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Housing and Revitalization Department
CITY OF DETROIT

Coleman A. Young Municipal Center
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Detroit, Michigan 48226

Phone: 313.224.6380
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May 19, 2023

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

RE: Request to Accept and Appropriate the Choice Neighborhoods Implementation Supplemental Grant from the U.S. Department of Housing & Urban Development (HUD)

Honorable City Council:

The U.S. Department of Housing & Urban Development ("HUD") has awarded the City of Detroit ("City"), through its Housing and Revitalization Department ("HRD"), a Choice Neighborhoods Implementation Supplemental Grant in the total amount of $5,000,000.00 ("CNI Grant"). The City must meet a five percent (5%) matching requirement that HRD intends to satisfy by investing a minimum of $250,000 in federal HOME Investment Partnership Program funds (Appropriation # **10821**) into the redevelopment of Clement Kern Gardens, the target housing site for the Choice Neighborhoods grant within the City's Greater Corktown Neighborhood, subject to applicable underwriting and environmental review requirements.

The objective of the CNI Supplemental Grant will be to support the transformation of a locally planned and defined geographic area that contains a severely distressed HUD-assisted site into a thriving mixed-income and mixed-use community. The CNI Supplemental Grant was awarded to the City specifically to address construction of mixed-income Choice Neighborhoods housing developments in the Greater Corktown Neighborhood, which is generally bounded by M-10, West Fort St, 8th Street, the Detroit River, Rosa Parks Boulevard, West Lafayette Boulevard, 16th Street, the former Canada Pacific Railway, I-75, Martin Luther King Jr Boulevard, and Grand River Avenue.

If approved, the $5,000,000.00 in CNI Supplemental Grant funding received from HUD will be accepted and appropriated by the City in Appropriation No. 20971.

We hereby request that your Honorable Body adopt the attached resolution to: (1) authorize the City to accept the CNI Supplemental Grant, (2) accept and appropriate all funding received from the CNI Supplemental Grant into Appropriation No. 20971 and (3) acknowledge and support the required City match for the CNI Supplemental Grant as administered by HRD.

Respectfully Submitted,

DocuSigned by:
E17650515DAF4C9...
Julie Schneider
Director, Housing and Revitalization

DocuSigned by:
Donald R Johnson
34F9071313554A4...
Office of Budget

Attachment

cc: Gail Fulton, Mayor's Office
Val Miller, HRD

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BY COUNCIL MEMBER _____

WHEREAS, on January 24, 2023, Detroit City Council adopted a resolution authorizing the City of Detroit ("City") to prepare, sign and submit an application to the U.S. Department of Housing & Urban Development ("HUD") for a Supplemental Choice Neighborhoods Implementation Grant to support certain projects and services within the Greater Corktown Neighborhood as defined below ("CNI Grant Application"); and

WHEREAS, HUD has awarded the City, by and through its Housing & Revitalization Department ("HRD"), a Choice Neighborhoods Implementation Supplemental Grant in the amount of $5,000,000.00 (the "CNI Grant") to support the transformation of a locally planned and geographic area inclusive of a severely distressed HUD assisted site into a vibrant, mixed-income and mixed-use community in the City; and

WHEREAS, the CNI Grant was awarded to the City by HUD specifically to support certain affordable housing project improvements and supportive services within the "Greater Corktown Neighborhood", which is referred to herein and identified as being generally bounded by M-10, West Fort St, 8th Street, the Detroit River, Rosa Parks Boulevard, West Lafayette Boulevard, 16th Street, the former Canada Pacific Railway, I-75, Martin Luther King Jr Boulevard, and Grand River Avenue; and

WHEREAS, the CNI Supplemental Grant requires a five percent (5%) matching requirement that HRD intends to satisfy by investing a minimum of $250,000 in federal HOME Investment Partnership Program funds (Appropriation # **10821**) into the redevelopment of Clement Kern Gardens, the target housing site for the Choice Neighborhoods grant within the City's Greater Corktown Neighborhood, subject to applicable underwriting and environmental review requirements.

