity

- To the extent NSP funds are available, **a maximum of three (3) projects** can be submitted for funding consideration, during this NOFA funding solicitation, where a specific individual or company is involved. The decision of the City to approve the maximum is contingent upon the individual or company's performance on projects currently in the pipeline, if applicable.
- If an individual or company wishes to pursue funding for more than three projects per year, a financial review that allows the City to evaluate the individual and/or company to concurrently proceed with all projects in the NSP Program is required. This review will encompass a review of documents which will include but not be limited to: audited financial statements; bank financing commitments to ensure sufficient working capital; and project time schedules and cash flow projections, which will assist the City in determining that all the projects can be completed within the required time frame.

Project Development

- See Rehabilitation Construction Procedures (**Attachment B**).

Marketing

- Projects must demonstrate initial market feasibility as evidenced by market data/studies.

Project Timeline

- Projects must be started within six (6) months of commitment and completed within 36 months after receiving the financial commitment from the City of Detroit; Key Factors included in the assessment of readiness to proceed are the receipt of plans and specifications, a trade payment breakdown completed by the Architect and builder, and plans and specifications approved by buildings and Safety Engineering (BS&E).

After review of the information submitted in the application, projects will be evaluated and scored based upon the criteria shown on the Project Feasibility Review Sheet, attached to each project funding application; refer to EXHIBIT B. Applicants must satisfy all items of Part I of the Project Feasibility Review to be considered for NSP funds. Funding preference will be established on a competitive basis, based upon Part II of the Project Feasibility Review assessing the project's readiness to proceed.

NSP Homebuyer Assistance Program

NSP Program Activities

The City of Detroit Single-Family NSP Homebuyer Assistance Program assists designated CHDOs, non-profits, and for-profit developers in the rehabilitation and construction of for-sale housing for low-and moderate-income residents.

Program activities are of two types:

- Single-Family Homebuyer Assistance: The rehabilitation of single-family homes to low-, moderate-, and middle-income households.

ELIGIBLE USES OF NSP FUNDS

To further the activities listed above, a developer may request NSP funds for:

- Reimbursement of pre-development costs (site control, environmental, market & other studies, etc.);
- Acquisition of property (unless being purchased from the City of Detroit);
- Rehabilitation costs, including soft costs, which are reasonable and necessary;
- Down payment assistance to homebuyers and closing costs if needed for a NSP-financed house.

INELIGIBLE ACTIVITIES

The following activities will not be funded through Detroit's NSP funds:

- General planning;
- Relocation costs;
- Owner-occupied home repair;
- Down payment assistance (unless the property was developed using NSP funds)

REPORTING REQUIREMENTS

Funded developers must agree to provide Organizational Information:

- ⇒ Audited annual financial statements within 90 days after the end of the developer's fiscal year;
- ⇒ Annual narrative report describing the activities funded in part or in whole through NSP. This narrative must be submitted every three (3) months for quarterly benchmark performance review;
- ⇒ Notification to the City of Detroit concerning any material changes affecting the organization including but not limited to: defaults or impending actions that would lead to defaults; tax delinquencies and penalties, changes in organization's staff, management or board of directors.

Single Family projects must notify the City of Detroit concerning any material changes in the project including but not limited to a change in property management, any actions or impending actions against the property, etc.

NSP Homebuyer Assistance Program Continued

A) ELIGIBLE USE OF FUNDS

- Acquisition of property (unless being purchased from the City of Detroit);
- Reimburse of pre-development costs after the project is approved and funded for closing;
- Construction and related soft costs;
- Demolition when new housing will be built on the same lot;
- A developer may earn up to 15 percent of the total development costs in **Developer Fees**, per single- family house.

B) RESTRICTIONS

- Properties that are developed must be **sold** to homebuyers who will use the house as their primary residence;
- Homebuyers must be income eligible, with household incomes of no more than 120 percent of the area median income, (AMI), as adjusted for family size (see Income Table below);

MAXIMUM INCOME OF HOMEBUYERS IN NSP-FUNDED HOUSING:

(Source: HUD HOME Program Income Limits (February 2008))

	Max HUD NSP Income Guildlines							
	Source: HUD 2008							
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
	Household	Household	Household	Household	Household	Household	Household	Household
120% AMI	\$58,700	\$67,100	\$75,500	\$83,900	\$90,600	\$97,300	\$104,000	\$110,700
80% AMI	\$39,150	\$44,750	\$50,350	\$55,900	\$60,400	\$64,850	\$69,350	\$73,800
50% AMI	\$24,450	\$27,950	\$31,450	\$34,950	\$37,750	\$40,550	\$43,350	\$46,150

C) PROPERTY STANDARDS

- The property must meet all local building codes, zoning requirements, and Planning and Development Department (P&DD) standards at the time of sale to the new owner-occupant. If the total NSP fund investment exceeds \$25,000, the property must also meet the Model Energy Code (MEC) published by the Council of American Building Officials as well as Energy Star specifications that are higher than MEC standards, including lead remediation. Developers are also encouraged to incorporate Green building standards when feasible.
- Site plans for new construction must be submitted to the Housing Services Section of P&DD for approval. Please contact Willie B. Moore, Housing Services Section, (313) 224-3985.
- The home should also meet FHA requirements for new construction, when appropriate.

NSP Homebuyer Assistance Program Continued

D) RELOCATION

- NSP assisted projects are subject to relocation requirements under the Uniform Relocation Act, whenever displacement occurs as a direct result of renovation, demolition or acquisition. NSP funds will not be approved for relocation costs. Therefore, in most cases, the property, which is acquired for a NSP project, will be vacant. However, where limited relocation is necessary, the developer must provide a **relocation plan** and the source for payment of **relocation costs and services**.

E) MAXIMUM NSP ASSISTANCE

- The maximum NSP funding contribution cannot exceed \$45,000, per unit, for single-family properties.
- These maximums can only be exceeded with the prior written approval of the Detroit Planning and Development Department Housing Services Section. Such approval will be based on the feasibility of the developer's overall development plan for the project area, and the strategic impact of the proposed project.
- Properties cannot be sold for a price greater than the combined acquisition and rehabilitations costs. The difference between the appraised value and the sales price may have to be repaid to the City of Detroit's NSP Program. (Also, see Down Payment/Closing Cost Assistance Section);
- The appraised value of the property after construction cannot exceed most current FHA Maximum Mortgage Limits for Wayne County, \$169,348.00 for a three (3)-bedroom unit.

F) MARKETING OF NSP HOMEBUYER ASSISTANCE HOUSES

- Part of every developer responsibility when receiving Homebuyer Assistance Program funding will be the effective marketing of the properties that are developed. As part of the application for NSP Homebuyer Assistance Program funds, each developer will be asked to provide a marketing plan that demonstrates how the developer will identify income-eligible homebuyers that can qualify for a mortgage for the homes that will be developed.
- NSP projects, which use a lease-purchase approach to home ownership, must submit a lease-purchase program description as part of its application. This description should include the length of the lease period, provisions for terminating the lease if the potential purchaser is not able to acquire a mortgage and provisions for maintenance and/or repair of the property during the lease period.

NSP Homebuyer Assistance Program Continued

G) SURPLUS NSP FUNDS

Surplus NSP funds are calculated by subtracting the after-construction appraised value from the total development cost of a house to determine the total development subsidy (grant). The difference between the development subsidy and the total NSP investment in each home is considered to be the surplus NSP funds. The examples below illustrate this calculation:

Sample Calculation of Surplus NSP Funds (#1)		
(a) Total Development cost	\$60,000	(a)
(b) Total NSP Investment	\$45,000	(b)
(c) After Construction discounted appraised value	\$40,000	(c)
(d) Total Development Subsidy (grant)	\$20,000	(a minus c)
Total amount of Surplus NSP funds	\$25,000	(b minus d)

Sample Calculation of Surplus NSP funds (#2)		
(a) Total Development cost	\$100,000	(a)
(b) Total NSP Investment	\$ 45,000	(b)
(c) After Construction discounted appraised value	\$ 85,000	(c)
(d) Total Development Subsidy (grant)	\$ 15,000	(a minus c)
Total amount of Surplus NSP Funds	\$ 30,000	(b minus d)

SURPLUS NSP FUNDS CAN BE USED IN THE FOLLOWING MANNER:

- **DIRECT SUBSIDY:** The City of Detroit may provide a Direct Subsidy to pre-approved homebuyers:
 - ⇒ The Direct Subsidy may be as small as \$1,000. The Direct Subsidy will be recorded as a soft second mortgage to the homebuyer.
 - ⇒ The developer shall submit the following documentation which shall be used to determine the amount of the Direct Subsidy: after-rehabilitation appraised value of the property; offer to purchase from the homebuyer; mortgage lender's pre-approval or pre-qualification documentation; the homebuyer's income certification. The request for Direct Subsidy shall be reviewed on a case-by-case basis and the subsidy will be provided at the closing with the homebuyer. A homebuyer will be eligible for a Direct Homebuyer Subsidy if the sales price of the home exceeds the amount of the homebuyers' mortgage pre-approval.
 - ⇒ When a Direct Subsidy is provided, the "Term of Affordability" for the house will be a minimum of five years (or as shown on the chart below). If the homebuyer sells the NSP-assisted property **or** no longer maintains it as the principal residence prior to the expiration of the Term of Affordability, the Direct Subsidy shall be repaid to the City.
 - ⇒ In the event that homebuyer sells the NSP-assisted property but the net proceeds from the sale of the property are not sufficient to recapture the full Direct Subsidy, the amount to be recaptured may be reduced based on the percentage of the affordability period that the homebuyer owned and occupied the property.

NSP Homebuyer Assistance Program Continued

⇒ If there is no Direct Subsidy to the homebuyer, then the resale restrictions outlined in Section H (below) will apply to the property.

- **DOWNPAYMENT/CLOSING COST ASSISTANCE:**

As a special provision for homebuyers who do not have the cash necessary to close on a loan for purchase of a NSP-financed house, the Direct Homebuyer Subsidy may be used to pay part of the down payment and closing costs for a mortgage. However, when the Direct Homebuyer Subsidy is used in this way, all of the provisions of the City of Detroit Down Payment Assistance Program must be followed. Complete guidelines and application forms are available from the Planning and Development Department.

However, key provisions are:

- ⇒ The homebuyer must be 18 years old or older;
- ⇒ The homebuyer’s total household income must not exceed 80 percent of the area median;
- ⇒ The homebuyer must occupy the house as a primary residence;
- ⇒ The homebuyer must make a 1 to 3 percent cash contribution from his or her own funds; or based on the financial institutions’ underwriting criteria.
- ⇒ The homebuyer’s total household assets may not exceed \$5,000;
- ⇒ The homebuyer must receive a certificate of completion from a homebuyer-counseling course if the total amount of the Direct Homebuyer Subsidy is more than \$5,000. The Planning and Development Department reserves the right to approve the curriculum from such homebuyer counseling courses.

- **REPAYMENT TO CITY:**

Any Surplus NSP Funds not used for the above purposes must be repaid to the City of Detroit, for investments in future NSP projects.

