



Housing Rehabilitation Program Guidelines

Revised to September 4, 2020



These program guidelines have been adopted to govern the implementation of the Town's Housing Rehabilitation Program. Funding for this program is provided by the U.S. Department of Housing and Urban Development and Connecticut Department of Housing through the Small Cities Community Development Block Grant (CDBG) program.

John C. Carrington, Interim Town Manager

September 4, 2020

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1 INTRODUCTORY PROVISIONS

1.1 PROGRAM OBJECTIVES

The Housing Rehabilitation Program will upgrade housing units primarily occupied by low- and moderate-income persons and families in the Town of Mansfield by correcting code violations, increasing energy efficiency and accessibility (where appropriate) and making properties lead-safe.

1.2 APPLICABILITY

The eligibility criteria, procedures and regulations outlined in this document shall be used to implement the Housing Rehabilitation Program, including but not limited to any current or future grants from the Connecticut Department of Housing Small Cities Program and Program Income from previous Housing Rehabilitation grants.

1.3 PROGRAM ADMINISTRATION

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

1.4 CT DEPARTMENT OF HOUSING REGULATIONS

The Town of Mansfield's Housing Rehabilitation Program will comply with all regulations set forth by the State of Connecticut Department of Housing'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.

1.5 CHANGES TO PROGRAM GUIDELINES

The General Program Guidelines established in this document may be amended by the Department of Planning and Development with the consent of the Town Manager. Such changes shall be reflected through issuance of an updated guidance document signed and dated by the Town Manager.

1.6 ABBREVIATIONS

The following abbreviations are used throughout this document

HUD	U.S. Department of Housing and Urban Development
CTDOH	Connecticut Department of Housing
HQS	HUD Housing Quality Standards
LTV	Loan-to-Value Ratio
DPL	Deferred Payment Loan

2 ELIGIBILITY CRITERIA

To be eligible for participation in the Housing Rehabilitation Program, applicants and the property to be rehabilitated must meet the criteria established in this Section.

2.1 PROPERTY LOCATION

The property containing the dwelling unit(s) to be rehabilitated must be located within the Town of Mansfield.

2.2 OWNER-OCCUPIED PROPERTIES

A. Definition of Owner Occupancy

A property shall be considered owner-occupied only if:

1. The property is the primary residence of the property owner; and
2. The owner-occupant is the record owner of a minimum of fifty-percent fee simple interest in said property in his or her personal capacity.

B. Single Family Properties

Single-Family properties will be eligible only if the applicant household meets the income requirements set forth in Section 2.4.

C. Two-Family Properties

Two-Family properties will be eligible if at least one of the units is occupied by a household that meets the income requirements set forth in Section 2.4.

2.3 INVESTOR-OWNED PROPERTIES

A. Single-Family Properties

Single-family properties will be eligible only if the household residing in the property meets income standards as set forth in Section 2.4.

B. Two-Family Properties

Two-Family Properties will be eligible only if at least 50% of the households residing in the property meet income standards as set forth in Section 2.4.

C. Multi-Family Properties

Other Multi-Family Properties will be eligible for program participation only if at least 51% of the households residing in the property meet income standards as set forth in Section 2.4.

D. Vacant Units

Vacant units will be considered eligible if the property owner agrees to rent the unit upon completion to an income eligible household.

2.4 HOUSEHOLD INCOME REQUIREMENTS

A. Maximum Household Income Limits

Household income must be at or below 80% of Area Median Income for the Hartford-West Hartford-East Hartford, CT Metropolitan Statistical Area (MSA) as established by HUD.

Annual income limits shall be obtained from the CTDOH website (<http://www.ct.gov/doh/cwp/view.asp?a=4513&Q=531656&PM=1>).

B. Calculation of Income

Income will be calculated as gross annual income, including the income of all occupants age 18 and older that is anticipated to be received during the coming 12-month period. Gross income shall include, but not be limited to:

1. Wages/salaries of applicants, including overtime, part-time earnings, bonuses and commissions
2. Social Security Benefits
3. Annuities
4. Trusts
5. Retirement Benefits
6. Disability Benefits
7. Unemployment Benefits
8. Severance Pay
9. Workman's Compensation
10. Welfare Payments
11. Child Support and Alimony
12. Interest and Dividends from all Savings, Stocks, Bonds or Similar Income Producing Assets and Rental Income

C. Exemptions

Calculation of gross annual household income shall not include any income that is exempted by HUD or the State of Connecticut.

D. Self-Employed Applicants

For self-employed applicants, income will be calculated by gross adjusted income. Copies of the past two years income tax returns will be required.

E. Verification of Income

1. All household income sources must be verified through source documentation (i.e. employers, banks, social security, etc.).
2. A copy of the most current federal income tax return is required.
3. 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.).
4. If an application is being processed after June 30th, year-to-date income documentation must also be submitted.
5. If more than 12 months has passed from the time initial income verification is completed and the start of work, applicants shall be required to submit additional source documentation to confirm that they remain in compliance with income limitations prior to execution of the loan agreement.
6. The Program Coordinator will verify that the application for assistance complies with maximum household income limits by using the HUD CPD Income Calculator (<https://www.hudexchange.info/incomecalculator/>).

