

**CITY OF DETROIT**  
**Housing & Revitalization Department**

[Special Projects Program](#)



[NOTICE OF FUNDING AVAILABILITY \(NOFA\)](#)

[AND](#)

[APPLICATION PACKAGE](#)

**Summer 2021 NOFA**

Michael E. Duggan, Mayor  
Julie Schneider, Director

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## INTRODUCTION

The City of Detroit's Housing and Revitalization Department (HRD) is pleased to release this Notice of Funding Availability (NOFA) to provide developers and owners the opportunity to apply for financial support for projects that are shovel-ready. These projects could include structural renovations, commercial projects, food businesses and redevelopment of brownfield and historic preservation sites located in the [Targeted Investment Area Map](#) areas.

This notice specifically relates to the availability of the City of Detroit's funding received from the U.S Department of Housing and Urban Development (HUD), Community Development Block Grant Program (CDBG) funding.

*Please note that the City of Detroit may opt to replace CDBG awards with other funding sources.*

## QUALIFICATIONS FOR AWARD

The intent of these funds is to be targeted towards high impact, strategically important projects in commercial corridors. To be considered for funding projects must meet the following qualifications:

1. Proposed projects should benefit low to moderate income populations (as defined as 80% Area Median Income or less).

Example projects include:

- Community Grocery Store
  - Retail Store
  - Health Clinic
  - Historic Preservation activities
  - Adaptive Reuse / Rehabilitation
  - Office Space
  - Mixed-Use Development
  - High Impact developments in Strategic Neighborhoods Fund Neighborhoods
2. Projects must have a commercial component and also meet one at least of the following conditions:
    - Be in a Historic District
    - Rehab of a blighted or functionally obsolete building (i.e adaptive reuse of a building)
    - New Construction
    - Affiliated with a neighborhood and commercial corridor food initiative / Strategic Neighborhood Funds

3. The proposed investment must meet a CDBG National Objective and Eligible Activity per [24 CFR part 570](#).
4. Project should be “shovel ready”, meaning it should meet or exceed the following criteria as detailed in Attachments 1 - 10. Also, all other funders participating in the project should be confirmed with a Letter of Intent and ready to break ground within 6 months of award.

## SPECIAL PROJECTS NOFA APPLICATION AWARD AND SCORING PROCESS

*Schedule (Subject to Change at HRD’s discretion)*

EVENT	DATE
NOFA Published	July 12, 2021
HRD Pre-Submission Public Meeting	July 26, 2021 at 1:30 PM (See meeting information below)
Intake Application (Part I)	August 6 <sup>th</sup> , 2021 at 12PM, for this years CDBG fiscal year consideration (August 2021 to May 2022)  Intake Applications will be accepted on a rolling basis for future CDBG program years
Program Compliance Information Meeting	August 17, 2021 (See meeting information below)
Full Application (Part II) Invitation	Based on funding availability
Letters of Interest Issued	Letters of Interest for projects that apply by August 6 <sup>th</sup> will be issued by October 1 <sup>st</sup> .  For projects that submitted after August 6 <sup>th</sup> , they will be issued on a rolling basis after October 2021 for future fiscal year consideration.

**\*\*\*THE HRD SPECIAL PROJECTS NOFA PUBLIC MEETING WILL BE HELD ON MONDAY, JULY 26<sup>TH</sup> AT 1:30 PM ON [ZOOM](#) (Passcode: NOFA2021)\*\***

**\*\*\* A Program Compliance Information Meeting** to review compliance (i.e Section 3 requirements, Davis-Bacon, Labor Standards etc.) requirements of the HOME, CDBG, CDBG-CV and other funding sources awarded through the NOFA and to explain the application submission process. Members of the development teams that will be applying for funding through this NOFA must register to attend the meeting using the link below . **WILL BE HELD VIA ZOOM ON AUGUST 17, 2021 AT 10:00 am. Development teams applying for funding through this NOFA must register to attend the meeting [HERE](#).**

### **Program Compliance Information Meeting**

Developers considering applying for this NOFA are strongly encouraged to attend the Program Compliance Information Meeting with the project General Contractor. Details of the agenda will include Davis Bacon, Section 3, Environmental and Construction requirements.

### **Application Submissions**

All applications must be completed and submitted per the instructions included in the [NOFA Application Instructions and Required Forms](#) and the application must contain all applicable required documents. The City expects to receive more proposals than can be funded with its limited funding allocations, and reserves the right to reject any and all submissions. The City also reserves the right to request additional information or documentation at any stage during the application review process, to request that changes be made to a proposal, to fund portions of any given proposal, and/or to choose not to fund any or all proposals. Additionally, the City reserves the right to change the funding amount of a given proposal prior to closing, at its sole discretion. Applicant Developers will be expected to respond and comply with any additional requests in a timely manner. Failure to provide requested information on a timely basis will result in a proposal being deemed non-responsive and ineligible for further consideration.

### **Intake Application Review**

A Intake Application review will be conducted on applications received to ensure that every item required per the NOFA Application Instructions and Required Forms are included and are of quality.

The Intake Application is due August 6<sup>th</sup> at 12PM to be considered for this fiscal year. Applications will be accepted on a rolling basis for consideration for future fiscal years.

Please note that the materials for the Part II of the NOFA are not due at the time of the initial application submission. These materials are only required to be submitted for applications that are invited for the Part II of the application. HRD staff will prepare and present a project summary and report to HRD Leadership. HRD Leadership determines if the project application meets the requirements for the Part II of the application for the

## **Letter of Interest**

A Letter of Interest from the City will be issued for all projects that pass the the Part I application review, prove to be “shovel ready”, align with City goals, and are financially viable with the inclusion of financial support from the City. The Letter of Interest will state the City’s intent to further evaluate the project, but does not constitute a conditional award. Projects that receive a Letter of Interest will be invited to the Part II portion of the application and undergo further evaluation from HRD leadership.

## **Scoring Review**

Projects that receive a Letter of Interest will be thoroughly evaluated by HRD staff using a standardized scoring process. The HRD staff may contact the project team to clarify items included in the application or request additional or updated information. Failure by the project team to respond timely or to not provide requested items may result in the application not receiving points for the scoring criteria item.

The Part I application requests applicants to submit a Self-Score of the project. Please see [Appendix H: Application Scoring Criteria](#) for a full description of the point system and items evaluated during the scoring process. Note that this same matrix will be used to evaluate the project internally.

