

Housing Rehabilitation Program Guidelines

Program Requirements

The following guidelines describe the general, local, and federal requirements of the program; the loan application requirements and the City housing rehabilitation program. For more information on the program, please contact the Rehabilitation Coordinator (position is vacant at present).

I. Program Overview

The City of Lewiston's Economic and Community Development Department (ECDD) offers assistance to property owners who are interested in making improvements to their properties to create safe, affordable, decent housing for low-income residents.

CDBG funding is the most flexible federal funding resource available to the City and works well with other federal funds such as weatherization, lead hazard control, and healthy homes funding. The City intends to leverage the amount of funding available for rehabilitation of properties by blending funding available from other sources.

II. Funding Authorization

The City of Lewiston (City) receives an annual allocation of funding from the U.S. Department of Housing and Urban Development under the Community Development Block Grant (CDBG) program. Additionally, the City makes loans from a Revolving Loan Fund. The Economic and Community Development Department manages the federal funding received from CDBG.

III. Program Goals

The goals of the residential rehabilitation programs are to:

- a. Improve the quality of housing;
- b. Create safe, stable, sustainable and healthy housing;
- c. Leverage private investment; and
- d. Encourage investment in blighted neighborhoods to enhance the appearance of the City

IV. Target Geography

The Housing Rehabilitation Program will be offered City-wide to eligible property owners; however, the majority of the funding will be concentrated in the following areas:

- a. CDBG Target Area: Census Tracts 201, 202, 203, and 204
- b. Neighborhood Revitalization Strategy Area (NRSA): Census Tracts 201, 203, & 204 (Choice Neighborhood)

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V. Type and Scope of Projects

A. Eligible Rehabilitation Activities: (24 CFR 570.202)

1. Improvements that are necessary and permanent but not of a luxury nature as provided below:
 - a. Assistance to private individuals and entities, including public or nonprofit organizations, to acquire for the purpose of rehabilitation, and to rehabilitate properties, for residential purposes;
 - b. Labor, materials, and other costs of rehabilitation of properties, including code violations, repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of lead paint, asbestos or other contaminants identified by Rehabilitation Coordinator or Code Enforcement Officer as posing a hazard in buildings and improvements that may be undertaken singly, or in combination;
 - c. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating systems, including the use of solar energy equipment;
 - d. Improvements to increase the efficient use of water through such means as water saving faucets and shower heads, toilets, and repair of water leaks;
 - e. Connection of residential structures to water distribution lines or local sewer collection lines; and septic systems;
 - f. Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to buildings;
 - g. Emergency repair for an owner occupied, single family, when a major building system fails and has been identified by code enforcement as being a life safety hazard that, if not addressed immediately, is detrimental to the health of the property's occupants or closest neighbor(s). (Funding is limited to \$12,500).
2. Special category projects: The next three categories are allowable under this program; however, must be applied for under a special category and require a pre-application and meeting with City staff due to the costly nature of the project.
 - a. Acquisition and Substantial rehabilitation: CDBG funding may be used to acquire and substantially rehabilitate a property to bring it up to code and create lead free; LEED/Passive House (or equivalent) certified energy efficient; safe; healthy; affordable; and sustainable housing.

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- b. Historic preservation: CDBG funds are eligible for the rehabilitation, preservation or restoration of historic residential properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance. Historic preservation, however, is not authorized for buildings for the general conduct of government.
- c. Acquisition and Clearance: CDBG funding may be used to acquire and clear properties that are deteriorated and either unfit for human habitation or unsafe and pose a health risk to the neighborhood.
- d. Renovation of closed buildings: CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate such buildings for affordable housing.

B. Ineligible Activities:

- a. New construction (except by a designated Community Based Development Organization CBDO), paving, fencing, appliances, or luxury items such as hot tubs, steam showers, etc.
- b. Any work started prior to approval of the funding from the City.

C. Eligible Applicants:

Owners of properties used for residential purposes and located in the City of Lewiston. Owners may be investors, occupants, or nonprofits.

D. Eligible Property Types:

Properties may be single family homes, duplexes, 3 + unit apartments, cooperatives, condominiums, townhouses, modular homes, and mobile homes (unless the cost of repairs exceed the value of the mobile home).

E. Outstanding City Assessments or Code Enforcement Issues:

If there are outstanding assessments for water, sewer, personal property taxes, real estate property taxes or complaints issued through a Notice of Violation (NOV), on any property that the applicant owes in the City of Lewiston, the applicant may not be eligible for funding until the assessments are paid in full and the complaints cooperatively dealt with. If the property owner is in a payment plan with the Treasurer's Office and is current and demonstrates a good paying record, a loan may be considered on this property. If there is a NOV on the property and it is eligible under the CDBG program, the work may be completed as part of the rehabilitation.

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F. Rental Registry:

The owner and the property must be registered with the City Rental Registry to receive funding.

G. Project Funding:

1. Project funding for rehabilitation will be tiered as follows:

a. 1 unit property: \$40,000 property maximum

b. 2 unit property: \$50,000 property maximum

c. 3+ 4 unit properties: \$17,500 per unit with a property maximum of \$70,000

d. 5+ unit properties: \$12,500 per unit with a property maximum of \$75,000

e. Emergency Loans for LMI owner occupied single unit properties: Up to \$12,500 per property. When a determination of life safety is made, the Rehabilitation Coordinator will request a waiver of formal procurement under the “emergency provision” in the City Procurement Policy.

f. Special Category Rehabilitations: (Section III (2. a-c.) Eligible Activities 2):

The per unit cost will be determined on a case by case basis depending upon the scope of the rehabilitation work, cost reasonableness and whether or not it aligns with the City’s Consolidated Plan or Choice Neighborhood Implementation and Action Plan.

