CITY OF DETROIT

LOCAL INITIATIVES SUPPORT CORPORATION

Affordable Housing Leverage Fund ("AHLF")

NOTICE OF FUNDING AVAILABILITY ("NOFA")

INFORMATION AND APPLICATION PACKAGE
INTRODUCING THE AFFORDABLE HOUSING LEVERAGE FUND

January 15, 2019

Affordable Housing Owners & Developers,

On behalf of the City of Detroit and our partners at Local Initiatives Support Corporation and the Michigan State Housing Development Authority, we are pleased to open the first round of funding availability through the Affordable Housing Leverage Fund. The Affordable Housing Leverage Fund is a key component of the City’s commitment to increase the supply of quality, affordable housing so that more low-income Detroiters live in places that enrich their quality of life and increase access to opportunity.

There are a variety of financial challenges that developers and property owners encounter when seeking to preserve and develop quality housing for low-income households. This fund is designed to make new financing tools available to address some of these challenges and facilitate an increase in the production and preservation of affordable housing.

Through this and future Affordable Housing Leverage Fund NOFAs, I invite those who share our commitment to preserving and developing high quality, long-term affordable housing for Detroit residents to apply for financing tools needed to make their projects possible.

In Partnership,

[Signature]

Donald Rencher
Director
Housing & Revitalization Department
City of Detroit
# Affordable Housing Leverage Fund Application Award Process

*Tentative Schedule and Subject to Change*

<table>
<thead>
<tr>
<th>Event</th>
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<tr>
<td>NOFA Published</td>
<td>January 16, 2019</td>
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<tr>
<td>Pre-Submission Meeting (City of Detroit Affordable Housing Conference)</td>
<td>January 25, 2019 2:00 pm-4:00pm</td>
</tr>
<tr>
<td>Application for MSHDA Gap Financing Program</td>
<td>Mid-February 2019</td>
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<tr>
<td>Last Day for Q&amp;A</td>
<td>Mid-February 2019</td>
</tr>
<tr>
<td>Final Submission Date</td>
<td>March 1, 2019 5:00 pm</td>
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<tr>
<td>Award Notification</td>
<td>May 2019</td>
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</tbody>
</table>
# Table of Contents

I. INTRODUCTION TO AFFORDABLE HOUSING LEVERAGE FUND AND AHLF GOALS ................................................................. 6  
II. INTRODUCTION TO AVAILABLE FUNDS ................................................. 6  
   A. Eligible Products ............................................................................... 7  
   B. Loan Products Available Through Current NOFA ............................. 7  
   C. Loan Products Available Through Future NOFAs .............................. 8  
III. APPLICATION INFORMATION ............................................................. 8  
   A. Pre-Submission Information ............................................................... 8  
   B. Application Submissions ................................................................. 8  
   C. Application Submission Deadline ..................................................... 9  
   D. Application Review and Award Process ............................................. 9  
IV. PROJECT COSTS AND FINANCING ................................................... 10  
   A. Low Interest Mezzanine Loan ......................................................... 10  
   B. HOME Equivalent .......................................................................... 10  
   C. Capital Needs Assessments ............................................................ 11  
   D. MSHDA Tax-Exempt Bond Mortgage Financing/4% LIHTC ................. 11  
   E. Community Development Block Grants Program Loan ..................... 12  
   F. HOME .......................................................................................... 13  
      1. Community Housing Development Organizations (CHDO) ............. 14  
      2. Eligible HOME Activities and Costs ........................................... 14  
      3. Ineligible HOME Activities and Costs ...................................... 15  
      4. Maximum/Minimum HOME Funding Per Project ......................... 16  
      5. HOME Financing Terms ........................................................... 16  
      6. Funding Restrictions and Requirements ...................................... 17  
         a) Income Restrictions & Inclusionary Housing Ordinance .......... 17  
         b) Relocation Requirements ..................................................... 18  
         c) Environmental Review ......................................................... 18  
         d) Construction and Rehabilitation Requirements ...................... 19  
         e) Acquisition and Construction Schedule ................................. 19  
         f) Energy Standard Requirements ............................................. 19  
         g) Contractor Requirements ...................................................... 20  
         h) Davis Bacon and Related Acts (DBRA) .................................. 20  
         i) Section 3 Requirements ......................................................... 20  
         j) Cost Certification Requirements ............................................. 21  
         k) Affordability Period .............................................................. 21  
V. Glossary ......................................................................................... 23  
VI. Applications Instructions & Required Forms ...................................... 25  
   A. Application Materials and Instructions ........................................... 26  
   B. Application Scoring Criteria ......................................................... 27  
   C. Application Attachments A-G ......................................................... 30  
VII. Appendices  
    Appendix A: CHDO Qualifications and Certification Process ............... 47  
    Appendix B: Income Limits, HOME Rents and Utility Allowances ......... 48  
    Appendix C: City of Detroit Utility Schedule ...................................... 50
Appendix D: Environmental Review ................................................................. 55
Appendix E: Executive Order 2016-1 ................................................................. 56
Appendix F: Section 3 Information ................................................................. 60
Appendix G: Section 3 Clause ................................................................. 62
Appendix H: 2019 Targeted Multifamily Housing Areas ................................ 63
Appendix I: AHFL Loan Products ................................................................. 64
I. INTRODUCTION TO AFFORDABLE HOUSING LEVERAGE FUND (AHLF) AND PROGRAM GOALS

Affordable housing is central to the City of Detroit’s growth strategy and will play a key role in the City’s ability to improve quality of life for existing residents, attract new residents, and create mixed-income neighborhoods. The $250 million Affordable Housing Leverage Fund (AHLF), which aligns federal and state funds with corporate/philanthropic investment, was conceived by the City to significantly increase the preservation and production of quality, affordable housing in Detroit.

The City is focused on two fronts: preserving the affordability and quality of the existing housing stock, and producing new housing that is priced affordably to people across a range of incomes. Both the preservation of the existing housing stock and the production of new housing support the City’s objective to provide residents with quality affordable housing options accessible to public transit, employment hubs, and other essential services. The goal of the AHLF is to preserve 10,000 units of existing affordable housing and produce 2,000 units of new affordable housing in the City of Detroit by 2023. As part of this goal, the City will target production of units for low-income residents, to ensure that a significant number of homes funded through AHLF are available to households below 50% and 30% of AMI.

The AHLF is a partnership between the City, Local Initiatives Support Corporation (LISC), the Michigan State Housing Development Authority (MSHDA), and corporate and philanthropic investors. This public-private partnership is designed to increase the capacity of affordable housing providers to preserve and build affordable housing and to ensure that new development in Detroit’s neighborhoods is accessible to a wide diversity of residents. In addition to resources available through AHLF, the City will utilize tax abatements and will leverage public land to encourage affordable housing development and target supportive housing to address chronic homelessness. In short, AHLF is designed to provide the opportunity for Detroiters of all incomes to remain in Detroit.

II. INTRODUCTION TO AVAILABLE FUNDS

The City of Detroit’s Housing & Revitalization Department (HRD) is tasked with implementing the AHLF. Through a competitive process early in 2018, HRD selected the Local Initiatives Support Corporation (LISC) as fund manager for the philanthropic and low interest capital dollars raised for AHLF. Pursuant to its agreement with the City, LISC will also manage the AHLF NOFA application process. The City, through HRD, will serve as fund manager of the City soft money, maintaining its fiduciary responsibility over federally-provided sources such as the HOME and CDBG programs as well as the Detroit Affordable Housing Development and Preservation Fund created by the Inclusionary Housing Ordinance. The Michigan State Housing Development Authority (“MSHDA”) will serve as fund manager for low-interest state bond purchases, maintaining its fiduciary responsibility over all MSDHA bonds.
Through this Notice of Funding Availability ("NOFA"), the AHLF is making available up to $10,000,000 of funding to support the rehabilitation and/or development of affordable housing units in the city of Detroit. Funding sources available include:

- HOME Investment Partnerships ("HOME") Program through the U.S. Department of Housing and Urban Development ("HUD")
- Philanthropic funds raised, to be allocated through (LISC), as selected by HRD to serve as AHLF Fund Manager
- Community Development Block Grant (CDBG) Program through HUD

In addition to the $10,000,000 above, MSHDA Tax-Exempt Bond Mortgage Financing/4% LIHTC will be made available to qualifying projects.

The AHLF is anticipating that there will be a quarterly NOFA process. In upcoming NOFAs, other funding sources will be available, including but not limited to:

- Detroit Affordable Housing Development and Preservation Fund created by the Inclusionary Housing Ordinance
- Low-Cost Capital received, to be allocated through LISC, as AHLF Fund Manager
- Concessionary bonds from MSHDA

### a. Eligible Projects

1. Existing regulated affordable rental properties undertaking a recapitalization
2. Naturally Occurring Affordable Housing (NOAH) properties requiring light or moderate rehabilitation
3. New construction projects with affordability restrictions as defined elsewhere in this NOFA
4. Vacant buildings to be developed into mixed-income housing with affordability restrictions as defined elsewhere in this NOFA
5. Supportive housing for Detroiters experiencing chronic homelessness

The majority of tools available through the AHLF are designed for long-term affordable rental projects. Projects offered for sale (single family homeownership, condominiums and co-ops) are eligible for some AHLF products and will be considered through this NOFA. However, all projects must be structured to ensure long-term affordability to qualify.