After an application receives a Letter of Interest, HRD staff will present a project summary and scoring report to HRD Leadership. HRD Leadership will verify the accuracy of the scoring and determines the final score for each project.

## **Ranking of the Projects and Issuance of Conditional Award Letters**

Upon the determination of the final score for each project by HRD Leadership, projects will be ranked and the highest ranking projects up to the amount of available funds will be issued a Conditional Award Letter from the City. The Conditional Award Letter includes:

- the amount of the conditional award and the conditions that must be satisfied for the project to receive the award,
- the source of the funds being conditionally awarded to the project and what type of costs may be paid from the award,
- the responsibility of the development team to provide items to underwrite the loan,
- the date the award will expire,
- and the requirement to receive final Award Committee and City Council approval prior to proceeding to a closing of the financing for the project.

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

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

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

### **Closing Phase**

Upon completion of the underwriting process, receipt of authorization to proceed from the City’s environmental compliance team, and having received the final approval from the HRD Award Committee and City Council, the City will assign the project to an attorney that will begin drafting documents, and working through a closing checklist with the other parties involved in the project. The project is responsible for paying the City’s legal costs relating to the project. The Awardee will have (90) days from the date of final approval to close on construction financing.

## **FUNDING LIMITS AND RESTRICTIONS**

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

- Award Amount: there is no hard cap on award size, but requests for less than \$500,000 will be considered first. Larger awards may be granted on a case-by-case basis
- Maximum outstanding awards per developer: 1 – Applicants of this program may not receive more than 1 award in any grant year

Mixed-use projects will be expected to comply with all Affordable Housing restrictions as dictated by HUD and the [City of Detroit’s Inclusionary Housing Ordinance](#).

Details on funding for affordable housing, can be found in HRD’s Affordable Housing Program NOFA.

## Community Development Block Grant Program (CDBG) through HUD

Subject to all City approvals, the City of Detroit may utilize CDBG funds to reimburse applicants for reasonable and necessary soft costs incurred on the project and costs associated with the rehabilitation of a building. A Community-Based Development Organization (CBDO) may use CDBG funds to pay for eligible new construction costs associated with a housing development. Any project supported by CDBG must comply with the associated statutory and regulatory requirements outlined in in [Title 24, Part 570](#), of the Code of Federal Regulations.

### Eligible Costs and Activities

Funds are available for the Developer's project-related hard costs and soft costs. Depending on the nature of the project, eligible expenses vary. Below are some of the costs that can be covered:

- Acquisition costs – CDBG may not be used to acquire property from the City of Detroit. However, third-party acquisition of properties in need of rehabilitation and vacant land for new construction are eligible subject to the property meeting CDBG requirements. For housing projects, acquisition costs are subject to a [Uniform Relocation Act \(URA\)](#) compliant appraisal and related costs must be reasonable and necessary. If requesting funds for acquisition, the Developer must provide documentation evidencing through appraisals or other market studies that the acquisition price was reasonable.
- Construction/Rehabilitation costs – Reasonable and necessary new construction or rehabilitation costs are eligible under this NOFA.
- Demolition – Demolition of an existing structure may be funded only if construction will take place on the project within (6) months. An extension may be granted at the sole discretion of the City.
- City legal fees – The City requires Developers of City assisted projects to pay the City's legal fees, which are currently estimated at \$20,000 per project. More complex projects may incur additional fees. The legal fees are an eligible cost that can be paid out of the City award.
- Additional soft costs – Reasonable and necessary soft costs are eligible for reimbursement. Please note that funding for soft costs is only eligible in collaboration with an eligible hard cost, and must be approved by the City. Examples of eligible soft costs could include financing fees, title commitments and insurance, surety fees, title and recording fees, legal and accounting fees including cost certification, environmental reviews, appraisals, and architectural and engineering fees.

### Ineligible Activities and Costs

In accordance with [24 CFR 570.207](#) of the CDBG regulations, applicable Office of Management and Budget (OMB) Circulars at [2 CFR Part 200](#), and the City's own local requirements, the following activities and costs are prohibited under this NOFA:

- General planning



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

There are specific CDBG reimbursement guidelines for Community Housing Development Organizations (CHDO)s and Community-Based Development Organizations (CBDO's). If a project has one of these types of certifications, then it will receive additional points. Please see details on CHDO's and CBDO's below:

- **Community Housing Development Organization (CHDO) Certification**

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

- **Community-Based Development Organization (CBDO) Certification**

A Community-Based Development Organization (CBDO) must meet certain requirements pertaining to their legal status, organizational structure, geographic area of work, and mission. For regulatory information on Community Based Development Organizations, see [24 CFR 570.204](#). A CBDO may use CDBG funds to pay for eligible new construction costs associated with a project.

## Financing Terms

City funding may be offered in the form of development grants to successful applicants of this NOFA. A grant agreement shall be signed at closing outlining all applicable compliance requirements. Flexible development loan agreements are also available as needed and will be determined on a project-by-project basis.

Although this is not an affordable housing program, mixed-use developments may need to comply with certain affordable housing restrictions as described in the [Inclusionary Housing Ordinance](#).

## PROGRAM REQUIREMENTS

### Household Income and Rent Restrictions for Mixed-Use Development

Please note that for Affordable Housing projects with a mixed-use component, please see the [Affordable Housing Notice of Funding Availability](#) for Household Income and Rent Restriction details.

### Environmental Review Requirements

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

For projects with affordable housing, if a rehabilitated unit in this program was originally placed into service prior to January 1, 1978, rehabilitation must also comply with HUD lead-based paint rules ([24 CFR Part 35 and 24 CFR Section 570.608](#)). A lead-based paint inspection and lead-based paint risk assessment for lead-based paint hazards shall be conducted, and rehabilitation

work must be done by contractors meeting the requirements of the HUD lead-based paint rule and the EPA Renovation, Repair, and Painting rule.

### **Davis Bacon and Related Acts (DBRA) Requirements**

All properties will be subject to Federal Labor Standards review.

The Davis-Bacon Act ([40 USC, Chapter 3, Section 276a-276a-5; and 29 CFR Parts 1, 3, 5, 6 and 7](#)) is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It requires that workers receive no less than the prevailing wages being paid for similar work in the same area. Davis-Bacon does not apply to the rehabilitation of residential structures containing less than eight units or force account labor (construction carried out by employees of the grantee).

