

BLIGHT ELIMINATION PROGRAM

APPLICATION WORKSHOP



Blight Elimination Program

■ MHC Staff

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Blight Elimination Program

- **BEP is funded by the U.S. Department of Treasury**
- **Blight Elimination activities are designed to prevent foreclosure and stabilize neighborhoods**
- **BEP is part of the Troubled Asset Relief Program which gave the U.S. Department of Treasury purchasing power to buy illiquid mortgage-backed securities**



Blight Elimination Program

- **Goal is to stabilize property values by removing and greening vacant and blighted properties**
- **MHC will make \$20 million available from the Hardest Hit Fund Program for demolition activities statewide**
- **MHC anticipates that approximately 2,000 homes can be demolished statewide at an average cost of \$10,000**



Blight Elimination Program

- **Local units of government and county governments are eligible to apply**
- **Each applicant must have at least one Blight Partner to hold title to the lot(s) prior to demolition**
- **MHC will accept BEP applications year round on a first-come, first-served basis until all program funds are exhausted**



Blight Elimination Program

- Applicants can receive awards up to \$500,000 at a time
- Upon successful completion of a project, applicants will be permitted to apply for additional funds
- All applicants will be permitted to reapply for funds if they are denied initially



SIGTARP Audit Priorities

*SIGTARP – “Special Inspector General for Troubled Asset Relief Program”
Established by Congress to monitor the use and impact of TARP.*

- 1. Identify vulnerabilities to fraud in the HHF demolition programs**
- 2. Identify possible fraud by contractors, city or state agencies, or other local partners**
- 3. Identify waste by demolition contractors, city or state agencies, or other local partners**
- 4. Identify wasteful spending by state agencies paid with HHF dollars or their contractors**
- 5. Identify abuse by city or state agencies, or other local partners**
- 6. Identify mismanagement or inefficiency by state agencies paid with TARP dollars**
- 7. Identify potential cost savings and make recommendations**



Application Process

- The BEP Application has 12 questions
- Each question is worth between 5 and 15 points
- The maximum score possible is 180 points
- The minimum score for an award is 120 points



BEP Application

1. Existing Demolition Program
2. Staff Capacity
3. Demonstrated Need (*Target Areas*)
4. Timeline – Condemned Property List
5. Project Description (part of a comprehensive plan)
6. Post Demolition Property Maintenance
7. End Use
8. Demolition Costs
9. Acquisition Costs
10. Contribution of Funds
11. Licensed Contractors and Waste Disposal
12. Blight Partnerships



MHC Evaluation

1. Existing Demolition Program:

- Ideal candidates will have active demolition programs or have completed demolition within the past year

2. Staff Capacity:

- Ideal candidates will have staff with at least three years demolition experience

3. Demonstrated Need:

- The project must be located in one of the state's target areas



MHC Evaluation

4. Ability to Meet Timelines:

- Ideal candidates will have a list of condemned properties that have already been approved by the local unit of government

5. Project Description:

- Ideal projects will be part of a community revitalization or economic development plan

6. Post Demolition Activities and Maintenance:

- Ideal candidates will have dedicated staff with a 36 month property maintenance plan after demolition



MHC Evaluation

7. End Use:

- Ideal candidates will have a pre-determined end use for the vacant lot, e.g., community revitalization program

8. Total Demolition Costs:

- Ideal candidates will spend less on demolition costs including acquisition and property maintenance administration

9. Acquisition Costs:

- Ideal candidates will already have acquired blighted property or will be able to acquire property within the limits of the BEP



MHC Evaluation

10. Contribution of Funds:

- Ideal candidates will contribute funds or services towards the costs of blight elimination

11. Licensed Contractors and Waste Disposal:

- Ideal candidates will have staff with HUD or state procurement process experience for selecting contractors and knowledge of the local waste disposal facilities

12. Blight Partnerships:

- Ideal candidates will have a blight partner that have five years

 of blight elimination experience

Property demolition process

- Pre-Demolition Requirements
- Project Budget
- Post-Demolition Reimbursement
- Property Maintenance
- Property Close-Out



Pre-demolition requirements

- **Acquisition of Property (Blight Partner)**
 - Blight Partner must be the owner of record for the property at time of demolition
- **Contractor Procurement**
 - Grantee must ensure that contracts for demolition and other blight elimination activities are awarded through full and open competition, consistent with practices required under Federal, state or local laws.
- **Required Documents Submission**
 - MHC will require certain documentation to be submitted for each property prior to demolition activity.



Required Documents

The documents below are required to be submitted for each property prior to the demolition of the structure. The property address must be clearly identified on all documentation.