WHEREAS, as a requirement to accepting the CNI Grant, the City is required to execute that certain Form HUD-1044 and that certain FY 2022 Choice Neighborhoods Implementation Supplemental Grant Agreement attached hereto in Exhibit A and incorporated herein (together the "CNI Grant Supplemental Agreement"); and

RESOLVED, Office of Budget Director has approved that the CNI Supplemental Grant funds be accepted and increase Appropriation No. 20971 by $5,000,000.00; and now therefore be it

RESOLVED, Detroit City Council hereby approves the City's acceptance of the CNI Supplemental Grant to specifically support certain projects and services within the Greater Corktown Neighborhood that were identified in the CNI Supplemental Grant Application; and be it further

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RESOLVED, that Detroit City Council hereby acknowledges and approves that the CNI Supplemental Match requirement will be satisfied by HRD with other Federal Community Development Block Grant Program and/or HOME Investment Partnership Program funds invested into certain identified affordable housing projects and competitive Critical Community Improvement projects within the Greater Corktown Neighborhood; and be it

RESOLVED, that the City's Mayor, Director of the Housing and Revitalization Department and/or their authorized designees are hereby authorized to execute on behalf of the City the CNI Supplemental Grant Agreement and any other documents required by the CNI Grant; and be it finally

RESOLVED, that the Office of the Chief Financial Officer be and is hereby authorized to increase the necessary accounts and honor expenditures, vouchers and payrolls when presented in accordance with the foregoing communication and standard City procedures.

(See attached Exhibit A)

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EXHIBIT A

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FY 2022 Choice Neighborhoods Supplemental Grant Agreement

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FY 2022 Choice Neighborhoods
SUPPLEMENTAL GRANT AGREEMENT

This grant agreement ("Grant Agreement") is made by and between the United States Department of Housing and Urban Development ("HUD") and the Lead and Co-Applicant (if applicable) (collectively, the "Grantee"). On April 11, 2023, HUD awarded the Grantee a Choice Neighborhoods Supplemental Grant ("Supplemental Grant"), for the construction of replacement housing in mixed-income developments related to a previously awarded Choice Neighborhoods Implementation Grant. To the greatest extent practicable, the Grantee's Choice Neighborhoods Implementation Grant Agreement and this Supplemental Grant Agreement will be read consistently. In the event of a conflict between these Agreements, HUD will, in its sole discretion, resolve the conflict.

HUD agrees, subject to the terms of this Grant Agreement, to provide Supplemental Grant funds to the Grantee, in the total amount listed on the form HUD-1044. The same entity that is/was designated with access to the Line of Credit Control System (LOCCS) for drawing down grant funds for the previously awarded Choice Neighborhoods Implementation Grant will be the designated entity to draw down funds for this grant.

The assistance that is the subject of this Grant Agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937, the Consolidated Appropriations Act, 2021 (Public Law 116-260, approved December 27, 2020), and Consolidated Appropriations Act, 2022 (Public Law 117-103, enacted March 15, 2022) (collectively the "Choice Neighborhoods Authorization").

The Assistance Award/Amendment form (HUD-1044) and Exhibit A are incorporated into and subject to the terms of this Grant Agreement.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

ARTICLE I. Grant Award Date and Period of Performance

The Grant Award Date is April 11, 2023. The Period of Performance Start Date is one day after the Grant Award Date (April 12, 2023) and the End Date is either three years from the date of the Grant Agreement execution or one year after the expiration date of the current Implementation Grant, whichever is later. Refer to the HUD-1044 form for the specific applicable date.

ARTICLE II. Choice Neighborhoods Requirements

The Grantee agrees to conduct all activities assisted with funds provided under this Grant Agreement in accordance with the following requirements, as such requirements now exist or as they may hereafter be amended (hereafter collectively referred to as the "Choice Neighborhoods Requirements"):

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A. the U.S. Housing Act of 1937, as amended (the "1937 Act"), as applicable, and all implementing regulations;

B. the Consolidated Appropriations Act, 2021 (Public Law 116-260, approved December 27, 2020) and Consolidated Appropriations Act, 2022 (Public Law 117-103, enacted March 15, 2022);

C. the Fiscal Year (FY) 2022 Notice of Funding Opportunity for the Choice Neighborhoods Initiative Implementation Grants published via Grants.gov on September 30, 2022 (the "Choice Neighborhoods Implementation NOFO").

D. 31 U.S.C. § 1552. In accordance with this statute, all FY 2021 funding must be expended by September 30, 2028, and all FY 2022 funding must be expended by September 30, 2031. Any funds that are not expended by that date will be cancelled and recaptured by the Treasury, and thereafter will not be available for obligation or expenditure for any purpose. **However, as stated in the NOFO, the Grant Term for this Supplemental Grant is either three years from the date of the Grant Agreement execution or one year after the expiration date of the current Implementation Grant, whichever is later.**

E. In accordance with section 24(e)(2)(D) of the 1937 Act, Grantees must involve affected residents of the targeted public and/or assisted housing during the implementation process. Grantees are required to involve the affected public and/or assisted housing residents in the implementation of the Transformation Plan. This involvement must be continuous from the beginning of the planning process through the implementation and management of the grant. In addition to the statutory requirement, unless HUD indicates otherwise in writing, Grantees will be expected to undertake resident and community involvement in a manner and method at least as comprehensive as that described in your grant application.