2. Cost Reasonableness: Every project will be examined for cost reasonableness. Cost reasonableness is determined by the Code Enforcement Officer to ensure that costs are fair and reasonable and do not exceed what a prudent buyer would pay considering market conditions. The methods the City will use to determine a fair and reasonable price would be price competition (bidding); price and cost analysis of major components as defined by experience in other rehabilitations and/or current year subscription to R S Means Contractor’s Pricing Guide: Residential Repair & Remodeling Costs Book or an equivalent resource for the type and scope of the rehabilitation.

3. Investor and Nonprofit Owners may apply for Housing Rehabilitation Program Funding for more than one property during the City’s fiscal year, as funding allows.

H. Funding Restrictions:

Federal law prohibits federal funding to be used to supplant state, local or private funding. If there is no funding gap the project is ineligible. The City will determine the funding gap as follows:

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1. Determining the gap: There are different standards for owner-occupied properties and for investor, non-profit, or publicly owned properties.
 - a. Owner occupied properties: An applicant whose income is at or below 80% of Median Family Income and does not have liquid assets that exceed \$10,000, meet the threshold requirements of receiving CDBG funding. Liquid assets include: checking, savings, cash, money market, securities not tied to a retirement account, etc.
 - b. Investor, non-profit, or publicly owned properties: An applicant that owns a property in which the tenants meet the definition of income eligibility; AND meet the following other parameters: 1) The Net Operating Income (NOI) of the property is less than 1.40x the loan payment AND 2) the total loan to value (LTV) exceeds 75%.
 - c. Applicant provides evidence of loan denial for the same project in which funding from the City is sought.
2. Project Match: Investor and non-profit housing entities will be required to provide a 10% match based on the entire scope of the rehabilitation work. The match will be collected at closing and will be placed in escrow at the City and paid out during construction. Owner applicants whose income is @or below 80% of MFI will not be required to provide an owner match.

I. Financing Terms

The length of the term may be shorter if the owner has adequate income and cash flow in the property.

- A. Owner Occupied Tiered Interest Rate:
 - a. 65% MFI-80% MFI: ½ Deferred loan and ½ amortized @ 1% interest, may be up to 20 years;
 - b. Under 65% MFI: Deferred payment loan @ 0% interest up to 20 years;
 - c. Emergency Loans for owners at or below 80% MFI: 100% deferred payment loan and repaid when the property is sold or the primary owner no longer lives in the property.
 - d. All loans deferred and amortized are expected to be repaid to the City if the property is sold or ownership is transferred. If the owner no longer lives in the property and a low income person (usually a family member) occupies the property, the owner must notify the City. The City at its discretion may require repayment or may continue the deferred status of the loan until the property sells.
 - e. Fee based loans are available
- B. Investor Owned:
 - a. 3% for investor owners for a term up to 20 years
 - b. Fee based loans are available
- C. Non-profit Housing Entities:

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- a. Non-profit Mission statement and By-laws must demonstrate that the organization provides affordable housing
- b. 0% deferred non-payment non-recourse loan for up to 20 years. If the property changes ownership during the term of the loan or the mission is no longer affordable housing; the loan must be repaid in full; if ownership remains intact, the loan will be forgiven after the term as set by the Loan Qualification Committee.

V. Federal Requirements on Funding

There are both federal and local requirements placed on the funding used for housing rehabilitation. This section describes the federal requirement and how the City intends to implement the requirement.

A. Environmental Review

The Environmental Review is conducted by the City and is started immediately upon City determination that there is a viable project. **ONCE AN APPLICATION HAS BEEN SUBMITTED FOR FUNDING, NO CHOICE LIMITING ACTION (SUCH AS: OBTAINING BIDS, CONTRACT EXECUTION, REHABILITATION WORK, ACQUISITION, OR DEMOLITION OF STRUCTURES IN THE PROPERTY ETC.) OF ANY KIND CAN TAKE PLACE INCLUDING WORK THAT THE OWNER IS DOING OR PAYING FOR THROUGH A DIFFERENT SOURCE AND NOT BEING FUNDED BY CDBG.** If the project is funded, and a choice limiting action occurred after the date of application, but before environmental clearance has been received, the project IS NO LONGER eligible for funding according to 24 CFR 58.22. Depending upon the scope of the project, environmental clearances may take up to 2 months to complete.

- B. **CDBG National Objective:** Every project funded by CDBG must meet a national objective. Each project is evaluated to determine the appropriate National Objective. The following section describes two of the most common categories including: 1) Projects that benefit low-moderate income (LMI) persons; and/or 2) Elimination of Slum or Blight.

1. Low and moderate-income (LMI): LMI is defined as having an income equal to or less than 80 percent of the area median income, adjusted for household size. Annually, HUD updates and publishes the income limits. The following are the **current HUD INCOME LIMITS (Effective June 28, 2019)** Note: AMI is the Area Median Income for L-A Metropolitan Statistical Area

Household Size	30% AMI	50% AMI	80% AMI
1	\$13,650	\$22,700	\$36,300
2	\$16,910	\$25,950	\$41,500
3	\$21,330	\$29,200	\$46,700
4	\$25,750	\$32,400	\$51,850

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5	\$30,170	\$35,000	\$56,000
6	\$34,590	\$37,600	\$60,150
7	\$39,010	\$40,200	\$64,300
8	\$42,800	\$42,800	\$68,450

a) Determining Income Eligibility: Using the chart above as a guide, there are different criteria for owner occupied properties and investor and non-profit properties as follows:

1) **Owner occupied 1-4 units:**

- One unit property (Single-Family): The owner's income must be at or below 80% of AMI
- Two unit property (Duplex): At least one of the units must be occupied by a LMI household.
- Three or Four unit property: 51% of the units must be occupied by LMI households

2) **Investor or Non-profit rental/cooperative owned properties:**

- One unit property (Single-Family): The renter's income must be at or below 80% of AMI
- Two unit property (Duplex): At least one of the units must be occupied by a LMI household.
- Three + Unit properties: 51% of the units must be occupied by LMI households

b. Required Income Documentation: The type of information needed varies depending upon the type of owner. Please include this information with your application. This section **only** relates to the National Objective income qualification of occupants. The City will use the HUD Exchange Income Calculator to calculate income ensuring correct calculations and document the file.