### b. Loan and Grant Products Available Through Current NOFA

1. **Low Interest Mezzanine Loans** - private funds awarded to the AHLF will capitalize a low-cost, cash flow loan payable from surplus cash for mixed income or 100% affordable projects
2. **HOME Equivalent Loans** - private funds awarded to the AHLF are being utilized to supplement the limited availability of traditional HOME funds. The HOME Equivalent loan product will mirror typical HOME terms.
3. **Capital Needs Assessment (CNA) Recoverable Grant** - for projects requiring a CNA in order to apply to future NOFAs, a recoverable grant of up to $25,000 is
available. This product is being introduced through this NOFA but will subsequently be offered on an ongoing basis outside of any NOFA process.

4. **CDBG Loans** - loans funded by federal funds authorized pursuant to title F of the Housing and Community Development Act of 1974, as amended, which may be used for eligible activities described on page 11.

5. **HOME Loans** - loans funded by federal funds authorized pursuant to the National Affordable Housing Act of 1990, which may be used for eligible activities described on pages 12-13.

c. **Loan Products Available Through Future NOFAs**
   1. **NOAH Permanent Loan** - with NOAH property owners typically not having access to mainstream financing products, the AHLF will provide a first position construction/permanent loan with a term of up to 30 years for owners willing to limit rents on 50% of the units to persons of 60% AMI or below, and the other 50% of units to 120% AMI or below.
   2. **Low Interest Acquisition/Mini-Perm Preservation Loan** - in order to preserve existing affordable housing units in Detroit, the AHLF will provide an acquisition-mini-perm product to address moderate renovation on occupied properties that are willing to preserve the existing affordability restrictions.

### III. APPLICATION INFORMATION

a. **Pre-Submission Information**

The AHLF NOFA will be released on **Wednesday, January 16, 2019**. Interested parties may download an electronic copy of the NOFA and related documentation from the following website: [www.detroitaffordablehousingfund.org/nofa](http://www.detroitaffordablehousingfund.org/nofa).

LISC, the City, and MSHDA will conduct a pre-submission meeting to discuss program requirements and answer questions on **Friday, January 25, 2019, 2:00 p.m. – 4:00 p.m., at Marygrove College** (information and registration at [https://detroitmi.gov/events/detroit-affordable-housing-conference](https://detroitmi.gov/events/detroit-affordable-housing-conference)). The last day LISC, City, and MSHDA staff will respond to questions regarding the NOFA will be 5:00 p.m. on Monday, February 18, 2019.

b. **Application Submissions**

LISC will accept complete applications during regular business days and office hours to the attention of Victor Alba, Regional Preservation Director, at LISC, 3031 W. Grand Blvd., Suite 560, Detroit, MI 48202. Applicants must submit three (3) paper copies, along with three (3) electronic USB flash drive copies of the application to LISC. Paper copies should be submitted in a three-ring binder with a clearly labeled cover sheet on the outside of the binder. The cover sheet must identify the name of the project and the name and address of the developer/applicant. For the electronic versions, please include original files for spreadsheets so the underwriters can test assumptions. Other documents can be submitted in pdf form.
c. Application Submission Deadline
Applicants responding to this NOFA must submit all required documentation to LISC no later than **5:00 p.m. on Friday, March 1, 2018**.

LISC, the City, and MSHDA reserve 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. LISC, the City, and MSHDA also reserve the right to change the funding amount of a given proposal prior to closing, in their 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.

d. Application Review and Award Process:
All AHLF NOFA rounds will consist of the following two review phases:

a. Threshold Review Phase
   (i) LISC will conduct a threshold review of each application to determine whether every applicable item listed in *Attachment C* for Threshold Review has been submitted and meets AHLF’s quality standards. Incomplete applications will not continue onto the Scoring Review Phase (defined below).

   (ii) LISC will also review the following items, leading to a prioritized ranking of projects: location of project, soft funding required from any AHLF source, affordability, general capacity, and project timeline.

b. Scoring Review Phase
   (i) Upon completion of the Threshold Review Phase, a project will move into underwriting and due diligence. A representative from at least one of the Fund Managers, LISC, MSHDA, and HRD will conduct detailed underwriting activities. At this point, the Fund Managers will conduct its due diligence and an applicant may be requested to submit additional documentation or to clarify information contained in the original submission to the NOFA. Upon final review of underwriting, the Fund Managers will send award notifications to the awardees and projects will then move to Closing.

   (ii) Having received the approval, the AHLF’s assigned attorney will begin drafting documents, and working through the closing checklist. The Awardee will have (90)
days from the date of completion of underwriting to close on construction financing.

IV. PROJECT COSTS AND FINANCING

a. Low Interest Mezzanine Loan

A unique product designed for the AHLF is the Low Interest Mezzanine Loan. With the low property values characteristically found in Detroit, excessive amount of soft financing or other alternatives sources are typically necessary. This can often include the level of cash equity a developer is required to bring to a deal. The Low Interest Mezzanine Loan is intended to reduce the burden on the developer to bring this higher level of equity in cash.

The Low Interest Mezzanine Loan is a cash flow loan that is considered “below the line” in that repayment is determined once Net Cash Flow is calculated in a different fashion than a typical amortizing loan, after other debt service payments are made. During the course of the term of the loan, monthly interest-only payments are due. Within three months after the project’s year-end, annual cash flow is certified and principal repayment is calculated based on the loan product’s parameters of up to 67% of cash flow after senior debt service. Principal repayment must be made within one month of completion of the annual certification process.

This product, while still a loan to the developer, is more flexible than most products in the conventional markets. It carried a lower interest rate and a longer term than what is available traditionally and can be paired with conventional first mortgage products. In fact, it considers that a developer is maximized the amount of conventional debt and other sources and the project is left with a gap typically filled by equity sources.

b. “HOME Equivalent”

The Home Equivalent Loan is being made available by AHLF to increase financing options for those projects eligible for the limited supply of HOME funding in Detroit. This product has similar loan terms and affordability requirements as HOME funds, but is not subject to HUD statutes or regulations.

This funding is available for construction and permanent financing to non-profit and for-profit owners of mixed income housing projects, 100% affordable housing projects, and the preservation of naturally occurring affordable housing projects.

The interest rate for these loans will range between one and three percent and repayment terms will be negotiated on a deal-by-deal basis, but could be cash flow contingent. A subordinate mortgage is required as security for the loan.

Although deeper income targeting is encouraged, minimum affordability requirements for mixed income projects must follow Inclusionary Housing
Ordinance guidelines—15% of units restricted to 60% AMI or below, and an additional 5% at 50% or below. Affordability restrictions for NOAH projects will follow general NOAH guidelines—50% of units at 60% AMI or below. Remaining 50% of units at 120% AMI or below.

c. Capital Needs Assessments (CNAs)

The AHLF is also partially able to help a project approaching a renovation by providing a recoverable grant to cover the costs of a Capital Needs Assessment (CNA). CNAs are integral to understanding the amount of renovation needed in the short and long terms, and determining the life of basic building systems. It can be utilized to determine a construction budget as well as planning for use of Replacement Reserves or other funds for the 20-year capital needs of a project.

To access the CNA recoverable grant product, a developer can respond to this initial NOFA with a limited amount of information required to be submitted (required information to be determined and identified at Attachment C) and request up to $25,000. Subsequent to this NOFA, a developer or property owner can request a CNA recoverable grant at any point during the year by following the same processes described here. A recoverable grant acts as a grant until a project moves forward to construction, at which point it is “recoverable,” or repaid with funds coming in at the construction closing. Since a CNA is typically an eligible expense to most lenders or equity providers, construction financing can usually be used to cover the cost of one. An applicant would be eligible to submit a response to a future NOFA and, if awarded financing through that process, could repay the recoverable grant from another AHLF product (or other source in the project capital stack).

The applicant should be prepared to describe the anticipated scope of work and intent on providing housing affordable to tenants meeting existing affordability restrictions (if a regulated project) or to those that meet the AHLF description of a NOAH project (see Glossary). The description should include the proposed timeline to move towards construction. The recoverable grant is intended to carry a two-year term, so the proposed timeline should realistically demonstrate a timeline allowing for repayment within that two-year term. If a project were to prove infeasible as it progresses through predevelopment, the recoverable grant would be forgiven.

An applicant requesting a CNA recoverable grant will need to identify an appropriate professional contractor experienced in providing CNAs for that project type.

d. MSHDA Tax-Exempt Bond Mortgage Financing/4% LIHTC

In addition to the resources being made available by the AHLF NOFA, developers seeking to do multi-family affordable housing transactions may also
consider submission of an application for funding to MSHDA for tax-exempt bond mortgage financing and 4% Low Income Housing Tax Credit (LIHTC). MSHDA also makes gap financing resources available in the form of secondary loans to assist with the financing of new units or the rehabilitation of existing ones for those developments that need it.