F. all executive orders applicable to the activities being conducted with funds provided under this Grant Agreement;

G. the terms and requirements of this Grant Agreement, and any amendments or addenda thereto;

H. all other applicable Federal requirements, including, without limitation, those set forth the FY 2021 and FY 2022 appropriations acts and those set forth in Appendix A; and

I. all regulations, handbooks, notices, and policies applicable to the activities being conducted with funds provided under this Grant Agreement.

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ARTICLE III. Program Overview

Goals of the Choice Neighborhoods Program. The Choice Neighborhoods Program employs a comprehensive approach to neighborhood transformation. The program transforms neighborhoods of concentrated poverty into mixed-income neighborhoods of long-term viability by revitalizing severely distressed public and/or assisted housing; improving access to economic opportunities; and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs. Choice Neighborhoods ensures that current residents benefit from this transformation by preserving affordable housing in the neighborhood or providing the choice to move to affordable housing in another neighborhood of opportunity. The purpose of this grant is to implement a Transformation Plan that has been developed through a local planning process and furthers the goals of the Choice Neighborhoods Program. The core goals of Choice Neighborhoods are:

1. **Housing**: Replace severely distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
2. **People**: Improve outcomes of households living in the target housing related to employment and income, health, and children's education; and
3. **Neighborhood**: Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

ARTICLE IV. Choice Neighborhoods Transformation Plan

A. The Grantee's Choice Neighborhoods Transformation Plan ("Transformation Plan"), previously funded with a Choice Neighborhoods Implementation Grant, consists of a document or documents reviewed and approved by HUD through its grant management of the previously awarded Choice Neighborhoods Implementation Grant to govern the transformation of the neighborhood. This Supplemental Grant is intended to support continued progress in developing the Housing component of the Transformation Plan.

ARTICLE V. Supplemental Grant Activities and Requirements

A. Program Activities. Supplemental Grant funds may only be used for the construction of replacement housing in mixed-income developments as detailed in the Transformation Plan of the original Choice Neighborhoods Implementation Grant. All funding will be put in the Dwelling Structures Budget Line Item (BLI 1460) on the Choice Neighborhoods budget form. These grant funds may not be used for any other activity that is typically eligible with Choice Neighborhoods funding. In addition, Grantees must continue to demonstrate that this Supplemental Grant does not supplant planned uses with the original Implementation Grant

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funds. Accordingly, recipients of a Supplemental Grant will not be able to revise the budget of the original Implementation Grant to reduce the amount of funding budgeted for unit development (BLI 1460) nor increase the budget for other activities such as Administration (BLI 1410) and Fees & Costs (BLI 1430).

B. Program Requirements. Grantees must continue to comply with the Program Requirements stated in the Choice Neighborhoods Implementation NOFA/NOFO under which the Implementation Grant was previously awarded and the Implementation Grant Agreement.

ARTICLE VI. Changes to the Transformation Plan

A. Changes Requiring Prior HUD Approval. If the following activities in the application are to be modified or amended, the Grantee must request and obtain prior written HUD approval:

1. the Program Schedule. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions that will materially impair the Grantee's ability to comply with the Program Schedule, and include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation. HUD must approve any proposed changes to the Program Schedule that would modify any date or time period;
2. the form of program oversight or governance;
3. the Housing plan, including the number of housing units to be developed or rehabilitated in a phase (whether or not there is an associated budgetary revision requiring prior approval), the unit mix, the location of housing, the design, or any other changes that materially affect the Transformation Plan;
4. an extension of the Grant Term of this Supplemental Grant provided under this Grant Agreement, not to go beyond the statutory timeframes; and
5. changes in the entities or individuals, including any key partners specified in the Transformation Plan as having key responsibilities for implementing the Transformation Plan (or any component(s) of the Transformation Plan). Subgranting, subcontracting or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the Transformation Plan will constitute such a change in entities or individuals.

B. Changes Requiring Grant Agreement Amendment. For the following types of revisions to the Transformation Plan, the Grantee must submit a written request to HUD and must receive HUD's written authorization prior to making any such changes:

1. change in the total dollar amount of the grant; and/or
2. change in the Development for which funds provided under this Grant Agreement are made available.

Upon HUD's written approval, the change will be implemented by the execution of an amendment to this Grant Agreement and shall consist of a revised Form HUD-1044 if there is a change in the dollar amount of the grant.

