

Community Housing Impact and
Preservation Program

Policy & Procedure Manual

City of Fostoria
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Fostoria, OH 44830

By:

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Table of Contents

1. Advisory Board
2. Income Eligibility
3. Contractor Selection & Construction Management
4. Disbursement of Funds
5. Conflict Resolution
6. Program Income
7. Acquisition/Relocation
8. Civil Rights
9. Environmental Review
10. Staff Roles & Responsibilities
11. Private Owner Rehabilitation
12. Home Repair
13. Homeownership
14. New Construction - Habitat for Humanity
15. Tenant Based Rental Assistance
16. Rental Rehabilitation
17. Rental Home Repair

SECTION 1 ADVISORY BOARD

A. PURPOSE

The City of Fostoria Housing Advisory Committee (HAC) serves as an advisory group to the City. HAC provides information, based on their related experience to City officials and community development partners in the development of the Community Housing Improvement Strategy (CHIS) and for the development of local CHIP program policies and procedures.

B. SCOPE

The role of the HAC is to promote community participation when assessing local housing needs and to determine the strategies of the local jurisdiction in meeting those needs.

This includes:

1. Analysis of the housing market and inventory data gathered and presented from the U.S. census, local surveys, real estate sales, permit and other data from local regulatory agencies.
2. Sharing information regarding the low- to moderate - income target population, as well as local assistance programs and services available, demand for, and identified gaps in services.
3. Analysis of impediments to Fair Housing choice.
4. Analysis of Continuum of Care efforts (a separate group of involved organizations working to address the continuum of care process).
5. Determining which gaps in services impede meeting affordable needs, and
6. Prioritize activities to develop an action plan through the Community Housing Impact and Preservation (CHIP) grant process.

The following is a list of current eligible CHIP activities to be discussed by the Housing Advisory Committee to determine the activities that would best serve the City's needs. Activities are considered Primary or Supportive.

Eligible CHIP Activities:

Primary:

Private Owner Rehabilitation
Rental Rehabilitation
Homeownership
Home Repair
Rental Home Repair
New Housing Construction-HFH
Tenant Based Rental Assistance

C. MEMBERSHIP

The composition of the Housing Advisory Committee (HAC) is proposed by the Office of Community Development (OCD) and the local HAC Committee must have representation from the following sectors:

- | | |
|--|-------------------------------------|
| Local Government Staff | Public Housing Authority |
| Community Action Agency | Fair Housing Representative |
| Community Development Staff | Area Agency on Aging |
| Homeless Shelter Agency | Board of Developmental Disabilities |
| Substance Abuse Counseling Agency | Habitat for Humanity Affiliate |
| Job & Family Services Agency | Domestic Violence Shelter |
| Landlord Association or Local Landlord | Local Health Department |
| Local Continuum of Care | |

Optional membership can include Realtors, Private Lenders, and LMI Neighborhood Residents.

Meeting Schedule:

HAC meetings will be held to discuss the City’s housing needs as well as updating strategies. Currently, a minimum of one Housing Advisory Committee Meeting is required before a CHIP grant can be submitted to OCD. Sign-In Sheets will be provided and Meeting Agenda minutes will be taken.

The HAC acts as an advisory group to the City and has no administrative responsibility.

SECTION 2 INCOME ELIGIBILITY

A. PURPOSE

This section provides the processes, procedures, and controls for determining participant eligibility and the program income limit guidelines.

B. SCOPE

The description of program policies governing the client income verification process is provided in the following sequence.

- Income Determination Responsibility
- Income Limits
- Income Definition
- Eligible Income Sources
- Income Eligibility Determination
- Income Verification Documentation
- Asset Policy

C. INCOME DETERMINATION RESPONSIBILITY

The Program Administrator with oversight by City of Fostoria will have responsibility for all CHIP administration and implementation including income verifications and eligibility determination. The Program Administrator with oversight by City of Fostoria will conduct actual income verification and eligibility determination.

D. INCOME DEFINITION

The program will use the HUD's "Part 5 Annual Income" Housing Assistance Payment Program's definition of annual income to determine income eligibility for each of the activities. The Grantee has selected the annual income determination method as defined in 24 CFR 5.609. At the time of determination, total household income will be projected, consistent with HOME requirements.

E. INCOME LIMITS

Current HUD Income limits chart will be used to determine CHIP activity eligibility. The chart provides income limits for all possible activities that may be considered for program activities. An example of an income chart is listed behind the forms index. HUD income levels are updated on an annual basis.

F. ELIGIBLE INCOME SOURCES

ACCEPTABLE TYPES OF INCOME AND SUPPORTING DOCUMENTATION

Acceptable Income Types	Required Support Documentation
Public Assistance Benefits	Cash issuance history, current determination letter
Wages & Salaries (gross, before deductions)	Pay stubs for three most recent months, employer statement or computer printout of earnings
Self-employment revenue/income	Financial records indicating gross revenues and operating expenses, Signed tax forms & Schedules for the previous two years (contribution to private retirement plans, wages to household members, and property & equipment depreciation are not allowable deductions)
Social Security Benefits, SSI, SSD	Current Determination letters
Veteran's Benefits Workers Compensation Government & Private Pensions Unemployment Benefits	Most current benefits / awards.
Alimony & Child Support	Twelve month history statement from Bureau of Child support.
Dividends & Interest	IRS Form 1099, statement from financial institution
Rents & Royalties	IRS Form 1099, rent receipts
Strike Benefits	Letter from Union Determining Household Size

G. INCOME ELIGIBILITY DETERMINATION

Residents of the City of Fostoria who are interested in applying for the CHIP program must be at or below 80% of the local area median income (AMI) as determined on the current Income Limits and based on the number of household members. Household size is determined by counting the number of eligible household members residing in the unit. Individuals generally not counted as household members include: foster children, live in aides and their children, unborn children, and children being pursued for legal custody who are not currently living in the household.

The Grantee and Program Administrator will utilize the HUD "Technical Guide for Determining Income and Allowances for the HOME Program" (3rd Edition, January 2005). The Grantee will ensure that income eligibility is thoroughly and accurately determined and documented. This includes procedures for including the income for all appropriate household members, anticipating or projecting the income forward for the next 12 month period, verifying the sources of the income and comparing the total household income with the most current published HUD limits.

H. INCOME VERIFICATION DOCUMENTATION

Consistent with HOME regulations 92.203 (a), original source documentation is used for all identified income sources. Income from all persons residing in the housing unit must be verified from independent source documentation, commonly called "third party documentation." All sources of income and assets listed on the application must be verified. The applicant will be required to sign authorization forms to be mailed to the third party sources whenever possible. When lacking third party documentation, suggestions presented in the guide are followed to obtain reasonable verification. Careful attention to appropriate sources for third party income verification will be compared to ensure that anticipated income is properly calculated. The date of any and all documents used in verifying income may not be more than 180 days prior to the date of the application for assistance. Income will be projected for 12 months. Applicants shall be required to disclose all assets on the application.

Income must always be determined prior to service being provided. Income will be re-determined if more than 6 months passes between the original determination and the provision of services. If new sources of income are present, this income will be verified from the source, just as in the initial determination. The applicant will be questioned as to the current status of all income sources previously determined. Responses will be documented. If the Grantee or Program Administrator has any indication that income levels have changed, the original income source will be contacted and the new levels of income used to re-determine eligibility.

I. ASSET POLICY

Applicant liquid assets cannot exceed \$30,000 to receive Private Owner Rehabilitation and Home Repair Assistance and liquid assets cannot exceed \$20,000 to receive Down payment/Rehabilitation Assistance. Liquid assets include: savings and checking accounts, stocks, bonds, saving certificates, money market funds, and other investments accounts, equity in real other than their primary residence cash value of trusts and life insurance policies, lump sum receipts such as inheritance and insurance settlements.

All equity in rental property will be included in the determination of a participant's liquid assets. Rental property equity will be determined by the market value minus mortgage obligations to the property.

The following forms will be required for income and asset verification.

Income and Asset Verification Forms

FORM NAME	USED FOR	GUIDELINE ON HOW MANY TO SEND
Verification of Income From Business	Verification of Personal Business Income	Send one for each business the potential participant or household member is operating.
Self-Declaration	Verification of no income	One for each per person over the age of 18 that does not have any income.
Verification of Employment	Verification for current employment	Send one for each job held by each household member.
Verification of Assets on Deposit	Verification of Assets, interest rates, and interest earned	Send one for each bank that the household member has an account at.

SECTION 3

CONTRACTOR SELECTION AND CONSTRUCTION MANAGEMENT

A. PURPOSE

This section addresses the essential elements of the program as it relates to overall management of the construction process through the implementation of activities in CHIP.

B. SCOPE

The following provides the program design description for control of contractor issues, procurement processes and construction management activities.

C. CONTRACTOR ADMINISTRATION

Contractor Administration is a process, which recruits, qualifies, and monitors the program for rehabilitation contractors. New contractors are always being considered for inclusion in the approved contractors list.

1. Qualifications

Contractor qualification starts with a completed Contractor Application. The contractor is required to submit a fully completed application to the grantee or the Program Administrator. The application is reviewed and the administrator verifies the listed business and work references and ensures that all information is correct to the best extent possible. Other Grantees may be contacted to determine if they may have any working knowledge of the subject contractor. The Federal or State's debarred list will be checked to verify that the contractor has not been listed as debarred on the Excluded Parties List.

When the contractor has met all the qualifications, the contractor's firm will be placed in the contractor data file and marked as a viable bidder on the program Approved Contractors list. This allows participants to select the contractor as a bidder on the project. If selected as a bidder, the owner will be made aware that the contractor is new to the program. The contractor will be monitored closely during the initial period of time he begins working with projects for the program. This will assure a detailed understanding of the CHIP Program for proper bidding and work procedures during the construction period. An annual work evaluation will be prepared at the end of each calendar year and placed in the Contractor's file.

2. Performance Issues

All contractors will sooner or later have problems in completing projects. It may be the weather, suppliers, subcontractors, workers, or the owner. This is a fact of the construction business; it is the nature of the work. The problem may result from many reasons or from one single reason. The true test is the ability to work through these issues or problems and complete the project. Successful programs are supported by a core group of good contractors. This contractor core is developed over a period of time by a competent and skilled administrative staff. Constant attention in maintaining good working relations with this group will

ensure projects with few problems and higher production.

Marginal or poor performing contractors cannot be tolerated and must be identified and eliminated from the approved contractors list. In addition to the yearly evaluation each contractor's performance are noted, documented, and dealt with immediately.

Contractors found to be using non-conforming materials are required to remove and replace with specified materials at their cost. Contractors not meeting project schedules are given strict orders to revise work methods and priorities to get the project back on schedule or risk being in breach of contract and removed from the project. A contractor failing to meet contract requirements or performance standards in any manner without a plan of corrective action will be issued a letter with the grantee or administrator's signature demanding specific performance by an explicit date. This letter requires specific performance or risk contract termination. If the contractor does not meet this date, a follow up letter is prepared and signed by the owner and the grantee or Program Administrator stating that the contract is terminated and the contractor is to immediately remove all equipment and materials not installed.

3. Ensuring Adequate Competition

The following policies and procedures are to be followed to ensure that adequate contractors are available to ensure adequate competition. This includes procedures for recruiting Minority and Women Business Enterprises (MBE/WBE) owned businesses into the program. Developing a solid contractor base is best accomplished as an on-going part of normal business.

A few examples of methods that might be used to attract contractors to participate in the program are listed below.

a. Market

Sell the program to local contractors by meeting with each local contractor individually or hold meetings inviting a group of interested contractors to attend.

b. Advertise

Use newspaper articles and advertisements or media spots to stimulate interest. Place information in supply stores where contractors do business.

c. Develop

Look for qualified contractors ahead of time and work to grow a relationship with them by acquainting them with the CHIP programs and of possible upcoming project opportunities. Make sure that expectations are clearly laid out ahead of time in enough detail to eliminate misunderstandings. Also keep the communication lines open and request feedback from contractors using that information to improve the CHIP program and to make it flow smoothly.

d. Payment

The Grantee and Program Administrator will work to assure that timely payment to the contractors is achieved. Project completion dates can be anticipated ahead of time and draws made accordingly along with a partial or progress payment when the contractor company has fully completed individual specifications. One progress payment during the course of the project is reasonable. Additional progress payments will be approved on an individual project basis. When processing progress payments no more than 75% can be paid out until a lead clearance is complete.

e. Bid Documents

Detailed specifications are provided along with clear bidding instructions making estimating easier and more equitable. This allows a better opportunity for all contractors to compete effectively in the bidding process. This process minimizes the tendency of marginal contractors to leave items out that could occur in less detailed specifications and result in poor work quality and change orders. The lowest, reasonable bid will be awarded, however if the bid is considerably lower than the Rehabilitation Specialist estimate, the Rehabilitation Specialist has the right to reject the bid or provide in the Bid Award Notice that there will be no change order approvals on the existing specifications.

f. Professional Attitude

The Grantee and Program Administrator will maintain a courteous and helpful attitude towards contractors to ensure they meet their responsibilities in a timely fashion in all matters, especially quality of work and schedule.

g. Improving Contractor Participation

Ways in which contractor participation may be increased that has been successful for past programs are:

- Make good use of contractors in specific trades where appropriate.
- Go outside of the City to obtain adequate participation.
- Inquire about contractors working with other housing programs in the region.
- Inform program information to Professional construction or contractor organizations.
- Use the Yellow Pages and Internet Web Sites for Contractor advertisements.
- Encourage the participation of minority, women, disadvantaged, and small contractors.

D. PROCUREMENT

The owner is responsible for obtaining contractors for bidding on rehabilitation work. The program will follow a process that is consistent with the *Homeowner Procurement* section of the Ohio Department of Development Housing Handbook prepared by OCD. A detailed summary of this process includes:

1. Property Owner Procurement Procedures

The owner is provided a current approved contractors list from the Rehabilitation Specialist indicating contractors currently in the program which can be selected. If the owner is not confident or unable to make the contractor selection, the Rehabilitation Specialist will assist in this process. This assistance may include helping to assess the particular work items on the specifications list, and the known strengths and weaknesses of individual contractors. The Grantee and the Program Administrator will also keep current on the workload of participating contractors. If, in the judgment of the grantee or Program Administrator, a particular contractor has current contractual commitments that would limit his or her ability to complete the work in a timely fashion, the homeowner will be so advised. Once the selection is made, the owner signifies approval by signing the Contractor Selection Form.

2. Construction Contract

All rehabilitation work performed under the Community Housing Impact & Preservation Program will be authorized by a signed contract between the owner and contractor. The Program Administrator will sign for the grantee.

3. Owner-Contractors

The use of owner-contractors is not permitted. The policy regarding the prohibition of owners doing all or a portion of the rehabilitation work on their properties is well founded on past experience. While allowing owners to perform their own work is potentially a way to lower rehabilitation costs, an environment that encourages problems prejudices it.

4. Construction Management Process

The construction management process is a series of specific steps that can be measured and monitored by a paper work trail and the specific outcome of each step. The following provides a description of the steps and documented outcome by the Program Administrator and their Rehabilitation Specialist staff.

5. Property Owners Guidance

The total construction process from initial through final inspection requires involvement and understanding from the owner. The Rehabilitation Specialist must explain the process in detail to the owner in a manner that is well understood. Many misunderstandings and potential problems can be eliminated at this point if adequate time and attention are directed to the owner.

Property owners are instructed on all aspects of the rehabilitation process and advised of the possible adverse effects of any construction activity. Owners are

informed of certain obligations and responsibilities they have during construction. The Housing Rehabilitation Terms and Conditions provide the details for receiving assistance and must be well understood by the owner. The Rehabilitation Specialist reviews each of the terms with the owner and fully explains the required owner commitment. Signature by the owner on a copy of the terms and conditions indicates understanding and acceptance.

When completed, the specifications are reviewed in detail by the Rehabilitation Specialist and homeowner. This is a complete item-by-item review. Each work element is explained in such a manner that the owner understands and is prepared for the final aspects of each completed item. The owner has direct input in this review and approval process. If some details are unacceptable, an alternate method, condition or item should be substituted and agreed upon if possible. When completely satisfied with the specifications, the homeowner is required to sign off on the Approval of Work Specification form.

6. Residential Rehabilitation Standards (RRS) Manual

The purpose of the manual is to provide and make a part of each contract minimum standards of quality of workmanship and materials expected and required by the Program Administrator. It is intended that these minimum standards shall prevail except when in conflict with, or less stringent than County, State, or Federal regulations or Codes.

7. Property Inspection Policies

The following narrative provides the program policies and procedures that define the roles and responsibilities of Rehabilitation Specialist and how and when inspections will be scheduled.

