



M E M O R A N D U M

TO: Community Development Block Grant Non-Entitlement Community Leaders
FROM: Jim Tischler, Community Development Division Director
DATE: August 8, 2013
RE: Special CDBG Non-Entitlement Residential Blight Removal Funding Round

The Michigan State Housing Development Authority (MSHDA) is accepting funding requests from CDBG non-entitlement local units of government for residential blight removal projects under the Community Development Division's 2012 Community Development Block Grant (CDBG) Program which is federally funded by the U.S. Department of Housing and Urban Development.

The blight removal program is designed to focus on demolition of vacant blighted residential property that falls within one of the following:

- in direct support of proposed investment of public or private funds including properties that will be redeveloped for residential use
- directly adjacent to or across from recent public or private investment, proposed investment, or other assets designated as critical investments or institutions by state or local officials
- critical for strategic redevelopment of a targeted area
- supports the stabilization of neighborhoods with high rates of foreclosure prevention services and/or homeownership, and other tipping point neighborhoods

The program is designed to provide financial assistance to communities to make physical improvements to residential neighborhoods through blight removal of vacant residential structures that are publically owned. The blighted sites must be located in CDBG low and moderate income area, block group or census tract and meet one of the following blight definitions: 1) considered a public nuisance according to local code or ordinance; 2) is a nuisance because of age, physical condition, or use; or 3) has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, rendered ineffective so that the property is unfit for its intended use.

Due to federal regulations, projects that have already started or previously obligated funds are not eligible. All project activities or costs (both CDBG **and** Non-CDBG) cannot have started and/or been incurred except for preliminary engineering cost estimates.

Additional project requirements include:

- Contributes to the implementation of a local coordinated revitalization strategy and/or plan.
- Community has demonstrated administrative capacity to meet federal grant compliance requirements. Communities may request up to twenty percent (20%) of the grant amount for grant administration.
- Local and state property taxes must be current – no outstanding non-mortgage liens.
- Five-year (prorated) reuse/resale provision will be required within the funding agreement.
- Section 106 standards require State Historic Preservation Office (SHPO) consultation.
- Hazardous Materials: The owner/operators shall determine if they will have environmental remediation completed by the demolition contractor or by a separate entity. Federal and State laws mandate removal and disposal of certain hazardous materials prior to razing a structure. Furthermore, most typical landfills will not accept hazardous materials.
- Lead Paint: Pursuant to federal regulation CFR 24 Part 35.115 (Property Exemptions) lead paint testing and/or remediation activities are exempt for the purpose of demolition of residential structures. PLEASE NOTE: All demolition projects are subject to; **Occupational Safety & Health Administration** (Part 1926) Safety and Health Regulations for Construction, Subpart D. Occupational Health and Environmental Controls 1926.62 Lead.

For funding consideration, mail One Original and Three Copies of Attachment 1, the Narrative and supporting documents to:

**Michigan State Housing Development Authority
Community Development Division, Attn: Carolyn Cunningham
735 East Michigan Avenue, Second Floor, Post Office Box 30044
Lansing, Michigan 48909**

**All submissions must be postmarked no later than Friday, August 16, 2013.
Hand delivered submissions must be received prior to 4:30 p.m. on
Friday, August 16, 2013.**

Incomplete and/or late submissions may not be reviewed at the discretion of MSHDA.

NON-ENTITLEMENT BLIGHT REMOVAL PROJECT REQUEST**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
COMMUNITY DEVELOPMENT DIVISION**

LOCAL UNIT OF GOVERNMENT INFORMATION	FUNDING SOURCES	
Applicant(s)	MSHDA REQUEST AMOUNT:	DOLLAR AMOUNT:
Street/PO Box	DEMOLITION	\$
City	ADMINISTRATION:	
County	LEVERAGED FUNDS:	
State/Zip	SOURCE:	
Contact Person:	SOURCE:	
Name/Title	SOURCE:	
Address	TOTAL PROJECT COST:	\$
E-mail Address:		
Telephone Number:		

SENATE DISTRICT: _____ HOUSE DISTRICT: _____ CONGRESSIONAL DISTRICT: _____

BRIEF PROJECT DESCRIPTION (Maximum 6 Sentences):

PLEASE SEE ATTACHED FOR ADDITIONAL INFORMATION TO BE SUBMITTED WITH THE NOTICE OF INTEREST.