- 1 Evidence that the Blight Partner owns the property
- 2 Closing Statement for Property Acquisition (acquisition only)
- 3 Copy of Public Advertisement for Demolition Bids
- 4 Copy of all Demolition Bids Received
- 5 Demolition Contract
- 6 Identity of Interest Statement (*HHF/BEP Form 0205*)
- 7 Copy of Contractor's Insurance
- 8 Appraisal (acquisition only)
- 9 Copy of Survey or Legal Description of Property
- 10 Current Photos of the Property



Project Budget

- **Project Costs**
 - Eligible Costs are outlined in the Allowable Expense Chart (HHF/BEP Form 0103)
 - Maximum Cost of \$15,000 per property includes Acquisition, Demolition, and Admin/Maintenance costs.
- **Interim Financing for Demolition**
 - MHC Revolving Loan Fund
 - Grantee may elect to use own funds for interim financing



Post-demolition REIMBURSEMENT

BEP Funds may only be used to reimburse program partners for costs that are both necessary and reasonable for the completion of requisite blight elimination activities.

- **Final Invoices/Bills submitted**
 - Grantee must certify that all invoices have been submitted.
- **Letter of Attestation**
 - Certification from the Grantee that all requirements of the Blight Elimination Program have been met.
- **Inspection**
 - MHC may conduct a field inspection prior to reimbursement of funds.
- **HHF Demand Note Executed**
 - The Demand Note will be structured as a zero percent, non-amortizing three year note, secured by a mortgage against the
 - property.



Property MAINTENANCE

- **Maintenance**
 - Property must be maintained for 36 months
- **Reimbursement**
 - Grantees may request reimbursement for maintenance costs at the end of each calendar year
- **Maximum Maintenance Expense**
 - MHC will only reimburse up to \$500 in maintenance costs per year



Property close-out

- **HHF Loan Forgiveness**
 - The HHF Loan will be forgiven at a rate of 33 1/3% each year for a total of three years.
- **Property Lien Release**
 - MHC will execute a lien release for each property that meets all requirements.



BEP Target Areas

- **MHC has identified 1,026 block groups (almost half the state's total) where there is potential that removing blighted properties will stabilize property values and mortgages of existing residential homeowners**
- **MHC is encouraging communities to focus blight elimination in areas with a higher Blight Potential Index score**

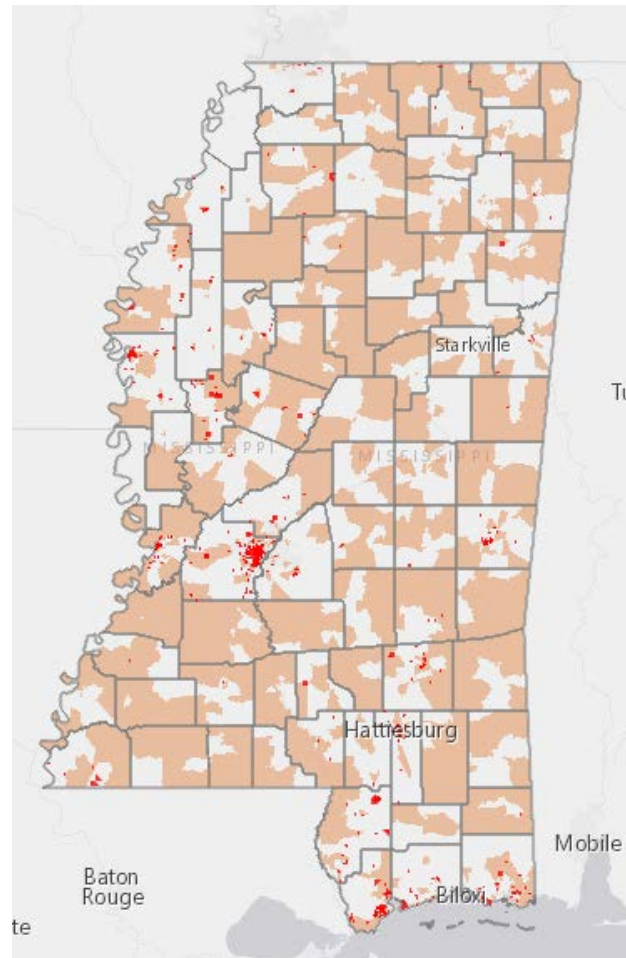


Blight Potential Index

- **Target Areas identified using an index consisting of:**
 - Median Value of Homes
 - Vacancy Percentage
 - Single Family Unit Density
 - Home Ownership Percentage



Eligible Areas



Important Information

- Pre-Demolition Submission Package

- The link for the archive is:

<https://archivemhc.com/hhf/>

- The link for questions about BEP and the application process is: hhf.bep@mshc.com

- The link for the MHC website is:

<https://www.mshomecorp.com/federal-programs/>



Questions

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