

# HEALTHY HOMES PROGRAM

City of Springfield



CITY OF SPRINGFIELD

OFFICE OF HOUSING

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## 1. Program Description and Objectives

The City of Springfield, through its Office of Housing (Housing) and Office of Disaster Recovery (ODR), will operate a Healthy Homes Program (HHP). The HHP will provide funding to eligible owners of 1-4 unit residential structures to complete rehabilitation, lead abatement, and make healthy homes interventions. The program's impact will be expanded through coordination with the Springfield Healthy Homes Collaborative (Collaborative), which will coordinate the efforts of many programs that provide household assistance (including weatherization, energy efficiency, and education about healthy homes) to ensure that residents can receive the benefits of these programs in a coordinated and effective way.

The Healthy Homes Program responds to the significant abandonment of housing that Springfield experienced due to the 2011 tornado. The City will undertake rehabilitation, rather than new construction, because vacancy rates and property abandonment indicate that, even with the disaster loss, there is still a sufficient supply of units, but there are areas where housing quality is marginal or poor. The City's experience is that these areas are vulnerable to housing abandonment. The City's goal is to improve the quality of owner-occupied and rental housing stock in targeted and concentrated areas of the City that are vulnerable to abandonment, so that, in a future disaster, owners would be more likely to repair their homes than abandon them. The project's inclusion of a healthy homes component responds to the significant health disparities faced by the low-income population that lives in the Urban Watershed Resilience Zone (see map in Attachment A). In particular, the Zone's high asthma rates support an effort to address indoor air quality issues, and the age of the housing stock in the area supports the need for lead hazard abatement.

## 2. Program Allocation and Administration

In early 2013, Congress enacted the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013) (Act). The Act appropriates monies targeted for disaster recovery to various federal agencies. Among those monies, the federal government appropriated \$1 billion in HUD Community Development Block Grant – National Disaster Resilience (CDBG-NDR) funds through a competitive application process to communities that experienced Presidentially-declared disasters from 2011 – 2013 to address remaining recovery needs and build resilience against future disasters.

The City of Springfield was awarded \$17,056,880 in CDBG-NDR funding for a suite of resilience-building initiatives. Of the total award, \$4,500,000 has been allocated to the HHP. CDBG-NDR funds are subject to guidance provided by HUD in the March 5, 2013 Federal Register Notice (FR-5696-N-01), as amended, and the CDBG-NDR specific Federal Register Notice (FR-5936-N-01).

## 3. Program Requirements

### A. Eligible Activity

All CDBG projects must qualify as an "eligible activity." Eligible activities for this initiative include rehabilitation of homes.

## B. Ineligible Activity

Ineligible activities include: new home construction; forced mortgage payoffs; SBA home/business loan payoffs; funding for second homes; assistance for those who previously received Federal disaster assistance and did not maintain the requisite insurance; and compensation payments.

## C. National Objective

All eligible CDBG activities must also meet one of three named national objectives: benefiting low to moderate income (LMI) persons; preventing or eliminating slums or blight; or meeting urgent needs in the community.

# 4. Applicant Eligibility Criteria

To be considered for the HHP, applicants must first meet the preliminary requirements below:

## A. Ownership

Applicants must own the property when they submit their application. Section 10(c)(ii) of this Manual defines ownership and verification methodology.

## B. Occupant Income

If the home is occupied by the owner or a tenant, the occupant must meet the program's income requirements. Specifically, the occupant household must have an annual income below 120% of the Area Median Income. Section 10(c)(iii) further defines occupancy and verification methodology. If the property is vacant, the owner must make a commitment to use the property for housing income-eligible occupants only.

## C. Income

Total household income cannot exceed 120% of Area Median Income, adjusted for the number of persons residing in the home. Section 10(c)(iv) further defines income and verification methodology. The 2017 income limits are provided in Section 10.C.IV of these policies and procedures.

## D. Property Taxes, Fees, & Fines

An applicant may not have any outstanding property taxes, fees, fines or municipal liens with the City of Springfield. If there are outstanding taxes, fees, fines, or liens, an applicant must first pay them in full in order to participate in the program.

## E. Compliance with Code Enforcement, City Ordinances, and Notices regarding Criminal Drug Activity at an Owner's Properties

The program will not provide assistance to any property owner with a significant history of non-compliance with the state Sanitary Code, City ordinances, or a failure to address significant drug-related criminal activity at a Springfield property. Applicants who own more than one property within the City will only be eligible for the HHP when violations on all their properties within the City have been cleared. Specifically, if a property owner meets any of the following circumstances for a

property located in the City of Springfield within the last five years, the property owner will be ineligible for the program:

1. The existence of more than one code enforcement citation per single property for the property owner's noncompliance, involving any property owned by the applicant, during any 12-month period;
2. The existence of more than one City Law Department code enforcement filing in court due to the property owner's noncompliance, involving one or more properties owned by the applicant;
3. The applicant failed to appear in Housing Court for a code enforcement case on more than one occasion after being lawfully ordered to appear; or
4. A history of unresolved drug-related criminal activity at a Springfield property owned by the applicant, as evidenced by the Springfield Police Department having sent the applicant more than one "drug den" letters, informing the applicant that their property has been used for the illegal keeping, sale, or manufacture of controlled substances and that the owner is legally responsible for the public nuisance resulting from such illegal drug activity.

In reviewing a property owner's record of compliance with Code Enforcement, City Ordinances, and Notices regarding criminal drug activity, the City will consider all properties in which the owner has an interest, including where the owner holds properties in trust or as a property-holding Limited Liability Corporation (LLC).

## 5. Property Eligibility Criteria

To be considered for the Healthy Homes Program, the applicant's property must first meet the preliminary requirements below:

### A. Geographic Target Area

The property must be located within the boundaries of the Urban Watershed Resilience Zone. The eligible geography is further defined as following neighborhoods:

- Six Corners
- Memorial Square

A map and list of streets eligible for the program are provided in Attachment B.

### B. Dwelling Type

The home must be a single-unit structure, double-unit structure, town home, condominium, or apartment building with four or fewer units. Structure must be attached to a permanent foundation. Mobile/modular homes are not eligible for the HHP. Structure type will be verified during the property assessment and inspection process.

### C. Housing Code Violations

Upon completion of the rehabilitation project, the property must conform with all state and local housing/building codes, City ordinances and zoning requirements.