AUTHORIZED OFFICIAL:

NAME AND TITLE	SIGNATURE	TELEPHONE	DATE
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SUBMISSION INSTRUCTIONS:

One Original and Three Copies of Att. 1, the narrative and supporting documents should be mailed to:
 Michigan State Housing Development Authority
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Community Development Block Grant Non-Entitlement Residential Blight Removal Initiative Notice of Interest Instructions

Please complete Attachment 1 the Notice of Interest Cover Sheet. In addition, the following narrative information is also required. If all of the information is not included and/or addressed *in the same manner as the outline format below*, your project request will be considered incomplete and not reviewed and/or considered for funding during this competitive round.

- 1) **Project Description:** Project sites must be located within the community's residential neighborhood boundaries and priority will be given to projects that are aligned with strategic place-based decision making.
 - A. Describe the activities for which the grant is being requested and how the activities (blight removal) will benefit the residential neighborhood project area and have a positive impact on the community. Also include a history of the neighborhood and how the activities for which the grant is being requested would help revitalize the area and positively impact the community's key centers, nodes and corridors.
 - B. Describe how the project is consistent with the community's overall housing and community development plans. Please indicate whether or not the community has formally adopted a community development plan and its most current revision date.
- 2) **Eligibility:** Applicants must be non-entitlement local units of government.

Note: Other entities such as land banks cannot be the lead applicant but could apply as a co-grantee.

 - A. Provide a written certification and supporting data verifying that each parcel is located in a CDBG low/mod non-entitlement area.
 - B. For each proposed parcel, a formal blight designation letter from the municipal manager, assessor, or code enforcement officer is required.

AND

In addition, provide documentation that the community has formally designated the property as blighted based on **one** of the following criteria:

- 1) is considered a public nuisance according to local code or ordinance; or
 - 2) is a nuisance because of age, physical condition, or use; or
 - 3) has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, rendered ineffective so that the property is unfit for its intended use.
- C. Provide a written statement indicating that the site(s): 1) currently do not have a predetermined use identified; 2) that no use will be identified prior to the post-demolition six month holding period; and 3) that the use that is identified will be authorized by MSHDA during the five year reuse and prorated resale period which begins on the date that the demolition is completed. The five year lien is

forgivable at 20% per year or upon MSHDA release for use in an approved redevelopment strategy.

3) Site Selection: All sites must be currently zoned residential only. Note: To meet Section 106 Standards SHPO Consultation will be required.

- A. Provide a detailed map of the proposed project site(s) **and** documentation that each site is located within the community's boundaries, within a residential neighborhood, and also either adjacent to or within ½ mile from a business district.
- B. Attach pictures of the proposed residential project site(s).
- C. Demonstrate site control by either:
 - a) Attaching a copy of the deed verifying that the property is publicly owned and the owner is the public entity submitting the Notice of Interest.
- OR**
- b) Attaching a copy of the deed verifying that the property is publicly owned by a separate public entity and a letter of support for the demolition is attached from the owner.
- OR**
- c) Attaching a copy of the formal legal action taken via a dangerous building board, condemnation, or other formal process that was completed prior to August 1, 2013 which has authorized the applicant to clear the site due to the condition of the structure and required action not being taken by the property owner of record within determined timelines.
- D. Provide verification that the site(s) are currently zoned residential only.
- E. Provide documentation that the taxes are current and that there are no non-mortgage liens on the site(s).

4) Capacity and Experience:

- A. Identify whether or not the community has or previously had a blight removal program and if applicable describe the program's current status. In addition, document the community's level of support and willingness to participate in blight removal activities.
- B. Describe the capacity at the community level to meet program requirements. Identify who the program administrator would be, their qualifications, and availability (amount of time they could dedicate to project oversight). In addition, if applicable, provide the same documentation for any third party administrators that would be assisting with the program.
- C. Identify all other open MSHDA and/or CDBG projects in the project area and their current status. If relevant, also identify previous or anticipated MSHDA and/or CDBG projects within the project area. Please provide a map identifying their proximity to the proposed project.