TERM OF AFFORDABILITY	
NSP Funds invested	# of Years in “Term of Affordability”
Under \$15,000/unit	5 years
\$15,000 - \$40,000/unit	10 years
Over \$40,000/unit	15 years

NSP HOMEBUYER ASSISTANCE LOAN PROGRAM APPLICATION INSTRUCTIONS

The NSP Homebuyer Assistance Loan Program shall provide funding to projects requesting NSP assistance to:

- Subsidize qualified income homebuyers to purchase rehabilitated homes, offered at below market rate from developers.
 - NSP funds can partially finance the acquisition and rehabilitation of single-family units. A minimum of five (5) or more units must be developed to receive an allocation of NSP funds.
- 1) Please read through the entire Application before attempting its completion.
 - 2) The Application and all exhibits must be submitted in a three-ring binder. Submit one (1) original and one (1) copy.
 - 3) Computer-generated forms must closely approximate the forms provided in the applicant
 - 4) Each developer must include a cover letter, which briefly describes past housing development experience and contain a proposed project description and a list of all pertinent contact people.
 - 5) Faxed applications will not be accepted.
 - 5) **A fee of \$500.00 must be submitted with the NSP Investor Application. The fee must be in the form of a Cashier's Check, made out to "Treasurer, City of Detroit" The \$500.00 fee is not required for City of Detroit, approved Community Housing Development Organizations (CHDO). The Cashier's Check will be returned, if your project is not approved.**
 - 6) **Incomplete applications will not be accepted!**

APPLICATION DUE DATE

Applications must be submitted in a sealed envelope no later than 4:30 P.M. on **Friday, April 24, 2009.**

Applications should be addressed to:

**City of Detroit
Planning & Development Department
65 Cadillac Square, 19th Floor
Detroit, Michigan 48226**

**Attention: Ms. Jannie M. Warren, General Manager
Housing Services Division**

All projects will be evaluated until all available NSP funds are committed. Priority consideration, through bonus points, will be given to development projects located within the "areas of greatest needs" within the City of Detroit's Neighborhood Stabilization Program (NSP) Areas: Brightmoor, Far East/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, Osborn, North Central and Southwest Detroit.

**NSP PROGRAM
2009
Homebuyer Assistance Loan Funding Application**

1. Enter the legal name of your Organization _____ Phone No. _____
(____)_____

2. Address of your organization _____ Fax No. _____
(____)_____

Street Address _____ City _____ State _____ Zip Code _____

Project area Boundaries: _____

3. Contact Person: _____
(Please Type or Print Name)

Federal Tax Identification Number: _____

Social Security Number (s): _____

Legal form of borrower entity:
 Individual (other than a partnership or corporation)
 Partnership
 Corporation (For-Profit)
 Corporation (Not-for-Profit)

If a person, does the borrower occupy a dwelling unit in the property? YES NO

Is the borrower entity? YES NO
____ 51% Minority ownership
____ 51% Female ownership
____ 51% Minority business enterprise

Is the borrower a Community Housing Development Organization (CHDO)? YES NO

**If yes, what is the date of your most recent City of Detroit CHDO certification: _____

Is your organization applying for funds to build new, single-family housing, to purchase/rehabilitate existing single-family housing for resale to low-income persons or down payment assistance (Mortgage Buy Down)? YES NO

TOTAL number of units you plan to develop _____

TOTAL Development Budget for Project \$ _____

AMOUNT requested from NSP Homebuyer Assistance Loan Program \$ _____

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 NSP Program requirements, if funding is awarded.

The undersigned authorizes Planning & Development’s staff to conduct investigations necessary to establish loan 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 Applicant for the purpose of securing financial participation.

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.

I (We) certify that the statements provided in this Application, in its entirety are true, accurate and complete to the best of my (our) knowledge and belief.

Authorized representative: _____
Signature Title

(Please Type or Print Name)

Date

4. Project Information:

(A) Give a brief description of your project:

(B) Please attach plans or specifications, if available. If they are not available at this time, please indicate the date by which they will be available:

(C) Give a brief description of the neighborhood in which this project is located:

(D) Address or addresses of the NSP Funded single-family house(s) or vacant lot(s) being developed by your Company:

	Address of each property Neighborhood Stabilization Area: (yes) ____ (no) ____	CHECK IF YOU HAVE NO SITE CONTROL	Check (X) if you hold title	Check if you have an option to buy or a Purchase Agreement	If you have a Land Contract, indicate balance due & number of years
1					
2					
3					
4					
5					
6					
7					

(E) Please indicate if there are environmental issues or zoning issues and attach appropriate Documentation:

(F) DEVELOPMENT TEAM (Fill in all appropriate categories):

SKILL	NAME	AFFILIATION
Specification Writer		
Architect (if used)		
Attorney		
General Contractor		
Construction Manager		
Accountant		
Marketing		
Consultant		

(G) Please fill out as much of the following information as you currently have available:

Address (please keep same order as indicated in Item D)	Acquisition cost (a)	Estimated Construction cost (b)	Soft Costs (c)	Total Development (a+b+c)	Amount of HOME funds per house	Amount of NSP funds per house	After construction appraised value	Estimated Sale Price
TOTAL ALL HOUSES								

4. Please provide a written description of the steps that your organization will take to sell these houses to low, moderate and middle-income families and individuals:

5. **Project Funding Period:**

Please fill out the following budget information. Be sure that the information below is consistent with the summary information listed above and with information submitted with your NSP Application. Note that the "Total" column should be cumulative, including the amounts requested from the Homebuyer Assistance Program **plus all funds from other sources.**

Homebuyer Assistance Budget

Budget Category	Requested NSP Funds	Funds from other sources	Total Project (NSP + Other)	
Sources of Funds (Check small box to show if funds are already committed)				
<input type="checkbox"/>	Neighborhood Stabilization Program (NSP)	\$ _____	\$ _____	\$ _____
<input type="checkbox"/>	City of Detroit HOME funds			
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
TOTAL FUNDS (all Sources)		\$ _____	\$ _____	\$ _____

Show all expenses on page 10

7. Please copy this form so that you can have one page for each house and provide a cost breakdown for each property. Total of all these sheets should appear on USES form above (**section 5**)

Address of Property: _____	Requested from NSP funds (a)	Other Sources (b)	Donated or Pro-Bono (c)	TOTAL (a+b+c)
SOFT COSTS				
Title Insurance	\$	\$	\$	\$
Appraisal				
Inspection and Specifications				
Lot Survey				
Legal Expenses				
Architect/engineering				
Security				
Developer's Fee (15%)				
Other:				
ACQUISITION COST				
Land and Building				
Other				
CONSTRUCTION COSTS:				
Construction				
Construction Contingency				
TOTALS	\$			

EXHIBIT A

NSP HOMEBUYER ASSISTANCE LOAN PROGRAM CHECKLIST

NAME OF APPLICANT: _____

Please submit all of the information below with your NSP Homebuyer Assistance Program Application.

_____	Cover Letter	Detailed Cover Letter (Refers to item number 5 on page 11)
_____	Vacancy	Vacancy Certification Letter stating that property is vacant. Or indicate vacant lot.
_____	Environmental	Phase One (If completed, New Construction).
_____	Site Control	Signed Option Agreement; Purchase Agreement; Deed or letter from City or County reserving this property for your organization.
_____	Taxes	Evidence that all taxes are current, if property is privately owned.
_____	Construction	Rough costs for construction, estimated by trade for each property.
_____	Funding	Letters from private funding sources showing interest in the project at the amounts stated in your proforma.
_____	Soft Costs	Cost justification for any unusual costs (i.e., environmental remediation, architectural re-design, etc.).
_____	Sales Price	As-Completed Appraisal or list of comparable sales prices for your area.
_____	Direct Subsidy	The amount of Direct Subsidy to the Homebuyer that you expect to request for each house and reason for needing that subsidy.
_____	Marketing	Written description of steps that will be taken to market homes.
_____	Budget Support	Any document needed to support the figures on the proforma included in your application.
_____	Grant Sources	Letters of commitment from any grant source to develop this property.

EXHIBIT A (continued)

Environmental Checklist

(This Checklist must be completed for each NSP funded property)

If Applicant can answer **No** to the following questions for a single-family purchase rehab project, then that property is considered exempt from further environmental review.

However, if you answer **Yes** to any of the following questions, a more in-depth environmental evaluation **must take place**. A full environmental evaluation is also required for any new construction.

Property Address: _____

Environmental Review Questions

- | | Yes | No |
|---|-------|-------|
| 1. Is the property in a 100-year flood plain?
If No , note panel # : _____ date of panel: _____ | _____ | _____ |
| 2. Is the property within 500 feet from one of the five Michigan Great Lakes?
If No , how many feet/miles: _____ | _____ | _____ |
| 3. Is the property within 500 feet from a Michigan designated Wild and Scenic River?
If No , how many feet/miles: _____ | _____ | _____ |
| 4. Is the property historically significant? If the subject property is 50 years old or older, the State Bureau of History must be contacted in writing for its opinion. Your letter and a copy of the Bureau's response stating that no historical significance will be changed by the proposed rehabilitation to the property must be included in the project file.

<i>Date of State Historic Preservation Office Response (SHPO)</i> _____ | _____ | _____ |
| 5. Are you excluding weatherization improvements from the proposed rehabilitation? | _____ | _____ |
| 6. Attach a letter stating any other potentially serious environmental factors at the site (e.g., underground tanks, above-ground hazards, asbestos, lead paint, etc.). Your letter must include your plan for abating these hazards. | _____ | _____ |

Name of Person Completing Checklist

Date

Title

EXHIBIT B

PROJECT FEASIBILITY REVIEW

Applicants must satisfy all items of Part I to be considered for NSP funding.

Funding preference will be given on a competitive basis, based on total number of points.

Bonus points, ranging from **minus** 20 to 80 can be obtained based upon a project's readiness to proceed.

No Application will be considered unless all items in Part I have been checked (yes) below.

Part I	
Application must be complete! Please see Checklist accompanying Application	
<p>Financial Feasibility</p> <p>The Organization must provide evidence that the project is financially feasible based on all of the following:</p> <ul style="list-style-type: none"> ➤ Development budget, ➤ Operating pro-forma, ➤ Sources and Uses of funds, ➤ Letters of commitment from financial institutions; <p>and Project is:</p> <p><i>(Check here)</i></p> <p>_____ Affordable to households with incomes of no more than 80% of area median income,</p> <p>_____ Unit costs for single-family new construction does not exceed \$180,000,</p> <p>_____ Unit costs for rehabilitation projects do not exceed \$120,000,</p> <p>_____ Maximum NSP funds requested per unit \$45,000,</p> <p>_____ Appraised value must be discounted.</p>	<p style="text-align: center;">_____ Yes</p> <p style="text-align: center;">_____ No</p>

* Total Development Cost

EXHIBIT B (continued)

<u>Site Control</u> Issuance of a option to purchase or evidence of site control for vacant foreclosed or abandoned properties.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<u>Project Timeline</u> A timeline that shows all activities can be completed within six (6) of commitment.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<u>Development Team</u> Submit list and resumes of all development team members Sponsor/Developer Builder Attorney Architect Consultants Project Manager Construction Manager	<input type="checkbox"/> Yes <input type="checkbox"/> No
<u>Marketing</u> Marketing plan submitted that includes a plan to identify and recruit potential homebuyers, make available Homebuyer training and provides Information or assistance on mortgage qualifications.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Part II: “READINESS TO PROCEED BONUS POINT”	
Any current HOME-funded projects, not completed, over two years since commitment. Minus 20 points	-20 points
Evidence that Developer has secured financing from a private lender, pending application approval from MSHDA/HUD, i.e. 2008 LIHTC Award, SHP Grant, HUD Section 202 Capital Advance Loan Program, etc.	30 points
Obtaining building permits and all necessary approvals from all Departments	20 points
Submission of final plans and specifications and trade payment breakdown for development	20 points
Part III: “PRIORITY BONUS POINTS”	
Proposed Development Project is in “Neighborhood Stabilization Area” (Additional points if project is located in area of greatest need)	20 points
Proposed Development is in a “Strategic Investment Area” of existing partnerships, i.e., adjacent development near proposed development project.	5 points
Developer has units ready for occupancy that meets the department’s contractor performance standards. (DPA Only)	5 points

NSP INVESTOR LOAN PROGRAM EVALUATION CRITERIA

In order for a project to receive a commitment for NSP funding, a sponsor must be able to demonstrate that the project can reasonably expect to start construction within three (3) months of the commitment date and be completed within six (6) months. To determine project feasibility, projects will be evaluated according to a three-step process as follows:

STEP 1

COMPLETED APPLICATION:

To be able to adequately review any project for funding, all appropriate information must be submitted. The application provides a checklist of all information that must accompany a funding request; refer to EXHIBIT A - Investor Loan Program Checklist. Incomplete applications, and applications lacking all required attachments will neither be reviewed nor considered for funding and will be returned to the applicant.