- a. Room-by-Room Initial Inspection: The inspection element of the rehabilitation process establishes the criteria for all remaining activities. This is a benchmark process to establish what construction elements and to what detail will be needed for completion. It also establishes project feasibility. The inspection must be completed in accordance with local building code requirements and RRS standards. At a minimum, the requirements of the Residential Rehabilitation Standards (RRS) must be met. Where conflicting conditions or issues are encountered and not addressed by these codes and standards, other governing requirements may apply such as: National Electrical Code, State Plumbing Code, State Building Codes, and State of Ohio Residential Code. The Rehabilitation Specialist must make arrangements with the homeowner to have complete access to the structure. A thorough inspection list is followed to ensure all rooms on each level are completely observed and all deficiencies noted. Photographs are used to record all deficiencies possible. Exterior and streetscape photographs are to be made for record purposes and Ohio Historical Preservation Office review, if needed.
- b. Historical Preservation Determination: This determination should be completed prior to a work write-up finalization to ensure that the project is feasible within the financial constraints of the program.

Each dwelling 50 years or older being considered for rehabilitation must be evaluated to determine its historical significance. This is accomplished by review of the proposed rehabilitation work and the requirements of National Historical Preservation Act. The County has a Categorical Exclusion Agreement, which allows completion of certain rehabilitation activities without Ohio Historical Preservation Office (OHPO) review.

The Rehabilitation Specialist completes the Historical Compliance Certification and determines if the dwelling is a contributing structure and if additional evaluation is needed by OHPO. The OHPO letter will include the following:

- Work to be completed
- Findings from historical investigation
- Map indicating structure location
- Pictures of the structure including streetscapes

When the OHPO review letter is received it must be evaluated and a determination made as to any additional work required for OHPO compliance. If additional work is required, the owner is advised and specification is revised.

- c. Interim or Progress Inspections: The construction phase is a period of contractor monitoring both for progress and performance. Monitoring of the construction progress by the Rehabilitation Specialist is essential for a successful project and satisfied client. The contractor has total work responsibility which includes scheduling all activities of crews and that of all subcontractors. The Rehabilitation Specialist has the right to request an activity schedule as part of the initial construction conference. Using the contractor supplied schedule, the Rehabilitation Specialist can monitor the project progress and determine if the project is being completed on time. The contract performance monitoring is essential to establish that the work specification is being followed and that proper materials are being used. Additionally, it is necessary to ensure that the client has not asked the contractor to do additional work or to change what the specification required. Change orders are not a normal part of rehabilitation construction work, however it is understood that there could be unforeseen circumstances arise in the scope of work. The Grantee and Program Administrator reserve the right to approve or disapprove a change order.

Lead hazard Control Clearance Examinations: A Clearance Examination or Clearance Testing involves a post rehabilitation construction visual assessment and dust testing to determine if the unit is safe for occupancy. The testing is performed by the program designated Lead Risk Assessor. Clearance testing is required when Lead Based Paint surface areas exceeding the maximum dimensions allowed by 24 CFR 35.1340 have been disturbed.

The contractor is responsible for scheduling the Lead Risk Assessor to complete the clearance test. The clearance test results and clearance test report are forwarded to the Rehabilitation Specialist. If testing was successful, a release for final payment is given. If testing was unsuccessful, the contractor is notified and additional cleaning and testing are scheduled. Additional testing costs are billed to the contractor.

- d. Final Inspections Construction Completion: The Rehabilitation Specialist completes the final inspection prior to final payment. The punch list is completed at this point even if all work elements are completed. Work elements not completed are noted with completion details. The Rehabilitation Specialist may elect to get client signoff on the certificate of completion concurrently with the punch list if remaining items are minor.

8. Specifications

Good specification development must be clearly written and well organized to precisely define the construction activities to be undertaken to correct deficiencies and bring the project up to the program's prescribed standards. The write-ups are to be specific and detailed enough to contain only the items that are to be addressed for a specific project.

The Rehabilitation Specialist reviews the application and inspection write-up with others in the department to determine if additional resources can be utilized. Some work elements may be able to be completed as part of a weatherization program or Lead Based Paint (LBP) activity. Additional inspections, including weatherization, asbestos, or LBP may be required at this time to allow proper determination, evaluation and coordination of total scope of work.

When all inspections are completed and recommendations received, the determination is then made of what work will be bid by the bidder/contractor. The determination of work element responsibility may change do to the scheduled completion of the individual elements. Where coordination of work elements interfere or prevent a timely construction completion, work elements may be assigned to the bidder/contractor.

The Rehabilitation Specialist then develops the rehabilitation specification using the information recorded from the room-by-room inspection and information developed from other department disciplines. Each deficient element noted requires a specification work element. Like items are grouped under a major work element.

The completed specification is then used to develop the cost estimate as well as a basis for contractors bid submission.

Optional work elements or alternative work items are to be included in the specification and are to be clearly marked as such. Instruction to the bidders must be clear as to how the optional priced item will be used in the evaluation of the bids.

9. Cost Estimates for Specified Work

The Rehabilitation Specialist prepares an estimate in the same manner that the bidder/contractor. An un-priced copy of the bid form is filled out with the calculated and extended prices. The cost estimate may result in the project being a walk away, if this is the case, the owner is contacted and informed that the

project is not feasible with in program guidelines. A letter is prepared confirming the decision and sent to the owner and a copy placed in the file.

10. Change Orders and Delays

Both change orders and delays are an inevitable part of any process involving construction. The program will be operated in a manner designed to limit such interruptions to only what is reasonable and unavoidable.

The Rehabilitation Specialist will closely monitor the progress of each construction project to mitigate the majority of delays. The rehabilitation specialist works to ensure timely completion and show any delays on a change order with the homeowner's signature indicating the homeowner is aware and has approved the extended time completion of the project. If an individual contractor develops a pattern of delays that lead to work not being completed as agreed to, the Rehabilitation Specialist will make appropriate recommendations for an evaluation review for the contractor in the CHIP program.

11. Contractor Walk-Through Meeting

A pre-bid conference, meeting or walk-through is conducted to orient the contractors to the scope of work, to allow the owner to meet the contractors and to provide the contractors the opportunity to discuss and clarify the bid specification items. If alternative items are warranted, these must be provided in writing, as an addendum, to all participating contractors. Rehabilitation Specialists shall hold a walk-through at the project site with the contractors who have been invited to submit bids. The walk-through is held at one predetermined time and includes all contractors submitting bids. The Rehabilitation Specialist will be present to answer questions on specifications, RRS standards, estimated quantities, and locations.

12. Pre-Construction Conference

Pre-construction conferences or meetings are conducted to ensure that a complete and total understanding of the construction project is fully comprehended by all parties. The Rehabilitation Specialists hold the pre-construction conference with the contractor and the property owner. The meeting should address the extent of the work to be performed, the schedule, special conditions and any specific concerns or questions any of the parties might have. Pre-construction conferences are often the opportunity for owners and contractors to settle on the color or type of some materials, the specific location of certain items and to negotiate family and contractor schedules. The pre-construction meeting must be documented and maintained in the case file. In most cases the pre-construction conferences will be held at the project site.

13. Quality Control

Maintaining a high standard of quality for the Construction Management process is essential in successful program completion. The periodic monitoring of the construction management process is the focal point for maintaining the needed level of quality.

The City, along with the Program Administrator, is responsible for conducting oversight

on the Rehabilitation Specialist and the construction management practices. The Program Administrator is responsible for reviewing the performance of each staff person involved with the construction process of the CHIP activities. The information accumulated from by oversight audits will provide a guide for counseling and training necessary for staff development for the implementation of the CHIP program.

SECTION 4 DISBURSEMENT OF FUNDS

A. PURPOSE

This section describes the policies and procedures for disbursing funds to vendors, contractors, consultants, clients and any other entities participating in the program or providing services. Included is a description of how oversight and appropriate checks and balances are provided, a description of the process, and any required documentation, inspections, retention, etc. to ensure that payment is only made for services satisfactorily provided.

B. SCOPE

This section provides the policies and procedures implemented by the grantee and administrator for invoicing, payment, contract retention, and to ensure that contractors and other vendors are paid correctly and in a timely manner. The procedures conform to accepted accounting practices and the Office of Community Development (OCD) Financial Management Rules and Regulations. All disbursements are for obligations incurred in the performance of the grant and are to be supported by contracts, invoices, vouchers, and other records evidencing the necessity of the expenditures.

C. STAFF ROLES & RESPONSIBILITIES

Grantee's Role:

- Monitoring and oversight of program administrator
- Review, and sign Requests for Drawdown (DS5) to OCD.
- Receive and sign Performance Reports to OCD.
- Maintain appropriate fiscal accounting system for CHIP funds
- Process requests for payment and issue payments to contractors and other vendors.
- Provide appropriate access to OCD and/or HUD program monitors, as needed.
- Release of funds tasks.

Program Administrator's Role:

- Commitment of activity fund
- Preparation of the Appropriation of Funds to the grantee
- Review and inspection of work completed for payment requests
- File/documentation maintenance for all activities
- Prepare fiscal Request for Drawdowns for signature by the Grantee for CHIP program funds.

D. INVOICING & ADMINISTRATIVE PAYMENTS

Grantee's Role:

- The Grantee agrees to provide compensation for the delivery of services specified under the Professional Contract of Services Agreement.
- The City Auditor shall retain oversight authority for any issues related to payment of all grant related activities, including proper classification of costs, and the financial status of the program.
- The City Auditor may elect to "seed" the CHIP program with sufficient funds to provide for cash flow for specific situations during the grant period. Any funds so obligated shall be subject to compliance with any and all applicable rules and regulations.
- The City Auditor records the actual costs of staff hours to the appropriate administrative line item of the CHIP grant and keeps record of staff hours dedicated to the CHIP program.

Program Administrator's Role:

- Administrator shall maintain and make available to the grantee upon request, documentation in the form of individual time sheets detailing specific hours charged to the CHIP grant.
- The fees shall not exceed administrative and soft costs as established in the CHIP Grant Agreement, Attachment A and the Professional Contract of Services Agreement
- The Administrator shall be responsible for committing contracted funds consistent with grant agreements, HUD regulations, and State of Ohio CHIP Program rules, and the grantee's CHIP application.

E. INVOICING & CONTRACTOR/VENDOR PAYMENTS

Grantee's Role:

- Grantee processes the payment when funds are received from the State. The grantee may elect to pay the contractor or vendor from program income funds account (or other "seed" funds) and repay the account once the funds have been received from the State.
- The Grantee will establish a specific address account for the receipt and distribution of funds when a draw down request is received
- Grantee retains all payment documentation provided by the administrator.

Program Administrator's Role:

- An Appropriation of Funds request will be made to the Grantee to request funds be set up.
- Administrator will initiate a contractor pay request, utilizing a numbered, itemized invoice.

- A Request for Payment form will be prepared and forwarded to the Grantee.
- All payment requests will be accompanied by the contractor or vendor invoice, and all final payments will have a Final Inspection signed by the homeowner, Rehabilitation Specialists, the Housing Specialist, and the MIS Specialist (If the Housing Specialist or the MIS Specialist is not available can be signed by Housing & Energy Assistant Director).
- Process any Amended Appropriation of Funds due to a change order modifying the original appropriated amount.

F. CONTRACT RETENTION

The grantee has determined that provisions for progress payments to contractors are an acceptable payment method. This payment method allows contractors to request a draw after 50% of the work is completed and another draw after all of the work is completed. Once the contractor's invoice is received the inspector would complete a progress inspection to determine the invoiced work is satisfactorily completed. The inspector then authorizes full payment when the final inspection and the punch list are complete.

The Grantee is aware of the necessity of tailoring payment schedules as necessary to meet the legitimate business needs of contractors or to meet special situations. The Grantee has given the administrator authority to make partial payments as long as individual work specifications are 100% complete. It is recognized that many contractors will be in need of prompt payment and it is incumbent on the Grantee and administrator to facilitate prompt payment.

Should LBP interim controls or actual lead abatement be required for a property, the administrator will not submit a final payment request until a lead clearance test has been passed for the property. If the administrator proceeds with a request for contract funds before a lead clearance is achieved, a retention of a minimum 25 percent of the contract funds will be retained.

SECTION 5 CONFLICT RESOLUTION

A. PURPOSE

This section addresses the process of resolving conflicts that may arise between participants and contractors or participants and the Grantee, and/or Program Administrator. If OCD releases updated Policy Notices regarding conflict resolution, the Grantee and Program Administrator will adhere to the most current policy requirements.

B. SCOPE

The following presents procedures for documenting and filing complaints either as a client or contractor. The procedure for Dispute Resolution and Conflict Management is provided to the client at the time of application. The same policy will be signed by the contractor and the homeowner at the time of the Construction Agreement Contract signing.

The participant must agree and sign the Dispute Resolution policy before any inspection or contract is entered into and moves forward for CHIP assistance.

The client must understand their signature and date on the Certificate of Completion verifies satisfaction of the contractor's workmanship and validates final payment. No complaints regarding workmanship will be accepted after that date. Failed items covered under the warranties should be handled by contacting the contractor directly, in writing if necessary, detailing all warranty items that need addressed within 12 months of work completion. The grantee and program administrator have no obligation to assist with warranty work issue.

C. CONFLICT RESOLUTION

A client not satisfied with the completed rehabilitation work, a non-client party denied participation in the program, or a contractor not satisfied with a decision has the right to complain and can do so by following the format described below

1. If there is any dispute regarding the scope of work, workmanship or material quality/selection or any other discrepancy, the homeowner must notify the contractor immediately. If the contractor is not on site, the disputed work must stop and the contractor will be notified. Disputed work will not proceed until the issue is resolved.
2. Both the homeowner and contractor shall contact the administrator immediately when/if the dispute is not resolved between the contractor and the homeowner at step #1.
3. The administrator and/or grantee, rehabilitation specialist, contractor and the homeowner shall make a good faith effort to resolve the dispute at this time. If resolved, details of the dispute and resolution must be documented and signed at this time. The documentation will be placed in the client file.
4. If the dispute is not resolved at step #3, the homeowner must submit a written complaint to the grantee within five working days, on the Dispute Resolution Form provided.

Note: Disputed work that is necessary for the health and safety of the occupants, sanitary reasons or the protection of the structure and/or property, should proceed to the extent necessary to safeguard until the dispute is resolved.

5. Upon receipt of a written complaint, the administrator shall notify the grantee of the dispute. The grantee may attempt local resolution at this point, but in any case, shall require the administrator to respond in writing within 15 working days of receiving the complaint. Local resolution may be, but is not limited to, a review committee comprised of impartial members. Procedures for local resolution methods must be attached to this policy, and described in the grantee's local Policies and Procedures Manual.
6. The homeowner shall provide a statement, in writing, within 15 working days of the grantee's response date either accepting the proposed resolution or requesting mediation.
7. Within 15 working days of the date of the homeowner's response requesting mediation, the grantee and administrator shall provide the homeowner with the option of two dates for mediation.*

*The grantee may opt to proceed directly to arbitration.

Mediator Responsibilities

If the dispute cannot be resolved through negotiations with all parties, it may be submitted to mediation if the grantee chooses. The mediator is responsible for assisting the parties, impartially, in reaching an agreement on the disputed matter within 30 days of receiving the dispute.

The grantee may use the assistance of, but are not limited to, the Ohio Mediation Association to identify a mediator. The Ohio Mediation Association can be reached at P.O. Box 473, Columbus, Ohio, 43216, and can be contacted by telephone at (614) 321-7922, and by email at <http://mediateohio.org>.

Arbitrator Responsibilities

If the dispute cannot be resolved through negotiations with all parties **or** through the optional mediation process, the dispute **must** be submitted to arbitration. The arbitrator is responsible for providing a resolution to the dispute submitted by the applicant within 60 days of receiving the dispute.

The administrator may use the assistance of, but are not limited to, the American Arbitration Association. The American Arbitration Association is located at 250 East Fifth Street, Suite 330, Cincinnati, Ohio 45202-4173 and can be contacted by telephone at (513) 241-8434 or by fax at (513) 241-8437. For more information regarding the American Arbitration Association, visit <http://www.adr.org/>.

SECTION 6 PROGRAM INCOME

A. PURPOSE

This section provides policies covering the control and use of program income funds. All HOME and CDBG funds that are repaid to the Grantee are considered Program Income.

B. SCOPE

The following describes the policies governing the management and expenditure of Program Income. The methods are in compliance with the current Office of Community Development (OCD) Program Income Policy. Program Income funds do not fall under the definition "found money" (less than \$25,000 in a calendar year) and are not considered for discretionary use by the Grantee.

C. IMPLEMENTATION

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation for the Program Income process.

D. ELIGIBLE ACTIVITIES

Program Income generated through housing rehabilitation activities from a Comprehensive Housing, Community Housing Improvement Program or Formula Allocation Program grant will be expended on activities that are eligible under the funding source that generated the Program Income.