MSHDA holds competitive funding rounds for its gap financing resources, with due dates typically in February and August of each year. The applications chosen for funding are typically selected based on the amount of gap financing a development needs to be completed. Specifically, those developments needing the least amount of gap financing compared to the amount of tax-exempt, first mortgage debt that is leveraged generally receive the funding. However, those developments needing no gap financing from MSHDA, or a minimal level of gap financing from MSHDA to be completed, may be submitted to MSHDA at any time and would not need to be considered as part of a competitive round.

MSHDA will follow a similar approach for developments being considered for AHLF funding. Developments being considered as part of the AHLF NOFA that have a soft-to-hard-debt ratio (the amount of soft debt compared to the amount of permanent tax-exempt bond debt) of 20% or less may submit an application for funding at any time and MSHDA will consider it for financing. Further information related to MSHDA lending programs for affordable multi-family housing projects, can be found on MSHDA’s website using the following link: https://www.michigan.gov/mshda/0,4641,7-141-5587_5589-289060--.00.html. Applicants can also contact MSHDA directly with any specific questions.

e. Community Development Block Grant Program Loan

The City may provide CDBG funding for pre-development soft costs in the form of a deferred and/or forgivable loan. The City may defer repayment of the loan until the project has reached one of the following benchmarks:

The project has closed on a development agreement and a loan agreement with the City of Detroit, or; the project has successfully submitted a complete application for Low Income Housing Tax Credits (LIHTC) to the Michigan State Housing Development Authority.

*Please note that all rental projects assisted with $500,000 or more in CDBG funds and have 20 or more total dwelling units trigger the City’s Inclusionary Housing Ordinance.

Subject to all City approvals, the City of Detroit may utilize CDBG funds to reimburse applicants for expenses incurred on any Eligible soft costs listed below. The applicant must submit an official request to the Department for soft cost reimbursement, and the applicant must provide all necessary documentation to support the reimbursement request. At its sole discretion,
the City will determine the soft costs for which the applicant may seek reimbursement. The City will provide financing in the form of a deferred and/or forgivable loan. Although limited, these funds may be used as a supplement or substitute for HOME funds. Additionally, applicants with other funding sources may simply apply for pre-development soft cost financing.

*The City reserves the right to substitute other comparable sources of funding for CDBG funds where applicable.

Reasonable and necessary soft costs are eligible for reimbursement. Please note that funding for soft costs is only eligible in collaboration with a fundable construction project that must also be approved by the City. Examples of eligible soft costs could include the following project related costs:

- Financing fees
- Title commitments and insurance
- Surety fees
- Title and recording fees
- Legal and accounting fees, including cost certification
- Environmental reviews
- Appraisal
- Architectural and engineering fees.

Any project supported by CDBG must comply with the associated statutory and regulatory requirements for the CDBG program. The City of Detroit strongly encourages interested parties to review the authorizing legislation, and the implementing regulations or alternative requirements for the CDBG program before applying for assistance. See the following reference for more information:

The CDBG Program was authorized under Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), and the implementing regulations are found in Title 24, Part 570, of the Code of Federal Regulations.

f. HOME

The general purposes of the Federal HOME program are: expanding the supply of decent and affordable housing, particularly rental housing, for low- and very low-income. All federal requirements for the HOME program are listed in Title 42, Chapter 130 and CFR Title 24 Part 92 and the Final Rule. All projects supported by HOME funds must comply with the associated statutory and regulatory requirements for the HOME program. Please note the sections below are not exhaustive and all requirements listed within the HOME regulations and subsequent award documents will need to be met.

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. Although limited, these funds may be used as a supplement or substitute for HOME funds. Any project supported by CDBG must comply with the associated statutory and regulatory requirements outlined in Title 24, Part 570, of the Code of Federal Regulations. The City reserves the right to substitute other comparable sources of funding for HOME funds when applicable.

1. Community Housing Development Organization (CHDO) Application Submissions: AHLF will set-aside at least fifteen (15%) percent of its HOME program allocation for projects sponsored by a Community Housing Development Organization (CHDO). An organization that has not been certified and seeks funding from this set-aside 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.

2. Eligible HOME Activities/Costs: HOME funds are available for the Developer’s project-related hard costs and soft costs. All costs must be related to the production of eligible housing units and may include the following:

   (i) **Acquisition costs** – Acquisition of properties in need of rehabilitation and vacant land for new construction are eligible subject to the property meeting HOME requirements. 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.

   (ii) **Construction/Rehabilitation costs** – Reasonable and necessary new construction or rehabilitation costs are eligible under this NOFA.

   (iii) **Demolition** – Demolition of an existing structure may be funded through HOME only if construction will take place on the HOME project within (6) months. An extension may be granted at the sole discretion of the City.

   (iv) **Developer fees** – The City prefers not to fund Developer fees with HOME dollars, but will consider it on a case by case basis.

   (v) **City legal fees** – The City requires Developers of HOME assisted projects to pay the City’s legal fees, which are currently estimated at $30,000- $40,000 per project. More complex projects may incur additional fees. The legal fees are an eligible HOME cost that can be paid out of the HOME award.
(vi) **Initial operating deficit reserves** – In order to facilitate project viability, HOME funds may be used to cover the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up. This reserve is limited to the reasonably projected deficits for a period not to exceed the first 18 months of project operations after completion. The Developer is required to provide an estimate of initial operating deficits in the development income operating pro forma as part of the application submission for to this NOFA. City staff shall review and approve (and, if appropriate, reduce) the proposed reserve amount.

(vii) **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.

(viii) **Down payment and closing costs assistance** - For HOME homebuyer-assisted units.

(ix) **Tenant-Based Rental Assistance** - Financial assistance for rent, security deposits, and utility deposits may be provided to tenants. Assistance for utility deposits may only be provided in conjunction with a TBRA security deposit or monthly rental assistance program.

3. **Ineligible HOME Activities and Costs:** In accordance with [24 CFR Part 92.214](#) of the HOME 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:

   (i) General Planning
   (ii) Relocation costs (unless specifically approved by the City)
   (iii) Refinancing of pre-existing debt on property
   (iv) The payment of delinquent property taxes or utilities
   (v) Purchase of equipment, furniture and fixtures
   (vi) Entertainment costs
   (vii) Other ineligible costs per the OMB Cost Principles ([2 CFR Part 200](#)) are specified in the HOME Development and Loan Agreement
(viii) HOME may not be used as a permanent mortgage on a property for homebuyer projects

(ix) 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 HOME funding)

(x) Off-site development costs (unless applicant is specifically approved for financing through City bond funding in conjunction with this application).

4. Maximum/Minimum HOME Funding Per Project

(i) Projects are subject to the HOME mandated minimum investment of $1,000 times the number of HOME-assisted units [24 CFR Part 92.205(c)] and the maximum amount of HOME subsidy per eligible rental unit cannot exceed the Section 234-Condominium Housing basic mortgage limits as determined by the local HUD Field office. The HOME award will be based on the project’s documented need for HOME financing.

(ii) Total HOME funding in any one project shall not exceed per unit maximums, and will be limited by the total amount of funding available. The City encourages applicant Developers to seek additional funds from other State, Federal, and private sources, including other AHLF products. Whichever funding source—HOME or an alternate funding source—has the more stringent requirements, those must be met.

5. HOME Financing Terms

HOME funding may be offered in the form of project financing loans to successful applicants of this NOFA. A mortgage agreement shall be signed at closing and a lien shall remain on the property for the full term of the HUD Affordability Period (Affordability Period). As detailed in the development and loan agreement, the HOME Affordability Period will not terminate upon the repayment of the HOME funds or transfer of the property during the Affordability Period. Prior to execution of the Development and Loan agreements the City of Detroit shall conduct a subsidy layering analysis in accordance with the HOME regulations to ensure that it will not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide affordable housing.

Rental Project Loans may have a fixed interest rate ranging from one to three percent, or higher if required by first position lender. Based on a review of the rental pro forma and the needs of the project, HOME financing terms will be determined on a project-by-project basis, but will generally adhere to the following structures for different deal types:
<table>
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<tr>
<th>Categories</th>
<th>Rate</th>
<th>Repayment</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>9% LIHTC</td>
<td>3%</td>
<td>25% of cash flow</td>
<td>30-50 years</td>
</tr>
<tr>
<td>Perm. Supportive Housing and CHDO</td>
<td>1%</td>
<td>Nominal</td>
<td>30-50 years</td>
</tr>
<tr>
<td>Preservation</td>
<td>1-3%</td>
<td>25% of cash flow</td>
<td>30-50 years</td>
</tr>
<tr>
<td>Preservation for Naturally Occurring Affordable Housing (NOAH)</td>
<td>3%</td>
<td>25% of cash flow</td>
<td>30-50 years</td>
</tr>
<tr>
<td>Mixed Income</td>
<td>3%</td>
<td>25% of cash flow</td>
<td>30-50 years</td>
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Loans that mature at the end of the Affordability Period, or a longer period specified by other project lenders, may be required to pay a balloon payment. Both the term and type of loan must also be in compliance with the HOME affordability requirements at Section 92.252 (Rental Housing) of the HOME regulations. The HOME Affordability Restriction Agreement (Restriction Agreement) shall be a restrictive covenant against the property and the affordability obligations shall pass to subsequent owners during the affordability period (running with the land). The affordability period in the Restriction Agreement shall survive foreclosure and the HOME compliance obligation will be binding on the foreclosing lender.