D. Identify whether the proposed site(s) are located in a CDBG targeted area. In addition, please provide documentation if the proposed sites are located in a local and/or state designated investment or incentive target area (NEZ, MainStreet, Blueprint, NPP, Sustainable Community, etc.) or supported by current or previous neighborhood-based community involved plans.

5) **Timeline:** In order to qualify for funding, the project must be completed by **December 31, 2014** and priority will be given to projects that can be implemented and completed quickly.

Provide a project timeline that includes the anticipated dates associated with the project's engineering, bid solicitation, demolition, as well as the anticipated completion date.

The timeline **must** include actual dates, including the month and the year. When preparing the timeline, please take into consideration that a CDBG environmental review must be completed prior to incurring any project costs other than preliminary engineering estimates. Project costs include costs to be paid for with grant funds or any other local, public, or private funds. Incurring costs is defined as making any commitments relevant to the project, including signing contracts, ordering equipment, or performing any work. The environmental review process usually takes a minimum of 60 days to complete.

6) **Project Budget:** The minimum CDBG funding request is **\$50,000**. In addition, the committed match must be at least **25%** of the total project costs. Note: projects containing deconstruction will receive priority.

- A. Identify the total CDBG requested amount and all sources of financing (both public and private). Note that applicants can request up to **20%** for grant administrative costs that will only be reimbursed if adequate source documentation is tracked and maintained by the grantee and submitted with each FSR request.
- B. Identify the specific source of the matching funds (i.e. general fund, etc.) which must be in cash and available for escrow immediately upon the execution of the grant agreement.
- C. Provide documentation of the commitment of **all** project matching funds.
- D. Provide preliminary engineering estimates and justification on the sizes, quantities, and qualities.
- E. Describe the basis and methods used for determining the costs of each proposed site's demolition including a copy of the waste management plan for the site(s) that contains the location for recycled and/or salvaged nonhazardous debris (not including soil and land clearing debris) and identifies the proposed amount of debris to be diverted from the landfill (calculated by weight or volume) which will be factored into the review process.

NOTE: The Demolition Standards and Specifications will be outlined within the grant agreement and will require the minimum standards outlined below to be met:

- Applicable utility shutoffs and health clearances will be required.
- Investigation, testing, assessment, and if applicable the removal and/or undertaking of preventative measures to ensure hazardous material safeguard are implemented as necessary prior to the deconstruction/salvage/recycle efforts or demolition
- Appropriate Notices and Permits will need to be secured.
- Demolition must include the removal of all residential above and below grade structures and materials including cyclone fences. The entire basement walls, foundations, and floor including all debris shall be removed. The site shall be backfilled and compacted with clean fill. Site paving shall be removed. Curb cuts shall be restored and sidewalks repaired. The site shall be finished, graded, seeded and enhanced per MSHDA guidelines to minimize long term maintenance expenses.
- Live vegetation and existing trees shall be retained on the site
- Dead trees must be removed in their entirety.
- The Demolition Contractor shall dispose of all debris in an appropriate manner, taking into account any contamination.
- Community's providing a waste management plan diverting materials through recycling and/or salvaging nonhazardous demolition debris will receive higher priority within the review process.

7) Compliance Issues:

- Project affects historical properties Yes No
Property/Easements needed to complete project Yes No
Relocation of people/businesses needed to complete project Yes No
Project located in a floodplain/wetland area Yes No
Note: Sites within floodplains/wetlands would have a no redevelopment deed restriction imposed for perpetuity.
Project has potential hazards and/or contaminants Yes No

If yes was selected above, please provide a detailed description of the potential compliance issue. Please Note: Yes responses may receive lower priority during the review process.

8) Notice of Interest: Incomplete and/or late submissions may not be reviewed at the discretion of MSHDA.

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