1.) Single unit owner occupied properties

- Copies of completed, signed, full federal tax return(s) for the most recent two (2) years for all adult members living in the household;
- Copy of income award letter from Social Security (SSI, SSA) or other Pension income; or
- Copy of last two months paystubs for anyone in your household employed aged 18 or older; and
- Copy of two months recent bank statements (checking, savings, security accounts, et) from all bank accounts for each adult member living in the household

2.) Owner occupied properties with rental units:

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- Tenants must fill out a self-certification of income form provided in Attachment 1 attached to this Section.
- 3) Investor or Non-profit owned rental properties:
- Tenants must fill out a self-certification of income form provided in Attachment 1 attached to this Section.
- 4) Properties owned by a Non-profit that are being rehabilitated for owner occupancy:

When the units are ready for occupancy, the information required for a single unit owner occupied properties listed above, will be required for each new homeowner.

2. Elimination of Blight on a Spot Basis: This National Objective is to eliminate certain conditions of blight or deterioration which will prevent the spread of the blighted condition to adjacent properties. To qualify under this National Objective the activity must meet the following criteria:

- a) The activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area; and
- b) The activity must be limited to one of the following:
 - Acquisition (but see the discussion about this category under the section entitled Documenting Compliance later in this chapter);
 - Clearance;
 - Relocation;
 - Historic Preservation; or
 - Rehabilitation of buildings, but only to the extent necessary to eliminate specific conditions detrimental to public health and safety.

It is important to note for Acquisitions, that as a general rule, national objective compliance for the acquisition of real property must be based on the use of the property after the acquisition takes place. The initial determination is based on the planned use of the property, but the final determination is to be based on the actual use. However, when property is acquired for the purpose of clearance to remove specific conditions of blight or physical decay, the clearance is considered to be the actual use of the property, but any subsequent use made of the property following clearance must be considered to be a “change of use” under §570.505. (See §570.208(d)(1)).

C. **Rental Unit Affordability Requirement:**

Federal requirements require that the rental units remain affordable to renters. The following are the City of Lewiston’s standards for rental affordability.

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1. **Rental Affordability Determination:** For properties with rental units, applicants must rent to low-moderate income residents for a period of one year. The rents are considered affordable when they are at or below the HUD established Fair Market Rents as adjusted by a utility allowance for tenant paid utilities. The FMR is published by HUD annually for the Lewiston-Auburn MSA. Currently, the City uses the utility allowance schedule established by the Lewiston Housing Authority. Tenants receiving assistance under the Section 8 Housing Choice Voucher Program, are qualified as affordable under these guidelines. A copy of the Lease Agreement with the tenant is required documentation. (Fair Market Rents are located in Attachment 2 to this Section)
2. **Rent Affordability Requirements Start:** Once the final signoffs are finished and the rehabilitation work is completed, the Intake Coordinator will verify with the owner that the original renters remain in place or, verify new occupants for income requirements and make sure that the rents remain affordable according to definition.
3. **Letter of Project Completion:** The Rehabilitation Coordinator issue a letter of “Project Completion” to the owner with documentation that the project is complete, warranties and guarantees are provided and any instructions necessary for ongoing maintenance to ensure that the property remains safe for the occupants.

D. **Lead Paint Requirements:**

HUD’s Lead Safe Housing Rule identify standards listed in 24 CFR Part 35, 24 CFR35.100 Subpart B-J General Lead Based Paint Requirements and definitions for all programs and rehabilitation. Depending upon the scope of work, the property may be exempt from this rule. To determine whether or not the property is exempt, the City will use the Lead Requirements Worksheet.

Residential property receiving an average of \$5,000 and up to \$25,000 per unit in rehabilitation assistance must be evaluated as follows:

1. Conduct paint testing or presume the presence of lead, in accordance with the regulation listed above;
2. Perform a risk assessment in the dwelling units receiving Federal assistance, in common areas serving this units, and exterior painted surfaces, in accordance with 24 CFR Part 35.1320(b), before the rehab begins;
3. Perform interim control or abatement in accordance with 24 CFR Part 35.1330 of all lead-based paint hazards identified pursuant to 1. and 2. In this section.
4. Implement Safe work practices during rehabilitation work in accordance with 24 CFR 35.1350 and repair any paint that is disturbed and is known or presumed to be lead-based paint.

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5. Obtain dust wipe clearances and provide the clearance report to the owner identifying the components that are lead safe and provide an essential maintenance plan with instructions on how to keep the property lead safe.
6. The City will use as a guide the Flow Charts provided by HUD and available upon request.

