

**Sheffield-New Marlborough-Otis**  
**FY2019 HOUSING REHABILITATION**  
**PROGRAM**

PROGRAM GUIDE



Administered by:  
**Berkshire Regional Planning Commission**  
**Housing Rehabilitation Program**  
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THE SHEFFIELD-NEW MARLBOROUGH-OTIS HOUSING REHABILITATION PROGRAM IS FUNDED BY  
THE MASSACHUSETTS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

## **INTRODUCTION**

The Sheffield-New Marlborough-Otis Housing Rehabilitation Program (HRP) has been funded by the US Department of Housing and Urban Development (HUD), through the Massachusetts Department of Housing and Community Development (DHCD), FY2019 Community Development Block Grant Program (CDBG). The Program is managed by the Berkshire Regional Planning Commission.

This Housing Rehabilitation Program is designed to provide home improvement assistance to rehabilitate low/moderate income owner-occupied dwellings, including those with up to four (4) units with low/moderate income tenants. The type of work which can be accomplished under the HRP includes, but is not limited to: lead paint abatement, roofing, foundation repair, installation of energy efficient windows and doors, insulation, accessibility improvements, plumbing, electrical repair or replacement, septic, water supply, lead paint removal, exterior paint, etc.

The typical award of CDBG funds under this grant for a single rehabilitation project will be \$30,000/unit. In extensive rehabilitation projects the amount of CDBG funds may be increased up to \$40,000/unit on a case-by-case basis.

Elimination of building code violations will be given first priority. The scope of each project will be determined by the HRP Rehabilitation Specialist, in concert with the Towns' Building Inspectors, the Housing Rehabilitation Manager, and the Property Owner.

### **A. GOALS OF THE PROGRAM**

The primary purpose of the Housing Rehabilitation Program is to bring deteriorated residential units into compliance with all applicable Federal, state, and Local codes. To be eligible, a structure or portion thereof must be residential, and contain one or more code violations. ALL code violations must be corrected as a condition of participating in the Program. The work is prioritized in order to:

- Assist low/moderate income owner-occupants in maintaining safe and sanitary dwelling units through the elimination of building code violations;
- Correct and update all health and safety issues, building envelope updates, energy efficiency upgrades, and address lead paint hazards in residences owned and occupied by year-round LMI residents
- Improve the supply of affordable-rental units for year round LMI tenants
- Encourage the preservation of existing housing stock through rehabilitation
- Prevent neighborhood blight and deterioration.

### **B. ELIGIBILITY REQUIREMENTS**

All HRP eligible applicants must be owner-occupants whose property is located within the Towns of Sheffield, New Marlborough, or Otis and must meet the income limits below. Special consideration will be given to seniors and single parent heads of households who have low incomes.

Eligible applicants must be income-eligible. Income included in the income eligibility requirement includes that of all persons who live in the household to be rehabilitated that are 18 years of age and older, except full-time students, and includes all sources of income. Note that these income limits are updated annually, so please ask the HRP staff for confirmation of current household income limits.

**2020 HUD Household Income Limits**

1 person	\$47,850	5 persons	\$73,800
2 persons	\$54,650	6 persons	\$79,250
3 persons	\$61,500	7 persons	\$84,700
4 persons	\$68,300	8 or more persons	\$90,200

In single and multi-family homes:

- all single-unit properties must be occupied by a low-or moderate-income household
- in a two-unit structure, one or more of the units must be occupied by a low-or moderate-income household
- in a three-or four-unit property, at least 51% of the units must be occupied by low-or moderate-income households.

Determination of income eligibility will require Applicants to provide documentation. BRPC and the Sheffield-New Marlborough-Otis CDBG housing Rehabilitation program will use an income documentation method which requires third party verification of adjusted gross income over an eight-week period. Documentation will include:

- 1.) Pay stubs for the most recent 8-week period for every member of the household over 18 years of age.
- 2.) Pay stubs for the most recent 8-week period of Unemployment benefits
- 3.) Two months of bank statements
- 4.) Full-time students or unemployed household members must provide a notarized statement affirming this status.
- 5.) Self-employment income for all Household members who are 18 years of age and older will be documented by *certified* copies of the entire IRS Tax Return, (complete with Schedule C, Profit or Loss from Business or Profession).
- 6.) Other income will be documented as applicable by benefits statements for Public Assistance, VA benefits, Social Security benefits, SSI benefits disability and a periodic statement from each pension/investment income source stating the amount and frequency of benefits.
- 7.) Income documented as above will be extended for a 12-month period and compared to the published HUD income limits to identify low to moderate income persons.

**C. GRANT AWARDS**

Grant awards will be available to selected homeowners to address part or all of the cost of the proposed rehabilitation project. All building code deficiencies will be determined by the Program’s Housing Rehabilitation Specialist and/or the Town’s Building Inspector, according to the Massachusetts Building Codes. The Housing Rehabilitation Specialist will determine the scope of work for each project.