Otherwise stated, CDBG-generated program income will only be used for CDBG eligible activities and HOME-generated program income will only be used for HOME eligible activities. The Grantee may expend CDBG-generated program income funds for a secondary activity provided that a comprehensive housing program is being undertaken in a defined target area and OCD has given prior approval to the targeted program and secondary activity expenditures. All Program Income received and retained by the grantee is treated as additional funds and is subject to all applicable requirements of the CHIP.

All uncommitted Housing Program Income balances, HOME or CDBG, at the time of application will be committed to projects in the local government's program application.

E. TRACKING AND COLLECTION

The Grantee has the primary responsibility of tracking and collection of Program Income including the collection of liens when properties are sold or transferred with assistance from the Program Administrator. The Grantee and/or Program Administrator has the responsibility to calculate payoff amounts, respond to notices of foreclosure, and other actions effecting properties having mortgages held by the Grantee. This information is submitted to the Grantee as needed or as requested.

The Grantee will document the program income received from all CHIP activities. The funds shall be recorded the same as the original funding source (i.e. CDBG, HOME).

It is allowable for the grantee to retain a 10% from the program income received as administration funds provided the Affordability Period has been met. The remaining 90% shall be recorded for future eligible activities.

F. AFFORDABILITY PERIOD

Funds received by the Grantee with a recapture or resale provision must comply with the Affordability Period Rule coinciding with the original activity provided.

The Recapture Method of collecting funds to satisfy the HOME Affordability Period Rule will be used by the City for all activities excluding New-Construction. The Resale Method will be used for New Construction also complying with the Affordability Period Rule.

Homeownership (non-Habitat for Humanity), Rental Rehabilitation, and New Construction in conjunction with Habitat for Humanity Assistance activities will follow the requirements regarding managing returned funds, recaptured funds and program income.

At the time the Grantee receives funds as a result of recapture funds, classifying and managing the funds will be determined by the following:

- Funds received by the Grantee from the start date of the grant agreement to the final performance report date of the agreement will be considered returned and the funds will be reallocated to another eligible project or return the funds to OCD if they cannot be reallocated.
- Funds received by the Grantee after the final performance report date but prior to the grant closeout letter by OCD will be considered recaptured and must be returned to OCD.
- Funds received after the closeout letter by OCD, but received during the affordability period for the unit are considered recaptured and the Grantee will keep the funds as program income. Funds received during the affordability period cannot have a 10% portion categorized as administrative dollars.
- Funds received after the affordability period for the unit will be considered program income and the Grantee may keep 10% of the funds categorized as administrative dollars used to administer the funds in the future.

Owner Rehabilitation, Owner Home Repair, and Rental Home Repair activities will follow the requirements below regarding managing program income.

- If the grantee receives funds any time during or after the grant period, the funds are considered program income. The grantee may keep the funds and use administrative dollars to administer the funds.

If a property transfers during an affordability period and the recapture requirements are imposed, the City must evaluate the net sale proceeds.

Net Proceeds are the proceeds after the sale of the home minus the repayment of any non-CHIP loan balance and down payment and/or closing costs that were financed by the home owner. If net proceeds are not sufficient to repay the full amount of the HOME assistance, the recapture amount must be capped at available net proceeds. The City will not collect more than the net

proceeds. Any proceeds available after the CHIP assistance has been paid will be designated to the homeowner.

If there are no net proceeds from the sale, repayment will not be required and the affordability subsidy will be considered satisfied.

F. COMMITMENT APPROVAL

The Grantee is responsible for approving any program income funds to be used on a program related activity. In the event of using program income funds not already designated by the grant, the Program Administrator prepares and submits a request letter to the Grantee containing the client name, address, proposed work, and cost. The letter provides a signature line and decision choice (approved or disapproved) to indicate the desired action. A copy of the letter is returned to the Program Administrator after signature and the appropriate action is taken.

G. ADMINISTRATIVE COSTS

Administrative costs may be requested by any Program Administrator when Program Income funds are requested for an eligible CHIP activity. An administrative cost of 10% is allowable and will be added to the proposed work estimate and outlined in the Program Income request letter.

H. ADMINISTRATIVE RESPONSIBILITY

Administrative responsibilities associated with managing Program Income funds are the responsibility of the Grantee or their designated Administrator. The Grantee tracks, collects, and approves commitments and makes payments for the requests. The Administrator requesting use of Program Income funds may assist the Grantee in tracking and collecting the funds.

Semi-Annual Program Income reports will be completed and submitted as requested by the Office of Community Development.

SECTION 7 ACQUISITION AND RELOCATION

A. PURPOSE

This section provides policies and processes detailing the acquisition of property and the relocation of any person(s) displaced by CHIP activities.

B. SCOPE

The home buyer assistance and rehabilitation activities are the only CHIP elements where acquisition and temporary relocation are anticipated to be encountered. The Grantee certifies that it will follow the federal regulations when acquiring property (including permanent easements either on an involuntary or a voluntary basis, including The Uniform Relocation and Real Property Act of 1970 as amended, (the Uniform Relocation Act), the Acquisition and Relocation requirements in the HUD Handbook 1378, and Office of Community Development's (OCD) acquisition and relocation requirements.

Policies associated with management of acquisition and temporary relocation activities are presented in the following:

C. ACQUISITION

When federal financial assistance through OCD is requested for a proposed transaction that includes the purchase of real estate, regulations require informing the seller of the certain information. The seller will be informed by letter and the seller's signature obtained and placed in the appropriate file.

Following are samples of specific information that may be contained in the correspondence.

- A program participant is proposing acquisition of their property that has no legal means to acquire the property except a mutual agreement between the buyer and the seller. This is a voluntary, arm's length transaction and there is no threat of Eminent Domain.
- The estimated fair market value of the property and the method used to determine that value. The most common methods are: value derived by the County Auditor's most recent records, a third party who is familiar with property values in the area (such as a Realtor) an appraisal (attach copy) of the property and who it was conducted by.
- Since this is a voluntary sale, it will not be eligible for relocation assistance as a consequence of this transaction. Also, information will need to be provided if any tenants have been displaced for this sale to occur or if tenants currently rent or occupy space on the property.
- This information should be provided before making the purchase offer. In those cases where there is an existing option or contract, the seller must be provided the opportunity to withdraw from the agreement after this information is provided. Therefore, if federal funds remain in the project and this information is being provided prior to closing, but

after an option or purchase agreement exists, the seller has the choice of continuing with the contract, renegotiating the contract, or declaring it null and void.

D. TEMPORARY RELOCATION

Relocations will be tied to Lead Paint Hazard Reduction work and any other rehabilitation work that may pose a threat to human health and safety. Temporary relocation plans will be developed and HUD guidelines for relocation will be used. For more information, see Section 11, Private Owner Rehabilitation.

SECTION 8 CIVIL RIGHTS

This section contains information about the requirements for public input, fair housing, non-discrimination, equal opportunity, handicapped accessibility and affirmative marketing. The City is committed to compliance with these regulations and promotion of non-discrimination in housing.

Consolidated Plan:

The US Department of Housing and Urban Development (HUD) per regulations found at 91.320 requires the preparation and submission of a Consolidate Plan. This process integrates the previous regulations and requirements of the CDBG and HOME funded programs. For reference, this is where the required public participation aspects can be found.

Citizen Participation:

CDBG regulations require that the public be involved in the planning and decision making for the use of federal dollars. This is generally known as “Citizen Participation”.

This process is very important and relates to the public accountability of governments. The county has developed a Citizen Participation Plan that encourages the participation of low income residents and township and neighborhood representatives. The Housing Advisory Committee members are also considered part of this process. The Program Administrator, in coordination with the City, will ensure that proper notices of the two required public hearings for the CHIP application are conducted, and will also attend these hearings to provide information and answer questions from the public and attendees.

The HOME Final Rule 24 CFR (subpart H) 92.350 includes other Federal Requirements, such as nondiscrimination and equal opportunity, disclosure requirements, debarred, suspended or ineligible contractors; and drug-free workplace. Part of this regulation includes affirmative marketing and minority outreach programs.

92.351 Affirmative Marketing: Minority Outreach Program:

This regulation requires the adoption of marketing procedures when rental or homebuyer projects containing five or more units assisted with HOME funds are undertaken. (Tenant-Based Rental Assistance activities do not apply).

City of Fostoria is not currently proposing any rental or homebuyer projects containing five or more units. However, marketing and outreach are conducted through several mediums to reach low income and minority households. Fact Sheets and program information also includes references to Equal Housing Opportunity rights.

Past CHIP projects show a distribution of activities throughout City of Fostoria. The City works with multiple service providers who target low income families and minorities for assistance. Most referrals for projects are obtained through these agencies along with referrals from local community officials.

Fair Housing Laws:

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18, and handicap (disability).

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in programs and activities that receive federal financial assistance.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based on disability in any program or activity receiving federal assistance.

Section 109 of Title I of the Housing and Community Development Act of 1974 prohibits discrimination on the basis of race, color, national origin, sex or religion in programs and activities receiving financial assistance from HUD's Community Development Block Grant Program (CDBG).

Architectural Barriers Act of 1968 requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds after September 1969 must be accessible to and useable by handicapped persons.

Age Discrimination Act of 1975 prohibits discrimination on the basis of age in programs or activities receiving federal financial assistance.

Title IX of the Education Amendments Act of 1972 prohibits discrimination on the basis of sex in education programs or activities that receive federal financial assistance .

Fair Housing Related Presidential Executive Orders

Executive Order 11063 prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds. Further information on these regulations can be found at www.access.gpo.gov/nara/cfr/waisidx_02/24cfr107_02.html

Executive Order 11246 as amended, bars discrimination in federal employment because of race, color, religion, sex, or national origin.

Executive Order 12892 as amended, requires federal agencies to affirmatively further fair housing in their programs and activities, and provides that the Secretary of HUD will be responsible for coordinating the effort. The Order also establishes the President's Fair Housing Council, which will be chaired by the Secretary of HUD.

Executive Order 12898 requires that each federal agency conduct its program, policies, and activities that substantially affect human health or the environment in a manner that does not exclude persons based on race, color, or national origin.

Executive Order 13166 eliminates, to the extent possible, limited English proficiency as a barrier to full and meaningful participation by beneficiaries in all federally assisted and federally conducted programs and activities.

Executive Order 13217 requires federal agencies to evaluate their policies and programs to determine if any can be revised or modified to improve the availability of community-based living arrangements for persons with disabilities.

Reporting Requirements:

In 2003 HUD changed the number of racial categories to be used for reporting based on the 2000 census. Activities with direct program beneficiaries are reported to OCD on performance reports, the six month status report as well as the Final Performance Report.

24 CFR Section 121.2 Furnishing of data by program participants, says “Participants in the programs administered by the Department shall furnish to the Department such data concerning the race, color, religion, sex, national origin, age, handicap (disability) and family characteristics of person and households who are applicants for, participants in, or beneficiaries or potential beneficiaries of, those programs as the Secretary may determine to be necessary or appropriate to enable him or her to carry out his or her responsibilities under the authorities referred to in Section 121.1.”

Trainings:

The City requires completion of the homebuyer education program prior to assistance with downpayment or new construction. Topics in this training include: a fair housing component with information about potential discriminatory actions related to home ownership such as abusive and unfair lending practices, cautions about predatory lending practices, insurance redlining, unfair appraisals, and other related issues.

Fair Housing trainings in conjunction with CHIP activities will continue to be summarized to OCD in the CHIP grant applications. These trainings cover Title VIII, Civil Rights Act of 1968, summaries of Fair Housing laws, descriptions of the protected classes, and how to file a complaint to the Ohio Civil Rights Commission. Literature with telephone numbers and the name of the local contact person is included.

HUD Form 903.1 Are you a Victim of Housing Discrimination (Fair Housing is your Right) is available at the Program Administrator offices and is provided to all participants in the program as well as at each homebuyer and fair housing training.

Accessibility:

The City uses the Fair Housing Act Design Manual, revised in April 1998 as a reference for conforming to the design requirements of the Fair Housing Act. HUD contracted for this manual to assist designers and builders in meeting the Accessibility Requirements of the Fair Housing Act

The City will comply with the regulations in Section 504 of the Rehabilitation Act of 1974 and as noted in the following memo (OHCP Notice 03-01):

The following Office of Housing and Community Partnerships (OHCP) policy clarifies the provisions of **24 Code of Federal Regulations (CFR) Part 8 --Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the U.S. Department of Housing and Urban Development.**

In part, 24 CFR 8.22 states:

... a minimum of five percent of the total dwelling units or at least one unit... shall be made accessible for persons with mobility impairments... An additional two percent of units (but no less than one unit) in such a project shall be accessible for persons with hearing or vision impairments.

When implementing a single site or scattered site housing activity with OHCP-administered funds, 24 CFR Part 8.22 shall apply in the following instances:

- for a new housing construction activity, consisting of five units or more; and
- for a major alteration activity, consisting of 15 units or more, as outlined in 24 CFR 8.23 (major alteration is defined as rehabilitation that is greater or equal to 75 percent of the replacement costs).

The exception to the above-listed requirement is when a new construction or a major alteration housing activity is client based. The definition of client based for this requirement means that:

- the client is identified prior to the start of construction;
- the property exists or is placed in the client's name;
- the construction contracts are agreements between the client and the contractor; and
- any mortgages to be placed on the property, including construction loans, are placed in the client's name.

NOTE: Other requirements outlined in 24 CFR Part 8 may also apply to a particular housing activity.

COMMENTARY

OHCP Notice 03-01 provides OHCP award recipients with guidance regarding nondiscrimination based on handicap in housing projects funded through OHCP-administered programs.

SECTION 9 ENVIRONMENTAL REVIEW RECORD (ERR)

A. PURPOSE

The ERR will be maintained in such a way as to ensure that the CHIP program complies with all applicable state and federal environmental compliance issues.

B. SCOPE

Roles and Responsibilities

As outlined in the Grant Agreement with the Office of Community Development (OCD), the City assumes responsibility for the Environmental Review process, which includes decision-making and maintaining an environmental review record.

Coordination agreement: A Programmatic-Coordination agreement with the Ohio Historical Preservation Office (OHPO) will be on file at the OHPO office. This agreement stipulates the exempt activities. Annually, the Administrator will send to the Ohio Historical Preservation Office, Resource Protection and Review Section a list of the projects exempted from review. This will include a brief description of each activity undertaken, the age of the building or a notation that the building was less than 50 years old.

C. PROCEDURES

Environmental Process

The attached flow chart, provided by OCD, describes the general process by which the City will follow in its execution environmental processes for the CHIP. By following this series of steps, the City will assure that project funds are not expended prior to the completion of necessary environmental reviews.

The National Environmental Protection Act (NEPA) found at 40 CFR Parts 1500-1508 applies to all CDBG and HOME assisted activities, including housing rehabilitation and repairs. Specific definitions of Environmental Review levels are found at 24 CFR Part 58.34 – 58.37.

Level of Environmental Finding Definitions are:

- ✓ (EX) Exempt (Administration, Fair Housing, some Public Services)
- ✓ (CE) Categorical Excluded
- ✓ CE to Exempt
- ✓ Categorical Excluded Not Subject to 58.5 (supportive services, TBRA)
- ✓ (EA) Environmental Assessments
- ✓ Environmental Impact Statement Determination (New Construction, Reconstruction)

Release of Administrative and Fair Housing Funds:

General Administration and Fair Housing activities carried out with administrative funds are defined as “**Exempt**” per 24 Code of Federal Regulations Part 58, Section 58.34 (a)(3).

The City will execute the Environmental Review Documentation and Certification Form for general administration and fair housing activities funded with administrative dollars. Execution of this form certifies that the environmental review evaluation and the determination of exemption are accurate for general administration and fair housing activities funded with administrative dollars. Upon full execution of the Grant Agreement between the City and the Department of Development Office of Community Development, administrative and fair housing funds may be drawn and no Request for Release of Funds (RROF) is required for these two activities.

General administration activities include staff and related costs required for overall program management, coordination, monitoring, reporting and evaluation. Other activities under this category include citizens participation costs, fair housing activities, indirect costs charged using an accepted cost allocation plan, development of submissions or applications for federal programs, staff and overhead costs for project delivery and certain costs of administering the HOME Investment Partnerships Program.

The Administrator will ensure that an executed (by the CEO of the City) Environmental Review Documentation and Certification Form is submitted with the application and will keep one original, executed form on file.

Publications and Notices

In order for the City to draw grant monies several procedures must be followed. Generally this involves a Request for Release of Funds and A Notice of Intent to request release of funds. The City will utilize the tiered review process as described in the Environmental Review Manual. The first step (Tier 1) is to publish notices describing the basic program outlines, project descriptions, target areas, floodplain notices. Once these basic requirements have been met, Tier 2 review will be implemented.

OHPO Clearance Procedures

The coordination agreement outlines specific details of procedures for compliance with Section 106. A general description includes:

Compliance with Section 106 of the National Historic Preservation Act (16 USC 470) is required in order to coordinate the rehabilitation, or repair, of any property 50 years old or older, or any property located within a designated Historic District with the Ohio Historic Preservation Office (OHPO).