### **Section 3 Requirements**

In order to meet the Section 3 requirements, the applicant agrees to comply with HUD's regulation, 24 CFR Part 75 and Housing and Revitalization Department (HRD) Section 3 policy and guidelines. The applicant must submit a completed and signed (1) Section 3 Intent to Comply and (2) Section 3 Plan.

If the applicant has Section 3 experience, a detailed explanation of *past verifiable strategies* used for hiring and training low- and very low-income individuals and contracting with Section 3 businesses and if the strategies were successful or not.

Please see [Appendix C: Section 3](#) for more information.

### **Construction and Rehabilitation Requirements**

In all work under this NOFA, Developers must adhere to all applicable state and local laws, building codes, zoning, and other requirements relating to construction, rehabilitation, and housing safety, quality, and habitability.

Developers must meet the Housing & Revitalization Department's Contractor's Performance Standards November 2017 ("HRD Performance Standards"). Projects will also be subject to accessibility requirements under [Section 504 of the Rehabilitation Act of 1973](#).

### **Energy Standard Requirements**

HUD's energy codes can be found [here](#). All new or substantial rehabilitation in buildings above 3 stories receiving City funding must be designed to meet American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, plus 20 percent. As

developers are also encouraged to use City funds to incorporate modern, green building, and energy-efficiency elements, points will be awarded for projects that meet the standards outlined in the ENERGY STAR Version 3 for new construction. Construction plans must detail governing design standard and certifications requirements.

### **Project/Construction Cost Requirements**

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

### **Pre-Closing Construction Requirements**

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

### **Acquisition and Construction Schedule**

Developers that receive funds for acquisition must take title of 100% of the properties at the closing of the funds if is used to fund acquisition. If other financing sources are used for acquisition, the assisted project may be closed "in escrow". Construction is expected to begin within (6) months after the City's issuance of a commitment letter. The City must approve a project completion schedule that includes all milestones associated with the acquisition, major elements of the development implementation process, schedule of project construction completion by trades, and sale or lease-up of the units prior to loan closing. Due to strict Federal deadlines, projects that do not reach milestones in a timely manner may be subject to rescission of City funding. Construction must not have started prior to the approval of funding and the receipt of environmental review and clearance from HUD.

**Cost Certification Requirements**

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

## **APPENDIX A: COMMUNITY HOUSING DEVELOPMENT ORGANIZATION QUALIFICATIONS AND CERTIFICATION PROCESS**

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

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

## APPENDIX B: ENVIRONMENTAL REVIEW

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

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

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

The City shall define “choice limiting actions” as any of the following: (1) acquisition of any real property associated with the project, (2) any improvements to the property or properties associated with a project, (3) any rehabilitation of an existing structure located on property associated with the project, (4) any construction of a new structure located on property associated with the project, or (5) demolition of any existing structure located on property associated with the project. **Neither the Developer nor any project participant may undertake any "choice limiting action" between the date of issuance of this NOFA and the date of the notice to proceed from the City.** If the City discovers that the Developer or any project participant committed a “choice limiting action” during this time period, then the City may deny funding to an entire project or may disqualify for reimbursement any cost associated with the particular “choice limiting action.”

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

## APPENDIX C: SECTION 3 INFORMATION

(HUD 24 CFR Part 75)

### Applicability

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968, federal regulation formerly 24 CFR Part 135. HUD released a final rule in the fall of 2020 changing the regulation to 24 CFR Part 75. The final rule moved from tracking the number of qualified new hires (Section 3 residents) in Section 3 projects to tracking the total labor hours worked (by Section 3 workers and Targeted Section 3 workers). In connection with the final rule, 24 CFR Part 75, HUD published a document citation via the federal register, 85 FR 60907, Section 3 Benchmarks for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses. The citation includes benchmark numbers and the methodology for determining the benchmarks.

The new Section 3 regulation, 24 CFR Part 75 still aiming to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are residents of the community in which the federal assistance is spent. Requiring recipients of certain HUD housing and community development financial assistance, to the greatest extent feasible, to provide employment and job training for low- and very low-income persons and contracting opportunities to business concerns which provides economic opportunities to low- and very low-income persons in connection with projects and activities in their neighborhoods. HUD believes the final rule makes Section 3 goals and reporting more meaningful and more aligned with statutory requirements.

Successful compliance with HUD Section 3, federal regulation 24 CFR Part 75, by the subrecipient, developer, general contractor, and subcontractor will be a factor in determining future awards of Section 3 covered assistance.

### Documentation

Two documents must be completed and submitted with your NOFA package – (1) Section 3 Intent to Comply and (2) Section 3 Plan. If awarded HUD funds for a covered Section 3 project, your Section 3 Plan is your baseline for meeting at least the minimum Section 3 requirements. All parties associated with your project must maintain documentation for a time period required for record retention or in the absence of applicable program regulations in accordance with 2 CFR Part 200.

For your future reference, the following are Section 3 documents required throughout the life of the project: *(the list of documents may change as needed)*

- Intent to Comply ***(including the required Section 3 language for all contracts)***
- Section 3 Plan ***(including the required Section 3 language for all contracts)***
- Section 3 Worker and Targeted Section 3 Worker Certification
- Section 3 Business Concern Certification
- List of All businesses on Project (Contractor and Subcontractor Activity, HUD form 2516)
- Project Workforce Lists (list of employees working on the project from each company)
- Weekly Certified Payrolls
- Monthly Labor Hours Summary Report (modified HUD 60002, same as final summary report)
- Final Project Total Labor Hours 3 Summary Report (modified HUD 60002, same as monthly summary report)

### For more information and ALL documents

Housing and Revitalization Department (HRD) Section 3 Information, Documents, and Forms

<https://detroitmi.gov/departments/housing-and-revitalization-department/hud-programs-and-information/section-3-program>

Housing and Urban Development (HUD) Section 3 Regulation

<https://ecfr.federalregister.gov/current/title-24/subtitle-A/part-75#section-75>

HUD Section 3 Benchmarks (Section 3 Projects)



<https://www.federalregister.gov/documents/2020/09/29/2020-19183/section-3-benchmarks-for-creating-economic-opportunities-for-low--and-very-low-income-persons-and#h-13>

## **APPENDIX D: SECTION 3 CLAUSE**

(This clause must be included in all contracts.)

