



# Michigan Housing Opportunity Promoting Energy-Efficiency (MI-HOPE) Term Sheet Phase Three

Date: May 1, 2023

<p><b>Program Overview</b></p>	<p>The MI-HOPE Program will utilize United States Department of the Treasury American Rescue Plan (ARP) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) as a grant mechanism within the MSHDA Neighborhood Housing Initiatives Division (NHID).</p> <p>All applicable Treasury ARP rules and regulations will be strictly enforced.</p>
<p><b>MI-HOPE Program Goal</b></p>	<p>To provide financial assistance to eligible non-profit 501(c) agencies and government entities via a multi-year subrecipient agreement awarded for \$50,000 up to \$500,000 per agency. Subrecipients will then distribute the funds within their local area(s) for energy focused residential housing repairs and upgrades within both rural and urban areas. The total MI-HOPE assistance amount per home/unit may not exceed \$25,000 per assisted occupied home or individual assisted unit. In order to qualify for the MI-HOPE program, all assisted multi-family properties cannot consist of more than three units. In conjunction with home/unit repairs the funding also allows for a portion of the award, up to ten percent (10%), to be utilized for administrative funding.</p> <p>MI-HOPE energy-efficiency improvement activities are defined as actions undertaken to incentivize energy efficiency and health improvements that promote health or safety for single-family and multi-family residential properties. The intent is to have both an individual short-term benefit and immediate impact on the household itself and to also facilitate a long-term community benefit by improving existing housing stock resulting in increased area home values.</p>
<p><b>Size of MI-HOPE Program</b></p>	<p>Michigan State Housing Development Authority (the Authority) will utilize up to <b>\$27,300,000</b> (total award \$50,000,000, less \$15,000,000 to the City of Detroit and less \$5,000,000 to the non-profit THAW, less \$2,700,000 which is for MSHDA administrative costs for Phases 1-3 of its total allocation for this program through multiple statewide competitive funding rounds.</p>
<p><b>Targeted Population of Homeowners and Financial Challenges Program Seeks to Address</b></p>	<p>Funding will be made available to subrecipient Agencies to administer the MI-HOPE Program at the local level and to directly provide energy-efficiency assistance to eligible households having incomes equal to or less than three hundred percent (300%) of the federal poverty level as outlined in United States Department of the Treasury Guidance. Program funds will be made available to assist all eligible homeowners based on Subrecipient program guidelines that are approved by MSHDA.</p>

<p><b>“Eligible Owners” for the MI-HOPE program</b></p>	<p>“Eligible Owners” must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Occupants (owner and/or tenant if applicable) must have experienced and attest to a Qualified Financial Hardship on or after March 3, 2021. The attestation must describe the nature of the financial hardship. (Refer to Exhibit D for attestation language.)</li> <li>• Homeowner must currently own and occupy the property as their primary residence.</li> <li>• Homeowner and/or Tenant households must meet the MI-HOPE Income Eligibility Requirements.</li> <li>• Homeowners must provide verification of occupancy of the home for a minimum of twelve months from the date of the MI-HOPE application submission, or for non-owner-occupied units the landlord must provide proof of ownership for twelve months and provide a six-month occupancy history.</li> <li>• All properties must be current in their taxes or be current in a repayment plan.</li> <li>• All properties must be insured or provide written verification of insurability post-rehab.</li> <li>• Rental properties must be occupied by tenants with a written lease stating that rent rates will not be increased post-rehab for a minimum of twelve months.</li> <li>• For properties owned by a trust, a Certificate of Trust is required. This must confirm that the applicant is the trustee and has the requisite authority to approve participation in the MI-HOPE program. If the Certificate of Trust does not provide the appropriate verification, a Certificate of Trustee Authority will also be required.</li> </ul>
<p><b>MI-HOPE Parameters</b></p>	<ul style="list-style-type: none"> <li>• <b>Maximum Subrecipient Allocation</b> is within a funding range of \$50,000 - \$500,000. Awards will be made at MSHDA’s discretion primarily determined based on regional distribution, community need, entity type/capacity, and submission information. Agencies should only request the amount of funding they can obligate and expend within the deadlines identified.</li> <li>• <b>Minimum Subrecipient Allocation</b> = \$50,000  Note: Multiple activities and/or areas can be combined to reach this minimum threshold. Proposals may include more than one area served by an agency; however, each area must realize a significant impact. Agency funding prioritization of areas must be provided if more than one is proposed. MSHDA reserves the right to select portions of proposals for funding based on availability and overall impact.</li> <li>• <b>Maximum Household Assistance</b> = \$25,000 per owner occupied home or non-owner-occupied unit.</li> </ul> <p>Note: Award determinations will be based on an agency demonstrating experience with homeowner and/or rental rehabilitation. Previous housing capacity/experience preferred.</p>

