

CDBG HOUSING IMPROVING LOCAL LIVABILITY (CHILL) PROGRAM

APPLICATION PROCESS FAQs

QUESTIONS FROM TEAMS CALL & MAILBOX AS OF 10/17/2023

- 1. Is this still a competitive process? What is the grant minimum and maximum? Is it 500K max in both DRR and HIP for a total 1 million reward?**

We want to see the best application. We have enough funding available to fund every application in this first round, but there will be another funding round, so we will be looking for solid proposals. If the application doesn't meet an acceptable standard, they will be provided an opportunity to make modifications and resubmit in a future round.

The maximum funding is \$500,000 total - it may be applied to one activity (DRR or HIP) or may split between both programs.

- 2. \$500,000 in total including admin? So \$410,000 in grant award and \$90,000 in admin?**

Yes, \$500,000 is the total award for the grant. Admin can be up to 18% of the total grant amount, equaling \$90,000, leaving \$410,000 for the rest of the grant.

- 3. The UGLG proposes to have a contract between the homeowner and contractor? Is there a way MSHDA would like to see that otherwise?**

The construction contract is between the Owner(s) and contractor. The Owner(s) should direct any problems with the work of the contractor to the contractor and resolving such problems is the sole responsibility of the contractor.

- 4. Question 20 (project timeline) references submitting "setup proforma(s)" for both rehab and reconstruct. What are set-up proformas? Does MSHDA have a template?**

MSHDA has and will provide two separate proformas, which are an excel documents. We will release them as part of the Policy Manual. The proformas are to be completed at different stages: set-up, interim (if there are changes) and final.

- 5. Do all HIP sites need to be selected and setup proformas submitted initially, or can this be done as individual projects throughout the grant?**

The HIP projects should be selected and the proforma should be updated throughout the process of project.

- 6. What is the process for floorplan approvals? How long does it take? I reviewed the floor plan that you put forth on the website. Can we move the mate line for some of those plans? Can we submit our own plans for review?**

The process is the same as any preliminary plan review. The biggest review for the floorplan approval is to make certain there is at least a half bath on the main floor that can accommodate a wheelchair and zero-step entry at the front, side, rear or through an attached garage per PA-182. The plan review for floor plan & façade review is about 5 days. After floor plan review and once the full working drawings are complete, you must send your drawings to MSHDA for full blueprint approval. This approval may take up to 10 days. Yes, you may move the mate line for the plans.

7. Does Davis Bacon (DBRA) apply to all projects?

DBRA will not apply to the HIP projects. They may apply to DRR, further direction will be in the Program Manual. Davis Bacon is exempt if the rehabilitation of a residential structure or residential properties, under one ownership, that will contain less than 8 units when completed.

8. Does Davis Bacon apply to all projects under CHILL, regardless of total cost? (Assurances #3)

DBRA will not apply to the HIP projects. They may apply to DRR, further direction will be in the Program Manual. Davis Bacon is exempt if the rehabilitation of a residential structure or residential properties, under one ownership, that will contain less than 8 units when completed.

9. Davis Bacon and does Union Labor apply to all projects under CHILL?

Davis Bacon may only apply in DRR projects. However, Davis Bacon must be met for compliance if the project needs it. Davis Bacon is exempt if the rehabilitation of a residential structure or residential properties, under one ownership, that will contain less than 8 units when completed.

10. UGLG has received two letters of support outside of the required 30 days. Is that a problem?

The letters of support were required with the Letter of Intent not application. It is not a problem to send in your letter of support.

11. For the grant budget, what form of “proof” for other sources is required?

Source documents can be contractor or architects estimates for the cost of doing a DRR project. This would include house plans for the DRR project.

12. What is the Annual Profile Review and where are the instructions?

It is a review done by MSHDA on its grantees, to assure they are a viable grantee. A more in-depth explanation and demonstration will be provided during the Q&A session.

13. Does DRR allow for New Infill construction on Vacant lots?

DRR allows for new infill of recently demolished vacant lot within current or past 12 months of a residential structure.

14. What is required for compliance with the Lead based paint poisoning Prevention Act (42 USC 4831)? (Assurances #4)

You can find the lead paint compliance information in the policy manual.

15. What is required for compliance with Section 504 of the Rehabilitation Act of 1973, as amended, and implementing rules and regulations 24 CFR Part 8? (Assurances #6)

You can find the Section 504 compliance information in the policy manual.

**16. “UGLG Partnership Profile Applicants must complete an Annual Profile Review before signing a grant agreement. Instructions will be included in the application and can be completed during the application process.”
 What is an Annual Profile Review and where are the instructions? (Required Compliance #7)**

This will be discussed at the meeting on October 18, 2023. MSHDA will provide an overview of the partnership profiles.

**17. “Authorized state officials and representatives will have access to all books...or property pertaining to the project to make audits, examinations, excerpts, and transcripts; each contract or subcontract also shall provide for access to relevant data and records pertaining to the development and implementation of the project.”
 Does “property” include the physical property/project site, aka a client’s home? (Assurances #7)**

Yes, it includes the physical property for grant monitoring and auditing purposes. MSHDA will contact the grantee to reserve a time with the property owner. This includes items for the execution of the grant activities and project files.

18. What responsibilities for environmental review, decision making, and action are specified and required under NEPA of 1969 (42 USC 4321) and Section 104(f) of Title I of the Housing and Community Development Act and implementing regulations 24 CFR Part 58 (Assurances #8)

This includes NEPA environmental review for the HIP and DRR projects.

19. We plan to apply for both DRR and HIP activities. We will be administering the DRR projects in partnership with another government UGLG Agency, and the HIP projects with non-governmental third-party administrators. Section F. #23 in the application requires that we pick 1. Is it possible to select two?

You can pick one of the choices and upload both local non-governmental third-party administrator and UGLG agency for question 24.

20. Regarding the uploads of procurement plans or agreements required for Section F question #23, will MSHDA accept existing agreements for work with a similar scope in cases that an agreement is not yet in place?