STEP 2

FEASIBILITY REVIEW:

The Planning & Development Department through its Housing Services Division reviews projects to ensure that they meet financial feasibility and can begin construction within three (3) months of the commitment date. To achieve this goal, the feasibility review is designed to select projects, which have progressed through the pre-development process prior to submission of the NSP fund application. Following is a list of the criteria that is used to make this assessment:

Financial Feasibility

- Organizations must have other sources of potential financing. Projects that use the NSP Program as a primary source of funding are discouraged;
- Units developed must meet the rent or sale restrictions required by HUD;
- Units developed must meet Planning and Development Department standards, Lead-Based Paint and other environmental standards, local code and rehabilitation standards. NSP-assisted projects must meet the Model Energy Code (MEC) published by the Council of American Building Officials as well as Energy Star specifications that are higher than MEC standards. Developers are also encouraged to incorporate Green building standards when feasible;
- Projects must demonstrate initial financial feasibility as evidenced by development and operating budgets and sources and uses of funds;
- Scattered-site projects having a common ownership, management and financing and submitted, as a single undertaking must be located in a project area of manageable size, within a targeted NSP area;
- Projects must demonstrate the creation of affordable housing to benefit low, moderate to middle-income residents, who are under 120% of area median income (AMI). The NSP has a program requirement that 25% of the total program funds must benefit 50% AMI or below.

NSP INVESTOR LOAN PROGRAM EVALUATION CRITERIA CONTINUED

Square Footage Limitation

- The following Square footage limitations will apply for all projects receiving NSP assistance and assume the projects are on-site, stick built. It is expected that projects using modular construction will demonstrate lower construction costs.

Square Footage Limitation For Affordable Housing

Senior Apt. /Special Needs:

- Efficiency - 450 sq. ft., one (1) bathroom minimum
- 1 bedroom - 625 sq. ft., one (1) bathroom minimum
- 2 bedrooms - 750 sq. ft., one (1) bathroom minimum

Family Apartments:

- 2 bedrooms - 850 sq. ft., one (1) bathroom minimum
- 3 bedrooms - 1100 sq. ft., one and half (1 ½) bathroom minimum
- 4 bedrooms - 1150 sq. ft., two (2) bathroom minimum

Single-Family/Duplex/Townhomes:

- 2 bedrooms - 1050 sq. ft., two (2) bathroom minimum
- 3 bedrooms - 1220 sq. ft., two (2) bathroom minimum
- 4 bedrooms - 1420 sq. ft., two (2) bathroom minimum

Basements, garages, crawl spaces, attics or unfinished space may not be used in the square footage calculation.

Developer must provide justification acceptable to the City for higher per unit costs and demonstrate the infeasibility of the project without higher costs. This information must be documented by submitting Plans and Specifications and a Trade Payment Breakdown. Costs which may be used as justification include, but are not limited to: environmental clean-up, historic preservation requirements, on-site improvements that exceed minimum standards (i.e. brick sidewalks, underground wiring) basements, garages, substantially larger square footage, face brick or unusual site property conditions.

Site Control

- For all City-owned real estate, a holding letter must be issued by the Development Division of P&DD.
- There must be evidence of site control for any privately owned property.

NSP Program Application – February 2009 – Page 27

NSP INVESTOR LOAN PROGRAM EVALUATION CRITERIA CONTINUED

Development Team

- Organizations must have the demonstrated capacity to carry out the project as demonstrated by the composition of the development team and past experience of the organization.

Funding Capacity

- To the extent NSP funds are available, a maximum of three (3) Projects can be submitted for funding consideration during this NOFA Funding solicitation, where a specific individual or company is involved. The decision of the City to approve the maximum is contingent on the individual or company's performance on projects currently in the pipeline, if applicable.
- If an individual or company insists on obtaining funding for more than the three allowed projects per year, a financial review that allows the City to evaluate the capacity of a specific individual or company to concurrently proceed with all projects in the NSP Program is required. This review will encompass a review of documents which include but not be limited to: audited financial statements; bank financing commitments to ensure sufficient working capital; and project time schedules and cash flow projections, which will assist the City in determining that all the projects can be completed within the required time frame.

Marketing

- Projects must demonstrate initial market feasibility as evidenced by market data/studies.

Project Time Line

- Projects must be started within three (3) months of commitment and completed within six (6) months after receiving the financial commitment from the City of Detroit;
- Readiness to Proceed is a key criteria for NSP funds approval. To assess readiness to proceed, factors include, but are not limited to, the receipt of plans and specifications, trade payment breakdowns completed by the architect and/or builder.

After review of the information submitted in the application, projects will be evaluated and scored based on the criteria shown on the Project Feasibility Review Sheet, attached to each project funding application (**EXHIBIT B**). **Applicants must satisfy all items of Part I of the Project Feasibility Review to be considered for NSP funds.** Funding preference will be given on a competitive basis, based upon Part II and Part III of the Project Feasibility Review assessing the project's readiness to proceed and priority consideration bonus points.

NSP INVESTOR LOAN PROGRAM DESCRIPTION February 2009

The City of Detroit Investor Loan Program assists for-profit and not-for-profit developers to rehabilitate homes for rental to low-, moderate-, and middle-income households in the City of Detroit.

ELIGIBLE USES OF INVESTOR LOAN FUNDS:

- Acquisition of vacant properties;
- Rehabilitation;
- Reimbursement of soft costs which are reasonable and necessary.

An Environmental Assessment and Release of Funds from HUD is required prior to a NSP closing.

INELIGIBLE ACTIVITIES:

The following activities will not be funded through Detroit's NSP Investor Loan Program funds:

- General planning;
- Relocation costs;
- NSP funds cannot be used to refinance previous debt on properties.

REPORTING REQUIREMENTS:

Funded developers must agree to provide Organizational Information:

- Organizational Information
 - Audited annual financial statement within 90 days after the end of the developer's fiscal year. The audit must be submitted annually throughout the life of the NSP project;
 - Annual narrative report describing the activities funded in part or whole through NSP. This narrative must be submitted every three (3) months for bench performance review.
- Project Information for Rental Housing Development
 - Annual certified rent-roll within 30 days of the project's fiscal year end;
 - Audited financial statement within 90 days of the end of the project fiscal year;
 - Operating budget comparing actual to projected income/expenses prepared by developer and property manager 60 days prior to the end of the project's fiscal year end;
 - Annual Division 8 (HQS) inspection report;
 - Annual re-certification of tenant income.

Developers of Investor Loan projects must notify the City of Detroit concerning any material changes in the project including, but not limited to, a change in property management, organization staffing, any actions or impending actions against the property, changes in ownership, etc.

NSP INVESTOR LOAN PROGRAM

A) AFFORDABLE RENT RESTRICTIONS:

Developers must propose rents for the NSP assisted units that can be shown to be realistic by comparison with other rents for comparable dwelling units in the same neighborhood. Although those rents may be lower than the rents listed below, they cannot be MORE than the amounts listed below. All rents listed below must be adjusted for any utilities paid by the tenant (use the attached utility schedule or provide actual historic data on utility usage).

MAXIMUM RENT STANDARDS						
(Subtract Utility Allowance to Determine Maximum Actual Rents)						
[Source: HUD HOME Program Rent Limits, April 2008]						
Unit Size	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
LOW HOME RENT (At least 20% of the units must be at or below this level)	\$591	\$655	\$786	\$908	\$993	\$1,118
HIGH HOME RENT (All units must be at or below this level)	\$591	\$673	\$805	\$963	\$993	\$1,142

NOTE: Detroit NSP rent maximums will adopt HOME Program rent limits with the exception of the 120% AMI.

- The rent standards above must be reduced if the tenant pays for utilities. This is because the calculation of these rent standards includes all utilities except telephone. Yet, in practice many utilities (water, heat, air conditioning, cooking gas, etc.) are not included in rents.
- Utility allowances provide a mechanism for adjusting the maximum allowable NSP rents when the tenant pays some or all utilities.

Example 1		Example 2	
1 Bedroom Apartment:	\$673	3 Bedroom Apartment:	\$908
Allowance for heat:	<u>\$ 53</u>	Allowance for heat:	<u>\$ 83</u>
Maximum allowable NSP rent for 80% of the unit(s):	\$620	Maximum allowable NSP rent for 20% of the units:	\$825

B) OCCUPANCY RESTRICTIONS:

SPECIAL NOTE: At least twenty-five percent (25%) of NSP-assisted units must be occupied or reserved for occupancy by families at fifty percent (50%) or less of the AMI.

- The balance of the units must be occupied by tenants with annual incomes of at least one hundred twenty percent (120%) of the AMI or less.

MAXIMUM INCOME OF RENTERS IN NSP-FUNDED HOUSING:

(Source: HUD HOME Program Income Limits, February 2008)

	Max HUD NSP Income Guidelines							
	Source: HUD 2008							
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
	Household	Household	Household	Household	Household	Household	Household	Household
120% AMI	\$58,700	\$67,100	\$75,500	\$83,900	\$90,600	\$97,300	\$104,000	\$110,700
80% AMI	\$39,150	\$44,750	\$50,350	\$55,900	\$60,400	\$64,850	\$69,350	\$73,800
50% AMI	\$24,450	\$27,950	\$31,450	\$34,950	\$37,750	\$40,550	\$43,350	\$46,150

C) FINANCING REQUIREMENTS:

- NSP pre-development costs may include the reasonable costs required to secure construction and/or permanent financing. Eligible costs include architectural, engineering, environmental, market and other studies; accounting, financial consultation, legal fees, etc. NSP funds cannot be used for payment of delinquent property taxes or utilities;
- NSP pre-development funding cannot exceed 20 percent of the total estimated project costs;
- Pre-development costs will be reimbursed to the developer after the Investor Loan closing;
- A maximum NSP per unit subsidy can not exceed \$45,000.00.
- A forgivable loan for a portion of the NSP funds requested may also require an extended term of affordability, which will be determined on a case-by-case basis.
- A loan not fully amortized must have a minimum monthly payment for the term of the loan and it must be documented that value of development project at maturity will exceed balloon payment due at maturity.

- Loan variations required to maintain rents affordable to the targeted income population will be considered.
- Loan amortization terms in excess of the period of Affordability will be considered as necessary to ensure the project's economic feasibility.
- In cases where rents will accommodate households with incomes at or below 30% of Area Median Income, the City may consider other financing terms on a case-by-case basis.

D) TERM OF AFFORDABILITY:

- All rental units that are developed using NSP funds must meet the HOME Affordable Rent and Occupancy Requirements, unless otherwise stated (see the table below).

NSP Funds per Unit	Number of Years
Under \$15,000/unit	5 years
\$15,000 - \$40,000/unit	10 years
Over \$40,000/unit	15 years
New Construction	20 years

- The Rent and Occupancy Requirement will be enforced by deed restriction.

E) RELOCATION:

NSP-assisted projects are subject to relocation requirements under the Uniform Relocation Act whenever displacement occurs as a direct result of renovation, demolition or relocation during lead hazard reduction or acquisition. Therefore, in most cases, the property, which is acquired for a NSP project, will be vacant. However, where limited relocation is necessary, the developer must provide a relocation plan and show the source for payment of relocation costs.

F) PROPERTY STANDARDS:

All rental property developed with NSP funding must meet Division 8 Housing Quality Standards (HQS) and all local building codes. NSP-assisted projects must meet the Model Energy Code (MEC) published by the Council of American Building Officials as well as Energy Star specifications that are higher than MEC standards. Developers are also encouraged to incorporate Green building standards when feasible;

G) ANNUAL REPORTING REQUIREMENTS:

On an annual basis, the developer must provide the following information:

- Evidence of affirmative marketing compliance;
- Annual certified rent roll with 30 days of the project's fiscal year end;
- Audited financial statement with 90 days of the end of the project fiscal year;
- Operating budget comparing actual to projected income /expenses prepared by developer and property manager 60 days prior to the end of the fiscal year end;
- Annual Division 8 (HQS) inspection report;
- Annual re-certification of tenant income.

