

# Town of Windsor Community Development Housing Rehabilitation Program



For more information contact  
**Office of Community Development**  
at (860) 285-1984/ (860) 285 1985

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

**PROGRAM SUMMARY**

The Town of Windsor, through its **Housing Rehabilitation Program**, offers financial and technical assistance to eligible property owners for the rehabilitation of residential properties. The intent of the program is to preserve the Town's housing stock, help provide decent and safe housing for low/moderate income residents, improve energy efficiency and encourage neighborhood reinvestment. Funding for the program is provided through the federal Community Development Block Grant (CDBG) Program, which is administered by the State of Connecticut's Department of Housing and, at the local level, through the Town of Windsor's Office of Community Development (OCD).

**PROGRAM ELIGIBILITY**

- Property must be located in the Town of Windsor.
- Owner must have clear title to the property; no active foreclosure action and no reverse mortgage.
- Applicants must agree to maintain the property in accordance with the Town's property maintenance standards and zoning regulations for the duration of the loan provided.
- There shall be no more than three dwelling units in the structure.
- An owner-occupant's annual household income (accounting for all household members over the age of 18), including rental income, must be at or below 80% of the area median when rehabilitation process commences (See "Income Guidelines" sheet).
- In the case of a rental property, the annual household income of not less than 51% of tenants must be at or below 80% of the area median when rehabilitation process commences (on a duplex both tenants must be income eligible). Please refer to income guidelines sheet.
- The property owner must be current in mortgage payments, if any, on the property and provide proof of current hazard insurance coverage. The owner must also be current on all local taxes, fees and assessments including water and sewer, real estate and motor vehicle taxes. ***The Town reserves the right to deny assistance to any property whose owner has a record of tax delinquency and/or property maintenance code violations.***
- The pre-rehab loan-to-value ratio for properties assisted should not exceed 100%. This includes all mortgages secured by the subject property, including funds to be provided through the Housing Rehabilitation Program. Exceptions can be made with the approval of the State of Connecticut, Department of Housing.
- The Town of Windsor has a responsibility to ensure that the loans it provides are financially prudent. Therefore, the determination as to whether an applicant is eligible for assistance through the Housing Program takes into account the total loan-to-value ratio of the subject property (including Town funds), the applicant's credit history, income/debt ratio and financial need. The Town will not discriminate against any person because of race, creed, color, national origin, ancestry, sex, gender identity or expressions, sexual orientation, marital status, lawful source of income, familial status, learning disability, physical or mental disability.
- In the case of an owner occupied unit, the liquid asset limit for the household is \$300,000. Liquid assets considered in these computations are: · Current checking account balance · Current savings account balance · Current value of Certificates of Deposit · Current value of equities, stocks · Current value of bonds · Current value of an Individual Retirement Account (if available without penalty to a household member who is at least 59 1/2 years old.) The purpose of the liquid assets limit is to ensure that Community Development dollars go to households most in need; that is, to people without the financial means to fix their home.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

- Applicants whose debt to income exceeds 50% may be considered ineligible for the program. The Town will conduct a credit check to verify this information.
- *Preference will be given to property owners who have not used housing rehabilitation assistance through the Town of Windsor in the past 15 years.*

**SELECTION CRITERIA AND ELIGIBLE ACTIVITIES**

All eligible properties will be considered for assistance, subject to the annual program allocation amount. In the event that the program has a waiting list, priority will be given to: (1) Properties in need of emergency repairs. Emergency repairs are those that, if not addressed, would pose an imminent threat to the occupants of the building or render the unit uninhabitable; and (2) Applicants who have not received OCD funds in the past 15 years. Otherwise, applications will be handled on a first come, first served basis.

**ELIGIBLE IMPROVEMENTS**

Eligible improvements under the Town's Housing Rehabilitation Program include: 1) the correction of housing code violations, 2) cost effective energy conservation measures, 3) the correction of violations of the life/safety code (if applicable), and 4) modifications required so as to improve handicapped accessibility. The OCD reserves the sole authority to determine the eligibility of specific improvements.

**INELIGIBLE IMPROVEMENTS**

Ineligible improvements include, but are not limited to: remodeling, the installation of central air conditioning, driveway repair, landscaping, garbage disposals, and the acquisition of appliances. Please remember, this is a housing rehabilitation program and, as such, is intended to preserve the Town's existing low/moderate income housing stock. It is not intended to create additional space by way of remodeling, etc. unless it is necessary to address a specific code requirement.