Coordination involves sending a letter to OHPO for a “determination as to the historic significance” of the architecture and/or location of the structure. Submissions include:

- Street view photographs,
- Project location and site maps
- Scope of work to be performed (specifications).

Finding of No Historical Significance:

When OHPO returns a letter (generally within 30 days of submission) declaring the unit to have no historical significance, the contract for rehabilitation or repair may be executed and work may proceed.

Compliance with the Secretary of Interior’s Standards for Rehabilitation. Guidelines for Rehabilitation of Historic Buildings will be followed: when the Notice from OHPO determines the unit to be of Historic Significance. The rehabilitation inspector will coordinate the scope of work with OCD to obtain approval with the Section 106 process. If approval cannot be obtained, or if costs to meet these requirements exceed the program limits, the project will become a walk away unit. Administrative staff will send proper notification to the property owner when a project has been determined ineligible.

D. DOCUMENTATION

ERR Local Record-Keeping:

1. Every Project, will include:
 - a. Description of the project and activities
 - b. All environmental reviews including their findings and document
 - c. Public Notices (from local newspaper)
 - d. Written determination from OHPO
 - e. OCD approval of Request for Release of Funds
2. Exempt Activities will include:
 - a. Written documentation signed by certifying officer that project meets qualifications for exemption (24 CFR 58.34 (b) or NEPA
3. Categorical Exclusions will include:
 - a. Written documentation by certifying officer that projects meet the requirements for categorical exclusion (24 CFR 58.35 (a).
 - b. Written documentation of compliance with environmental requirements of other related laws at 24 CFR Part 58.5 determined to be applicable to the project: documentation showing completion of procedures and actions required under applicable laws and authorities (24 CFR 58.35 (b).
 - c. Evidence that Notice of Intent to Request Release of Funds (NOI/RROF) was published at least 7 calendar days before submitting RROF to state, using the HUD

format or equivalent. Including a record of comments and how they have been taken into account. (23 CFR 58.70)

4. Environmental Assessments for Projects Not Classified as Exempt or Categorically Excluded:
 - a. Consultation with Other Agencies including evidence of completion of actions required under other applicable laws and authorities (24 CFR 58.40 (f))
 - b. For projects requiring an environmental assessment (EA) evidence that the EA has been completed using the HUD format (24CFR 58.40)
 - c. If FONSI determination was made, evidence that a separate FONSI Notice and a separate NOI/RROF or combined notice of both were prepared and sent to: EPA Headquarters and appropriate regional offices; Interested individuals and groups; Appropriate state, local, federal agencies; OCD
 - d. Evidence that notices were published at least once in an area-wide newspaper.
 - e. Evidence that the 15 day comment period provided for combined FONSI Notice and NOI/RROF or for separate FONSI Notice.
 - f. Evidence that RROF and certifications were submitted to the state. (24 CFR 58.71)
5. Environmental Impact Statement will include:

No activities that require an impact statement will be undertaken.
6. Release of Funds and Certification Approval
 - a. Date of Release of Funds and certification to State of Ohio
 - b. Record of Objections received from agencies or the public, if any received during the state ROF process, and their disposition (24 CFR 58.76 and 58.77 (a) (b)).
 - c. Copy of the state notification of the release of funds and approval of certification.
 - d. Record of the implementation of environmental review decisions.

SECTION 10 STAFF ROLES & RESPONSIBILITIES

Section 10 provides the staff roles and responsibilities of the Grantee and the Program Administrator.

A. STAFF ROLES AND RESPONSIBILITIES:

The Grantee has experience in administering formula CDBG programs, as well as experience in other Ohio Development Services Agency (ODSA) programs. The responsible individuals also have extensive experience in conducting pre-program environmental Release of Funds activities. Both GLCAP and the Grantee have extensive experience in managing multiple contracts, and in networking to the community.

1. Specific Grantee Responsibilities:

Key Grantee staff includes experienced personnel in charge of Formula, ED, and housing program funds from HUD/CDBG, an experienced Administrator who is familiar with CHIP, and support personnel who have worked in support of current CHIP and formula programs. Specific Grantee duties related to this activity include:

- Review Drawdown of funds for individual contracts, administration and implementation invoices, and coordination of payments with department staff.
- Maintain accurate financial records of all draws, revenues and expenses,
- Approve financial reports.
- Provide program oversight as appropriate.
- Assist with Fair Housing for all CHIP Activities, as requested.
- Promote the program and its activities through public relations, distribution of program material, and presentations to the community-at-large.
- Sign and approve all reports and requests for OCD

2. Specific Administrator Responsibilities:

The organizational capacity and current staff capabilities of the Great Lakes Community Action Partnership Housing and Energy Department and the Grantee are important to program success. CHIP administrative and program management task activities have been assigned to specific positions. Tasks assigned by position are as follows:

a. Housing Development Coordinator:

- Works with OCD staff and local grantees to design the program in compliance with federal, state, and local guidelines
- Attends housing trainings to remain current with housing regulations and Best Practice standards
- Conducts needs assessments, citizen participation and related activities included in the CHIP application planning process
- Convenes and facilitates Housing Advisory Committee meetings on behalf of grantee

- Develops CHIP application with local officials
 - Provides technical assistance to grantee staff and GLCAP housing department personnel on an ongoing basis
 - Advises on design changes for financing mechanisms, loan guidelines or other project criteria to insure proper implementation
- b. Director of Housing & Energy:**
- Directs overall Housing & Energy Department operations
 - Implements housing and energy program initiatives
 - Represents Grantee interest on state advisory committees
 - Coordinates department activities
 - Manages department resources to achieve contractual obligations
 - Prepares design changes to finance mechanisms, loan guidelines or other project criteria to insure proper implementation
 - Supervises CHIP rehabilitation specialists for construction activities
 - Monitors contractor work directly or through subordinate field staff
- c. Assistant Director of Housing & Energy:**
- Assists with implementation of housing and energy program initiatives
 - Prepares CHIP program invoicing to the Grantee
 - Responsible for CHIP budget and financial report preparation
 - Reviews and approves pay requests for CHIP vendors/contractors
 - Supervises CHIP program support staff
- d. Housing Specialist:**
- Prepares state performance reports
 - Completes environmental reviews and release of funds documentation for submittal to the Grantee and OCD
 - Markets CHIP activities to potential clients
 - Assists with the design and completion of the CHIP application
 - Works with OCD staff and Grantee to administer the grant in compliance with federal, state, and local guidelines
 - Reviews contract change orders
 - Oversees client file reviews to assure compliance with OCD, HOME and CDBG requirements
 - Reports progress on activities and outcomes to the Grantee and partners
 - Assists the Grantee with OCD monitoring visits and responses for monitoring reports
 - Reviews bids for compliance with specifications and CHIP compliance
 - Coordinates tenant-based rental assistance activities Serves as the Habitat for Humanity liaison coordinating activities. Attends housing trainings to remain current with housing regulations
- e. Housing Clerk:**
- Verifies client eligibility and documents compliance with OCD, HOME and CDBG regulations

- Assists with final file monitoring to ensure compliance with OCD, HOME, CDBG regulations
 - Assists with housing advisory committee planning process and data gathering
 - Completes documents for job set-up, drawdowns, and completion
 - Prepares loan closing documents for the homeowner and contractor
 - Prepares exempt project annual summary for Grantee to submit to OHPO
 - Updates loan database to audit and track program income for Grantee
- f. Rehabilitation Specialist(s):**
- Inspects homes for deficiencies related to applicable standards
 - Develops work specifications and costs estimates for repair and rehabilitation activities
 - Facilitates pre-bid contractor walk through
 - Submits request for lead risk assessments and writes lead specifications to abate any identified lead hazards
 - Performs lead clearance examinations at the completion of lead abatement jobs
 - Submits photos and specifications to the Ohio Historical Preservation Office (OHPO) for clearance relevant to US Department of Interior Standards of historic structures
 - Monitors contractor work and serves as liaison between contractor and homeowner
 - Executes all required documents with the homeowner and contractor
 - Prepares punch list items, conducts final inspections and authorizes final payment to the contractor
 - Coordinates on-site inspections during OCD's monitoring visit
 - Performs marketing tasks to solicit contractor to participate in the program
 - Maintains Risk Assessor and Contractor/Supervisor LBP licenses
- g. Quality Assurance Specialist:**
- Reviews written work specifications for completeness and accuracy to ensure in compliance with OCD's Residential Rehabilitation Standards (RRS)
 - Assist Rehabilitation Specialists in performing contractor walk through, reviewing change order requests, and completing bid openings
 - Assist Rehabilitation Specialists to monitor job progress during the construction to ensure work is being done in compliance with OCD's RRS and job specifications
 - Assist the Support Specialist in contractor marketing and recruitment
- h. Intake Specialist:**
- Coordinates client application process, screening the application and verifying OCD, HOME, and CDBG regulation compliance
 - Documents and verifies client files, consistent with this manual
 - Creates and maintains client files during verification process
 - Provides ongoing direct client assistance through the intake process
 - Complete income re-verification as required by regulations

i. Support Specialist:

- Markets CHIP activities to potential clients
- Maintains client referral database coordinating services for all GLCAP's Housing & Energy Department clients
- Markets the CHIP program to potential contractors
- Maintains contractor database ensuring up-to-date licenses, insurance, and BWC
- Manages the Tenant Based Rental Assistance; Habitat for Humanity; and Fair Housing CHIP program activities, ensuring program compliance and outcomes, and documentation

j. Housing Counselor(s):

- Conduct one-on-one homeownership counseling sessions with CHIP first time homebuyer applicants
- Determine if credit problems exist and make referrals to consumer credit counseling or other appropriate entities
- Maintain records of sessions and meetings held for CHIP reporting purposes.
- Makes public aware of program through brochures, public meetings, visits to residences, and receives inquiries on program
- Provides foreclosure prevention counseling and education
- Prepare Subordination and Subordination Requests on outstanding CHIP Mortgages if requested

SECTION 11 PRIVATE OWNER REHABILITATION

The purpose of the Private Owner Rehabilitation activity is to improve and protect the supply of sound, serviceable, low-income owner-occupied housing stock. Through this activity, financial assistance is provided to homeowners to correct substandard conditions so that the homes are safe, healthy, durable, energy efficient and affordable.

A. ACTIVITY DESIGN

The activity is designed to address those needs outlined in the most recent CHIS pertaining to low-income owners living in substandard dwellings, who lack financial means to pay for needed improvements. This activity will also prevent neighborhood deterioration, boost equity values for low-income owners, and eliminate health and safety problems. A secondary benefit is to allow elderly owners to remain independent in their homes for as long as they can maintain health and vitality.

Private Owner Occupied Rehabilitation will be available on a City wide basis, and throughout the CHIP geography of partners.

The National Objective will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.

Private Owner Rehabilitation targets residents of the community with incomes below 80% of the median income. Emphasis will be directed at households on fixed incomes, those who are housing cost burdened, single head of household with dependents, and handicapped and/or disabled and large families.

Program Rehabilitation Specialist will inspect applicant homes considered for rehabilitation with the following standards:

- The latest OCD Residential Rehabilitation Standards (RRS) (will be the primary guidelines for the analysis for the condition of individual homes).
- Local Applicable Building Codes and Amendments
- Local Health Department Premises Sanitation Regulations
- HUD Title X Lead-based Paint Standards Subpart K and Subpart J of this rule as determined applicable.
- Ohio Department of Health Lead-based Paint Standards, namely Division (E) of section 3742, of the Revised Code as amended, Sub H. B. 248, ODH and ODSA Interagency Agreement, and Local Lead Implementation Plan (LIP) filed previously with OCD.

B. IMPLEMENTATION

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation of the Private Rehabilitation process.

Program Promotion: will continue to be conducted by the **City**, by the Program Administrator, and numerous service providers and financial institutions represented on the Housing Advisory Committee.

Application: The processes and procedures required for reviewing and evaluating the applications general requirements are contained in Section 2, Income Eligibility, of this manual. A homeowner wishing to participate in the program is to be provided with a Rehabilitation / Home Repair application packet. This packet is comprised of the following forms: (Based on the source of income)

- Community Housing Impact and Preservation Program Application for Assistance
- Document Checklist
- Financial Privacy Statement
- Verification of Checking & Savings Accounts Form
- Verification of Employment Form
- Income Self-Declaration Form
- Verification of Income from Business Form
- HOME Program Eligibility Release Form
- Fair Housing Brochure
- EPA Lead Poisoning and Your Children Brochure
- EPA Renovate Right Brochure
- HUD Protect Your Family From Lead in Your Home Brochure

The homeowner must complete all documents that are checked on the Document Checklist and apply to their income source. All documents must be submitted and completed, prior to any action being taken by the Grantee or Program Administrator. Owner must insure that all information is complete and current.

1. **Inspection:** The inspection element of the rehabilitation process establishes the criteria for all remaining activities. This is a bench mark process to establish what construction elements and to what detail will they need to be completed. It also establishes project feasibility.

a. Room-by-Room Inspection and Write Up: The inspection is a crucial step in the rehabilitation process. All that occurs throughout the remaining project is dependent on the results of the initial inspection and subsequent process.

The inspections must be completed in accordance with local building code requirements, if such codes exist. At a minimum, the requirements of the OHCP Residential Rehabilitation Standards (RRS) must be met. Where conflicting conditions or issues are encountered and not addressed by these codes and standards, other governing

requirements may apply such as: National Electrical Code, State Plumbing Code, and State Building Code.

The Rehabilitation Specialist must make arrangements with the homeowner to have complete access to the structure. Each area of the house is inspected and all findings are recorded in the Housing Inspection Form.

Photographs are an essential part of the inspection process and used to record all deficiencies possible. Exterior and streetscape photographs are to be taken for record purposes and Ohio Historical Preservation Office review, if needed.

b. Specification Development: The Rehabilitation Specialist reviews the application and inspection write-up with others in the department to determine if additional resources can be utilized. Some work elements may be able to be completed as part of a weatherization program and the work will be coordinated with the local service provider to the extent feasible. Additional inspections, weatherization, asbestos, or LBP may be required at this time to allow proper determination, evaluation and coordination of the total scope of work.

When all inspections are completed and recommendations received, the determination is then made of what work will be bid by the bidder/contractor.

The Rehabilitation Specialist then develops the rehabilitation specification using the information recorded from the room-by-room inspection and information developed from other department disciplines. Each deficient element noted requires a specification work element. Similar items are grouped under a major work element.

The completed specification is then used to develop the cost estimate and a basis for contractors bid submission.

c. Historical Preservation Determination: As described under Section 9, Environmental Review Record.

d. Lead Based Paint (LBP) Inspection and Risk Assessment: A determination is made by the Rehabilitation Specialist to verify the age of the unit. If the unit was constructed prior to 1978, an evaluation must be made based on the LBP Inspection and Risk Assessment to determine action to be taken to treat any LBP Hazards that exist.

Lead Based Paint Hazard Treatment Matrix

	Less than or equal to \$5,000	\$5,000 - \$25,000	Greater than \$25,000
Approach to Lead Hazard Evaluation & Reduction	Do no harm	Identify and control lead hazards	Identify and abate lead hazards
Notification	Yes*	Yes*	Yes*
Lead Hazard Evaluation	Presume lead-based paint	Paint Testing and Risk Assessment <i>Ohio license required</i>	Paint Testing and Risk Assessment <i>Ohio license required</i>
Lead Hazard Reduction	Use safe work practices on all surfaces disturbed by rehabilitation <i>Work to be completed by Lead-safe renovator or licensed Worker/Contractor</i> <i>Clearance by Clearance Technician, Rehabilitation Specialist or Risk Assessor</i>	Interim Controls, Use safe work practices on all surfaces disturbed by rehabilitation <i>Work to be completed by Lead-safe renovator or licensed Worker/Contractor</i> <i>Clearance by Clearance Technician, Rehabilitation Specialist or Risk Assessor</i>	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation) Use safe work practices <i>Work to be completed by licensed Worker/Contractor</i> <i>Clearance by Rehabilitation Specialist or Risk Assessor</i>
Ongoing Maintenance	Yes, by home owner	Yes, by home owner	Yes, by home owner

*EPA Pamphlet entitled "Protect Your Family from Lead in Your Home"

The LBP Inspection and Risk Assessment process establishes the criteria for treating the LBP Hazards. This is a benchmark process to establish location and condition of any lead-based paint elements within the structure and to what detail will need to be addressed (i.e interim controls, abatement, lead safe work practices). It also establishes project feasibility due to additional measures needed to be taken when dealing with lead-based paint.

C. BID PROCESS

1. Pre-Bid Process: The pre-bid period requires involvement and input from the owner. The Rehabilitation Specialist must explain the process in detail to the owner in a manner that is well understood. Many misunderstandings and potential problems can be eliminated at this point if adequate time and attention are directed to the owner. All questions must be answered in detail and all confusion eliminated.