H) ENVIRONMENTAL REQUIREMENTS:

- An assessment must be conducted by a qualified professional to determine any adverse environmental issues.

Title X of the 1992 Housing and Community Development Act mandated that HUD take action to address lead-based paint in housing receiving federal assistance. Effective September 15, 2000, the U. S. Department of Housing and Urban Development (HUD) issued a new regulation to protect young children from lead-based paint hazards in housing that is financially assisted by the federal government or being sold by the government.

Upon completion of construction, the property must meet all HUD environmental requirements and all rehabilitation housing development projects built before 1978, when lead-based paint was banned nationwide for consumer use, must also comply with "24 CFR 35, et al. Requirements for Notification, Evaluation and Reduction of Lead-Base Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule" (See attached summary of lead-based paint requirements by activity, Attachment A).

In addition to those items listed above, NSP funded projects must comply with other Federal and local requirements including Davis-Bacon Labor Standards and prevailing wages (for rental projects consisting of 12 or more units), the Americans with Disabilities Act, prohibitions on conflicts of interest and the use of disbarred, suspended or ineligible contractors. Contractors employed by developers for NSP funded projects must also comply with Executive Order 22 requiring that a minimum, by trade of 50% of their workers are residents of the City of Detroit, 50% are minority, and 5% are women and Executive Order 4 which requires a minimum of 30% of the total contract dollar amount be subcontracted to Detroit-based businesses and small businesses.

Please see the Investor Loan Checklist (Exhibit A) for additional documents that will be required with your Investor Loan application.

CITY OF DETROIT
Utility Schedule
Monthly Allowances for Tenant-paid Utilities

Low Rise/Garden Apartments							
Utility	0 BR	1 BR	2 BR	3BR	4BR	5BR	6BR
Heating: Natural Gas	\$42.00	\$53.00	\$70.00	\$83.00	\$99.00	\$114.00	\$120.00
Heating: Oil/Electric	60.00/35.00	80.00/43.00	110.00/44.00	134.00/53.00	164.00/65.00	190.00/75.00	201.00/80.00
Cooking: Natural Gas	4.00	6.00	8.00	10.00	13.00	14.00	16.00
Cooking: Electric	3.00	4.00	5.00	6.00	8.00	12.00	14.00
Hot Water: Gas	5.00	7.00	10.00	11.00	13.00	15.00	16.00
Hot Water: Electric	16.00	22.00	27.00	33.00	41.00	45.00	48.00
Other Electric	14.00	18.00	25.00	29.00	33.00	35.00	39.00
Water	5.00	7.00	11.00	15.00	19.00	23.00	27.00
Sewer	12.00	15.00	22.00	28.00	35.00	42.00	48.00
Range	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Refrigerator	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Natural Gas Customer Charge	9.00	9.00	9.00	9.00	9.00	9.00	9.00

CITY OF DETROIT
Utility Schedule
Monthly Allowances for Tenant-paid Utilities

Duplex or Two Family							
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	6BR
Heating: Gas	\$49.00	\$63.00	\$83.00	\$100.00	\$120.00	\$138.00	\$145.00
Heating: Oil/Electric	73.00/40.00	98.00/50.00	134.00/53.00	165.00/65.00	201.00/80.00	234.00/93.00	247.00/98.00
Cooking: Gas	4.00	6.00	8.00	10.00	13.00	14.00	16.00
Cooking: Electric	3.00	4.00	5.00	6.00	8.00	12.00	14.00
Hot Water: Natural Gas	12.00	16.00	21.00	26.00	33.00	38.00	42.00
Hot Water: Oil/Electric	21.00/15.00	29.00/17.00	37.00/29.00	46.00/34.00	58.00/42.00	67.00/41.00	63.00/46.00
Electricity	14.00	18.00	25.00	29.00	33.00	35.00	39.00
Water	5.00	7.00	11.00	15.00	19.00	23.00	27.00
Sewer	12.00	15.00	22.00	28.00	35.00	42.00	48.00
Range/Microwave	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Refrigerator	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Natural Gas Customer Charge	9.00	9.00	9.00	9.00	9.00	9.00	9.00

CITY OF DETROIT
Utility Schedule
Monthly Allowances for Tenant-paid Utilities

Single-Family Detached House							
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	6BR
Heating: Natural Gas	\$56.00	\$72.00	\$96.00	\$116.00	\$139.00	\$161.00	\$169.00
Heating: Oil/Electric	86.00/45.00	115.00/57.00	158.00/63.00	194.00/77	237.00/94.00	276.00/109.00	291.00/115.00
Cooking: Natural Gas	4.00	6.00	8.00	10.00	13.00	14.00	16.00
Cooking: Electric	3.00	4.00	5.00	6.00	8.00	12.00	14.00
Hot Water: Natural Gas	12.00	16.00	21.00	26.00	33.00	38.00	42.00
Hot Water: Oil/Electric	21.00/15.00	29.00/17.00	37.00/29.00	46.00/34.00	58.00/42.00	67.00/41.00	63.00/46.00
Other Electric	14.00	18.00	25.00	29.00	33.00	35.00	39.00
Water	5.00	7.00	11.00	15.00	19.00	23.00	27.00
Sewer	12.00	15.00	22.00	28.00	35.00	42.00	48.00
Range	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Refrigerator	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Natural Gas Customer Charge	9.00	9.00	9.00	9.00	9.00	9.00	9.00

CITY OF DETROIT
Utility Schedule
Monthly Allowances for Tenant-paid Utilities

Row House or Town House							
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	6BR
Heating: Natural Gas	\$43.00	\$55.00	\$72.00	\$86.00	\$103.00	\$118.00	\$125.00
Heating: Oil/Electric	62.00/36.00	83.00/44.00	114.00/45.00	140.00/56.00	177.00/68.00	199.00/179.00	210.00/83.00
Cooking: Natural Gas	4.00	6.00	8.00	10.00	13.00	14.00	16.00
Cooking: Electric	3.00	4.00	5.00	6.00	8.00	12.00	14.00
Hot Water: Natural Gas	12.00	16.00	21.00	26.00	33.00	38.00	42.00
Hot Water: Oil/Electric	21.00/15.00	29.00/17.00	37.00/29.00	46.00/34.00	58.00/42.00	67.00/41.00	63.00/46.00
Other Electric	14.00	18.00	25.00	29.00	33.00	35.00	39.00
Water	5.00	7.00	11.00	15.00	19.00	23.00	27.00
Sewer	12.00	15.00	22.00	28.00	35.00	42.00	48.00
Range	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Refrigerator	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Natural Gas Customer Charge	9.00	9.00	9.00	9.00	9.00	9.00	9.00

CITY OF DETROIT
Utility Schedule
Monthly Allowances for Tenant-paid Utilities

High Rise: 5 or More Stories							
Utility	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	6BR
Heating: Natural Gas	\$37.00	\$47.00	\$61.00	\$72.00	\$86.00	\$98.00	\$103.00
Heating: Oil/Electric	51.00/31.00	68.00/38.00	94.00/37.00	114.00/45.00	139.00/55.00	162.00/64.00	171.00/68.00
Cooking: Natural Gas	4.00	6.00	8.00	10.00	13.00	14.00	16.00
Cooking: Electric	3.00	4.00	5.00	6.00	8.00	12.00	14.00
Hot Water: Natural Gas	12.00	16.00	21.00	26.00	33.00	38.00	42.00
Hot Water: Oil/Electric	21.00/15.00	29.00/17.00	37.00/29.00	46.00/34.00	58.00/42.00	67.00/41.00	63.00/46.00
Other Electric	14.00	18.00	25.00	29.00	33.00	35.00	39.00
Water	5.00	7.00	11.00	15.00	19.00	23.00	27.00
Sewer	12.00	15.00	22.00	28.00	35.00	42.00	48.00
Range	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Refrigerator	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Natural Gas Customer Charge	9.00	9.00	9.00	9.00	9.00	9.00	9.00

SEQUENCE OF ACTIVITIES FOR THE NSP INVESTOR LOAN PROGRAM

APPLICATION INTAKE

- *Acceptance of application deposit, if applicable
- *Review documents, including tenant information & construction specifications
- *Relocation - general information notice to tenants
- *Project assigned for site inspection
- *Work description reviewed
- *Owner select contractor
- *Construction cost analysis done
- *Work description and bid approved

RELOCATION SURVEY MADE IF UNITS ARE OCCUPIED

- *Feasibility review, eligibility determination
- *Reservation letter/commitment letter
- *Relocation plan, if applicable
- *Formal application prepared and approved
- *Environmental assessment and release of NSP funds approved by HUD
- *Funds reserved utilizing cash management system
- *IDIS set-up
- *Project funded
- *Loan closing
- *Pre-construction conference
- *Pre-performance conference

RELOCATION NOTICE OF NON-DISPLACEMENT TO TENANTS

- *Proceed to work issued
- *Recordation, title, insurance and escrow payments processed
- *In-progress payments and inspections made
- *Work completed
- *Final inspection made
- *Final payment processed
- *Project completion report
- *Final tenant survey made by relocation
- *Project closeout

COMPLIANCE MONITORING PROGRAM - TERM OF AFFORDABILITY

- *Annual organizational information
- *Annual tenant income and rent re-certification
- *Annual Section 8 Housing Quality Standards inspection report

NSP INVESTOR LOAN PROGRAM

Procedural Steps

The NSP Investor Rehabilitation Loan Program is designed to encourage private owners to rehabilitate their properties and thus provide decent, safe and sanitary housing for low, moderate to middle-income families. Interested property owners must submit a detailed information package prior to the first interview. Program information brochures, sample applications and forms are available to assist the investor in preparing the package.

A brief description of the procedures is as follows:

A. APPLICATION INTAKE:

1. Financial Interview

When the owner has assembled the application and all supporting documents, an interview will be scheduled. The completed package must also include a work description and bid proposal subject to the Rehabilitation Construction Procedures included in the application package. Your application will not be accepted unless it is complete and is accompanied by a cashier's check made payable to the Treasurer, City of Detroit in the amount of \$500. The application and other documents will be reviewed for completeness and Program compliance at the interview and you will be informed if additional documents are required to complete the intake process. The deposit of \$500 will be refunded if the application is not approved.

2. Investor Rehabilitation Construction Procedures

See Rehabilitation Construction Procedures (Attachment B, Items 1-3).

3. Formal Loan Application

This stage concludes the intake process and our staff will have assembled all of the pertinent facts regarding your eligibility for a Rehabilitation Loan, the bid proposal and other supporting documents. This information will be transferred to a formal loan application, which summarizes specific details about the project and the rehabilitation budget. The investor will be requested to review and sign this application prior to loan approval.

NSP INVESTOR LOAN PROGRAM Procedural Steps (continued)

B. LOAN CLOSING:

After it has been established that the private funds, i.e., your percentage of the rehabilitation costs including the cash contribution required have been secured, and the City's loan application has been approved, a Loan Closing date and Pre-Performance Conference date will be arranged. At the Loan Closing, you will sign a Mortgage and Promissory Note as well as other financial forms pertinent to the loan. In addition, you will be required to sign the NSP Investor Rehabilitation Development and Loan Agreement. The Agreement will become an unrecorded part of the Mortgage.

C. PROJECT DEVELOPMENT:

See Rehabilitation Construction Procedures, (**Attachment B**).

Attachment A

SUMMARY OF LEAD-BASED PAINT REQUIREMENTS BY ACTIVITY

	Rehabilitation (Subpart J)			TBRA (Subpart M)	A, L, SS, 0 (Subpart K)
	<\$5,000	\$5,000 - \$25,000	>\$25,000		Homebuyer and Special Needs *
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
Notification	Yes	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation)	Paint Stabilization	Paint Stabilization
	Safe work practices Clearance of work site	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit	Safe work practices Clearance of unit
Ongoing Maintenance	For HOME rental only	For HOME rental only	For HOME rental only	Yes	Yes (if ongoing relationship)
EIBLL Requirements	No **	No	No	Yes	No
Options	Presume lead-based paint. Use safe work practices on all surfaces	Presume lead-based paint and/or hazards. Use standard treatments	Presume lead-based paint and/or hazards. Abate all applicable surfaces	Test deteriorated paint. Use safe work practices only on lead-based paint surfaces.	Test deteriorated paint. Use safe work practices only on lead-based paint surfaces.
* Special Needs Housing may be subject to the requirements of Subpart J, M, or K depending on the nature of the activity undertaken. However, since most special needs housing involves acquisition, leasing, support services, and operations, for the purposes of this table, it has been placed in this column.					