**REQUIRED IMPROVEMENTS**

Federal regulations dictate that the utilization of CDBG funds for housing rehabilitation trigger specific lead-based paint abatement requirements. Depending on the work to be done, homes built prior to 1978 will be inspected for lead-based paint and treated in accordance with the applicable regulations. This requirement applies whether or not children are present in the home. Smoke and Carbon Dioxide detectors will be required if they don't presently meet code.

**FINANCIAL ASSISTANCE TERMS AND CONDITIONS**

Financial assistance provided through the Town's Housing Rehabilitation Program is in the form of a loan, secured by way of a Mortgage Note filed in the land records. The type of loan available is dependent on the household income level, the ownership status of the house whether it is owner-occupied or a rental property and the loan amount (see table below).

- 1) The maximum level of financial assistance for a housing rehabilitation project will be as follows:
  - \$35,000 for an eligible single-family dwelling.
  - \$35,000 per unit, up to \$100,000 per property for an eligible multi-family dwelling. A 50% match is required for investors. Investors are property owners who do not live in the building to be improved.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

- 2) Financial assistance under the program is provided to the property owner according to the terms of a mortgage note between the owner and the Town.
- 3) In the case of an investor property, the owner must abide by the terms of the mortgage note with respect to adherence to the qualifying fair market rent and income criteria governing the program.
- 4) Should the ownership of the property change during the term specified in the mortgage note, the owner will be required to pay the loan in full. There is an interest penalty should the ownership change within the first five years of the loan.
- 5) The owner of rental property, whether single-family or a multi-family unit that is owner-occupied, must continue to occupy the property as his/her primary residence and rent to income-eligible tenants at the current fair market rents determined by HUD during the term specified in the mortgage note. ***A copy of the signed lease must be filed with the application for financial assistance.***
- 6) Investor-owners must continue to rent the units to income-eligible tenants at the fair market rents determined annually by HUD during the term specified in the mortgage note. ***A copy of the signed lease(s) must be filed with the application for financial assistance.***

LOAN REPAYMENT STRUCTURE					
OWNERSHIP TYPE	HOUSEHOLD INCOME <sup>1</sup>	LOAN AMOUNT (PER UNIT, UP TO \$100,000).	INTEREST	REPAYMENT STRUCTURE	FORGIVENESS LOAN AMOUNT (LEAD COSTS)
Owner-Occupied <sup>2</sup>	Below 60%	Up to \$ 35,000	0%	100% deferred (15 years)	up to \$5,000
	60%-80%	\$ 4,501 - \$ 35,000	0%	100% amortized (15 years)	
		Below \$ 4,500	0%	Amortize the full amount at 25\$/month.	
Investor	Below 80%	Up to \$ 35,000 (per unit, up to \$100,000). 50% match required.	1%	100% amortized (15 years) with a minimum payment amount of \$25/month.	N/A

<sup>1</sup> In the case of rental units tenant's household income is calculated.

<sup>2</sup> Includes owners who reside in the property and rent adjacent units.

- 7) The term of deferred loans provided through the Housing Rehabilitation Program require that the loan be repaid upon sale of property, change of ownership, or fifteen years, whichever comes first. If at the end of the fifteen year term the applicant is unable to repayment their loan based on their household financial circumstances at that time, the applicant may request that their loan be further deferred or the terms modified so as to initiate monthly payments. Requests for extensions will be reviewed on an individual case basis. Two criteria for further deferment of loans are 1) household income at or less than 60% of area median and 2) housing expenses in excess of 40% of total income.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

**PROGRAM POLICIES**

**HAZARDOUS MATERIALS ABATEMENT**

Forgiveness loans are available for the cost of lead abatement and/or asbestos abatement and the removal of underground fuel tanks. Eligibility criteria are the same as that of the Town's regular Housing Rehabilitation Program. These loans are forgiven over a period of 10 years, at a rate of 10% per year. The Hazardous Materials Abatement Program has a cap of \$5,000. Other than the type and amount of financial assistance available, this program operates under the same guidelines as the Housing Rehabilitation Program.

Please note that federal regulations dictate that the utilization of Community Development Block Grant funds for housing rehabilitation trigger specific lead abatement requirements. More particularly, homes built prior to 1978 will be inspected for lead based paint and treated in accordance with the applicable regulations. This is a requirement applies whether or not children are present in the home.

