



**TOWN OF MANSFIELD  
POLICY MEMORANDUM**

**To:** All Citizens & Town Employees  
**From:** Matthew Hart, Town Manager *MH*  
**Date:** June 7, 2012  
**Subject:** Housing Rehabilitation Program Guidelines

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**I. Introduction**

The Town of Mansfield is proposing to continue its Housing Rehabilitation Program through a 2012 Small Cities Grant from the Connecticut Department of Economic & Community Development and program income. The following outlines eligibility criteria, procedures and regulations for operation of the housing rehabilitation program.

**II. Eligibility of Applicant**

There are three primary eligibility criteria, which must be met by owners wishing to participate in the program. They are:

**A. Location of the property.**

1. The property must be located within the Town of Mansfield.

**B. Income Eligibility.**

1. If the property is owner-occupied, the property owner's household income must be at or below income limits established by the Department of Economic & Community Development, at 80% of the median income for that area. (See attached income limits). Income eligibility is based on the prior twelve (12) months income.
2. Investor-owners may also qualify for this program if their tenants meet applicable income guidelines. Eligibility is based upon the tenants' income; verification, which meets DECD standards, is required. The income limits for tenants are the same as mentioned above in Section IIB1.
3. Investor-owners will be required to agree that the rent after rehabilitation be no higher than the Section 8 Existing Fair Market Rent. The State Department of Economic & Community Development has established these rents as affordable rents. Rental housing rehabilitated with Small Cities funds must remain affordable for a minimum of five years after rehabilitation for expenditures below \$5,000 per unit; ten years for expenditures up to \$25,000 and fifteen years for those expenditures over \$25,000 per unit.

C. Property status.

1. To be eligible for participation in this program, the property's taxes must not be delinquent, or if delinquent, the owner must have entered into an agreement with the tax collector to repay delinquent taxes and must be in compliance with said arrangement.
2. Property must not be in the process of foreclosure. Participants who are in bankruptcy or are in the process of declaring bankruptcy must demonstrate that the participating property will not be affected in any way by the bankruptcy.

### III. Type of Assistance

Low and moderate income eligible applicants will receive a **Deferred Payment Loan (DPL)** for 100% of the rehabilitation cost. A deferred payment loan operates as a grant to the current property owner until the time of transfer of the property, when the Deferred Payment Loan will be repaid to the town. The Deferred Payment Loan amount is secured by a lien filed with the Town Clerk. This prevents speculation and allows owners to remain in their homes after rehabilitation without additional monthly debt. It also helps to keep low and moderate-income rental units affordable. The loan remains in effect indefinitely; repayment is required at the time of an "arms-length" transfer of the property. The deferred loan amounts are secured by a lien filed with the Town Clerk.

### IV. Scope of Work

The scope of work allowed under this program will include the correction of existing code violations, incipient code violations, preventive maintenance, and other reasonable items of work requested by the owner and approved by the town.

Ineligible items include obvious luxury construction such as pools, non-residential structures, etc.

Any questionable items considered for rehabilitation assistance shall be reviewed by the Program Coordinator, Town Manager, and/or State Department of Economic & Community Development prior to final approval.

Correction of code requirements determined necessary by the Rehabilitation Specialist/Building Inspector shall be considered non-negotiable items within the scope of the rehabilitation program.

Properties which have been determined to be or are potentially historically and/or architecturally significant shall be reviewed with the Connecticut Commission on Culture and Tourism to avoid any adverse affects on properties of this nature. The Secretary of the Interior's Standards for Rehabilitation shall be used as a program guideline for structures greater than fifty (50) years of age.

All units assisted under this program will be, as a minimum, brought up to HUD Section 8 Existing Housing Quality Standards and Connecticut Energy Code Requirements.

Non-eligible work includes the installation of whirlpools (except if being installed for bona fide medical reasons), pools, and ceramic tile floors. All fixtures and other items to be installed should be of standard quality and not excessive in price.

Water Purification systems may be installed, if state certified water tests show sufficient need for their installation.

Vinyl siding shall not be approved for any dwelling which may be of historical or architectural significance, except where a waiver is applied for and approved by the Connecticut Commission on Culture and Tourism.

Vinyl siding may be approved for other structures only if more than 25% of the existent siding requires replacement. Guidelines for the use of vinyl siding will be provided to homeowners desiring to use it.