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ARTICLE VII. Choice Neighborhoods Budget and Funding Requests

A. Budget. The Grantee must ensure that funds provided under this Grant Agreement are expended in accordance with the Choice Neighborhoods Requirements and a Choice Neighborhoods Budget. HUD will release these grant funds in LOCCS for drawdown in conjunction with HUD's final approval of a housing development proposal and related evidentiary documents.

B. Budget Form. Each budget submitted in accordance with paragraph (A) of this Article must be submitted on the Choice Neighborhoods Implementation Grants Budget Form (form HUD-53236). Part I must be signed and dated by the Lead Grantee, and Part II must include a detailed description of the uses of the funds. Grantees should also track their leveraged fund expenditures and maintain this information on file should HUD request it.

C. Program Income. Program Income is defined in 2 CFR § 200.1, or successor regulation. If the Grantee receives program income:

1. During the Grant Term (prior to grant closeout), program income from repayment of loans and/or other sources:
   a. must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes, unless otherwise approved by HUD; and
   b. must be used for eligible activities authorized under this Grant Agreement before the Grantee may draw down additional cash payments from the Choice Neighborhoods Grant.
2. after grant closeout, program income from repayment of loans and/or other sources must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes. Before the grant is closed out, Grantee will provide a plan to HUD for how program income will be reinvested, in a form and substance that is acceptable to HUD. HUD will determine with the Grantee what the sources of program income are.

The language of this provision, article VI (C), shall survive grant close-out and termination of this Grant Agreement.

ARTICLE VIII. Project Drawdowns

A. LOCCS Payment System. Consistent with 2 CFR Part 200, the Grantee will request all drawdowns of Supplemental Grant funds through LOCCS, unless and until another payment system is designated by HUD. The Grantee will comply with all rules, guidelines, and notices established for Choice Neighborhoods under LOCCS, or any substitute system, in connection with any drawdown of Supplemental Grant funds. If HUD designates a different payment system, it will be based upon the provisions of 2 CFR § 200.305.

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B. Drawdowns.

1. The Grantee may draw down Supplemental Grant funds for a Budget Line Item (BLI) in an amount up to 100 percent of the amount of that BLI that HUD has approved and made available for drawdown.
2. HUD approval is required for any request for funds in excess of 10 percent of the entire grant amount in a month. The Grantee must submit copies of the invoices supporting the drawdown amount to the Team Coordinator for review.

C. Drawdown Consequences of Default.

1. Withholding of Payments. HUD may withhold payments in accordance with 24 CFR § 200.339.
2. Grantee Representations. Each drawdown request by the Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).
3. Overdue Reports. If the Grantee fails to file with HUD any quarterly report, HUD may elect to suspend draws under this Grant Agreement until the Grantee comes into compliance.

ARTICLE VIII. Matching and Leveraged Funds

A. Match Requirements. In accordance with section 24(c) of the 1937 Act (42 U.S.C. 1437v(c)), Grantee must have secured a match in the amount of 5 percent of the grant amount in cash or in-kind donations.

B. Match Donations and Leverage Resources. Grantee shall keep documentation on matching and leveraged funds during the term of this Grant Agreement and shall provide this documentation in a format acceptable to HUD upon request by HUD, until the closeout of this grant. The documentation should show that the funds are secured and the Grantee should keep records showing how those funds have been expended over time.

ARTICLE IX. Grantees, Subgrantees and Contractors

A. General Grantee Responsibilities.

1. Choice Neighborhoods Requirements. The Grantee shall ensure that any entity to which it makes grant funds available will comply with the Choice Neighborhoods Requirements.
2. Required Certifications.
   a. The Grantee must ensure that all subgrantees and contractors execute an original document in the form of Exhibit A to this Grant Agreement at the time the Grantee executes any contract with any subgrantee or contractor to provide goods or services

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under this Grant Agreement. The Grantee will retain the executed original certificate together with the executed contract documents.

b. Grantees that are public housing authorities (PHA Grantee) must ensure that the requirements contained in the General Conditions for Non-Construction Form (Form 5370-C) are included in any solicitation in connection with non-construction contracts that will be made by the PHA Grantee and paid for with assistance under this Grant Agreement. Such conditions must also be included in any non-construction contract entered into by the PHA Grantee.

c. Certifications required by 2 CFR 200.415.

B. Administrative Requirements for Grantees. Public housing authority, local government, Indian tribe, and non-profit entity grantees are subject to 2 CFR Part 200.