**EMERGENCY PROJECTS**

The OCD does, as a matter of practice, address emergency situations as they arise if, in the opinion of the OCD, the situation poses an imminent threat to the occupants of the building or would make the building uninhabitable. Examples include broken heating systems in the winter time, a roof which is leaking and causing damage to other structures in the building, or a child under the age of 6 with an elevated blood lead (EBL) level that is the result of the child's home environment. If such a situation exists please make the OCD staff aware of the particulars. If, in the opinion of the Office of Community Development, the situation is fact an emergency and warrants immediate attention, the matter will be addressed in a timely manner. In addition, other code requirements will be addressed at this time.

**WALK AWAY POLICY**

All code violations and identified lead hazards must be addressed when financial assistance is provided for the rehabilitation. The maximum dollar amount available to assist property owners is \$35,000 per unit (up to \$100,000). If there are not sufficient funds available to cover the probable costs to correct code violations and undertake the required lead abatement/reduction, the Town will decline to provide financial assistance for the project. Safety considerations and structural issues will be factored into the decision making process.

The home owner is encouraged to look for alternative funding sources should the project exceed this amount. Other funding sources include:

- The Community Renewal Team;
- Capital for Change, Inc.;
- Funds provided from the homeowner's own resources;
- Insurance claims paid out for property damage.

**DISPUTES**

All disputes between the owner and the contractor, and all claims for alleged breach of contract by the owner or the contractor should, within ten (10) days after commencement of dispute, be presented in writing to the Town and the other party. In the meanwhile, the contractor should proceed with the work as directed. Such written notice shall contain reasonable detail of the claim and supporting proof thereof.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

Provided the Contractor and/or the Owner, as the case may be, has (1) given notice of any dispute within the limit stated above; and (2) instituted legal action within 120 days after the post marking or hand delivery of such written notice, then the dispute shall be determined by binding arbitration. In the event the above conditions precedent have not been met, the contractor or owner, as the case may be, hereby agrees that the noncompliance with the conditions precedent constitutes a waiver of the right to assert said claim.

It is expressly understood and agreed by the parties hereto that neither party will institute any form of legal action, including but not limited to, attaching the assets of the other part, unless and until it has made a good faith attempt to have the dispute resolved.

**APPLICATION/ ELIGIBILITY DETERMINATION PROCESS**

1. Preliminary Application (Applicant to fill out and turn in Preliminary Application to OCD)
2. OCD will approved or deny the preliminary application based on the program's eligibility criteria.
3. If approved, the preliminary application will be added to the waiting list, if there is one.
4. Once OCD is ready to process the full program application, the applicant will be required to submit an updated application along with ALL income documentation. Rental property owners are required to submit tenants' updated information along with ALL income verification documents (tenants are welcomed to submit this information directly to OCD). At this point, the **applicant's eligibility is once again verified (this time using all supporting documentation)**.
5. OCD will approved or deny the application based on the program's eligibility criteria.
6. If approved, the rehabilitation process will begin.

**THE REHABILITATION PROCESS**

The steps in the typical housing rehabilitation process are as follows:

- 1) The OCD will schedule an inspection. The inspection process is necessary so as to determine extent and nature of all code deficiencies and to allow the inspector to familiarize him/herself with the field conditions so as to prepare work specifications. A code report will be generated listing all code deficiencies.
- 2) Work specifications will be generated by the Office of Community Development.
- 3) The property owner will review the scope of work detailing the proposed rehabilitation of the property. If the property owner is in agreement, they will be required to sign an approval form.
- 4) Based on the approved scope of work, the Town's Inspector will prepare the project manual to solicit bids. The Town typically posts a request for bids on its website, the Connecticut Department of Administrative Services (DAS) portal, and its prequalified contractor list. The property owner may share the opportunity with a preferred contractor. To be invited to bid, contractors are required to

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

attend a pre-bid site walk through, have a current contractor license, lead repair/abatement license (depending on scope of work) and have a DUNS number registered on sam.gov.

