

CITY OF LEOMINSTER



HOUSING REHABILITATION APPLICATION & PROGRAM GUIDELINES

City of Leominster
CDBG Department

2020-2021

Program Summary

The Principal purpose of the City of Leominster's Housing Rehabilitation Program is to increase the supply of decent, safe and sanitary affordable housing in the City. The Program is funded with federal Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD).

Eligible applicants include income eligible single-family owner-occupied residential structures in Leominster.

Applying for Funding Assistance

Applications for assistance are accepted in person at the CDBG Office in City Hall, Leominster, MA 01453.

Applications are accepted on a first-come, first-served basis. For more information call Ellen @ 978-534-7500 ext.3540

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Guidelines

Funding Assistance

All Program funding assistance in the form of a Deferred Payment Loan (DPL) up to \$25,000.00.

DPL's do not require payments during the term and accrue zero percent (0%) interest. The full amount of the DPL is payable to the City of Leominster upon transfer, change or conveyance in ownership of the premises, or any part of the premises; or the death of the owner (s).

All financial assistance provided through the Program, is evidenced by a lien and/or mortgage and promissory note filed with North Worcester County Registry of Deeds.

Eligible work is characterized as Priority and Non-Priority.

Priority Work

Emergency work

- Eligible project work is only considered an emergency if not addressing the issue and will adversely impact the health and safety of the residents. Examples of emergency work include lead paint abatement if a child six or under have a documented elevated blood level, no hot running water, blocked plumbing due to deteriorated pipes, and broken or unusable boiler/furnace.

Eligible Project work

- Emergencies are handled on a case-by-case basis and can take precedence over applicants on the wait list. The Housing Rehabilitation Committee, in conjunction with applicable City departments, as necessary, (e.g. Department of Health, Building Department and Police and/ or Fire) is responsible for determining if a housing problem is an emergency.

Hazard abatement

- Eligible work includes lead paint and asbestos abatement, mold remediation and radon reduction.

Removal of architectural barriers

- Eligible work includes the installation of ramps and stair lifts, interior modifications for persons with physical disabilities such as widening doorways for wheel chair access and making bathrooms accessible (e.g. installation of roll-in showers and ADA compliant sinks and toilets, etc.) and interior modifications for persons with other disabilities.

Structural failure

- Proposed work is considered eligible if not addressing the issue will adversely impact the health and safety of the residents. Examples of eligible work include repairing or replacing deteriorated stairs, entranceways (small porches), hand railings, chimneys and ceilings.

Correction of serious code violations or Housing Quality Standards' deficiencies

- Proposed work is considered eligible if not addressing the issue will adversely impact the health and safety of the residents. Examples of eligible work include repairing/replacing deteriorated, leaking roofs, boiler/furnace replacement, repairing/replacing broken windows and doors that cannot be secured and the installation of smoke and carbon monoxide detectors. Depending on the circumstance(s), the correction of some code violations may be considered emergencies.

Non-Priority Work

Increase energy conservation and weatherization measures

- Examples of eligible work include insulation, reducing air infiltration through windows and doors, window/door replacement, weather-stripping and caulking and replacing inefficient water heaters and heating systems.

Correction of certain code violations

- Examples of eligible work include addressing tripping hazards (broken floor tiles, deteriorated carpet with curled edges) and electrical upgrades (additional outlets, new panel box, GFI compliance, etc.).

*WHEN FUNDS ARE AVAILABLE

Priority Eligible Criteria

The primary eligibility criteria, which must be met by applicants wishing to participate in the Program, are:

Location of units: To be eligible for assistance, residential structures must be in the City of Leominster.

Principal benefit: Low- and moderate-income owner occupants of single- family structures are eligible applicants.

Income-eligibility: To be eligible for assistance, the cumulative gross annual household income for all persons occupying a Program-assisted unit cannot exceed eighty percent (80%) of the median household income. Low- and moderate-income limits are defined by HUD and revised annually. When determining income-eligibility, Program staff use the most current income limits for households in effect at the time of processing. Eligible income is based on Gross Adjusted Income

Emergency Assistance

An emergency is defined as a situation that presents an immediate threat to the integrity of a structure or the health and/ or safety of the property's occupants as determined by Program staff and/ or an agent of the City Health Department and/ or the Inspectional Services Department.