THIS APPENDIX SECTION WAS INTENTIONALLY LEFT BLANK.

## **APPENDIX E: EXECUTIVE ORDER NO. 2016-1**

### **EXECUTIVE ORDER 2016-1**

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

**FROM:** MICHAEL E. DUGGAN, MAYOR

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

**DATE:** December 16, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

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

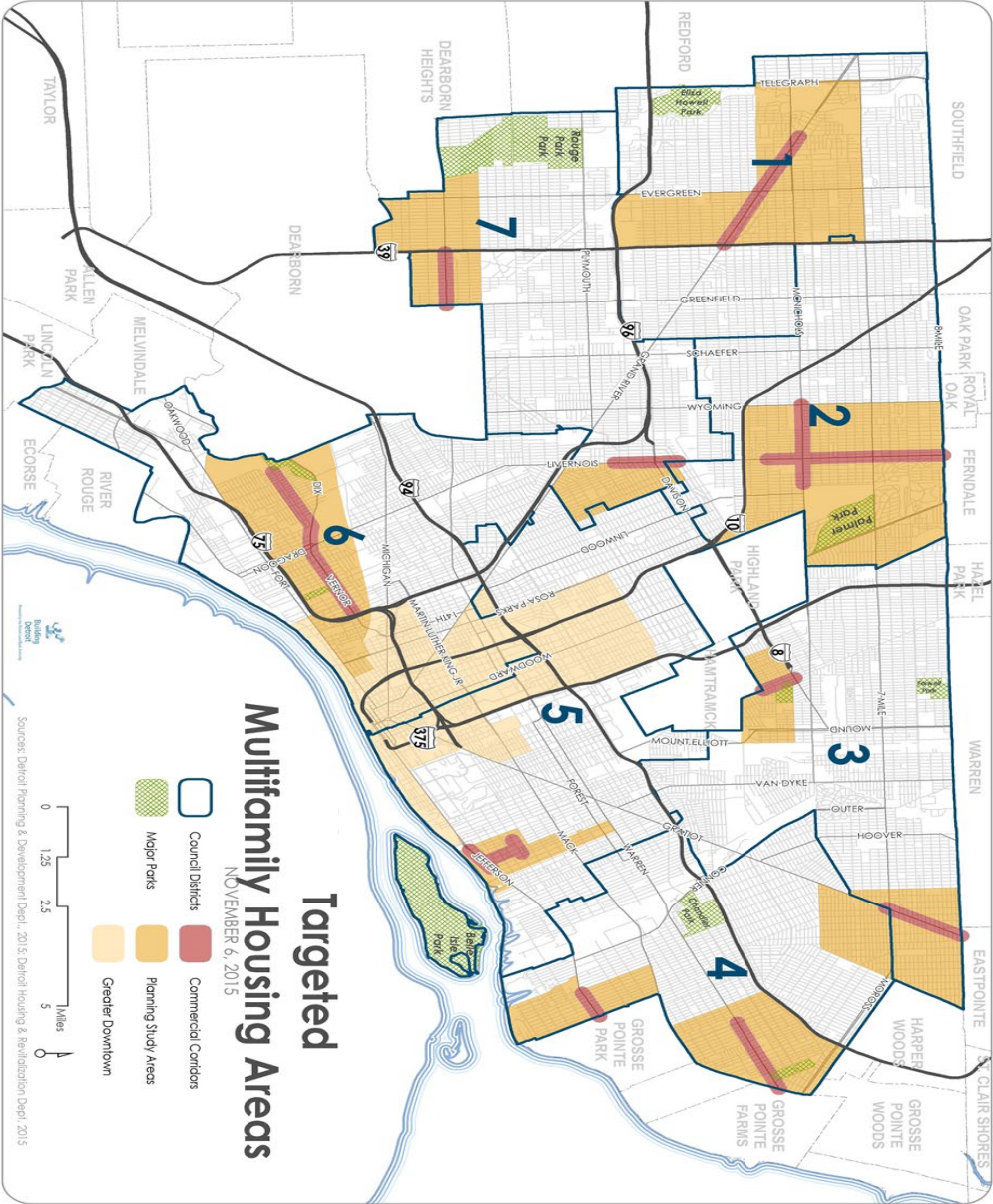
9. All applicable construction contracts, construction contract amendments, change orders and extensions shall include the terms of this Executive Order. CRIO shall have the responsibility for preparing administrative guidelines related to this Executive Order, and for monitoring and enforcing the provisions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

\* \* \*

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

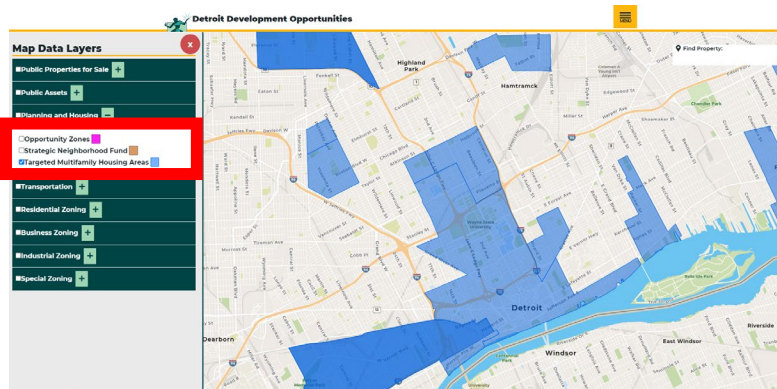
Michael E. Duggan  
Mayor, City of Detroit

# APPENDIX F: TARGETED INVESTMENT AREA



## APPENDIX G: RELEVANT LINKS

- [NOFA Application](#) – This is the PDF of the application that should be submitted with Part I of the application.
- [NOFA Self Score Matrix](#) – This is the PDF of the application that should be submitted with Part I of the application.
- [Detroit Property Map](#) – Use this map to determine if your project is within the 2016 Targeted Multifamily Housing Area. Navigate to the Map Data Layers and select the Targeted Multifamily Housing Area layer.