2.5 LOAN-TO-VALUE RATIO (LTV)

The total Loan-to-Value ratio shall not exceed 100% unless a waiver is granted by the Town Manager and CTDOH. This ratio shall be calculated by dividing the Total Loan Amount by the Property Value (LTV=Total Loan Amount/Property Value) as defined below:

A. Total Loan Amount

The total of outstanding debt on the property as documented by the most recent mortgage statements for each existing loan plus the value of any other liens on the property **plus** the value of the requested housing rehabilitation loan.

B. Property Value

1. Value of the property shall be based on **the lessor of**:
 - a. The appraised value of the property as established by the Mansfield Tax Assessor; or
 - b. The sales price for properties sold within the previous 24 months.
2. If the property owner disputes the valuation based on the above requirements, he/she can, at their own expense, obtain a current appraisal from a certified appraisal firm as proof of value. Where such appraisal is obtained, it shall be used as the property value for the purpose of determining the Loan-To-Value ratio.

2.6 CONFLICT OF INTEREST

No member of the governing body and no employee or agent of the Town of Mansfield who exercises policy, decision-making functions, or has responsibility in connection with the planning and implementation of the Community Development Program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the Town of Mansfield ends.

2.7 PROGRAM STANDING

A. Previous Program Withdrawal

Any Applicant that has previously withdrawn from participation in the Program after program funds were expended to develop a scope of work shall be precluded from receiving financial assistance through the Program for a period of three (3) years from the date of their withdrawal. For purposes of this Section, voluntary withdrawal shall include a decision by an applicant not to move forward with a project after receiving reasonable bids pursuant to Section 6.5.

B. Emergency Project Exception

Assistance for emergency projects as defined in Section 4.E shall be exempt from this prohibition on assistance provided the emergency project is not something that would have been prevented by completion of scope of work developed for the previous application.

2.8 OTHER ELIGIBILITY REQUIREMENTS AND CONDITIONS

A. Property Ownership

The applicant must provide evidence that they own the property to be rehabilitated. Ownership will be verified by the Program Coordinator through a title search. A family or individual owns the property if that family or person:

1. Has fee simple title to the property;
2. Maintains a 99-year leasehold interest in the property;
3. Has a recorded life estate agreement; or
4. Owns or has a membership in a cooperative or mutual housing project that constitutes homeownership under state law.

B. Property Taxes

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.

C. Foreclosure/Bankruptcy

1. Property must not be in the process of foreclosure.
2. 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.

D. Loan Repayment

Housing Rehabilitation Loans must be paid off upon refinance, transfer or sale of the property. In limited cases, the Town will subordinate a mortgage loan. (See Section 3.6).

E. Owner-Occupancy

Owner occupants must continue to use the dwelling as their primary residence for a period of at least five years from the date of the loan. Rental of any owner-occupied unit after the expiration of the residency requirement shall be subject to the same terms and conditions as units that were rentals at the time of rehabilitation. These use restrictions shall be filed on the land records and shall remain in effect until the loan is repaid in full. Property owners failing to comply with these conditions may be in violation of their contract agreement with the Town of Mansfield and may be subject to repayment of funds granted as well as a financial penalty.

F. Rental Units

Property owners with rental units must also comply with the following conditions, which shall be incorporated into the mortgage agreement and deed restrictions to be recorded in the land records. Property owners failing to comply with these conditions may be in violation of their contract agreement with the Town of Mansfield and may be subject to repayment of funds granted as well as a financial penalty.

1. No tenant has been, or will be, dislocated without due cause, for the purpose of evading the terms of the program agreement.
2. All vacant units and/or units occupied by eligible families at the time of construction must be maintained as income eligible units for the following time periods based on the level of program investment per unit. Such time periods shall commence on the completion date of the rehabilitation work.
 - a. Up to \$5,000 per unit: Minimum of 5 years
 - b. \$5,001 to \$25,000 per unit: Minimum of 10 years
 - c. Greater than \$25,000 per unit: Minimum of 15 years

3. Rent collected from income eligible units must not exceed the Fair Market Rent as determined by the U.S. Department of Housing and Urban Development for the time periods specified above.
4. The Barney Frank Amendment to Section 104(d) of the Housing and Community Development Act further requires that the rent of a low or moderate income tenant cannot be raised to exceed 30% of their income for a period of five (5) years after the unit is assisted with Small Cities Community Development Block Grant Funds.
5. The property owner shall not refuse to rent to tenants holding rental subsidies from any State or Federal sources except for good cause such as non-payment of rents, proper maintenance of their dwelling unit, or other violations of the terms and conditions of their tenancy.
6. The property owner shall comply with affirmative fair housing marketing for all units in the property when they become vacant, and shall not discriminate in housing on the grounds of race, color, religion, sex, national origin, ancestry, creed, sexual orientation, gender identity or expression, marital status, lawful source of income, disability age or because the individual has children.

G. Previous Program Participants

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

1. The new application is for:
 - a. A different property; or
 - b. Emergency repairs (as defined in Section 4.2(E)), which could not have been foreseen previously; or
 - c. 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 in Section 3. 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 in Section 3.
2. 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 program is exhausted. At that point, Housing Rehabilitation Program Funds may be used to assist such projects provided the application meets all other program eligibility requirements and the project receives approval from the Town Manager and Connecticut Department of Housing.
3. The applicant is not precluded from seeking assistance through the program pursuant to Section 2.7.