Property Owners will be required to enter into an agreement with the Towns of Sheffield, New Marlborough, or Otis authorizing the Housing Rehabilitation Program staff to manage the project and agreeing to facilitate the project activities and abide by all Program rules and conditions.

The “grant” award will be secured by a 0%-interest deferred payment loan (DPL). A fifteen (15) year lien will be placed on the property to protect the investment of public funds. Payment of the DPL will only be due upon a sale or transfer of the property within the 15-year lien period. The amount owed on the DPL will decrease annually for a period of fifteen years. The pay back schedule will be as indicated in the chart below:

<u>Transfer Before the End of Year</u>	<u>Non-Elderly Payment Due</u>	<u>65 Years or Older Payment Due</u>
One	100%	100%
Two	90%	90%
Three	80%	80%
Four	70%	70%
Five	60%	60%
Six	50%	50%
Seven	45%	40%
Eight	40%	30%
Nine	35%	20%
Ten	30%	10%
Eleven	25%	5%
Twelve	20%	5%
Thirteen	15%	5%
Fourteen	10%	5%
Fifteen	5%	5%
After Year Fifteen	Forgiven	Forgiven

Owner-occupants of rental property must agree to maintain the affordability of the units according to HUD requirements and to limit rent increases for fifteen years (15) years upon the completion of the rehabilitation project. The HRP will allow annual rental increases to provide for increases in utilities, taxes, insurance, and inflation. Units must be made available to low/moderate income persons.

**D. HARDSHIP CONDITIONS**

If the cost of a project exceeds the expected per unit allotment of \$30,000, the homeowner may be asked to contribute to the balance to complete the project. A list of local banks who have stated their willingness to work with Program participants to close such financial gaps will be provided by HRP staff.

In cases where the scope of a proposed project and its anticipated costs exceed the maximum allotted and a hardship exists, the nature of the hardship will be reviewed and evaluated by the Program staff, who may consult the Program’s Citizen Advisory Committee. Potential hardships include multiple major building code violations such as lead and asbestos hazards, a problematic well, and septic system replacement. Property owners with hardships may be eligible for funding under the \$40,000/unit severe need category.

## **E. PROJECT SELECTION PROCESS**

1. Interested Property Owners owners must complete and submit an application. HRP staff will meet with potential applicants, one on one, to discuss the Program. HRP staff will be available to assist applicants with obtaining information necessary to process the application. Every attempt will be made to assist elderly and disabled applicants, and to provide interpretive services where language is a barrier to completing the application. Program staff will determine the eligibility of the homeowner through income verification, etc.
2. The first priority of the program is to correct all code violations, structural and sanitary; this includes deleading if circumstances require it.
3. For qualified applicants, the HRP staff, including the Housing Rehabilitation Specialist, will conduct site visits and make a preliminary determination of project severity and feasibility.
4. As needed, a Citizen Advisory Committee, appointed by the Towns, will meet with HRP staff to evaluate, prioritize severe needs projects, and mediate complaints regarding the Project Selection Process, based on their established Grievance Policy.
5. The Housing Rehabilitation Specialist will conduct a site visit and provide the owner with a preliminary work write-up which will include all building code violations and any applicable drawings and floor plans. The Housing Rehab Specialist will then review these items with the Property Owner. Note: the Housing Rehabilitation Program is a moderate rehabilitation program. If upon completion of the initial inspection, detailed work write-up and estimate, the Housing Rehabilitation Specialist determines that the dollars required far exceed the program limits, the project can be deemed infeasible and funding denied.
6. An Environmental Review, including review of historic property status, will be conducted by HRP staff for each tentatively selected property. The Towns' Historical Commission will be consulted as part of this process.
7. The Environmental Review will also include lead-based paint testing by an independent, licensed, and qualified lead testing lab, who will perform all required lead-paint and soil tests, risk assessments, lead hazard screens and reevaluations, as per the HUD Lead Safe Housing Rule. The owner will be notified of the results of these tests. In cases where lead paint is present, interim controls and/or abatement procedures will be prioritized and included in the project.
8. The Housing Rehabilitation Program Manager will notify the homeowner to inform him/her whether the property is to be included in the program.
9. The Housing Rehabilitation Specialist will determine the final scope of the project and a FINAL work work-write up will be incorporated into a bid package for the rehabilitation work. The owner will approve the final bid package before going out to bid. The HRP staff will conduct procurement of construction services on behalf and with the assistance of the Property Owner.

