

PROGRAM YEAR 2020 CDBG APPLICATION INSTRUCTIONS STATE OF MICHIGAN

For eligible activities administered by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund (MSF). The Funding Guide, Application Instructions and Application may be accessed at www.miplace.org. The electronic versions on the website are the most recent versions, and are the only official versions, of the documents. Revisions are made periodically. If the user is consulting a version date differing from the version date of the official version on the website, then changes have been made and you should only reference the official version.

Application Package

Units of General Local Government (UGLGs) must complete the entire application and submit by email to the assigned CDBG Program Specialist. Completion of the application will not subsequently result in awarded funds. Upon application review, more information will be requested by the CDBG Program Specialist. All information, including finance documentation and budget estimates need to be less than six (6) months old.

Identification of UGLG

This guidance is intended to aid in the understanding and completion of the CDBG Application. A thorough application review and risk assessment of the proposed project will be based on the UGLG's responses and attachments. For identification purposes, please complete in the application the following information:

1. Project Title/Name
2. Unit of General Local Government (UGLG) Contact Information
 - a. Identification of UGLG officials, including names, contact information and mailing address
3. Funding Source Totals
 - a. Summary amounts that are detailed in the project budget
 - b. Includes all sources involved in contributing funds towards the project
4. UGLG Information
 - a. Data Universal Numbering System (DUNS) Number is a nine (9) character number
 - b. Federal Tax Identification (ID) Number
 - c. UGLG Fiscal Year End (start month/end month) format
5. State Government Representation
6. Federal Government Representation

National Objective Eligibility

Under the CDBG Program, all projects **must meet one** of the following National Objectives and the statutorily mandated requirements to be considered for funding. The application requires that the appropriate national objective is checked, along with the associated activity of that national objective:

1. **BENEFIT PERSONS OF LOW AND MODERATE INCOME (LMI)*.** As defined by Section 104(b)(3) of the HCDA and 24 CFR 570.483, the activities will benefit persons of LMI as set forth below:
 - a. **LMI Area Benefit (LMA) Projects** must provide benefit to the entire UGLG identified, where at least 51% of the residents are LMI persons.
 - b. **LMI Job Creation** is the creation or retention of at least 51% of the jobs, which are made available to, or held by, LMI persons.
 - c. **LMI Housing (Rental Rehabilitation)** projects are those moderate or substantial rehabilitation activities of existing occupied or vacant rental housing or conversion of vacant space to rental units of which 51% of total units will be occupied by LMI households upon completion. Income eligibility must be determined prior to lease signing, with new leases requiring a minimum duration five (5) years.
 - d. **Limited Clientele** projects require that a special population, that is presumed to be low and moderate income, be the intended recipient of a service, or other activity. Examples of presumed low and moderate income populations include abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or must be income qualified as being low-moderate income based on family size; or must have income eligibility requirements restricting activity for exclusively low and moderate income persons; or be of such nature and location that it can be concluded that populations will be primarily low and moderate income persons. Examples of services that may be provided for targeted populations include senior centers, handicapped centers, homeless facilities, youth centers, and childcare facilities.
2. **PREVENTION OR ELIMINATION OF SLUMS OR BLIGHT.** As defined by 24CFR 570.483, these activities will aid in the prevention or elimination of slums or blight and are qualified on an area basis or spot basis (see Blight in

Appendix).

- a. For **Area Blight**, the area must be designated as a slum or blighted area by the UGLG through a resolution and must meet the definition of a slum, blighted, deteriorated, or deteriorating area under a State or local ordinance.
- b. For **Spot Blight**, the UGLG must provide certification from a state registered building inspector that the project site meets:
 - 1) the definition of blight as defined in a local ordinance or the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (e) (i-iv) and (vii),
 - 2) the reasoning for that determination, and
 - 3) how the proposed project will eliminate the blight causing elements.

All grantees will be required to comply with all current and newly adopted reporting requirements, including all items necessary to document compliance within the Integrated Disbursement and Information System (IDIS).