**Eligible Subrecipient Structures**

**Note: If you are not one of the agency types listed or cannot provide the applicable required verification documentation you are not eligible to submit for this program.**

“Eligible Subrecipients” included only the following:

- Type 1: Nonprofit Organization 501(c): A nonprofit organization that is currently servicing the proposed community/neighborhood within the State of Michigan. The applicant’s name and address must be the same as the 501(c) Letter from the IRS and on file with the Michigan Department of Licensing and Regulatory Affairs. The applicant must have at least one full-time paid employee; cannot be operating the agency via their principal residence and must have an operating budget exceeding \$30,000 per year, not including MSHDA funded projects.

**The 501(c) must upload agency contact information on letterhead AND attach IRS issued 501(c) Letter.** (This agency type includes Community Action Agencies)

- Type 2: Government Entity
- Type 3: Lead Agency Designation (This must be either a Nonprofit 501(c) Agency or Government Entity as defined above) \*\*The Lead Agency would have the ability to pass the funds through to other local entities defined as Type 1 or 2 above and they would be primarily responsible for all entities awarded and provide formal funding compliance and oversight. A written memorandum of understanding between all entities outlining roles and responsibilities will be required. (This could be a housing trade organization that is a nonprofit 501(c) agency. As part of the submission the agency will need to identify its membership agencies that anticipate partnering with them. Partnering agencies will be prohibited from receiving MI-HOPE funds directly during the first funding round.)

**Note: This funding will not be made available within the City of Detroit boundaries as energy-efficiency funding was allocated to this area directly. In addition, Type 3 Applicants with membership organizations that include City of Detroit members can only utilize MI-HOPE funding for entities servicing area(s) outside of the City of Detroit.**

**This funding is being made available to all eligible entities outside of the City of Detroit.**

<p><b>Presumed Benefit - Qualified Financial Hardship</b></p>	<p>A “Qualified Financial Hardship” is a material reduction in income or material increase in living expenses associated with the coronavirus pandemic and Exhibit D Self-Attestation will be required.</p> <ul style="list-style-type: none"> <li>• This program is designed to address energy insecurity resulting from improper insulation, outdated heating, cooling, and ventilation systems, and outdated and/or malfunctioning electrical service and appliances. This benefit will be measured by assessing a particular property’s needs and how those needs were addressed by the improvements.</li> <li>• All proposed activities are restricted to income qualified areas and/or household income eligibility and meet the Treasury ARP criteria for presumed benefit requirements.</li> </ul>
<p><b>Household Income Restrictions</b></p>	<p>Income-targeting requirement will be used to assist homeowners having household incomes equal to or less than 300% of the Federal Poverty Level Guidelines (FPL) as defined by the Department of Health and Human Services. Refer to the United States Department of the Treasury’s guidance spreadsheet on household income thresholds: <a href="#">SLFRF-LMI-tool.xlsx (live.com)</a> to identify specific Michigan Income Limits.</p> <p>Each applicant is encouraged to identify their service boundaries while being mindful of the regional data (Exhibit C).</p> <p>For all assisted properties, there are three action steps required:</p> <ol style="list-style-type: none"> <li>1) self-attestation of household income including all adult occupant earning members over the age of 18 that are not in school as a student;</li> <li>2) household submission of formal income verification documentation including year to date pay stubs, if pay stubs are not available the household will need to provide the previous year's W-2 forms or if self-employed last year's 1040 form; and</li> <li>3) subrecipient review and approval.</li> </ol>
<p><b>Subrecipient Prioritization</b></p>	<p>Subrecipients will have individual written program guidelines to meet their service area needs. They will establish the following prioritization factors:</p> <ul style="list-style-type: none"> <li>• Activity Dollar Limits per Property</li> <li>• Types of Properties Assisted</li> <li>• Selection of Service Area</li> <li>• Household Applicant Intake and Selection Process</li> <li>• Select Households based on preference/priority based on need, eligibility, or other factors outlined in the guidelines</li> <li>• Select/Define Activities/Scope of Work</li> <li>• Leveraging Use/Requirements</li> <li>• Contractor Selection Process and Criteria (must be licensed and insured)</li> </ul>