6. HOME Funding Restrictions and Requirements
   a. Income Restrictions & Inclusionary Housing Ordinance
      (i) The acquisition and improvement of property for **affordable rental units** assisted with HOME funds must be rented to households who are at or below sixty percent (60%) of the Area Median Income (AMI). At least 20% of those HOME-assisted units must be rented to households at or below fifty percent (50%) of the AMI. The acquisition and improvement of property for **affordable for-sale** housing units assisted with HOME funds must be sold to households at or below eighty percent (80%) of the AMI. Please see **Appendix B** for more information on both rental and for-sale income, rental and utility restrictions.
      (ii) The City of Detroit also recently enacted the **Inclusionary Housing Ordinance** (Section 1. Chapter 14 of the 1984 Detroit City Code, 14-12-1 through 14-12-16). Applicants requesting over $500,000 of NOFA Funds for **rental projects only**, where the project includes 20 or more units, must comply with the City of Detroit’s new Inclusionary Housing Ordinance. Specifically related to this NOFA, the Inclusionary Housing Ordinance requires the following:
(iii) HOME or CDBG funds over $500,000 and 20 units or more:
   a) Provide at least 15% of its total dwelling units for lease to households earning up to 60% AMI. Additionally, at least 5% of the total dwelling units are required to be leased to households earning up to 50% AMI.
   b) For an affordability period of at least 30 years
   c) *Please note, the Developer will be required to follow whichever regulation is more restrictive between HUD regulations and the Inclusionary Housing Ordinance.

b. Relocation Requirements

All City-assisted homes and properties acquired or rehabilitated through this NOFA are subject to the Uniform Relocation Act (URA). Tenants of occupied properties receiving City funds cannot be permanently relocated. Occupied properties require written approval of a relocation plan concurrent with the submission of an application for City HOME funds for acquisition to ensure that relocation rules are followed. If a Relocation Plan is required for the project, the City must approve it prior to award and commitment of funding for the project. For units where HOME funds are not used for the acquisition of the property, the Developer still must provide proof that relocation requirements were met and must submit a relocation plan to the City regardless of the source of acquisition funding. Projects seeking HOME funds under this NOFA should not result in the permanent involuntary displacement of tenants.

c. Environmental Review Requirements

(i) All projects which receive funding through this NOFA are subject to the HUD environmental review requirements and all properties acquired with HOME 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 C: Environmental Review for a full description and additional HOME requirements.

(ii) 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.

d. 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”). Rehabilitation and new construction supported with HOME funds are required to conform to 24 CFR 92.251 of the HOME regulations, as applicable. Projects will also be subject to accessibility requirements under Section 504 of the Rehabilitation Act of 1973.

e. Acquisition and Construction Schedule

Developers that receive HOME funds for acquisition must take title of 100% of the properties at the closing of the HOME funds if HOME is used to fund acquisition. If other financing sources are used for acquisition, the HOME 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 HOME funding. Construction must not have started prior to the approval of HOME funding and the receipt of environmental review and clearance from HUD.

f. Energy Standard Requirements

HUD’s energy codes can be found here. All new or substantial rehabilitation in buildings above 3 stories receiving HOME 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 HOME 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.

g. Contractor Requirements

(i) 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 MSHDA or other funder approves higher percentages. 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.

(ii) 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 HOME 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.

h. Davis Bacon and Related Acts (DBRA)

All properties will be subject to Federal Labor Standards. For properties with 12 or more HOME-assisted units, construction will be subject to Davis-Bacon wage and record-keeping requirements. The Davis-Bacon “Commercial” wage scale will be applicable to buildings with more than three stories.

i. Section 3 Requirements

In order to meet HUD Section 3 regulations (Title 24 CFR Part 135), the applicant must describe their strategy for hiring and training low- and very low-income residents and contracting with local Section 3 businesses. Applicants are required to: (1) outline their plan to notify residents and contractors about jobs and contract opportunities; (2) notify potential contractors about the requirements of Section 3; (3) hire local Section 3 residents and award contracts to local Section 3
businesses; and (4) assist in obtaining required Section 3 compliance information from contractors and subcontractors. Please see Appendix D: Section 3 for more information.

j. 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.

k. Affordability Period

(i) HOME assisted units must meet the Federal affordability requirements, including a minimum affordability period as described below and affordable rents and occupancy by income eligible tenants. Income limits and maximum HOME rents are further charted in Appendix B. These restrictions will be imposed for the period of time as outlined in the table below, following the project construction completion. The City may impose stricter standards, at its discretion. Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They will be imposed by the Restriction Agreement that runs with the land.

(ii) See chart below.
In the case of homebuyer projects that are funded for new construction, the minimum affordability period for assistance over $40,000.00 per unit is (15) years.

<table>
<thead>
<tr>
<th>Federal Limits on HOME funds</th>
<th>Minimum Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $15,000 per assisted unit for rehabilitation or acquisition of existing housing</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,000 - $40,000 per assisted unit</td>
<td>10 years</td>
</tr>
<tr>
<td>Over $40,000 per assisted unit or rehabilitation involving refinancing (any amount)</td>
<td>15 years</td>
</tr>
<tr>
<td>New construction or acquisition of newly constructed rental housing</td>
<td>20 years*</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Inclusionary Housing Ordinance</th>
<th>Minimum Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any project that triggers the Inclusionary Housing Ordinance</td>
<td>30 years</td>
</tr>
</tbody>
</table>

*In the case of homebuyer projects that are funded for new construction, the minimum affordability period for assistance over $40,000.00 per unit is (15) years.
GLOSSARY

**Chronic Homelessness:** (1) A “homeless individual with a disability,” as defined in section 401(9) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)), who: (i) Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and (ii) Has been homeless and living as described in paragraph (1)(i) of this definition continuously for at least 12 months or on at least 4 separate occasions in the last 3 years, as long as the combined occasions equal at least 12 months and each break in homelessness separating the occasions included at least 7 consecutive nights of not living as described in paragraph (1)(i). Stays in institutional care facilities for fewer than 90 days will not constitute as a break in homelessness, but rather such stays are included in the 12-month total, as long as the individual was living or residing in a place not meant for human habitation, a safe haven, or an emergency shelter immediately before entering the institutional care facility;

(2) An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or

(3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) or (2) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

**Supportive Housing:** Affordable housing that also includes support services designed to help tenants stay stably housed and build necessary life skills. Supportive housing can be designed either to be permanent or temporary for residents, with temporary housing targeted towards individuals who may be able to transition to traditional housing without support services over time. Supportive housing has been a successful tool to house populations that may be difficult to serve with traditional housing, such as chronically homeless adults.

**Permanent Supportive Housing:** Permanent housing (PH) is defined as community-based housing without a designated length of stay in which formerly homeless individuals and families live as independently as possible.

**Special populations:** Unaccompanied homeless youth; persons living with HIV/AIDS; and victims of domestic violence, dating violence, sexual assault, or stalking.

**Continuum of Care:** The group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and
provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re-housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area.

**Naturally-Occurring Affordable Housing (NOAH) projects:** Naturally occurring affordable housing is defined as housing that is priced by market forces at rates that are affordable to low income households. Housing is traditionally considered affordable if the total housing cost (rent or mortgage plus utilities) for the household represents no more than 30% of its income. NOAH housing often makes up a significant portion of a jurisdiction’s affordable housing stock, in addition to publicly subsidized housing.
CITY OF DETROIT

LOCAL INITIATIVES SUPPORT CORPORATION

AFFORDABLE HOUSING LEVERAGE FUND ("AHLF")

NOTICE OF FUNDING AVAILABILITY ("NOFA")

APPLICATION INSTRUCTIONS AND REQUIRED FORMS
APPLICATION MATERIALS AND INSTRUCTIONS

LISC will accept complete applications during regular business days and office hours. Applicants must submit three (3) paper copies and three (3) electronic USB flash drive copy to Detroit LISC, 3031 W. Grand Blvd, Suite 560, Detroit. Paper copies should be submitted in a three-ring binder with a clearly labeled cover sheet on the outside of the binder. The cover sheet must identify the name of the project and the name and address of the developer/applicant.

Executive Summary

Attach to the front of your submission a one-page executive summary stating the reasons for pursuing this NOFA, a concise summary of the development cost and program, and the reasons that the AHLF should seriously consider this project/organization for funding.