## D. Landlord Education Course

All property owners who have, or may in the future have, tenants, must participate in a landlord education course either prior to closing, or within the past three (3) years. The required course is titled, Basics of Rental Property Management. More information may be found here: <http://www.haphousing.org/default/index.cfm/landlords/workshops-and-events>.

## E. Insurance Requirements

Once a scope of work has been created, and HHP funds allocated, homeowners must maintain hazard and, if applicable, flood insurance, on the property. Upon closeout, applicants shall provide a copy of their insurance policy binder to the City.

## F. Tie-Back Requirements

Per FR-5936-N-01, "Allowable costs for CDBG-NDR funds under the appropriation include only those expenses necessary to meet the Unmet Recovery Needs of the Most Impacted and Distressed target area(s), but once the necessary tie-back is established for a project, it could be designed to also meet other community development objectives and economic revitalization needs, including greater resilience to address the negative effects of climate change. Tie-back to the Qualifying Disaster(s) was established for CDBG-NDR projects by demonstrating a logical link to addressing Unmet Recovery Needs from the Qualifying Disaster(s)."

In the case of HHP, the City of Springfield established tie-back to the Qualified Disaster in its NDR application to HUD. The program will address remaining recovery needs and meet overall community development objectives.

## 6. Prioritization Criteria

Due to limits in the funding available in the allocation from HUD, the City will address properties that meet certain criteria outlined below, ranked in order of priority. If funds are not fully expended during the first phase of the program, then the Office of Housing may expand the criteria to include additional properties. If additional funding is made available, the City reserves the right to modify program criteria to assist additional property owners with remaining unmet needs.

- 1) Units with lead hazards where a child under 6 resides
- 2) Units where a person with a serious asthma condition resides
- 3) Units where an elderly or disabled person resides
- 4) All other units on a first-come, first-served basis

Further details about the prioritization criteria and verification needed to receive priority status can be found in Section 10.D.

## 7. Levels and Terms of Assistance

The City will use a unit cost estimation system to determine the level of assistance provided to eligible property owners. Funds will be provided to perform healthy homes interventions and rehabilitation activities. Details related to eligible and ineligible costs can be found in sections 9(c) and 9(d).

## A. Award Cap

The maximum grant or loan amount to be awarded to an eligible homeowner will be determined by the estimate to complete the scope of work (inclusive of healthy homes interventions and needed repairs) in accordance with the established unit cost guidance. In addition, the City will perform a cost-benefit analysis on each project. Pursuant to this analysis, the City may deny assistance for a property where the cost of rehabilitation will exceed the estimated value of the property upon completion.

## B. Terms of Assistance

The provision of funding will vary depending on whether the property is owner-occupied or is a rental or vacant property. For 2-4 unit properties, the entire property is owner-occupied if the owner resides in one of the units.

### I. Loan Terms

#### a. Owner-Occupied Properties

Funding will be provided as a 0% five-year forgivable loan, with the principal amount of the loan reduced by 20% per year over a five-year period. The owner must continue to live in the home during the five-year term. The start date for the compliance period is 90 days after issuance of the Certificate of Occupancy. The loan will require no monthly payments and no interest will accrue on the loan. The loan is forgiven proportionally each full year over the compliance period, so long as the property meets all program requirements. Repayment is deferred until one of the following occurs:

- Property is sold
- Ownership of the property is transferred
- Property is refinanced
- The owner no longer maintains the property as his/her primary residence, as determined by the City

#### b. Rental and Vacant Properties

Funding will be provided as a 0% ten-year forgivable loan of up to 90% of the total project cost. Owners must pay the remaining 10% costs, and the applicant must provide a bank statement that shows sufficient assets or must have a loan commitment from a qualified lender to cover the remaining 10% of the project cost.

The loans require no monthly payments and no interest accrues on the loan. The loan is forgiven proportionally each full year over the compliance period, so long as the property meets all program requirements. The start date for the compliance period is 90 days after issuance of the Certificate of Occupancy. Repayment is deferred until one of the following occurs:

- Property is sold
- Ownership of the property is transferred
- Property is refinanced
- Owner rents the property to tenant(s) that do not meet the defined income requirements

c. Security

All loans shall be secured by a note and mortgage against the property. Any liens extending beyond first or second lien positions must be approved by the City.

II. Additional Terms

a. Loan Repayment

Repayment of the HHP loan shall be triggered by the sale, lease, rental, refinance without the City's express approval and with cash-out, transfer of the property, or if the property is no longer occupied by the owner-occupant or an income-qualified tenant. Loans are forgiven proportionally each full year (from the compliance start date, which is 90 days after issuance of the Certificate of Occupancy) that the property remains in compliance. For example, 10% of the principal is forgiven each year on a loan with a 10-year compliance period. At the conclusion of ten (10) full years, the loan has been completely forgiven.

b. Refinancing

The City, in general, will not subordinate its mortgage to allow property owners to refinance and take cash equity out of the property.

c. Subordinations

The City of Springfield maintains a standard practice not to allow subordination on any of its loans. However, the need may arise occasionally to allow subordination of the CDBG-NDR assistance. CDBG-NDR loans may only be subordinated to fully-amortizing first and second mortgages. No subordination will be allowed that places the City in a fourth or successive lien holder position. The City may, on a case-by-case basis, subordinate loans involving credit extensions that prove to be an economic benefit to the homeowner or preserve/increase the lifespan of the affordable housing unit(s). In these instances, the subordination must not allow a refinance that would increase an amount of debt that supersedes the City's lien position, with an exception for reasonable closing and settlement charges pertaining to the refinance.

Any request made for subordination must ensure that the property owners follow all of the terms of the loan documents, which include the loan agreement, mortgage and note. The homeowner must also be current on all municipal obligations including, but not limited to: property taxes, excise taxes, trash removal fees, and any fines or other assessments that may be outstanding.

Subordination requests for hardships will be considered on a case-by-case basis. Types of hardships that may be considered include, but are not limited to: financial crisis, serious illness, and emergency home repairs. Each review of a hardship instance will be determined on the circumstances presented.

A review of the subordination request will consist of an evaluation of the new loan amount, interest rate, term, closing costs, settlement charges, and new monthly

payments. An appraisal of the property must also be submitted to ensure that sufficient value exists in the home to secure a new first mortgage in addition to the outstanding CDBG-NDR loan.