#### IV. Rehabilitation Process

- A. The Town will solicit applications from interested owners through such means as press releases, direct mailings, public notices, email and web notifications, etc.
- B. Applications from interested property owners will be accepted by mail, email, or in person at the Planning and Development Office, Town of Mansfield, 4 South Eagleville Rd, Mansfield, Connecticut, 06268 or [planzone@mansfieldct.org](mailto:planzone@mansfieldct.org). Applicants/tenants must provide the following:
  1. A copy of their most current federal income tax return. If an applicant/tenant does not pay income tax, alternative documentation on all sources of income must be provided, (ie. Social security and pension statements, employer verification of income, etc.). If an application is being processed after June 30th, year-to-date income documentation must also be submitted. Program staff may request additional information deemed necessary to adequately document income.
  2. A copy of deed to the property.
  3. Supplemental application forms, which list tenant and other information, will be required from Investor-owners and owner-occupants of multi-family dwellings.
- C. The applicant will be provided with information regarding the program process and requirements.
- D. After the Program has received the necessary documentation, applicants will be notified of their eligibility status.
- E. If eligible, the Rehabilitation Specialist will schedule a meeting with the property owner to conduct a preliminary inspection and discuss work items the owner may want to include in the project.
- F. The Rehabilitation Specialist will prepare work specifications and a cost estimate of eligible rehabilitation items for the owner's review.
- G. The Rehabilitation Specialist will meet with the owner to make necessary changes to the specifications, and will obtain the applicant's approval of the work write-up.
- H. Bids will be obtained from contractors through the process described in Section VII and VIII below.

- I. Bids received will be reviewed with property owners. The Town will base its funding on the low bid amount, provided it is a reasonable bid and that the contractor has not been barred from working with the program as discussed in Sections VII and VIII. The owner may select any bidder provided that they pay the difference between the low price and the selected bid.
- J. Program staff will prepare an Assistance Agreement between the owner and the Town, and a contract between the owner and the selected bidder. Prior to the contract signing, a pre-construction conference will be held with the property owner and the contractor to review the scope of work, starting date, schedule, method of payment, etc.
- K. The Building Inspector will be notified of project approval to ensure that the proper permits and inspections are secured by the contractors.
- L. Periodic inspections will be conducted by the Rehabilitation Specialist during construction. As part of the above process, all contractors' invoices will be checked against actual work done before any payments are made. Payments will be made in the form of two-party checks issued to the contractor and the owner. The owner's signature on payments will serve as approval of the work completed.
- M. At the completion of the job, a final inspection will be performed by the Rehabilitation Specialist and the Building Inspector, where appropriate.
- N. If any deficiencies are found during the final inspection, they will be addressed to the contractor by a final punch list prepared by the Rehabilitation Specialist and signed by the owner.
- O. Upon completion of the project, a certificate of completion will be executed by the Rehabilitation Specialist.
- P. The owner will obtain any waivers, warranties, etc., from the contractor which he/she feels necessary and which may not have been covered by the original contract.
- Q. When all of the above has been completed, the contractor will be issued the final payment on the job.

## VI. Application Priorities

### A. First-come, First-served.

Applications shall be processed on a first-come, first-served basis with a priority number assigned at the time the application is received. Incomplete applications will be processed in the order in which they are received, to the extent possible, from the information provided. Letters will be sent informing the applicants of additional information required. However, delays in processing due to failure of applicants to provide information will not be allowed to delay the processing of other, later applicants.

B. Emergency cases.

Homes with urgent rehabilitation needs, such as a broken furnace in winter, serious electrical problems potentially causing personal injury or fire, a failed septic system, serious plumbing problems causing damage to other structures in the building and refitting for permanently disabled persons for handicapped accessibility may be given priority over first-come, first-served order. The Housing Rehabilitation Specialist or program coordinator will confirm claims of an emergency situation by a property owner. The Town Manager will be consulted on questionable cases.

Only the emergency health and safety situation (or situations) will be addressed out of the first-come, first-served order. Property owners must agree to address additional code violations/substandard conditions when their application is considered under the normal order of application processing. The applications will keep their original place in the waiting list.

All other program regulations apply to emergency cases, including income eligibility and environmental requirements.

## VII. Contractor Participation

The Program will make every effort to contact as many local building contractors and subcontractors as possible. To accomplish this a variety of outreach techniques will be used. The need for contractors will be advertised in the local newspapers as well as the DAS website. Further, the program will solicit contract recommendations from homeowners and town officials. Small and minority firms and women's business enterprises will be encouraged to apply.

Each contractor must fill out a registration form listing references and licenses, and submit a certificate of insurance prior to receiving a contract award. The Rehabilitation Specialist will check references.

Once a Contractor has registered with the program, the contractor will receive notice of projects when they go out to bid. Homeowners wishing to use contractors not included on the list may do so, provided the contractor registers with the program and submits the proper insurance certificates and references.

Owners and/or contractors must take out all required permits prior to initiation of construction. The cost of the permits is to be included within the bid price.