E. Labor Standards for Properties with 8 or more units:

Use of federal funds for properties in which there are 8 units or more trigger Davis-Bacon and Related Acts (DBRA) wage requirements as follows:

- a. Davis Bacon Act: Provides assurance that workers employed in construction work under federally assisted contracts are paid wages and benefits equal to those that prevail in the locality where the work is performed.
- b. Contract Work Hours and Safety Standards: Provides assurance that workers employed in construction work under federally assisted contracts are paid one and one-half times their normal salary for working over forty hours per week.
- c. Copeland Act: Governs the deductions from paychecks that are allowable, and require submission of weekly payroll.
- d. Fair Labor Standards: Establishes a basic minimum wage for all work, and requires the payment of time and a half for overtime.

The Rehabilitation Coordinator will secure the appropriate wage rate determinations, work with the contractor and conduct employee interviews during the construction contract bidding and construction management.

F. Uniform Relocation Act and 104d:

Under this program guideline, a nonprofit developer may acquire properties in which tenants must be permanently relocated. The developer must disclose this information in the application. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property, funded in whole or in part, with federal money. The developer will be responsible for making sure that the relocation process is completed according to HUD guidance and will be responsible for providing all documentation to the Community Development Coordinator who will have an oversight role. The costs of relocation will be the responsibility of the developer. The following tools will assist the developer. [Relocation Guidebook](#) and [Training Video](#).

G. Conflict of Interest Applicability:

In the procurement of supplies, equipment, construction, and services by recipients and by sub recipients, the conflict of interest provisions in [2 CFR 200.317](#) and [200.318](#) shall apply.

In all cases not governed by [2 CFR 200.317](#) and [200.318](#), the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance

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by the recipient or by its sub-recipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

Conflicts prohibited: The general rule is that no persons who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity. They may not have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

Persons covered: The conflict of interest provisions of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of sub-recipients that are receiving funds under this part.

H. Record Keeping Requirements:

Title 24, Part 570.506(4)(iii) requires that for each activity carried out for the purpose of providing or improving housing which is determined to benefit low income person, the City will keep documentation the following documentation for each unit occupied by a low income household including the size and income of the household. The Owner should keep records as well, including the following:

- a. The owner's application for assistance, including the address of the property;
- b. household size and income documentation for the owner and other households in the structure (if a multi-unit building) and other information to determine program eligibility and the appropriate level of financial assistance (underwriting);
- c. Other demographic information on the anticipated and actual beneficiaries of the activity for the project;
- d. Evidence of any required owner contribution or private loan match;
- e. Loan and contract documents between the City and owner and the owner and the contractor
- f. Evidence of periodic on-site inspection and sign-off on rehabilitation work, including final inspection;
- g. Copies of all change orders, with proper authorization; records of disbursements made for completed and approved work that agrees with the City's accounting records.

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I. Retention of Records:

City records will be retained for seven (7) years from the date of submission of the City's Consolidated Annual Performance Evaluation Record (CAPER) in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the 7-year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular 7-year period, whichever is longer.

J. Access to Records:

Representatives of the City, HUD, the Comptroller General of the United States, or of other authorized governmental agencies have the right of access to any pertinent records to make audits, examinations, excerpts, and transcripts. (24 CFR 85.10 (e) and 84.53 (e)) Consistent with applicable state and local laws regarding privacy and obligations of confidentiality, the City also must provide citizens with reasonable access to records on the past use of CDBG funds (24 CFR 570.508). This does not include the applicant's right to privacy for Personal Protected Identifiable Information.

Application Processing and Rehabilitation

A. Pre-application:

The pre-application will allow the City to determine whether or not the property is eligible under the program requirements as follows:

1. Initial evaluation includes:

- a. Property is not located in a flood zone; or if it is, the scope of the rehabilitation does not fall subject to state and federal requirements;
- b. Property location documentation: City-wide but ensuring that a majority of the funding will be located in the CDBG Target Area or the NRSA
- c. A determination of which cross-cutting federal regulations may apply to this project including: Lead Safe Housing, Davis Bacon Requirements for projects with 8 units or more; etc.
- d. Uncured Notice of Violation or Lead Abatement Order (neither disqualify the project but must be addressed prior to the project or incorporated in the rehabilitation scope of work)
- e. Initial determination that the property is in good standing with City assessments, registered in the City's Rental Registry Program, and the applicant owns the property and has adequate property insurance;

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- f. Property is structurally sound;
- g. Aligns with the City funding priorities as identified in the CDBG Consolidated Plan 2020-2024, Choice Neighborhood Transformation Plan and aligns with Legacy Lewiston (City's Comprehensive Plan).
- h. Initial Inspection will be conducted with the property owner, the Rehabilitation Coordinator and the CDBG Code Enforcement Officer.

2. Denial of Suitability or Invitation to Owner to Submit a Full Application:

The Rehabilitation Coordinator will provide either a "Denial of Suitability" or "Invitation to Submit" a formal application.

- a. Denial of Suitability: This notice will detail the reasons the property will not be enrolled in the Housing Rehabilitation Program. A "Notice of the Right to Appeal" the decision will be included.
- b. Invitation to Submit: The Rehabilitation Coordinator and the Intake Coordinator will meet with the property owner to explain the program requirements, the application, and the loan requirements.

B. Application Submission for City Housing Assistance:

A property owner interested in participating in the City's Loan Programs must submit a completed, signed application along with the required submissions to the Intake Coordinator. Applicants may request that an application packet be mailed, emailed or downloaded from the City's website; however, it must be returned with original signatures to the address listed above to be considered. There is an open application period allowing owners to apply when the project is ready for funding providing the City has funding available. Residential loans are processed on a first come, first serve basis.

There are different requirements on applicants depending upon whether the property is owner-occupied, investor, non-profit or publicly owned. Each application has its own checklist describing the supporting documentation that must be included for an application to be considered complete.