- [Targeted Investment Area Map](#) – Use this PDF map to determine if your project is within a City Priority Area.
- [Census Tract PDF](#)– Use this PDF tool to determine the Census Tract of your project
- [File Upload](#) – Use this link to upload completed Applications. Please use a Zip Folder to consolidate these files, use the filing naming nomenclature as specified in the NOFA and label your zip folder with your project name.
- [MEDC MCRP Proforma](#) – The Michigan Economic Development Corporation (MEDC) Michigan Community Revitalization Program (MCRP), is the required proforma for commercial projects applying for this NOFA.
- [MSHDA Proforma](#) – The Michigan State Housing Development Authority (MSHDA) Proforma is one of two proformas accepted for this NOFA, for mixed-use projects ONLY.
- [HRD Proforma](#) – The City of Detroit Housing and Revitalization Department (HRD) Proforma is one of two proformas accepted for this NOFA, for mixed-use projects ONLY.
- [Section 3 Intent to Comply](#) - Complete this form for the NOFA.
- [Section 3 Plan Application](#) - Complete this form for the NOFA.
- [City of Detroit Application for Minority/Woman Owned Business Enterprise](#) – The Civil Rights and Inclusion Office (CRIO) leads the process for Minority/Women owned business certificates
- [City of Detroit Community Housing Development Organization \(CHDO\) Application](#) – Complete this application to register as a CHDO



- [City of Detroit Planning and Development Department](#) – Explore the Planning and Development Department (PDD) to learn more about the City of Detroit’s planning initiatives and strategies.

## APPENDIX H : SPECIAL PROJECTS PROGRAM SELF SCORE CRITERIA

Developers should use the [linked Excel sheet](#) to provide a self-score of the project. Below is the criteria for each score.

DESCRIPTION	TOTAL # OF POINTS
<b>DEVELOPER CAPACITY (25 POINTS TOTAL)</b>	
<p><b><u>Developer Capacity:</u></b> Developer must demonstrate it can meet its debt obligations, has sufficient working capital to meet its operating needs, has adequate financing available to maintain the property over the length of the affordability period. The Developer must provide a completion guaranty acceptable to the City in which the Developer shall guarantee payment of liabilities, shortfalls, and cost over runs of up to 10% of the construction contract. The Developer will provide reassurance to the City that the project will be completed on time and on budget. Bank references will also be considered.</p> <p>The developer must also demonstrate that it has a recent history of development and/or redevelopment that was delivered on-schedule and on budget. The developer must also demonstrate that previous experience is similar in type, scale, and complexity to proposed project. The Developer should also have a reasonable amount of current development projects to ensure that the organization is not overextended in either staffing or financial capacity.</p>	<b>10</b>
<p><b><u>General Contractor Experience:</u></b> Projects can earn up to 10 points if the general contractor has demonstrated recent and successful experience in projects that are similar in type, scale, and complexity to proposed project.</p>	<b>10</b>
<p><b><u>Public Subsidy Experience:</u></b> Development Team has experience with Federal financing tools (i.e CDBG, HOME, HUD 221 Part d etc.)</p>	<b>5</b>
<b>PROJECT FINANCING (10 POINTS TOTAL)</b>	
<p><b><u>Firmly Committed Financial Commitments:</u></b> Projects can earn up to 10 points if the additional necessary project financing/leveraged funds are identified and secured to complete project(s) with letters of commitment from recognized community development lenders and funders, or reasonable dates are provided by the Developer.</p>	<b>10</b>
<b>READINESS TO PROCEED (30 POINTS TOTAL)</b>	
<p><b><u>City Approvals and Permits:</u></b> Projects can receive up to 5 points if they inherently require fewer City approvals through being zoned properly or not requiring variances. Additionally, projects can also receive points if they have already</p>	<b>5</b>

passed through required City approval processes such as the Planning & Development Department’s Concept Plan Review and/or the Buildings, Safety, Engineering, and Environmental Department’s Preliminary Project Review.	
<b>Construction Plans / Trade Payment Breakdown:</b> Projects can earn up to 13 points if estimated development and construction costs are well researched and detailed. Scope of work [for rehab] or plans and specifications [for new construction] are comprehensive, includes trade payment breakdown, and substantially complies with the requirements outlined in the HRD's technical review. Additional points will be awarded if developer provides a third party cost estimator report delineating construction costs by trade breakdown.	15
<b>Environmental Review (Phase I) :</b> Projects can earn up to 5 points if the Phase I Environmental Site Assessment (ESA) confirms that the site is not contaminated.	5
<b>Environment Review (Phase II etc.):</b> For sites that are contaminated as noted in the Phase I, projects can also earn points if additional environmental due diligence documents are submitted such as a Phase II ESA, Response Activity Plan (RAP) or a Baseline Environmental Assessment (BEA).	5
<b>ALIGNMENT WITH CITY GOALS (7 POINTS TOTAL)</b>	
<b>Projects outside of Greater Downtown Area:</b> Projects can earn up to 5 points if located in targeted investment areas <i>outside of the Greater Downtown area</i> (please review detailed maps <a href="#">here</a> ).	5
<b>Green building initiatives:</b> The project can earn up to 3 points if it incorporates measures to improve energy efficiency and sustainability. For points, projects must identify the standard used (Enterprise Green Building Criteria, LEED, etc.) and describe the project’s adherence to the chosen standard.	2
<b>PROGRAM EMPLOYMENT GOALS (8 POINTS TOTAL)</b>	
<b>Section 3 Experience:</b> The project can earn up to 4 points if the Developer has experience in complying with Section 3 requirements. The Developer must include a clear plan as to how they will satisfy Section 3 requirements. The Developer must also demonstrate the ability and willingness to employ low-and very low-income persons within the targeted area and community in which the project resides.	4
<b>MBE/WBE:</b> The project can earn up to 4 points if the primary Developer is a Minority/Women-Owned Business or Minority/Women’s Business Enterprise, as applicable.	4
<b>TOTAL POSSIBLE POINTS:</b>	<b>80 POINTS</b>

## APPLICATION SUBMISSION INSTRUCTIONS

HRD will accept completed electronically submitted applications uploaded to this [link](#). The PDF for the application portion can be found in [Appendix G](#).

The following items are required for the Intake Application:

- [Primary application form](#) (PDF Version is available in [Appendix G](#))
- [ATTACHMENT 1: HUD ENTITLEMENT PROGRAMS MANDATORY ACKNOWLEDGEMENT](#)
- [ATTACHMENT 2: FEDERAL FUNDING PROGRAM MANDATORY ACKNOWLEDGEMENT](#)
- [ATTACHMENT 3: NO CHOICE-LIMITING ACTION ACKNOWLEDGEMENT](#)
- [ATTACHMENT 4 – SPECIAL PROJECTS NOFA PROGRAM INTAKE APPLICATION \(PART I\)](#)

[ATTACHMENT 5: SPECIAL PROJECTS NOFA PROGRAM \(PART II\) – By Invitation Only](#) is not due at the time of the initial application submission and are only required to be submitted for applications that receive a Letter of Interest from the City after a review of the applications is completed.