### C. Recapture

ODR and the Office of Housing are jointly responsible for ensuring that the CDBG-NDR funds awarded by HUD comply with all federal, state and local requirements.

If the funds are not used for activities identified as eligible, the money can be recaptured to be returned to HUD. To ensure that the City can fulfill its own contractual obligations to HUD, the City requires all applicants to enter into agreements stipulating each party's responsibilities and the potential penalties applicants who fail to fulfill their obligations.

HUD monitors CDBG-NDR grantees to confirm compliance with applicable requirements. In addition, grantees are required to establish quality control procedures and to internally monitor their own operations to guard against fraud or unintentional violations of HUD requirements. If a violation is identified, the City may recapture funds from a recipient. In the event a violation is identified, the City will be required to make a formal determination of the violation and to notify the applicant. The notice will outline the violation and provide the applicant with an opportunity to challenge the determination.

If, after review, it is determined that the ineligible award resulted from an action on the part of the applicant, the funds may be recaptured. If the ineligible award resulted from an error, the decision to recapture will be made on a case by case basis.

The City reserves the right to recapture award funds (in total or in part) in the event the recapture team determines the applicant to have:

- An ineligible project (e.g. failure to meet a National Objective or failure to meet other eligibility requirements of the HHP)
- Used funds for an ineligible activity (e.g. used money for an unauthorized purpose)
- Failed to comply with the rules and regulations of the CDBG-NDR program Guidelines
- Failed to submit required documentation
- Received benefits that are duplicative to HHP funds
- Knowingly misrepresented information on the application

## 8. Homeowner Marketing & Outreach

The City is committed to ensuring that its programs and services are available and accessible to all eligible households. The City will operate the HHP within the context of fairness to promote awareness of available programs and services.

The HHP will be marketed through a variety of print and broadcast media outlets. Information on the HHP will be conveyed through direct mailings, press release to a broad range of news outlets, notices to neighborhood councils and local agencies that serve low-to-moderate income households, and the City of Springfield's official website.

The target market is the residents of the Six Corners and Memorial Square neighborhoods. The timeline of the outreach schedule is as follows:

**May 8-12**

- The City Press Office will issue a press release to local media outlets and on the City of Springfield's Twitter Account, @SpfldMACityHall
- Post Application and Manual on City's website
- Mail postcards to all addresses in target areas
- Mail postcards to potentially eligible landlords
- Send brochures to community based organizations (e.g., NGOs and Faith-Based Organizations), that are active in or serve target neighborhoods
- Partner outreach: notice to City Council members and the Contact Springfield Healthy Homes Collaborative

**May 15**

- Begin receiving applications.

## 9. Contractors

### A. Allowable Contractors

HHP staff will review lists of debarred, suspended and ineligible contractors. The City will not directly or indirectly employ, award contracts, or engage the services of any contractor or subrecipient during any period of debarment, suspension or placement on ineligibility status.

The City will provide applicants with a list of pre-screened contractors, who have demonstrated experience in the appropriate trade. Applicants may also choose to contract with a contractor of their own choice; however, the contractor must demonstrate that it meets the City's requirements for contractors participating in the program. All contractors will be required to possess a Massachusetts Construction Supervisors license or trade license or must be registered as a Massachusetts Home Improvement Contractor.

In addition, contractors will need to possess all the necessary insurance coverage for the types of work to be performed. The certificate of insurance shall include property damage and liability insurance with appropriate limits and amounts that indemnify the City of Springfield, the property owner, and any subcontractor against claims for injury and damage which may occur or result from work performed pursuant to a contract agreement. The certificate of insurance shall further list the homeowner as an additional loss payee. In addition, contractors will be required to maintain workman's compensation insurance at statutorily required limits.

The City will review records on the Massachusetts Consumer Affairs and Business Regulation database, and will not approve contractors with paid state Guaranty Fund claims or lost arbitration cases.

## B. Construction Standards

### I. Property Standards

All dwelling units that require rehabilitation must, upon project completion, meet all applicable state and local building codes, zoning ordinance requirements, and federal Housing Quality Standards (HQS). The City of Springfield will require home rehabilitation to meet or exceed current Massachusetts State Building Code, 780 CMR, and the State Sanitary Code that stipulates the minimum standards for human habitation, found in 105 CMR 400 and 410.

### II. Green Building Standards

All reconstruction of substantially damaged buildings must incorporate Green Building Standards and rehabilitation of non-substantially damaged residential buildings must follow guidelines in the HUD CPD Green Building Retrofit Checklist. Any construction subject to the Green Building Standards must meet an industry-recognized standard and achieve certification under at least one of the following programs:

- ENERGYSTAR
- Enterprise Green Communities
- LEED
- ICC-700 National Building Standard
- EPA Indoor AirPlus
- Any other equivalent comprehensive green building program deemed acceptable to HUD

To meet this goal, The City of Springfield will require the use of “Energy Star” products, which provides added benefits to homeowners through improved standards of energy efficiency, that ultimately lead to greater long-term affordability.

### III. State and Local Requirements

All construction must comply with all permitting requirements as well as Massachusetts Board of Building Regulations and Standards.

## C. Eligible Costs

In administering the CDBG-NDR program, the City acknowledges that there are expenses necessary in helping qualified property owners meet established housing rehabilitation standards and will endeavor to ensure that all costs are customary and reasonable in providing this service. The list below conveys many of the eligible costs allowed in CDBG program. Reasonableness of eligible rehabilitation costs will be determined by the Rehabilitation Specialist and approved by the HHP Senior Program Manager.

All substitutions or changes in materials must be submitted in writing and receive approval from the City. Any replacement items shall be of similar size, quality, and shape unless noted otherwise. In addition, only standard grade materials shall be used. If the owner chooses an item which increases the cost of the project, then the difference between the specified cost and the owner’s request shall be the responsibility of the owner.

While the HHP does not set a uniform award cap across all program applicants, HHP applicants seeking financial assistance beyond the economic means and scope of work of the HHP may need to consider private financing sources for loan arrangements that may be able to address that level of work.

