



Town of Windsor Community Development Housing Rehabilitation Program



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

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**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 throughout the Town. The intent of the program is to preserve the Town's housing stock, help provide decent, safe housing for low/moderate income persons, improve energy efficiency and encourage neighborhood reinvestment. Funding for the program is provided through the federal Community Development Block Grant 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

Eligibility for the Housing Rehabilitation Program is based on household income. More particularly, household income must be at or below 80% of the area median in order to qualify. In the case of rental property it is the tenant's income which is used to determine eligibility. The Town of Windsor defines income in accordance with "Section 8" criteria. More specifically, for the purpose of determining eligibility, annual income includes all wages and salaries, interest income, net business income, social security income, pensions, educational benefits, V.A. benefits, alimony, unemployment compensation, child support, and income from assets. The income schedule upon which eligibility is based is adjusted for household size and is updated on an annual 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.

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INCOME GUIDELINES

Owner Occupied Deferred Payment Loan - Income Limits (60% of area median)					
1	2	3	4	5	6
person	persons	persons	persons	persons	persons
\$40,680	\$46,500	\$52,320	\$58,080	\$62,760	\$67,380

Owner Occupied Loan/Tenant - Income Limits (80% of area median)					
1	2	3	4	5	6
person	persons	persons	persons	persons	persons
\$52,850	\$60,400	\$67,950	\$75,500	\$81,550	\$87,600

Eligibility is based on the household income at the time the rehabilitation process commences. In addition to the income restrictions, all properties assisted through the Town's Housing Rehabilitation Program must be free of any outstanding zoning violations and local property taxes must be current. State regulations dictate that the post rehab loan to value ratio for properties assisted does not to exceed 90%. 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. 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.

Financial assistance provided through the Town's Housing Rehabilitation Program is secured by way of a Mortgage Note filed in the land records. 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, marital status, lawful source of income, familial status, learning disability or physically mental disability, sexual orientation.

APPLICATION PROCESS

Applications are handled on a first come, first served basis. Initially your name will be placed on the waiting list and you will be contacted as soon as the OCD is prepared to move forward with the rehabilitation of your property. At that time you will be required to provide current income verification and complete a formal application. Income shall be documented by providing a signed copy of your most recent tax return (IRS 1040) or, in the event you do not file a tax return with the Internal Revenue Service, in a fashion that is acceptable to the OCD.

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FINANCIAL ASSISTANCE

The type of loan available to you is dependent on the income level of the residents of the property for which an applicant is seeking assistance, whether it is owner-occupied or a rental property.

Owner-Occupied – Household whose income is between 60% and 80% of area median, and who reside in the property for which they are seeking assistance, and otherwise determined eligible for assistance through the Town’s Housing Rehabilitation Program, will be provided a (0%) interest loan in an amount up to \$25,000. An additional \$5,000 in the form of a forgiveness loan will be provided for lead paint, underground tank and asbestos removal.

Individual repayment terms will be established based on the monthly payment amount and the applicant's ability to pay. Applicants (single family homes) whose income is less than 60% of the area median are eligible for a 0% interest, deferred payment loan (DPL) in an amount up to \$25,000.00. The term of deferred loans provided through the Housing Rehabilitation Program require that the loan be repaid upon sale of property, or fifteen years, whichever comes first. 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 shall be submitted to the Office Community Development, or its successor, which will review such requests on an individual basis using standard underwriting criteria. 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.

Investor-Owned - Loans for rental property are available at a maximum loan amount up to \$20,000 per unit with an additional \$10,000 for lead abatement and maximum repayment term of 15 years (see table below). Investors are required to maintain their units as affordable. As such, they are required to rent to income-eligible households (upon initial occupancy) and charge rents at or below the Fair Market Rent schedule promulgated by the Federal Department of Housing and Urban Development. The length of the affordability period is as follows:

Up to \$5,000	5 years
\$5,000 to \$25,000	10 years
Over \$25,000	15 years

HAZARDOUS MATERIALS ABATEMENT PROGRAM

Forgiveness loans are available for up to 50% of the cost of lead and/or asbestos abatement and the removal of underground fuel tanks. Funds provided through the Housing Rehabilitation Program may be used as the required match. Eligibility criteria are the same as that of the

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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 for deferred payment loan and \$10,000 for amortized loans. 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.

All new buildings and gut rehab funded through the Community Development Block Grant – Small Cities Program, which is used to fund the Town of Windsor's Housing Rehabilitation Program, shall be designed to meet the National ENERGY STAR efficiency performance specifications. All procedures shall comply with National Home Energy Rating System guidelines. The federal Department of Housing and Urban Development has mandated this language be incorporated into our Housing Rehabilitation Program guidelines. In actual fact, either new housing or appliances are an eligible expense.