### File Name Format Requirements

For each document that correlates to an Attachment, please use the following naming system:

Project Name\_Attachment #\_Item Name\_2021

(**Example:** Orange Grove\_Attachment 5\_Executive Summary\_2021)

## CITY OF DETROIT SPECIAL PROJECTS APPLICATION

1. Application Date:			
2. Name of Project:			
3. Enter the Full Legal Name of Your Organization:			
4. Federal Tax Identification Number:		5. Organization's DUNS number (if applicable):	
6. Name of Organization Lead Contact:			
7. Phone Number and Email Address:			
8. Mailing Address of the Organization:			
9. City:		10. State:	11. Zip:
12. Street Address of the Organization, if Different from Above:			
13. Is the project within a <a href="#">2016 Targeted Multifamily Housing Area (TMFHA)</a> ? See <a href="#">Appendix G</a> for link to map. Yes <input type="checkbox"/> No <input type="checkbox"/>		14. Census Tract Number:	
15a. Is the project either listed in or eligible to be listed in the National Register of Historic Places individually or as part of a historic district. This can also include buildings that are designated by the City as a Local Historic District.		Yes <input type="checkbox"/> No <input type="checkbox"/>	
15b. If so, please identify the Historic District name.		_____	
16. Project Boundary Streets/Physical Address of the Project:			
17. What is the legal structure of the Applicant?		18. Is the Applicant any of the following?	
<input type="checkbox"/>	Individual (Not a Partnership or Corporation)	<input type="checkbox"/>	51% Minority Ownership
<input type="checkbox"/>	Partnership	<input type="checkbox"/>	51% Female Ownership
<input type="checkbox"/>	For-Profit Corporation	<input type="checkbox"/>	51% Minority Business Enterprise
<input type="checkbox"/>	Non-Profit Corporation	<input type="checkbox"/>	% Veteran Owned
19a. Is the borrower a designated Community Housing Development Org. (CHDO) per CDBG regulations? Yes <input type="checkbox"/> No <input type="checkbox"/>			
19b. <b>If yes</b> , what is the date of your most recent City of Detroit CHDO certification? Please provide a copy of the most recent certification. Otherwise please submit an application for CHDO certification or recertification.		Date: _____	

21. Evidence of Site Control:	<input type="checkbox"/>	Deed
	<input type="checkbox"/>	Purchase/Development Agreement
	<input type="checkbox"/>	Lease Agreement
	<input type="checkbox"/>	Option to Purchase
	<input type="checkbox"/>	Other:
22. What type of development is being proposed by your organization with proposed program funding? <i>(Check all applicable boxes)</i>	<input type="checkbox"/>	New construction
	<input type="checkbox"/>	Rehabilitation
	<input type="checkbox"/>	Mixed-Use
	<input type="checkbox"/>	Community Space
	<input type="checkbox"/>	Adaptive Reuse/ Historic Preservation
	<input type="checkbox"/>	Commercial (i.e retail, grocery, office etc.)
23. TOTAL Development Budget for Project:		\$
24. AMOUNT of CDBG Funding Requested :	\$	
25. Other Funding Sources <i>(Check all applicable boxes)</i> :	<input type="checkbox"/>	LIHTC 4%
	<input type="checkbox"/>	LIHTC 9%
	<input type="checkbox"/>	AHP
	<input type="checkbox"/>	Historic Tax Credits (HTC)
	<input type="checkbox"/>	Sponsor Equity
	<input type="checkbox"/>	Sponsor Loan
	<input type="checkbox"/>	HUD/MSHDA Mortgage
	<input type="checkbox"/>	Conventional Mortgage
	<input type="checkbox"/>	Income from Operations
	<input type="checkbox"/>	Tax Abatement
	<input type="checkbox"/>	Other Grant:
<input type="checkbox"/>	Other Source:	
26a. Does the present zoning allow the proposed development? Yes <input type="checkbox"/> No <input type="checkbox"/>		
26b. Is the proposed use considered a conditional use, a regulated use or a controlled use? Yes <input type="checkbox"/> No <input type="checkbox"/>		
26c. What is the present use of the property? _____		

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

Authorized Representative: \_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Please Print Name and Title)

\_\_\_\_\_  
 (Date)

# ATTACHMENT 1: HUD ENTITLEMENT PROGRAMS MANDATORY ACKNOWLEDGEMENT

## “LOBBYING CERTIFICATION”

### *Certification for Contracts, Grants, Loans, and Cooperative Agreements*

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

(1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an office or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Initial: \_\_\_\_\_

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

Initial: \_\_\_\_\_

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

Initial: \_\_\_\_\_

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

**Witnesses:**

1. \_\_\_\_\_

2. \_\_\_\_\_

**Developer/Owner:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



## **ATTACHMENT 2: FEDERAL FUNDING PROGRAM MANDATORY ACKNOWLEDGEMENT**

### **“CONFLICT OF INTEREST”**

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

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

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

h. The Housing & Revitalization Department reserves discretion to determine the proper treatment of any conflict of interest disclosed under this provision. Initial: \_\_\_\_\_

**Witnesses:**

1. \_\_\_\_\_

2. \_\_\_\_\_

**Developer/Owner:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

# ATTACHMENT 3: NO CHOICE-LIMITING ACTION ACKNOWLEDGEMENT

The undersigned acknowledges, understands, and agrees to the following:

1. A "choice limiting action" shall include any of the following: (1) acquisition of any real property associated with the project, (2) entering into a binding purchase agreement for any real property associated with the project, (3) any improvements to the property or properties associated with a project, (4) any rehabilitation of an existing structure located on property associated with the project, (5) any construction of a new structure located on property associated with the project, or (6) demolition of any existing structure located on property associated with the project.

Initial: \_\_\_\_\_

2. Upon application for assistance through this NOFA, the Developer and all project participants (i.e. public or private non-profit or for-profit entities, or any of their contractors) agree that neither the Developer nor any project participant shall undertake any "choice limiting action" until the environmental review process is complete, all parties have executed the development and loan agreements for the project, and the City has issued a notice to proceed.