<b>Eligible Costs</b>	
<i>Design and Planning</i>	<i>Construction and Rehabilitation</i>
<b>Design and Engineer Drawings</b> <b>Site Plans</b> <b>Surveys</b> <b>Permitting</b> <b>Site Preparation</b> <b>Temporary Relocation</b>	<b>Demolition and Removal of Deficient Items</b> <b>Lead Abatement</b> <b>Asbestos Removal</b> <b>Radon Gas Mitigation</b> <b>Mold Remediation</b> <b>Pest Extermination</b> <b>Foundation Reinforcement/Correction*</b> <b>Electrical Upgrades to Code</b> <b>Plumbing (Water and Sewer) Upgrades to Code</b> <b>Gas Upgrades to Code</b> <b>Heating and Cooling System Replacement</b> <b>Roof and Wall Framing</b> <b>Insulation Installation</b> <b>Drywall Installation</b> <b>Exterior Window and Door Repair or Replacement</b> <b>Interior Door Repair or Replacement</b> <b>Accessible Bathtub/Shower, Sink, Toilet Repair or Replacement</b> <b>Water Saving Faucets and Showerheads</b> <b>Standard Grade Fixture Installation</b> <b>Stairway Repair</b> <b>Façade Finishing</b> <b>Painting</b> <b>Standard Grade Flooring (Tile, Carpet, or wood)</b> <b>Entrance and Egress Code Compliance</b> <b>Misc. Code Compliance Items As Determined by Inspection</b>
<i>Inspections and Testing</i>	
<b>General Site Conditions Inspection</b> <b>Lead Test</b> <b>Asbestos Detection</b> <b>Radon Gas Detection</b> <b>Mold Inspections</b> <b>Pest Inspections</b> <b>Foundation/Basement Systems Inspection</b> <b>Electrical Inspections</b> <b>Plumbing (Water and Sewer) Inspections</b> <b>Heating and Cooling Systems Inspections</b> <b>Gas Inspections</b> <b>Water Heater Inspection</b> <b>Final Inspections</b>	
<i>Additional Accommodations</i>	<i>Post-Rehabilitation</i>
<b>Widening of entry ways for access</b> <b>Ramp or Lift Installation **</b> <b>Physical Assistance Bars **</b> <b>Smoke and Carbon Monoxide Detectors</b> <b>Lowering of Light Switches</b>	<b>Walk and Drive Replacement***</b> <b>Landscape Replacement ***</b> <b>Fence Repair or Replacement ***</b> <b>Stove</b> <b>Refrigerator</b>

\* Foundation corrections must be accompanied by an engineer’s report and plan for a safe and effective method of correction

\*\* A Doctor’s Note must accompany accessibility/handicap item requests

\*\*\* Replacement of items disturbed or damaged during due course of construction, to similar grade as was pre-existing

### I. Relocation Assistance

Temporary relocation assistance may be made available to tenants who are living in rental properties during the construction period. Relocation assistance will be governed by the

Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs (URA) as stipulated in 49 CFR Part 24 and the HUD Tenant Assistance, Relocation and Real Property Acquisition Handbook (1378.0).

URA ensures that tenants that must be temporary relocated during the construction period are provided the following:

- Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent or utility costs at such housing.
- Appropriate advisory services, including reasonable advance written notice of the following:
  - Date and approximate duration of the temporary relocation;
  - Address of the suitable decent, safe, and sanitary dwelling to be made available for the temporary period;
  - Terms and conditions under which the tenant may lease and occupy a suitable decent, safe, and sanitary dwelling in the building/complex upon completion of the project; and
  - Provisions of reimbursement for all reasonable out of pocket expenses incurred in connection with the temporary relocation as noted above.

Temporarily relocated tenants will be provided the “Claim for Temporary Relocation and Expenses” form (HUD-40030) in order to claim their eligible expenses for reimbursement. Assistance in completion of the form will be provided for those that require it.

#### D. Ineligible Costs

The following items are not eligible for program funding:

- Luxury Items such as swimming pools, expanded decking and patios that were not pre-existing
- Flooring such as tile, hard wood floors, etc. that exceeds the comparable cost of vinyl or carpet
- Hot tubs, whirlpool baths, steam showers
- Room additions\*
- Finishing a previously un-finished basement
- Installation of fireplaces
- Window treatments
- New carports or garages
- Improvements to detached structures unless required due to emergency
- Items above standard grade or in excess of approved specifications
- Washers and Dryers
- Window AC and/or Heating Units
- Items above standard grade or in excess of approved specifications

\*Room additions may be approved if they are necessary to install a bathroom facility in a dwelling that otherwise lacks a bathroom or necessary to provide accessibility to the house.

Other ineligible expenses may be determined on a case by case basis by the Rehabilitation Manager or Project Manager, if found to be unnecessary or unreasonable to the safe and effective rehabilitation of the structure.

## E. Reasonable Cost Guidance

In addition to requiring eligibility for specific items, it is incumbent on grant management to ensure that the cost of eligible items is also reasonable. Reasonableness is established by the use of professional cost estimation services, such as RS Means or Xactimate. Reasonable costs are determined using a national average, weighted by a geographic modifier for the Springfield, MA area. As eligible services are added to the project scope, the allowable cost for each performed service is calculated by square foot, linear foot, or other unit type provided, multiplied by the number of units required. The costs for materials and material installation are included in the reasonable cost assessment.

Items that exceed cost reasonableness may be funded up to the reasonable level, but excessive costs would be the responsibility of the purchasing party of the contract.

The estimated costs in professional services typically assume standard construction conditions. Unforeseen project conditions must be brought to the attention of the construction or project manager as soon as they are discovered, and if necessary, a change order must be requested.

## F. Change Order Requests

Occasionally, circumstances at construction sites lead to unforeseen needs that were not identified during the initial assessment. When this occurs, contractors must submit a change order request. Change order requests must be identified and submitted as soon as they are discovered. The following guidelines should govern change order reviews for the construction and project manager:

- Identify why the item was not discovered at initial site inspection/Healthy Homes Assessment or included in the scope of work.
- Identify unique conditions that would impact the construction timeframe and cost.
- Justify any additional costs or time required to execute the change order.

Change Orders will include a cost reasonableness analysis, calculated using the same professional estimating service used to develop the scope of work. Where sufficient estimation of reasonable costs is not possible, it is incumbent on the requesting party to support the reasonableness of the request.

Changes in scope executed prior to authorization of the project manager will not be funded. Proposed change orders may be partially funded or partially approved, at solely project manager's discretion.

## G. Contractor Outreach and Marketing

Once the City has begun to receive applications to the HHP, it will engage with contractors who have previously worked with the Office of Housing and Office of Disaster Recovery by sending out marketing materials to potential firms. The City will conduct outreach to Section 3 businesses.

