**HARDEST HIT BLIGHT ELIMINATION PROGRAM**

**JUNE 2016 NOTICE OF FUNDING AVAILABILITY**

The Michigan Homeowner Assistance Non Profit Housing Corporation (MHA) working in conjunction with the Michigan State Housing Development Authority (MSHDA) is seeking proposals in support of targeted demolition activity within local units of governments across Michigan with the goal of initiating or triggering private investment and development; supporting current investment and development; and to promote the increase in values of the surrounding areas­. Proposals selected to participate in the Hardest Hit Blight Elimination Program will be funded by an award MHA received from the U.S. Department of Treasury.

**Award Limit:**

* For communities that have a population of 50,000 or less, the minimum award is $250,000, and the maximum award is $1,000,000;
* For communities with a population of over 50,000, the minimum award is $1,000,000 and the maximum is $5,000,000.

**Eligible Applicants:**

Local unit of government in partnership with a local Land Bank or existing Blight Partner.

Current list of existing Blight partners are:

* Michigan Land Bank
* Detroit Land Bank
* Kent County Land Bank
* Saginaw County Land Bank
* Wayne Metropolitan Community Action Agency
* Gogebic County Land Bank
* Muskegon County Land Bank
* John George Home, Inc.
* Port Huron Neighborhood Housing Corporation
* Lenawee County Land Bank
* Ingham County Land Bank
* Genesee County Land Bank

**Eligible Proposal Requirements:**

All proposals must contain and meet the following:

All local units of government along with their potential partners, must compile and submit a formal request for participation in the Hardest Hit Blight Elimination Program. These strategic plan submissions must contain:

* Description of local project areas within or immediately adjacent to the applicant’s jurisdictional limits including street boundaries, neighborhood description and rationale for the selection;

1. Rationale should include information on how the project area accomplishes one or more of the following:
   * Is in direct support of proposed investment of public or private funds including properties that will be redeveloped for residential or commercial use;
   * Is directly adjacent to or across from recent public or private investment, proposed investment, or other assets designated as critical investments or institutions by state or local officials;
   * Is critical for investment in or improvement of infrastructure, public parks or other locally or state endorsed projects;
   * Assists in the stabilization of neighborhoods with high rates of foreclosure , prevention services and/or homeownership, or other tipping point indicators;
   * Presents a visual impediment along key corridors.
2. For project areas that are immediately adjacent to the local unit of government, a description on how the project area will lead to an investment or redevelopment opportunity or otherwise have a direct stabilizing effect within the local unit’s limits. Identification of properties by address within the project areas within or immediately adjacent to the applicant’s jurisdictional limits that have been identified that are likely candidates given all of the eligibility criteria.

Property Eligibility Criteria includes those that meet all of the following:

* + Are vacant at the time of acquisition;
  + Can document that their last use was as single-family or multifamily residential 1-4 unit structure;
  + Have been either deemed a public nuisance according to local code or ordinance or deemed a nuisance because of age, physical condition, or use;
  + Has had utilities, plumbing, heating, or sewage disconnected, destroyed, removed or rendered ineffective so that the property is unable to meet state and local building code.

3. Identification of partners that will acquire property and contract for demolition. Please include an organizational description, detail of any relevant experience and list of contracts by dollar amount managed by that entity.

4. Identification of any contractors that the partner will use in carrying out the demolition. Blight partners are responsible for issuing a RFP and contract approvals with any third party hired for Blight process.

5. A detailed timeline demonstrating how all requested demolitions can be carried out within 18 months of signing a participation agreement. Current guidelines require that each partner must spend 25% of all funds in the first 6 months, up to 70% of award within 12 months of executing agreement and the remaining award of up to 100% of award must be spent within 18 months.

6. Any supporting documents required to document narrative provided such as the following:

* + Maps identifying project areas and likely demolition candidates
  + Property ownership rights for demolition candidates
* Procurement information for any contractors already selected by the program partners to insure the best possible quality and pricing

7. Selection of contractors is the sole responsibility of the Blight partners. MSHDA or MHA will not have any liability for contractors selected, though MSHDA/MHA will conduct random bi-annual audits on a percentage sampling of contractor files to ensure that qualified contractors have been selected through a RFP and are conducting the demolition following guidelines and timelines as set by MHA. The Blight Partners should select the contractors in keeping with the following minimum eligibility criteria:

* 1. Evidence of financial stability to include review financial statements and previous two years corporate tax returns. Review of these items should ensure that the contractor has sufficient capital to complete the assigned project;
  2. State of Michigan’s (SOM) residential builder’s license and/or maintenance and alterations contractor with a house wrecking designation, asbestos survey/abatement in compliance with MIOSHA (Michigan Occupational Safety & Health Administration);
  3. Evidence of Insurance- Commercial general liability coverage of no less than $2,000,000 workers compensation; and employer’s liability coverage of no less than $500,000;
  4. Automobile liability with limits not less than $1,000,000 per occurrence. Professional liability with coverage no less than $1,000,000;
  5. Current Certificates must be on file in Partners office at all times;
  6. Evidence of legal standing- contractors must be legally organized and in good standing with the SOM as evidenced by :
     1. A certified copy of the contractor's Articles of Incorporation and Good Standing Certificate (or comparable documentation if the Contractor is not a corporation), or a Certificate of Authority to Transact Business, if the contractor is a foreign corporation (or entity). All such certificates shall be dated within 30 days of submission and issued by State of Michigan’s Department of Licensing and Regulatory Affairs (LARA)
  7. A complete list of all the contractors’ board members/officers;
  8. Any operation agreements; current copies must be maintained in Partner files at all times;
  9. Evidence of Experience: Partners must verify that all contractors have a minimum of five (5) years of proven experience providing professional licensed demolition services of similar scope/scale;
  10. Surety/Performance Bond- Contractors must secure a performance bond in an amount equal to one hundred percent (100%) of the total contract amounts. Bonds must a) be issued by a bona fide company authorized to do business in the SOM and b) comply with state regulations;
  11. Partners must ensure that there is no State or Federal debarment/suspension, conflict of interest or gross program violations with all contractors;
  12. State and local licenses and permits for all workers- it is the Partners’ responsibility to ensure that any and all applicable federal, state and local laws, requirements and ordinances are met including MIOSHA designations, certification, operator license and other requirements. Contractors selected must provide to partner evidence and ongoing certification that any sub-contractor paid with Hardest Hit funds are also in compliance with all applicable federal, state and local regulations and ordinances.

8. Communities proposing demolition outside of their limits must submit documentation showing that local officials agree that demolition in the adjacent community is critical to support the redevelopment or stabilization within the core community and contained within the strategic plan.

## Historic Preservation Parameters

The United States Treasury does not consider Hardest Hit Funds to be an undertaking for purposes of Section 106 of the National Historic Preservation Act of 1966. MHA is not obligated to take into account adverse effects on historic resources targeted for demolition under the Hardest Hit Funds.

Although MHA is not obligated to take into account the effects of the Hardest Hit Funds on historic resources, MHA and the blight partners will take into account the potential effects of the Hardest Hit Funds on historic resources if it can reasonably do so without delaying the intent and purpose of the Hardest Hit Funds. During planning for demolition, the blight partners will take historic preservation into account through avoidance of adverse effects on historic resources found within National Register of Historic Places -listed historic districts, as well as those found within locally-designated historic districts under 1970 PA 169. In the event that historic resources located within either National Register of Historic Places -listed or locally designated historic districts cannot be avoided, the blight partner will take into account potential adverse effects on historic resources as follows:

In the event that historic resources targeted for demolition fall within a National Register of Historic Places -listed historic district, the blight partner will consult with the State Historic Preservation Office (SHPO) to either:

1. Avoid demolition and/or retarget the historic resource slated for demolition; or
2. Hire/engage an independent consultant who meets the historic preservation professional qualification standards (48 CFR 44716) to consult with MSHDA and the SHPO to develop alternatives and/or mitigation measures that may include recordation of the historic resource prior to its demolition.

In the event that historic resources targeted for demolition fall within a locally-designated historic district, MSHDA will avoid and retarget; however, if the property slated for demolition cannot be avoided or retargeted, MSHDA shall request from the locally- designated historic district a commission a Notice to Proceed in accordance with 1970 PA 169 and local ordinance in effect at the time of the application for the Notice to Proceed.

**Eligible Activities**

The maximum amount of Hardest Hit funds to be distributed per residential structure is $25,000. All selected local units of government and their Blight partner must complete all required and necessary steps to demolish the structure in compliance with federal, state and local requirements. Upon completion of demolition, all invoices accumulated for each specific property must be submitted to MHA for reimbursement. Costs will be remitted for the following expenses:

* Dangerous Building Inspections
* Environmental Survey and Compliance Inspection
* Abatement
* Cut and Plug (utility disconnect)
* Demolition and Permits
* Dirt cost for backfill
* Acquisition costs of structure (if applicable)
* Greening costs to include dirt, grade, seed, sidewalk repair
* Maintenance costs, including trash elimination and mowing, for property (maximum per property $750)
* Project Management Fee (maximum per structure $500)

A mortgage will be placed on the property for a total of all costs incurred for the demolition of the structure. The mortgage loan will be for a 0% non-amortizing, forgivable over a 5-year term at 20% per year as long as the conditions are met; outstanding balance of loan will be due on sale, or transfer of the property, to the extent of net proceeds received. Special consideration may be made by MHA to release the mortgage prior to 5-year term based on merit of request and to promote positive economic impact to community on a case-by-case basis.

**Application Process/Deadline**

Applicants must submit a strategic plan for residential demolition by email to [townleym1@michigan.gov](mailto:townleym1@michigan.gov) or mail through USPS to:

Mary Townley, Vice President

MHA

C/O MSHDA

735 E. Michigan Avenue

P. O. Box 30044

Lansing, MI 48909

517-373-6864

**Applications must be received on or before 5:00 PM on July 13, 2016.**

**Questions regarding this NOFA may be submitted in writing on or before 5:00 on July 6, 2016, to:**

Mary Townley at 517-373-6864 or [townleym1@michigan.gov](mailto:townleym1@michigan.gov)

Responses to questions will be posted to [www.michigan.gov/mshda](http://www.michigan.gov/mshda) on or before July 11, 2016. Click on Spotlight/Step Forward Mortgage Assistance and Blight Program/Additional Information.