Emergency cases will be handled as follows:

1. The Housing Rehabilitation Director and/ or an agent of the City Health Department and/ or Inspectional Services Department will inspect any emergency conditions as well as check for other potentially hazardous conditions that might exist in the structure or on the property. The Housing Rehabilitation Director and/ or an agent of the City Health Department and/or the Inspectional Services Department will confirm the existence of any emergency conditions to the Housing Rehabilitation Committee who is responsible for approving work on an emergency basis.
2. To be eligible to receive emergency assistance, an owner must provide Program staff with documentation verifying income-eligibility. At a minimum an owner must provide Program staff with a copy of his/ her most current available tax return and three consecutive months of bank statements. The program's IDIS Administrator will work with an applicant to verify income eligibility.
3. All emergencies will be handled as expeditiously as possible. The Housing Rehabilitation Office is authorized to begin work (developing a scope of work and contacting contractors) prior to receiving documentation verifying income-eligibility. However, no funds will be committed to the project without enough back-up documentation and an environmental review.

Additional Program Requirements

Eligible properties: Funds are available to rehabilitate owner-occupied single-family residential structures.

Property condition: Residential structures may be assisted under the Program if one or more of the following conditions exist: A health/safety/building code violation(s); immediate emergency assistance is required, as determined by the Housing Rehabilitation Director and/ or an agent of the City Health Department and/ or Inspectional Services Department; a member in the household is disabled requiring accessibility improvements; it has been determined that hazard abatement measures to remove mold, asbestos or lead paint or required; or any of the conditions identified under Eligible Work.

Taxes, water/sewer payments: To be eligible to participate in the Program, the property's real estate taxes and water/sewer payments must be current.

Property status: All mortgages or mortgage notes secured by the property must be in good standing. The property must not have any municipal, state or federal tax liens. Applicants are required to inform Program staff if existing mortgages or mortgage notes secured by the property are not in good standing (e.g. in arrears, default or foreclosure). The Program will not provide assistance to applicants who have not resolved issues pertaining to the above. Applicants who are currently in bankruptcy or foreclosure proceedings are not eligible to apply to the program.

Flood insurance: If the Housing Rehabilitation Office determines through the required environmental review process that a property is located within the 100-year floodplain, the applicant will be required to submit evidence of flood insurance coverage to participate in the program.

Ownership: Ownership of the property must be in name(s) of people who reside at the property. The title to the property must clearly establish that the occupants are the owners of the property and have been for a minimum of 2 years. Applicants must be able to clearly demonstrate who owns or has beneficial interest in the property and will be required to provide deeds or trust documents, as applicable. Property Titles and Deeds will be checked by the City's attorney.

Household size: Household size will be determined as part of the income-eligibility process. If there is a change in household size after a determination of income-eligibility is made, the Housing Rehabilitation Committee may review the eligibility of the project in light of the change.

Start of work: Work assisted under the Program may only begin after: contracts between the owner and the City, and the contract between the owner and the selected contractor are signed by all parties; and a Notice to Proceed order has been received by the contractor. Owners will not be reimbursed for work undertaken prior to approval and authorization under the Program.

Application/Project Work Requirements

1. Using the latest eligible income information from HUD the designated program staff, Housing Rehab Director, reviews the application and necessary documentation to verify eligibility.
2. The Housing Rehabilitation Inspector inspects project and writes a cost estimate.
3. The Housing Rehabilitation Committee approves or denies application based on report from Housing Rehabilitation Director either by email or having a meeting in person. Contact with the applicant regarding the Housing Rehabilitation Committee's decision is made by phone call or in person.
4. Bidding project work. Applicant approves the scope of work and gives the Housing Rehabilitation Inspector permission to seek competitive bids.
5. Project work. The contractor has a maximum of 3 months, from receipt of the contract between, to complete the work. A contractor may request a waiver to extend the construction period in cases of inclement weather and/or material shortages.
6. A lien and/or mortgage is recorded at the Registry of Deeds.

Periodic inspections will be conducted by the Housing Rehabilitation Inspector during construction. As part of the above process, all contractors' invoices will be checked against the actual work done before any payments are made by the Housing Rehabilitation Inspector and the the Housing Rehab Director.

At the completion of the job, a final inspection will be performed by the Rehabilitation Inspector with the property owner.

1. Any dispute between the homeowner and contractor regarding the quality of work performed will be handled by the Housing Rehabilitation Director and may include assistance from the Leominster Building Inspector, Plumbing Inspector and or Electrical Inspector.

2. The Housing Rehabilitation Director will meet in person with both the homeowner and or the contractor, review the issues and come to a resolution.
3. If there is no resolution on-site the homeowner will be asked to submit an appeal in writing to the Housing Rehabilitation Committee who will review the matter and issue a final decision in writing.