NOTE: A certified Risk Assessor is required on all rehabilitation projects.

Attachment B

NSP CONSTRUCTION PROCEDURES

(Please read and give a copy of this Attachment B Section to your contractor)

1. All contractors must submit a Qualifying Questionnaire package for review and approval by the Housing Services Division prior to participating in the NSP Investor Loan Program. Please contact Mr. Henry Bright, Supervising Housing Rehabilitation Specialist at (313) 224-9176 to request a Qualifying Questionnaire package.
2. Project owner must contract with a private professional, i.e., an architect, a project-manager, or a specification writer to prepare the work description. If applicable, a Licensed Risk Assessor must prepare a Lead Inspection Final Summary Report, Lead Risk Assessment Report, and specifications, which must be incorporated into the work description prepared by the specification writer. To ascertain whether an architect and/or Risk Assessor are required, please contact Mr. Henry Bright, Supervising Housing Rehabilitation Specialist at (313) 224-9176.
3. The owner/applicant must submit the completed work description, Environmental Assessment Phase I and Phase II, if applicable, and Risk Assessment Report, if applicable along with a bid proposal to the Rehabilitation staff at the time of applying to be considered for readiness to proceed bonus points.
4. The Rehabilitation Specialist assigned will arrange an inspection of the property with the owner, contractor and/or architect. He/she will review the specifications for Section 8 Housing Quality Standards (HQS) compliance, Lead-Based Paint hazard remediation and the Trade payment breakdown costs.
5. A 4-in-1 inspection from the Buildings & Safety Engineering Department is required on all vacant rehab units.
6. The contractor hired to oversee and rehabilitate an existing building must be a certified lead-based company.
7. The contractor will be required to secure a Payment and Performance Bond on Rehabilitation property with an estimated Rehabilitation cost of \$100,000 or more.
8. The Davis-Bacon Fair Wage and Labor Standards Act applies to (a) NSP Investor Rehabilitation Loan projects consisting of 12 units or more, and (b) Community Development Block Grant projects consisting of eight units or more and all commercial cases comprising more than \$3,000 in Rehabilitation costs. Information packages regarding the Davis-Bacon Act are available at the Labor Standards Division, 12th Floor, 65 Cadillac Square.
9. In-progress payments, on a reimbursement basis will be issued by the Development Specialist after submission to him/her of:
 - (a) Certificate of Acceptance from Buildings & Safety Engineers and all relevant permits.

Attachment B

NSP CONSTRUCTION PROCEDURES CONTINUED

- (b) Invoice on company letterhead listing completed items only and carrying the one-year warranty stating: “The undersigned hereby certifies that all the repair and Rehabilitation work specified in the Rehabilitation Loan and Grant Program construction contract for property identified herein has been satisfactorily completed in accordance with the contract agreement, and further, the undersigned warrants all work performed against defects arising out of defective or improper materials, equipment or workmanship for a period of twelve (12) months from the date of final acceptance of all required work by the Contractor.”
- (c) Sworn Statement listing each item and its full contract value; signed and notarized.
- (d) Waivers of Lien from all subcontractors invoiced and the waiver for work performed by the General Contractor signed on the reverse side of the Sworn Statement.
- (e) Owner’s Statement of Satisfaction and Authorization to Pay form (obtainable from P&DD personnel).
- (f) Clearance examination report dated within 15 days after the completion of the hazard reduction and clearance test, if applicable.
- (g) Clearance examination report dated within 15 days after the completion of the hazard reduction and clearance test, if applicable.

PROCEED TO WORK

When the contractor is notified that the Proceed to Work Order is available, he/she shall present to the Rehabilitation inspector the documents listed below, and the Proceed to Work Order:

- (a) A copy of the Building Permit and Attached List.
- (b) A copy of his/her current State of Michigan Residential Builders License.
- (c) A copy of his/her current Certificate of Registration with the Detroit Buildings & Safety Engineering Department.
- (d) A copy of his/her current Certificate of Insurance with the Planning & Development Department as the certificate holder. Insurance requirements as listed below:

<u>TYPE</u>	<u>AMOUNT NOT LESS THAN</u>
Workman’s Compensation	Statutory Limit and Employer’s Liability Insurance (with minimum limits of Five Hundred Thousand (\$500,000.00) Dollars each accident)
Commercial General Liability	\$1,000,000 per person (\$2,000,000.00 minimum aggregate)

Attachment B

NSP CONSTRUCTION PROCEDURES CONTINUED

<u>TYPE</u>	<u>AMOUNT NOT LESS THAN</u>
Public Liability	\$1,000,000 per occurrence
Bodily Injury	\$1,000,000 per occurrence
Property Damage	\$1,000,000 per occurrence, including Independent Contractor's Liability
Builders Risk	Fire, Extended & Broad Coverage, not less than Construction Contract
Automobile Insurance (owned, non-owned or hired)	\$100,000 bodily injury, \$300,000 each occurrence; \$100,000 property damage (with minimum combined single limit of One Million (\$1,000,000.00) Dollars per occurrence)
Fire & Hazard Insurance	Not less than after-Rehabilitation value of project
Lead Abatement General and Professional Liability Coverage is required for Rehabilitation projects where lead hazards have been identified	Insurance limits to be determined

PERMITS

The Contractor and his subcontractors must secure all permits prior to starting the work covered in the permit. All required permits must be approved by the Buildings & Safety Engineering Department. In any case where the need for a permit is questioned and the specifications call for a permit, the Contractor shall obtain the permit. It is the responsibility of the prime Contractor to see that:

- (a) All related permits, inspections, and certificates of acceptance and/or approval are obtained by the Contractor, the laborer, and subcontractors and that a copy of the documents for the above are submitted to the Rehabilitation Specialist Supervisor by the prime Contractor prior to payment for the work. The Building permit and/or the Rehabilitation permit must be in the prime Contractor's name.
- (b) A building permit is obtained when the total dollar amount of all work (building, heating, plumbing and electrical) is \$3,000 or more.
- (c) A permit is obtained for all specific items in the contract, which require a permit in their own right, when the dollar amount of the complete contract (heating, plumbing and electrical).

Attachment B

NSP CONSTRUCTION PROCEDURES CONTINUED

Note: Contractor should be aware that permits which say, “Rehabilitate the Dwelling” require that all interior and exterior code violations and defects be repaired before a Certificate of Acceptance can be issued.

Permits, which say, “Repair the Dwelling” must include an Attached List of all the work included in the contract. When the work, which is listed on the attached list, is satisfactorily completed, the Contractor can get a Certificate of Acceptance.

- (d) The permits shall list and include all contracted work including the work specified in any/all contract changes.
- (e) A “line item list” which includes all work items specified in the contract is prepared, and presented to the Buildings Department along with the application for the permit. The list is authenticated (stamped with the permit number) by the Buildings Department, and presented to the Rehabilitation Specialist Supervisor, along with the permit, prior to the issuance of the Proceed to Work.
- (f) The line item list is accurate when the appropriate details are included: for example, in the case where the specifications require the removal and rebuilding of a pier, steps, chimney, etc. the line item list would have to say remove and rebuild not repair the pier, steps, or whatever. Areas of replacement or repair must be specified since a line item, which states “repair plaster in dwelling” would include the plaster throughout the dwelling, when the contract specified perhaps only a bedroom. The building inspector must know what to look for (repair or rebuild) and where to look (front bedroom, kitchen, etc.).

NSP Investor Loan Program Application Instructions

The NSP Investor Loan Program shall provide financing to projects requesting NSP assistance for:

- A minimum of five (5) or more units
1. Please read through the entire application before attempting its completion.
 2. The application plus 1 copy including all exhibits must be submitted in a three ring binder with each section tabbed according to the application checklist.
 3. Computer-generated forms must closely approximate the forms provided in the application.
 4. Each developer must include a cover letter, which briefly describes past housing development experience and contain a proposed project description and a list of all pertinent contact people.
 5. Faxed applications will not be accepted.
 6. **A fee of \$500.00 must be submitted with the NSP Investor Application. The fee must be in the form of a Cashier's Check, made out to " Treasurer, City of Detroit " The \$500.00 fee is not required for City of Detroit, approved Community Housing Development Organizations (CHDO). The Cashier's Check will be returned, if your project is not approved.**
 7. **Incomplete applications will not be accepted!**

APPLICATION DUE DATE

Applications must be submitted in a sealed envelope no later than 4:30 p.m. on **Friday, April 24, 2009**.

Applications should be addressed to:

**City of Detroit
Planning & Development Department
65 Cadillac Square, 19th Floor
Detroit, Michigan 48226**

**Attention: Ms. Jannie M. Warren, General Manager
Housing Services Division**

All projects will be evaluated until all available NSP funds are committed. Priority consideration, through bonus points, will be given to development projects located within the "areas of greatest needs" within the City of Detroit's Neighborhood Stabilization Program (NSP) Areas: Brightmoor, Far East/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, Osborn, North Central and Southwest Detroit.

NSP INVESTOR LOAN APPLICATION 2009

(A) Applicant Data Sheet

(Please type or print in ink)

Name and Address of Borrower(s): _____

Office Phone: _____ Home Phone: _____ Fax: _____

Social Security Number(s): _____ or Fed _____

- Legal form of borrower entity: Individual (other than a partnership or corporation)
 Partnership
 Corporation (Profit)
 Corporation (Not-for-Profit)

If Not-for-Profit, are you a Community Housing Development Organization (CHDO) approved by the City of Detroit: yes no

If yes, what is the date of your most recent City of Detroit CHDO certification: _____

If a person, does the borrower occupy a dwelling unit in the property? Yes no

Is the borrower entity: (yes or no)

- ___ 51% Minority ownership
___ 51% Female ownership
___ 51% Minority business enterprise

Is your organization applying for funds to build new, rental housing or to purchase/rehabilitate existing buildings for rental to low-income persons? Yes No; Rehab _____ New Construction _____

TOTAL number of NSP-assisted Units in proposed development project _____

TOTAL number of HOME Units in proposed development project _____

TOTAL number of combined NSP & HOME Units _____

TOTAL number of Units currently vacant _____

TOTAL Development Budget \$ _____

TOTAL amount requested from NSP Investor Loan Program \$ _____

****NOTE: Eligibility for HOME Program funds will be determined at the time of underwriting.**

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 the document and the applicant will comply with all NSP program requirements if funding is awarded.

The undersigned authorizes Planning & Development Department's staff to conduct investigations necessary to establish loan 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 applicant for the purpose of securing financial participation.

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 or by imprisonment for not more than two years or both, under provisions of the United States Criminal Code.

I (We) certify that the statements provided in this application, in its entirety are true, accurate and complete to the best of my (our) knowledge and belief.