## 10. Operating Procedures

### A. Application Intake

Applications are available at the Office of Housing located at 1600 East Columbus Avenue, from 8:30 a.m. to 4:30 p.m. Applications may be obtained online, requested by phone, mail, or by email. Applications may not be submitted through email or facsimile. Applicants are encouraged to call for an appointment to meet with program staff about the application. Program staff are encouraged to review applications in person with the applicant(s) to avoid delays in review and processing. Applications are to be completed in their entirety and will be suspended or rejected when the information is not sufficient to process the request.

Applications are “complete” when all appropriate documentation (listed on the application checklist) has been provided by the applicant. Applicants who do not provide the required documentation in a timely manner will be notified by letter requesting the information. Applications will be closed if there is no meaningful response within 30 days after a letter has been mailed. The review process will resume when the application is considered complete.

Property owners who have applied for assistance and are determined to be ineligible may re-apply when the established criteria have been met. An applicant may re-submit an application at any time; however, the application will be considered new and subsequently processed in the order in which it was received.

### B. Intake Period and Prioritization

The Office of Housing and ODR will receive, review and process applications from May 15 – July 31, 2017. Subsequent application rounds will take place contingent on the availability of funding. While all properties in the target areas with income-eligible occupants are eligible, applications with the following characteristics will be prioritized to ensure that HHP funds address health hazards and rehabilitation with the most critical needs: 1) units with lead hazards, occupied by, or regularly visited by, a child under the age of six; 2) units occupied by a person with a serious asthma condition; and 3) units occupied by an elderly or disabled person. The City reserves the right to assign priority status to any emergency application as necessary. The circumstances which justify prioritization must be documented as set forth in Section 10.D.

### C. Eligibility Verification

#### I. Geographic Target Areas

The property must be located within the boundaries of the Urban Watershed Resilience Zone. The eligible geography is further defined as the following neighborhoods:

- Six Corners neighborhood

- Memorial Square neighborhood

The application includes a list of streets included in each target area. The City will use Geographic Information Systems (GIS) to verify that properties are in the designated target areas. If there is any question as to whether a property is in a target neighborhood, the designation of the property's neighborhood in the City's GIS shall be dispositive.

## II. Ownership

Applicants must demonstrate ownership of the property at the time of application submission. Ownership will be verified by a title search from public records.

## III. Occupancy

### a. Owner-Occupied Properties

Applicants must demonstrate that they use the property as their primary address. Primary residency will be determined through review of the following data sources and documentation:

- Occupancy will be verified through property tax records plus one of the following (all occupancy documentation must be from the time of the application):
  - Copy of the applicant's most recent federal income tax return
  - Copy of paystub
  - Copy of check or letter regarding Social Security or other federal or state cash benefit

### b. Rental Properties

In the case of rental properties, property owners must demonstrate that the property is occupied by an individual who meets the program's income requirements or that the property is vacant. For properties occupied at the time of application, property owners can demonstrate occupancy in the following ways:

- Copy of electric, gas, cable or landline phone bill. The bill must confirm that service was provided in the month preceding or the month of the application submission and must match tenant's name and address on the HHP application.
- Voter registration records submitted together with driver's license must match the tenant's name and address on the HHP application
- Copy of bank statement sent to residence in the month preceding or month of the application submission and matching the tenant's name and address on the HPP application.
- Copy of tenant's renters insurance policy covering the contents of the property. The policy must confirm insurance coverage at the time of application submission and must match the tenant's name and address on the application.

## IV. Income

HUD established income guidelines for CDBG-NDR program participation. HUD calculates these income levels annually and sets forth the maximum limit for program participants at

120% of Area Median Income (AMI), adjusted for family household size. Program staff should refer to the HUD web site at: [www.hud.gov](http://www.hud.gov) for updates. The table below outlines the maximum household income for 2017:

<b>Maximum Household Income (120% AMI)</b>			
<b>Household Size</b>	<b>Income Limit</b>	<b>Household Size</b>	<b>Income Limit</b>
1 person	\$69,900	5 persons	\$107,850
2 persons	\$79,900	6 persons	\$115,800
3 persons	\$89,850	7 persons	\$123,800
4 persons	\$99,850	8 persons	\$131,800

The City will use the definition of annual income from 24 CFR 5 (Section 8) in determining the eligibility of HHP participants.

a. [Income Eligibility](#)

The City limits participation in the HHP for existing homeowners or renters earning no more than 120% of Area Median Income, as defined by HUD. For owner-occupied properties, the income calculation will be based on the property owner’s household. For rental properties, the income calculation will be based on the tenant’s household.

Household income may not exceed the income limits in effect at the time of application. Income is defined as the income earned from all household members age 18 years and above. Income includes earnings from employment, unemployment, government benefits, investments, other cash-generating activities, etc. Refer to the HUD’s Technical Guide for Determining Income and Allowances for a complete list of acceptable types of income and whose income to count.

- If income is stable, Income from employment will be calculated from the applicant’s most recent pay stub covering a 90-day pay period, and projected forward at the same level of earnings for the next 12 consecutive months;
- For those whose income is less stable or does not conform to a 12-month regular schedule, the income documentation for the entire previous 12-month period will be examined.
- Income from overtime, commissions, ongoing stipends, shift differential pay, and other sources will be averaged (using year-to-date earnings) and included in the applicant’s gross monthly income. Exceptions may be considered for applicant’s receiving one-time, non-recurring bonuses or relocation benefits;
- Interest income from investments such as savings, money market, certificates of deposit, dividend income from mutual fund accounts and other income-generating assets will be included in the applicant’s household income;
- Current monthly income payments from retirement accounts (including social security and pensions), alimony, child-support, and other steady, ongoing sources will be included in the applicant’s gross monthly household income calculation;

- All forms of income from non-applicant spouses and other adult household members will be included in the gross monthly income calculation, regardless of the taxability of such income; and
- Income from seasonal and part-time jobs such as coaching, lecturing, test proctoring, etc., will be included in the definition of household income, when the work can reasonably be expected to continue into the future.

#### b. Self-Employed Applicants

For self-employed applicants, the following documents may be required to verify income:

- A year-to-date profit and loss statement prepared and signed by a Certified Public Accountant, with information covered through the last quarter;
- A year-to-date-balance sheet, prepared to reflect the financial position of the business at a specific point in time; and/or
- A signed letter of explanation regarding the applicant’s anticipated gross annual income from earnings covering the next 12 months.