C: Application Processing:

Each application will be date stamped, upon receipt in the Economic and Community Development Department offices on the Third Floor at City Hall. Only one original application is required; however, applicants should retain a copy of the completed application. There is a funding limit per-unit. You may request up to that limit; however, if the ask is not supported by the need, the City may fund at a lower amount. If there is a match requirement, owner's capacity

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to finance and complete the scope of the approved project on a timely basis is evaluated as part of the approval process.

1. **Verification of Information:** Once the application is submitted, City staff will verify all sources of income, assets, and matching sources. Third party written verifications may be needed. Credit reports are obtained to determine credit worthiness and the ability to pay the loan on each of the majority applicant(s) defined as those with 20% ownership or more. The City is a credit reporting agency. Majority applicant(s) will be required to sign a Personal Guaranty in addition to a Corporate Guaranty.
2. **Due Diligence:** The City will complete a title search to verify ownership and make sure there are no judgments against the property, obtain property records to identify any outstanding City assessments, code enforcement issues, and an internal review to determine if the proposed project aligns with the City goals.

D. Detailed Inspection and Determination of Federal Requirements:

At the same time the Intake Coordinator is processing the application, the Owner, Rehabilitation Coordinator, and Code Enforcement Officer will meet at the property and will evaluate and determine the scope and any cross-cutting federal requirements necessary for the rehabilitation of the property.

1. **Detailed Inspection:** The Code Enforcement Officer will prepare the inspection report, with the owner and Rehabilitation Coordinator, document failed items (Code or Rehabilitation work requested by the owner) that must be included in the rehabilitation scope of work including whether or not a Building Permit is required. Obtain owner signature on the Inspection report and submit to the Rehabilitation Coordinator the Inspection Record which includes the inspection completed and signed by Code Enforcement and Owner and picture documentation of the scope of work required.
2. **Determination of Federal Requirements:** The Rehabilitation Coordinator will make the determination on whether or not the property is subject to Davis Bacon Labor Standards; Lead Safe Housing Rule (Complete *Lead Requirements Worksheet*); temporary relocation during rehabilitation work; and will gather documentation for the environmental review.
3. **Environmental Review:** Once reviewed, the Environmental Review Record for the property will be documented by the Rehabilitation Coordinator.

E. Scope of work, Specifications, Pre-construction Conference, and Bidding

- a) **Work Specifications:** The Rehabilitation Coordinator will prepare the work specifications on the entire scope of work including any federal requirements. The Rehabilitation Coordinator has created a standard set of specifications for every rehabilitation funded

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by the City that will include specifications regarding the energy rating, standard color for walls, etc. The owner at their own expense may request a variation of the standard specifications which will be noted in the bidding specifications for the project.

- b) Owner Approval of Work Specifications: The Rehabilitation Coordinator and Owner will review and discuss the specifications giving the owner an opportunity to address any preferences including color preference, etc. (with the understanding that too many preferences may result in the owner paying for the “extras” out of pocket). Specifications will be updated and finalized and owner will sign them.
- c) Pre-Construction Conference with Contractors: The Rehabilitation Coordinator, will conduct a Pre-construction conference on site with all bidders/contractors, code Enforcement Officer and Owner. Contractors not attending the Pre-construction Conference will not be allowed to bid. The scope will be reviewed and revised as needed. If revised the Rehabilitation Coordinator will notify all participants via email on the updated specifications. At this time the Rehabilitation Coordinator will identify any federal requirements pertinent to this rehabilitation (such as the Lead Safe Housing Rule, Section 3 Requirements, FFATA, Debarred and Suspended from Federal Contracts, etc.), including what is required of the contractor. This will also become part of the contract requirements.
- d) Bid Preparation and Submittal: Contractors will have one week to submit bids, to the Community Development Office. The bid will be on a pre-filled “Form of Bid” detailing the specification (remove and replace 12 linear feet of baseboard, prime & paint in standard color (or if the owner has stated color preference, it will read “custom” color); and there will be a line for the materials in the specification bid and a line for labor. The Contractor will complete the bid, sign, date the form and return to Community Development in an envelope marked “address of property, Sealed Bid, DO NOT OPEN”. Contractors not interested in bidding the project, will sign, date and check “not interested in bidding” and return to the community development office.
- e) Cost Reasonableness: While the Contractors are working on the bids, the Code Enforcement Officer will prepare a cost reasonableness estimate to ensure that costs are fair and reasonable and do not exceed what a prudent buyer would pay considering market conditions. The methods the City will use to determine a fair and reasonable price will include price competition (bidding); price and cost analysis of major components as defined by experience in other rehabilitations and/or current year subscription to R S Means Contractor’s Pricing Guide: Residential Repair & Remodeling Costs Book, or an equivalent resource for the type and scope of the rehabilitation.
- f) Bid Opening: Community Development Coordinator or Designee will preside over the bid opening process and will prepare a bid tally sheet of all bidders. Once the lowest responsible bidder has been identified. Before the bid will be awarded, the Intake

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Coordinator will obtain all licenses, certifications of all employees working on the project, insurances, and will check and document the record the Debarment and Suspension of the Contractor database and document the file. The Contractor can be notified that they are the lowest responsible bidder but the contract CAN NOT BE AWARDED until the Loan Qualification Committee has reviewed and approved the loan.

