

COMMUNITY DEVELOPMENT PROGRAM
BENEFITING THE PROPERTY OWNER

**OWNER-OCCUPIED REHABILITATION
PROGRAM**

Funded By: New York State Office of Community Renewal

Sponsored By: Town of Preble
James Doring, Supervisor

A. INTRODUCTION

The Town of Preble has recently been awarded a Community Development Block Grant (CDBG) by New York State. These funds will be used for the rehabilitation of owner-occupied substandard properties owned and occupied by households low-to-moderate in income. This program is known as the "Preble Town Rehabilitation Program". If you own and occupy a home within the Town's boundaries, and meet all the qualifications described herein, financial assistance may be available for the rehabilitation of your property in accordance with New York State's definition of rehabilitation provided below. The goal of the rehabilitation is to remedy code violations and hazardous situations, and to provide adequate weatherization for homes owned and occupied principally by persons of low-to-moderate income. Eligible improvements are included in Section F. Please note that there may be other laws, rules, regulations, or guidelines that apply to this program and are not detailed in this brochure.

The Town realizes that since the demand for housing rehabilitation may exceed the supply of funds, priority will be given to households with the lowest income combined with the most urgent housing needs. The Town has developed the following point system to be used when selecting projects for housing rehabilitation assistance:

Table 1 HOUSING REHABILITATION PRIORITY POINTS	
<u>1. INCOME</u>	<u>POINTS</u>
Below 30% of County Median	5
Above 30% but Below 50% of County Median	4
Above 50% but Below 80% of County Median	3
<u>2. HOUSING CONDITIONS</u>	
Severely Substandard	10
Moderately Substandard	5

The definitions of severely and moderately substandard are included in Section "G". The points for prospective applicants will be totaled from the two above categories, and a list will be prepared ranking all households that have applied that live in substandard properties. Properties will be included in the rehabilitation program, with the highest scores receiving priority, until the budget is totally committed.

B. ELIGIBILITY

Eligible owner-occupied property owners are those who: (1) (a) own and reside in a single family structure (excluding manufactured homes - see (c) in this Section and Section D below for specifics relating to manufactured homes) within the Town of Preble which has been deemed substandard in accordance with the Town's definition of substandard as provided under Section G, or (b) own and reside in a multi-family structure within the Town which has been deemed substandard in accordance with the Town's definition of substandard as provided under Section G if, and only if, the owner-occupant is low-to-moderate in income pursuant to the income limits included in Section C and 51% of all units in the dwelling are occupied by households low-to-moderate in income, or (c) own and reside in a manufactured home which has been deemed substandard in accordance with the Town's definition of substandard as provided under Section G if, and only if, the owner has title to the manufactured home and the owner's name is on the deed for the property on which the manufactured home is located; (2) are current on all Town taxes and/or charges; (3) are willing to improve their property to levels which meet New York State's and Town program standards; (4) are in compliance with all Town ordinances; and (5) agree to abide by all the terms and conditions set forth in the program documents.

If the taxes are not current, the Town may approve an agreement to allow participation. Additionally, property owners are required to provide a copy of the property's abstract or deed as part of their application, and must carry adequate insurance on the property with the Town listed as a mortgagee.

C. FINANCIAL ASSISTANCE PROGRAM

Financial assistance for individual homeowners to pay for rehabilitation will be provided in the form of a 100% deferred payment loan (dpl) as more fully described below. It is the Town's policy to limit the level of assistance to \$28,000 per structure for single or multi-family homes. Manufactured homes are subject to a different policy as described in Section D. below. The maximum amount of rehabilitation assistance for single and multi-family homes is based on cost estimates of representative substandard structures prepared during the application process. However, the Town may waive its \$28,000 limit, if necessary, under extraordinary circumstances.

The income limits and related household size qualifications are listed below in Table 1 for the program offered. Income limits for the program will be increased in accordance with periodic increases allowed by HUD. Per Section 570.3 of the CDBG regulations, the income of a household will be determined based upon the current gross household income and family size projected over a 52-week period. The Town will use Annual Income as reported under the Census long-form for the most recent available Census. The household is responsible for providing all information requested to verify income level. This information will be used only for verification of income and will be reviewed by the Town.

**Table 2
HOUSING REHABILITATION INCOME LIMITS (05/10)**

Household Size	Gross Income Limit
1	\$32,400
2	\$37,000
3	\$41,650
4	\$46,250
5	\$49,950
6	\$53,650
7	\$57,350
8	\$61,050

DEFERRED PAYMENT LOAN (DPL) - Deferred payment loans are similar to grants. However, they must be repaid to the Town if the assisted property is sold, transferred, or is no longer used as the original participant's principal residence prior to the expiration of the program's regulatory period of five years. If the property is held by the original participant and used as the participant's principal residence for a period of five years following completion of the rehabilitation project, the loan will be completely forgiven.