Verification of income must be completed before assistance is provided. Income will need to be re-certified if more than six (6) months has elapsed beyond the initial time funding was approved and funding is provided.

### D. Documentation for Prioritization

For an application to receive priority status for the reasons set out in Section 6, documentation of the prioritization status must be provided as follows:

#### I. Child Under 6 and Lead Hazard

Applicants must provide a copy of a birth certificate for an eligible child under 6 years old residing in the unit. The housing inspection must indicate the presence of a lead hazard.

#### II. Serious Asthma Condition

For the purposes of the HHP, a serious asthma condition is defined as a condition that requires an individual to use “long-term asthma control medication”<sup>1</sup> for their asthma condition. Applicants will be required to show an active prescription or obtain a note from a doctor indicating that they require a long-term asthma control medication to treat their asthma.

#### I. Elderly or Disabled Occupant

The applicant must document elderly (60 or older) or disabled status. Age can be documented by a copy of identification (driver’s license, ID, passport) that includes date

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<sup>1</sup> Examples of “long-term control medications” include: Flovent, Pulmicort Respules, Pulmicort Flexhaler, QVAR, Advair Discus, Advair MDI Inhaler, Symbicort, Alvesco, Dulera, Asmanex, Arnuity and Breo.

of birth. Disability status must be documented through receipt of disability benefits or documentation from a medical professional.

## E. Landlord Education Course

For rental or vacant properties that will be used as rental properties, the applicant must document participation within the last three years in the landlord education class presented by Way Finder (previously HAP, Inc.), entitled *Basics of Rental Property Management*.<sup>2</sup> Way Finders will provide a letter of verification for this requirement. The applicant may take the one-day course during the time their HHP application is being processed and provide verification when the class has been completed.

## F. Duplication of Benefits

The Stafford Act, 42 U.S.C. 5121-5206, Section 312, prohibits the City from providing CDBG-DR assistance, including assistance under this Healthy Homes Program, for any loss resulting from a Presidentially-declared disaster, when financial assistance has already been provided for the same loss. The use of CDBG-NDR funds in these circumstances is a prohibited duplication of benefits. To ensure that the Office of Housing does not use HHP funds for rehabilitation of damages cause by a Presidentially-declared disaster and for which other financial assistance has been provided, the Office of Housing will undertake a duplication of benefits analysis for each HHP application, and will make deductions from the HHP assistance offered when appropriate.

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits and under federal law must be deducted from the loan or grant assistance amount when these resources were provided in response to damage incurred in a Presidentially-declared disaster<sup>3</sup>:

### I. FEMA INDIVIDUAL ASSISTANCE (FEMA IA)

**Definition:** FEMA IA assistance may be provided for home repairs. In the cases where applicants have received assistance for home repairs, that amount will be considered a duplication of benefits by the program.

**Verification:** FEMA IA will be determined and verified by HHP program through the FEMA NEMIS database. If HHP is unable to verify the FEMA IA amount through the FEMA NEMIS database, HHP will use the payment amount provided by the applicant at the time of application. If an applicant can provide documentation demonstrating that the FEMA IA amount provided by the FEMA NEMIS database includes amounts not paid to cover structural loss, HHP will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

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<sup>2</sup> More information here: <http://www.haphousing.org/default/index.cfm/landlords/workshops-and-events>.

<sup>3</sup> The funding for the HHP was awarded to Springfield in response to five Presidentially-declared disasters that impacted the City in the period 2011-2013: the January 2011 blizzard; the June 1, 2011 tornado; Tropical Storm Irene in August 2011; the October 31, 2011 snow storm; and the February 2013 Superstorm Nemo.

## II. SBA

**Definition:** HHP considers Small Business Administration (SBA) assistance to be a duplication of their benefits.

**Verification:** HHP will verify SBA data based on the information provided by the applicant. In addition, the City will work with SBA to verify all SBA loans through a data feed provided by SBA. Further details on the calculation of SBA as a DOB will be provided in the final policies and procedures.

## III. Private insurance

**Definition:** All private insurance settlement amounts for loss to dwellings resulting from the Massachusetts Severe Storms and Tornados (DR-1994) are deducted from the applicant's funding assistance award. Private insurance payments for contents or other expenses are not deducted from the applicant's funding assistance award.

**Verification:** Insurance proceeds are determined and verified by HHP through applicant provided information.

## IV. Other Funding

Funding received for the same purpose of an HHP loan or grant, such as funding provided by a non-profit entity to assist applicants with rebuilding or repairing their home, must be accounted for. The documentation provided must come from the applicant and be verified by the program.

## V. DOB Calculation

The full duplication of benefits will be accounted for at the time of award calculation. The award is calculated as the total scope of work (inclusive of healthy homes interventions and needed repairs), less any duplicate benefits previously provided.

## VI. Subrogation

Subrogation is the process by which applicants who receive additional funding for the same purpose as the HHP award after an HHP award is received are required to remit the additional funding to the program. All duplicative funding received must be remitted to the HHP, regardless of when it is received. By accepting the award, homeowners agree that they will remit any duplicative funds to the HHP, whenever received.

# G. Property Assessment and Inspection

## I. Property Inspection

The HHP Rehabilitation Supervisor will complete property inspections to determine the total repairs needed for each property. The inspections will be conducted by HHP inspectors and utilize industry standard software. Inspectors are required to include work repairs needed to ensure the property meets the HQS standard, is compliant with all local building codes and requirements, and that the scope of work is satisfied as presented.

## II. Healthy Homes Assessment

The HHP Rehabilitation Supervisor will also complete a Healthy Homes Assessment using the Green and Healthy Homes Initiative standards to determine the presence of home health hazards, including, but not limited to, the following:

- Lead
- Asbestos
- Mold
- Pests
- Fall and trip hazards

## III. Scope of Work

The HHP Rehabilitation Supervisor will generate a work write-up, consisting of a detailed description of the necessary work and healthy homes interventions—the work write-up is the Scope of Work. The homeowner approves the Scope of Work.

## H. Benefit Determination

The program determines benefit by calculating the total scope of work needed based on the property assessment and inspection, less the duplication of benefits an applicant received for the same purpose. For properties that are not owner-occupied, the owner contribution of 10% is deducted based on the net amount of assistance needed after duplication of benefits analysis. The 10% is deducted from the net amount and the resulting amount is the program benefit.