Project Work – Step-By-Step Process

- After the owner is determined eligible the Housing Rehabilitation Director will schedule a meeting to conduct a preliminary inspection and discuss work items the owner may want to include in the project. Depending on the age of the building and the nature of the work to be done, an inspection by a certified lead inspector may be required. **If the property is built prior to 1978 a risk assessment by a certified lead inspector is required if paint is to be disturbed. (see charts 1-4 at back of application)**
- The Housing Rehabilitation Inspector will prepare work specifications and a cost estimate of eligible rehabilitation items for the owner’s review. The proposed project is then reviewed by the Housing Rehabilitation Committee and approved or denied. If the project is approved by the Housing Rehabilitation Committee, the Housing Rehabilitation Director will meet with the owner to make necessary changes to the specifications and will obtain the owner’s approval of the work write-up.
- Bids will be obtained from contractors through a competitive bidding process. The City reserves the right to reject any and all bids or estimates of contractors and to waive any irregularities or items if it is in its best interest to do so.
- Homeowners wishing to use contractors not included on the list may only do so if the contractor registers with the Program and submits the proper insurance certificates and references.
- The Housing Rehabilitation Director will review all bids received with property owners. The City will base its funding on the low bid amount, provided that is a responsible bid. Owners may select any bidder provided that they pay the difference between the lowest bid and the selected bid.
- The owner must select a contractor within 10 days of the bid opening.
- After a title search has been performed and existing encumbrances identified, the city attorney will approve a lien document. Contacts between the owner and the City, and the contract between the owner and the selected contractor will be processed. Documents are subject to the review and approval of the City Law Department.
- If any deficiencies are found during the final inspection, they will be communicated to the contractor through a punch list signed by the owner. The punch list will be prepared by the Housing Rehabilitation Inspector and Director. Once all punch list items are satisfactorily completed, the Housing Rehabilitation Inspector and the property owner will approve the final payment.

- If there are no deficiencies in the work and all City-required permits have been signed by the appropriate City Inspector(s), Program staff, IDIS Coordinator, will process a final payment.
- When all the above has been completed, the contractor will be issued the final payment on the job.
- Change order requests must be provided in writing to Program staff. All change orders must be reviewed and approved by the Housing Rehabilitation Inspector and the homeowner.
- After commencement of a contract, any proposed changes to the specifications must be submitted by the contractor or Housing Rehabilitation Inspector as a “change order”. It shall be the sole basis for authorizing any deviation from the specifications and contract documents. It shall also serve as documentation and must explain why a change is required, what the change involves and the cost of the change. Change orders up to 10% of the original contract amount shall be approved by the Housing Rehabilitation Inspector. Amounts above 10% of the original contract amount shall be approved by the Housing Rehabilitation Committee. All costs that are not authorized by a “change order” shall be absorbed by the contractor.

Contractor Requirements

The minimum requirements for contractors to participate in the Program include:

1. RRP Lead Safe Work Practices are required on all projects.
2. A Massachusetts Construction Supervisors license or trade license.
3. Registration as a Massachusetts Home Improvement Contractor, as applicable.
4. Workman’s compensation insurance at statutorily required limits, as applicable.
5. Property and liability insurance: Contractors shall furnish the City with a Certificate of Insurance including general liability and worker’s compensation and employees’ liability insurance.
6. Demonstrated experience in the appropriate trade(s).
7. Each contractor must fill out an application form listing references and licenses and submit a certificate of insurance prior to receiving a contract award. References will be checked by Program staff.
8. Contractors must take out all required permits prior to initiation of construction. The cost of the permits is to be included in the bid price.
9. If a participating contractor’s performance or quality of work is unsatisfactory in the opinion of the Housing Rehabilitation Director, the contractor will be issued a written notice describing specific problems with the contractor’s work. This notice shall serve as a warning. If the problems, as outlined in this notice, are not addressed, then, based upon a recommendation from the Housing Rehabilitation Director, the contractor will be barred from working in the Program.

Reverse Mortgages, Estate Planning and Lien Subordinations

- A title search will be performed by the City's attorney and existing encumbrances identified as part of the approval process. Program funds will not be awarded if there is an existing reverse mortgage on the property.
- Due to changes in life circumstances, owners may need to consider estate planning, reverse mortgages and refinancing during the period of a DPL. Since participation in the Program makes it possible for City residents, who might not otherwise be able to either obtain or repay a loan, to make repairs to their homes and keep those homes as affordable places to live, request to subordinate will be considered in light of this objective.
- When considering subordinating its lien position, the City will try to reasonably accommodate Program participants while protecting the City's interest in the property. The City will consider subordination on a case by case basis. Under no circumstance will subordination be approved without enough equity in the property. An appraisal may be required to confirm equity.
- When requesting lien subordination, owners must provide evidence of current encumbrances against the property. Documentation may include a combination of the following: loan application or loan approval from the lender for the proposed loan detailing existing debt, property appraisal, title search, statement of assessed value from the City assessor or property tax bill, or equivalent third-party documentation detailing property value and all encumbrances. The Housing Rehabilitation Committee is authorized to approve the subordination. Property owners requesting lien subordination should allow thirty (30) days from the submittal of documentation for the City to process the request.
- In the case of other changes in circumstance, Program participants are encouraged to discuss possible impacts on outstanding Program obligations. The Housing Director may consider modifying funding assistance terms on a case-by-case basis.