The following documents and forms are completed during this phase, and can be found at the end of Section 3.

- Approval of Work Specification
- Owner Occupied Housing Rehabilitation Assistance Terms and Conditions

- Notice to Homeowners

The Rehabilitation Specialist must review the specification in detail with the owner. This is a complete item-by-item review. Each work element is explained in such a manner that the owner understands and is prepared for the final aspects of each completed item. The owner has direct input in this review and approval process. If some details are unacceptable, an alternate method, condition or item should be substituted and agreed upon. The owner, when completely satisfied with the specification, is required to sign off on the Approval of Work Specification.

The Rehabilitation Specialist will review each of terms with the owner and fully explain the required owner commitment. The Housing Rehabilitation Terms and Conditions provide the details for receiving assistance and must be well understood by the owner.

The Rehabilitation Specialist gives an approved contractor list to the homeowner. The homeowner can at that point request any deletions and/or additions to the list. The homeowner will sign a list of acceptable contractors. The Rehabilitation Specialist then coordinates invitations to bid to the acceptable contractors and coordinates the bid walk through.

At this point the Rehabilitation Specialist assembles the bid packages and provides them at the contractor walk through. A bid package is comprised of the following documents:

- Bid Package Cover Sheet
- Instructions to Bidders
- Bid Proposal Summary Sheet
- Specification

2. Bid Period: The bid period is the portion of the contracting process devoted to monitoring the contractor/bidders; insuring all questions are answered in a timely manner and that information is consistent to all bidders. If during the bid period a significant change is encountered such that the bid specification requires changing, an addendum must be issued to all bidders. This may require an extension of the bid period time. The bid period also includes the time needed to prepare an estimate, evaluate the submitted proposals and determine the successful bidder/contractor. Information or findings that result in an addendum are to follow the format in the Bid Period Addendum.

3. Estimate Calculation: The Rehabilitation Specialist prepares an estimate in the same manner as the bidder/contractor. An un-priced copy of the bid recording form is filled out with the calculated and extended prices. The cost estimate may result in the project being a walk away if the cost to complete the project exceeds state maximum limits. If this is the case, the owner is contacted and informed that the project is not feasible within program guidelines.

4. Contractor Site Visits: A site visit or walk through by all bidders is the preferred practice for contractor/bidders to assemble a competitive and accurate proposal. It is the responsibility of the Rehabilitation Specialist with owner assistance to schedule site visits to accommodate both contractors and owners.

5. **Bid Submission:** Bids are to be submitted on or before the date indicated on the bid package cover sheet. The Rehabilitation Specialist may be asked on occasion to extend the bid period to accommodate a bidder/contractor needing additional time to complete its proposal. This can be accomplished only if all other bidders are notified of the change and are given the opportunity to use the extra time allowed.

The individual who receives the bid package from the contractor should sign and record the date and time on the envelope.

6. **Bid Opening:** The Rehabilitation Specialist prepares a Bid Recording Form for recording information from the bids submitted. The Rehabilitation Specialist, in the presence of a witness in the City, then opens bids and states the contractor's names and announces their bid amount.

7. **Bid Evaluation:** The Program Administrator staff reviews each bid in detail and determines if bids are complete and submitted with all necessary information. Clarifications from bidders are requested if specification elements appear to be questionable. Bidders may quote alternate materials or products. This requires evaluation to determine if alternates are acceptable. Care must be taken to insure that alternate or substitute materials or products are considered equivalent in quality, capacity, projected life expectancy, etc. If an alternate is, in the judgment of the Rehabilitation Specialist not deemed to be equivalent to the specified product the bid should be rejected.

D. CONTRACT AWARD

Once winning bid is determined, substantiation of **no existing** debarment of the contractor awarded is verified and notification is sent out to the homeowners and bidders who submitted a bid indicating the results.

1. **Loan Closing:**

The loan closing stage covers the paperwork outlining the finance mechanism to be used on the project, specific instructions on the repayment of liens placed on property and specific homeowner and contractor responsibilities during the construction phase of the project.

The forms to be used are as follows:

- Pre-Construction Conference
- Right of Rescission
- Truth in Lending Statement
- Loan Itemization
- Mortgage
- Promissory Note
- Construction Agreement
- CHIP Dispute Resolution and Conflict Management
- Insurance Endorsement Verification

- Homeowner Rehabilitation Instructions
 - HOME Written Agreement (if HOME funds are utilized)
 - Equal Opportunity Employer
 - Non-Collusion Affidavit
 - Designation of Sub-Contractors
2. Pre-Construction Conference: The pre-construction meeting allows an opportunity for the owner, contractor and Rehabilitation Specialist to review the proposed work, answer questions, address inconsistencies, resolve any misunderstandings, and sign loan closing documentation. It is essential for all parties to have a clear understanding of what is expected to execute the contract successfully.

Once the Pre-Construction conference meeting has been completed, all documents are signed, and Right of Rescission period has expired, the contractor is issued a Notice to Proceed letter indicating the date they may begin construction.

3. Construction: The construction phase is the period of time in which the physical construction of the project takes place. It is essential that the Rehabilitation Specialist continually monitors the progress of each project to ensure all specifications are completed as detailed in the bid, appropriate materials are being used, and project is being completed in a timely manner. Additionally, it is necessary to ensure that the homeowner has not asked the contractor to do additional work or to change what the specification required.
4. Change Orders: Change orders are a normal part of rehabilitation construction work. Once a project is underway, sometimes unforeseeable issues could arise and the original specifications altered as a result. The Rehabilitation Specialist, through inspection, will be able to determine if such a change is essential to complete the project. If a change is needed, the Change Order procedure will be initiated and approved prior to the changed specification being completed.
5. Construction Completion: Once the project is finished, the Rehabilitation Specialist will conduct a final inspection ensuring all specifications were completed to RRS and homeowner standards. If any items remain, a Punch List will be filled out detailing items remaining and will need to be finished prior to payment being issued to the contractor. In addition to the successful completion of all specifications, if the project was deemed a lead hazard in any way, the property must pass a Lead-based Paint Clearance test prior to more than 75% of the entire contract being paid to the contractor.

The forms used during this phase are as follows.

- Final Inspection Form
- Punch List
- Certificate of Completion and Homeowner Satisfaction Statement
- Contractors Invoice (unique to each contractor)
- Waiver of Liens

- Affidavit of Contractor
- Successful LBP Clearance Test Results, if necessary

Once the Rehabilitation Specialist has assembled the above required documents, the Housing Services Document Specialist verifies amounts are correct on the contractor invoice and match the specifications of the job, all warranties are listed appropriately, and Lead-based Paint Clearance has been achieved. If all items are completed a Pay Request is prepared by the Program Administrator to inform the community of successful completion of the project and approval to pay the contractor. The Grantee then processes the contractor's final payment.

E. RELOCATION POLICIES

The City may provide temporary relocation assistance, to clients receiving Private Owner Rehabilitation, as this activity may include the evaluation and reduction of lead-based paint hazards. This temporary relocation assistance may only be provided during the period of time when the actual lead interim control/abatement work is being completed and/or other health and safety issues are present during renovation. The timeframe for relocation can range anywhere from one to fourteen days depending on the level of LBP hazards to be removed. Clients will be expected to relocate with nearby relatives whenever possible.

F. STAFF ROLES AND RESPONSIBILITIES

Please see Section 10.

G. CLIENT SELECTION

1. Eligibility Thresholds: Applicants must meet the following thresholds in order to qualify for possible assistance. Thresholds include:
 - Household Income at or below 80% of median income, projected forward 12 months according to applicable HOME regulations.
 - Home is located within the local City limits.
 - Client agrees to all conditions for receiving assistance prior to the bid stage.
2. Eligibility of Past Participants: Properties that have previously received a Home Repair, Private Owner Rehabilitation, Rental Rehabilitation or Down Payment/Rehabilitation activity may not submit an application for any of the above services for a period of five years. Once either the five year period has expired or deferred loans have reached their total maximum reduction, the property will then become eligible to apply for services and will receive standard priority as outlined in this policy.

Previously served properties with deferred loans cannot apply until they have reached their total maximum reduction. This is not retroactive to properties previous to the adoption of this policy.

Exceptions that negate the above limitations:

- A health and safety situation that arises at a previously served property which can be defined as an “emergency” per the RRS in which case only a Home Repair activity can take place to rectify the situation.
 - Properties that have received a Home Repair activity in the last five years but have never received a Private Rehabilitation activity, may apply for Private Owner Rehabilitation activity only. Standard priority as outlined in this policy will apply.
 - Lack of files – If there are no applicants awaiting assistance on file during the last six months of any grant period, only then can previously served properties apply for assistance. Previously served properties with deferred loans still cannot apply until they have reached their total maximum reduction.
3. Application Screening: The acceptance of an application is based on the information the applicant has provided. If information is missing or any additional information is needed, the Housing Intake Specialist will contact the applicant to request the information before the processing can be completed.
 4. Priority Points Process: All applications received will be rated on the following priority scale. In cases where this rating yields equivalent scores, priority will be determined according to a first come, first served basis. Applicant Criteria points will be determined at the time of application. Impact Criteria points will be determined at the time of the initial housing inspection on the unit. A Priority Point Sheet is located in the forms section.

Applications will be reviewed periodically to determine priority point rankings. High scoring clients and carry over applications will be served first. Following each review additional applications received will be combined with remaining applicants and will receive the same periodic review of priority point ranking.

A minimum of 40 points are needed to be served. Applicants scoring lower than 40 points may be served depending on program demand and costs as long as all CHIP eligibility requirements are met. This system will target rehabilitation assistance to those client households with the greatest affordability gaps, special needs households, or those on fixed incomes where future affordability cannot be expected to improve. It will allow targeting homes needing the most repairs. However, houses must be able to be brought to minimum OCD RRS housing standards within the established expenditure limits in order to receive rehabilitation assistance.

5. Application Acceptance: Applications are continually accepted for the program and priority is given to those who have the greatest need. After funds have been expended for the activity, persons applying will be notified there are no funds available and applications will still continue in the same process. Interested participants will be notified when the next program is initiated.
6. Notice of Eligibility or Non-eligibility: A Notice of Eligibility is sent to all applicants indicating the status of their application. The notice will state whether the application

is considered eligible or not for CHIP assistance. The notice clearly states that the notice does not guarantee that the applicant will be assisted.

7. Walk-Away Policy: A walk away policy will be observed. Rehabilitation projects will not be committed until the completion of both a rehabilitation inspection and a lead risk assessment. The Program Administrator will evaluate the lead paint inspection performed by the program lead Rehabilitation Specialist and determine the extent of lead hazard reduction work and the relative risk factors present.

The Rehabilitation Specialist will develop a preliminary cost estimate of both the rehabilitation and the lead hazard reduction work. Any unit exceeding the maximum per unit limit for rehabilitation, or with extensive lead abatement requirements which exceed the limits above, will be considered a "walk-away".

Units that exceed the (203)(b) limits based on a reasonable after rehabilitation appraised market value, will not be eligible for assistance. Units where a clear title cannot be demonstrated by the applicant(s) will not be considered for assistance until questions are resolved to the satisfaction of the grantee, its legal representative, and/or program staff. Units with unsatisfied liens placed against the property, such as tax liens, mechanics liens or legal judgments, may be eliminated from consideration if, in the opinion of staff and /or grantee or legal consultants, the CHIP assistance is considered to be reasonably subject to non-collection, or the situation represents a degree of risk to continued ownership, residence, or control by the applicant.

Once an applicant has been considered a "Walk-Away" for any reason they are no longer eligible to apply for assistance until circumstance resulting in the "Walk-Away" has changed. Such circumstances that may change and make an applicant eligible to reapply would be: there has been a change in household income, there have been significant repairs to the home, or the household occupant number has changed.

8. Related Project Eligibility Elements:

- a. Mobile Homes will not be considered for owner rehabilitation.

- b. Hazard Insurance: Hazard Insurance will be required for all owner rehabilitations with the local community listed as a mortgage/loss payee for the term of the loan. The amount of the insurance shall be adequate to protect and cover the investment. The Grantee or Program Administrator will maintain a file on all insured properties and policy status.

H. LIMITS OF ASSISTANCE

Per unit limits for Private Owner Rehabilitation Assistance will be within the HOME (221)(d)(3) guidelines. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications.

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I. FINANCE MECHANISM

Homeowners who are made to be income eligible per section 2 (gross household income at or below 80% of county median income) of this policy qualify for a declining/deferred loan to have rehabilitation work financed. The declining/deferred loan will be secured with a lien on the property. 20% of the original balance is considered deferred and will remain part of the payoff amount for the life of the lien. 80% of the original balance will decline at a rate of 16% over a five year period. The funds do not become due and payable unless property is sold, vacated or transferred, or when the property is sold or transferred as a part of an estate. Participants may pay the lien off at any time without penalty. No interest will be charged, and repayment will not be required as long as the borrower continues to hold title to and occupy the dwelling. When the property is sold, vacated, or transferred, the full amount of the remaining loan balance according to the terms of the Promissory Note shall be due and payable. In addition, the homeowners shall have the property insured with appropriate coverage in a sum not less than the market value of the property. Proof of this coverage must be provided to the housing staff prior to loan closing.

E. AFFORDABILITY/HOUSING COST BURDEN

The proposed mechanism of combined declining/deferred loans will generate program income. Furthermore, this option allows the City to provide needed services without placing a burden on rehabilitation clients; many of whom already face high monthly housing costs.

SECTION 12 HOME REPAIR

The purpose of the Home Repair activity is to help preserve housing stock that are owned and occupied by low and moderate-income households. Through this activity financial assistance is provided to correct specific problems that adversely affect occupant health and safety and/or structural integrity.

A. ACTIVITY DESIGN

The types of work that are generally considered eligible for the Home Repair activity include Structural System Repairs, Mechanical System Repairs, Plumbing System Tap-ins, Well and Septic Systems, Weatherization, Accessibility, and Lead Based Paint Hazard Reduction.

Home Repair and emergency assistance grants will be available throughout City of Fostoria on a "scattered site" basis. There will be no set-aside of funds.

This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.

The Home Building Repair activity is designed for low- income owner occupied homes containing serious problems representing a health or safety threat to the occupants. Priority outreach will be made to very-low income owners, elderly, those on fixed incomes, and those with large families.

Program Rehabilitation Specialists will inspect applicant homes considered for rehabilitation for conformance with the following standards:

- The latest OCD Residential Rehabilitation Standards (RRS) (will be the primary guidelines for the analysis for the condition of individual homes).
- Local Applicable Building Codes and Amendments
- Local Health Department Premises Sanitation Regulations
- HUD Title X Lead-Based Paint Standards Subpart K and Subpart J of this rule as determined applicable.
- Ohio Department of Health Lead-based Paint Standards; namely Division (E) of section 3742 of the Revised Code as amended, Sub H. B. 248, ODH and ODSA Interagency Agreement, and Local Lead Implementation Plan (LIP) filed previously with OCD.

B. IMPLEMENTATION

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation of the Home Repair process.

1. Program Promotion: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section B, 1.

2. Application: This activity is identical to that presented in Section 11, Private Owner Rehabilitation Section B, 2.
3. Inspection: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section B, 3.
4. Bid Period: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 2.
5. Estimate Calculation: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 3.
6. Contractor Site Visits: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 4.
7. Bid Submission: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 5.
8. Bid Opening: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 6.
9. Bid Evaluation: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 7.

C. CONTRACT AWARD

Once winning bid is determined, substantiation of no existing debarment of the contractor awarded is verified and notification is sent out to the homeowners and bidders who submitted a bid indicating the results.

1. Loan Closing: The loan closing stage covers the paperwork outlining the finance mechanism to be used on the project and specific homeowner and contractor responsibilities during the construction phase of the project.

The forms to be used are as follows:

- Pre-Construction Conference
 - Loan Itemization
 - Construction Agreement
 - CHIP Dispute Resolution and Conflict Management
 - Homeowner Home Repair Instructions
2. Pre-Construction Conference: The pre-construction conference allows an opportunity for the owner, contractor, and Rehabilitation Specialist to review the proposed work, answer questions, address inconsistencies, resolve any misunderstandings, and sign the loan closing documentation.

Once the pre-construction conference has been completed and all documents are signed, the contractor is issued a Notice to Proceed letter indicating the date they may begin construction.

3. Construction: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 3.
4. Change Orders: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 4.
5. Construction Completion: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 5.

D. STAFF ROLES AND RESPONSIBILITIES

Please see section 10.

E. CLIENT SELECTION

Applicants will be served on a first-come first-serve basis. Emphasis will be on health or safety threats, with particular attention paid to those with non-functioning furnaces, dangerous electrical systems, accessibility or problems relating to roofs and other structural issues, where inspections verify that a health or safety problem exists and that immediate action is prudent in order to eliminate the hazard and prevent possible injury. Referrals from other organizations are anticipated for identifying such problems.