C. Administrative Requirements for Subgrantees and Related Agreements

1. Public housing authority, local government, Indian tribe, and non-profit subgrantees are subject to the requirements of 2 CFR Part 200.
2. Suspension and Debarment. Grantees are subject to the requirements of 2 CFR 200.214.
3. Grantee Responsibilities Regarding Subgrantees. Grantees will be responsible for:
   a. ensuring that subgrantees are aware of the requirements imposed upon them by Federal statutes, regulations, and this Grant Agreement;
   b. ensuring that all subgrant agreements include any clauses required by Federal statutes and their implementing regulations and executive orders; and
   c. monitoring subgrantees' performance to ensure compliance with this Grant Agreement.

D. Administrative Requirements for Contractors and Subcontractors and Related Contracts.

1. Grantee Responsibilities Regarding Contractors and Subcontractors. Grantees that are subject to 2 CFR Part 200 as described in (B) of this Article will be responsible for the following:
   a. Grantee shall obtain the services of a for-profit entity through a competitive procurement under 2 CFR Part 200. However, if the Grantee can demonstrate to HUD that the services to be provided by the for-profit entity can be obtained only from that one source, the Grantee may request HUD approval to select the entity under a sole-source procurement in accordance with 2 CFR 200.230(f).
   b. Consultant Services. Grantees shall obtain consultant services provided under an independent contractor relationship pursuant to 2 CFR Part 200.
2. Trigger for the Submission of Contracts. Contract documents must be submitted to HUD for prior approval if required by 2 CFR Part 200, Subpart D, or if requested by HUD. Any modification of such contracts is also subject to HUD's written approval before execution.
3. Debarred or Suspended Parties. Grantees must comply with 2 CFR 200.214.

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ARTICLE X. No Third-Party Rights

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third-party beneficiaries to this Grant Agreement. Nothing in this Grant Agreement may be construed as conferring the status of third-party beneficiary upon the residents; and in no event shall any entity other than the Grantee have direct rights to the Supplemental Grant funds provided for under this Grant Agreement.

ARTICLE XI. Conflict of Interest

A. Prohibition. The Grantee shall comply with the conflict of interest requirements in 2 CFR 200.318. No person who is an employee, agent, officer, or elected or appointed official of the Grantee or member of his immediate family and who exercises any functions or responsibilities with respect to activities assisted under this Supplemental Grant may have a direct interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder.

B. HUD-Approved Exception.

1. Standard. HUD may grant an exception to the prohibition in paragraph (A) of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.
2. Procedure. HUD will consider granting a regulatory waiver only after the Grantee has provided a written request which provides a disclosure of the nature of the conflict, accompanied by:
    a. an assurance that there has been public disclosure of the conflict;
    b. a description of how the public disclosure was made; and
    c. an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.
3. Consideration of Relevant Factors. In determining whether to grant a requested exception under paragraph (B)(2) of this Article, HUD will consider the cumulative effect of the following factors, where applicable:
    a. whether the exception would provide a significant cost benefit or an essential degree of expertise to the Transformation Plan that would otherwise not be available;
    b. whether an opportunity was provided for open competitive bidding or negotiation;
    c. whether the affected person is a member of a group or class intended to be the beneficiaries of the Transformation Plan and the exception will permit such person to receive generally the same interests or benefits that are being made available or provided to the group or class;
    d. whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process, with respect to the specific activity in question;
    e. whether the interest or benefit was present before the affected person was in a position as described in paragraph (A) of this Article;

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f. whether undue hardship will result either to the Grantee or the affected person when weighed against the public interest served by avoiding the prohibited conflict; and
g. any other relevant considerations.

ARTICLE XII. Reporting Requirements

A. Quarterly Report.

1. The Grantee will continue to submit to HUD a Quarterly Report as prescribed by HUD in accordance with the schedule established by HUD, presently via the CN Inform System.
2. Failure to submit a timely Quarterly Report to HUD will result in a suspension of Supplemental Grant funds in LOCCS until such time as the report is received and approved by HUD, and/or any other default remedy authorized by Article XIII.

B. Obligations and Expenditures. The Grantee must enter cumulative obligation and expenditure data into LOCCS by the due dates established by HUD, whether or not there has been any change in the cumulative amounts since the end of the last quarter.

C. End of Grant Report. Grantees are required to submit a report at the end of this Supplemental Grant to append to the end of grant report provided at the termination of the original Choice Neighborhoods Implementation Grant. The final report must be submitted to HUD within 120 days of the end of the Grant Term.

D. Program Income Reporting. As necessary, Grantees will amend the Program Income Report developed at the end of the original Choice Neighborhoods Implementation Grant to include this Supplemental Grant. Until all housing units in the Housing Plan are complete, grantees must submit an annual Program Income Report to HUD by September 30 of each year identifying all sources and uses of Program Income. Upon completion of all housing units, the Grantee will no longer be required to submit a Program Income Report; however, for the remainder of the 15-year program income period, HUD reserves the right to request an accounting of Program Income funds.