Project Description

All applications must provide a project description to establish need and anticipated outcome. To provide a description include the following:

1. A **Narrative** of the project description
 - a. Identify the need for the project. Include what this project would address, or what a lack of action may result in for the UGLG and its residents.
 - b. How does the project fulfill a goal within the UGLG's Master Plan, Community Improvement Plan (CIP), or another plan that is formally adopted? If the proposed project does not fulfill an aspect of an UGLG's adopted plan, the project may not be considered for CDBG funds.
 - c. Identify the intended outcome of the project. Include all expected outcomes that may result from the completion of the proposed project and how this will fulfill the identified need and national objective.
 - d. Provide the current or past use of all properties directly benefiting from the proposed project. Indicate whether the building is zoned as residential, commercial or mixed-use; or if there is an intent to rezone the location of the proposed project and the timeline associated with that rezoning.
 - e. Identify community support for the project, including support from local partnerships. Examples may be support from the downtown district, social service agencies advocating for low-to-moderate income populations, or from local economic/business development agencies.
 - f. Outline all activities necessary to complete the project (i.e. acquisition, demo, construction, ordering equipment, etc.).
2. The **Historic Status** of the properties/buildings is required as it relates to the intent to engage in preservation activities. These activities are limited to activities that are determined to contribute to the conservation, and preservation of historic buildings, places, and areas for Title I purposes, properties that qualify as historic properties are landmarks, districts, sites, buildings, structures or objectives which are:
 - Listed in or eligible for listing in the National Register of Historic Places, or
 - Certified as historic properties by the Secretary of the Interior for purposes of the Economic Recovery Tax Act or related Federal tax laws, or
 - Listed in a State or local inventory of historic places, or
 - Designated by State law or local ordinances as a State or local landmark or historic district
 - Listed in a State or local inventory of historic places, or
 - Designated by State law or local ordinances as a State or local landmark or historic district

3. **Benefited property(s)/building(s)/business(es)** are those who are the direct recipients of CDBG funds, as the UGLG is serving as a pass-through for funds. List the addresses or other identifying information about the properties/building(s). A Developer Agreement between the UGLG and the private entity may be required upon further review of the application.
4. The **total square footage** of the impacted space is required. This can be found in preliminary engineering plans, or within parcel documents.
5. **Provide the name(s) of the private property/building owner(s)** seeking to participate as a sub-recipient of funds. List all individuals that are considered owners or having a partnership in the ownership of the building. The names listed in this box should be the same individuals who complete the paperwork for the background check form. Cross reference the identified building owners with the completed background check form(s).
6. Provide the **Data Universal Numbering System (DUNS) Number** DUNS Number of the **private business owners** listed from the previous question, if applicable. The Department of Housing and Urban Development (HUD) requires the Grantee, and any subrecipients, to obtain a DUNS number for HUD's award tracking. Data Universal Numbering System (DUNS) Number is a nine (9) character number and one can be obtained by visiting <https://www.grants.gov/applicants/organization-registration/step-1-obtain-duns-number.html>.
7. The **NEPA Environmental Review** requires that CDBG-assisted projects have an appropriate environmental review process completed prior to project costs being incurred. This process must be documented with an appropriate environmental review record. The environmental review process and its documentation are the responsibility of the UGLG. A review can be initiated prior to application submission but does not need to be started if not financially or capacity feasible. The time required to complete the entire process of environmental review varies considerably depending on the facts and circumstances of each project and can take as little as a few days to several months. The time requirement for this process is often underestimated by private entities and UGLGs.
8. **Jobs relocated** may make a project ineligible. If jobs will be relocated as a direct result of the proposed project, utilize the explanation space. Additional information will be sought by the CDBG Program Specialist after further review of the application.
9. In the event of **demolition or conversation** there is a one-for-one housing replacement requirement that may be triggered by the loss of qualified owner-occupied housing as well as rental housing. If demolition or conversation of housing units is part of the proposed project, utilize the explanation space. Additional information will be sought by the CDBG Program Specialist after further review of the application.
10. The use of **special fees** (i.e. tap in/ hookup fees, special assessments) is typically prohibited. Utilize the explanation space in the event of special assessments. Additional information will be sought by the CDBG Program Specialist after further review of the application.
11. Indicating whether there are **local, state and federal permits** may impact the timeline of the proposed project and may be necessary to identify as such. Indicate delays resulting from permit lapse times or construction delays due to permitting request. Additional information will be sought by the CDBG Program Specialist after further review of the application.
12. **Acquisitions, leases, easements, or property options/purchase agreements** may be necessary to complete the proposed project. Costs for acquiring real property, to be partially or fully funded with CDBG monies, may be included in the project budget and may be incurred with written authorization from the MSF once the environmental review and Uniform Act requirements have been completed and the Grant Agreement has been executed by all parties.
13. **Current or incoming residential or commercial** tenants that may be impacted by the proposed project will need to be identified and assessed. Additional compliance may be required if proposed project activities based upon further supporting documentation. If yes to this question, provide information on the number of tenants and their current lease agreement.