1. Eligibility Thresholds: Applicants must meet the following thresholds in order to qualify for possible assistance:
 - Household Income is at or below 80% of median, projected forward 12 months according to applicable HOME regulations. If the grantee is awarded Ohio Housing Trust Funds (OHTF) a household income of 50% county median or less will be required.
 - Home is located within the City limits.
 - Provide proof of ownership.
 - Client agrees to Terms and Conditions for Receiving Assistance prior to bid process.
2. Eligibility of Past Participants: Properties that have previously received a Home Repair, Private Owner Rehabilitation, Rental Rehabilitation or Down Payment/Rehabilitation activity may not submit an application for any of the above services for a period of five years. Once either the five year period has expired or deferred loans have reached their total maximum reduction, the client will then become eligible to apply for services and will receive standard priority as outlined in this policy.

Previously served properties with deferred loans cannot apply until they have reached their total maximum reduction. This is not retroactive to properties previous to the adoption of this policy.

Exceptions that negate the above limitations:

- A health and safety situation that arises at a previously served property which can be defined as an “emergency” per the RRS in which case only a Home Repair activity can take place to rectify the situation.
 - Properties that have received a Home Repair activity in the last five years but have never received a Private Rehabilitation activity, may apply for Private Owner Rehabilitation activity only. Standard priority as outlined in this policy will apply.
 - Lack of files – If there are no applicants awaiting assistance on file during the last six months of any grant period, only then can previously served properties apply for assistance. Previously served properties with deferred loans still cannot apply until they have reached their total maximum reduction.
3. Application Screening: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 3.
 4. Application Acceptance: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 5.
 5. Notice of Eligibility or Non-Eligibility: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 6.
 6. Walk-Away Policy: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 7.
 7. Related Project Eligibility Elements: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 8.

F. LIMITS OF ASSISTANCE

Per unit limits for Home Repair and emergency repair assistance will be within the CHIP guidelines. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications. If units receiving repair assistance later in the same grant award receive owner rehabilitation, the total assistance will be consistent with those stated in Section 11, Private Owner Rehabilitation limits, Section H.

As appropriate in relation to Lead-Based Paint (LBP) issues, when the inspector makes a determination that the unit is constructed prior to 1978 and the amount of assistance exceeds \$5,000, a lead risk assessment will be ordered and consideration will be made if the project can remain a reasonable home repair. See Section 11, Private Owner Rehabilitation, Section B, 3, part d. and Lead-Based Paint Hazard Treatment Matrix.

Emergency Repair: An emergency repair is defined as the presence of harmful or threatening conditions where immediate public action is determined necessary to meet a need of recent origin. The conditions must pose an immediate threat to the health and safety of the occupant and/or the structural integrity of the home. Examples of emergency conditions include: the unexpected failure or hazardous condition of a furnace, sudden roof damage or roof leak (e.g. storm-related damage), condemnation of a private well or septic system, immediate need to address LBP hazards, and imminent structural collapse.

G. FINANCE MECHANISM

Home building repairs will be provided to low-income homeowners as grants, where inspections verify that a health or safety problem exists in a major system. If a grant recipient should subsequently receive rehabilitation assistance, the combined CHIP funds will not exceed the established program limits of assistance for rehabilitation.

H. AFFORDABILITY REQUIREMENTS

Because housing cost burden is an existing problem identified in the City of Fostoria CHIS, Home Repair and emergency assistance will be offered as a grant, thereby not adding to monthly housing costs, nor causing owners to experience a loss of current equity due to CHIP assistance. Since the proposed project is only for homeowners, affordable rent requirements are not applicable. All units assisted will be documented to fall below the HUD mortgage limits for City of Fostoria.

SECTION 13
HOMEOWNERSHIP
(DOWN PAYMENT/REHABILITATION)

The CHIS update identified that current renters in the community who wish to become homeowners face the problem of insufficient cash for required down payment and closing costs. City of Fostoria's experience with potential buyers in area programs indicates that there is interest in buying with financial help for down payment and closing costs.

A. ACTIVITY DESIGN

1. Description: Homeownership (Down Payment Assistance/Rehabilitation) activity is designed to increase the rate of homeownership among City of Fostoria's LMI households. This activity will offer eligible LMI households down payment / closing cost assistance and rehabilitation assistance in order to raise all purchased properties to the Office of Community Development (OCD) Residential Rehabilitation Standards. Assistance will be given to eligible first time homebuyers, with a deferred/declining loan.

Homebuyer Education will be a mandatory supportive service provided by a HUD approved counseling agency. The goal is to maximize the success of participants, leading increased quality of life, decent affordable housing options, and home ownership.

2. Location: DPA/Rehabilitation will be available on a County wide basis, and throughout the geography of any CHIP partners. No target areas set aside is proposed.

3. National Objectives: This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.

4. Target Population: DPA/Rehabilitation is designed to assist first time buyers who meet conventional lender credit and income criteria, but lack sufficient down-payment funds to conclude the purchase.

5. Housing Standards and Codes: Program Rehabilitation Specialists will inspect homes considered for purchase and DPA/Rehabilitation assistance for conformance with the following standards:

- The latest OCD Residential Rehabilitation Standards (RRS) will be the primary guidelines for the analysis for the condition of individual homes.
- Local Applicable Building Codes and amendments
- Local Health Department Premises Sanitation Regulations
- HUD Title X Lead-based Paint standards will be followed as well as, Subpart K and Subpart J of this rule will be followed, as determined applicable. Ohio Department of Health Lead-based Paint Standards namely; Division (E) of section 3742 of the Revised Code as amended, Sub H. B. 248, ODH and ODSA Interagency Agreement, and Local Lead Implementation Plan (LIP) filed previously with ODSA.

B. IMPLEMENTATION

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation of the DPA/Rehabilitation process.

1. **Program Promotion:** City of Fostoria and its partner(s) have multiple service providers who target low income families for assistance. Most referrals for projects are obtained through these agencies along with referrals from local community officials.
2. **Application:** The processes and procedures required for reviewing and evaluating the applications general requirements are contained in Section 2-Income Eligibility of this manual. The unique requirements for DPA/Rehabilitation are contained in the following:

a. Application Preparation: A DPA/Rehabilitation applicant wishing to participate in the program is to be provided with a DPA/Rehabilitation application packet. This packet is comprised of the following forms:

- Community Housing Impact and Preservation Application for Homeownership
- Financial Privacy Statement
- Homebuyer Brochure
- Cash & Assets Sheet for Down Payment Assistance
- Financial Privacy Notification
- Lead Brochure/Fair Housing Brochure
- Conflict Resolution and Conflict Management Policy

The DPA/Rehabilitation applicant must complete and return the Community Housing Impact and Preservation application along with all required income/ rental documentation prior to any action being taken. The potential homeowner ensures that all information is complete and current. Additionally the potential homeowner must submit proof of successful Homebuyer Education class completion.

Once the application has been reviewed, information is complete, and program requirements are met. A statement of eligibility is sent to the homeowner.

3. **Inspection:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section B, 3.
4. **Staff Roles and Responsibilities:** This activity is identical to that presented in Section 10, Staff Roles and Responsibilities.

C. CLIENT SELECTION

1. **Eligibility Thresholds:** Applicants must meet the following thresholds in order to qualify for possible assistance:

- Have a total gross household income at or below 80% of HUD “Part 5 Annual Income” Housing Assistance Payment Program’s family income limits (based on household size) as listed in Section 2 Income Eligibility.
- Applicants must become pre-approved for a fixed rate first mortgage from a participating lending institution.
- Total monthly housing costs, including principal, interests, taxes, and insurance shall be within 28 – 32% of the household’s total monthly gross income, as calculated for determining income eligibility.
- The property to be purchased must be located within County the limits and not exceed in value of the current HUD approved limits. The structure to be purchased may be a single-family property, condominium unit, or manufactured home (excluding units commonly referred to as mobile homes).
- Applicants must become the owners of the property to be purchased and must occupy the property as their principal residence.
- The applicant must be able to contribute at least \$500 of their own funds toward the down payment and closing costs.

The property must meet OCD Residential Rehabilitation Standards (RRS) and any other applicable local building codes within 6 months from the time of loan closing. Any and all health or safety defects, however, will be corrected prior to occupancy.

While the threshold requirements must be met, the following additional requirements will be met by financial institutions providing loans to homeowners receiving CHIP funds:

- Lenders will agree to make loans to particular buyers and provide a pre-approval letter committing the same.
- The loan will have a fixed rate.
- The loan will have no balloon payment.
- Checklist for Reviewing Mortgages of Projects assisted with CHIP funds will be on file.

Once determined eligible, applicants will have 30 days to schedule and attend homeownership counseling sessions. This session will help to determine an applicant's readiness to proceed. If they are determined not ready to proceed, other buyers next in line will be given the opportunity to complete a purchase and receive program assistance.

- 2. Application Screening:** The acceptance of an application is based on the information the applicant has provided. If information is missing or any additional information is needed, the Housing Intake Specialist will contact the applicant to request the information before the processing can be completed.
- 3. Priority Selection Process:** Point scoring will not be a ranking comparison. Applicants meeting the eligibility thresholds will be served on a “first come, first served” basis.
- 4. Application Acceptance:** Applications are continually accepted for the program and priority is given to those who have the greatest need. After funds have been expended

for the activity, persons applying for the program will be notified there are not funds available and applications will still continue in the same process, interested participants will be notified when the next program is initiated.

5. Notice of Eligibility or Non-eligibility: A Notice of Eligibility letter is sent to all applicants indicating the status of their application. The notice will state whether the application is considered eligible or not for CHIP assistance. The notice clearly states that the notice does not guarantee that the applicant will be assisted.

6. Walk-Away Policy: The "walk away" policy conditions are as follows.

- Potential buyer cannot find an acceptable house that can be purchased resulting in a monthly loan cost of preferably no more than 30% of gross income, or otherwise not comply with requirements outlined in 24 CFR 92.254.
- Purchase price plus the secured loan portion of rehabilitation costs exceed 110% of the appraisal value.
- Units, which exceed the current HUD approved limits based on a reasonable after rehabilitation appraised market value.
- No home currently being rented will be eligible for purchase under this activity unless the current renter is the proposed buyer.
- A walk away policy will be observed. DPA/Rehabilitation financing will not be committed until the completion of both a rehabilitation inspection and the lead inspection and risk assessment. A Rehabilitation Specialist will evaluate the lead paint inspection and make a judgment as to the extent of lead hazard reduction work and the relative risk factors present. The Rehabilitation Specialist will develop a preliminary cost estimate of both the rehabilitation and the lead hazard reduction work.
- Any unit exceeding the maximum per unit limit for rehabilitation, or with extensive lead abatement requirements which exceed the limits above, will be considered a "walk-away".
- The owner/resident should demonstrate the capability and show evidence of providing a high level of on site, exterior and interior maintenance and housekeeping. This will help to maintain the property value, maximize equity to protect the CHIP investment, and keep any subsequent lead dust under control.

7. Related Project Eligibility Elements: Additional elements required to be defined are presented in the following;

- a. Mobile Homes: Mobile Homes will not be considered for DPA/Rehabilitation.
- b. Hazard Insurance: Hazard Insurance will be required for all DPA/rehabilitation with the local community listed as a mortgage/loss payee for the term of the loan. The amount of the insurance shall be adequate to protect and cover the investment. The Grantee and/or Program Administrator will maintain a file on all insured properties and policy status.

D. BID PROCESS

This activity is identical to that presented in Section 11. Private Owner Rehabilitation Section C.

E. CONTRACT AWARD

This activity is identical to that presented in Section 11 Private Owner Rehabilitation Section D.

F. LIMITS OF ASSISTANCE

The Down Payment Assistance will be “reasonable”, i.e., provided in accordance with the OCD limits of assistance for the sum of affordability subsidy and rehabilitation financing, and OMB Circular A-87 based on current and past CHIP programs.

Per unit limits for DPA/Rehabilitation will be within the HOME (221)(d)(3) guidelines or alternate HUD guidelines as they are implemented by HUD and OCD. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications. Under no circumstances will costs exceed the after rehabilitation value of the unit.

G. FINANCE MECHANISM

Qualified purchasers may have down payment/rehabilitation work financed with declining/deferred loans. Reasonable Closing Cost assistance can also be provided when the buyer lacks sufficient cash to cover the down payment, points, and required closing costs.

The Down Payment and/or Closing Cost Assistance will be a 0 percent interest, deferred/declining loan for the affordability period described below. The loan will decline in equal increments over the life of the loan. The loan will be 80% of the total down payment / closing cost assistance. The deferred portion of the loan will be 20% of the total assistance.

The rehabilitation portion of the loan will be 80% of the total rehabilitation assistance and will decline in equal amounts over the life of the loan depending on the affordability period described below. The deferred portion of the loan will be 20% of the total cost of rehabilitation assistance.

For the down payment / closing cost assistance and the rehabilitation assistance, the declining/deferred loan will have no interest charged, and repayment will not be required as long as the borrower continues to hold title to and occupy the dwelling. When the property is sold, vacated, or transferred, the full amount of the remaining loan balance shall be due and payable. The loan balance will consist of any years remaining on the forgivable loan and the 20% deferred loan. Both of the declining/deferred loans will be secured with a lien on the property. Deferred loans are used in order to avoid placing additional monthly housing costs on LMI buyers. This will stabilize the housing costs and minimize the risk of affordability problems in the future. All loans are at a 0% interest rate.

In addition, the homeowners shall have the property insured with appropriate coverage in a sum not less than the market value of the property. Proof of this coverage must be provided to the housing staff prior to loan closing.

A Homeownership agreement describing the terms of this activity and each participants responsibilities will be signed and recorded with the mortgage and promissory note.

H. AFFORDABILITY PERIOD

The affordability period for the portion of CHIP Homeownership funds provided as a direct subsidy to the buyer in order to enable the purchase is as follows:

Amount of Assistance	Affordability Period
\$0-\$14,999	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

The Recapture Method of collecting funds to satisfy the HOME Affordability Period Rule will be used by the City.

The terms of the CHIP funds provided for rehabilitation of the unit are identical to those described in Section 11 Private Owner Rehabilitation. The 80% deferred forgivable portion of the loan will be forgiven over 5 years, in equal increments. The remaining 20% deferred portion will be due upon transfer of the title, or if the homeowner no longer maintains the home as their principal place of residence.

When funds are recaptured the Grantee will be responsible for classifying and managing the funds using the following guidelines:

- Funds received by the Grantee from the start date of the grant agreement to the work completion date of the agreement will be considered returned and the funds will be reallocated to another eligible project.
- Funds received by the Grantee after the work completion date of the grant but prior to the grant closeout letter by OCD will be considered recaptured and must be returned to OCD.
- Funds received after the closeout letter by OCD, but received during the affordability period for the unit are considered recaptured and the Grantee will keep the funds. Funds received during the affordability period cannot have a 10% portion categorized as administrative dollars.
- Funds received after the affordability period for the unit will be considered program income and the Grantee will keep the funds and 10% of the funds can be categorized as administrative dollars and used to administer the funds in the future.

In cases where the sale of a unit under the Homeownership activity results in less proceeds available than are required to meet the demands of all liens and owners down payment and/or closing cost investments, the amount to be recaptured must be based on the net proceeds available from the sale, rather than the entire amount of the affordability subsidy.

Net Proceeds defined as the proceeds after the sale of the home minus the repayment of any non-HOME loan balance and down payment and/or closing costs that were financed by the home owner. The City will not collect more than the net proceeds. Any proceeds available after the HOME assistance has been paid will be designated to the homeowner.

If there are no net proceeds from the sale, repayment will not be required and the affordability subsidy will be considered satisfied.

I. PROGRAM INCOME

Program Income will result from the recapture provision and the finance mechanisms described above. Semi- Annual Program Income reports will be completed as requested by the Office of Community Development.

**SECTION 14
NEW CONSTRUCTION
HABITAT FOR HUMANITY**

City of Fostoria proposes to implement a Housing Specific Project in Partnership with Habitat for Humanity. The City will bring together the resources of the Habitat affiliate and the resources of the CHIP program to create additional homeowners.

A. ACTIVITY DESIGN

Description: By using CHIP funds, Habitat will build and sell affordable homes to first time buyers who will contribute volunteer time to the project. Participants of the project shall be those selected through the Habitat application process that additionally satisfy all applicable CHIP program requirements, including those rules and requirements of HOME.

2. Location: Habitat New Construction will be available on a City wide basis. Locations will be determined by Habitat.

3. National Objectives: This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.

4. Target Population: This activity will target residents of City of Fostoria with incomes below 80% of median income. In addition, applicants will have to meet the minimum criteria for participation with Habitat for Humanity. Applicants will be screened for both Habitat and CHIP program eligibility requirements.