- 5) The OCD will provide financing in the amount of the lowest responsible bid. The property owner is free to choose from any of the bids received provided they pay, from their own resources, the difference between the amount of the lowest responsible bid and that which they select.
- 6) Upon selection of a contractor the OCD will generate the appropriate mortgage documents and a contract between the property owner and the contractor(s) selected. The OCD will contact the home owner to make arrangements for the execution of the required documents.
- 7) A pre-construction conference will typically be held prior to the commencement of work. The home owner, the contractor and a representative from the OCD will meet and discuss the particulars of the project. The meeting will address the scope of work, scheduling of work, access to the property and any other issues that may arise. Subsequent job meetings will be held as deemed appropriate.
- 8) As work proceeds the OCD will inspect the progress of work. Partial payments may be issued as per project manual. Payments are issued directly to the contractor. Any amendments to the construction agreement must be formalized by way of a change order executed by the owner and the contractor and authorized by the OCD. All change orders will be drafted by the OCD.

**REPAYMENT OF LOANS**

It is expressly understood that funding provided through the Town of Windsor's Housing Rehabilitation Program is expected to be repaid and the Town has a fiscal responsibility to take any and all actions to secure repayment, including foreclosure actions.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

Revised August 2020

**MEMORANDUM OF AGREEMENT (MOA)**

The Town of Windsor's Housing Rehabilitation Program is funded through the federal Community Development Block Grant - Small Cities Program and, as such, is subject to numerous federal, state, and local regulations. The Town's Office of Community Development (OCD) is responsible for the Program's administration. It is extremely important that you are aware that the Town, as a recipient of federal funds, is responsible to abide by specific regulations. In order to do so the Town must, in turn, hold program participants to such regulations. This "Memorandum of Agreement" was developed to ensure that all applicants have a clear understanding of the program and are aware of the applicable requirements. Please read this document carefully and feel free to ask the OCD staff any questions that arise.

- 1) I (we) understand that the correction of housing code violations is the primary intent of the Housing Rehabilitation Program and that all such violations will be addressed as part of my participation in the program. Examples of housing code violations include inadequate electrical receptacles, improperly vented plumbing fixtures, and structural problems. The OCD uses the Residential Rehabilitation Standards from the Connecticut Department of Housing. Other eligible activities under the Housing Rehabilitation Program include cost effective energy conservation measures and modifications to promote handicapped accessibility.
- 2) I (we) understand that the funding for the Town of Windsor's Housing Rehabilitation Program is subject to federal and state acts, laws and regulations pertaining to lead-based paint. The regulations require that, in buildings constructed prior to 1978, the Town is required to minimize (or eliminate) lead hazards. I (we) further understand that in any building in which a child under the age of 6 reside and has an elevated blood lead level, intact paint surfaces must be tested for toxic levels of lead. In the event toxic levels of lead are detected, they must be abated in accordance with the (Department of Health Services) regulations. I (we) have received a copy the lead paint notice and have read and signed same.
- 3) I (we) understand that all properties that have historical and/or architectural significance, as evidenced by the Town of Windsor's Historic Resource Survey or as identified by the State Historic Preservation Office (SHPO), must be rehabilitated in accordance with the Secretary of the Interior's "Standards for Rehabilitation".
- 4) I (we) understand that eligibility is based on household income as defined by the program guidelines. ***My household must be income eligible at the time that the rehabilitation process commences.*** For purposes of this agreement, the commencement of rehabilitation is defined as the initial code inspection performed by the OCD. I (we) will be required to provide CDO with any updates if household income has changed since original application. The OCD may require updated household income at this time.
- 5) Investor Owner - I (we) understand that, in the case of rental properties, eligibility is based on the household income of the tenants residing in the property proposed for rehabilitation. I (we) further understand that all vacancies which occur in the rehabilitated units should be filled by income eligible persons and that I (we) will be expected to charge no more than the Fair Market Rent (FMR) published by the Department of Housing and Urban Development. The above-referenced rental restrictions apply for the term of the loan provided (15 years).