The UGLG must conduct a new procurement and enter into a new agreement for administering CHILL program activities.

21. Will this power point be available for us?

The power point is a part of training videos available online. This link provides IGX trainings at the bottom of the page: <https://www.michigan.gov/mshda/neighborhoods/neighborhood-enhancement>

QUESTIONS from 10/18/23 to 10/19/23

22. What is the website to go to for IGX?

MSHDA grants are managed using the MSHDA Grants System in IGXLogin <https://mgs.michigan.gov/IGXLogin>

23. If our agency did an annual profile review for the MI-Hope grant, will we need to do this again for CHILL?

It depends when you submitted the annual profile review. You can check the system to see if we have your correct information for annual profile review.

24. Do you need approved minutes from the public hearing or will draft minutes be acceptable?

You may submit a draft of the minutes, but you will need to send us the final approved copy as soon as possible and before you are awarded a grant.

25. If we don't have enough interest from the geographical area we indicated in the LOI, can we open it up to other neighborhoods in our township?

You can change your Letter of Intent geographical area as long as it is within the same jurisdiction (i.e. within boundaries of the township, county, etc.). You will need to provide a rationale for the change that is supported by data and findings of local housing plan. In the application you will need to provide support documentation to demonstrate your need for housing in the geographic target area.

26. To add to Kathleen's question. Our next commissioners' meeting is November 1st but the meeting minutes would not be formally approved until November 14th after the deadline. Do we need to hold a special meeting to make sure the minutes are approved?

You may submit a draft of the minutes, but you will need to send us the final approved copy as soon as possible and before you are awarded a grant.

27. Will each home need to have an energy audit?

Energy audits are preferred but not mandatory.

28. New builds cannot have steps?

New builds must have at least one zero step entry point on the main floor to accommodate wheelchair entry at either the front, side, rear or through an attached garage per PA-182.

29. The application request that the UGLG have site control. If you are using the grant funds to purchase, demo, and infill how are we to start or show that we are going to start with that site.

The DRR demolition must be on an infill lot within the last 12 months or a recent demolition that was done without CDBG funding so we can do reconstruction. Acquisition and demolition are not eligible activity costs of the CHILL Program. So if acquisition or demolition are planned, they will need to be funded through another source. An alternative is to identify a site that has been demolished by a landbank. You do not have to own the property. You can have an agreement with another entity who can own it during reconstruction. Note that reconstruction, as it is defined in CDBG regulations, must be on a site where the previous house was located.

30. How do we get the minutes to you after they are approved and the application has already been submitted? Email to one of you?

You can put your final approved minutes in the CDBG INBOX mshda-cdbg@michigan.gov

31. How does the site plans approval begin?

Site plan approval is done on the front end as part of the site selection process and must occur before any choice limiting decisions regarding the project have been made. The site selection plans will be part of the program guidelines that will explain how you will run your program and includes your site selection plan.

32. Referring to using modular design, we need to submit floor plan to Jim or to you. Do I need to submit now?

You are not required to submit your modular floor plan with the application. However, if you have that information available it is an asset to your grant application, and you should include it. We want to give grantees flexibility for site selection.

33. Application question 4 on application the project timeline, setup proforma, part of policy manual. Are there separate links on website?

The proforma's are not available and will be posted on the website for project setup.

34. I wanted to confirm this grant does not allow for demo. Do we have to build on a previous demo site in the past 12 months with some other source of funding?

Correct, the CHILL Program does not allow CDBG funds to be used for demolition. If you have another source for funding for demolition you may use it. However, you must have NEPA approval if you plan on doing it for this application funding. We are also not doing relocation with CHILL Program funds, so the property must be vacant, even if it's demolished with another funding source. The best situations for CHILL Program DRR activities will likely be infill reconstruction following a municipal or land bank-funded demolition.

35. The CHILL DRR says acquisition costs and demolition costs.

Documents on the website have been modified to be consistent and more clear that acquisition and demolition are not allowed with CHILL CDBG funds. Acquisition and demolition costs may be part of the project, but they must be funded with another source of funds. They can be counted as leverage or match with our CHILL program.

36. The UGLG approvals are difficult to get done on this funding round application.

We are doing our best to provide you guidance and cannot make promises that there will not be any more changes or glitches. One reason for this is that we are looking to activate 2022 CDBG funds quickly to align with the timing of statewide housing plan goals. We expect this will benefit communities that have a high level of readiness. We acknowledge that the funding round timeline is short and requires tight turn arounds that may difficult for some communities to execute. We do plan to launch another funding round for the CHILL Program before the end of the year, so if you are feeling that you are not able to meet current round deadlines, you may want to wait and submit an application for the next funding round.

37. If we were to hold off on submitting a full application because we were approved through LOI. Would we have to re-do the LOI?

Yes, you would need to go through the process from the start, including re-submitting your Letter of Intent. This ensures us that factors haven't changed. However, we would give your LOI preference as you have previously demonstrated you meet the criteria to continue with the application process.

QUESTIONS from 10/20/23 to 10/30/23

38. Are we required to bid services of third-party administrator (professional service) to assist with implementation of the project when our procurement policy permits us to select service provider without a bidding process (professional services are exempt under our policy)?

Yes, your procurement processes must be in accordance with the federal requirements of 2 CFR 200.320 (b-f). Third party administrators providing professional services for \$250,000 or less can be procured using a small purchase process. Professional services totaling more than \$250,000 require a competitive proposal procurement. The Procurement Section of Chapter 4 of the CHILL Program Policy Manual can provide additional guidance regarding modifying your procurement policy if needed. The Policy Manual is available online at: [CHILL-Policy-Manual-DRAFT.pdf \(michigan.gov\)](https://www.michigan.gov/CHILL-Policy-Manual-DRAFT.pdf)

39. What are the requirements for a displacement plan when we have no displacement activities associated with our project as we are conducting HIP activities only? Specifically, are we required to commit funds or other resources to such a plan? As a point of clarification, one of the Township's goals for this program is to ensure residents can remain in their homes by providing them needed resources.