F. File Preparation for Underwriter, Loan Presentation, Approval Award and Notice to Proceed

1. Final File Preparation for Underwriter: The Intake Coordinator will gather all documents to be sent to the underwriter in a format that is acceptable to the underwriter including the scope of work and winning bid(s). Once gathered, the Community Development Coordinator will review the file to make sure that all documentation is in place and ready for underwriting. The Intake Coordinator will send the file to the underwriter in a manner that will safeguard the owner's Personal Private Identifiable Information. The Intake Coordinator will notify the owner and the underwriter in an email that the file is on its way. At this point, any clarifying documentation the Underwriter needs will be addressed directly to the owner with the Intake or Rehabilitation Coordinator copied in depending upon the nature of the question.
2. Risk Analysis and Underwriting Criteria: Once the Community Development Coordinator receives the bid documentation and knows the full cost of the rehabilitation, the loan will be underwritten by either City staff or an underwriter hired by the City to perform underwriting on more complex loans. The rehabilitation coordinator may request that a 15% contingency be added to the rehabilitation project, if the underwriting supports it, so that the Rehabilitation Coordinator does not have to go back to the LQC if a Change Order is required due to project unknowns that occur during rehabilitation. The underwriting criteria are listed below.
3. Determining the gap: There are different standards for owner-occupied properties and for investor, non-profit, or publicly owned properties.
 - a) Owner occupied properties: An applicant whose income is at or below 80% of Median Family Income and does not have liquid assets that exceed \$10,000, meet the threshold requirements of receiving CDBG funding. Liquid assets include: checking, savings, cash, money market, securities not tied to a retirement account, etc.
 - b) Investor, non-profit, or publicly owned properties: An applicant that owns a property in which the tenants meet the definition of income eligibility; AND meet the following other parameters: 1) The Net Operating Income (NOI) of the property is less than 1.40x the loan payment AND 2) the total loan to value (LTV) exceeds 75%.
 - c) Applicant provides evidence of loan denial for the same project in which funding from the City is sought.

Housing Rehabilitation Program Guidelines

If there is no gap, the project will not be funded.

4. **Underwriting Criteria:** Once the project is underwritten to determine that CDBG funding is need, the following underwriting criteria will be used to evaluate the financial strength of the borrower and the anticipated success of the project:

- a. Debt Coverage Ratio (DCR) defined as the monthly debt compared to the monthly net income. The minimum DCR is 1.10;
- b. Loan to Value Ratio (LTV) is defined as the Total Loan Balances of the mortgages divided by the Fair Market Value of the Property. The City expects a LTV of under 100%; however, a LTV that exceeds 100% may be considered on a project by project basis;
- c. Project is financially feasible and there is adequate ability to repay the loan;
- d. The project costs must be reasonable as determined by Contractor's Pricing Guide: Residential Repair & Remodeling Costs Book and City experience with other rehabilitations as determined by the Rehabilitation Coordinator
- e. All project financing is committed and the matching source verified in the form of a commitment from an institutional lender, owner financing, insurance company, and/or any other source acceptable to the City;
- f. Track record of cooperation with Code Enforcement and other City departments; and
- g. Verification that all City Department assessments (taxes, City utilities, etc) have been paid.

The file will be documented with this information and reviewed by staff to determine whether or not the project is financially feasible.

5. **Other Considerations:** The City may accept or reject any application for funding. The City utilizes its Revolving Loan Fund (RLF) to provide loans and has an "open window" to accept applications for rehabilitation projects throughout the year. Sometimes a property/owner meets the underwriting criteria but then is not funded by the City.

- a. The following reasons may cause the City to reject an application for funding:
- b. No more funding available through City sources;
- c. Funding priority has changed;
- d. Environmental review concerns, including the property is in a 100 year flood plain; historic review determines the cost to rehabilitate the building is no longer cost reasonable for the limited funding the City has available; severe or toxic contamination, etc.; OR
- e. A material change in the property condition or the owner's financial condition. If this situation occurs after the loan has been approved but before the closing, City staff

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may choose to not close the project; if this occurs after loan closing, the City may choose to follow the default remedies under the loan.

6. Loan Presentation, Review and Approval: The Underwriter will forward a copy of the write-up to the Community Development Coordinator and the Rehabilitation Coordinator to review, suggest any changes or clarification. If no changes, the Administrative Assistant will coordinate with all parties attending the Loan Qualification committee Meeting and set a date. The Rehabilitation Coordinator will confer with the Director, in case there is information needed, will set the agenda and the Administrative Assistant will put the final packet together and send out to Loan Qualification Committee members, underwriter and staff. The Underwriter will present the loan, the meeting will be recorded and the Administrative Assistant will type the minutes.

7. Loan Approval: Loans that meet program and financing guidelines are presented for review and action to the Loan Qualification Committee (LQC).

A. Investor, Non-profit Owner, and Homeowner with MFI 65-80% loans:

- a. A majority of the LQC's members must be present to constitute a quorum. At least three (3) votes on the prevailing side are required to constitute a valid vote on any funding application.
- b. LQC approval of loans will be contingent upon the applicant meeting the ongoing requirements of the program.
- c. The LQC has the authority to adjust terms, rates, the match requirement and underwriting ratios on a case-by-case basis.

B. Deferred and Emergency Loans:

Low income owner (under 65% MFI) deferred and emergency loans are reviewed by the Director of the Economic and Community Development Department. The Director will evaluate the loans for program and financing compliance and if approved, will sign off on the loans. If not approved, or concerns are identified that should be evaluated by the broader LQC, the Director can determine that the loan will be presented to the LQC.

C. Approval:

The applicant is notified via telephone or email that the loan application has been approved by the City; followed by a Notice of Approval, which specifies the terms and conditions of the loan, will be provided and must be executed by the borrower and

Housing Rehabilitation Program Guidelines

Rehabilitation Coordinator. If the terms have been modified, the applicant will be given an opportunity to accept the new terms and conditions or request an appeal.