Temporary Relocation

- Every effort will be made to minimize the need for temporary relocation if it is required during project work. However, it may be necessary to temporarily relocate residents when undertaking hazard abatement (lead paint). Owners will receive reasonable advance, written notification whether temporary relocation will be necessary and, if so, the kinds of assistance available.
- Residents temporarily displaced because of the removal of lead paint or the abatement of asbestos are eligible for temporary displacement benefits and will be notified of their eligibility at least 15 days prior to the estimated relocation date. Relocation assistance is available on a flat rate per diem basis. The per diem allowances are identified in Attachment D: Temporary Relocation Policy.

Amendments and Revisions

Program Guidelines and forms may be revised from time to time as deemed necessary. Major revisions to the Program Guidelines will require the approval of HUD and the Mayor, following the review and recommendation of the Housing Rehabilitation Committee.

Definitions

- **Annual income** means all amounts, monetary or not, which are used to calculate a household's income for a 12-month period. The City uses the definition of annual income found at CFR 24 Part 5 Subpart F Sec. 5.609 (Annual income) in determining income-eligibility.
- **Emergency** means a situation that presents an immediate threat to the integrity of the structure or the health and/ or safety of the property's occupants as determined by Program staff and/ or an agent of the City Health Department or Inspectional Services Department.
- **Gross annual household income** means the yearly income of an individual or household generated from all sources of income before deducting allowable expenses
- **Hazard abatement** means the removal or remediation of unsafe materials such as mold, asbestos and lead paint. The removal of underground oil storage tanks – particularly if they are leaking – is an example of hazard abatement.
- **Household** means all the persons who occupy a housing unit. The occupants may be a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. The definition of *household* is different than *family* which means all persons living in the same house, condominium or rental unit who are related by birth, marriage or adoption.
- **Housing Rehabilitation Committee** means the committee that approves rehab projects whose members include: The Mayor, Director of Health, Code Enforcement Agent or Inspector and the Housing Rehabilitation Director.
- **Low-and moderate-income household** means a household whose annual income limits do not exceed 80 percent of the area median income for Leominster, adjusted for family size
- **Mortgage** means a legal document by which the owner (i.e., the buyer) grants to the lender an interest in real estate to secure the repayment of a debt, evidenced by a mortgage note. When the debt is repaid, a mortgage discharge is recorded with the registry of deeds in the county where the mortgage was recorded. Because most people

cannot afford to buy real estate with cash, nearly every real estate transaction involves a mortgage.

- ***Mortgage Note*** means the written promise to repay a mortgage loan plus interest. A mortgage note states the principal amount due, the rate of interest, and the terms for repayment of the funds advanced. The borrower signing the note, and any cosigners, are each personally liable for repayment of the total debt.
- ***Owner/Ownership*** means the person or persons holding “title” to the property evidenced by a deed of trust document.
- ***Principal benefit*** means federal funds (Community Development Block Grant funds) must assist the applicant household.
- ***Principal residence*** means that the structure must be used as the primary home for *the* resident household.
- ***Program assistance*** means the federal Community Development Block Grant (CDBG) funds used to pay for project-related costs.
- ***Registry of Deeds*** means the Worcester Northern Registry of Deeds
- ***Structure*** (the assisted unit, house) means any building which is habitable for residential use
- ***Temporary relocation*** means removing a household on a short-term basis (usually less than a week) while their property is being abated (usually the removal of lead paint). The City of Leominster provides a per diem allowance for lodging and food for the relocated household.

Leominster CDBG Income Limits

Effective July 1, 2020-2021

Family Size	Extremely Low Income	Very Low Income	Low Income
1 Person	\$22,050	\$36,700	\$54,950
2 Person	\$25,200	\$41,950	\$62,800
3 Person	\$28,300	\$47,200	\$70,650
4 Person	\$31,450	\$52,450	\$78,500
5 Person	\$34,000	\$56,650	\$84,800
6 Person	\$36,500	\$60,850	\$91,050
7 Person	\$39,000	\$65,050	\$97,350
8 Person	\$41,550	\$69,250	\$103,600

Extremely Low Income Household/Person: A household member of a family having an income equal to or less than 30% of the Fitchburg-Leominster MSA Median Family Income

Very Low Income Household/Person: A household or member of a family having an income equal to or less than the Section 8 very-low income limit established by HUD (or 31-50% of the Fitchburg- Leominster MSA Median Family Income).