It is not required to have an anti-displacement plan for HIP and DRR. We are encouraging anti-displacement plan in the event relocation becomes necessary. We have guidance in the policy manual. This response was changed on 1/17/2024.

40. Does the targeted project area have to be contiguous, or can we target a few key areas within the Township that have LMI residents who would benefit from this program?

The target area does not need to be contiguous.

41. On the first phone call for applicants that were selected to do a full application, it was mentioned that there would be a second round of CHILL funding in the near future and that the application window would open for that before the end of the year. Do you have a ballpark idea of when that second application might be opened?

We plan to announce the second round mid November.

42. Does MSHDA have any sort of list of third-party administrators that may work statewide or are on a pre-approved list? We would like to have more options from which to procure a third-party administrator.

Unfortunately, we do not have a third-party administrator list at this time.

43. We are working on our application and just want to clarify when the APR needs to be submitted. The application scoresheet says it does not need to be submitted until grant agreement execution, but the policy manual indicates you need to submit the APR "in conjunction with the submission."

The Annual Partnership Review can be completed during the application process and must be completed before a grant agreement can be executed. We encourage applicants to start the process early, but it does not have to be completed before an application is submitted.

44. In section C. “project description” of the application, question 20 asks for a timeline. Is that required for HIP or just DRR?

The timeline portion of the project description should be completed for HIP and DRR projects. For HIP, we are looking for benchmark events, so indicate when the first sites will be selected, the beginning of construction activities, when the last project is expected to have its final inspection and when program funds are expected to be fully disbursed.

QUESTIONS from 11/1/23 to 11/2/2023

45. Does the governing body have to pass an Authorizing Resolution, or any type of resolution, for the application?

Yes, the governing body needs to pass an authorizing resolution. The process is explained in the manual, including what needs to be in the authorizing resolution and the form that needs to be submitted. A copy of the authorization and the signed form are submitted with the application.

46. Are Authorizing Resolutions only required if the highest elected official is not assuming responsibility?

The Authorizing Resolution is required for highest elected official or by person designated.

47. Is the Authorized Signature Designation Form on the website the same as an Authorizing Resolution mentioned in the manual?

The Authorizing Signature Designation Form is not the same as the Authorizing resolution. The Designation Form is used to designate someone else other than the elected official to sign the grant agreement and submit payment requests and grant amendments. The Authorizing Resolution is a HUD regulatory requirement and includes additional items that are listed out in the policy manual. In most cases grantees combine it with the public hearing and include the certifying officer.

48. Grant Question - This is not a reimbursement grant, correct? We will get funding in advance.

This is a reimbursement program. UGLGs will submit FSRs, supported by documentation of actual costs, after work has been completed. The one caveat to this rule is an UGLG can submit an FSR for repayment of an invoice for a deposit on construction costs, up to 75% of the contract amount or CDBG assistance, whichever is less. The payment distribution schedule must be spelled out in the contract between the UGLG and the developer or contractor; must be based on an articulated need; and must be submitted no earlier than 90 days before start of reconstruction.

49. Will you have a written application prepared for all of us to use or will we come up with our own?

We will provide minimum requirements for an application and you will create your own. We will share a sample.

50. The text boxes for the narrative responses are very small, are there specific expectations for length of replies or requirements to support the narratives with demographic data?

The response fields have a 4,000 character limit. If a response does not fit, longer answers can be uploaded in part 2 of the application as attachment. Note that we are looking for clear and concise answers.

51. Just to confirm, on page 15 of the manual, we do NOT need to have an elaborate community development plan, but we can use the county's master plan?

If you do not have a community development plan, then you have to complete the community narrative. Those questions will fulfill the federal requirement. Yes, you should rely on and reference local planning that has been done.

52. Can we pass one authorizing resolution which includes all authorizing approval, designation of signers, and certifying officer? Or should we break this into four separate resolutions?

Yes, UGLGs can have authorizing approval, designation of signers and certifying officer all in one Resolution.

53. After having a Public Hearing, suggested changes to the application budget (removing DRR from the application) was suggested and supported by the Board. This will be a change from what was in the original intent, and what was noticed in the public hearing notice. Is that okay?

Yes, as long as both activities were included in the public hearing, UGLGs can make a change from LOI to Application. Note in the application the reason you made the change. The LOI process allowed us to ensure that we were evaluating eligible respondents. The Application focuses much more on what you plan to achieve. Document that based on public comment you made these adjustments and send it in.

54. Is a resolution required for the application?

Yes, the authorizing resolution is required.

55. Public Engagement portion. The Land Bank is working with the RHP Lead and has been in lock step with its efforts. Does the Land Bank have to repeat community engagement efforts that were already completed by the RHP?

The public hearing is a CDBG requirement and has rules, outlined in the manual, that govern what information must be made available. For example, if you did public engagement but it did not specify CDBG funding, then you need to redo public engagement document.

56. For the grant budget: in the application it says see application part 2, where is that located and do you have a template?

The part 2 of the grant budget was emailed out along with the application. If you need a another one sent out please contacts us at CDBG INBOX mshda-cdbg@michigan.gov

57. Does a Development Agreement need to be included in the application?

We are not requiring a Developers Agreement be included with the application. If you have a developer you want to work with and have a draft agreement prepared, then we would love to see it. If not, we require you submit a procurement plan as to how you will acquire a developer.

58. Can we get an advance on projects to get started? Our land bank currently needs funds to start our project.

This is a reimbursement program. UGLGs will submit FSRs, supported by documentation of actual costs, after work has been completed. The one caveat to this rule is an UGLG can submit an FSR for repayment of an invoice for a deposit on construction costs, up to 75% of the contract amount or CDBG assistance, whichever is less. The payment distribution schedule must be spelled out in the contract between the UGLG and the developer or contractor; must be based on an articulated need; and must be submitted no earlier than 90 days before start of reconstruction. If you have a specific situation, you want us to review, please respond to us in writing to the CDBG inbox at mshda-cdbg@michigan.gov.

