



Capital Improvements for Non-profit Housing (CINH) Program

Program Summary

The Capital Improvements for Non-profit Housing (CINH) Program provides funds to make certain improvements to residential properties that serve households at or below 80% of Dane County Median Income (CMI).

The Community Development Division (CDD) has received feedback from nonprofit agencies that own and operate housing serving low-to moderate-income households that the effects of the COVID-19 pandemic have had lasting impacts to their maintenance reserves. Some households experiencing financial hardship during the pandemic struggled to pay for housing which caused non-profits, who already operate on a tight margin, to face financial challenges to have a fund balance available for routine repairs and the increasing cost of improvements due to deferred maintenance.

Nonprofit agencies wishing to utilize the CINH Program must own the housing and agree to maintain the housing, under these program guidelines, for at least 5 years after the project is complete.

The City of Madison will use Community Development Block Grant (CDBG) funds to grant nonprofit agencies the opportunity to make housing improvements. Final approval of grant funds will be awarded, via Resolution, by the City's Common Council with recommendations from the CDBG Committee for amounts that exceed \$50,000. The specific timeline for a commitment of funds is contingent upon the Committee's schedule.

Applications will be processed first come first serve and applicants must complete rehabilitation work no later than September 30, 2023. CINH Applications will not be accepted after August 15, 2023. The anticipated budget for the program is approximately \$1.5 million of CDBG funds.

Questions

Questions can be directed to cdd@cityofmadison.com or to Community Development Specialist Chelsea Volden-Stammen CVolden-Stammen@cityofmadison.com

PROGRAM GUIDELINES

ELIGIBLE APPLICANTS

To be eligible, an applicant must be a nonprofit (non-stock corporation) organized under Chapter 181 of Wisconsin Statutes and:

- At least 51% of the units in the proposed project must house a tenant with incomes at or below 80% CMI.

HOUSEHOLD SIZE	80% INCOME
	(HUD-definition)
1	\$ 62,600
2	\$ 71,550
3	\$ 80,500
4	\$ 89,400

- The applicant must have an active registration in the System for Award Management website. Registration for the SAM website can be found at <https://sam.gov/content/entity-registration>.

ELIGIBLE REHAB ACTIVITIES

- **Rehabilitation or Substantial Rehabilitation.**

Labor, materials, and other costs of rehabilitation or the substantial rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and component of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly, or in combination.

- **Energy Efficiency and Improvements**

Improvements to increase the efficiency use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment.

- **Water Efficiency and Improvements**

Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks.

Substantial Rehabilitation and Alteration Requirements and Definition

Projects undertaking a substantial rehabilitation of their property requires the installation of broadband infrastructure.

1. Substantial rehabilitation is defined as: Significant work on the electrical system of the multifamily rental housing. "Significant work" means complete replacement of the electrical

system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire electrical system. In the case of multifamily rental housing with multiple buildings with more than 4 units, “entire system” refers to the electrical system of the building undergoing rehabilitation; or,

2. Rehabilitation of the multifamily rental housing in which the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the multifamily rental housing after the rehabilitation is complete. In the case of multifamily rental housing with multiple buildings with more than 4 units, the replacement cost must be the replacement cost of the building undergoing rehabilitation.

Projects undertaking a substantial alteration of their property may require accessibility improvements under [24 CFR Part 8.32](#). Rehabilitation work is considered a substantial alteration when:

3. If alterations are undertaken to a project that has 15 or more units and the cost of the alterations is 75% or more of the replacement cost of the completed facility, then the provisions of [24 CFR Part 8.22](#) will apply. This requires a minimum of 5% of the total dwelling units or at least one unit in a multifamily housing project, whichever is greater, shall be made accessible for persons with mobility impairments. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in [24 CFR Part 8.32](#) is accessible for the purposes of this section. An additional 2% of the units (but not less than one unit) in such a project shall be accessible for persons with hearing or vision impairments.