H. Maintenance

Rehabilitated units shall be maintained in a decent, safe and sanitary condition.

I. Civil Rights

All participating property owners must comply with all applicable requirements imposed by or pursuant to Title VI of the Civil Rights Act of 1964 and Title VIII of the Civil Rights Act of 1968 regarding the sale, lease, rental, use or occupancy of the subject property.

2.9 WALK-AWAY POLICY

The Town reserves the right to deny an application for Housing Rehabilitation Assistance or terminate a Housing Rehabilitation project if a property is so deteriorated that compliance with the HUD Housing Quality Standards (HQS) and Rehabilitation Standards cannot be achieved with the limited financial resources available through the program.

A. Determination and Criteria

Any determination to deny or terminate assistance under this Section shall be made by the Town Manager based upon the recommendations of the Housing Rehabilitation Specialist and Program Coordinator and shall be provided to the applicant in writing with an explanation as to the reason for termination of assistance. Factors to be considered in making such determination include but are not limited to:

- Overall condition of the house
- Dispute over property ownership
- Insufficient equity
- Insufficient program funds
- Use of a disproportionate amount of the available funding
- Cost reasonableness/excessive cost
- Inability to meet HQS and/or Rehabilitation Standards upon completion
- Reduction of Living Units
- Permanent Relocation
- Homeowner's ability to secure funds from other funding sources, including but not limited to property equity
- Differentiation between needs vs. wants; urgent vs. future improvements
- Type of maintenance conducted over previous ten years

B. Cost of Rehabilitation

1. Under no circumstances shall a project be undertaken if the cost of rehabilitation is greater than 75% of the total cost of replacement after rehabilitation.
2. No rehabilitation project shall be undertaken where financial assistance provided through the program would exceed the thresholds established in Section 3 unless approved by the Town Manager and CTDOH.

3 FINANCING

3.1 STATEMENT OF INTENT

Funding for this program is made possible by a Small Cities Community Development Block Grant (CDBG) from the State of Connecticut to the Town of Mansfield. It is the Town's intent to provide the greatest range of assistance to as many potential projects as possible through the financing mechanisms established herein.

3.2 OWNER-OCCUPIED PROPERTIES

Low and moderate income eligible applicants will receive a zero percent (0%) **Deferred Payment Loan (DPL)** for 100% of the rehabilitation cost subject to the terms noted below. 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 on the land records. This prevents speculation and allows owners to remain in their homes after rehabilitation without additional monthly debt.

A. Maximum Loan Amount

1. *One and Two-Family Homes.* Owner-occupants of properties with up to two dwelling units may be eligible for up to \$30,000 in DPL monies per unit for rehabilitation of their property. Additional monies will be available for lead hazard control work to meet program requirements to a maximum loan amount of \$35,000 per unit, as determined by Program Coordinator.
2. *Mobile Homes.* Owner-occupants of mobile homes may be eligible for up to \$10,000 in DPL monies for rehabilitation of their unit. Additional funds of up to \$5,000 may be authorized by the Town Manager when needed to ensure the health and safety of the occupant(s).

B. Use Restrictions

All loans for owner-occupied units shall be subject to the following use restrictions which shall be recorded on the land records:

1. *Five-Year Residency Requirement.* Dwelling units rehabilitated through this program must remain the primary residence of the owner for a period of five (5) years from the date of the loan and shall not be rented or leased during this time.
2. *Rental Requirements.* If the dwelling is leased or rented after the expiration of the five-year residency requirement, all requirements for rental units established in these guidelines shall apply, including but not limited to income eligibility of tenants and minimum affordability timeframes based upon level of investment.

C. Loan Duration and Repayment

1. The loan remains in effect until repaid in full.
2. Repayment is required at the time of refinancing, transfer or sale of the property unless the Town agrees to subordinate the loan pursuant to the policy established in Section 3.6.
3. The Town reserves the right to require repayment of a loan when the property owner is found to be in violation of the loan terms as established in the mortgage agreement.
4. Failure to comply with loan terms as established in the mortgage deed and use restrictions may also result in a financial penalty.

3.3 INVESTOR-OWNED PROPERTIES

Investor-owners may receive a direct loan with an interest rate up to 3% and a term not to exceed fifteen (15) years subject to the following terms.

A. Maximum Loan Amounts

1. *Single Unit Property:* Up to \$30,000 for rehabilitation of an income-eligible unit. Additional monies will be available for lead hazard control work to meet program requirements to a maximum loan amount of \$35,000 per unit, as determined by Program Coordinator.
2. *Property with Two or More Units:* Up to \$60,000 for rehabilitation of income-eligible units. Additional monies will be available for lead hazard control work to meet program requirements to a maximum loan amount of \$70,000 as determined by Program Coordinator.

B. Matching Funds

1. Investor owners must provide matching funds at a 1:1 ratio.
2. The property owner's share of funds necessary to complete the work shall be provided from any of the following or combination thereof:
 - a. Conventional Financing
 - b. Personal Savings
 - c. Grant or loan obtained from other State, Federal or Non-Profit programs to provide materials and/or labor for property repairs
3. Property Owner Funds must be available at the time of the loan closing. These funds will be deposited into the Program escrow account and expended as work is completed and payment is authorized. See payment process.