59. We are doing the rehab portion of grant. Does MSHDA have priorities within the allowable rehab activities. Can we choose to only do a portion of those allowable rehab activities? Since we are only allowed \$40,000 per home what

happens if the need exceeds the \$40,000? Can we chose what to fund with the \$40,000 or does MSHDA have items they would like to see completed first like bringing items up to code?

The policy manual lists eligible items for homeowner rehabilitation projects. UGLGs can prioritize specific items they want to focus on. It is understood that the \$40,000 per unit limit may mean some items go unaddressed, but issues that pose a health and safety issue to the family or threaten the ability of the homeowner to sustain themselves in the home should be addressed first. For example, CDBG funds shouldn't be exhausted on items within the home without addressing a leaking roof. UGLGs will be required to create a set of program guidelines that spell out local priorities. MSHDA will provide a template to help UGLGs create their program guidelines. Some rules we will be prescriptive. If estimated project costs exceed \$40,000 then the scope of work should be modified to fit within unit limits; another source of funds should be secured; or another project site should be chosen where a meaningful intervention can be completed with the program parameters.

60. For HIP: do projects need to be pre-selected, or can they come in on a rolling basis?

It is not necessary to have pre-selected projects, but readiness and demonstrated need are part of the application evaluation process. It would be great if you know what projects are in your area. At a minimum, UGLGs should have a defined target area. Projects can come in on a rolling basis.

61. What is the MSHDA ID# required in #5 of the app? We don't appear to have one yet, having not done a project with MSHDA before.

If no ID# then leave that field blank.

62. If in our letter of intent, we mentioned we wanted to do both HIP and DRR, but noticed that DRR may be out of our capacity, can we change to only apply to HIP instead of both?

Yes, let us know the reason why.

63. DRR funds do not have to be returned to MSHDA after the sale of the home, correct?

Proceeds of sale can be used to pay off a construction mortgage or reimburse grantee equity financing in the project if development and homebuyer subsidy limits are observed. Remaining proceeds of sale are considered Program Income, and Program Income is returned to MSHDA within 90 days of closing.

Grantee equity financing is local resources committed to the project to facilitate development and includes, funds used for the reconstruction, the appraised value of the property (as determined by a third-party appraisal), other eligible costs related to the reconstruction that occur within the grant term. Grantee equity financing does not include granted funds from other sources or resources expended outside the grant term (i.e., the start date of the grant listed in the grant agreement).

NEW AS OF 11/01/23:

While it has been determined that CHILL DRR funds cannot be used to pay for Acquisition or Demolition, these uses qualify as grantee equity financing if they occur within the grant term and can be reimbursed from the proceeds of sale, provided development and homebuyer subsidy limits are observed.

Development and homebuyer subsidy limits have changed.

Published program documents (DRR Quickfinder, Policy Manual) listed the limits as follows:

Up to 20% of CDBG assistance can be used as subsidy—either as development or homebuyer subsidy.

The maximum per unit subsidy limit for the DRR program is 50% of CDBG assistance up to \$100,000. At least \$1,000 and up to \$15,000 of that subsidy to be used for homebuyer subsidy, based on need determined through underwriting.

See the response to question #77 for an example.

64. Does Davis Bacon apply to New Infill Construction?

Davis Bacon does not apply to single family small homes. As long as not doing more than 8 infill constructions at a time.

65. Program Income question - We build and set a home for 150K. Sell the home at 200K. Profit Margin of 50. We have to return those funds back to you?

Yes, if the home is 100% funded with CDBG funds then the proceeds would be considered program income and are returned to MSHDA. If other funds are used, then a prorated share of the profits would be returned to MSHDA.

66. Land acquisition and demo costs are considered match?

Land acquisition and demo costs can be considered leveraged funds. Match or leveraged funds are not a requirement of the program but are encouraged. The application asks for information about leveraged resources and how they will be used, so having leveraged funds positively impacts scoring.

While it has been determined that CDBG funds cannot be used to pay for Acquisition or Demolition, these uses qualify as grantee equity financing if they occur within the grant term. and can be reimbursed from the proceeds of sale, provided development and homebuyer subsidy limits are observed.

See the response to Question #63 in this document for additional details about new subsidy limits.

67. We have to submit the application all at once. What if you did that and now you have to go back and change it. It is not correct.

You can email the CDBG inbox at mshda-cdbg@michigan.gov and we will disregard the your previous submission.

68. Would you consider pushing deadlines for participants in round 1? To allot for more time for public hearing, Q&A, feedback, etc.

No. We do not want to delay the process for those that are ready to submit their application now. You can apply for the 2nd round if you need more time. The 2nd round will be launched in mid-November

69. I have more questions that need to be answered before moving forward due to our staff capacity. Who do I contact to request reconsideration in the next round?

Round one applicants can let us know in the MSHDA mailbox at MSHDA-CDBG@michigan.gov if they want to drop out of this funding round and reapply for the next round. The UGLG would need to resubmit a letter of intent for the next round. We will give preference to your LOI and be able to participate in submitting an application.

70. Do we have to do a new Authorizing Resolution if we wait until Round 2?

No, the previous authorizing resolution will be sufficient.

71. Do you need approved minutes from the public hearing or will draft minutes be acceptable?

You may submit a draft of the minutes, but you will need to send us the final approved copy as soon as possible and before you are awarded a grant. Your public hearing document should tell the public what you are planning to apply for and seek funding for.

72. If program parameters haven't changed, can applicants submit the same LOI to be considered (same letter, same resolution) for the second round?

Yes.

73. Is there a sample Authorizing Resolution?

The Policy Manual provides the items that need to be included in the Authorizing Resolution.