Note: Subrecipients are not allowed to use a security instrument on assisted properties/units.

<p><b>Eligible Properties</b></p>	<p><u>Eligible Property Types:</u></p> <ul style="list-style-type: none"> <li>• Single-family owner-occupied with an income qualified household</li> <li>• Single-family non-owner-occupied with an income qualified household</li> <li>• Multi-family (attached or detached- up to 3 units) owner-occupied with an income qualified household</li> <li>• Multi-family (attached or detached- up to 3 units) non-owner-occupied with an income qualified household</li> <li>• Detached Site Condominium units</li> <li>• Modular/Manufactured homes permanently affixed to real property and taxed as real estate</li> </ul> <p><b>Eligible Occupied Property Criteria:</b> A single-family property which is zoned residential that: a) has no unaddressed mortgage and/or tax delinquencies; b) is not subject to a foreclosure or forfeiture proceedings, court-ordered receivership, or nuisance abatement; c) has utilities services turned on and operable or in situations where utilities are shut off but operable once safety issues are addressed – with MSHDA pre-approval prior to contract execution; d) is permanently occupied by homeowners that identify the assisted address as their primary residence; and e) is affixed to a permanent foundation.</p> <p><b>Eligible Rental Occupied Property Criteria:</b> Rental single-family properties that a) the landlord has no unaddressed mortgage and/or tax delinquencies within the community; b) the landlord has no unaddressed/outstanding code compliance issues within the community; c) a signed contract is in place which identifies the current occupants and the monthly occupancy provisions; d) is not subject to a foreclosure or forfeiture proceedings, court-ordered receivership or nuisance abatement; e) has utilities services turned on and operable or in situations where utilities are shut off but operable once safety issues are addressed – with MSHDA pre-approval prior to contract execution; f ) is affixed to a permanent foundation; g) occupant household is income- eligible; and h) all parties must sign a written participation consent form.</p> <p><b>Note:</b> Land contracts and mobile homes are not eligible.</p>
<p><b>Eligible Qualified MI-HOPE Activities</b></p>	<p>All MI-HOPE program financed activities are specific and necessary health and safety improvements to an existing structure occupied with a qualified financial hardship based on presumed benefit. Activities undertaken must be selected based on inspection, code compliance documented needs, energy assessment/audit recommendation, local building official report, etc. Refer to Rehab Standards for additional details.</p> <p>MI-HOPE assisted activities are limited to:</p> <ul style="list-style-type: none"> <li>• Roof</li> <li>• Storm Doors/Exterior Doors</li> <li>• Windows</li> <li>• Insulation</li> <li>• Modification for modernization/efficiency purposes or replacement of heating (furnaces or boilers)/cooling (full home only)/ventilation systems and water heater upgrades including on demand retrofitting</li> <li>• Functioning and up to date exterior security lighting</li> <li>• Appliance upgrades to energy star rating i.e., stove, refrigerator</li> <li>• Electrical upgrades or replacement – wiring of home (partial or full)</li> </ul> <p>Note: If the activity is roof, windows, and/or insulation <b>and</b> the home is pre-1978 construction, then the subrecipient must provide a pre-evaluation disclosure (page 46 of the MI-HOPE Handbook) of Lead Based Paint Procedure to the Property Owner. The Property Owner must provide the informational lead brochure (<a href="#">EPA Brochure 1</a> and <a href="#">EPA Brochure 2</a>) to occupant/tenant.</p> <p>If the activity is insulation, modification for modernization/efficiency purposes or replacement of heating (furnaces or boilers)/cooling (full home only)/ventilation systems and water heater upgrades including on demand retrofitting, and/or electrical upgrades or replacement directly tied to plaster walls. If a subrecipient determines asbestos to be present, then mitigation measures are required to be completed.</p>