## I. Environmental Review

Every project undertaken with CDBG-NDR funds and all activities related to that project are subject to the provisions of the National Environmental Policy Act, as well as HUD environmental review regulations at 24 CFR Part 58. The HUD environmental review process must be completed by the Office of Housing before any funds may be committed for program-eligible activities. No work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. In other words, environmental clearance must be obtained for each project prior to the firm commitment of federal or non-federal funds to any expenses or contracts related to a project. A violation of this requirement may jeopardize federal funding for the project and disallow all costs that were incurred before the completion of the Environmental Review.

## J. Award Acknowledgement and Contractor Selection

Once the application has been determined to be complete, documentation for all requested activities has been provided, the duplication of benefits analysis has been performed and verified, Scope of Work agreed upon, and the award amount has been determined by the HHP, the program will contact the applicant to discuss next steps., including contractor selection and scheduling of a closing.

### I. Contractor Selection

The following steps are taken to select a contractor for the project:

1. The approved Scope of Work is sent to qualified contractors to obtain bids for the work. The homeowner may select their own contractor as long as the contractor can meet the HHP requirements (see 9.A Allowable Contractors)
2. Bids are submitted by homeowner to the City and reviewed by HHP staff. A minimum of 3 bids is required and HHP will fund the lowest responsible bid. A homeowner may select any bidder provided that the homeowner pays the price difference between the low bid and the selected bid price.
3. Homeowner selects qualified contractor to perform the rehabilitation work.
4. Contractor provides the Office of Housing with the following:
  - a. Signed scope of work;
  - b. Licenses; and
  - c. Proof of necessary insurance.
5. Documents are reviewed by the Office of Housing for compliance:
  - d. Ensure license and insurance are active and in good standing;
  - e. Examine cost reasonableness analysis; and
  - f. Request clarifications from contractor, if required.

## II. Pre-Closing Review and Final Approval

Prior to a file moving to the closing stage, a pre-closing review will be completed to ensure all program requirements have been met and all required processes have been completed, including, but not limited to, eligibility verification, income calculation, and duplication of benefits calculation.

## III. Required Closing Documents

The closing team will contact the applicant to schedule the closing date, time and location. The applicant will be sent a copy of the closing documents to review before closing with contact information for the closing team so they can make any corrections or answer any questions.

Documents that will need to be signed or provided at the time of the award closing include, but are not limited to, the following:

- CDBG-NDR HHP Grant Agreement
- Subrogation Agreement
- Proof of Insurance

The property owner will be represented by an attorney of their choosing for the closing, at which the property owner will sign the loan agreement, Note, Mortgage, and other relevant documents. The attorney will record the Mortgage at the Hampden County Registry of Deeds and return original executed documents to the Office of Housing.

## K. Construction Management

### I. Construction Contract

The construction contract will be made directly between the property owner and the selected construction contractor (General Contractor). The City will provide a sample contract that includes language to ensure compliance with applicable federal requirements. The HHP Rehabilitation Supervisor will be present as a witness when the property owner and contractor sign the contract. The General Contractor will be responsible for completing the entire scope of work, including lead abatement, and mold and pest removal.

If the selected General Contractor lacks the required proficiency or certification/license to perform certain services, they may subcontract the work as long as the scope of work is satisfied and costs remain reasonable, as determined by program guidelines.

### II. Monitoring

The City will monitor the construction process for all CDBG-NDR funded projects. The extent of the City's monitoring efforts will be proportionate to the scale and complexity of the scope of work. Regular progress reports will be completed to document the construction process. Monitoring will include regular on-site visits.

### III. Schedule of Activities and Payment

1. The property owner issues a Notice to Proceed to the Contractor.
2. Work begins and the Office of Housing disburses payments as described below.
  - a. **Scenario A (If Contract and Scope of Work are less than \$20,000)**
    - i. A materials payment (not to exceed 40% of the total Project Cost) upon delivery (or proof of purchase and storage) of materials needed for the scope of work (less 10% retainage)
    - ii. A payment at 50% completion (total of which, combined with above payment, not to exceed 65% total Project cost), with the amount of payment reflected and documented by a requisition and inspection by the Rehab Specialist (less 10% retainage)
    - iii. A final regular payment (less 10% retainage) at closeout of permits and, if applicable, Certificate of Occupancy, and/or Letter of Lead Paint Compliance
    - iv. Closeout payment of all retainage after final Office of Housing inspection and approval (all executed documents received i.e. lien releases, owner sign-off, etc.)
  - b. **Scenario B (If Contract and Scope of Work are \$20,000 or greater)**
    - v. A materials payment (not to exceed 30% of the total Project Cost) upon delivery (or proof of purchase, storage, and control) of materials needed for the scope of work (less 10% retainage)
    - vi. A payment at 25% completion (total of which, combined with above payment, not to exceed 50% total Project cost), with the amount of payment reflected and documented by a requisition and inspection by the Rehab Specialist (less 10% retainage)