14. **Relocation**, whether temporary or permanent, of commercial or residential tenants requires an adopted Residential Anti-Displacement Plan that complies with the Uniform Relocation Act (URA) and all other associated statutes and regulations. The CDBG Program generally does not support projects that involve relocation. However, if relocation is an anticipated activity for the proposed project, provide an explanation of such activities.

Project Timeline

The proposed project will outline the tentative timeline necessary to engage and complete the project. The tentative timeline is just that, tentative. Provide as much information that is known regarding the project timeline. Include start and end dates for each activity and an associated timeframe.

Such activities may include the following: planning activities (such as surveys, studies or data gathering), demolition, acquisition, engineering, environmental review, bidding/procurement, equipment or machinery purchasing, administrative services (CGA), and construction.

List out as many activities as they relate to the proposed project. Changes to dates may be addressed after application review, at which point a CDBG Program Specialist would confirm dates or ask for revisions.

PROJECT TIMELINE		
Provide the tentative Start and End dates for activities associated with completing the project		
ACTIVITIES	START DATE (mm/yr)	END DATE (mm/yr)
Acquisition	2/17	3/17
Engineering	5/17	7/17
Environmental Review	6/17	8/17
Bidding	9/17	10/17
CGA	9/17	10/17
Construction	11/17	9/18

Projects must be completed within 24 months, which is the CDBG grant’s term of work. Funds not disbursed within the specified time limit may be recaptured by the MEDC for reallocation to eligible CDBG projects. The MEDC may make exceptions to grant/loan amount limits and project periods based on the project’s impact on the community and the economy, the number of jobs created, the needs of the community, the level of benefits to LMI people and other considerations permitted under federal law. Exceptions will be considered as part of the funding decision and will be considered by the MEDC on a case by case basis.

Project Budget

The proposed project will provide a budget. **Do not complete the budget if applying for a Façade Project**, see the required budget to use for proposed Façade projects. As seen below, a column for CDBG, Local and Private are pre-populated. The CDBG column requires the breakdown of costs associated with the ask being made to fill a gap in financing by either the UGLG or private developer. The Local column is for the UGLG to indicate their monetary contribution; in-kind staff time, services, or labor cannot be counted as match. The Private column is for the private developer’s contribution. Indicate which source of funding will be responsible for partial or full funding of any activities.

Funding sources for private developers may be available through local Economic Development Organizations, Small Business Grants, foundations and more. If such funds are being sought, but are not yet secured, indicate as such in the project budget.

Soft Costs, which may also be referred to as **Project Delivery costs**, must be incurred to be able to prepare for the project itself. Soft Costs/Project Delivery Costs include studies, data gathering, engineering, administrative services, environmental review, lead and asbestos testing. These are all costs which, with CDBG Program Specialist authorization,

may be incurred prior to completion of the environmental review and/or grant agreement, at the UGLG's own risk.

Note: Lead and asbestos testing and abatement costs may be roughly pre-calculated using an applicability worksheet tool, as seen in the Supporting Document, if applicable. Refer to those applicability worksheets to determine the rough testing and abatement costs in the budget.

Hard Costs, which may also be referred to as **Project Costs**, are related to the construction or other irreversible action associated with the project. Hard Costs/Project Delivery Costs include acquisition, demolition, lead and asbestos abatement, and construction. These are costs that are rarely authorized to incur prior to completion of environmental review.

The submitted budget information must be less than six (6) months old

See below an example of such budget, **round numbers and percentages to the nearest whole number**:

PROJECT BUDGET						
ACTIVITY COSTS	CDBG	LOCAL	PRIVATE	EDO	OTHER	TOTAL
Administrative Services**	\$ 25,000	\$	\$	\$	\$	\$ 25,000
Lead Testing***	\$ 1,500	\$	\$	\$	\$	\$ 1,500
Asbestos Testing***	\$	\$	\$	\$	\$	\$
Engineering	\$	\$	\$ 168,000	\$	\$	\$ 168,000
3 rd Party Environmental	\$	\$	\$ 3,000	\$	\$	\$ 3,000
Acquisition	\$	\$	\$ 50,000	\$	\$	\$ 50,000
Demolition	\$	\$	\$	\$	\$	\$
Lead Abatement	\$	\$ 12,500	\$	\$	\$	\$ 12,500
Asbestos Abatement	\$	\$ 12,500	\$	\$	\$	\$ 12,500
Construction	\$ 150,000	\$	\$ 175,000	\$ 50,000	\$	\$ 375,000
Planning	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
GRAND TOTAL	\$ 176,500	\$ 25,000	\$ 396,000	\$ 50,000	\$	\$ 647,500

For projects in which there may be **other funding sources available**, indicate whether such funds are available. Document what other funding sources were explored or inquired about and what date those inquiries were made (inquiry stage, denial, invitation, etc). As the State continues to address inter-agency communications, inquiries into other agency funds is critical. Other funding sources that may be available for UGLG's may be MDOT, DNR, HHS, EDO, etc.