<p><b>Subrecipient Award Activity Structure (Phase One)</b></p>	<p><b>UP TO \$8,000,000 IN THE COMPETITIVE FUNDING ROUND IS ANTICIPATED TO BE ALLOCATED IN PHASE TWO AS FOLLOWS:</b></p> <p><b>TYPE 1: Up to \$7,200,000 (90%) Housing Energy-Efficiency Activities</b></p> <p>No specific sites/addresses need to be pre-identified but must be fully under contract no later than September 30, 2024.</p> <p>Specific sites are selected post subrecipient award via a formal local written application process utilizing a MSHDA system. No carryover waitlists from previous non-MI-HOPE programs/applications allowed unless identified within the program guidelines. Note: Activities are restricted to households that meet the program's eligibility criteria.</p> <p>All activities undertaken must enable that assisted MI-HOPE funding component to be brought up to meet a local permitting requirements and applicable local, state and federal code.</p> <p><b>TYPE 2: \$800,000 (10%) Subrecipient Program Administration</b></p> <p>Agencies may opt out of utilizing MI-HOPE funding for administration but are not allowed to amend their budget post grant award to add it in as a funding component.</p> <p>Note: A tracking report form must document and itemize administrative expenses.</p> <p>In addition to administrative costs that are program specific subrecipients will be able to get reimbursed for activity delivery costs to cover project specific soft costs on a per property billing basis.</p> <p>Assistance is limited to one award per agency. Each award is limited to a minimum of \$50,000 up to \$500,000.</p> <p>Multiple agencies can be awarded funds within an area, but each agency will be limited to defined service area boundaries – an area may be served by multiple agencies but for program purposes overlapping/duplicative service areas will not be approved to ensure statewide distribution of the funding.</p>
<p><b>Grant Structure</b></p>	<p>The Subrecipient award will be structured as a performance-based grant.</p> <p>Property assistance will be structured as a non-recourse grant.</p>

<b>Payout of MI-HOPE Assistance and Payment Process Description</b>	<p>The Authority will disburse MI-HOPE assistance directly to subrecipient agencies. The Authority will make disbursements on a reimbursement basis only. Reimbursement for purposes of the program is defined as the issuance of a paper check via a MSHDA grant management system when work has been completed, an agency is invoiced for the work performed, and both agency and owner sign-off has been secured. A hold back of up to ten percent (10%) of the property setup amount may be held and not reimbursed until all paperwork regarding final completion and reporting of activity outcomes is provided.</p>
<b>Community/Area Eligibility</b>	<p>A minimum of thirty percent (30%) of the funds will be set-aside to assist households within rural communities/areas. Of that thirty percent (30%), five (5%) will be set-aside to assist households located within the Upper Peninsula.</p> <p>Refer to the MI-HOPE Eligibility map (Exhibit B) for defined rural and urban areas.</p>
<b>Program Launch</b>	<p>Subject to availability of funding, the Authority is planning to launch the fourth competitive funding round for subrecipient submissions statewide Fall 2023, after MSHDA approval, stakeholder engagement, and public engagement/comment process is complete.</p>
<b>Program Duration</b>	<p>The period of performance for the MI-HOPE award begins on the effective date of the written agreement, requires subrecipient obligation at the property level (street address contract fully executed) prior to September 30, 2024, and full disbursement of funds no later than April 30, 2026. MI-HOPE recipients shall not incur any obligations to be paid with the funding from this award after such period of performance ends.</p> <p>The Authority plans to disburse all funds prior to the end of the written agreement date of April 30, 2026.</p>
<b>Program Leverage with Other Financial Resources</b>	<p>The Authority will undertake its best effort approach to encourage subrecipients to leverage additional complementary assistance that is made available for homeowners through other local, state, and/or federal programs.</p> <p>Leverage is not required to come directly from the homeowner, unless specified within the subrecipient guidelines.</p> <p>Note: If the applicant chooses to identify leverage within the proposed budget, in order to receive evaluation preference, all leverage identified must be committed/secured.</p> <p>Applicants are encouraged to partner and leverage funding.</p>