D. Appeal Process:

The applicant may appeal the decision of the Loan Qualification Committee (LQC) to deny City assistance using the following procedure:

- The request for a hearing must be made in writing to the Director of the Economic and Community Development 30 days of the date of decision.
- No new information may be presented by the applicant, only clarification of information that was originally provided, which, in the applicant's point of view, may not have presented their complete financial condition.
- The Director will schedule a hearing date with the LQC.
- The applicant may provide a written explanation to the LQC or may request to be present at the appeal and present information directly to the Committee.
- The LQC will deliberate the request and make its decision after the hearing.
- The LQC decision is final and the applicant will be notified by City staff.

Once the approval/denial has been made, the Rehabilitation Coordinator will contact the owner with any terms or conditions that the Loan Qualification Committee has made. If acceptable, the Intake Coordinator will schedule the loan and construction contract closing, prepare all documents for closing.

F. Closing and Funding Agreement

1. Loan Closing:

A Notice of Loan Approval is provided to borrowers when the City's Loan Qualification Committee (LQC) has approved City funding. Any project expenditures made prior to the LQC approval and execution of a funding agreement will not be funded nor will they be counted toward the match requirement. The following documents become part of the Funding Agreement between the City and the Owner: *"Housing Rehabilitation Program Guidelines"; "Notice of Loan Approval"; "Truth and Lending Statement"; "Housing Rehabilitation Loan Agreement"; "Security Agreement" or "Mortgage"; "Promissory Note"; "Personal Guaranty" (Any person holding an ownership interest of 20% or more); "Corporate Guaranty"; "Escrow Agreement";* and any other agreements to satisfy the conditions of the LQC.

2. Rehabilitation Contract Closing

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The Rehabilitation Coordinator will close the construction loan with the owner and contractor and will issue a Notice to Proceed. Owner is responsible for contacting the renters in the building to explain the work that will be conducted in the apartment and that there may be a need to temporarily relocate if the nature of the work indicates it. Once these documents are signed, the rehabilitation work can begin.

G. Construction Management

The Rehabilitation Coordinator will manage the rehabilitation contract work and will coordinate the progress inspections with the Code Enforcement Officer. The Contractor will notify the Rehabilitation Coordinator if there is a problem under covered during the construction. Full picture documentation is required of work that may result in a change order. Otherwise, the Rehabilitation Coordinator will conduct periodic inspections, will document the rehabilitation file after the inspection and will include date and time of inspection, work being performed and a picture of the work in progress.

1. Temporary Relocation: Every attempt will be made to ensure that the renters will not need to temporarily move from their home; however, if required because of the type of rehabilitation (lead, egress, etc), the Contractor will discuss the construction schedule and determine the timing of when renter occupants will need to temporarily relocate to either stay with friends (City stipend funded by CDBG) or stay in a hotel (CDBG funded) in accordance with the City Temporary Relocation Policy. Owner occupants will be required to pay for their own relocation during the rehabilitation as needed or remain in the property at their own risk. Temporary relocation is defined as up to 7-10 days.
2. Contract Invoicing: The Rehabilitation Coordinator will prepare a Purchase Order for the total scope of the work. For each invoice submitted, all sources will be applied according to a pro rata basis until the rehabilitation work is complete. The Contractor may request progress payments during the scope of work to the Rehabilitation Coordinator. The request must be properly documented and submitted to the Rehabilitation Coordinator on the City "*Payment Request Form*" for work completed to date. The Rehabilitation Coordinator will inspect the work and verify that the progress payment request is appropriate and will sign off and obtain owner sign off. For invoices relating to code work, the Code Enforcement Officer will inspect and sign off on the invoice as well. Depending upon the scope of work, the City may pay for materials stored on site; however, this must be discussed and approved at the time of contract closing by the Rehabilitation Coordinator in advance and the materials must be stored on site. Once the owner has signed off on the payment request, the Rehabilitation Coordinator will code and process the invoice for payment. The Director will review and sign off on the invoice. The Administrative Assistant will submit it for payment to the Grants Accountant; who will

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check all accounts and submit to the Accounts Payable Clerk for processing in accordance with the City policy. The Rehabilitation Coordinator will hand the check to the Contractor and obtain proper receipt of payment signoffs and will provide the City with a release of lien on the City form “*Certificate and Release of Liens*”.

3. **Change Orders**: When a Contractor identifies work that must be addressed and was not included in the original scope of work, a “*Change Order Request*” must be submitted to the Rehabilitation Coordinator for approval. Change orders will be reviewed and either approved or not approved by the Rehabilitation Coordinator, Code Enforcement Officer, and the Owner **BEFORE** the work is started or will not be covered under the contract. If approved, the Rehabilitation Coordinator will obtain the proper signoffs and will update the contract.
4. **Final Inspection, Punch List, Clearances**: The Contractor will notify the Rehabilitation Coordinator that the project is nearing final completion. The Rehabilitation Coordinator will schedule a final inspection walk through on site with all parties. During the walk through the Rehabilitation Coordinator will create a punch list of items missed or incomplete. The Contractor will provide all guarantees and warranties to the Rehabilitation Contractor, lead clearances from a licensed lead inspector will be scheduled as needed, to obtain clearances. The program will pay for the first set of clearances; however, if after construction the property does not clear, the Contractor will pay for all future clearances until the property passes and clearances are obtained. The Contractor may submit the final invoice; however, it will not be processed until the punch list is complete; the warranties, guarantees and clearances have been submitted to the Rehabilitation Coordinator and the Owner has accepted the work.