5. Housing Standards and Codes: The Residential Rehabilitation Standards manual provides standards of quality of workmanship and materials expected and required by the Office of Community Development and the Program Administrator. It is intended that these standards shall prevail except when in conflict with, or less stringent than County, State, or Federal regulations or Codes.

6. Implementation: Many of the activities relating to construction will correspond to those outlined in Section 3 Contractor and Construction Management along with Section 11, Private Owner Rehabilitation. In addition, the project must meet Habitat requirements.

The processes and procedures required for reviewing and evaluating the applications general requirements are contained in Section 2-Income Eligibility.

Owner Application Preparation: A homeowner wishing to participate in the program is to be provided with a new construction application packet. This packet is comprised of the following forms:

- Financial Privacy Statement
- Community Housing Impact and Preservation Program Application for Homeownership (Habitat)
- Available Cash and Assets Sheet

The homebuyer must complete and return the Financial Privacy Statement, Community Housing Impact and Preservation Program Application for Assistance, Available Cash and Assets Sheet prior to any action being taken by the Grantee. The potential homeowner must insure that all information is complete and current.

A Statement of Eligibility will be sent to the homeowner once the application has been reviewed, information is complete and program requirements are met.

B. CLIENT SELECTION

1. Participant Selection:

Participants will be selected from the Habitat applicant list. Standard Habitat screening criteria will be followed.

2. Eligibility Thresholds:

- Applicants to be screened for the project by Habitat will, in turn, be screened by City CHIP program staff using CHIP eligibility standards.
- Eligibility is projected to include:
- Annual household income below 80% of median area income or less depending on Habitat Criteria, calculated per HOME program standards
- Income calculated for 12 months projected forward
- Income of all household members is included in total household income
- Income verified by third party source (employer, pension fund, etc) as applicable to all household members
- Applicant must demonstrate income sufficient to meet minimum housing payment to meet Habitat repayment requirements

C. LIMITS OF ASSISTANCE

Per unit limits for Habitat New Construction will be within the HOME (221)(d)(3) guidelines. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications.

Homes will be sold for the appraised value, based on an independent professional appraisal. Habitat will place a first mortgage against the property at time of sale. A Promissory Note, "A" will be filed simultaneously which shall establish a monthly payment that equals 30% of gross monthly income. Any balance of the sales price not covered by the "A" note shall be referenced by a Promissory Note, "B". Note "B" is designed to offer a forgiveness of the sales balance by Habitat, in equal annual reductions over the life of the term established in Note "A".

D. AFFORABILITY/HOUSING COST BURDEN

All CHIP funds provided will meet the HOME affordability requirements for new construction. The CHIP funds shall be provided as a forgivable loan over the affordability period. The affordability period for CHIP New Construction activities are as follows:

Amount of Assistance	Affordability Period
\$0-\$14,999	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

The Resale Provision under HOME will be used to provide the affordability requirements under the new construction activity. A written Resale agreement will be entered into between the City and Habitat for Humanity, which will address the following requirements:

- The affordability period will be based on total HOME dollars given to the project and the developer (Habitat).
- The total HOME dollars will be forgiven over the appropriate affordability period.
- If the home is sold to a new buyer during the affordability period, the new buyer must be income eligible and occupy the house as principal residence. The new homeowner must assume the remaining years of the affordability period.
- Non-compliance of any requirements will result in total HOME dollars being repaid to the City of Fostoria.
- A deed restriction will be placed on the property to assure compliance of the affordability requirements.

Federal Program Benefit Justification: All buyers assisted with CHIP Habitat Project funds will be verified to have household incomes below 80% of county median or less based on Habitat criteria. Habitat for Humanity can set additional restrictions on income lower than 80% of county median. In addition to the Habitat family selection committee gathering information on the income of potential buyers, the Program Administrator staff will document income from all sources, and maintain documentation in the CHIP file developed for each buyer. Income will be calculated consistent with HOME rules.

SECTION 15 TENANT-BASED RENTAL ASSISTANCE

The City of Fostoria Housing Advisory Committee identifies that current renters face the problem of insufficient cash for rental costs, as significant numbers of lower income renters are cost burdened. Consistent with the strategy priorities addressed, the Grantee proposes to provide Tenant Based Rental Assistance (TBRA) for low-income renters throughout the City.

A. ACTIVITY DESIGN

1. **Description:** The Grantee proposes to follow exclusively the requirements as outlined for this program under Section 24, Part 887 and 24 CFR 813 of the Code of Federal Regulations. The program will use the voucher model for TBRA, rather than the normally preferable certificate program approach. This allows for tenants to rent units that are in excess of the fair market rent by paying the difference. However, staff will actively recruit landlords by using the network of agencies, private citizens, and private organizations in order to identify units that are at or below the FMR, and refer these locations to TBRA participants.
2. **Location:** TBRA will be available on a City wide basis. No target areas set aside is proposed.
3. **National Objectives:** This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.
4. **Target Population:** The general category for participation is renters below 60% of median income. Local preferences for service will include Persons with disabilities such as MR/DD and mental health clients, persons displaced from subsidized housing, and veterans.

This preference is consistent with needs identified by the City of Fostoria Housing Advisory Committee. Currently, these groups have a gap in affordability, even after receiving assistance from local agencies that exist to serve them.

5. **Housing Standards and Codes:** Any unit being rented by a TBRA client must, at a minimum, meet the HUD Section 8 Housing Quality Standards (HQS), as well as applicable City of Fostoria standards. Inspections will be conducted annually, pursuant to 24 CFR 887.257. Units receiving assistance will also comply with the Section 8 program occupancy standards.

B. IMPLEMENTATION

1. **Program Promotion:** The program will accept referrals from elected officials, family members, and from other housing organizations with which the CHIP staff persons network on an ongoing basis.

2. **Application Preparation:** A TBRA applicant wishing to participate in the program will be provided with an application packet. The processes and procedure required for reviewing and evaluating the applications general requirements are contained in Section 2-Income Eligibility.

The packet will be composed of the following forms:

- Community Housing Impact & Preservation Application for Assistance- TBRA
- HOME Program Eligibility Release Form
- Lead Based Paint/Fair Housing Acknowledgement Receipt
- Verification of Rental Payments Sheet
- Community Service Block Grant Intake
- Financial Privacy Statement
- Income Self Declaration Form
- Verification of Employment Form

The TBRA applicant must complete and return all forms that are required (based on type of income) prior to any action being taken by the Program Administrator. Applicant is to insure that all information is complete and current. Once the application has been reviewed, information is complete, and program requirements are met. A statement of eligibility is sent to the applicant.

3. **Inspection:** An inspection is required for each unit before any rental assistance is requested for a participant. The Section 8 HQS inspection form is the basis for the inspection. A room-by-room analysis is performed, with documentation of pass or failure. Should any part of the structure fail, a written list of failed items shall be presented to the landlord and the landlord will be given a specified amount of time to correct the specific items. If a landlord of a failed unit chooses to make repairs, a re-inspection will be conducted and documented accordingly.

C. CLIENT SELECTION

1. **Eligibility Threshold:** Applicants must meet the following thresholds in order to qualify for assistance. Thresholds include:
 - Household income at or below 60% of the Area Median Income
 - Must be able to make contribution towards the rental assistance
 - Lease must meet minimum requirements regarding their length and term.
 - Lease **cannot** exceed 24 months without being renewed.

Per OCD Housing Handbook: families or individuals provided with HOME TBRA must be selected on the basis of a., b., or c. as follows:

- a) The Section 8 waiting list of a Public Housing Authority (PHA) operating within the jurisdiction of the CHIP Grantee based on preferences established by the PHA
- b) A waiting list established by the participating jurisdiction based on the established Federal Preference and/or local preferences.

- c) Eligible families that currently reside in units that the designated for rehabilitation under the HOME program without them to be placed on the PHA waiting list.
2. **Application Screening:** Applicants are not screened. The acceptance of an application is based on the information the applicant has provided in the application and any additional information that is requested to complete the processing.

While the threshold requirements must be met, other factors must be considered for this activity, as follows:

- Landlords must, agree to participate.
- Renters must meet legitimate landlord screening standards and agree to provide information and cooperate with program officials.
- Renters must find properties that meet CHIP requirements, and are simultaneously affordable and in an eligible location.
- Landlords must present information to the Program Administrator, and be able to come to terms with the program limits and requirements.
- Landlord will be required to enter into a Lease Addendum and Home Rental Assistance Contract with the City’s program that identifies the responsibilities of all parties, for a minimum of one year.

Approved tenants have two weeks from receipt of the eligibility letter to locate an acceptable unit. A unit approval request will need to be signed by the landlord and an inspection will be conducted on the unit.

3. **Priority Selection Process:**
- New participants will be selected for the Tenant Based Rental Assistance based on local preference procedures as discussed above.
 - A waiting list will be developed and priority based on date of approval and the number of local preferences
 - All Clients on the waiting list are eligible, and must agree to rental units located within the City. (Assistance will be “non-portable”).
 - Clients who are evicted for cause from a TBRA assisted unit will forfeit eligibility for the remainder of the grant period.
4. **Application Acceptance:** Applications will be accepted as an ongoing function until all “slots” have been committed. After all slots are committed, names, phone numbers and address of interested applicants will be recorded and placed in a holding file until there is an additional slot available. If an additional slot opens, the participant next in line will be contacted for possible application completion. Applications will be accepted at the City Office or an office location delegated for receiving applications on behalf of the City program, such as an office of the CHIP administrator.
5. **Notice of Eligibility or Non-eligibility:** A Notice of Eligibility is sent to all applicants indicating the status of their application. The notice will state whether the application is considered eligible or ineligible for CHIP assistance.

D. LIMITS OF ASSISTANCE

Tenants will be eligible to receive rental assistance based on the Payment Standard (per 24 CFR 887.351) less 30% of tenant's adjusted income or 10% of gross income, or the minimum tenant payment of \$50 a month, whichever is greater.

A tenant may select a rental unit that falls above the current federally established Fair Market Rent for the County. In such case, the tenant's contribution will increase to include the difference between the Payment Standard and the actual Gross Contract Rent for the unit. No such increase shall cause a tenant to pay more than 40% of monthly gross income on rent and utilities.

The TBRA Activity will be available to assist low to moderate (LMI) income households by providing monthly rental assistance, security deposit and utility deposit. Utility deposits will only be provided in conjunction with rent subsidies.

E. FINANCE MECHANISM

Tenant Based Assistance will be provided to eligible renters as direct monthly cash payments to landlords, on behalf of the tenant.

F. MONITORING AND RECORD KEEPING

The Program Administration staff will process client eligibility, and maintain records pertaining to initial and annual income certification, as well as housing inspection records. Copies of all files will be made available to the City or staff of OCD for program monitoring purposes. All records for the project will be transferred to the City following program termination, if requested.

The Program Administrator will prepare quarterly computerized reports indicating the number of tenants assisted, the total amount of family contribution paid, and the total amount of Rental Assistance due for the period. The City and the Program Administrator will share general record keeping requirements, including set-up and drawdown of funds.

G. WALK-AWAY POLICY

- The "walk away" policy conditions are as follows:
- If a potential renter cannot find an acceptable unit that can be rented within the maximum assistance limits, with a resulting monthly rent cost of no more than 30% of gross income or 40% of gross income.
- If the rent is above Fair Market Rent Standard
- If the gross rent exceeds 120% of Fair Market Rents, funds will not be committed.
- A walk away policy will be observed if the unit fails to meet the Section 8 Housing Quality Standards (HQS) inspection.
-

SECTION 16 RENTAL REHABILITATION

The project is designed to address problems of rent affordability in the City of Fostoria area. Rental demand is strong and affordable unsubsidized units are limited. Many City renters with incomes below 80% of median experience cost burden regarding housing. Financing for needed repairs is designed to keep owner debt at a manageable level, so that rents may be retained at affordable levels.

A. ACTIVITY DESIGN:

- 1. Description:** The activity is designed to address low income renters living in substandard rental units, owners of which lack the financial means to pay for needed improvements. This activity will also prevent neighborhood deterioration, maintain fair rent levels, and eliminate health and safety problems.
- 2. Location:** The project will be provided on a "scattered site" basis throughout the City.
- 3. National Objectives:** This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and HOME.
- 4. Target Population:** The Rental Rehabilitation activity will be targeted to owners of rental units for renters with household income at or below the 80% of median income limit, with priority given to those below 50%.

The project is designed to be coordinated with other proposed activities, where determined necessary. This combination will benefit current renters by eliminating health and safety and environmental problems, and lowering monthly housing costs.

There will be no target area set asides for Rental Rehabilitation.

- 5. Housing Standards and Codes:** Program Rehabilitation Specialists will inspect applicant homes considered for rehabilitated for conformance with the following standards:
 - The latest OCD Residential Rehabilitation Standards (RRS) will be the primary guidelines for the analysis for the condition of individual homes.
 - Local Applicable Building Codes and amendments
 - Local Health Department Premises Sanitation Regulations
 - The State of Ohio Residential Codes
 - HUD Title X Lead-based Paint standards will be followed as well as Subpart K. and subpart J of this rule, as determined applicable.
 - Ohio Department of Health Lead-based Paint Standards namely;

Division (E) of section 3742 of the Revised Code as amended, Sub H. B. 248, ODH and ODSA Interagency Agreement, and Local Lead Implementation Plan (LIP) filed previously with OCD.

6. Preplanning, Supportive and Secondary Activities Consideration:

The City of Fostoria Rental Rehabilitation activity will target the group of landlords renting at the lower end of the market, with properties that generate limited cash flow.

7. Landlord Match:

Landlord match will be 100% to the CHIP funds (or dollar for dollar) designated to the unit under the Rental Rehabilitation Activity.

If the landlord has made substantial renovations in the last twelve months, the materials (not labor) can be used as matching funds as well as any hired work from an outsource contractor. All matching funds must have documentation receipts.

For units owned by non-profit organizations which are rented at or below fair market rents, the CHIP will provide up to 75% of total rehab hard costs as a deferred loan, forgivable at the end of the affordability period.

For units owned by private landlords which are rented at or below fair market rates, the CHIP will provide up to 50% of total rehab hard costs as a deferred loan, forgivable at the end of the affordability period.

8. Implementation:

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation of the private rehabilitation process.

Application: The processes and procedures required for reviewing and evaluating the applications general requirements are contained in Section 2-Income Eligibility of this manual. The unique requirements for Rental Rehabilitation are contained in the following presentation.

Owner Application Preparation: A rental unit owner wishing to participate in the program is to be provided with a rental rehabilitation application packet. This packet is comprised of the following forms:

- Financial Privacy Statement
- Rental Rehabilitation Pre-Application
- Owner Commitment of Funds

The rental unit owner must complete and return the Rental Rehabilitation Pre-Application form and Financial Privacy Statement prior to any action being taken by WSOS. Owner must insure that all tenant information is complete and current.

Tenant Application Preparation: All tenants listed on the owner's Rental Rehabilitation Pre-Application will be mailed or otherwise provided with a rental rehabilitation tenant application packet. This packet is comprised of the following forms:

- Community Housing Impact and Preservation Application for Assistance-Rental Rehabilitation
- Instruction letter and Non-Displacement Notice with acknowledgement copy
- Lead Acknowledgement and Fair Housing Acknowledgement
- Financial Privacy Statement

Each tenant household must complete and return the documentation in the application packet prior to any action being taken by WSOS. This information is essential for determining the applicant eligibility.

b. Inspection: This activity is identical to that presented in Section 11, Private Owner Rehabilitation.

Lead Based Paint (LBP) Inspection and Risk Assessment: A determination is made by the inspector to verify the age of the unit. If the unit was constructed prior to 1978, an evaluation must be made based on LBP Inspection and Risk Assessment to determine action to be taken to treat any LBP Hazards that exist.

c. Bid Period: This activity is identical to that presented in Section 11, Private Owner Rehabilitation.

d. Contract Award: This activity is identical to that presented in Section 11, Private Owner Rehabilitation.

e. Construction: This activity is identical to that presented in Section 11, Private Owner Rehabilitation. The Rental Rehabilitation activity will not allow a contractor who is a landlord, applying for this activity, to bid on the rehabilitation project for their own unit.

B. CLIENT SELECTION:

Rental rehabilitation services will be targeted to renters with household income below the 80% of median income limit.

All tenant incomes will be verified by program staff using the procedures discussed in Section 2 of this manual. In the case of vacant units being assisted, the landlord will sign an agreement that income and household information for the initial renter will be provided at the time that the renter occupies the dwelling. The landlord must agree to have an eligible renter in the house by the end of the grant period. Program staff will complete the verification and maintain documentation. Failure to rent the property to a low-income tenant at a rent below the Fair Market Rent, and at no more than 35% total housing costs, will result in the entire amount of CHIP assistance being due immediately.

1. Priority Selection Process:

A priority point scale will be followed in prioritizing renter occupied rehabilitation applications. Points will be assigned for Applicant/Tenant and Owner Criteria at the time of application and points for Unit Impact/Criteria will be used at the time of initial inspection. A copy of the Rental Rehabilitation Application Rating is listed under forms of this section. A minimum of 40 points will be required for assistance.

