



Alpena County Home Improvement Program

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MEMORANDUM

DATE: July 19, 2022
TO: Alpena County Board of Commissioners
FROM: Nicki Janish, Director
SUBJECT: Procedural Guidelines for Home Improvement Program

Attached to this memorandum is a current copy of Alpena County Home Improvement Program's Procedural Guidelines along with Chapter 15 of MEDC's Grant Application Manual that pertains to CDBG Program Income and Emergency Repair.

Procedural Guidelines have been in place at the Home Improvement Program for as far back as I believe the program has existed. We are required to have them. MEDC reviews and approves them for the CDBG Program Income Emergency Repair Program; Rural Development requires them for Housing Preservation Grant (HPG) opportunities; and MSHDA requires them for all of its grant opportunities. Each of those has different requirements. We have the option to have one set of guidelines that is all-inclusive of everyone's rules and requirements, or we can have separate guidelines that comply with each grantor's requirements. We have historically had sort of a combination of both.

Over the years, required language has been copied and pasted into the document, and the result is what you see here, which is a difficult-to-follow set of guidelines that includes language that we do not have to have. These guidelines were approved by MEDC in September 2018. They are a modified version of what was formerly approved by MSHDA, with the reference to MSHDA throughout the document simply removed.

We have policies in print that we as the local unit of government have complete discretion over. While I have already put a great deal of time cleaning up these guidelines into a much more user-friendly format, to complete that process, I would like to bring your attention and seek approval to change some things in these guidelines that will help this Program assist homeowners better and operate more smoothly and efficiently.



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Presently, our primary source of funding is CDBG Program Income. For that reason, it is my recommendation to establish our procedural guidelines based on what is required for our Emergency Repair Program from that funding.

From there, I can add the required language for HPG opportunities through Rural Development and have a clean set of guidelines for that purpose; and I can create yet a third set of guidelines that meet all of MSHDA's requirements.

Here are the changes that I would like to discuss/propose:

1. The entire set of guidelines refers to the Alpena Housing/Finance Committee, and with the recent addition of a County Administrator and the removal of a Housing Board as it previously existed, the entire document requires updating.
2. Because of the BS&A Software that the County utilizes, a large amount of the Office Procedures section of the guidelines requires updating.
3. Presently and historically, we lien all projects. We offer deferred loans to applicants at or below 50% AMI, and we offer local loans at 0-3% interest to applicants at or below 80% AMI. We are not required to do so.

MEDC specifically says, "UGLG's have the flexibility under the CDBG Program Income Emergency Repair to design programs that meet the needs of their residents" (MEDC-CDBG Chapter 15, Page 4, Section 2).

MEDC also says, "The UGLG, has the discretion to provide a grant, or a mortgage loan. The CDBG does not require Liens, nor repayment of mortgage loans. It is for the UGLG to determine and comply with their own policy regarding CDBG Program Income Emergency Repair liens" (MEDC-CDBG chapter 15, Page 5, Section 4).

Obviously, assistance in the form of a loan creates future payments back to the program, which ultimately helps keep the program alive. While continuing to lien most projects, I would ask for your consideration to do the following:

- Continue to offer applicants at or below 50% AMI deferred loans at 0% interest
- Continue to offer applicants higher than 50% AMI but less than or equal to 80% AMI a local loan, but keep all loans at 0% interest. Any interest accruing on loans goes back into program income, it amounts to very little, and the effort in tracking and collecting the added interest by far outweighs the future benefit to homeowners in the community.
- Offer a grant for smaller projects that do not exceed a set dollar amount (i.e., \$3,000, \$5,000, \$7,500, etc.) and limit the amount of funds that are offered in the form of a grant during each fiscal year – perhaps 20%. This would allow the Program to assist low-income homeowners



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with smaller projects (i.e., hot water heaters, furnaces, porches and/or ramps, sewer lines, roof/chimney repairs, some electrical and plumbing work, etc.) without placing a mortgage on their home.

This should bring in more applicants and reduce the number of mortgages for smaller dollar amounts, thus eliminating a great deal of time and energy that is spent on collection efforts and enforcing homeowner compliance regarding property taxes and homeowners insurance. Possible foreclosures on homes over the smallest of dollar amounts could be reduced, allowing the Program to focus more of its efforts on working toward the real mission of the Home Improvement Program.

4. Under applicant eligibility, we presently have a maximum liquid asset limit of \$10,000. That dollar amount has been in place for many years, perhaps even decades, and while it may have been a reasonable limit at one time, I do not believe it is consistent with the rising costs of home repair projects. For example, a homeowner can be low income and have \$12,000 in the bank, but still not afford to replace a leaking roof on their home. They would otherwise qualify for our Program, and I believe these are homeowners that we still want to be able to assist.
5. Because this is an emergency repair program, reference to a bidding process in our guidelines is not actually relevant. A sealed bid process should not be included at all, and I believe it would be appropriate to refer to "bids and/or estimates" throughout the document. Emergency repair projects are intended to be time sensitive and I would ask that our guidelines reflect the same.
6. Lastly, I believe that without having a housing board, it would be the expectation for the housing director to present all projects for approval to the Full Board at its monthly meetings. This language should be reflected in the guidelines, but I would propose adding language that gives the housing director the authority to move forward on emergency repair projects prior to board approval when no applicant criteria elements are in question and project costs do not exceed a fixed dollar amount (perhaps \$10,000). It would still be the duty of the housing director to present those projects to the Full Board at the next available meeting after the fact; however, it could keep simple projects going forward without any unnecessary delay.

I appreciate your time on this matter. I know this is lengthy, but these are matters that have not been reviewed in a very long time, and in some cases, matters that have never been brought to anyone's attention to be reconsidered, yet they are very important in the continuation and success of the Home Improvement Program.



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