If a participating contractor's performance or quality of work is unsatisfactory in the opinion of the Rehabilitation Specialist, the contractor shall be issued a written notice describing specific problems with the contractor's work. The notice shall serve as a warning. If the problems, as outlined in this notice, are not addressed based on the opinion of the Rehabilitation Specialist, then the contractor may be barred from working in the Program. The avenue of appeal is described in Section N.

## VIII. Contractor Bidding Process

- A. The work write-up and specifications must be approved by the property owner prior to initiating the bidding process.
- B. Once approved, the invitation to bid will be sent to contractors who have registered with the program, and are appropriate, for perspective bidders.
- C. The Rehabilitation Specialist will conduct a pre-bid meeting at the project site, where appropriate, for perspective bidders.
- D. Two or three bids, preferably three, will be obtained for each project. Should the owner receive less than two bids, and if the effort to secure more than one bid is documented, the bid can be accepted if it is within 10% of the Rehabilitation Specialist's cost estimate.
- E. The bids will be evaluated by the Rehabilitation Specialist and the property owner. The Town will base its funding on the lowest responsible bid, of a qualified contractor. The owner may select any bidder provided they pay the price differential between the low bid price and the selected bid price.
- F. The Town reserves the right to reject any and all bids or estimates of contractors and so waive any irregularities or items if the town feels it is in the Town's best interest to do so.

## IX. Sweat Equity

Through Sweat Equity, property owners can contribute their labor to undertake the rehabilitation. Financial assistance is provided for 100% of the cost of materials. Owners are not compensated for their labor. The financial assistance will be provided in the form of a Deferred Payment Loan, described in Section III.

Requests to undertake a sweat equity project will be reviewed by the Program Coordinator and Rehabilitation Specialist on a case-by-case basis. Due to the added complexity of utilizing sweat equity, this approach will be allowed when the following conditions are met:

1. The property owner possesses the necessary qualifications to undertake this work as documented through examples of completed construction/rehabilitation projects.
2. The Property owner has the time to complete the work within a reasonable period.
3. The nature of the project is such that the owner can perform his/her own work without interfering with any other contractors who may be involved.

An agreement will be executed between the owner and the Town, which addresses performance, compliance, documentation of expenditures, the work write-up, and materials cost estimate/bid.

## X. Tenant Eligibility

Tenants, themselves are not eligible to participate in this program. Owners may qualify, however, based upon income-eligible tenants. In order to provide a reasonable degree of protection to tenants, no owner participating in this program may receive benefits unless the owner agrees to rent his/her unit within the Section 8 Existing Fair Market Rents. The owner must rent the units within these limitations pursuant to the time frames identified in Section II, B.

## XI. Size of Projects

It is the Town's intent to provide the greatest range of assistance to as many potential projects as possible. Large projects requiring substantial financial and program involvement are not recommended unless specifically approved by the Town Manager and the Program Coordinator. The Town Manager will be consulted where per unit costs exceed \$25,000.

### Maximum Grant Amounts for Deferred Repayments:

1. \$25,000 per unit
2. Additional \$5,000 for lead abatement

### Maximum loan amounts available to owner-occupants and owner-investors:

1. 50% total cost up to \$20,000 per unit
2. Additional \$10,000 for lead abatement

Applicants who have participated in the Housing Rehabilitation Program in previous years will be considered under the following Circumstances:

- A. The new application is for emergency repairs, which could not have been foreseen previously. Emergency repairs are defined in Section VIB.
- B. The new application is for repairs not of an emergency nature, but the total of the previous assistance plus the estimated cost for new repairs does not exceed the per unit cost limits set forth above. Owners may also contribute to the project cost so that the total assistance provided through the program will not exceed the per unit cost limits set forth above.
- C. If the previous assistance plus the estimated cost for new repairs exceeds the per unit limits as set forth above, previous program participants will not be approved for assistance until and unless the entire waiting list generated from the marketing of the 2012 program is exhausted. At that point, 2012 Housing Rehabilitation Program Funds may be used to assist such projects.

## XII. Administration

The Town's Housing Rehabilitation Program will be administered through the Planning and Development Office. The Program Coordinator or his or her designee, will be responsible for the operation of the program on a day-to-day basis.

### **XIII. Department of Economic and Community Development Regulations**

The Town of Mansfield's Housing Rehabilitation Program will comply with all regulations set forth by the State of Connecticut Department of Economic & Community Development's Small Cities Program. This includes, but is not limited to, the following regulations: environmental protection; historic preservation; lead paint; asbestos; displacement and relocation; financial compliance matters; civil rights and equal opportunity; Section 3, Small Businesses, and Minority and Women-Owned Business goals; procurement; and labor and safety laws and regulations.