This system will target rehabilitation assistance to those client households with the lowest income, larger households, or those on fixed incomes where future rent affordability cannot be expected to improve. Units with commitments by owners to hold rents at current levels will also receive priority.

2. Notice of Eligibility or Non-eligibility:

A Notice of Eligibility is sent to all applicants indicating the status of their application. The notice will state whether the application is considered eligible or not for CHIP assistance. The notice clearly states that the notice does not guarantee that the applicant will be assisted.

3. Program Promotion:

Program Administrator will continue to accept referrals from elected officials, family members, and from other housing related organizations with which the CHIP staff persons network on an ongoing basis. This includes the Health Departments, Dept of Jobs and Family Services, and WSOS network of Family Development and Job Placement Specialists.

4. Application Acceptance:

Applications will be accepted as an ongoing function until all funds have been committed. After funds are committed, names, phone numbers and address of interested applicants will be recorded and placed in a holding file until the next program is initiated and then the parties will be contacted for possible application completion. Applications will be accepted at all WSOS offices and at the local community administrative offices.

5. Application Screening:

Applicants are not screened. The acceptance of an application is based on the information the applicant has provided in the application and any additional information that is requested to complete the processing.

C. LIMITS OF ASSISTANCE:

1. Maximum Limits:

Per unit limits for Private Owner Rehabilitation Assistance will be within the HOME (221)(d)(3) guidelines. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications.

2. Walk-Away Policy:

A walk away policy will be observed. Units exceeding the maximum per unit limits established above will be considered a walk-away, unless the owner has additional resources which can be pledged to the project in order to bring the unit to the RRS standards without any additional rent increase due to the excess contribution. Units where clear title cannot be demonstrated by the landlord applicant (s) will not be considered for assistance until such time as the questions are resolved to the satisfaction of the grantee, its legal representative, and/or program staff. Units with unsatisfied liens placed against the property, such as tax liens, mechanics liens or legal judgments, may be eliminated from consideration if, in the opinion of staff, grantee or a legal consultant, the CHIP assistance might be considered to be reasonably subject to non-collection, or the situation represents a degree of risk to continued ownership or control by the applicant.

Finally, units with rents in excess of the City FMR will not be eligible for assistance. Nor will units where the tenant is paying more than 35% of gross monthly income for rent and utilities prior to the rehabilitation, and the owner proposes to raise the rents as a result of rehabilitation costs.

D. FINANCE MECHANISM:

The grantee will utilize a forgivable loan, with the lump sum of the loan forgiven at the end of the affordability period. The affordability period is as follows:

Amount of Assistance	Affordability Period
\$0-\$14,999	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

The Recapture Method of collecting funds to satisfy the HOME Affordability Period Rule will be used by the City.

At the time the Grantee receives funds as a result of recapture funds, classifying and managing the funds will be determined by the following:

- Funds received by the Grantee from the start date of the grant agreement to the work completion date of the agreement will be considered returned and the funds will be reallocated to another eligible project.
- Funds received by the Grantee after the work completion date of the grant but prior to the grant closeout letter by OCD will be considered recaptured and must be returned to OCD.
- Funds received after the closeout letter by OCD, but received during the affordability period for the unit are considered recaptured and the Grantee will keep the funds. Funds received during the affordability period cannot have a 10% portion categorized as administrative dollars.

- Funds received after the affordability period for the unit will be considered program income and the Grantee will keep the funds and 10% of the funds will be categorized as administrative dollars and used to administer the funds in the future.

In cases where the sale of a unit under the Rental Rehabilitation activity results in less proceeds available than are required to meet the demands of all liens, payments, and/or closing cost investments, the amount to be recaptured must be based on the net proceeds available from the sale, rather than the entire amount of the affordability subsidy.

Net Proceeds are the proceeds after the sale of the home minus the repayment of any non-HOME loan balance. If net proceeds are not sufficient to repay the full amount of the HOME assistance, the recapture amount must be capped at available net proceeds. The County will not collect more than the net proceeds. Any proceeds available after the HOME assistance has been paid will be designated to the homeowner. If there are no net proceeds from the sale, repayment will not be required and the affordability subsidy will be considered satisfied.

E. AFTER REHABILITATION RENT LIMITS

The Rental Rehabilitation project will be structured so the units will meet affordability requirements after rehabilitation. If HOME funds are awarded, all HOME affordability requirements will be met. The ultimate goal is to leave low-income renters with after rehabilitation rents of no more than 30% of gross monthly income (unless pre-rehabilitation rents exceed 30%). In no case will rents surpass the lower of the City of Fostoria Fair Market Rents or the High Home rents. These figures, available from HUD, will be updated annually.

The project will use a loan agreement in which owners commit to affordable rents for a period equal to the forgivable loan period. They will be required to commit to specific rent limits in the program loan agreement, as well as to execute a lease with current LMI tenants for a minimum of one year at the agreed upon rent. The loan agreement will also specify requirements for affirmative marketing to community low-income service groups, as well as with the City and the Program Administrator. Fair housing materials will be distributed to all rental unit clients and all landlords solicited for participation. The Program Administrator and City officials will conduct annual surveys of rents and incomes for tenants throughout the affordability period.

F. LANDLORD CONTRIBUTION PROCEDURES

1. The loan agreement with property owners will specify the amount of landlord commitment. The agreement will also indicate that the landlord share is considered "first in", i.e.: the property owner must make payments to the contractor, per the contract, until his/her share has been fully paid. Only then will CHIP funds be authorized for payment to the contractor. The administrator will receive and maintain in the file written verification in the form of a copy of a check or a signed contractor statement showing that payment has been made.
2. Change orders will be apportioned between program and owner by original share

of the total rehabilitation costs. Change order funding will be added to the total mortgage commitment.

G. FAIR HOUSING

All participating landlords will receive fair housing and landlord-tenant information from GLCAP.

SECTION 17 RENTAL HOME REPAIR

The purpose of the Rental Home Repair activity is to improve and protect the affordable renter-occupied housing stock. Through this activity financial assistance is provided to the property owners and is limited to correcting one or more specific problems that adversely affect occupant health and safety and/or the unit's structural integrity. The rental units can be owned by private investors or by non-profit organizations.

A. ACTIVITY DESIGN

1. **Description.** The types of work that are generally considered eligible for the Rental Home Repair activity include Structural System Repairs, Mechanical System Repairs, Plumbing System Tap-ins, Well and Septic Systems, Weatherization, Accessibility, and Lead Based Paint Hazard Reduction.
2. **Location.** Rental Home Repair and emergency assistance grants will be available throughout City of Fostoria on a "scattered site" basis. There will be no set-aside of funds.
3. **National Objective** This activity will be a direct benefit to LMI persons, which meets the national objectives of both CDBG and OHTF.
4. **Target Population.** The Rental Building Repair activity is designed for low- income renter occupied homes containing serious problems representing a health or safety threat to the occupants.
5. **Housing Standards and Codes** Program Rehabilitation Specialists will inspect applicant homes considered for rehabilitation for conformance with the following standards:
 - The latest OCD Residential Rehabilitation Standards (RRS) (will be the primary guidelines for the analysis for the condition of individual homes).
 - Local Applicable Building Codes and Amendments
 - Local Health Department Premises Sanitation Regulations
 - HUD Title X Lead-Based Paint Standards Subpart K and Subpart J of this rule as determined applicable.
 - Ohio Department of Health Lead-based Paint Standards namely; Division (E) of section 3742 of the Revised Code as amended, Sub H. B. 248, ODH and ODSA Interagency Agreement, and Local Lead Implementation Plan (LIP) filed previously with OCD.
6. **Preplanning, Supportive and Secondary Activities Consideration:**
The City of Fostoria Rental Home Repair activity will target the group of landlords renting at the lower end of the market, with properties that generate limited cash flow.

7. Landlord Match:

To ensure that the tenant households with income levels at or below 80 percent of Area Median Income are the primary beneficiaries of the Rental Home Repair activity, three important requirements must be followed.

- For-profit owners with income levels exceeding 80 percent of Area Median Income, must contribute financially to the project. Landlord contributions must be 50 percent of the hard costs of the project.
- Property owners with income levels at or below 80 percent of Area Median Income they will contribute up to 50 percent of the hard costs of the project.
- Non- Profit owners will contribute up to 50 percent of the hard costs of the project or consistent with policy directives from OCD, if different

The Landlord match shall be paid to the grantee prior to a Notice to Proceed being issued to the contractor.

B. IMPLEMENTATION

This narrative provides the necessary activities in a sequential overview for the successful execution and documentation of the Rental Home Repair process.

1. **Application:** The processes and procedures required for reviewing and evaluating the applications general requirements are contained in Section 2-Income Eligibility of this manual. The unique requirements for Rental Home Repair are contained in the following presentation.

Owner Application Preparation: A rental unit owner wishing to participate in the program is to be provided with a rental home repair application packet. This packet is comprised of the following forms:

- Financial Privacy Statement
- Rental Home Repair Pre-Application
- Owner Commitment of Funds

The rental unit owner must complete and return the Rental Home Repair Pre-Application form and Financial Privacy Statement prior to any action being taken by WSOS. Owner must insure that all tenant information is complete and current.

Tenant Application Preparation: All tenants listed on the owner's Rental Home Repair Pre-Application will be mailed or otherwise provided with a rental home repair tenant application packet. This packet is comprised of the following forms:

- Community Housing Impact and Preservation Program Application for Assistance-Rental Home Repair
- Instruction letter and Non-Displacement Notice with acknowledgement copy
- Lead Acknowledgement and Fair Housing Acknowledgement

- Financial Privacy Statement

Each tenant household must complete and return the documentation in the application packet prior to any action being taken by WSOS. This information is essential for determining the applicant eligibility.

2. **Inspection:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section B, 1.
3. **Bid Period:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 2.
4. **Estimate Calculation:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 3.
5. **Contractor Site Visits:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 4.
6. **Bid Submission:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 5.
7. **Bid Opening:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 6.
8. **Bid Evaluation:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section C, 7.

C. CONTRACT AWARD

Once winning bid is determined, substantiation of *no existing* debarment of the contractor awarded is verified and notification is sent out to the owners and bidders who submitted a bid, indicating the results.

1. **Loan Closing:** The loan closing stage covers the paperwork outlining the finance mechanism to be used on the project and specific homeowner and contractor responsibilities during the construction phase of the project.

The forms to be used are as follows:

- Pre-Construction Conference
- Right of Rescission
- Truth in Lending Statement
- Mortgage
- Promissory Note
- Insurance Endorsement Verification
- Loan Itemization

- Construction Agreement
 - CHIP Dispute Resolution and Conflict Management
2. **Pre-Construction Conference:** The pre-construction conference allows an opportunity for the owner, tenant, contractor, and Rehabilitation Specialist to review the proposed work, answer questions, address inconsistencies, resolve any misunderstandings, and sign the loan closing documentation.

Once the pre-construction conference has been completed, all documents are signed, Right of Rescission period has expired, and the owner has paid their required matching funds, the contractor is issued a Notice to Proceed letter indicating the date they may begin construction.

3. **Construction:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 3.
4. **Change Orders:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 4.
5. **Construction Completion:** This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section D, 5.

D. STAFF ROLES AND RESPONSIBILITIES

Please see section 10.

E. CLIENT SELECTION

Rental Home Repair services will be targeted to renters with household income below the 80% of median income limit.

All tenant incomes will be verified by program staff using the procedures discussed in Section 2 of this manual. In the case of vacant units being assisted, the landlord will sign an agreement that income and household information for the initial renter will be provided at the time that the renter occupies the dwelling. The landlord must agree to have an eligible renter in the house by the end of the grant period. Program staff will complete the verification and maintain documentation. Failure to rent the property to a low-income tenant at a rent below the Fair Market Rent, and at no more than 35% total housing costs, will result in the entire amount of CHIP assistance being due immediately.

1. Application Screening: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 3.
2. Application Acceptance: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 5.

3. Notice of Eligibility or Non-Eligibility: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 6.

4. Walk-Away Policy: This activity is identical to that presented in Section 11, Private Owner Rehabilitation, Section G, 7.

5. Related Project Eligibility Elements:

a. Mobile Homes will not be considered for rental home repair.

b. Hazard Insurance will be required for all rental home repairs with the local community listed as a mortgage/loss payee for the term of the loan. The amount of the insurance shall be adequate to protect and cover the investment. The Grantee or Program Administrator will maintain a file on all insured properties and policy status.

F. LIMITS OF ASSISTANCE

Per unit limits for Rental Home Repair and emergency repair assistance will be within the CHIP guidelines. Limits of assistance will be consistent with the Office of Community Development CHIP Program limits of assistance as outlined in the CHIP Grant Applications.

If a home receives assistance from the Rental Home Repair activity and the Rental Rehabilitation activity, the total amount of assistance is subject to the same terms and limit of assistance as if it had received Rental Rehabilitation assistance only and cannot be counted as a Rental Home Repair project.

As appropriate in relation to Lead-Based Paint (LBP) issues, when the inspector makes a determination that the unit is constructed prior to 1978 and the amount of assistance exceeds \$5,000, a lead risk assessment will be ordered and consideration will be made if the project can remain a reasonable rental home repair. See Section 11, Private Owner Rehabilitation, Section B, 3, part d. and Lead-based Paint Hazard Treatment Matrix.

Emergency Repair: An emergency repair is defined as the presence of harmful or threatening conditions where immediate public action is determined necessary to meet a need of recent origin. The conditions must pose an immediate threat to the health and safety of the occupant and/or the structural integrity of the home. Examples of emergency conditions include: the unexpected failure or hazardous condition of a furnace, sudden roof damage or roof leak (e.g. storm-related damage), condemnation of a private well or septic system, immediate need to address LBP hazards, and imminent structural collapse.

G. FINANCE MECHANISM

Rental Home Repair assistance will be provided to the property owner in the form of a zero (0) percent interest, 100 percent deferred/declining (50 percent annual), forgivable loan, with a term of two years.

Should the Grantee (or partner lien holder) receive funds as a result of recapture funds, classifying and managing the funds will be determined by the following:

- Funds received by the Grantee from the start date of the grant agreement to the work completion date of the agreement will be considered returned and the funds will be reallocated to another eligible project.
- Funds received by the Lien Holder after the work completion date of the grant but prior to the grant closeout letter by OCD will be considered recaptured and must be returned to OCD.
- Funds received after the closeout letter by OCD, but received during the affordability period for the unit are considered recaptured and the Grantee will keep the funds. Funds received during the affordability period cannot have a 10% portion categorized as administrative dollars.
- Funds received after the affordability period for the unit will be considered program income and the Grantee will keep the funds and 10% of the funds will be categorized as administrative dollars and used to administer the funds in the future.

In cases where the sale of a unit under the Rental Home Repair activity results in less proceeds available than are required to meet the demands of all liens, payments, and/or closing cost investments, the amount to be recaptured must be based on the net proceeds available from the sale, rather than the entire amount of the affordability subsidy.

Net Proceeds are the proceeds after the sale of the home minus the repayment of any non-CHIP loan balance. If net proceeds are not sufficient to repay the full amount of the CHIP assistance, the recapture amount must be capped at available net proceeds. The Lien Holder will not collect more than the net proceeds. Any proceeds available after the CHIP assistance has been paid will be designated to the homeowner. If there are no net proceeds from the sale, repayment will not be required and the affordability subsidy will be considered satisfied.

H. AFTER REHABILITATION RENT LIMITS

The Rental Home Repair project will be structured so the units will meet affordability requirements after repair. The ultimate goal is to leave low-income renters with after rehabilitation rents of no more than 30% of gross monthly income (unless pre-repair rents exceed 30%). In no case will rents surpass the lower of the City of Fostoria Fair Market Rents or the High Home rents. These figures, available from HUD, will be updated annually.

The project will use a loan agreement in which owners commit to affordable rents for a period equal to the forgivable loan period. They will be required to commit to specific rent limits in the program loan agreement, as well as to execute a lease with current LMI tenants for a minimum of one year at the agreed upon rent. The loan agreement will also specify requirements for

affirmative marketing to community low-income service groups, as well as with the Grantee and the Program Administrator. Fair housing materials will be distributed to all rental unit clients and all landlords solicited for participation. The Program Administrator and City officials reserve the right to conduct annual surveys of rents and incomes for tenants throughout the affordability period.

I. LANDLORD CONTRIBUTION PROCEDURES

1. The loan agreement with property owners will specify the amount of landlord commitment. The landlord must make payable to the Grantee their contribution prior to the notice to proceed being issued to the homeowner.
2. Change orders will be apportioned between program and owner by original share of the total repair costs. Change order funding will be added to the total mortgage commitment, and must not exceed the total project limits as outlined in the CHIP Grant Applications.