Program income, if applicable, includes principal/interest on loans made from CDBG funds, proceeds from sales, long-term leases of UGLG owned property purchased or improved with CDBG funds, gross income from the use or rental of real property owned by UGLG purchased or improved with CDBG funds, etc. This will not count as match towards project costs.

**For projects that utilize CDBG trained Certified Grant Administrators (CGA), do not include the cost of the CGA in the project budget. However, if a third-party administrative service is utilized, the UGLG cannot use the administrative service cost as part of their match to the project but may request authorization to incur that cost if they choose to use a third-party administrative service.

***For projects that may have lead and asbestos testing requirements as shown in the compliance worksheets, MEDC will cover the cost of testing, regardless of project type. Include any known estimates for testing in the budget, under CDBG.

Conflict of Interest

The UGLG is required to disclose items that may create a conflict of interest. This includes disclosing whether a CDBG grant or CDBG loan has been held by the UGLG in the last 5 years, in addition to whether any other grants/loans were

provided to the UGLG from MSF, MEDC, or MSHDA. This contributes to the risk assessment associated with the grant application and aids in determining whether additional resources may be necessary in the implementation of the proposed project.

In addition to identifying possible conflicts of interest, the UGLG must also disclose whether a previously held CDBG grant/loan resulted in Findings* or Areas of Concern*, and if so, what action plan or step has been identified to prevent such findings or areas of concern for future funding.

Supporting Documentation

The UGLG is required to provide supporting documentation that substantiates the application. Additional documents will be requested after the submission and review of the application.

EXHIBIT I - PROJECT LOCATION MAP. A color, preferably aerial, map of the project location.

EXHIBIT II - PRELIMINARY ARCHITECTURAL/ENGINEERING DRAWINGS. Architectural/engineering plans or specifications are acceptable if that are complete enough to have cost estimates provided, by either the architect or by a contractor. Costs for engineering and/or architectural plans to be funded with non-CDBG funds may be incurred at the UGLG's own risk with written authorization from the CDBG Staff and may be included in the project budget as match. Costs for engineering and/or architectural plans to be funded with CDBG funds may be incurred with written authorization from the CDBG Staff.

EXHIBIT III - COST ESTIMATE. Obtaining independent third-party cost estimates helps ensure that the actual cost of the product or service is reasonable. An independent third-party should be separate from the engineer or the intended contractor that may be sought to complete the work, if the proposed project involves a private property/building owner. Cost estimates must be less than six (6) months old.

EXHIBIT IV - FINANCIAL COMMITMENT LETTER(S). Letters from financial institutions or lenders from whom the private developer/business owner can provide proof of ability to obtain financing for the project. Letters of support from other identified funding sources as applicable, such as DNR or MDOT, are required as well. Financial information must be less than six (6) months old.

EXHIBIT V - SITE CONTROL. Documentation showing ownership of property(s)/building(s) to be improved and indicating the person(s)/member(s) to sign grant related documents, including the grant agreement and developer agreement.

EXHIBIT VI - BLIGHT LETTER OR AREA RESOLUTION. A blight letter signed by a state registered building inspector for the UGLG blighting the building and outlining the items to be remediated for the purpose of obtaining a blight resolution letter and certificate of occupancy. An area resolution, passed and signed at public hearing, creating a blight district. The latter resolution is used for otherwise ineligible UGLG's but have recognized and passed a resolution to address a blighted district. A Sample [Form 2-B](#) is available for use in the Grant Administration Manual.

EXHIBIT VII - LEAD-BASED PAINT APPLICABILITY AND COMPLIANCE WORKSHEET. A worksheet for the purpose of identifying the applicability of lead-based paint remediation and estimating the cost of such abatement. Referred to as [Form 5-S](#) in the Grant Administration Manual. MEDC will pay for lead testing on all project types if applicable. MEDC may pay for testing and abatement for Rental Rehabilitation Projects.

EXHIBIT VIII - ASBESTOS APPLICABILITY AND COMPLIANCE WORKSHEET. A worksheet for the purpose of identifying the applicability of asbestos remediation and estimating the cost of such abatement. Referred to as [Form 5-V](#) in the Grant Administration Manual. MEDC will pay for asbestos testing on all project types if applicable. MEDC may pay for testing and abatement for Rental Rehabilitation Projects.