74. Where can we find the sample Public Hearing Notice language?

The Policy Manual provides guidance and what items should be included in your public hearing notice. The Public Hearing notice is a standard process. The Public Notice should state specifically what you are applying for as far as CDBG CHILL, what activity and what dollar amount.

75. The City of Gaylord is working with Northern Homes Community Development Corporation on an application to demo/reconstruct/resale of two properties. On the Q&A today, I thought I heard that if we were working with a developer than we do not need to submit a procurement policy with the application. Is that correct?

UGLGs need to include a draft developer agreement or a procurement plan with their application. If you have a developer in mind, then please submit an MOU or draft Development Agreement. If not, please provide us with a procurement plan that describes how you will acquire a developer or contractors to complete the project.

76. Can you respond to this proposed DRR project scenario and let us know if you see any red flags?

1. UGLG will use the County Land Bank as the developer for the DRR program. We will include a MOU with the application and enter into a Development Agreement if awarded.
2. We will construct a home on Land Bank-owned property as they have a few that meet the requirements of the program.
3. They've invested approximately \$25,000 in acquisition and demolition thus far.
4. Cost of construction is estimated to be \$300,000 (includes garage/basement and sales fees)
5. Considering the \$200,000 from MSHDA CDBG, that leaves a total investment by the Land Bank of \$125,000.
6. The house is sold for \$125,000.
7. The County Land Bank is reimbursed \$125,000. MSHDA receives \$0.

Some additional questions:

1. Does MSHDA set the sales price? Can we plan on selling for \$125,000?
2. What are the requirements of the homebuyer, aside from meeting 80% AMI?

Please note that as of 11/01/23 development and subsidy limits have changed and clarification on the use of proceeds from the sale of the property has been provided. The new subsidy limit for the DRR program is 50% of CDBG assistance, up to \$100,000. At least \$1,000 and as much as \$15,000 of that subsidy to be used for homebuyer subsidy. See the response to Question #63 in this document for additional details.

Regarding your scenario: having an MOU between UGLG and Landbank in place before applying and then entering into a developer agreement later is not required but is best practice—way to go!

In your example, it looks like the Landbank has invested \$125,000, but if the acquisition and demolition occurred before the start of the grant term, then the \$25,000 would not qualify as grantee equity financing. The value of the parcel used, as determined by a third-party appraisal, would count as equity financing, as would the landbank funds used for reconstruction. Let's say the land had an appraised value of \$5,000. Added to the \$100,000 of landbank funds for reconstruction you mentioned in your example, that results in \$105,000 of equity financing from the grantee.

Grantee equity financing may be reimbursed from the proceeds of sale provided program subsidy limits are observed. To understand whether the example fits within subsidy limits we need to know the value of the property once reconstructed, as determined by an appraisal, and what a buyer can afford. You suggested the buyer can afford \$125,000, so let's assume the appraised value of the property is \$140,000. That means the homebuyer requires a \$15,000 mortgage buy down—right at the homebuyer subsidy limit.

In this scenario, the development subsidy and homebuyer subsidy are at the max amounts and total \$100,000. That means that \$100,000 needs to be returned to MSHDA from the sale proceeds in order for this project to be viable. If the sale amount of the property is \$125,000 that would leave \$25,000 to cover a portion of the Land Banks costs—far short of what you were looking for.

Based on this review, I would suggest this project be restructured.

Regarding your additional questions:

1. The UGLG sets the sales price based on a third-party appraisal of the fair market value of the property. Note: MSHDA has a max sale price for reconstructed units of \$224,500. If targeting a buyer that cannot afford the appraised value then up to \$15,000 of homebuyer assistance can be provided. Other sources of downpayment assistance can also be used to lower the cost to the buyer.
2. The homebuyer must meet complete a HUD or MSHDA approved homebuyer education course.

MSHDA staff will release a proforma this month that will help answer questions regarding how to structure projects and will meet remotely with DRR applicants after applications are submitted to provide further guidance.

77. Following up on item 1, can you confirm that the third-party non-profit administrative partner also requires following the federal procurement process? Meaning, we do not have internal staff capacity to review applications, income verifications, review eligibility of repairs, bid out construction services, etc. and the non-profit we are planning on using was listed on our LOI as our partner.

UGLGs are required by HUD to follow federal procurement regulations when acquiring the services of a third-party administrator when they are acting as a contractor—i.e., an entity providing a service (in this case grant management services) to the grantee.

78. Per our LOI, we intend to have a specific non-profit agency as our third-party administrator to assist with implementation and we would be responsible for oversight of their work. Would our agreement with the administrator require procurement (meaning obtaining quotes)? In our discussions with the non-profit, their costs for administering/implementing the program would be \$75k which is well under the \$250k and we believe this to be reasonable as it is less than the 18% admin set-aside outlined by MSHDA for this program.

It's a HUD requirement that federal procurement regulations are followed when contracting for services. For the example mentioned, a small purchase procurement would be appropriate, meaning that a decision could be made based upon securing three quotes.

79. My question is regarding the public comment/participation. Our agenda allows for two opportunities for the public to address any item on the agenda including resolutions. Will this be sufficient for the public participation requirements? I will provide a copy of the meeting notice, agenda, and minutes with my application.

No, the public comment opportunities mentioned do not appear to meet the public hearing requirements. The public hearing needs to be an item on the agenda and be properly noticed per requirements. Information about public hearing and public hearing notice requirements are provided in the Policy Manual on the website.

QUESTIONS FROM 11/4/23 to 11/9/23 - FINAL POSTING

80. Based on the policy manual, we are reading that if we are not doing acquisition or architecture/engineering services, we only have to follow our local procurement rules for third party administration. We would like to confirm that, if possible.

Third-Party administrator (TPA) with whom it will contract for Grant implementation. If a TPA is proposed: 1) the procurement process outlined in the CHILL policy manual must be followed, and 2) identifying the individuals to be responsible for various roles and responsibilities of grant implementation, and 3) CHILL must receive a copy of the administrative agreement (Contract) between the applicant and TPA.