C. Repayment

1. Loans shall be repaid on a monthly basis over the term of the loan.
2. The Town reserves the right to require repayment of a loan when the property owner is found to be in violation of the loan terms as established in the mortgage agreement.
3. Failure to comply with loan terms as established in the mortgage deed and use restrictions may also result in a financial penalty.

3.4 SPECIAL REQUIREMENTS FOR LARGE PROJECTS

Large projects requiring substantial financial (in excess of the thresholds established in this Section and Section 2.9) and program involvement are not recommended unless specifically approved by the Program Coordinator, Town Manager and CTDOH.

3.5 LOAN DOCUMENTS

All loans shall be secured by a mortgage deed, promissory note and applicable use restrictions that will be recorded on the land records and remain in place until the loan and any financial penalties applied pursuant to Section 3.3(C) are paid in full. Upon repayment, a release of the lien and use restrictions shall be filed on the land records.

3.6 SUBORDINATION OF LOANS

The Town will on occasion approve subordination of a Small Cities Housing Rehabilitation Loan provided certain criteria are met. This criteria are generally designed to support homeowners that have significant equity in the property and are seeking refinancing for the purpose of lowering their interest rate or changing the term of their primary mortgage.

A. Purpose

The purpose of this policy is to ensure that the Town's interests are protected and that the proposed subordination will not negatively impact the eventual repayment of the Housing Rehabilitation Loan.

B. Information Required

The following information must be provided with any request for the Town to subordinate a Small Cities Housing Rehabilitation Loan:

1. A letter from the requestors financing agency (i.e. bank) stating the dollar amount intended to refinance or borrow;
2. Evidence and/or an assurance from their financing agency that they are not conducting a “cash out” refinancing;
3. A contact person at the financing agency, their phone number and/or email;
4. A recent (bank) appraisal report;
5. Documentation proving the amount of equity currently in the home (i.e. a current loan balance statement).

C. Criteria for Approval

The following criteria must be met for a subordination request to be granted:

1. The owner must have equity equal to at least twice the value of the outstanding housing rehabilitation loan(s). Equity shall be calculated based on the amount of the new loan as well as any other outstanding loans other than the Town’s housing rehabilitation loans. See Section 3.6(F) for Sample Calculation.
2. The person(s) that received the loan must remain the owner(s) of the property and no other individuals can be added to the financing documents, land records, etc. for the property;
3. The person cannot receive “cash out” from the refinancing; if this is a “cash out” refinancing then repayment of the housing rehabilitation loan(s) must be made to the Town.

D. Rendering a Decision

All subordination requests will be reviewed by the Finance Department prior to approval by the Town Manager. The Town reserves the right to deny a request to subordinate a Housing Rehabilitation Loan where it finds that such subordination would jeopardize future repayment of the loan in full.

E. Loan Repayment

Subordinating a lien does not forgive the loan(s). At the time of sale or transfer of ownership of the person’s home, repayment of the loans will be required.

F. Sample Calculation

- | | |
|---|-------------|
| 1. Market Value-Appraisal from Bank | \$200,000 |
| 2. Less New Mortgage Amount (and any other outstanding loans other than the Town’s Housing Rehabilitation Loan) | (\$110,000) |
| 3. Net Equity | \$90,000 |
| 4. Equity must be equal two times the outstanding loan to Mansfield
Balance of Town Loan is \$30,000 x 2 = | \$60,000 |
| 5. Net Equity of \$90,000 is more than \$60,000 | |

In this sample, the loan can be subordinated by the Town.

4 APPLICATION PROCESS

4.1 PROGRAM MARKETING

- The Town will solicit applications from interested owners through such means as press releases, direct mailings, public notices, email and web notifications, etc.
- The Town will advertise at least once each year for property owners interested in participating in the Housing Rehabilitation Program when there is an active Small Cities Housing Rehabilitation grant or if the Program Income Balance exceeds \$25,000.
- The Town will affirmatively market the Program to property owners least likely to apply for funding.
- If a target area exists, a detailed neighborhood-specific marketing plan will be developed.
- A brochure and application package will be developed and provided to prospective applicants.
- The Program Coordinator will be available to meet with property owners individually or in a group setting to explain the program, its requirements, and the rehabilitation process.

4.2 APPLICATION REVIEW

Applications and support documentation will be accepted on an on-going, continual basis.

A. Application Submission

Applications will be received and numbered sequentially.

B. Incomplete Applications

Applications will be reviewed in the order in which they are received, to the extent possible, from the information provided. Applicants will be informed in writing 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. Failure to provide requested information within 90 days of notice will result in rejection of the application.

C. Complete Applications

Once an application has been certified as complete, Town staff will review the application and determine whether it meets program eligibility requirements.

D. Waiting List

Applications that meet program qualifications will be placed onto a waiting list based on the date the application was certified as complete. Applicants will receive written notice of the eligibility determination. Applications will be processed on a first-come, first-served basis from the waiting list with the exception of Emergency Cases as further described below.