**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

- 6) I (we) understand that the Town's financial assistance will be a loan and not a grant. I (we) further understand that all loans are secured by way of a mortgage note, which is filed in the land records in the same manner banks secure loans.
- 7) For owner-occupied applicants: I (we) understand that the type of loan I (we) qualify for is based on ownership type and household income. (1) households whose income is between 60% and 80% of area median, adjusted for household size, loans accrue interest at the rate of 0% per year and are to be repaid over a term that should not exceed 15 years; (2) households whose income is below 60% of the area median, adjusted for household size, a deferred payment loan may be available. All deferred payment loans are payable upon sale of property, change of ownership, or fifteen years, whichever comes first. If at that time I (we) cannot repay the loan, I (we) may petition the Office of Community Development that the loan be further deferred or the terms be modified so as to initiate monthly payments.
- 8) For investor applicants: I (we) understand that the type of loan I (we) qualify for is based on ownership type and household income. I (we) understand I (we) will be required to provide 50% of the total cost of the project from my own sources. Furthermore, I (we) understand loans available to me accrue interest at the rate of 1% per year and are to be repaid over a term that should not exceed 15 years.
- 9) I (we) understand that all loans provided through the Housing Rehabilitation Program are secured by the rehabilitated property. Any loan secured by my property may impact my ability to secure additional financing using the property as equity in the future. The Town may, at its discretion, subordinate its interests to allow me to refinance my home but will do so provided its interests are secured. The Town's Subordination Policy is available upon request.
- 10) I (we) understand that I (we) will be required to maintain adequate homeowner's insurance on my property for the term of my loan with the Town. Program participants are required to provide the Town with a *Certificate of Insurance naming the Town as a loss payee*.
- 11) I (we) understand that all applications are subject to approval by the OCD staff. Applications are reviewed on the basis of various factors which include the property value in relation to the total debt on the property, the level of rehabilitation required, my debt to income ratio, my income/expense ratio and my credit history. I (we) also understand that my property taxes must be paid to date, I (we) must be current on my mortgage payments, and have clear title to the property. I (we) agree to provide the OCD with whatever information it deems necessary to evaluate my loan application.
- 12) I (we) understand that, as part of my participation in the Housing Rehabilitation Program, I (we) will be bound by low-bid requirements and that the financing provided to me will be in the amount of the lowest responsible bid. I (we) understand that I (we) have a right to request bids from contractors of my choosing provided they meet the minimum criteria of the OCD. I (we) further understand that rehabilitation contracts are between me and a contractor and that all loan funds will be disbursed by the OCD directly to the contractor.
- 13) I (we) understand that progress payments will be issued directly to the contractor based on the value of completed work as determined by the Office of Community Development. Final payment will be issued upon my approval.

**TOWN OF WINDSOR  
OFFICE OF COMMUNITY DEVELOPMENT  
HOUSING REHABILITATION PROGRAM**

- 14) I (we) agree that there will be no discrimination on the basis of race, color, religion, creed, ancestry, age, sex, marital status, lawful source of income, national origin, sexual orientation, familial status, learning disability or mental or physical disability, in the sale, lease, or rental of the property or the award of construction contracts.
- 15) I (we) understand that any modification to all contracts (i.e. scope of work) financed through the Housing Rehabilitation Program will be allowed only by way of a written change order, drafted and approved by the OCD, and executed by all parties.
- 16) I (we) understand that the mortgage I (we) will be required to sign prior to the commencement of work includes a non-speculation clause. The intent of this clause is to prevent an individual, or group of individuals, from using CDBG monies for speculative purposes. The mortgage contains a provision whereby there is a penalty should the property be sold within a five year period. The Town of Windsor reserves the right to waive the penalty in the event of extenuating circumstances.
- 17) I (we) understand that while the Town will cover the pre-construction lead costs, I (we) will be responsible for the post-construction, lead clearance cost. It will be added to the project cost and included to the amount in my mortgage note.
- 18) I (we) understand that I (we) will be expected to cooperate with the OCD staff throughout the course of the project. This includes the execution of all required documents as well as the selection of products in a timely fashion and reasonable cooperation with the OCD. I (we) understand that my failure to do so may result in the termination of program eligibility and the repayment of loan funds expended.
- 19) I (we) understand that my participation in the Housing Rehabilitation Program is contingent upon my agreement to abide by the Town's zoning regulations as well as the Town's property maintenance standards for the term of the loan provided.
- 20) For investor owned property – I (we) understand that I (we) am subject to the affordability requirements stated in the Housing Rehabilitation guidelines. Investor owners must continue to rent the units to income eligible tenants at the fair market rents determined by HUD, during the term specified in the mortgage note. Alternatively, I (we) can make the units available to Section 8 Program, through the local Housing Authority.
- 21) I (we) understand that the Town of Windsor anticipates the repayment of all loans in accordance with the program guidelines. The Town will take any and all actions it deems appropriate to ensure repayment, including foreclosure action.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-applicant

\_\_\_\_\_  
Date