Initial: \_\_\_\_\_

3. Neither the Developer nor any project participant may undertake any "choice limiting action" between the date of issuance of this NOFA and the date of the notice to proceed from the City. If the City discovers that the Developer or any project participant committed a "choice limiting action" during this time period, then the City may deny funding to an entire project or may disqualify for reimbursement any cost associated with the particular "choice limiting action" and the project may not qualify to apply to any future NOFA or receive support from the City from a federal funding source.

Initial: \_\_\_\_\_

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

Initial: \_\_\_\_\_

**Witnesses:**

1. \_\_\_\_\_

2. \_\_\_\_\_

**Developer/Owner:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT 4 – SPECIAL PROJECTS NOFA PROGRAM INTAKE APPLICATION (PART I)

	ITEM	DESCRIPTION
<b>DEVELOPER TEAM AND PROJECT NARRATIVE</b>		
<input type="checkbox"/>	Executive Summary	Provide a one-page executive summary stating the reasons for pursuing this NOFA and the reason the City should seriously consider this project/organization for funding. Include a development narrative and a concise summary of the acquisition, design and construction timeline including projected lease-up and/or sales dates.
<input type="checkbox"/>	Developer Experience Narrative	<p>Please provide a narrative that includes the following:</p> <p><b>Developer organizational overview</b> – Provide an overview of the developer’s organization and if the organization has any presence within Detroit including the nature of any work in Detroit. <i>(2 paragraph max.)</i></p> <p><b>Developer project staff</b> – Provide a brief list of internal staff who will be directly involved in the project with their title and role for the proposed project and their relevant experience, and capacity to take on such a role. <i>(1 paragraph max per internal staff member)</i></p> <p><b>Current scope of work</b> – Provide a list of all of the Developer’s current development projects including each project’s name, location, number of units, projected completion dates, sources of financing and total development budgets. If the Developer is currently managing development projects, please describe how the Developer will manage the proposed project in addition to its current obligations <i>(1 paragraph max.)</i></p> <p><b>Project experience</b> – Provide a list of all of the comparable rental housing projects the Developer has completed in the last 5 years including the projects’ name, location, completion date, number of units, sources of financing, high-level timelines, and total development budget. Please highlight any development projects that were financed by Neighborhood Stabilization Program 1 or 3, CDBG or HOME funds.</p> <p>If the Developer has not completed a rental housing development in the last 5 years, please describe the most relevant activities the organization has completed and how exactly these activities have prepared the Developer for the proposed project. <i>(1 paragraph max.)</i></p>

<input type="checkbox"/>	Development Team Experience Narrative	<p>The Development Team includes but is not limited to the Co-Developer, General Contractor, Owner’s Rep, Architect, Engineer(s), Development Consultant, Property Management Company, and Borrower’s Attorney (if applicable).</p> <p>For <b>each entity</b> secured, please provide the following:</p> <p><b>Organizational overview</b> – Provide an overview of the organization and if the organization has any presence within Detroit including the nature of any work in Detroit. <i>(2 paragraph max.)</i> Provide contact information and a resume for the individuals of the organization that will be responsible for the work to be performed on the project.</p> <p><b>Project experience:</b> Provide a list of all of the comparable rental housing projects the entity has completed in the last 3 years including the projects’ name, location, completion date, and number of units. Please highlight any development projects that were financed by Neighborhood Stabilization Program 1 or 3, CDBG or HOME funds. Please indicate whether or not a management agent has been secured for the proposed project. If a management agent has been secured, please provide a brief description on the agent’s experience in managing restricted units and maintaining ongoing compliance.</p>
<input type="checkbox"/>	Program Scope and Feasibility Narrative	<p><b>Program Scope</b> – Provide an overall description of the project including the number of floors, common space, and/or commercial space as well as the overall rental composition including the number of units, bedroom types, amenities, rents, and anticipated income restrictions. If this is a project that is part of a larger initiative (by building, block, or neighborhood), please describe the larger initiative in detail.</p> <p><b>List of Funding Sources</b> – provide a list of all other sources of financing. For each additional source of financing, please include funding amounts, key business terms, and conditions that must be satisfied before each funder is willing to close.</p> <p><b>Methods to Ensure Cost Effectiveness</b> – Provide a brief overview as to how the developer uses a creative approach to financing or cost containment. <i>(1 paragraph max)</i></p> <p><b>Explanation of projected rents</b> – Provide a brief synopsis of the market study (if available) and how it relates to the projected rents within the proposal. If the market study has not been completed, describe how the proposed rents have been determined. <i>(1 paragraph max)</i></p>
<input type="checkbox"/>	Board of Directors Information (if applicable)	If applicable, provide brief bios, including current occupation, of the developer’s Board of Directors.

<input type="checkbox"/>	HRD Special Projects NOFA Self-Score	Provide self-score Excel document. Self-Score is in Appendix
<b>READINESS TO PROCEED</b>		
<input type="checkbox"/>	Project Timeline	Must include the projected dates of acquisition, construction start, certificate of occupancy, 100% occupancy of City assisted units, stabilized occupancy.
<input type="checkbox"/>	Evidence of Site Control	Site control must be demonstrated for every parcel of land proposed within the project definition.
<input type="checkbox"/>	Site Plan Approval (For New Construction Only)	If available, provide evidence of the Planning & Development Department's Concept Plan Review approval.
<input type="checkbox"/>	Evidence of Historic Designation	If applicable, provide evidence of the historic designation of the property.
<input type="checkbox"/>	Preliminary Plan Review	Evidence that a Preliminary Plan Review is scheduled or attach the next steps from the meeting
<input type="checkbox"/>	Zoning Documents	Provide evidence of proper zoning or application for rezoning to confirm that variances will not be required.
<b>FINANCIAL DOCUMENTATION</b>		
<input type="checkbox"/>	Development Proforma	Developers are strongly encouraged to use the MEDC CRP application proforma template. Links to templates for the proformas are provided in <a href="#">Appendix G</a> of the NOFA. The proforma will only be accepted in excel format with formulas. The Development Proforma Instructions included at the end this application provide additional guidance on how to prepare a proforma for the development.
<input type="checkbox"/>	Letters of Intent From All Equity Funding Sources and Grant Award Notifications Included In the Proforma	Provide Letters of Intent from all equity funding sources and grant award notifications for grant funding included in the proforma.
<input type="checkbox"/>	Evidence of Application for All Sources of Financing	Lender Letters of Intent and/or term sheets are preferable for all sources of financing included in the proforma.
<b>CONSTRUCTION &amp; ENVIRONMENTAL DOCUMENTATION</b>		
<input type="checkbox"/>	Trade Payment Breakdown (TPB)	Provide a draft Trade Payment Breakdown (TPB) that has been completed by the general contractor
<input type="checkbox"/>	Building/Site Images	Provide high-quality photos of building/site's exterior and interior (rehab or preservation) OR high-quality renderings (new construction)
<input type="checkbox"/>	Tentative Construction Schedule	Provide a draft tentative construction schedule that has been completed by the general contractor