E. 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 for non-emergency assistance will retain their original place in the waiting list.

5 DEVELOPING A SCOPE OF WORK

When an application reaches the top of the waiting list and the Program Coordinator determines that there is sufficient funding and capacity to initiate another project, the process of developing a scope of work for the project will begin.

5.1 INCOME VERIFICATION

If the applicant has been on the waiting list for over a year, updated income documentation must be provided to verify that they continue to meet eligibility requirements. Such documentation will be verified in accordance with the process outlined in Section 2.4(E).

5.2 MINIMUM REQUIREMENTS FOR SCOPE OF WORK

A. Minimum Requirements

All units assisted under this program will be, at a minimum, brought up to HUD Section 8 Existing Housing Quality Standards, and into compliance with the Connecticut Building Code, CDBG Residential Rehabilitation Standards and HUD guidelines for rehabilitation

B. Eligible Work

1. 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.
2. Water Purification systems may be installed, if state certified water tests show sufficient need for their installation.
3. All fixtures and other items to be installed should be of standard quality and not excessive in price.

C. Ineligible Work

1. Obvious luxury construction such as pools, non-residential structures, etc.
2. Installation of whirlpools (except if being installed for bona fide medical reasons) and ceramic tile floors.
3. Any questionable items considered for rehabilitation assistance shall be reviewed by the Program Coordinator and Town Manager prior to final approval. Where necessary, the Town may seek assistance from CTDOH in determining eligibility of any questionable items.

D. Correction of Code Violations

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.

E. Vinyl Siding

1. The use of vinyl siding shall be prohibited on any dwelling which may be of historical or architectural significance unless approved by the SHPO.
2. Vinyl siding may be approved for non-historic, non-architecturally significant 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.

5.3 INITIAL PROPERTY INSPECTION

The Town of Mansfield Housing Rehabilitation Specialist will schedule a time with the property owner to inspect the property and prepare a preliminary work list based on the following priorities, listed from highest to lowest priority:

- Work items necessary to correct code related items; major systems that have failed; energy-efficiency improvements; accessibility improvements; and lead-based paint hazard control work.
- Item and major systems in danger of failing in the next five to ten years.
- Other eligible repairs or improvements.

5.4 LEAD HAZARD REDUCTION

A. Property Owner and Tenant Education

The property owner and any tenants will be provided a copy of “Protect Your Family From Lead in Your Home” at or prior to the initial inspection. A signature from the property owner confirming receipt of these documents will be required and placed in the case file.

B. Initial Evaluation

The Housing Rehabilitation Specialist will determine whether a lead inspection/risk assessment is required. The determination will be based on the age of property, condition of property, and the age of property residents. In conducting this evaluation, the *Lead Safe Housing Requirements Screening Worksheet* shall be completed and placed in the file.

C. Lead Inspection and Risk Assessment

1. If the Housing Rehabilitation Specialist determines that testing is required based on the initial evaluation, a third-party shall be retained to complete a full inspection and risk assessment and provide a report to the Program Coordinator after the initial work write-up is complete. The level of testing shall be based upon the following thresholds for the proposed scope of work based on the initial write-up:
 - a. <\$5,000: Paint testing of surfaces to be disturbed must be completed. Paint testing to be conducted by a certified paint inspector or lead inspector.
 - b. \$5,000 or more: A comprehensive lead inspection must be performed of the entire unit. A comprehensive lead inspection must be conducted by a DPH certified lead risk assessor who is employed by a DPH licensed lead consultant.

D. Notification

1. Within (fifteen) 15 days of receipt of the lead inspection report, the property owner and any tenants shall be provided with the results of the paint test and risk assessment. Such notice shall also note that the property owner is required to disclose knowledge of lead in the home to any future buyers of the property.

2. If any lead-based paint or bare soil lead hazards are identified, the results must be reported to the Director of the Eastern Highlands Health District and State Commissioner of Public Health.

E. Finalizing Bid Specifications

1. If the paint testing or risk assessment shows there are no lead hazards, traditional rehabilitation practices may be followed.
2. If lead hazards are found, the following lead hazard reduction activities are required based on the amount of assistance. These activities shall be incorporated into the final work specifications.
 - a. <5,000: Repair surfaces to be disturbed using safe work practices and trained workers
 - b. \$5,000-\$25,000: Perform interim controls using safe work practices and trained workers.
 - c. >\$25,000: Perform abatement using safe work practices and certified abatement supervisor and certified workers.

5.5 HISTORIC AND ARCHITECTURALLY SIGNIFICANT PROPERTIES

The rehabilitation of any property over 50 years old and/or listed or eligible for inclusion on a national, state or local historic register must comply with the Secretary of the Interior's Standards for Rehabilitation. The scope of work for any property that falls into this category shall be reviewed with the State Historic Preservation Officer (SHPO) to avoid any adverse impacts.

5.6 WORK SPECIFICATIONS

The Housing Rehabilitation Specialist will prepare work specifications based on the preliminary work list and the risk assessment and a cost estimate of eligible rehabilitation items for the owner's review. Upon completion, the Housing Rehabilitation Specialist will meet with the owner to make necessary changes to the specifications, and will obtain the owner's approval of the final work write-up prior to going out to bid.