(Applicant) (Title) (Date)

NSP INVESTOR LOAN PROGRAM

B) Total Development Budget

Name of Applicant: _____

If necessary, copy this form so that you can have one page for each property

Address of Property: _____ NSP AREA: Y/N	Paid for by NSP Funds	Paid for By HOME	Paid for By _____	Paid for By _____	TOTAL Development Costs
ACQUISITION COSTS:					
Land					
Building					
Title Insurance					
Recording Fees					
CONSTRUCTION COSTS:					
Construction Costs					
Const. Contingency					
Site Improvements					
SOFT COSTS:					
Survey/Appraisal					
Architect/Engineer					
Lender Legal					
Lender Inspections					
Borrower's Legal Fees					
Commitment Fees					
Title Recording Fees					
Construction R.E. Taxes					
Const. Water & Sewer					
Const. Insurance					
Construction Interest					
Marketing & Leasing					
Accounting Expenses					
Operating Reserves					
Site Security					
Developer's Fees					
Consultant Expenses					
Project Management					
Environmental					
Relocation					
TOTALS					

CIRCLE ANY OF THE EQUIPMENT THAT IS PROVIDED IN EACH UNIT:

Ranges Refrigerators Dishwashers Garbage Disposal Laundry Facilities Carpets Drapery

NSP INVESTOR LOAN PROGRAM

(C) Development Schedule

Activity	Actual Date	Anticipated Completion Date
Acquisition of Land		
Acquisition of Buildings		
Firm Loan Approvals		
Closing/Disbursement of Funds		
Articles of Incorporation/Partnership Certification		
Building Permit Issuance		
Completion of Final Plans and Specifications		
Construction Start		
50% Construction Completion		
100% Construction Completion		
Begin Lease-Up		
Placed in Service Date		
Certification of Occupancy Issuance		
Completion of Project Audit by CPA		

NSP LOAN INVESTOR PROGRAM

(D) List of Property Address

Name of Applicant: _____

Is Development Project in Neighborhood Stabilization Program (NSP) Area? Yes No

Address of property or properties (attach additional page if more than 10 properties)	Total number of units to be developed	Total number of units currently occupied	Year built if Rehabilitation
A copy of your purchase option, purchase agreement or letter from government body indicating the proposed disposition of the property is required, if you do not own the property to be developed.			

NSP INVESTOR LOAN PROGRAM

(E) Rent Schedule

A	B	C	D	E
Number of Bedrooms	Number of units with this bedroom count	Monthly Rent per Unit	Total Monthly Rent (B X C)	Total Annual Rent (D x 12)
SRO				
Studio				
Studio				
Studio				
1 Bedroom				
1 Bedroom				
1 Bedroom				
2 Bedroom				
2 Bedroom				
2 Bedroom				
3 Bedroom				
3 Bedroom				
3 Bedroom				
4 Bedroom				
4 Bedroom				
4 Bedroom				
TOTAL Gross Income ALL Units				

NSP INVESTOR LOAN PROGRAM

(F) Development Team Roster

Name of Applicant: _____

Development Team: Please list the names and affiliations of your development team

SKILL	NAME	AFFILIATION
Architect/Engineer		
Lawyer		
General Contractor		
Construction Manager		
Accountant		
Marketing		
Property Manager		
Consultant		
Appraiser		

NSP INVESTOR LOAN PROGRAM

(G) Sources and Uses of Funds Statement

Name of Applicant: _____

Please fill out the following financing information. Be sure that the information below is consistent with the summary information listed. Note that the “Total” Column should be cumulative, including the amounts requested from the Investor Loan Program plus all funds from other sources.

Budget Category	Requested NSP Funds	Requested HOME Funds	Funds from Other Source	Total Project (NSP+Other)
Source of Funds <small>(Check small box to show if funds are already committed)*</small>				
<input type="checkbox"/> Detroit NSP Investor Loan				
<input type="checkbox"/> HOME Program				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
TOTAL FUNDS (All Sources)				

- **Include copies of commitment letters from all funding sources!**
- **NOTE: Additional review required for HOME funding.**

NSP INVESTOR LOAN PROGRAM

(H) Pro Forma

Name of Applicant: _____

Pro Forma -- Income and Expenses once property is occupied (**NOTE:** The form below is only a sample. You must attach a Pro Forma that corresponds to the longest amortization period proposed.)

OPERATING INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Total Gross Income (See Table E, Bottom Line)										
Minus (___%) Vacancy										
Minus Rent from units reserved for staff										
GROSS EFFECTIVE INCOME*										
Gross Effective Income (GEI) = Total Gross Rent From Table E - Vacancy Allowance-Other Lost Income (i.e. from apartments used by Building Manager)										

NSP INVESTOR LOAN PROGRAM
Pro Forma (continued)

Name of Applicant: _____

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Payroll Management										
Payroll (Other)										
Payroll Taxes										
Advertising										
Accounting										
Legal										
Office Supplies										
Office Telephone										
License & Permits										

**NSP INVESTOR LOAN PROGRAM
Pro Forma (continued)**

Name of Applicant: _____

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Decorating										
Maintenance & Repairs										
Exterminating										
Insurance										
Grounds Expense										
Elevator Maintenance										
Fuel (Heating & Domestic Hot Water)										
Electricity										
Garbage & Trash										
Water & Sewage										
Property Taxes										

**NSP INVESTOR LOAN PROGRAM
Pro Forma (continued)**

Name of Applicant: _____

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Replacement Reserves										
Security										
Total Operating Expenses										
1 st Mortgage										
2 nd Mortgage										
3 rd Mortgage										
4 th Mortgage										
CASH FLOW*										
DEBT COVERAGE RATIO**										
* CASH FLOW = GROSS EFFECTIVE INCOME - TOTAL OPERATING EXPENSES - TOTAL DEBT SERVICE										
**DEBT COVERAGE RATIO = (GROSS EFFECTIVE INCOME - TOTAL OPERATING EXPENSES) ÷ TOTAL DEBT SERVICE										

NSP INVESTOR LOAN PROGRAM

(I) Additional Project Description

Name of Applicant: _____

CIRCLE ANY OF THE SERVICES THAT ARE PROVIDED IN EACH UNIT (NOT JUST COMMON AREAS):

Water Gas Electricity Janitorial Air Conditioning Housekeeping Linen

Garbage & Trash Removal Ground Maintenance

Other: _____

Do the operating expenses include costs attributable to any commercial use portion of the building?

Yes

No

If yes, what is the estimated amount attributable to the commercial portion of the property?

PROPERTY MANAGEMENT:

Name of management firm: _____

Address: _____

Phone #: () _____

Proposed management contract attached? Yes Not applicable

NSP INVESTOR LOAN PROGRAM

(J) Basic Tenant Survey

OWNER/MANAGER:

NAME: _____ DATE: _____
 ADDRESS: _____ TELEPHONE: () _____

Re: Request for Tenant Information Building Address _____

Dear Tenant:

Please be advised that the owner of your apartment building located at _____ has applied for Rehabilitation funding through a City of Detroit program. Specific tenant income and family composition data is being requested from each tenant of this building, in order to insure that the rents remain affordable. You are requested to submit and verify the following information:

Head of Household Name: _____ Sex _____

Race of Head of Household: (circle one)

White	Black/African American	Asian	American Indian/Alaska Native	Native Hawaiian/Other Pacific Islander
American Indian/Alaska Native & White	Asian & White	Black/African American & White	American Indian/Alaska Native & Black/African American	Other – Multi Racial

Date of Birth _____

Household Income (all sources) \$ _____
 (Attach check stub or agency verification)

Source(s) of Income _____, _____, _____

Telephone # () _____ Apt. # _____

Total Household Family Members: _____

Female(s) _____ Ages _____, _____, _____, _____, _____

Male(s) _____ Ages _____, _____, _____, _____, _____

Number of Bedrooms _____ Present Monthly Rent: \$ _____ Projected Rent: _____

Section 8 Rent Subsidy: \$ _____ and Tenant Contribution: \$ _____ (if applicable)

Date moved into unit: _____

I have verified the income and household composition of the occupants of this unit and determined that the gross income of all adult household members anticipated to be received during the coming 12-month period is consistent with NSP Program income eligibility requirements.

 Owner/Manager Signature

 Date Signed

NSP INVESTOR LOAN PROGRAM

(K) ANNUAL GROSS HOUSEHOLD INCOME VERIFICATION

Please complete a separate form for each household member 18 years of age and older, all items must be marked "Yes" or "No".

Yes	No	<u>Income</u>
_____	_____	I receive income from employment.
_____	_____	I receive income from self-employment.
_____	_____	I receive income from parents or relatives.
_____	_____	I receive periodic payments from Workmen's Compensation.
_____	_____	I receive Veteran's Administration benefits.
_____	_____	I receive G.I. Bill benefits.
_____	_____	I receive disability or death benefits.
_____	_____	I receive Social Security benefits.
_____	_____	I receive Supplemental Security Income (SSI).
_____	_____	I receive Public Assistance (excluding Medicaid & Food Stamps).
_____	_____	I receive educational grants or scholarships.
_____	_____	I receive unemployment benefits.
_____	_____	I receive child support and/or alimony.
_____	_____	I receive periodic payments from trusts or annuities.
_____	_____	I receive periodic payments from insurance policies.
_____	_____	I receive periodic payments from retirements funds or pensions.
_____	_____	I receive periodic payments from lottery winnings.
_____	_____	I receive interest or dividends.
_____	_____	I receive income from rental of real estate or personal property.
_____	_____	I receive lump-sum lottery winnings.
_____	_____	I receive lump-sum inheritance.

NSP INVESTOR LOAN PROGRAM
Annual Gross Household Income Verification (continued)

Yes	No	<u>Assets</u>
_____	_____	I have a retirement account(s) or Keogh Account(s).
_____	_____	I have real estate, land contracts or mobile homes.
_____	_____	I have trust account(s).
_____	_____	I have a savings account(s).
_____	_____	I have a checking account(s).
_____	_____	I have a safety deposit box(es).
_____	_____	I have time certification(s).
_____	_____	I have certificate(s) of Deposit (CD).
_____	_____	I have stocks.
_____	_____	I have bonds.
_____	_____	I have disposed of an asset for less than Fair Market Value with the past two (2) years of this Certification.
_____	_____	I have personal property held as an investment.

I hereby certify that to the best of my knowledge, all statements are true. Also, I understand that any falsification on this form may result in my being ineligible to occupy this unit.

Signature of Applicant **DATE:** _____

Signature of Applicant **DATE:** _____

Interviewer **DATE:** _____

NSP INVESTOR LOAN PROGRAM

(L) SUMMARY OF FAMILY INCOME DATA

1. Name _____ 2. Identification _____

ASSETS			
Family Member	Asset Description	Current Cash Value	Current Income Assets

3. Total Net Family Assets: \$ _____
 4. Total Actual Asset Income: \$ _____
 5. If line 3 is greater than \$5,000.00, multiply 3 by passbook rate and enter result here; otherwise, leave blank: \$ _____

ANTICIPATED ANNUAL INCOME

Family Member	(a) Wages/ Salaries	(b) Benefits/ Pensions	(c) Public Assistance	(d) Other Income	(e) Asset Income <small>(Enter the Greater of line 4 of 5 from assets above the on line e. below)</small>
6. Totals	(a)	(b)	(c)	(d)	(e)