10. Participating contractors who are on the HRP's approved Contractors List will receive bid packages. All contractors will be encouraged to attend an on-site Pre-Bid Conference in order to gain an understanding of Program rules and the scope of work. Sealed bids will be delivered to the Housing Rehabilitation Program office.
11. The Housing Rehabilitation Program Manager will conduct a public Bid Opening. All bids will be reviewed by HRP staff for responsiveness, and the HRP staff will then review the three lowest qualified bids with the owner. The Property Owner will have a maximum of 30 days in which to indicate his/her approval on making an award, rejecting bids, or rebidding.
12. The Property Owner is encouraged to select the lowest bid from the responsible and responsive Contractor. If the lowest qualified bid is *not* accepted, the Property Owner must pay the difference between that bid and the awarded bid. The selected Contractor will enter into a Construction Agreement with the Property Owner, agreeing to the scope of work and project budget.
13. The Property Owner will also execute a **Loan Agreement with the Towns of Sheffield, New Marlborough, or Otis** for the amount of work, *prior to commencement of the project*. This will be a 0% interest, deferred payment loan (DPL) secured by a lien, as mentioned under 'C' above, and 'F' below.

#### **F. RECORDING THE PROPERTY LIEN**

The Property Owner will agree to securing the loan mentioned above in #13, by way of a **notarized lien** in the amount of the loan. All closing documents will be executed prior to the commencement of the construction project. The Housing Rehabilitation Program staff will record the lien on behalf of the Towns of Sheffield, New Marlborough, or Otis against the Property with the Southern or Middle Berkshire District Registry of Deeds for an amount equal to the grant award. *Homeowners are responsible for the \$105 filing fee.*

#### **G. CONSTRUCTION PROCESS**

1. The Contractor will be responsible for securing a building permit and all other permits needed for the proposed work.
2. Typically, work is required to begin within fifteen (15) calendar days of selection of the Contractor. Compliance with local and state building codes is MANDATORY. The HRP staff and the Housing Rehabilitation Specialist and/or the Town's Building Inspector will assist in the inspection of work, but assume no responsibility for quality of materials or workmanship.
3. The Housing Rehabilitation Specialist and HRP staff, working in cooperation with the Property Owner, will oversee the construction, conduct site visits, make progress reports, and approve payments to the Contractor. Disputes between the Property Owner and the Contractor will be mediated by the Housing Rehabilitation Manager.
4. The Housing Rehabilitation Specialist will monitor the construction services and approve contractor invoices with the Property Owner. A pre-construction conference with HRP staff and the Property Owner will be held with all of the contractors involved in the project. All construction contracts will comply with state and federal regulations.

## **H. PAYMENTS & PROJECT CLOSE-OUT**

1. When the work is complete to the satisfaction of both the Property Owner and the Housing Rehabilitation Program, and the local Building Inspector has signed off, a check will be issued payable to the Property Owner and the Contractor. The Property Owner will then endorse the check, which will then be sent to the Contractor. Alternatively, the Owner will be required to provide prior written approval of invoices, and checks will be made payable to the Contractor. In either case, the Owner will be required to sign-off on all financial transactions that take place.
2. When the project is completed the Property Owner will be provided with a copy of the CDBG Contractors Affidavit for Payment of Debts, Release of Claims, Warranty of Workmanship and Receipt of Payments.
3. In cases where the local Building Inspector, Housing Rehabilitation Specialist, and the Contractor all agree that the project has been completed according to the work-write up and specifications, and the Property Owner disagrees, the Property Owner will submit to the decision of the Housing Rehabilitation Program Manager concerning payment of the final invoice. If the Property Owner disagrees with that decision, he/she is free to access the established grievance procedure as attached herein.
4. The Town of Sheffield, the Town of New Marlborough, The Town of Otis, and/or the Rehabilitation Program Manager reserve the right to withdraw or cancel any award or contract related to this Program in the event of Applicant non-compliance with CDBG Housing Rehabilitation Program rules and/or non-performance of a Contractor.

For additional Program information, please contact Patricia Mullins, Housing Rehabilitation Program Manager, 413-442-1521 ext. 17 email [pmullins@berkshireplanning.org](mailto:pmullins@berkshireplanning.org)

This program is subject to the requirements of (and not necessarily limited to) Section 3 of the Housing and Urban Development Act of 1968, Section 3 (12 USC 1701); Executive Order 11246, Entitled "Equal Employment Opportunity" (41 CFR, Part 60); the Flood Disaster Protection Act of 1973 (P.L. 93-234); Title VI of the Civil Rights Act of 1964 ; HUD Lead-Based Paint Regulations 24 CFR, Part 35, For the Elimination of Lead Based Paint Hazards; Copeland "Anti-Kick Back" Act (18 USC 874) and (40 USC 276c); Section 114 of the Clean Air Act, as amended, (42 U.S.C. 1857 C-8); Section 308 of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1318) and the Federal Labor Standards under 29 CFR, Parts 3, 5, and 5A.

This Program Guide is subject to periodic updates, which will be posted on the BRPC website @ <http://www.berkshireplanning.org/>