



Board:	City Commission
Agenda Date:	October 12, 2026
Presenter:	Patricia West

Staff Report

Agenda Item Title:

Letter of Intent for Round 5 of MSHDA CDBG Funding

Background:

The Michigan State Housing Development Authority (MSHDA) has allocated \$30 million in Community Development Block Grant (CDBG) funding for Round 5 of the MI Neighborhood program, with homeowner rehabilitation identified as the eligible activity for this funding round. Eligible non-entitlement local governments may submit a Letter of Intent (LOI) requesting up to \$1.5 million to establish a homeowner rehabilitation program for qualifying low- and moderate-income households.

The Round 5 LOI window will be open October 15 through October 31, 2026. The LOI serves as the first step in the funding process and allows eligible communities to identify their proposed program and funding request prior to submission of a formal application. Formal applications are anticipated between December 1, 2026 and January 31, 2027, with grant agreements anticipated in April 2027. MSHDA CDBG Important Dates

Staff proposes establishing a City of Gladstone Homeowner Rehabilitation Program for qualifying owner-occupied households at or below 80% of Area Median Income. To keep the program focused and manageable, staff recommend limiting assistance to \$24,999 per property. Under the Round 5 program requirements, assistance below \$25,000 avoids the requirement for a lien on the property and allows lead-based paint to be presumed rather than requiring a lead risk assessment. The program would focus on critical housing needs such as accessibility improvements, insulation and energy-efficiency improvements, roof replacement, furnace replacement, hot water heater replacement, and other eligible health, safety, and code-related rehabilitation.

CDBG funding does not require a local match, and the grant term is 24 months. Up to 17% of the grant award may be utilized for program administration. Due to the federal compliance and administrative requirements associated with CDBG funding, staff recommend procuring a qualified third-party administrator to assist with program implementation, applicant eligibility, construction administration, compliance, and reporting. MSHDA specifically permits third-party administrators to perform most program responsibilities other than those reserved for the City's Authorized Official.

Fiscal Effect:

\$1.5 million

Supporting Documentation:

Round 5 CDBG Important Date
2026 Region B CDBG Presentation
Delta County's Area Median Income Index

Recommendation:

Motion to authorize staff to submit a Letter of Intent to the Michigan State Housing Development Authority (MSHDA) for up to \$1.5 million in Round 5 Community Development Block Grant (CDBG) funding to pursue establishing a homeowner rehabilitation program within the City of Gladstone.