AHLF Application (Attachment A)

Project Narratives (Attachment B)

Please label each narrative using the headers and sub-headers provided within the narrative instructions.

Developer Attachment Checklist (Attachment C)

Please review and include each and every applicable material. If at all possible, please provide the requested attachments in the sequential order they are listed within the checklist. Please note that each item requested within this checklist is required to pass the threshold process. Please also note that a substantial portion of these requested materials will also be strongly considered during the feasibility and scoring phase of the application review process.

Development Pro Forma and Budget (Attachment D)

Complete the Pro Forma using the instructions provided. If a pro forma is required by another funding source, such as Low Income Housing Tax Credits, then you may use the pro forma required by that funding source. Otherwise, you must use the pro forma template provided. Homebuyer projects must provide a discussion of how HOME funds will be used to structure sales for income eligible household.

Please review and sign the following forms:

- HRD Program Mandatory Acknowledgement - Lobbying Certification (Attachment E)
- HRD Mandatory Acknowledgement - Conflict of Interest (Attachment F)

Schedule of Rental Real Estate Portfolio (Attachment G)
APPLICATION SCORING CRITERIA

Developer Capacity – 20 Points

- **(3 Points) Developer Financial Capacity:** 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 and AHLF in which the Developer shall guarantee payment of liabilities, shortfalls, and cost overruns 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.

- **(4 Points) Successful Completion of Projects:** The developer has a recent history of development and/or redevelopment that includes high quality affordable residential products 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.

- **(3 Points) General Contractor:** The general contractor has demonstrated previous experience in projects that are similar in type, scale, and complexity to proposed project.

- **(2 Points) Owns/Operates Affordable Units:** The Developer must have substantial experience and capacity in the successful lease-up and management of affordable rental property, as well as experience in asset management, rental development activity, and ownership of projects of a similar type and size. Occupancy rates of current developments will be considered.

- **(3 Points) Experienced Management Agent:** The Developer has identified and secured an experienced management agent for the project.

- **(3 Points) Financial Review:** The development team is fiscally sound and has the systems and financial resources to develop the proposed projects. Sponsor, guarantor and builder must provide evidence of organizational financial strength through respective financial statements.

- **(2 Points) Development Workouts:** Developer has not been involved in a workout in the last year.

Project Financing - 30 Points

- **(10 Points) Financial Commitments:** All 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.

- **(10 Points) Financial Leverage:** The project is efficient in its use of AHLF funds and in its leveraging of other funds, as applicable. All funding and associated requirements are clear and adequately reflected in the budget and pro forma.
- **(5 Points) Cost Containment Process:** The developer uses a creative approach to financing or cost containment to meet affordable housing needs.

- **(5 Points) Cost Containment Results:** The developer requires fewer dollars per affordable unit than the maximum HUD dollar amount allowed.

**Readiness to Proceed – 20 Points**

- **(5 Points) City Requirements and Permits:** Scope of work and/or plans are detailed enough to confirm compliance with HRD's building codes, construction performance standards, environmental remediation requirements. A lead risk assessment and inspection report is complete, if required.

- **(12 Points) Construction Plans / Trade Payment Breakdown:** Estimated development and construction costs are well researched and detailed. The developer provided plans and specifications and a third party cost estimator report delineating construction costs by trade breakdown. 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 awarded for projects that meet Energy Star Version 3 Standards.

- **(3 Points) Marketing & Lease-up Strategies:** There are effective marketing and lease-up strategies in place.

**Location/Market - 24 Points**

- **(7 Points) Location:** The project is preserving affordable units in any area of the city OR the project is located in a targeted multi-family housing area (see map in Appendix H). New construction projects outside of a targeted multi-family housing area will only be considered with a statement of justification acceptable to HRD, at its sole discretion.

- **(4 Points) Market Study:** The Developer must provide evidence of market demand for the units in the project as demonstrated by a third party market study acceptable to AHLF. The market study should include a justification of market demand and projected rents based on analysis of both current market trends (demographics; city and neighborhood data) and specific and recent comparable properties. The study should define the Primary Market Area (PMA), and include a table describing the multifamily rental projects in the PMA, showing total number of units, unit type, year built, and occupancy rate. The study should identify the three most recent comparable properties and describe rents, utilities, unit size and characteristics, on-site amenities, neighborhood amenities, and other project information, and explain why the comparable properties have been selected.

- **(3 Points) Deep Affordability:** The project includes an affordability program that includes units that are available to very low income households (50%, 40%, <30% AMI). Additional points awarded if the preservation project maintains project-based rental assistance contracts.
- **(3 Points) Permanent Supportive Housing:** The project provides permanent supportive housing and assisted living services to the homeless population.

- **(1 Point) Neighborhood Development:** The project supports neighborhood transformation through program, site, and design elements, and incorporate smart growth principals. Thought is also given to the proximity of the project to other community development efforts and other amenities that may add value to the project and stabilize the community.

- **(1 Point) Mixed Income:** Plan includes a range of income targeting/market rate units.

- **(1 Point) Proximity to Market Rate Rents:** Project is located within ¼ mile of market rate development where rents are greater than 40% more than the proposed restricted rents within the project.

- **(2 Points) Family Housing:** Project incorporates housing units designed to accommodate families (3 or more bedrooms)

- **(2 Points) Senior Housing:** Project incorporates housing units restricted to senior citizens and designed to accommodate the needs of senior populations.

**Program Employment Goals - 6 Points**

- **(3 Points) Section 3 Experience:** 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.

- **(3 Points) MBE/WBE:** Evidence that the Developer is a Minority/Women-Owned Business or Minority/Women’s Business Enterprise, as applicable.
ATTACHMENT A:  
AFFORDABLE HOUSING LEVERAGE FUND APPLICATION

<table>
<thead>
<tr>
<th>Application Date:</th>
<th>Resubmittal? [ ]</th>
<th>Original Application Date(s):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Project:</td>
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<tr>
<td>Enter the full legal name of your organization:</td>
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<tr>
<td>Federal Tax Identification Number:</td>
<td>Organization's DUNS number (if applicable):</td>
<td></td>
</tr>
<tr>
<td>Name of Organization Lead Contact:</td>
<td></td>
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<tr>
<td>Phone number and email address:</td>
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<tr>
<td>Mailing address of the organization:</td>
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<tr>
<td>City</td>
<td>State</td>
<td>Zip:</td>
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<td>Street address of the organization, if different from above:</td>
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<tr>
<td>If the project does not qualify as a preservation project, please identify the Targeted Multifamily Housing Area in which project will be located (see Appendix H):</td>
<td>Census Tract Number:</td>
<td></td>
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<tr>
<td>Is the project located within a [Historic District]</td>
<td>Yes [ ] No [ ]</td>
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<tr>
<td>If so, please identify the Historic District name.</td>
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<td>Project boundary streets/Physical address of the project:</td>
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<tr>
<td>What is the legal structure of the Applicant?</td>
<td>Is the Applicant any of the following?</td>
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<tr>
<td>[ ] Individual (not a partnership or corporation)</td>
<td>[ ] 51% minority ownership</td>
<td></td>
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<tr>
<td>[ ] Partnership</td>
<td>[ ] 51% female ownership</td>
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<tr>
<td>[ ] For-profit corporation</td>
<td>[ ] 51% minority business enterprise</td>
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<tr>
<td>[ ] Non-profit corporation</td>
<td>[ ] % veteran owned</td>
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<tr>
<td>Is the borrower a designated Community Housing Development Org. (CHDO) per HOME regulations?</td>
<td>Yes [ ] No [ ]</td>
<td></td>
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<tr>
<td>[If yes, what is the date of your most recent City of Detroit CHDO certification? Please provide a copy of the most recent Date:____________</td>
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<tr>
<td>Certification. Otherwise please submit an application for CHDO certification or recertification.</td>
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<tr>
<td>Site control as evidenced by purchase contract, deed, etc.</td>
<td>Document provided:</td>
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<tr>
<td>Yes ☐</td>
<td>New construction of multi-family units (4+)</td>
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<tr>
<td>No ☐</td>
<td>Purchase/rehabilitation of occupied multi-family units (4+)</td>
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<tr>
<td></td>
<td>Mixed use project that includes office and/or retail space</td>
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<td></td>
<td>Preservation project that extends affordability requirements for existing occupied affordable housing</td>
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<td></td>
<td>Permanent Supportive Housing for those that are experiencing chronic homelessness</td>
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<td></td>
<td>Adaptive Reuse/ Historic Preservation</td>
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<td></td>
<td>Scattered Site</td>
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</tbody>
</table>

What type of development is being proposed by your organization with proposed program funding? *(Check all applicable boxes)*

- New construction of multi-family units (4+)
- Purchase/rehabilitation of occupied multi-family units (4+)
- Mixed use project that includes office and/or retail space
- Preservation project that extends affordability requirements for existing occupied affordable housing
- Permanent Supportive Housing for those that are experiencing chronic homelessness
- Adaptive Reuse/ Historic Preservation
- Scattered Site