H. Rehabilitation Closeout and Notice of Final Completion

The Rehabilitation Coordinator will assemble the final packet to the owner which will include at a minimum: A letter of final completion, all guarantees and warranties, a copy of all clearances obtained and a maintenance plan for special instructions regarding how to properly use installed components, care for and keep the property lead safe, etc and the Contractor’s information in case of a warranty repair. Owner will be required at this time to submit any income and rent information for tenants living in the property. The owner will be notified that the Rental Affordability period begins now and continues for one year as described in Section 1: Program Requirements. Once the file has been documented, the Rehabilitation Coordinator will provide the owner with the closeout packet and will obtain a signed receipt from the Owner to document the file.

I. Guideline Updates

These guidelines may be updated periodically. The Effective date will be listed below.

Housing Rehabilitation Program Guidelines

Effective February 1, 2020

City of Lewiston
Tenant Household and Income Information Form

Tenant Name: _____ Street Address: _____ Unit # _____ # of bedrooms _____

Dear Tenant: Your landlord is applying to the City to help fund improvements to the property. The City uses Community Development Block Grant (CDBG) from the federal government to make improvements in rental property which can only benefit households that are considered low-moderate income by family size and listed below. All responses are confidential and used solely for securing CDBG funds. **THIS INFORMATION WILL BE KEPT CONFIDENTIAL. Please return this form to your landlord as soon as possible. If you have questions, please contact Jayne Jochem, Community Development Coordinator for the City of Lewiston by calling 207-513-3126 x 3233.** Thank you for your cooperation.

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In determining total household income use your total gross income for the 12 month period prior to completing this form.

HOUSEHOLD SIZE (Circle One)	FAMILY INCOME (Please Check one)			
	30%	50%	80%	Above 80%
1	___ Below 13,650	___ 13,651 – 22,700	___ 22,701 – 36,300	___ Above 36,300
2	___ Below 16,910	___ 16,911 – 25,950	___ 25,951 – 41,500	___ Above 41,500
3	___ Below 21,330	___ 21,331 – 29,200	___ 29,201 – 46,700	___ Above 46,700
4	___ Below 25,750	___ 25,751 – 32,400	___ 32,401 – 51,850	___ Above 51,850
5	___ Below 30,170	___ 30,171 – 35,000	___ 35,001 – 56,000	___ Above 56,000
6	___ Below 34,590	___ 34,591 – 37,600	___ 37,601 – 60,150	___ Above 60,150
7	___ Below 39,010	___ 39,011 – 40,200	___ 40,201 – 64,300	___ Above 64,300
8	___ Below 42,800	___ 42,801 – 42,900	___ 42,901 – 68,450	___ Above 68,450

How much rent do you pay? _____ Do you receive Section 8 Voucher assistance to pay your rent? Yes ___ no ___

Utilities: (Check the utilities you pay:)

Do you pay any of the following utilities? Heat ___ Hot water ___ Electric (lights) ___ (Is your stove electric?) ___ yes ___ no Water or Sewer ___
Do you own your own refrigerator? yes ___ no ___ Do you own the stove? yes ___ no ___

Household Race: Indicate by placing an "X" on the appropriate line: What is the primary language that you speak in your home? _____

White ___ Black/African American ___ Asian ___ American Indian/Alaskan Native ___ Native Hawaiian/Other Pacific Islander ___ Asian & White ___
American Indian/Alaskan Native & White ___ Black/African American & White ___ American Indian/Alaskan Native & Black/African American ___
Hispanic/Latino ___ Other (Please state) _____

How many household members are? Age 6 and under: _____ Age 18-61 _____ Over the age of 18 going to school full time: _____ Elderly (62 and older): _____
Disabled Adult(s): ___ Disabled Child(ren): ___ Is the head of household female Yes ___ No ___

I certify that the information on this survey form is true and complete to the best of my knowledge and belief, and that the City of Lewiston and the U.S. Department of Housing and Urban Development and Offices of the Federal Government are hereby authorized to verify the information contained herein.

Tenant Head of Household Signature Printed Name Date

2020 Fair Market Rents (FMR) Effective 10/1/2019

Bedroom size	FMR
Zero Bedroom	\$ 613.00
One Bedroom	\$ 658.00
Two Bedroom	\$ 844.00
Three Bedroom	\$1,068.00
Four Bedroom	\$1,365.00

Owners of properties' improved utilizing CDBG funding must keep their rents affordable to tenants for a period of one year. Owners must calculate the rent by taking the maximum rent for the bedroom size and subtracting the utility allowance for utilities that a tenant pays from the maximum rent.

Please note: the City will accept the negotiated rent between an owner and a Section 8 assisted tenant as affordable for as long as the tenant remains on the program.

Lewiston Housing Utility Allowances (Last updated 2016)

Utility	0 bedroom	1 bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Heating						
Natural Gas	\$69	\$79	\$100	\$123	\$141	\$169
Bottle Gas	113	158	168	209	268	298
Oil	146	203	217	270	345	385
Electric	50	75	100	125	150	175
Kerosene	75	94	114	143	175	194
Cooking						
Natural gas	\$26	\$29	\$31	\$33	\$36	\$40
Bottle Gas	31	38	41	45	51	58
Electric	8	11	13	15	20	23
Other Electric	\$22	\$30	\$39	\$57	\$64	\$77
Water Heating						
Natural Gas	\$18	\$28	\$34	\$46	\$69	\$87
Bottle Gas	17	21	27	34	41	48
Oil	22	27	35	44	53	62
Electric	19	21	27	44	67	80
Water	\$11	\$11	\$15	\$24	\$30	\$39
Sewer	\$6	\$21	\$21	\$33	\$42	\$54
Range/Microwave	\$9	\$9	\$9	\$9	\$9	\$9
Refrigerator	\$11	\$11	\$11	\$11	\$11	\$11