### **XIV. Grievance Resolution**

The overall program is designed to minimize opportunities for misunderstandings. All participants are informed of the precise guidelines for determining eligibility in the program, the appropriate rehabilitation activities, and the program procedures.

However, it is possible that conflicts may still arise during the course of the Housing Rehabilitation Program. Three possible categories of grievances, which may occur, include disputes between: the property owner and the contractor, the property owner and the program staff, and the contractor and the Rehabilitation Specialist. Responsibility for grievance resolution shall be assigned to the Rehabilitation Specialist and the Program Coordinator. To ensure impartiality on decisions involving technical matters, the Coordinator may use the services of the Building Inspector. The Town Manager will act as the final appeal board if necessary. Procedures for grievance resolution are outlined below.

#### **A. Informal Mediation.**

All Program decisions are made in accordance with the following structure of staff responsibility.

- The Program Coordinator, aided by assigned staff, has overall responsibility for program administration and full responsibility for client eligibility and selection.
- The Rehabilitation Specialist, with administrative direction and program support from the Program Coordinator, is responsible for rehabilitation standards, rehabilitation work specifications, contractor relations, and work approval.

Every Attempt will be made to have misunderstandings or disputes resolved within this framework as soon as possible.

It must be noted that the primary relationship in the Rehabilitation Program is between the property owner and the contractor. Therefore, the actual responsibility for negotiating disputes rests with the property owner and the contractor. The property owner shall inspect all repairs frequently, and with the advice of the Rehabilitation Specialist, should attempt to resolve any problems that arrive with the contractor. If the property owner is dissatisfied with the rehabilitation work and cannot reach an agreement with the contractor, the Rehabilitation Specialist should be notified immediately.

If an agreement cannot be reached between the aggrieved parties, the Program Coordinator shall have the responsibility of mediation disputes. At the earliest opportunity, a meeting is held with all parties present. Each party will be allowed to describe the situation, after which the Program Coordinator summarizes the points of dispute. Each point is addressed in turn and either resolved on the spot or referred for later consideration by the Program

Coordinator at a specified time. The meeting should also include a discussion of how the misunderstanding or miscommunication occurred so that the situation can be set aside and progress on the rehabilitation continue. The program coordinator will prepare a memo for the case file which records the points of dispute, the discussions which took place, and how the dispute was resolved.

B. Formal Mediation.

Grievances which cannot be resolved through the informal process described above will be treated as Formal Complaints. Formal Complaints shall be made in writing.

C. Property Owner and Contractor Disagreements.

If the disagreement involves the property owner's refusal to release payments which have been approved by the Rehabilitation Specialist, the Program Coordinator may seek the opinion of the Building Inspector.

If the property owner does not feel that the grievance review by the program staff or the Building Inspector satisfactorily resolves his or her complaint(s), the Program Coordinator will meet with the property owner to negotiate the release of payment on behalf of the contractor. The Town Manager may also be consulted in attempts to resolve disputes.

The contract agreement between the property owner and the contractor shall provide for utilizing the American Dispute Resolution Center (ADRC) as the final legal arbiter if needed. All costs associated with the arbitration shall be borne by the contractor and property owner. However, every attempt will be made to satisfactorily resolve such issues at the local level.

D. Property Owners and Program Staff Disputes.

If a participating property owner feels aggrieved by an action of the program staff, the owner should submit a written appeal to the Program Coordinator. The Program Coordinator will determine if it is in regard to factual judgments, personal or professional conduct, or subjective interpretations of policy. The Program Coordinator will respond in writing to the applicant. If the dispute relates to determination of an emergency situation, the Town Manager and/or the Building Inspector may be called upon to answer questions regarding the imminence of the need for rehabilitation.

Appeals, which cannot be resolved at the staff level, will be referred to the Town Manager. If the Town Manager determines, upon review of the case files, that the complaint is appropriate for review, the Town Manager will conduct a resolution meeting. Upon making a determination regarding the Grievance, a memo will be prepared for the case file regarding the dispute and the outcome.

E. Contractor and Program Staff Disputes.

A contractor who disagrees with a decision of the Rehabilitation Specialist may submit a complaint to the Program Coordinator for resolution. If the contractor is dissatisfied with the resolution recommended by the Program Coordinator, the contractor may appeal to the Town Manager. The Town Manager will review the appeal for procedural issues only, to determine if the contractor received fair treatment by the staff. If there is a question

regarding the Rehabilitation Specialist's assessment of the work completed, the Town Manager has the option of requesting an opinion from the Building Inspector to determine if the work meets the design specifications. All determination findings of the Town Manager will be recorded in full in the case file.