E. Additional Information Requests. Subject to paragraph (D) of this Article, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the Choice Neighborhoods Program. The Grantee will:

1. fully cooperate with all reasonable information gathering requests made by HUD or contractors of HUD in the course of authorized evaluations of the Choice Neighborhoods Program; and
2. submit a final report when the Transformation Plan has been completed that details the number of units produced, the status of resident outcomes, and any other metrics that HUD prescribes.

F. Additional Requirements. The Grantee agrees to comply with all other terms and conditions HUD may establish to administer, monitor, or evaluate the Choice Neighborhoods Program

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in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XIII, HUD hereafter will not establish any additional terms and conditions without:

1. consideration of the burden imposed on the Grantee by such conditions or requirements;
2. consideration of the availability of less burdensome conditions or requirements; and
3. in the case of a term or condition applicable solely to the Grantee, consulting in advance with the Grantee.

ARTICLE XIII. Unsatisfactory Performance/Default

A. In accordance with Section 24(i) of the 1937 Act, if the Grantee defaults under this Grant Agreement, HUD may withdraw any unobligated grant amounts and may pursue other actions as described in this Article. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for Choice Neighborhoods assistance or to one or more other entities capable of proceeding expeditiously in the same locality in implementing the Transformation Plan of the original Grantee, subject to provisions of the appropriations law. This section applies to all Grantees regardless of their status as a government, PHA, for-profit, or other entity.

B. Default. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, may constitute a default by the Grantee under this Grant Agreement, as determined by HUD in its sole discretion:

1. use of funds provided under this Grant Agreement for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
2. failure to comply with the Choice Neighborhoods Requirements or any other Federal, State, or local laws, regulations or requirements applicable in creating the Transformation Plan;
3. failure to perform any obligation, or otherwise fail to proceed in a manner consistent with the Transformation Plan, (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule);
4. any material misrepresentation in any of the required submissions (e.g., the mixed-finance development proposal); or
5. failure to comply with, or any material breach of, any other requirements, conditions or terms of this Grant Agreement.

C. Notice of Default and Action(s) to Cure.

1. General. HUD will give the Grantee written notice of any default. The notice will give the Grantee the opportunity to cure such default within 30 days of the date of the notice, or to demonstrate within this time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default cannot be cured within the 30-day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date

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of the default notice. Additionally, the Grantee must agree to conduct such cure diligently and to complete the cure within the 90-day period.

2. Immediate Default. Notwithstanding the provisions of paragraph (C)(1) of this Article, HUD in its sole discretion may place the Grantee into immediate default for not being in compliance with its Program Schedule or for non-compliance with Choice Neighborhoods requirements once written notification of default has been provided to the Grantee. At that time, HUD may immediately begin imposing consequences of default, including specifically the suspension of draws of the Choice Neighborhoods grant.
3. Imminent Threat. Notwithstanding the provisions of subparagraph (C)(1) of this Article concerning the opportunity to cure defaults, if HUD reasonably determines that there is an imminent threat that the Grantee will expend additional Supplemental Grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph (C)(4)(i) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under paragraph (C)(1) of this Article or by subsequent written notice to the Grantee. An imminent threat is not an immediate default.
4. Consequences of Default. If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in paragraph (C)(1) of this Article, or fails to diligently pursue or complete any cure as provided in paragraph (C)(1), HUD may take any of the following remedial actions, upon written notice to the Grantee:
    a. require a Grantee in default to provide evidence to HUD of acceptable performance over such period of time as specified by HUD and to obtain written approval from HUD to proceed to the next phase of activities;
    b. require additional, more detailed financial reports;
    c. require additional project monitoring;
    d. require the Grantee (or subgrantee) to obtain technical or management assistance;
    e. establishing additional prior approvals;
    f. require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto, and follow such revised Program Schedule to complete the activities under the Grant Agreement;
    g. require the Grantee, within a time period established by HUD, to revise any activity under the Grant Agreement in order to successfully complete the activities under the Grant Agreement in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Choice Neighborhoods Budget as necessary, and substitution of other eligible activities;
    h. require submission of additional documentation before any additional request for funds will be approved;
    i. temporarily suspend the Grantee's authority to draw down Supplemental Grant funds for affected activities, or at HUD's sole discretion for all activities, pending action to cure the defaults;
    j. disallow use of Supplemental Grant funds for all or part of the cost of the activity or action not in compliance;
    k. recover amounts determined by HUD to have been improperly expended, including any property obtained by the Grantee with such grant funds;

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l. require reimbursement by the Grantee for Supplemental Grant funds determined by HUD to have been improperly expended; and/or
m. make arrangements satisfactory to HUD, in its sole discretion, for use of an entity other than the Grantee to conduct activities assisted under the Grant Agreement, including requiring the Grantee to assign any outstanding contracts obligating grant funds to another entity.