<input type="checkbox"/>	ASTM Phase I - Environmental Site Assessment (ESA)	Phase I ESA does not need to be printed.
<input type="checkbox"/>	Additional environmental due diligence documents	If available - Including Phase II ESA, BEA, Response Activity Plan, etc.

## ATTACHMENT 5: SPECIAL PROJECTS NOFA PROGRAM (PART II) – By Invitation Only

	ITEM	DESCRIPTION
<b>FINANCIAL DOCUMENTATION</b>		
<input type="checkbox"/>	Financial Statements of Sponsor/Guarantor (For Profit)	Provide audited, unconsolidated financial statements that present the “parent-only” (i.e., borrower) financial position for the past 3 years; Include consolidating schedule. Financials that are at least 90 days within application date including statement of financial position; statement of activities; statement of cash flows. Board approved budget for current fiscal year. Cash flow projections for 2 years.
<input type="checkbox"/>	Financial Statements of Sponsor/Guarantor (Nonprofit)	Provide tax returns for the last 3 years (990s or personal tax returns for each party with 20% or greater ownership). Signed, current PFS statement for each party with 20% or greater ownership. Required for personal guarantees and allows pulling of credit report
<input type="checkbox"/>	Real Estate Owned (REO) Schedule	Schedule of real estate owned by the developer including value (and how it is determined), real estate debt, borrower’s share of equity, NOI, debt service, cash flow, borrower’s share of cash flow and current occupancy levels.  NOTE: Email <a href="mailto:HRDNOFA@detroitmi.gov">HRDNOFA@detroitmi.gov</a> if you would like a template to use.
<input type="checkbox"/>	Evidence of Anchor Tenant Leases	Provide any Letters of intent or leases for commercial tenants.
<input type="checkbox"/>	Rent Roll (Currently Occupied and Operating Projects Only)	The rent roll must include affordability restriction, lease terms and tenant annual income by unit. Please remove any sensitive information such as tenants’ social security numbers, etc.
<input type="checkbox"/>	Development Financial Statements	For currently occupied and operating projects only, provide operating financial statements for the most recent 3 years.
<input type="checkbox"/>	Market Study	The market study should be both site and project specific, and no less than one year old.
<b>PROGRAM GOALS DOCUMENTATION</b>		



<input type="checkbox"/>	Section 3 Experience	If the developer has had experience in complying with Section 3 requirements, please provide a list of each project and their respective address, number of units, total development costs, and the overall ways in which they complied.
<input type="checkbox"/>	Section 3 Plan	If available, a detailed description as to how the proposed project will comply with Section 3 requirements. <i>(1 paragraph max)</i>
<input type="checkbox"/>	Section 3 Intent to Comply	Attach the Section 3 Intent to Comply document. A link to this document is included in the NOFA ( <a href="#">Appendix G</a> ). Please see <a href="#">Appendix C</a> for additional information.
<input type="checkbox"/>	Section 3 Plan Application	Attach the Section 3 Plan Application, if available. A link to this document is included in the NOFA ( <a href="#">Appendix G</a> ). Please see <a href="#">Appendix C</a> for additional information.
<input type="checkbox"/>	Proof of certificate as a Minority/Women Owned Business Enterprise	If applicable, provide documentation showing the developer is certified as a Minority/Woman Owned Business Enterprise.
<input type="checkbox"/>	City of Detroit approval as a Community Housing Development Organization (CHDO)	If applicable, provide documentation showing the developer has received City of Detroit approval as a Community Housing Development Organization (CHDO). See <a href="#">Appendix G</a> for link.
<input type="checkbox"/>	Community-Based Development Organization (CBDO) Certification	If applicable, provide documentation showing the developer has received City of Detroit approval as a Community-Based Development Organization (CBDO). Please email <a href="mailto:HRDNOFA@detroitmi.gov">HRDNOFA@detroitmi.gov</a> to learn more about the CBDO Certification Process.
<input type="checkbox"/>	Targeted Investment Area (TI)	If this is a new construction and/or a rehab project, provide a detailed map outlining the Multifamily Housing Area that the project is located within
<input type="checkbox"/>	Alignment with City Goals: Priority Projects	If applicable, provide information on how the project qualifies for one of the City priority project categories.  For projects that are considered an initiative tied to a City planning study, please provide a brief summary of the City planning study and how the project is formally considered an initiative of said study. Please provide any relevant and available hyperlinks to further outline these details. <i>(1 paragraph max)</i>
<input type="checkbox"/>	Green Building Initiatives	For projects that meet either of the below green standards, describe the project's adherence to the chosen standard and the related potential long term cost savings.

		<ul style="list-style-type: none"> <li>Enterprise Green Communities: New Construction Mandatory +35 Optional; Moderate Rehabilitation Mandatory +30 Optional; Substantial Rehabilitation Mandatory +30 Optional</li> </ul> <p>U.S. Green Building Council LEED: Certified, Silver, Gold, or Platinum.</p>
<b>ENVIRONMENTAL &amp; CONSTRUCTION DOCUMENTATION</b>		
<input type="checkbox"/>	AIA Document A305-1986 Contractor's Qualification Statement	Required.
<input type="checkbox"/>	Detailed Scope of Work or Plans & Specs	Required.
<input type="checkbox"/>	Letter of Confirmation of City Approvals and Permits	Provide if applicable.
<input type="checkbox"/>	Site Survey	Provide the site survey for the development.
<input type="checkbox"/>	Site Utility Plan	Provide the site utility plan for the development.
<input type="checkbox"/>	Capital needs assessment	Provide a capital needs assessment for preservation/rehab projects.