Grantee's Authorized Official must execute and submit a completed Third-Party Administrator Management Plan and all required attachments for MSHDA CHILL for review and approval.

If the UGLG is paying for the Third-Party Administrator, they can follow their procurement policy. However, If the UGLG is using CDBG funds to pay for the Third-Party Administrator then the UGLG must follow the procurement by small purchase outlined in the policy manual.

81. Our Board of Commissioners is scheduled to approve the resolution for application next week. My question is in regard to the public comment/participation. Our agenda allows for two opportunities for the public to address any item on the agenda including resolutions. Will this be sufficient for the Public participation requirements? I will provide a copy of the meeting notice, agenda and minutes with my application.

In the Policy Manual the notice for public hearings, must be with a public affidavit showing that five calendar days minimum notice was given to citizens and that the notice was published in a local or applicable newspaper. Written minutes of hearing and attendance roster must be submitted to MSHDA. However, we will take draft minutes with the application submission, but final minutes are required before the grant award.

The public hearing should inform citizens of the proposed objectives, proposed CDBG activities, the location of the proposed activities, and the amounts to be used for each activity. The authorizing resolution must be submitted with the application. Citizens must be given the opportunity to review the application and comment on the proposed application. Please refer to the public participation plan in the policy manual.

**82. I have the following question for the CDBG CHILL grant
Is this an 18-month grant?**

Regarding timeline: When is it anticipated that grant awards will be announced, and contracts executed? Is there a hard stop date that all projects must be completed by, and grant funds disbursed? This will help us with the timeline question on the application.

On the 11/1 Q&A webinar a scenario was discussed I want to clarify. This is for HIP projects; If we have a third party engineer do the pre-inspection/assessment of homes and they charge 5-10% per job depending on the scope of the project, can we charge that fee directly to the project cost or do we need to use 5-10% fee as part of our administration cost?

Yes, this is 18-month grant.

The goal date for executing contracts is 12/22/23 with a program start date of 1/1/24. The projects must be completed by the end of the grant term. According to the CDBG timeline the grant award effective date is January 1, 2024. The end of grant term is 6/30/2025 (all projects completed and closed).

The Third-Party Administrator (inspector/engineer) funding will come from the 18% grant administration allocation.

83. I was wondering if you have an example of either the "Third Party Administrator Plan" or "Third Party Administrator Contract" that is stated on page 34 of their policy manual? It notes the following:

"A Third Party Administrator may be used to administer CDBG grants. Administrator services must be procured to ensure cost reasonableness. The contract must outline the specific activities that will be performed and the justification for the costs. The contract must also include a Third Party Administrator Management Plan (Attachment), indicating who is responsible for performing specific tasks. Local or other funds must be used for additional administrative and engineering cost overruns. All reimbursement requests must reflect services rendered and actual costs rather than a flat fee."

When you go to <https://www.miplace.org/programs/community-development-block-grant/grant-administration-manual/> under Chapter 4, they have example RFP for Third Party Administrator, but no example of a contract.

We are still working on the Third-Party Management Plan, and it will be posted to the CHILL website.

QUESTIONS FROM Q & A ON 1/09/2024 -1/30/2024

84. Can you go over some of the issues you had with the first application that might help us with this application?

Some people didn't answer the questions fully. Or they didn't put the correct amount in the budgets. Some also didn't supply all the documentations that were supposed to be attached to the application.

85. There was mention of a displacement plan in the grant information. However, in the Q&A's it indicated, if you are not causing any displacement with a project that was not required, can you confirm if it is or isn't required?

You are not required to have an anti-displacement plan for HIP and DRR, we encourage all the applicants to have a displacement plan because, it could come up in a project.

86. Since I would rather be safe than sorry, can we conduct our public hearing alongside a village council meeting, or do they have to be 2 separate meetings?

You could do it during your Council meeting, you need to have the appropriate time for your announcing of your public hearing. So, you'd have to make sure that you gave the 5-day notice for your public hearing to cover the items that you're going to discuss. If you're doing your public affidavit, you'd have to just make sure that you have your 5 days counted out for your public hearing. I would just add also you want to make sure that you have the public hearing identified clearly on your village council minutes and agenda and minutes so that the language from your public notices is included as a part of that hearing. One thing we did see from the first round is sometimes folks didn't clearly identify the public hearing as a public hearing for the purposes of the grant application. Instead, it might have been like a public comment period that they referenced. So, want to make sure that it's a public hearing setup for the purpose of collecting information or comment about the grant application

87. Can the money budgeted for administrative activities be used to hire and pay for a third-party administrator if you do not have the capacity at the UGLG to administer grant?

Yes, you can use the admin funds to pay for a third-party administrator to help you administer the grant. You can use that money to help with administration within your own local UGLG, but you'd have to document your hours and time and everything. It can also be used for getting a third-party administrator to assist you with administering the grant.

88. If a county already has a third-party agreement in place, do they need to complete a new one for this grant?

Yes, because these are different funding sources, so it depends on who's paying for it. If you are using CDBG funds to pay for the third-party administrator, then you would have to show your procurement process and you'd have to do a third-party agreement and go through that process. If the UGLG is going to pay for it themselves then they must show their procurement process and how they selected a third-party administrator. The key there is the third-party administrator is essentially a contractor when it comes to federal procurement laws, they're subject to federal procurement regulations so they must be procured the way that any other service or contractor would be procured. So that's why we can't just accept the previous agreement.

89. Is there a sample procurement procedure that can be shared?

The procurement process is in the policy manual. You can follow the directions in the policy manual, and we will be doing a procurement training later if you are selected to move forward as a grantee, but right now they're in the policy manual. It provides direction on the procurement process.

90. We are considering handling administration internally and not hiring a third-party administrator, are some of the responsibilities?

The UGLG is ultimately responsible for the grant and program oversight. Some administrative responsibilities include but are not limited to adhering to program compliance, guidelines and regulations; procuring all project services and parties including environmental specialists, contractors, developers; submitting FSRs (payment requests); income verification; completing reports; grant monitoring.