6 CONTRACTOR RECRUITMENT AND PARTICIPATION

6.1 MINIMUM REQUIREMENTS

All participating contractors must:

- Be properly licensed in the State of Connecticut;
- Carry all required insurances;
- Provide adequate references; and
- Carry proper licensure and/or certifications to complete lead hazard control work, including RRP certification(s).

6.2 RECRUITMENT

The Program will make every effort to contact as many local building contractors and subcontractors as possible. Small and minority firms and women's business enterprises will be encouraged to apply.

A. Advertising

1. The Town will advertise for qualified general contractors at least once each year to inform contractors of the requirements and processes to bid on Small Cities CDBG Housing Rehabilitation Projects.
2. Contractor recruitment advertisements shall be placed in The Chronicle; Northeast News Today; and on the State of Connecticut's DAS website.
3. Contractor recruitment advertisements shall end with the following language: "*An Affirmative Action/Equal Opportunity Employer, Section 3 Contractors and Minority/Women Business Enterprises are encouraged to apply.*"

B. List of Pre-Qualified Contractors

1. Each interested contractor shall complete an application for participation and submit the following supporting documentation. Applications will be available from both the Department of Planning and Development and the Housing Rehabilitation Specialist.
 - a. HIC License
 - b. Insurance Certificate for Liability
 - c. Workers Compensation (for contractor and all subcontractors)
 - d. RRP Certificate for Lead
 - e. Section 3 Certificate (if applicable)
 - f. WBE/MBE Certificate (if applicable)
 - g. Former town references
 - h. At least three (3) homeowner references
2. The Program Coordinator will review the applications and verify that the contractor is not included on any Federal or State debarment lists, including the GSA's List of Parties Excluded from Federal Procurement.
3. The Housing Rehabilitation Specialist will review the applications for compliance with the above requirements and check references. In determining whether to include a contractor on the Pre-Qualified List, the following criteria will be used:
 - a. Homeowner satisfaction on previous jobs
 - b. Communication with homeowners and rehabilitation specialists on previous jobs
 - c. Timeliness and accountability on previous jobs
 - d. Issues or concerns on previous jobs
 - e. Any potential issues discovered through a basic internet search (such as BBB ratings, news articles, and on-line reviews).
4. If a contractor is found to be ineligible to participate in the program, the reason for such determination shall be documented and provided to the contractor in writing.
5. Eligible contractors will be placed on a list of qualified and interested contractors. This list shall be updated on an annual basis and include the date established and the date updated.

C. Other Contractors

1. The Town will contract primarily with general contractors for performance of Program work. Exceptions will be made for projects that are specific in nature, such as septic system replacement.
2. Homeowners wishing to use contractors not included on the list may do so, provided the contractor submits a contractor application for review and approval through the process outlined in items 1 through 3, above.

6.3 DISBARMENT

If a participating contractor's performance or quality of work is unsatisfactory in the opinion of the Housing 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 Housing Rehabilitation Specialist, then the contractor may be barred from working in the Program. The avenue of appeal is described in Section 11.

6.4 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. 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.
4. 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.

6.5 BIDDING PROCESS

A. Bid Package

1. The work write-up and specifications must be approved by the property owner prior to initiating the bidding process.
2. A bid package including an invitation to bid, work specifications, and the date and time of the pre-bid construction walk-through will be sent to contractors on the pre-qualified list.
3. The Invitation to Bid shall include the following language: "*An Affirmative Action/Equal Opportunity Employer, Section 3 Contractors and Minority/Women Business Enterprises are encouraged to apply.*"
4. For emergency cases as described in Section 4.2(E) that involve limited, specialized work, invitations to bid may be sent to vendors that specialize in that type of work. General contractors on the pre-qualified list will only receive an invitation to bid if they specialize in the

type of work that is required (plumbing, mechanical, etc.). The pre-bid construction walk-through may be waived by the Housing Rehabilitation Specialist if it is determined that such walk-through is not needed due to the limited work specifications.

B. Pre-Bid Walk-Through

1. The Housing Rehabilitation Specialist will conduct a pre-bid meeting at the project site to discuss the required property improvements with prospective contractors.
2. Attendance at the Pre-Bid Walk Through is **mandatory**.
3. If necessary, specification addendums will be issued after the pre-bid walk-through.
4. If contractor recruitment or attendance at property walk-throughs does not produce adequate interest from contractors, the Town will additionally advertise for contractors for each individual project, using the above referenced publications.

C. Contractor Selection

1. Sealed bids must be received by the date noticed on the Invitation to Bid and will be opened publicly. The list of bids received, bid amounts, and persons present at the bid opening shall be recorded in writing.
2. 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 15% of the Rehabilitation Specialist's cost estimate.
3. If the only bid submitted is more than 15% higher than the project cost estimate, the project shall be re-advertised pursuant to the Contractor Recruitment procedure outline in Section 6.2. If there is still only one bid after following the expanded recruitment protocol, the bid can be accepted.
4. The bids will be evaluated by the Housing 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.
5. The Town reserves the right to reject a bid from a Contractor that currently has two open rehabilitation projects with the Town unless the contractor can demonstrate that sufficient capacity exists to handle an additional project. Items that will be considered in determining whether the Contractor has sufficient capacity include but are not limited to:
 - a. Status of open projects, including whether one or more of the open projects are nearing completion
 - b. Timeliness in completing past projects for the Town
 - c. Current staffing levels
 - d. Amount of work to be performed by subcontractors
6. 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.