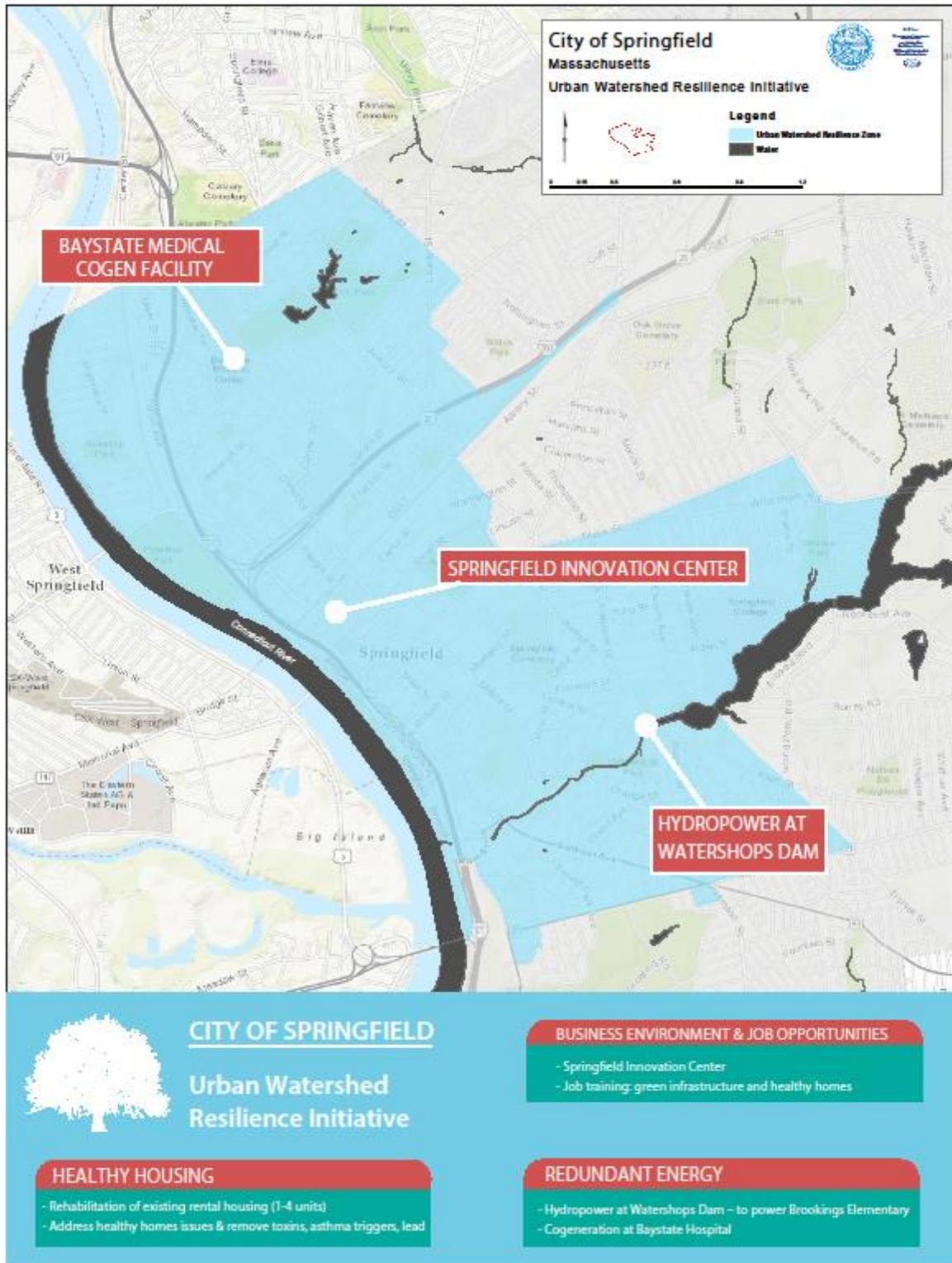
- vii. A payment at 50% completion (total of which, combined with above payments, not to exceed 75% total Project cost) as above, (less 10% retainage)
  - viii. A payment at 75% completion (total of which, combined with above payments, not to exceed 90% total Project cost) as above, (less 10% retainage)
  - ix. A final regular payment, as above, at closeout of permits and, if applicable, Certificate of Occupancy and/or Letter of Lead Paint Compliance (less 5% retainage)
  - x. Closeout payment of all retainage after final Office of Housing inspection and approval (all executed documents received i.e. lien releases, owner sign-off, etc.)
- c. Interim, Change Order or Contract Amendment Payments**
- xi. Interim payments may be issued at program manager's discretion, but require a compelling rationale from contractor (e.g., unforeseen conditions, approved amendments, change orders).
  - xii. If approved, the program will disburse 50% of the approved changes.
  - xiii. Resume regular payment schedule.

## L. Closeout Procedures

Each application will undergo a quality assurance review prior to closeout. The review will ensure that all required program documentation is in the applicant file. Required documentation includes the following:

- Eligibility Checklist
- Grant Agreement
- Subrogation Agreement
- Construction Contract (including amendments and/or change orders)
- Environmental Review Record
- Notice to Proceed
- Property assessment and inspection report(s)
- Construction monitoring report(s)
- Proof of payment(s)
- Closeout information (final payments, certification of occupancy, insurance documents)

# 11. ATTACHMENT A – URBAN WATERSHED RESILIENCE ZONE



## 12. ATTACHMENT B – HHP TARGET AREA



## Streets Included in HHP Target Area

### Six Corners

Ames Hill Drive	James Street
Ashley Street	Knox Street
Atwood Place	Madison Avenue
Avon Place	Maple Court
Beech Street	19-169 Maple Street (odd #s/east side only)
Boothby Place	Mill Street
Brigham Street	Mulberry Street
Cedar Street	Myrtle Street
Cemetery Avenue	Newman Street
165 - 494 Central Street	Pine Street
Cherry Street	Pine Street Court
Chester Street	Renee Circle
Clark Street	Ridgewood Place
Clifton Avenue	Ridgewood Terrace
Crosby Street	Rifle Street
Dexter Street	Smith Street
Dorne Street	Spruce Street
Florence Street	305-477 State Street (odd #s/south side only)
Foster Street	Sterns Terrace
George Street	282-439 Union Street
Greenacre Square	Walnut Court
296-523 Hancock Street	108-422 Walnut Street (even #s/west side only)
Hawthorne Street	Windsor Street
Hemlock Court	
15-48 Hickory Street	
High Street	
Ingraham Terrace	

## Memorial Square

Alexander Street	3-60 Lexington Street
Allendale Street	2137-3640 Main Street
Arch Street	Magazine Street
Bancroft Street	Marvin Street
Bartlett Street	Massasoit Place
Bond Street	Massasoit Street
Brookline Avenue	Medford Street
Calhoun Place	Merwin Street
Calhoun Street	Montmerenci Street
35-154 Carew Street	Morgan Street
222-300 Carew Street (even #s/north side only)	Noble Street
4-57 Chapin Terrace	Osgood Street
414-867 Chestnut Street	Passage Way
Church Street	Patton Street
Cumberland Street	Plainfield Street
Donald Street	Portland Street
Dover Street	Pratt Street
1022-1777 Dwight Street	20-84 Prospect Street
Eagle Street	65-87 Prospect St (odd #s/south side only)
East Hooker Street	Prospect Terrace
Fosdick Place	Ringgold Street
Greenwich Street	Saint George Road
Grosvener Street	Sheldon Street
Grove Street	Sheridan Lane
Harriet Street	Thomas Street
Hebron Street	Walter Street
Huntington Street	Wason Avenue
Jefferson Avenue	Waverly Street
John Street	