91. Should verbal (unsecured) funding commitments be included in the application and related documents?

No, only include secured funds in the application and associated docs, i.e., budget, resolution, public hearing notice as proof of funds will be required.

92. Would you please clarify a few questions I have (and I have read the manual and was on the conference call on the 8th but wasn't able to put them forward at that time).

- 1. If a TPA was identified in the LOI but it was not clear when it was submitted that a bid process (either by RFP or small purchase) was required, can the City/County/Village now do an RFP and how long does that need to be posted?**
- 2. What type of bonding, if any, is required for contractors working with owners on homeowner rehab?**
- 3. Do contractor estimates have to be sealed bids - or can the owner select the people requested to bid as long as there is more than one bid - generally three?**
- 4. I heard it stated that the map/locations need to be the same for the application as the LOI, but if after a grant is awarded and one additional area wants to be added, can that be done? I remember this question from the 8th, and think it was stated that it may be allowed after but not at time of application - but I also heard that another application at another time would likely be the only way to add an area.**

1. You have two options for procurement. You can use the UGLG's procurement process if the UGLG is using their funds for paying for Third-Party Administrator. The UGLG will need to provide their procurement process and selection process to their CDBG Specialist. The UGLG can have CDBG pay for the third-party administrator, but you must use the CDBG small procurement process for selecting a third-party administrator.

2. You do not have a bonding requirement for homeowner rehabilitation projects. You do have a bonding requirement for Demolition Reconstruction and Resale projects.
3. The UGLG must use the sealed bid process for choosing a contractor. If the homeowner chooses a contractor, the homeowner must get three estimates. The UGLG must check to make sure the contractor is licensed, insured and not on the federal debarment list.
4. The application should have the mapped location areas in the LOI but if the area has changed, we will allow their mapped location area to be changed in the application. The application mapped location area is used for the grant agreement and environmental review. If the mapped location area is changed after the environmental review is completed. A grant amendment request would need to be approved and the environmental review updated before work can be started in the new area.

93. For the CHILL Grant Application Docs:

- 1. Do we need to include the entire audit for the Fiscal Year End Statement Document Requirement? Or if not, which sections do you need?**
- 2. If we don't have a MSHDA Org #, do we just leave it blank?**
- 3. If we do not have Contractor info for DRR project or for HIP projects, is there anything we need to include for Program/Design/Contractor or Opinion of Cost until those decisions are made?**
- 4. Project Activities Timeline - Is that just a general timeline of how we will advertise, collect applications and administer the program?**
- 5. For local plans/ordinances - Do we include the entire Master Plan and Zoning Ordinance? We are currently seeking grant funding through the CDBG-DR to update both of those plans? What do we need to include in the application packet?**
- 6. We currently administer the CDBG-Emergency Housing Grant, but we were awarded that more than 5 years ago, but that is the only Program right now that we have CDBG funding through. Do we include this since it is past 5 years?**
- 7. Do you want the County's budget or the Grant Budget of how many HIP and how many DRR Projects?**
- 8. For the TPA, what documentation do you?**
 1. I did not see a question regarding the audit in the application.
 2. YES, please leave it blank.
 3. DRR you should provide an estimate from a contractor etc. HIP you do not have to include estimates. The budget numbers are to reflect the amount of CDBG and all funding sources the UGLG is requesting for activity. The design and floor plans do not have to be final, but they should be draft of what you are considering to do for your DRR project. We do have sample floor plans on our website for the county to use.
 4. Yes, it is a general timeline to provide us information about how you will be administering the grant and completing the CDBG project during the grant term.
 5. No , you do not include the entire master plan. The answers for supporting your housing projects should come from a housing plans or ordinance (for example master plan, housing needs assessment etc.) Please review the application **section B** "when completing the questions in this section fulfill this requirement. UGLG's may reference a locally adopted plan which may be a Master Plan, Community Improvement Plan, etc. If the UGLG's locally adopted plan(s) do not address the questions below, provide supplemental information as it relates to the proposed project and the plan it fulfills."
 6. You should reference that you had CDBG grants from MSHDA for housing and are using CDBG program income for emergency rehabilitation. Gladwin County should reference and include past grant findings, grant monitoring and successfully completed grant projects and funding.
 7. The budget should reflect the DRR and HIP costs from all funding sources for the requested CHILL project.

8. The application should provide how the UGLG will administer their HIP and DRR grant. For the application, we don't need to know a specific person who will be administering the grant, but how the grant will be administered.

94. Also, the County has decided on using a TPA and will be putting a RFP out ASAP and we were wondering if you could provide me with a TPA RFP example? We are working on one today, but it would be helpful if you could provide a reference to enable us to be more efficient.

Unfortunately, we do not have a TPA RFP example for you to review.

95. I am working on the CHILL application and am hoping that you can answer a few questions for me prior to the Village Council meeting this Tuesday at 7pm. I know it's a tight turnaround, but if we need a resolution prior to submission I want to ensure that we are prepared.

- **At the last Q&A session, we were told that there would be an available Sample Resolution. Do you have a copy that can be sent so I can be sure to address this at the Village Council meeting prior to submission? I did not see one uploaded to the website or in the policy manual.**
- **After reviewing the DRR requirements and our municipal capacity, we have opted to reallocate funds to the HIP activity type and consolidate to reflect "ten houses up to \$40,000" rather than "1 DDR and 22 HIP" with the understanding that we will likely primarily fund smaller, and more, projects. Since this is a substantial shift from our original proposal, will this affect our chances of funding?**
- **We currently have a Public Participation Plan but are looking to adopt a Citizen Participation Plan. In that case, do we need two public meetings prior to application submission or will the one meet our obligation?**

1. Attached is a sample authorizing resolution (2-A Authorizing Resolution).
<https://www.michigan.gov/mshda/neighborhoods/community-development-block-grant/cdbg-policy-manual>
2. If your LOI was for HIP and DRR. Yes, may apply for HIP only.
3. It is unnecessary to have two public hearings. You may adopt your Citizen Participation Plan at your public hearing. What is required for the Citizen Participation Plan is in the Chapter
 3. <https://www.michigan.gov/mshda/neighborhoods/community-development-block-grant/cdbg-policy-manual>

96. Is it ok if my ad goes in the paper next week. But my public hearing would be on BOC meeting on the 21st? After submission of grant ap. Can I hold the public meeting? Or do the Alcona Commissioners have to be present?