If the property is sold or no longer used as the original participant's principal residence before the five-year period expires, the participant will receive credit for every month spent in the home (in-residence credit). The amount of repayment to the Town will be the difference between the deferred payment loan dollar amount and the in-residence credit.

If the structure being rehabilitated with a 100% dpl is a multi-family, owner-occupied structure where the owner is low-to-moderate in income, that owner will be committed to renting to other low/mod individuals/families/households for the period of the dpl if the units are vacant at the time of rehabilitation or are vacated during the 5 year dpl period.

Property owners who receive a 100% dpl will execute an Owner-Occupied Deferred Payment Loan Agreement with the Town and a mortgage in favor of the Town as evidence of the debt. Once the mortgage is recorded, the Town's mortgage will have priority over all future mortgages. Accordingly, during the term of the loan, the owner may not be able to refinance the Property or obtain a home equity loan if the refinancing or home equity loan requires the Town to subordinate its mortgage (i.e., give up its lien position to another lender in return for the new loan).

Any request for the Town to subordinate its mortgage must be made in writing by the owner. Owners should be aware that subordination requests will not be approved automatically. Subordination may only be approved under very specific circumstances subject to approval by the Town. Owners are cautioned not to accrue debts during the term of the loan, which may result in the need to refinance the home or secure a home equity loan, since subordination is generally discouraged.

D. ASSISTANCE FOR MANUFACTURED HOMES:

The Town Board may establish a policy with respect to providing assistance to manufactured homes. The Town may, at its discretion, limit the amount of assistance that may be provided to a manufactured home to less than the amount provided to other single or multi-family homes. Additionally, the Town may set a limit as to the age of manufactured homes that may be eligible for assistance.

E. TECHNICAL ASSISTANCE

Homeowners participating in the Owner-Occupied Rehabilitation Program will be provided with the greatest degree of technical assistance possible including, but not limited to: developing work write-ups, preparing cost estimates, preparing bidding documents, solicitation and review of bids, selecting and qualifying contractors, and performing periodic and/or final inspections. Although the Town will provide assistance to the homeowner in selecting the contractor, the final decision will be the homeowner's, and all contracts will be between the contractor and homeowner. Selected contractors must meet certain Town requirements.

The Town will also prepare all legal documents necessary for the program and consult with the homeowner with respect to the Town's process to assure affordability.

F. DEFINITION OF REHABILITATION

Rehabilitation under this Program shall mean the correction, repair, and/or replacement of deteriorating or deteriorated, non-operative or non-functional components in an existing substandard living unit, when economically feasible, in order to render said unit standard. In some cases, rehabilitation may include the purchase, installation or creation of facilities necessary to provide a normal, decent living environment or as required by municipal code. Rehabilitation does not include the completion of a shell, new construction or repartitioning, additions, or cosmetic improvements that are not related to the overall substandard nature of the unit or needed to correct a substandard situation.

A determination of substandard and standard shall be made in accordance with the New York State definition of substandard to be used in Community Development Block Grant applications. This definition is included under Section G.

Specifically, rehabilitation includes, but is not limited to, the following:

Code Violations:

- Replace faulty and/or inadequate electric wiring and fixtures. Update all wiring to code.
- Switch lights from string unit to wall units (wall switch).
- Electric wall outlets to proper spacing.
- Replace and install electric fixtures (selected fixtures only).
- Replace worn or inadequate plumbing lines.
- Proper venting of gas furnace.
- Revamp flue to woodstove to eliminate fire hazards.
- Install adequate sized (BTU) furnace.
- Install adequate sized (Gal.) hot water heater.
- Install proper venting in bathrooms and kitchen.
- Remove and replace all inadequate and improper floor heaters, gas heaters, etc.

Insulation and Weatherproofing:

- Insulate crawl spaces.
- Insulate attics to R40.
- Insulate sidewalls to R19.
- Install storm windows and storm doors.
- Caulk windows.
- Install skirting and roof (insulated) on manufactured homes.

Structural:

Rebuild foundation wall to prevent damage of structural shell. Replace inadequate support posts in crawl space of basement.

Install lally columns to support house at appropriate distances. Remove and replace deteriorated block or stone to support house.

Carpentry:

Remove and replace deteriorated porches/landings and steps.

Install new clapboard where deteriorated on house.

Reroof house, replacing deteriorated roof boards if necessary.

Install porches and/or windows where necessary.

Install new stairway where deteriorated.

Install new subflooring where deteriorated.

Reinforce support joists.