TOTAL number of units you propose to develop:  
No. of proposed ALF assisted units:  
No. of Market rate units if applicable:  

TOTAL proposed development budget for project: $  

AMOUNT of AHLF funding requested: $  
Does your project include Low Income Housing Tax Credits (LIHTC): Yes ☐ No ☐  
If yes, is it in a Qualified Census Tract? Yes ☐ No ☐  

Will the project seek Rental Assistance: ☐  
If Preservation Project, current sources:  

Type of Units to be developed *(Check all boxes that are applicable)*  
- Apartment ☐  
- Duplex ☐  
- Townhome ☐  
- Detached Single Family ☐  

Does the present zoning allow the proposed development? Yes ☐ No ☐  
Is the proposed use considered a conditional use, a regulated use or a controlled use? Yes ☐ No ☐
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are all necessary utilities available on the site?</td>
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<tr>
<td>Will project require relocation of existing residents?</td>
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<tr>
<td>Is a relocation plan included in your full application?</td>
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<tr>
<td>What is the present use of the property?</td>
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<tr>
<td>Are any persons employed or contracting with your organization debarred by HUD or the State of Michigan?</td>
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<tr>
<td>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?</td>
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<tr>
<td>Has your organization or one of its principals filed for bankruptcy within the past 10 years?</td>
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<tr>
<td>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 AHLF, HOME, and/or 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.</td>
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<tr>
<td>The undersigned authorizes AHLF Fund Managers’ 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 Fund Managers 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.</td>
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<tr>
<td>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.</td>
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<td>Authorized Representative:</td>
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<tr>
<td>(Signature)</td>
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<tr>
<td>(Please Print Name and Title)</td>
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<td>(Date)</td>
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</table>
ATTACHMENT B:
PROJECT NARRATIVE INSTRUCTIONS

Developer Experience Narrative:

- Developer organizational overview:
  - A brief overview of the Developer’s organization. If the Developer entity is a joint venture, please provide an overview of the partners and the partnership structure. (1 paragraph max.)
  - If the Developer has a presence in Detroit, please provide brief details on the nature of the work. (1 paragraph max.)

- Developer project staff:
  - A brief list of internal staff who will be directly involved in the project and their title in relationship to proposed project.
  - For each internal staff member listed, please describe their role within the proposed project, their relevant experience, and capacity to take on such a role. (1 paragraph max per internal staff member)

- Current scope of work:
  - A list of all of the Developer’s current development projects including, but not limited to, each project’s name, location, number of units, projected completion dates, sources of financing and total development budgets. See sample REO schedule in Attachment G.
  - If the Developer is currently managing development projects, please describe how the Developer will manage the proposed project in addition to its current obligations (1 paragraph max.)

- Project experience:
  - A list of all of the comparable 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.
  - If the Developer has not completed a comparable 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. (1 paragraph max.)

- Marketing and leasing experience:
  - Among the projects listed above, please highlight those that required extensive efforts in leasing and marketing affordable units.
  - For each project highlighted, please describe the successes and challenges of such efforts (2-3 sentences per project).
  - Please describe marketing efforts that will be undertaken on the property subject to this application.
• Owning and operating experience:
  o 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 (1 paragraph max).
  o If a management agent has not been secured at this time, please describe the systems the Developer has in place for managing the property and its assets (1 paragraph max).

**Development Team Experience Narrative:** General Contractor, Architect and Developer Consultant. For each entity secured, please provide the following:

• Developer organizational overview:
  o A brief overview of the entity and if it has any presence within Detroit. (1 paragraph max.)
  o If the entity has a presence in Detroit, please provide brief details on the nature of the work. (1 paragraph max.)

• Project experience:
  o A list of all of the comparable 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.

**Project Financing and Feasibility Narrative**

• Financing sources and compliance
  o 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.

• Eligible activities
  o If requesting a HOME or HOME Equivalent loan, please submit a list of the eligible activities for which the potential funding would support that the financing sources listed above are unable to cover.

• Project Timeline
  o The projected dates of acquisition, construction start, certificate of occupancy, 100% occupancy of City assisted units, stabilized occupancy.

• Methods to ensure cost effectiveness
  o A brief overview as to how the developer uses a creative approach to financing or cost containment to meet affordable housing needs. (1 paragraph max)

• Explanation of projected rents
A brief synopsis of the market study and how it relates to the projected rents within the proposal. (1 paragraph max)

Project Location and Marketing

- Income mix
  - Describe the income ranges and use mix of the project and how it will fit in with the fabric of the existing community. (2-3 sentences)
  - State if and how many market rate units will be available within the proposed project. If there are market rate units, please describe how these units compare and contrast with the rent restricted units. (2-3 sentences)
  - Describe any commercial or other non-housing portions of the project and how they will fit with the residential use. (2-3 sentences)
  - Please list any project-based rental assistance that may be made available to tenants including any application dates and pending approvals.

- Special Needs Populations (for Permanent Supportive Housing projects only)
  - Describe any targeting for special populations (see Glossary for definition), including if and how this project is to be completed in coordination with the continuum of care, the accommodations and services to be provided in order to meet the needs of the special needs population, and any Federal or other subsidy being brought to the project based upon this targeting. (1 paragraph max)

- Surrounded amenities
  - A map, and an accompanying list, of other community development efforts, significant investment, neighborhood anchors, educational facilities, retail, open space and amenities within ¼ mile of the project.

- Proximity to market rate units
  - If applicable, a map highlighting any market rate housing buildings where rents are greater than 40% than the proposed restricted rents within ¼ mile of the project.

- Marketing and outreach strategy
  - Explain how homes are selected to meet the needs and tastes of the targeted market population, including house layout, size, number of bedrooms/bathrooms, architectural and aesthetic value, etc.
  - Describe how the project manager will screen tenants, and comply with all fair housing and non-discrimination requirements.

- Neighborhood impact
  - A brief description as to how the proposed project will have a positive impact on the surrounding neighborhood located within ¼ mile of the project. (1 paragraph max)
Project Employment

- **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.

- **Section 3 plan**
  - If available, a detailed description as to how the proposed project will comply with Section 3 requirements. *(1 paragraph max)*
## ATTACHMENT C:
### DEVELOPER CHECKLIST

<table>
<thead>
<tr>
<th>Required Documents at Application Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive summary</strong></td>
</tr>
<tr>
<td><strong>Developer/Sponsor overview</strong></td>
</tr>
<tr>
<td><strong>Board of Directors info (if applicable)</strong></td>
</tr>
<tr>
<td><strong>Site info</strong></td>
</tr>
<tr>
<td><strong>Development team info</strong></td>
</tr>
<tr>
<td><strong>Development financial statements (if occupied)</strong></td>
</tr>
<tr>
<td><strong>Proforma</strong></td>
</tr>
<tr>
<td><strong>Market study</strong></td>
</tr>
<tr>
<td><strong>Evidence of site control</strong></td>
</tr>
<tr>
<td><strong>Capital needs assessment (preservation/rehab only)</strong></td>
</tr>
<tr>
<td><strong>Zoning documents</strong></td>
</tr>
<tr>
<td><strong>Site utility</strong></td>
</tr>
<tr>
<td><strong>Rent rolls (occupied only)</strong></td>
</tr>
<tr>
<td><strong>Development budget/Sources &amp; Uses</strong></td>
</tr>
<tr>
<td><strong>Financial statements of Sponsor/guarantor (nonprofit)</strong></td>
</tr>
<tr>
<td><strong>Financial statements of Sponsor/guarantor (for profit)</strong></td>
</tr>
<tr>
<td>Required Documents at Commitment Stage (Optional with Application)</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Environmental Assessment (phase I)</td>
</tr>
<tr>
<td>Trade Payment Breakdown</td>
</tr>
<tr>
<td>Appraisal</td>
</tr>
<tr>
<td>Survey</td>
</tr>
<tr>
<td>Tax abatement documents</td>
</tr>
<tr>
<td>Contractor's qualification statement</td>
</tr>
<tr>
<td>Architectural plans</td>
</tr>
<tr>
<td>Architect's insurance</td>
</tr>
<tr>
<td>Owner-architect agreement</td>
</tr>
<tr>
<td>Marketing/transition plan (pres/rehab only)</td>
</tr>
<tr>
<td>Financing commitments</td>
</tr>
<tr>
<td>Soil conditions (new construction)</td>
</tr>
<tr>
<td>Affirmative Fair housing marketing plan</td>
</tr>
<tr>
<td>Ownership entity documents</td>
</tr>
<tr>
<td>NEPA</td>
</tr>
<tr>
<td>Required Documents at Closing Stage (Optional with Application)</td>
</tr>
<tr>
<td>Title insurance</td>
</tr>
<tr>
<td>Operating agreements</td>
</tr>
<tr>
<td>URA documents</td>
</tr>
<tr>
<td>Application for disbursement</td>
</tr>
<tr>
<td>Draw Schedule</td>
</tr>
<tr>
<td>Acquisition docs</td>
</tr>
<tr>
<td>General Liability and Property Insurance</td>
</tr>
</tbody>
</table>