You must have the public hearing before submitting the application. You can hold a special meeting. You may submit your public affidavit and minutes after the grant application. However, you should include the newspaper posting and draft minutes with the application.

If you are having a public hearing for submitting your grant application and authorizing resolution, you will need to have your commissioners at the meeting to provide the commissioners approval and minutes of their approval.

97. In the authorizing resolution it states - WHEREAS, the CHILL Program grant application is due to MSHDA February 12, 2024, and will provide for a commitment of \$_____ of matching funds; and - If we are not providing matching funds do we need to put this in the resolution.

If you're not providing matching funds or leveraged funds, you don't have to put that in your resolution. You should only put matching funds, if you are going to have it, if you're just using our CDBG funds, \$500,000. You would only include CDBG funds.

98. Does each HIP project for homeowners need to be approved by MSHDA? How will this approval process work?

Yes, each homeowner will need to be approved by MSHDA's CDBG specialist. You will use the HIP or DRR workbook checklist for the items that need to be submitted. We will have a training for submitting payment requests.

99. We recently completed a Village-wide environmental review for our waterline replacement project. Could that review tick the boxes for the HIP requirement?

You may be use some of the information that was included in the village wide environmental review, but you would have to submit an entirely new environmental review for the CDBG Home Improvement Projects.

QUESTIONS FROM Q & A ON 1/31/2024 -2/8/2024

100. We are gearing up for the CHILL program and I have a question about the use of administration dollars. Are equipment purchases an eligible expense? We intend to add a workstation to house the MI Healthy Climate Corp worker who will be assisting in the administration of the program. It would be great news if admin. funds could be used to purchase a computer.

We will allow for the purchase of a computer as long as it follows CDBG procurement guidelines. In this instance that would mean that the computer be used 100% of the time for CDBG-funded activities over its four-year useful lifespan OR be prorated. For example, an employee working full time for 1.5 years on CDBG activities would result in 37.5% of the cost of the computer being eligible for reimbursement from CDBG.

An alternative would be to have local government purchase the computer and rent it to the CDBG program.

101. Great training on ER this morning. Could you tell me if there is a training schedule for UGLG's we could sign up for or review online? We have a number of staff who would benefit from training.

The CHILL program UGLG trainings are for grantees of the CHILL program. The grantees can invite their staff who are administering CHILL program to the UGLG trainings. We have added an update note to the future training meetings to be forwarded to any additional staff you would like to attend.

102. I have a question about selling homes to participants at 80% of the Area Median Income (AMI). We're looking at partnering with Habitat for Humanity of Northeast Michigan, and they currently have six eligible families on their waiting list. Each family falls within the program guidelines 80% of the Area Median Income (AMI).

My question is whether we're required to open up these new home projects to the general public, or if we can exclusively work with these families for these three homes. Keep in mind that the general public has the option to apply to Habitat and get on their waitlist, similar to these families. Thank you for clarifying this.

You may use Habitat for Humanity of Northeast Michigan waitlist if they are the developer. Habitat of Humanity of Northeast Michigan, will need to meet the grant agreement requirements, have a fair housing policy, complete a CDBG application and income verification for CDBG each of the homebuyers.

103. A question on the selection process for TPAs. If we are not able to find three or more interested parties who submit quotes to serve as a TPA, how do we proceed? Can we still select a TPA if we receive only one or two quotes? Please advise.

You should use small purchase procedure if you are using CDBG funds to pay for the third-party administrator. If you don't receive three estimates you will need to document your process for getting third-party administrator estimates. Yes, you may select a third-party administrator with less than three estimates however, you would need to request, from your CDBG Specialist, to select a third-party administrator with two estimates and provide documentation for the selection process.

SELECTION PROCEDURES

Selection procedures for procurement transactions must be written prior to securing contract services [2 CFR 200.318].

These procedures must ensure that all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
2. List all requirements that the offerors must fulfill.
3. Describe all other factors used in evaluating bids or proposals

104. The County applying for CHILL funds Round 2 posted an RFP for a third-party consultant. In the guidelines you posted in your manual (evolving, I understand), it gave a choice for the community to do an RFP or small purchase. Only the small purchase required three quotes. What if the RFP didn't have three responses? In your description under the LOI requirements, it was indicated the person needed to be identified prior to application, if possible. In the ER training, it was described as how to procure - which is a little late for the application.

Question: If the governmental unit has done an RFP for the TPA do they need to do another RFP for the ER - and is it acceptable if fewer than three respond?

We have changed our requirements for the CHILL program environmental review (ER). It is difficult to answer your questions because we don't know which way the third-party administrator was procured (small purchase or RFP) and when? Also, what was included in the in the RFP for the third-party administrator?

1. We encourage UGLG's to have an ER consultant.
2. UGLG's can do the ER themselves or allow their third-party administrator to do their ER.
3. UGLG's are responsible for the ER. We are not able to handhold the UGLG's through the ER.
4. UGLG's using CDBG funds for third-party administrator will need to show how they procured the third -party administrator through small purchase procedures. They would need to provide why they did not get three bids or estimates for third-party administrator.
5. If UGLG is not using CDBG for third-party administrator the UGLG would follow their procurement procedure.
6. The UGLG doesn't need to have third-party administrator identified prior to application. We ask the question in the application to determine if there is going to be a third-party administrator.
7. If the UGLG has RFP for third-party administrator and have a qualified third-party administrator to do the ER they don't have to procure an ER consultant.