D. Property Owner Responsibilities

If the property owner opts to not proceed with the project after funds have been expended to develop a scope of work and/or bid the project, the property owner shall be precluded from receiving assistance from the Program for a period of three (3) years from the date of that decision pursuant to Section 2.7.

7 CONTRACT PROCEDURES

A. Initial Contract

The Program Coordinator and Housing Rehabilitation Specialist will schedule a contract signing/loan closing meeting between the property owner(s) and contractor to execute Housing Rehabilitation Program contract agreements and loan documents. This meeting shall also serve as a pre-construction conference for the purpose of reviewing the scope of work, starting date, schedule, method of payment, etc. The following agreements must be executed to secure Program participation. Samples of these agreements can be found in Section 12.

1. *Town/Owner Assistance Agreement* – The agreement will detail the loan amount, the Town and owner’s responsibilities, and the program terms and conditions including use restrictions.
2. *Mortgage Deed and Note (lien)* – The property owner will execute the note defining the terms of the loan financing. This document will be recorded with the Town Clerk in the Town’s Land Records.
3. *Owner/Contractor Agreement* – The agreement will detail the scope of work, term of construction, program requirements and responsibilities of the owner and contractor. Although the Town is not a legal party to this contract, the Town shall act as an interested third party to assist in the coordination of the job.

B. Mortgage Modification Agreement

If change orders are approved on the project pursuant to Section 8.4, an agreement to revise the Mortgage Deed and Note for the revised loan amount must be executed by the property owner and recorded on the land records at the conclusion of the project.

8 REHABILITATION PROCESS

8.1 PERMITS

A. Notification of Building Official

The Program Coordinator will notify the Building Official of project approval to ensure that the proper permits and inspections are secured by the contractors.

B. Contractor Responsible for Obtaining Permits

The contractor is responsible for securing and paying for all permits required for the performance of contract work. The cost of the permits is to be included within the bid price.

8.2 INSPECTIONS AND PROGRESS PAYMENTS

A. Code Inspections

The contractor is responsible for scheduling all required Code inspections with the Department of Building and Housing Inspection. Where recommended by the Building Inspector, intermediate inspections shall be scheduled prior to completion of work.

B. Housing Rehabilitation Specialist

1. Periodic inspections will be conducted by the Housing Rehabilitation Specialist during construction to ensure compliance with the work specifications.
2. The Housing Rehabilitation Specialist shall prepare the Interim Monitoring Checklist for submission to the DOH Construction Specialist.

3. If during inspection(s) the Housing Rehabilitation Specialist finds that the contractor has not complied with the work specifications, a deficiency report shall be issued to the contractor requiring correction of the deficiencies.
4. Work not corrected shall not be paid.

C. Progress Payments

Upon receipt of a contractor invoice, the Housing Rehabilitation Specialist will inspect the work to confirm actual work completed prior to approving any payment due to the contractor.

8.3 PROJECTS INVOLVING LEAD CLEARANCE

A. Posting of the Property

Prior to the start of lead control work, the contractor shall post the property regarding lead hazards per the requirements of 24 CFR Part 35.

B. Clearance Inspection

The Contractor shall be responsible for ordering the clearance inspection for lead hazard control work. The Housing Rehabilitation Program shall pay for the “pass” clearance test. If the property does not pass, the contractor shall be responsible for re-cleaning the property and paying for additional clearance inspections.

C. Project Completion

At the conclusion of the project, the Town shall issue to all property residents a “Hazard Reduction Completion Notice.”

8.4 CHANGE-ORDERS

In the event that unforeseen work or changes to the work specifications are needed during construction process, the Contractor will immediately contact the Program Coordinator. The Housing Rehabilitation Specialist will inspect the conditions to determine if the change is warranted, discuss any changes with the property owner for concurrence, and authorize a change order. Any change order shall be signed by the property owner and contractor, and assented to by the Town of Mansfield.

8.5 COMPLETION AND CLOSE-OUT

A. Certificate of Occupancy

The Contractor is responsible for scheduling final inspections of work with the Department of Building and Housing Inspection and obtaining a Certificate of Approval/Certificate of Occupancy.

B. Final Inspection by Housing Rehabilitation Specialist

At the completion of the job, a final inspection will be also be performed by the Housing Rehabilitation Specialist to ensure conformance with project specifications. If any deficiencies are found during the final inspection, they will be addressed to the contractor by a final punch list prepared by the Housing Rehabilitation Specialist and signed by the owner.

C. Notice of Completion

Upon satisfactory completion of the project, including all punch list items, a Notice of Completion will be executed by the Housing Rehabilitation Specialist and the Property Owner.

D. Waivers

The Owner is responsible for obtaining any waivers, warranties, etc., from the contractor which he/she feels necessary and which may not have been covered by the original contract.

E. Warranty

The Contractor shall be required to warrant for a period of one-year from job completion that all work under the contract shall be free of defects arising from the workmanship of the Contractor or any subcontractor and guarantees the quality of materials for the same period.