Requirements for facilities that do not qualify as a substantial alteration.

If the project involves fewer than 15 units or the cost of alterations is less than 75% of the replacement cost of the completed facility and the recipient has not made 5% of its units in the development accessible to and usable by individuals with disabilities, then the requirements of [24 CFR 8.23\(b\)](#) apply. This will require alterations to dwelling units, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be when at least all of the following individual elements are replaced:

1. renovation of whole kitchens, or at least replacement of kitchen cabinets; and
2. renovation of the bathroom, if at least bathtub or shower is replaced or added, or a toilet and flooring is replaced; and
3. replacement of entrance doors.

If an entire unit is not being altered, 100% of the single elements being altered must be made accessible until 5% of the units in the development are accessible.

HUD recommends a recipient to make 5% of the units in a development readily accessible to and usable by individuals with mobility disabilities, since that will avoid the necessity of making every element altered accessible, which often may result in having partially accessible units which may be of little or no value for persons with mobility impairments. It is also more likely that the cost of making 5% of the units accessible up front will be less than making each and every element altered accessible.

Alterations must meet the applicable sections of the [Uniform Federal Accessibility Standards \(UFAS\)](#).

Alterations to Common Areas

Alterations to common areas or parts of facilities that affect accessibility of existing housing facilities shall, to the maximum extent feasible, be made to be accessible to and usable by individuals with disabilities. The phrase *to the maximum extent feasible* shall not be interpreted as requiring that a Contractor make a dwelling unit, common area, facility or element thereof accessible if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing project.

Wisconsin Open Housing Law

Design guidelines required under the [Wisconsin Open Housing Law](#) may apply to projects built prior to January 1st, 1995.

INELIGIBLE ACTIVITIES

Any activity that is not authorized under the provisions of [§ 570.201](#)–570.206 is ineligible to be assisted with CDBG funds. Ineligible activities include:

- New permanent housing construction projects are ineligible.
- The purchase of construction equipment.
- Equipment, fixtures, motor vehicles, furnishings or other personal property not an integral structural fixture (fire protection equipment is considered an integral part of a facility, thus eligible.).

More information on ineligible uses of CDBG funds is found in [§ 570.207](#).

ELIGIBLE PROPERTIES

- Property must be located in the City of Madison.
- At least 51% of the units on the property must house tenants with incomes at or below 80% CMI.

GRANT REQUIREMENTS

City Requirements

1. Applicant will sign agreement that the building will be used for housing for low-to-moderate income households for the next five (5) years for at least 51% of the units in the building.
2. All housing units must be in compliance with all applicable state and local codes, ordinances and zoning regulations at the time of project completion.
3. All work must have a building permit when required by local codes.
4. All contractors and subcontractors performing work shall maintain required licensure, certifications and insurance (e.g HVAC, plumbing, electrical, lead, asbestos, Dwelling Contractor Qualified Certification).
5. **Notice regarding lobbying ordinance:** A person or entity seeking approval of a development with more than 40,000 gross square feet of non-residential space, or a residential development with more than 10 dwelling units, or that is seeking assistance from the City of more than

\$10,000 (this includes grants, loans, TIF, or similar assistance), is likely subject to Madison's lobbying ordinance, MGO sec. 2.40. That person or entity is required to register and report lobbying activities involving City officials. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000. Applicants may find more information on registering on the [City Clerk's website](#).

Federal Requirements

The following national, state and local regulatory standards may apply. Projects awarded CDBG funds must generally comply with the regulations at [24 CFR Part 570](#), Community Development Block Grant, as amended. Projects must:

1. [Self-Certification Requirement](#) or underwriting household income via [24 CFR Part 5](#). A sample of households may be selected during monitoring, income documentation may be requested.
2. Applicant must comply with environmental review requirements under [24 CFR Part 58](#). The property must pass an environmental review prior to receiving a formal commitment of federal funding. CDD is the Responsibility Entity to complete environment assessments upon request and can take up to two weeks to process.
3. Minimize both the direct and indirect displacement of persons. Where applicable, the applicant will adhere to the Uniform Relocation Act procedures consistent with [49 CFR Part 24](#).
4. If the property and/or project has eight (8) or more units, the project must comply with Federal Fair Labor Standards (e.g., [Davis-Bacon Prevailing Wages](#)). Visit [HUD Exchange](#) on information about unit counts related to Davis-Bacon.
5. Applicant must comply with the goals and requirements of the City's Section 3 Program, which seeks to extend employment, training and contracting opportunities to low- and moderate-income people and businesses during construction.
6. Applicant shall comply with all applicable provisions of the Madison General Ordinances concerning equal employment opportunity and affirmative action programs and practices in connection with the construction work being completed using City and Federal funds and take affirmative steps to contract and/or ensure subcontracting with minority, women, and disadvantaged business enterprises (M/W/DBEs) consistent with [2 CFR Part 200.321](#)
7. Comply with [CDD's Residential Rehab Standards](#) which includes but not limited to, reducing lead paint hazards using certified inspectors, supervisors, workers and companies, as well as established lead safe work practices when required. All properties built prior to 1978 must undergo lead assessments.
8. Reduce hazards caused by asbestos and asbestos-containing materials, and/or remove asbestos and asbestos-containing materials, using certified asbestos abatement supervision and certified asbestos worker.
9. All housing must meet the program and physical accessibility standards of the Fair Housing Act (and amendments) and Section 504 of the Rehabilitation Act of 1973, as applicable.
10. Adhere to the constitutional and regulatory provisions of separation of church and state, and avoidance of public funding of inherently religious activities.
11. [2 CFR Part 200.303 \(Internal Controls\)](#) (Federal Resource): Part of the Electronic Code of Federal Regulations, it details uniform administrative requirements, cost principals and audit requirements for federal awards.

12. [2 CFR Part 200.302 \(Financial Management\)](#) (Federal Resource): Part of the Electronic Code of Federal Regulations, it details uniform administrative requirements, cost principles and audit requirements for federal awards.
13. [24 CFR Part 570](#) (Federal Resource): Electronic Code of Federal Regulations for the Community Development Block Grants program.
14. **Revision of assets.** The grant agreement shall specify that upon its expiration the [subrecipient](#) shall transfer to the [recipient](#) any [CDBG funds](#) on hand at the time of expiration and any accounts receivable attributable to the use of [CDBG funds](#). It shall also include provisions designed to ensure that any real property under the [subrecipient's](#) control that was acquired or improved in whole or in part with [CDBG funds](#) (including [CDBG funds](#) provided to the [subrecipient](#) in the form of a loan) in excess of \$25,000 is either:
 - i. Used to meet one of the national objectives in [§ 570.208](#) (formerly [§ 570.901](#)) until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the [recipient](#); or
 - ii. **Not** used in accordance with [paragraph \(b\)\(7\)\(i\)](#) of this section, in which event the [subrecipient](#) shall pay to the [recipient](#) an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is [program income](#) to the [recipient](#). (No payment is required after the period of time specified in [paragraph \(b\)\(7\)\(i\)](#) of this section.)

Other Resources

[Focus on Energy](#) (Local Resource): Information from Focus on Energy about energy efficiency.

Timelines

Due Date	Resolution Finalized	Approval Timeline
Applications in by May 15 th	Resolution Due May 24 th	Take as recommendation to CDBG Committee 06/01, Intro to CC 06/06; FC 06/12, CC 06/20
Applications in by June 15 th	Resolution Due July 3 rd	Intro to CC 07/11; CDBG 07/13; FC 07/17; CC 07/25
Applications in by July 15 th	Resolution Due July 24 th	Intro to CC 08/01; CDBG 08/03; FC 08/28; CC 09/05
Applications in by August 15 th	Resolution Due August 28 th	Intro to CC 09/05; CDBG 09/07; FC 09/11; CC 09/19