7. Enter total of items from 6a through 6e.
 This is Annual Income. \$ _____

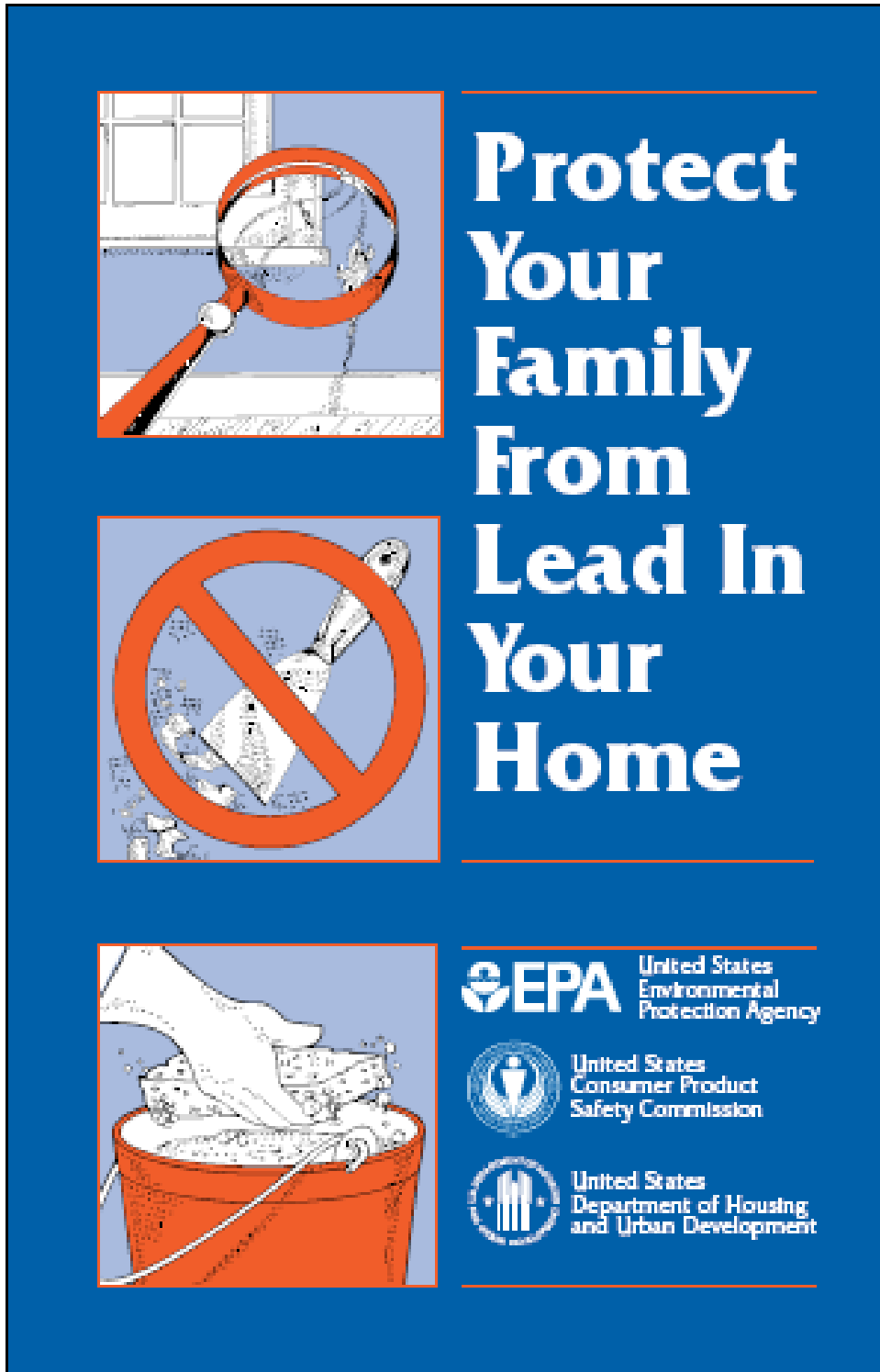
**This is to certify I have verified the assets and income declarations as indicated above.
 The documented evidence is attached.

 OWNER'S SIGNATURE

 DATE


HOME INVESTOR LOAN PROGRAM


(M) LEAD-BASED PAINT PAMPHLET




The pamphlet cover features a blue background with three white-bordered illustrations on the left. The top illustration shows a magnifying glass over a wall with peeling paint. The middle illustration shows a red prohibition sign over a paint can. The bottom illustration shows a red bucket of paint with a white cloth being dipped into it. To the right of these illustrations is the title 'Protect Your Family From Lead In Your Home' in large white text. Below the title are three logos: EPA, United States Consumer Product Safety Commission, and United States Department of Housing and Urban Development.

Protect Your Family From Lead In Your Home

 United States Environmental Protection Agency

 United States Consumer Product Safety Commission

 United States Department of Housing and Urban Development

For copies of lead pamphlet, please refer to EPA website:
www.EPA.gov/lead/pubs/leadpdf.pdf or call: EPA Region 5 Office at:
(312) 886-6003

[EXHIBIT A]

NSP INVESTOR LOAN PROGRAM

APPLICATION CHECKLIST

The following documents must be submitted with your application or it will be deemed incomplete (alphabetized items are included with the application packet).

- A. Applicant Data Sheet
- B. Total Development Budget
- C. Development Schedule
- D. List of Properties for Rehabilitation
- E. Rent Schedule
- F. Development Team Roster
- G. Sources and Uses of Funds Statement
- H. Pro Forma – Operating Budget for term of the loan. (A pro forma on your form is acceptable)
- I. Additional Project Description
- J. Basic Tenant Survey (or certification that building is vacant)
- K. Annual Gross Household Income Verification
- L. Summary of Family Income Data
- M. Lead-Based Paint Pamphlet

(EXHIBIT A CONTINUED)

NSP INVESTOR LOAN PROGRAM

APPLICATION CHECKLIST

1. _____ Detailed Cover Letter (Refers to item number 4 on page 27)
2. _____ RECORDED PROPERTY DEED, SIGNED PURCHASE AGREEMENT OF PURCHASE OPTION (CITY-OWNED AND PRIVATELY OWNED LAND)
3. _____ RECORDED LAND CONTRACT AND AUTHORIZATION TO OBTAIN TITLE
4. _____ LETTER OF INTENT FOR CITY OWNED LAND
5. _____ CURRENT CITY AND COUNTY TAX RECEIPTS
6. _____ HAZARD INSURANCE POLICY
7. _____ LETTERS OF COMMITMENT FROM FINANCIAL INSTITUTIONS
8. _____ SUPPORTING DOCUMENTATION FOR SOURCES AND USES BUDGET
9. _____ APPLICATION DEPOSIT (\$500 CASHIER'S CHECK OR BANK MONEY ORDER MADE PAYABLE TO: "CITY OF DETROIT TREASURER"), NOT APPLICABLE TO CHDO DEVELOPMENT PROJECTS
10. _____ MARKETING PLAN – TO IDENTIFY AND RECRUIT POTENTIAL RENTERS
11. _____ PROJECT TIMELINE SHOWING ALL ACTIVITIES CAN BE COMPLETED WITHIN SIX (6) MONTHS
12. _____ ZONING LETTER FROM BS&E
13. _____ RESUMES OF DEVELOPMENT TEAM MEMBERS, ESPECIALLY:
ARCHITECT
ATTORNEY
ACCOUNTANT
PROJECT MANAGER
CONSULTANT
RENTAL AGENT/ PROPERTY MANAGER
OTHERS

Project Name: _____

EXHIBIT B

NSP INVESTOR LOAN PROGRAM

PROJECT FEASIBILITY REVIEW

Applicants must satisfy all items of Part I to be considered for NSP funding.

Funding preference will be given on a competitive basis, based on total number of points. Bonus points, ranging from -20 to 50 can be obtained based upon a project's readiness to proceed. No application will be considered unless all items in Part I have been satisfied.

No Application will be considered unless all items in Part I have been checked (yes) below.

Part I	
Application must be complete! Please see Checklist accompanying Application	
<p>Financial Feasibility Organization must provide evidence that project is financially feasible based on: Development budget Operating pro-forma Sources and Uses of funds Letters of intent from financial institutions</p> <p>Investor Loan Program ___ Rental units meet income guidelines ___ Rental units meet maximum NSP funds per unit guidelines ___ Predevelopment costs do not exceed 20% of TDC ___ NSP funds account for no more than 60% of TDC</p>	<p>___ Yes ___ No</p>
<p>Site Control Issuance of a Letter of Intent for city-owned real estate, evidence of site control for any privately-owned land</p>	<p>___ Yes ___ No</p>
<p>Project Timeline Issuance of a Letter of Intent for city-owned real estate, Evidence of site control for any privately-owned land</p>	<p>___ Yes ___ No</p>
<p>Development Team Submit list and resumes of all development team members: Sponsor/Developer Builder Attorney</p>	<p>___ Yes ___ No</p>

Architect Consultants Project Manager Construction Manager	
Marketing Marketing plan submitted that Includes a plan to identify and recruit potential renters	 ___ Yes ___ No
Part II “READINESS TO PROCEED” BONUS POINTS	
Any current NSP-funded projects, not completed, over two years since commitment. Minus 20 points	-20 points
Submission of final plans and specifications and trade payment breakdown for development	10 points
Secured building permits and all necessary approvals from BSE Departments	20 points
Evidence that Developer has secured financing from a private lender, pending application approval from MSHDA/HUD, i.e., 2007 LIHTC Award, SHP Grant, HUD Section 202 Capital Advance Loan Program, etc.	20 points
Part III Priority BONUS POINTS	
Proposed Development Project is in “Neighborhood Stabilization Area” (additional points if project is located in area of greatest need)	20 points
Proposed Development is in a strategic Investment area of existing partnerships, i.e., adjacent development near proposed development project.	10 points

NSP Requests for Proposals (RFP) Program Overview

The City of Detroit invites Developers, Non-profit Organizations, CHDOs, Faith-based Organizations, Community Development Corporations, Supportive Housing Providers, Special Needs Providers, & Senior Housing Providers

The City of Detroit, through its Planning & Development Department, (P&DD) is pleased to announce that it is accepting Requests For Proposals (RFP) for development projects in need of rehabilitation loan funds under the Neighborhood Stabilization Program's (NSP), "Rental", "Lease to Own" and Homebuyers Programs. NSP funding allocations will provide "gap" financing, and cannot be the sole source of project financing. These programs are funded through the U.S. Department of Housing and Urban Development's (HUD) Housing & Economic Recovery Act of 2008; the Neighborhood Stabilization Program will provide funding assistance for the redevelopment of abandoned and foreclosed homes and residential properties to rent and sale in targeted neighborhood areas of greatest need to low-, moderate-, and middle- income households.

This solicitation for NSP FUNDING is directed to Developers who wish to acquire five (5) or more single-family abandoned and foreclosed homes and residential properties within the next sixty (60) days. Proposed development projects may provide "rental", "lease to own" or "for-sale" housing opportunities to low-, moderate-, middle-income households. This solicitation is limited to Projects located within any one of the nine (9) NSP targeted neighborhood areas: Brightmoor, Far East/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, North Central, Osborn and Southwest. Each NSP proposed development project must be restricted to only one (1) NSP targeted neighborhood area. This requirement is necessary to maximize impact to each of the nine (9) targeted neighborhood areas. Proposed development projects must demonstrate the ability to begin construction within six (6) months of the NSP commitment.

NSP Requests for Proposal (RFP) Program Description

February 2009

The Department of Housing and Urban Development (HUD) received approval from Congress in July 2008, to enact the Housing and Economic Recovery Act (HERA). Title III of HERA appropriated \$3.92 billion for the Neighborhood Stabilization Program (NSP) to be appropriated to state and local governments. The City of Detroit received an allocation of \$47,137,690 to provide federal grant funding assistance for neighborhood stabilization for the redevelopment of abandoned, vacant and foreclosed homes. The City of Detroit is required to commit all NSP funds within an 18-month period, after signing the grant agreement with HUD. In addition, all projects must be completed within a four (4) year period, ending 2013. The City is required to submit quarterly reports that are designed to track the City's performance under NSP and to assure compliance with the federal NSP regulations.

The City also encourages compliance with the Federal Section 3 Clause, which provides for possible hiring opportunities for local, Detroit residents, businesses and local contractors in the implementation of the proposed development project.

The NSP funding has been targeted to nine (9) neighborhoods in Detroit, which have been defined, by HUD, as "areas of the greatest need". The nine (9) NSP neighborhoods are Brightmoor, Far East/East English Village, Grand River/Greenfield, Herman Gardens, Kettering, North End, Osborn and Southwest. (Please refer to the City of Detroit, Planning & Development Department's website: www.detroitmi.gov for additional information on the NSP plan and the specific boundaries of each targeted neighborhood.)

Some of the key NSP requirements include:

- Due to the limitations of NSP funds, a maximum of three (3) projects can be submitted for funding consideration, during this NOFA funding solicitation, where a specific individual or company is involved.
- NSP funds must be committed within stringent performance time frames, which will be closely monitored by City personnel and enforced through a written contractual agreement.
- NSP projects must be developed within the nine (9) targeted neighborhoods, listed above.
- Combined NSP property acquisition and rehabilitation costs, may not exceed \$45,000, per unit.
- NSP housing projects must incorporate City of Detroit Performance Standards for rehabilitation activities, including lead remediation and energy efficient conservation practices and green building standards.
- NSP properties must be purchased at discounted prices and include current appraisal within sixty (60) days of purchase.
- NSP funds must target low, moderate and middle-income national objectives.