Upon terms and conditions approved by the City and the Fund, the following limits of insurance should apply:
- Property Insurance/Builder’s Risk: completed value;
- General Liability: $1M per occurrence /$2M in the aggregate;
- $500,000 per accident/disease/employee for worker’s compensation;
- $1,000,000 for excess liability; $1,000,000 for...
| **GC Liability Insurance** | Upon terms and conditions approved by the City and the Fund, the following limits of insurance should apply: Builder’s Risk: completed value; General Liability: $1M per occurrence /$2M in the aggregate; $500,000 per accident/disease/employee for worker’s compensation; $1,000,000 for excess liability; $1,000,000 for automobile liability; $500,000 for automotive public liability/property damage. |
| **Evidence of borrower equity** |  |
ATTACHMENT D: DEVELOPMENT PROFORMA INSTRUCTIONS

If a development pro forma is required by MSHDA for Low Income Housing Tax Credits then the Developer may submit that pro forma. Otherwise, the Developer must include all of the following elements in the pro forma submission:

For Rental Projects:

Sources and Uses
Sources and Uses by Use (if applicable, for mixed-income projects only)
Stabilized Operating
Rent Roll
30-year Operating Projection
Construction and Lease-Up Period Cash Flow
  - For Homeownership Projects:
Sources and Uses
  - There is no additional required pro forma submission for homebuyer projects. In lieu of a pro forma, homebuyer applicants must provide a discussion of how HOME funds will be used in conjunction with other funding to make units more affordable to income eligible households.
  - Please follow the templates as closely as possible, as applicable to the project, and attach supplementary materials as needed.

Sources and Uses
• The Developer is responsible to ensure that all project development costs are accounted for in the submitted development budget, and that proposed sources of funding are adequate. Failure to provide adequate development costs and sources may result in the proposed project not receiving funding upon review.
• Construction Costs: At the time of application or within 45 days after submission of the application, the Developer must submit itemized cost estimates from the project architect or other qualified cost estimator to substantiate the construction costs in the development budget. The application must also state whether the Developer has solicited or received any proposals (bids) from general contractors.
• Builder Overhead and Profit and General Requirements: The contractor will be governed by the following maximum ratios: Contractor Fee/Profit-6%, Overhead -2%, and General Conditions -6%. The City of Detroit may consider higher percentages for these fees if MSHDA or other funder approves higher percentages. The application narrative must state how the estimated amounts for builder fee / profit, general requirements, and general overhead in the construction budget were determined.
• Owner’s Hard Cost Construction Contingency Requirements: The Developer must use the following contingency standards in preparing the development budget:
  o Use a ten percent (10%) contingency for HOME/CDBG Rehabilitation projects
Use a five percent (5%) contingency for HOME/CDBG New Construction projects

- Legal fees: AHLF requires Developers to pay AHLF legal fees, which are currently estimated at $30,000-$40,000 per project. Fees may be higher for projects with additional complexity. The legal fees are an eligible cost that can be paid out of the HOME or AHLF award.

- Lease-up Costs: The development budget must include lease-up costs and adequate reserves.

- Sources of Funds: If a HOME assisted project contains market rate units, the number of HOME assisted units must be in a proportion no less than the amount of HOME funds to total funds in the project. The market rate units must be comparable to the HOME assisted units in size, location within the project, amenities, views, and finishes. If a HOME assisted project contains commercial uses, the number of HOME assisted units in the residential portion of the project must be in a proportion no less than the amount of HOME funds to total funds in the residential portion.

Operating Cash Flow

The Developer must demonstrate through the operating cash flow that the project will be maintained successfully over the length of the affordability period. The developer must provide support to the project over time, including adequate operating and replacement reserves.

Other items to consider in completing the operating projections include:

- The pro forma must be based on sound, appropriate information, convincing data, and realistic inflators as well as operating cash flows that are realistic and adequate.

- Leveraging of private or HOME funded long term debt as a source of funds will be subject to the project's ability to support such financing as demonstrated by the project's operating pro forma. Using standard underwriting criteria and cost reasonableness, the Developer must clearly demonstrate through the project's operating pro forma that the repayment of this debt will not be a burden on the long term viability and affordability of the project. See description of each AHLF product for applicable debt service coverage ratio.

- Affordable Rent Restrictions – Developers must propose rents for the HOME assisted units that may not exceed the lesser of comparable market rents or the HOME rents minus utility allowances. See attached maximum rent standards for the City of Detroit provided in Appendix B. Although a project’s rents may be lower than the rents listed, they cannot be more than the amounts listed. All rents listed must be adjusted for any utilities paid by the tenant (use the attached utility-A Appendix B).

- If a project receives Federal or State project-based subsidies and the tenant pays no more than 30% of his or her income, the maximum rent may be the rent allowable under the project-based subsidy program.

- Rents must be supported by the submitted market study. The rent must be reduced if the tenant pays for utilities because the calculation of these rent standards includes all utilities excluding telephone. Utility allowances provide a mechanism for adjusting the maximum allowable HOME rents when the tenant pays some or all utilities. See attached utility charts (Appendix B) by housing type.

- Replacement Reserves for HOME projects – Developers will be expected to execute a Replacement Reserve Agreement, and to establish and maintain a Replacement Reserve Fund. The Developer will be responsible for depositing a per unit amount per annum (PUPA) into the fund for capital improvements to the property, as outlined in the Replacement Reserve Agreement. In the event that there is a conflict between this provision and the requirements of other funders, the need for reserves will be analyzed and
negotiated between the various parties. The City may waive this requirement at its discretion. The amount of the Replacement Reserve shall be determined as follows:

- **For acquisition-rehabilitation projects**, the Developer must conduct a capital needs assessment (CNA) for all rehabilitation projects, and set the annual reserve, at a minimum, at the level needed to cover 100% of capital needs identified in the CNA over the HOME affordability period.

- **For new construction projects**, the Developer must deposit at least $600 PUPA annually into a Replacement Reserve. The City may consider a lower amount only if the Developer submits evidence acceptable to the City establishing that a lower deposit amount will cover 100% of likely long term capital needs over the HOME affordability period.
ATTACHMENT E:
HOME PROGRAM 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.

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.

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.

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. ______________________ 
BY: _________________________________

2. ______________________ 
ITS: _________________________________

DATE: _______________________________
ATTACHMENT F: HOME 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 HOME 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.

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.

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.

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.

e. The provisions of this clause shall be included in all subcontracts and consulting agreements.

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.

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.

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

1. __________________

2. __________________

Developer/Owner:

BY: __________________

ITS: __________________

DATE: __________________
### REQUEST FOR PROGRAM ACTION - DATA SHEETS

<table>
<thead>
<tr>
<th>Rental Real Estate Portfolio</th>
<th>Organization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily Rental Portfolio</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Name</th>
<th>City, State</th>
<th>Total Units</th>
<th>Population Served (or Building Type if Non-Residential)</th>
<th>LIHTC (Y/N)</th>
<th>% Ownership</th>
<th>New, Sub Rehab or Mod Rehab</th>
<th>Yr Built &amp; Rehab (if applied)</th>
<th>Current Physical Occupancy</th>
<th>Cash Flow after MAP Debt + Reserves</th>
<th>DCR (or ECR if no hard debt)</th>
<th>Operating Deficit Guarantee Amount</th>
<th>Amount Advanced Under ODD to Date</th>
<th>ODD Expires (Date)</th>
<th>Syndicator</th>
<th>Perm Lender</th>
<th>Describe the current status of any property with low occupancy (under 93%), negative cash flow, or a DCR below 1.05.</th>
</tr>
</thead>
</table>

**Predevelopment**

**Construction**

**Leasing up**

**Stabilized**
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 earning 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 HOME funds is to be located and provides a formal process for low-income program beneficiaries to advise the organization in affordable housing development decisions.


8. The entity has a demonstrated capacity for carrying out activities assisted with HOME funds.
APPENDIX B: CITY OF DETROIT INCOME LIMITS, HOME RENTS AND UTILITY ALLOWANCES

All units assisted with HOME funds must serve households with incomes at or below 60% of the Area Median Income (AMI), adjusted by household size, as defined below.