F. Disputes

The property owner shall inspect all repairs frequently, and with the advice of the Housing 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 the Housing Rehabilitation Specialist is unable to resolve the issue through working with the property owner and contractor, the grievance resolution process established in Section 11 shall be initiated.

9 RELOCATION

All occupants of any assisted property needing lead hazard control work may need to be temporarily relocated until the unit has passed a clearance inspection per regulations cited at 24 CFR Part 35. Consequently, the contractor shall schedule work to minimize displacement to the occupants. The contractor, property owner and Program Coordinator shall work together to determine the work schedule and relocation plan for each family.

Temporary relocation assistance will be provided to homeowners and/or tenant households affected by lead hazard control/rehabilitation per the guidelines established in the Town's Relocation Policy. Families will first be asked to move with family or friends for the relocation period (a stipend may be provided). If the first option is infeasible, the family will be relocated to an area hotel that is decent, safe and sanitary and provided reimbursements for reasonable out-of-pocket expenses.

10 PAYMENT PROCESS

10.1 PAYMENT SCHEDULE

Payments will be made for completed work items only and in accordance with a predetermined payment schedule.

10.2 REQUEST FOR PAYMENT

A request for payment shall include a written statement of invoice for work completed to date.

10.3 INSPECTION

Upon receipt of request for payment from the contractor, the Housing Rehabilitation Specialist shall inspect the work to verify completed work items as claimed on the invoice.

10.4 AUTHORIZATION TO PAY

A. Payment Authorization. A four-party payment form must be completed by the following individuals prior to payment processing to verify approval of work completed:

- a. Contractor
- b. Housing Rehabilitation Specialist
- c. Property owner
- d. Program Coordinator

Upon receipt of the completed form, the Program Coordinator shall process the payment. The check shall be made payable to the Contractor.

The Town reserves the right to authorize payment and accept work without the owner's consent pursuant to the grievance process outlined in Section 11 where the owner has made unreasonable requests/demands and the contractor has satisfied all requirements of the Town.

B. Retainage

During construction, 10% of the amount due the contractor shall be held as retainage. The final payment shall include the retainage amount.

C. Final Payment

The final payment shall not be released to the Contractor until the following items have been completed:

1. The Contractor has obtained a Certificate of Approval from the Department of Building and Housing confirming that the work has been completed in accordance with code requirements.
2. The Housing Rehabilitation Specialist has issued a Notice of Completion pursuant to Section 8.5(C).
3. The Contractor agrees to release the Owner and property from all claims upon receipt of the completion payment.

11 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 Housing Rehabilitation Specialist and the Program Coordinator. To ensure impartiality on decisions involving technical matters, the Coordinator may use the services of the Building Official. The Town Manager will act as the final appeal board if necessary. Procedures for grievance resolution are outlined below.

11.1 STAFF RESPONSIBILITIES

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

A. Program Coordinator

The Program Coordinator, aided by assigned staff, has overall responsibility for program administration and full responsibility for client eligibility and selection.

B. Housing Rehabilitation Specialist

The Housing 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.

11.2 PROPERTY OWNER RESPONSIBILITIES

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.

11.3 INFORMAL MEDIATION

If an agreement cannot be reached between the aggrieved parties, the Program Coordinator shall have the responsibility of mediating disputes. Every Attempt will be made to have misunderstandings or disputes resolved within this framework as soon as possible.

A. Meeting of All Parties

At the earliest opportunity, a meeting is held with all parties present.

1. Each party will be allowed to describe the situation, after which the Program Coordinator summarizes the points of dispute.
2. 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.
3. 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.

B. Documentation

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.

11.4 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.

A. Property Owner and Contractor Disagreements

1. 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 Official.

2. If the property owner does not feel that the grievance review by the program staff or the Building Official 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.
3. The Town Manager may also be consulted in attempts to resolve disputes.
4. Should the dispute remain unresolved, the Arbitration clause of the contract between the owner and Contractor shall govern. Arbitration costs shall be the responsibility of the property owner and contractor as specified in the contract.

B. 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 Director of Planning and Development. The Director will determine if it is in regard to factual judgments, personal or professional conduct, or subjective interpretations of policy. The Director will respond in writing to the applicant. If the dispute relates to determination of an emergency situation, the Town Manager and/or the Building Official may be called upon to answer questions regarding the imminence of the need for rehabilitation.

C. Contractor and Program Staff Disputes

A contractor who disagrees with a decision of the Housing Rehabilitation Specialist may submit a complaint to the Director of Planning and Development for resolution. If the contractor is dissatisfied with the resolution recommended by the Director, the contractor may appeal to the Town Manager pursuant to Section 11.5.

11.5 APPEALS

Grievances which cannot be resolved through the informal or formal mediation process will be referred to the Town Manager.

A. Disputes Involving Property Owners

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.

B. Disputes Involving Contractors and Program Staff

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 Housing Rehabilitation Specialist's assessment of the work completed, the Town Manager has the option of requesting an opinion from the Building Official 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.

12 EXHIBITS

The Town is in the process of updating its standard agreements and will attach as Exhibits once finalized by the Town Attorney.