Low Income Household/Person: a household or member of a family having an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit established by HUD (or 51-80% of the Fitchburg-Leominster MSA Median Family Income).

Leominster-Fitchburg, MA HUD Median Family Income \$104,900

Application Instructions

How to complete the Housing Rehab Application Form

1. Fill out application form.
2. Sign and date the application form. If two people own the house jointly, then both must sign
3. Enclose a copy of the deed to your house. This may be on file with the bank that holds the mortgage to your house. A copy of your deed is also available from the Worcester Northern District Registry of Deeds.
4. Enclose copies of your 1040 or 1040A Federal Income Tax Returns for your latest year filed (if any).
5. Enclose copies of current social security, SSI, pension, welfare, A.F.D.C. checks, etc.
6. Return the completed application to the Housing Rehab Program:

**City Hall
CDBG Office
25 West Street
Leominster, MA 01453**

7. Remember that your application must include:
 - a. A copy of your latest 1040 or 1040A Federal Income Tax Return (if filed);
 - b. A copy of the deed to your house;
 - c. Copies of current social security, SSI, Pension, Welfare, AFDC checks

If you have any questions or need assistance in filling out the Housing Rehabilitation Program Application Form, please contact:

CDBG & Housing Coordinator
Ellen Racine 978-534-7500 x 3540

Application

City of Leominster **Housing Rehabilitation Program**

City Hall – 25 West Street
Leominster, Ma 01453

Applications for assistance are accepted in person at the CDBG Office in City Hall, Leominster, MA 01453. Applications are accepted on a first-come, first-serve basis. For more information and if you need assistance with the application call the CDBG Office at (978) 534-7500 ext. 3540

Owner(s) _____

Address _____

Rehab Property Address _____

Length of Ownership _____ From Deed: Book _____ Page _____

Owner Soc Sec# _____ Owner(s) Soc Sec# _____

Owner Age _____ Owner(s) Age _____

Telephone # _____ email _____

Family Members Living in Unit:

Name _____ Age _____ Name _____ Age _____

Name _____ Age _____ Name _____ Age _____

Are there liens or attachments on the property? Yes _____ No _____

Are taxes, utilities, and mortgage in good standing? Yes _____ No _____

Do you own other property? Yes _____ No _____

List all sources of income for last year

Salary / Wages \$ _____

SSI & Social Security \$ _____

Other Income \$ _____

Rental Income \$ _____

City of Leominster
Housing Rehabilitation Program

City Hall – 25 West Street
Leominster, Ma 01453

APPLICATION

List all household expenses for the year:

Mortgage \$ _____	Insurances \$ _____
Taxes \$ _____	Electricity \$ _____
Hot Water \$ _____	Water/Sewer \$ _____
Loan Payments \$ _____	Credit Card(s) \$ _____
Home Repairs \$ _____	Other \$ _____

List all Savings, Checking Accounts, Certificates, Stocks, Bonds, and other Assets:

Bank: _____ Acct.# _____ Type: _____ Amount \$ _____

Bank: _____ Acct.# _____ Type: _____ Amount \$ _____

Bank: _____ Acct.# _____ Type: _____ Amount \$ _____

Other Assets:

Type: _____ Amount \$ _____

Type: _____ Amount \$ _____

Type: _____ Amount \$ _____

City of Leominster
Housing Rehabilitation Program

City Hall – 25 West Street
Leominster, Ma 01453

APPLICATION

List type of work needed on rehab property:

The applicant understands that approval of this application for financial assistance is based upon information contained herein supplied by the applicant. It is further understood that submission of incomplete, and or inaccurate information herein will result in the rejection of this application.

The undersigned certifies that the information contained herein is true, correct and complete.

Owner(s) _____ **Date** _____

Owner(s) _____ **Date** _____

MINORITY SELF-IDENTIFICATION FORMAT (circle one)

- White
- Black/African American
- Asian
- American Indian/Alaskan Native
Hawaiian/Another Pacific Islander
- American Indian/Alaskan/White
- Asian/White
- Black/African American/White
- American Indian/Alaskan/Black/African American
- Other Multi-Racial
- Asian/Pacific
- Hispanic