5. Additional Enforcement Actions. If HUD determines that the remedial actions taken by HUD under paragraph (C)(4) of this Article have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph (C)(4) and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph (C)(2) of this Article to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph (C) of this Article upon written notice to the Grantee):
   a. reduce the Choice Neighborhoods Grant in the amount affected by the default;
   b. terminate the Choice Neighborhoods Grant as to all further activities and initiate closeout procedures;
   c. recapture any Supplemental Grant funds not obligated by the Grantee.
      i. If the basis for the Grantee's default is its failure to comply with the established time periods, HUD shall, in accordance with section 24(i) of the 1937 Act, and unless otherwise approved by HUD under paragraph (C)(3) of this Article, recapture any Supplemental Grant funds not obligated by the Grantee.
      ii. If the Grantee fails to comply with the established time periods, HUD may take into account whether factors beyond the Grantee's control are the cause of the delay.
   d. take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and
   e. take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under a PHA's ACC and/or premised on HUD's interest in the housing development established in the relevant Declaration of Trust or Declaration of Restrictive Covenants or housing assistance contract, as applicable.

6. Delinquent Federal Debts. Consistent with the purposes and intent of 31 U.S.C. 3720B and 28 U.S.C. 3201(e), Grantees with an outstanding federal debt must provide to HUD a negotiated repayment schedule which is not delinquent or have made other arrangements satisfactory to HUD. If arrangements satisfactory to HUD cannot be completed within 90 days of notification of selection, HUD will not make an award of funds to the Grantee, and will offer the award to the next eligible Grantee. Applicants selected for funding, or awarded funds, must report to HUD changes in status of current agreements covering federal debt. If a previously agreed-upon payment schedule has not been adhered to or a new agreement with the federal agency to which the debt is owed has not been signed, the Grantee will be considered to be in default under this Agreement.

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ARTICLE XIV. Project Close-Out

A. Grants will be closed out in accordance with 2 CFR 200.344, or successor regulation, and as detailed in the Choice Neighborhoods closeout guidance. The program specific guidance is posted to the Choice Neighborhoods website. The closeout process includes the following steps:

1. Submission of closeout materials. Within 120 days after the Period of Performance End Date, Grantee must submit closeout materials, including a termination of disbursements letter, the final Choice Neighborhoods budget, and the Actual Choice Neighborhoods Cost Certificate (ACNCC) (form HUD-50163).
2. HUD Review of Preliminary Closeout Materials. HUD will review Preliminary Closeout Materials to confirm that:
    i. The amounts on the final Choice Neighborhoods Budget and ACNCC match as to funds approved, obligated, and expended.
    ii. The amount of funds approved and disbursed on the ACNCC matches HUD records in LOCCS.
    iii. If HUD disbursed more funds than the Grantee expended, the Grantee will immediately remit to HUD the excess funds, without waiting for completion of the final audit.
3. Final Audit. Following HUD approval of the Preliminary Closeout Materials, the Grantee must conduct a final audit of the Planning Grant in accordance with the requirements of 2 CFR Part 200, Subpart F. and forward the audit to HUD for approval.
4. Final Closeout. Upon receipt of the final audit, the designated HUD official will execute the ACNCC. Any funds remaining in the Planning Grant will be recaptured by HUD. HUD will enter a Post-Audit Date into LOCCS and the grant will be closed.

ARTICLE XVI. Funding Obligation Date, Date of Funding Availability and Effective Date

The date of obligation of the funding to the Grantee under this Grant Agreement is the date HUD signed the form HUD-1044. The effective date of the Grant Agreement and date of fund availability is the date that HUD signs the signature page of the Grant Agreement.