EXHIBIT IX - HISTORIC PROPERTY PROOF OF ELIGIBILITY. Properties considered for historic preservation may be eligible for additional CDBG funds but are required to provide proof of historic eligibility and have the intent of historic preservation in the proposed project description. As indicated in the application, provide the appropriate proof of eligibility, whether listed in the National Register of Historic properties, listed in state or local inventory, or designated as a local landmark or historic district.

EXHIBIT X - APPRAISAL FOR CDBG-FUNDED ACQUISITIONS. A project seeking CDBG funds for acquisition are required to provide additional documents, including an appraisal for buildings or properties obtained with federal funds. For Involuntary acquisitions, refer to [Form 6-T](#) in the Grant Administration Manual. For Voluntary acquisitions, refer to [Form 6-S](#) Checklist in the Grant Administration Manual. A minimum of one appraisal is required. Appraisals are not necessary if:

- a. The building owner donates (voluntarily provides) the property, for which a Waiver Valuation will need to be complete, refer to [Form 6-D](#); or
- b. An appraisal isn't necessary, but fair market value is established by a licensed appraiser

The appraisal must include: the property to be acquired, a description of the property, the method used to determine the property's value, the estimated market value of the property, the name of the person making the valuation, and any other notes or conditions applicable to the analysis.

EXHIBIT XI - MAINTENANCE/SUSTAINABILITY PLAN FOR PUBLIC FACILITIES/IMPROVEMENTS/UNIQUE. Projects resulting in regularly occurring maintenance by the UGLG must provide a maintenance and sustainability plan. Such plan will outline how the property will be maintained, and by whom.

EXHIBIT XII - BACKGROUND CHECK FORM. A background check needs to be conducted on the UGLG staff person who will be designated to handle the CDBG funded project. If a private building owner(s) are involved in the project, a background check form for each person who is a listed owner of the property will be required. A completed background check form provided at submission of the application ensures a quick process, which may take up to 6 weeks to complete. Exemptions are available but limited and to be exempt must request an exemption, which is completed by MEDC staff and submitted for MEDC leadership review. Please note that processed background checks are good for up to six (6) months, after which an updated background check would need to be completed, <https://www.michiganbusiness.org/about-medc/background-check/>.

EXHIBIT XIII - LIMITED DENIALS OF PARTICIPATION LIST (HUD) FUNDING DISQUALIFICATIONS AND VOLUNTARY ASBENTIONS. UGLGs, businesses, and nonprofits must be verified that they are not listed on federal databases as being unable to participate in a federally funded project. These search results may be printed directly from the webpage and saved. The date the search was conducted is included in the printout and is used as a reference date, which must precede the signing of legal documents associated with the proposed project. Any contractors or consultants associated with the project will also be verified as they are identified, https://www.hud.gov/program_offices/general_counsel/limited_denial_participation_hud_funding_disqualifications_and.

EXHIBIT XIV - SYSTEM AWARD MANAGEMENT (SAM) CERTIFICATION. UGLGs, businesses, and nonprofits must be verified that they are not listed on federal databases as being unable to participate in a federally funded project. These search results may be printed directly from the webpage and saved. The date the search was conducted is included in the printout and is used as a reference date. Any contractors or consultants associated with the project will also be verified as they are identified, www.sam.gov. All parties receiving funds, or passing funds, must be register in the SAM system. If search results pull up no known entities, you must register to create an account. The registration process takes between 1-3 days.

JOB CREATION EXHIBIT. Job creation project budgets are based on the number of jobs created, which may pay for eligible activities such as purchasing machinery and equipment or furniture. Jobs created must be full-time (FTE), and must be an employees' principal occupation. Complete the attached job summary form, as well as the assurance that the company will make available 51% of the jobs to low- and moderate-income persons.

Note: CDBG may pay for Machinery and Equipment (M&E) as it relates to the creation or retention of jobs. If the purchasing of M&E is part of the proposed project, complete the M&E List.

RENTAL REHABILITATION EXHIBIT. Attach the completed Rental Rehabilitation workbook, which includes information on the proposed units (square footage, number of bedrooms per unit, other amenities, and anticipated cost per unit). If there are current or incoming residential tenants, contact the CAT Specialist. Relocation requirements may apply and require additional compliance steps.

FAÇADE EXHIBIT. Attach the completed Façade Budget. This budget differs from the General Application Budget

because it breaks out the participating buildings budgets to be seen separately. This is necessary as funding needs will differ between buildings. Attach the Façade Building Owner and Activity Identification form. This form identifies the owner and the specific and necessary activities for each building, including identifying whether tenants are currently in the building. Provide a form for each property owner(s) to complete.