Install new roof rafters where deteriorated.

Miscellaneous:

Painting of exterior of home (trim, porch, etc).

Demolition of dilapidated garages and/or back porches.

Tree removal, if necessary, to insure safety of home.

Replacement of bath sink/vanities, bowl, tub/shower units and fixtures, etc., if necessary.

Rehabilitation activities on a case-by-case basis:

The following rehabilitation activities are generally discouraged but may be included under the definition of rehabilitation if, in the opinion of the Town's Rehabilitation Specialist, the activity (1) will remove a blighting influence that negatively impacts on the health or safety of a household's occupants, or (2) is necessary to address issues of lead based paint hazards, or (3) is required as a result of certain agency regulations or requirements such as the State Historic Preservation Office, or (4) will significantly further the goals of the Program. Additionally, the following activities may be undertaken if, in the opinion of the Town's Rehabilitation Specialist, the health and safety of a household's occupants may be compromised if the activity is not undertaken. These activities must be reviewed on a case-by-case basis. Factors such as budget, age of occupants, and household make-up will be taken into account in making a determination of eligibility.

Drop ceilings
Aluminum/vinyl siding
Sheetrocking interior walls
Paneling
Flooring, carpeting, linoleum
Water-proofing basements
Gutters and downspouts
Detached garages and other detached outbuildings – repair, paint, side
Demolition of detached outbuildings
Slate roofs or cedar shake roofs

REHABILITATION DOES NOT INCLUDE THE FOLLOWING:

Landscaping – except for flood remediation
Blacktopping driveways
Installation of new kitchen appliances
Washers and dryers
Air conditioners
Skylights
Luxury items (swimming pools, saunas, whirlpools)
Fireplaces
Woodstoves
Dishwashers
Disposals
Window walls
Room partitions
Room additions
Moving houses to new foundations

G. DETERMINATION OF SUBSTANDARD

The following criteria must be used to classify the condition of all housing units to be rehabilitated with CDBG funding:

Structural Components - Upon structure inspection various components should be categorized as primary, mechanical or secondary as follows:

Primary Components – Foundation, exterior wall structures, roof structures, floor structures, columns, joists, and partitions.

Mechanical Components – Windows and doors, plumbing, heating, electrical, wells and septic systems.

Secondary Components – Siding material, roofing material, porches and exterior stairs and railings, chimneys, flooring material, ceilings, lighting, ventilation, interior stairs and railings.

Degree of Deficiency – After deficient structural components are classified as primary, mechanical or secondary, they shall be assessed for the degree of deficiency as follows:

Critical – Component is badly deteriorated, sinking, leaning, non-operative or non-functional, out of plumb, or unsafe to an extent requiring complete replacement. For example, (1) a complete electrical rewiring, (2) a complete new roof, (3) a plumbing system which requires extensive repair or none exists, (4) major repair of exterior structural elements (e.g. walls, sills, floor joists, rafters, large porches, etc.), (5) major repair or unstable or deteriorated foundation walls, or (6) a non-existent or dysfunctional septic system, a spring-fed well with water of poor quality or quantity.

Major – Component is badly deteriorated and in need of major repair or replacement.

Minor – Component is worn, loose, or cracked and in need of repair.

Sound – Component needs no more than normal maintenance.

Structural Conditions -

Standard – Housing units that are in standard condition, have no major structural defects, have adequate plumbing facilities, and their appearance does not create a blighting influence. This condition requires no more than observable, normal maintenance; dwelling units which have no deficiencies, or only slight observable deficiencies.

Substandard – Housing units that have one or more major structural defects, but can still be repaired for a reasonable amount. The degree of substandard is either moderate or severe according to the number of major defects.

- Moderately Substandard – Housing units that have less than three major defects and can be restored to a standard condition for a reasonable cost.
- Severely Substandard – Housing units that have three or more major defects or at least one critical defect and can be restored to a standard condition for a reasonable cost.

- Dilapidated – Units that are determined to be severely substandard to a degree requiring clearance or buildings which have three or more critical deficiencies that cannot be repaired to a standard condition for less than a reasonable amount. In these instances a local determination must be made concerning the economic feasibility and the public benefit of such projects.

H. NON-DISCRIMINATION REQUIREMENT

Prior to provision of assistance, the homeowner will sign an agreement with the Town outlining the owner's responsibilities and obligations with respect to the assistance. This agreement includes language that the owner will not discriminate in the sale, rental or financing of said assisted housing on the basis of race, color, religion, sex, national origin, familial status, and handicap. Although all persons, in most cases, are prohibited from discriminatory housing practices, program participants will actually sign a document agreeing to abide by Fair Housing Laws.



EQUAL HOUSING