ARTICLE XVII. Points of Contact

Any correspondence related to this Grant Agreement should be directed to the following points of contact for HUD, the Lead Grantee, and any other Grantees:

For the U.S. Department of Housing and Urban Development:
Luci Blackburn
Choice Neighborhoods Director, Office of Public Housing Investments
U.S. Department of Housing and Urban Development
451 7th Street, SW Room 4130
Washington, DC 20410

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For the Lead Grantee:
Honorable Michael E. Duggan
Mayor
City of Detroit
2 Woodward Avenue
Detroit, MI 48226

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Article XVIII. Signature Page

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Mayor Michael E. Duggan
City of Detroit

_____

Marianne Nazzaro
Deputy Assistant Secretary
Office of Public Housing Investments
Office of Public and Indian Housing
U.S. Department of Housing and Urban Development

_____

Date

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Appendix A

Additional statutory, regulatory, and other requirements with which Grantee must comply as applicable include:

1. Fair Housing Certifications, as the same may be amended from time to time, and any additional Fair Housing requirements that may become applicable:

    A. the Fair Housing Act (42 U.S.C. §§ 3601-19) and regulations pursuant thereto 24 CFR part 100;
    B. Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107);
    C. the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 108);
    D. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;
    E. the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
    F. the prohibitions against discrimination on the basis of disability, including requirements that the Grantee make reasonable modifications and accommodations and make units accessible, under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 CFR part 8) or the 2010 ADA Standards for Accessible Design;
    G. the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and its implementing regulation at 28 CFR part 35;
    H. the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 CFR part 40);
    I. Accessible Technology. Section 508 of the Rehabilitation Act of 1973, as amended (Section 508) requires HUD to ensure, when developing, procuring, maintaining, or using electronic and information technology (EIT), that the EIT allows persons with disabilities to access and use information and data comparably to those without disabilities unless an undue burden would result to the Federal agency. HUD encourages its recipients to adopt the goals and objectives of Section 508 by ensuring comparable access whenever EIT is used. Recipients must also comply with Section 504 of the Rehabilitation Act and, where applicable, the ADA. These statutes also require effective communication with individuals with disabilities and prohibit EIT-imposed barriers to access information, programs, and activities for persons with disabilities.

2. Finance and Accounting

    A. Commingling of Grant Funds. The Grantee agrees that, in its recordkeeping, it will not commingle Choice Neighborhoods Grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State, or local government agencies. (Such other funds may be used to implement the

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Transformation Plan, so long as they are not commingled in the Grantee's recordkeeping.)

B. Duplication of Funding. The Grantee will ensure that Choice Neighborhoods Grant funds are not used to duplicate work that is funded with any other HUD funds, funds from any other Federal program, or from any other funding source identified under the Transformation Plan, and will establish controls to assure non-duplication of funding.

3. Record Retention

A. Record Retention Authorities. The Grantee must comply with and be subject to all Federal recordkeeping requirements, including, but not limited to 2 CFR 200.334.

B. Record Retention Requirements. Grantees must retain records in accordance with the requirements of paragraph (A) above, including, but not limited to:

(1) the amount and disbursement of funds received under this Choice Neighborhoods Grant, including sufficient records that document the reasonableness and necessity of each expenditure;

(2) the amount and nature of any other assistance, including cash, services, or other items contributed to assist in the development of the Transformation Plan or contributed as a condition of receiving this Choice Neighborhoods Grant; and

(3) any other proceeds received for, or otherwise used in connection with, the Transformation Plan.

C. Access to Records. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this Choice Neighborhoods Grant or under the Transformation Plan, including all records required to be kept by paragraph (B) above.

4. Reporting

A. Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) (Transparency Act), as amended and 2 CFR 170, as amended. Please refer to www.fsrs.gov for complete information on requirements under the Transparency Act and OMB guidance.

B. Compliance with Suspension and Debarment, 2 CFR 2424 and 2 CFR 180.

5. Eminent Domain. Sections 407 of Div. H, Title IV of the Further Consolidated Appropriations Act, 2020 and the Consolidated Appropriations Act, 2021, prohibit the use of funds to support any federal, state, or local project that seeks to use the power of eminent domain, unless eminent domain is employed only for a public use.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

April 11, 2023

The Honorable Michael E. Duggan
Mayor
City of Detroit
2 Woodward Avenue
Detroit, MI 48226

SUBJECT: Fiscal Year 2022 Choice Neighborhoods Supplemental Grant Submission

Dear Mayor Duggan:

Congratulations! We are pleased to inform you that the City of Detroit has been selected to receive a Fiscal Year (FY) 2022 Choice Neighborhoods Supplemental Grant in the amount of $5,000,000 to further support the development of replacement housing in conjunction with the Transformation Plan for Clement Kern Gardens in the Greater Corktown neighborhood. HUD received 17 applications for the FY 2022 Choice Neighborhoods Supplemental Grants competition and awarded 16 grants totaling $98,216,956. The Department looks forward to continuing working with you to achieve the goals of this grant.

Again, please accept our sincere congratulations. We wish you every success.

Sincerely,

Dominique Blom
General Deputy Assistant Secretary
for Public and Indian Housing