- 25 % of all funds must benefit individuals and families at or below 50% AMI
- All funds must benefit individuals and families at or below 120% of AMI
- There are certain recapture and repayment requirements that will be determined on a case-by-case basis. Examples include proceeds from the sale/lease of property acquired/rehabilitated or redeveloped. In addition, program income recapture will include principal and interest on NSP loans.
- Davis-Bacon, prevailing wages apply to projects of eight (8) or more units.

Eligible NSP financing options include:

- Down-payment funding assistant for lease-to-own and homeownership is available for up to \$30 000 per program applicant.
- Gap funding for Low Income Housing Tax Credits (LIHTC) projects.
- Loan guarantee-financing options, require coordination with financing institutions, will be provided on a case-by-case basis.
- Construction/Permanent financing for rehabilitation and preservation projects.
- Flexible financing terms, including below market interest rate loans.
- NSP funds can be combined with CDBG and HOME funding assistance for affordable housing projects.

Eligible NSP activities include:

- Reasonable developer fees are available up to 15% of the total development costs
- Purchase acquisition and rehabilitation of abandoned, foreclosed and vacant properties.
- Lease-to-own and rental projects.
- Property management and disposition.
- Property demolition and the redevelopment of vacant properties.
- Property sales to eligible low/moderate/middle income homebuyers.
- Homebuyer counseling to purchasers seeking mortgage assistance.

The City encourages all NSP applicants to refer to the following for additional information:

- HOME: Title II of the Cranston-Gonzalez National Affordable Housing Act, as Amended, and 24 CFR Part 92
- NSP: Title III of Division B of the Housing and Economic Recovery Act (HERA) 2008, Public Law 110-289, July 30,2008.

- CDBG: Title I of the Housing and Community Development Act of 1974, as Amended and 24 CFR Part 570

To be considered for NSP funding non-profit entities must be a 501(c)(3) organization with legal authority to operate in the City of Detroit. For-profit entities must have on hand and ready to provide the following information:

- Articles of Incorporation, certified by the Dept. of Consumer & Industry Services.
- Recent Certificate of Good Standing from Dept. of Consumer Industry Services.
- Bylaws, certified by corporate secretary.
- Incumbency certificate identifying all officers.
- Resolution of board of directors authorizing the actions to be taken.
- If required, resolution of shareholders or members authorizing the action to be taken.

Special Notice: The information contained in the NSP Program Description, referenced above, as well as the NSP NOFA, NSP application and the NSP RFP are subject to on-going revisions and modifications as determined by HUD.

NSP RFP Program Goals and Application Submission Criteria

The goal of the NSP program is to foster the neighborhood stabilization and redevelopment of vacant, abandoned and foreclosed residential properties and structures. Eligible project costs can include the following expenditures:

- a) Property Acquisition and Purchase Costs
- b) Contractor Property Rehabilitation Costs
- c) Property Appraisal Costs (if applicable)
- d) Title Commitments and Surveys
- e) Building Inspection and Permit Costs
- f) Non-profit Administrative and Overhead Costs
- g) Homebuyer Counseling Costs
- h) Marketing and Advertising Costs
- i) Lead Inspection, Risk Assessment and Clearance

In some cases, rehabilitating properties and then renting them to tenants based on a lease-to-own scenario will be considered as an option, if a for-sale structure does not appear feasible.

Scope of Work:

Participating Non-profit organizations will be expected to acquire, manage, rehabilitate and offer for sale, a minimum of five (5) vacant properties at a time, contingent upon their respective experience and capacity. The City is proposing an expedited period for property acquisition and the rehabilitation phase, to be completed within six (6) months. In addition, the City will include a maximum ninety- (90) day period to secure a qualified homebuyer and to complete the sale. In addition, the City of Detroit will provide NSP down payment and closing costs funding subsidies to the homebuyers. Selected homebuyers must participate in home ownership counseling and training administered by a HUD certified 501C(3) counseling agency. Each rehabilitated property must comply with all applicable BS&E code requirements, including obtaining Certificate of Occupancy/ Acceptance, and meeting federal Housing Quality Standards (HQS).

Review Process for Selection(s) and Award:

All respondents who meet the minimum threshold requirements will be considered for participation in this NSP program. Those respondents whose proposals and qualifications demonstrate a “readiness to proceed” will be given priority consideration.

Successful respondents must demonstrate financial stability and provide evidence of private sector funding, necessary to rehabilitate the properties and to manage this program. (Please provide any supporting documentation from financial institutions, i. e., letter of interest / soft commitment letter).

Review Team:

A Review Team, consisting Planning & Development Department (P&DD) representatives, will conduct the evaluation of the proposals. The Review Team will make its recommendations to the Director of P&DD.

A. NSP RFP Qualifying Documents and Detailed Response Requirements

Please provide your written, hard copy, detailed response to each item, assembled in a Binder, with a Table of Contents, and Identifying Tabs, in the sequence order listed below:

1. A detailed qualification statement must be submitted in this proposal that provides a brief description of your organization, which includes documentation of your organization's experience and background in rehabilitation programs utilizing federal funding.

Resumes must be provided for the principal members of the development team, which summarizes the experience and qualifications of the team who will be managing and administering the program.

Extensive experience working with Detroit municipal government and/or other governmental entities in the area of housing rehabilitation and affordable housing projects

Five (5) to seven (7) years experience developing affordable housing

Five (5) to seven (7) years experience working with CDBG and/or HOME funded programs

2. Demonstrated working knowledge of federal rules and regulations that govern the development of affordable housing projects
3. Demonstrated knowledge relative to local building code, Housing Quality Standards (HQS), Energy Star specifications, GREEN Building Standards, Lead Based Paint Abatement/environmental standards and Buildings and Safety Engineering Department's permit requirements
4. Demonstrated financial stability along with the ability to obtain private sector pre-development construction financing and leverage fund opportunities
5. Demonstrated capacity, experience including administrative, technical and operational skills, including but not limited to lead remediation, environmental review, construction management and property management
6. Good Standing status relative to current open City of Detroit affordable housing projects
7. Cover letter indicating the NSP target area, including boundaries identified on a map, describing the area the organization proposes to develop

B. NSP RFP Submission Location, Date and Time:

- **RFP Response Submittal Deadline: Due on or before, Friday, April 24, 2009, by 4:30 pm, Eastern Standard Time**
- **Please submit one (1) original and one (1) copy of the RFP QualificatDocuments**

Planning and Development Department
65 Cadillac Square, Suite 1900
Detroit, MI 48226
Housing Services Division
Attention: General Manager – Jannie Warren

Section 1.09- Questions or Additional Information, Please Contact:

Mr. Willie Moore (P&DD) at (313) 224-3985, wmoore@detroitmi.gov
Ms. Concenetta Coats (P&DD) at 313-224-4006, ccoats@detroitmi.gov
Mr. Darwin Heard (P&DD) at (313) 628-0034, dheard@detroitmi.gov
Mr. Anthony Smith (P&DD) at (313) 224-4494, asmith@detroitmi.gov

NOTICE OF NON-DISCRIMINATION: The City of Detroit does not discriminate on the basis of race, color, creed, national origin, age, handicap, sex or sexual orientation. Complaints may be filed with the Detroit Human Rights Department, 1230 Coleman A. Young Municipal Center, Detroit, MI 48226

NSP 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 office 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 subrecipients 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:

**SUBRECIPIENT, CONTRACTOR OR
SUBCONTRACTOR:**

1. _____

BY: _____

2. _____

ITS: _____

DATE: _____

NSP Program
Mandatory Acknowledgement
“Conflict of Interest”

The City of Detroit, Planning and Development 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 NSP and Community Development Block Grant 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 2.) The Contractor’s objectivity in
- b. Performing the contract work may be impaired.
- c. 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.
- d. 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 Planning and Development Department may, however, terminate the contract if it is in best interest of the City.
- e. 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 Planning and Development Department may terminate the contract for default.
- f. The provisions of this clause shall be included in all subcontracts and consulting agreements.
- g. No federal, state or local elected official nor any member of the City of Detroit Planning Commission or employee of the Planning and Development 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.
- h. No member, officer, or employee of the City of Detroit Planning and Development 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.

- i. The Planning and Development Department reserves discretion to determine the proper treatment of any conflict of interest disclosed under this provision.

Witnesses:

1. _____

2. _____

Date: _____

Subrecipient, Contractor, or Subcontractor:

By: _____

Its: _____

EXECUTIVE ORDER NO. 2007-1

TO: ALL BOARDS, COMMISSIONS, DEPARTMENT DIRECTORS, CITY COUNCIL MEMBERS, AND THE CITY CLERK

SUBJECT: UTILIZATION OF DETROIT RESIDENTS ON PUBLICLY FUNDED CONSTRUCTION PROJECTS

DATE: SEPTEMBER 10, 2007

It is the policy of this Administration to encourage and maximize the utilization of Detroit residents on publicly funded construction projects. An important component of the economic revitalization of Detroit is the employment of Detroit residents.

This Executive Order directs City departments and agencies to implement specific residency requirements on all construction projects funded, in whole or in part, by the City and applies to those funded by state or federal funds to the extent permitted by law.

All City of Detroit project construction contracts shall provide that at least **fifty-one percent (51%)** of the workforce must be a bona-fide Detroit resident. In addition, Detroit residents shall perform **fifty-one percent (51%)** of the hours worked on the project. Workforce and project hours shall include work performed by Detroit residents in the various job categories: officials and managers; supervisors and forepersons, professionals, technicians, sales workers, office and clerical, skilled trades, craft workers, operators, laborers, service workers, apprentices, and on-the-job training positions.

Failure to meet the Detroit resident workforce requirement, including project hours, will result in the following monthly financial penalties.

Financial Penalties

Detroit Resident Hours

Monthly Recruitment Fee

45%-50%

3%

40%-44%

7%

30%-39%

10

0% - 29%

15%

Developers, general contractors, prime contractors and sub-contractors are required to pass the requirements of this Executive Order down to all lower-tier contractors. However, it is the sole responsibility of the entity contracting with the City of Detroit to require all of their contractors to comply with the City of Detroit requirement to utilize fifty-one percent (51%) of Detroit residents on construction projects. In reaching the Detroit residency requirement, local union halls may be utilized, however, the City of Detroit Workforce Development Department and/or its designee shall be the first source utilized to recruit and hire Detroit residents; where Detroit residents are unavailable at the local union halls.

Failure to meet the requirements of this Executive Order will constitute a breach of contract and may result in immediate termination of the contract.

At the option of the City of Detroit, any developer, general contractor, prime contractor, sub-contractor, or lower-tier contractor that is deficient in the utilization of Detroit residents may be barred from doing business with the City of Detroit for one (1) year. In addition, the City of Detroit reserves the right to re-bid the contract, in whole or in part, and/or hire its own workforce to complete the work.

All construction contracts, construction contract amendments, change orders, and extensions shall include the terms of this Executive Order. The Human Rights Department shall have the responsibility for preparing administrative guidelines, monitoring, and enforcing the provisions of this Executive Order.

This Executive Order supersedes Executive Order No. 22 issued by Mayor Coleman A. Young on August 29, 1983. This executive order is effective November 1, 2007.

By signature in the space provided below, the Contractor acknowledges receipt of a copy of Executive Order No. 2007-1 regarding City of Detroit Residency Requirements for all publicly funded construction projects. A copy of Executive Order No. 2007-1 is attached and made a part of this contract and the Contractor affirms that it will comply with this Executive Order in all respects.

The Contractor affirms that a minimum of 51% of the workforce on this project are bona-fide residents of Detroit and that Detroit Residents shall perform fifty-one percent (51%) of the hours worked by the Contractor and all Sub-contractors on the project.

Company Name: _____

Authorized Signature/Title: _____

Date: _____