Income Limits [Source: 2018 HUD Income Limits]

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1 Person</th>
<th>2 Person</th>
<th>3 Person</th>
<th>4 Person</th>
<th>5 Person</th>
<th>6 Person</th>
<th>7 Person</th>
<th>8 Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% AMI</td>
<td>39,700</td>
<td>45,400</td>
<td>51,050</td>
<td>56,700</td>
<td>61,250</td>
<td>65,800</td>
<td>70,350</td>
<td>74,850</td>
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<td>60% AMI</td>
<td>29,820</td>
<td>34,080</td>
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<td>49,380</td>
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<td>50% AMI</td>
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<td>31,950</td>
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<td>38,300</td>
<td>41,150</td>
<td>44,000</td>
<td>46,800</td>
</tr>
</tbody>
</table>

HOME Maximum Rents [Source: 2018 HUD HOME Program Rent Limits]

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>0 Bedroom</th>
<th>1 Bedroom</th>
<th>2 Bedrooms</th>
<th>3 Bedrooms</th>
<th>4 Bedrooms</th>
<th>5 Bedrooms</th>
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</thead>
<tbody>
<tr>
<td>Low Home Rent Limit</td>
<td>600</td>
<td>665</td>
<td>798</td>
<td>921</td>
<td>1028</td>
<td>1135</td>
</tr>
<tr>
<td>High Home Rent</td>
<td>600</td>
<td>727</td>
<td>940</td>
<td>1238</td>
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<tr>
<td>For Information Only: Fair Market Rent</td>
<td>600</td>
<td>727</td>
<td>940</td>
<td>1238</td>
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<td>50% Rent Limit</td>
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<td>665</td>
<td>798</td>
<td>921</td>
<td>1028</td>
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<tr>
<td>65% Rent Limit</td>
<td>854</td>
<td>916</td>
<td>1102</td>
<td>1264</td>
<td>1390</td>
<td>1516</td>
</tr>
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</table>

*Adjusted Low HOME Rent or High HOME Rent corrects for last year’s incorrect hold harmless rent. For all HOME projects, the maximum allowable rent is the HUD calculated High HOME rent Limit and/or Low HOME Rent Limit.

NOTE: The rent standards above must be reduced if the tenant pays for utilities since the calculation of these rent standards includes all utilities except telephone.

Maximum Rent Example:

1 Bedroom Apartment: $648
Allowance for heat: -$ 41
Maximum Allowable HOME: $607
APPENDIX B:
2018 HUD HOME INCOME LIMITS

U.S. DEPARTMENT OF HUD
STATE: MICHIGAN

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>1 PERSON</th>
<th>2 PERSON</th>
<th>3 PERSON</th>
<th>4 PERSON</th>
<th>5 PERSON</th>
<th>6 PERSON</th>
<th>7 PERSON</th>
<th>8 PERSON</th>
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</thead>
<tbody>
<tr>
<td>Detroit-Warren-Livonia, MI HUD Metro FMR Ar</td>
<td>14900</td>
<td>17000</td>
<td>19150</td>
<td>21250</td>
<td>22350</td>
<td>23450</td>
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<tr>
<td>30% LIMITS</td>
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<td>44050</td>
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<td>49380</td>
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<tr>
<td>60% LIMITS</td>
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<td>LOW INCOME</td>
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</table>
APPENDIX C: CITY OF DETROIT UTILITY SCHEDULE
As of Dec. 2018

Monthly Allowances for Tenant-Paid Utilities

<table>
<thead>
<tr>
<th>Utility</th>
<th>0 BR</th>
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<tbody>
<tr>
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APPENDIX D: ENVIRONMENTAL REVIEW

All projects which receive HOME or CDBG 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 (4) 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 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 ("CARIO") 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 CARIO 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.¹

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

¹ 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: SECTION 3 INFORMATION

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968, federal regulation §24 CFR 135. The City of Detroit is committed to their Section 3 Program to foster local economic development, neighborhood economic development, and individual self-sufficiency. Section 3 Program requires 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.

**Employment and Training**
To demonstrate compliance with HUD Section 3 regulations, the goal is to employ Section 3 residents at least thirty percent (30%) of the aggregate number of new hires and to provide training to those new hires. Also the agreement is to provide information regarding existing employees and projected hiring needs as a part of the City of Detroit Section 3 Plan when submitting plans for HUD covered contracts.

**Contracting**
To demonstrate compliance with HUD Section 3 regulations, the goal is to contract at least 10% of the total dollar amount of all Section 3 covered construction work and 3% of the total dollar amount of all Section 3 covered non-construction work to Section 3 business concerns.

Therefore, the goals for each developer, contractor and subcontractor on a covered Section 3 project must acknowledge and actively seek to achieve the following Section 3 goals:

- At least thirty percent (30%) of the aggregate number of new hires needed to complete the project shall be Section 3 Residents; and
- At least ten percent (10%) of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- At least three percent (3%) of the total dollar amount of all covered non-construction (including routine maintenance, HVAC servicing, re-painting, lawn care, and professional services – architectural, engineering, legal services, accounting, marketing, etc.) contracts shall be awarded to Section 3 business concerns.

A Section 3 Plan is submitted when a company is bidding on or has been awarded a HUD funded covered project. When awarded HUD funds for a covered Section 3 project, the Section 3 Plan is used as a baseline for meeting the minimum goal requirements as stated above. Compliance documents:

- Section 3 Plan
- Workforce Form
- Verification of Income Form (for Section 3 Residents only)
- Section 3 Summary Report - as agreed upon depending of the length of the project (timing could be monthly, quarterly, semi-annual, and/or annual), *which could include certified payroll, unconditional waiver, or etc.*
- Section 3 Final Summary Report – at completion of project

**Section 3 Business Certification and Program Information**
Section 3 business concerns receive a preference in HUD contracting opportunities. If you would like more information on the Section 3 Program and to certify as a Section 3 business, visit Civil Rights, Inclusion & Opportunity’s (CRIIO) web page, [https://detroitmi.gov/departments/civil-rights-inclusion-opportunity-](https://detroitmi.gov/departments/civil-rights-inclusion-opportunity-)
department/section-3-program. The office is located in the Coleman A. Young Municipal Center (CAYMC), Suite 1240. The program manager is Patricia Ford, 313-224-9515, CRIOsection3@DetroitMi.gov.
APPENDIX G: SECTION 3 CLAUSE
(This clause must be included in all contracts.)

All Section 3 covered contracts shall include the following clause (referred to as the “Section 3 Clause”):

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD’s regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applications for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected by before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor’s obligations under 24 CFR part 135.

F. Noncompliance with HUD’s regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).
APPENDIX H: 2019 Targeted Multifamily Housing Areas
<table>
<thead>
<tr>
<th>Product</th>
<th>Uses</th>
<th>Required Affordability</th>
<th>Amount</th>
<th>Eligible Borrowers</th>
<th>Pricing</th>
<th>Fees</th>
<th>DSCR</th>
<th>LTV</th>
<th>Term</th>
<th>Repayment Terms</th>
<th>Guarantees, Recourse &amp; Collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Needs Assessment</td>
<td>Recovery Grant</td>
<td>Cover costs of a 3rd party Capital Needs Assessment for 100% Affordable or Naturally Occurring Affordable Housing (NOAH) projects</td>
<td>Up to $25,000</td>
<td>For profit or Nonprofit owners or purchasers of existing regulated or NOAH projects willing to preserve unit affordability</td>
<td>N/A</td>
<td>$250</td>
<td>N/A</td>
<td>N/A</td>
<td>2 Years</td>
<td>Fully repayable upon close of construction finance. Forgivable if project does not move to construction finance closing. Repayment terms cash flow contingent, negotiable on deal-by-deal basis</td>
<td>Resource to borrower. Collateral package to be negotiated on deal-by-deal basis</td>
</tr>
<tr>
<td>&quot;HOME- Equivalent&quot; Loan</td>
<td>Construction/Permanent, Mixed income, 100% Affordable or Naturally Occurring Affordable Housing (NOAH) preserving affordability</td>
<td>15% of units restricted to 60% AMI or below, and an additional 5% at 50% or below. NOAH guidelines: 50% of units at 60% AMI or below. Remaining 50% of units at 120% AMI or below</td>
<td>Up to $3MM</td>
<td>For profit or Nonprofit owners or purchasers of mixed income housing, or naturally occurring affordable housing willing to preserve unit affordability as set through loan covenants.</td>
<td>1-3%</td>
<td>1% Origination (out of pocket) + legal fees (payable from loan proceeds)</td>
<td>1.05 to 1.4</td>
<td>up to 140%</td>
<td>30 years self-amortizing. Interest only period during construction period of up to 24 months.</td>
<td>Resource to borrower. Subordinate mortgage negotiated on a deal by deal basis</td>
<td></td>
</tr>
<tr>
<td>Low Interest Mezzanine Loan</td>
<td>Construction/Permanent of 100% affordable housing</td>
<td>100% Affordable. 15% of units restricted to 60% AMI or below, and an additional 5% at 50% or below.</td>
<td>Up to $3.5MM</td>
<td>Mixed Income or 100% Affordable developments generating significant below the line cash flow.</td>
<td>3% interest</td>
<td>1% Origination (out of pocket) + legal fees (payable from loan proceeds)</td>
<td>N/A</td>
<td>up to 120%</td>
<td>12 Years</td>
<td>Up to 67% of cash flow remaining after property operating expenses and debt service.</td>
<td>Resource to the borrower. Loan evidenced by a surplus cash note with a pledge of the developer’s interest in the project. Joint &amp; Several Payment Guarantee (if for-profit). Corporate Guarantee from project sponsoring organization (if nonprofit)</td>
</tr>
</tbody>
</table>