THE REHABILITATION PROCESS

The steps in the housing rehabilitation process are as follows:

- 1) At such time as the OCD is prepared to move forward on your application you will be contacted to schedule an inspection. If your property consists of three or more units, or it constitutes a mixed-use property, it may be necessary to schedule an additional inspection by the Fire Marshal. 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.
- 2) A code report will be generated listing all code deficiencies. The Town of Windsor utilizes the federal Department of Housing and Community Development's Housing Quality Standards (HQS) as a basis.
- 3) Work specifications will be generated by the Office of Community Development.
- 4) You will be provided a draft copy of the Work Specifications detailing the proposed rehabilitation of your property along with a Work Specification Approval Form. If you are in agreement with that which is proposed, please sign the form and return it to the Office of Community Development.

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If you have any questions/comments or would like to request any changes please contact the OCD at (860) 285-1984.

- 5) Upon receipt of your approval you will be provided with a bid package consisting of "Instructions to Bidders" and "Work Specifications" and a list of approved contractors. This list is intended as a resource only and you are free to solicit bids from any contractor you choose provided they are registered as a Home Improvement Contractor (with the State's Department of Consumer Protection) and/or carry the appropriate trade license. Contractors must also carry, and provide documentation of, minimum insurance requirements in order to participate in the Town's Housing Rehabilitation Program. All bidders who do not appear on the OCD's list of contractors will be required to submit a completed application. The homeowner should use the materials provided by the OCD to solicit bids and submit any and all bids received to the OCD for review.
- 6) The OCD will provide financing in the amount of the lowest responsible bid. You are free to choose from any of the bids received provided you pay, from your own resources, the difference between the amount of the lowest responsible bid and that which you select.
- 7) Upon selection of a contractor the OCD will generate the appropriate mortgage documents and a contract between you and the contractor(s) selected. The OCD will contact you to make arrangements for the execution of the required documents.
- 8) A pre-construction conference will typically be held prior to the commencement of work. You (the owner), the contractor and a representative from the OCD will meet and discuss the particulars of your project. The meeting will touch upon 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.
- 9) As work proceeds the OCD will periodically inspect the progress of work. Partial payments will be issued in accordance with the schedule outlined in the "Instruction to Bidders" which will be part of the bid package you receive. 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.

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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. Examples include defunct heating systems, a roof which is leaking, 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. The scope of work will be limited to that which is determined to be an emergency and any additional work will be done at such time as your application would normally be processed. The same eligibility and application requirements apply.

LEAD-BASED PAINT REQUIREMENTS

The Housing Rehabilitation Program is funded through the federal Community Development Block Grant – Small Cities Program and is subject to state and federal lead-based paint regulations. The dollar amount of a given project dictates specific requirements. These regulations apply to all homes built prior to 1978.

ENERGY STAR

All new buildings and gut rehabs shall be designed to meet the National Energy Star efficiency performance specification. All procedures shall comply with National Home Energy System guidelines. The Office of Community Development also encourages the selection of Energy Star appliances. Please note that appliances are not an eligible activity under this program.

WALK AWAY POLICY

Regulatory guidelines dictate that all code violations and lead hazards be addressed if financial assistance is provided through the Housing Rehabilitation Program. As such, the Town has a “Walkaway Policy”. The policy states that if there are not sufficient resources to address these issues the Town will not provide assistance.

DISPUTES

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

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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.

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

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 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 detail the particulars of the program so as 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 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 chipped or peeling paint, inadequate electrical receptacles, improperly vented plumbing fixtures, and structural problems. The specific housing code standards used by the Office of Community Development is more specifically "ARTICLE IV. HOUSING CODE" of the Windsor's "CODE OF ORDINANCES". Other eligible activities under the Housing Rehabilitation Program include cost effective energy conservation measures and modifications to promote handicapped accessibility.
- 2) I understand that all properties that have historical and/or architectural significance, as evidenced by the Town of Windsor's Historic Resource Survey, must be rehabilitated in accordance with the Secretary of the Interior's "Standards for Rehabilitation".
- 3) I understand that all loans are secured by way of a mortgage note which is filed in the land records in the same manner in which banks secure loans. I understand that the type of loan I qualify for is based on household income. For 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 shall not exceed 10 years. For households whose income is below 60% of the area median, adjusted for household size, a deferred payment loan may be available.

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All deferred payment loans are payable upon sale of property or fifteen years, whichever comes first. If at that time the applicant is unable to repay their loan they may petition the Office of Community Development, or its successor. I further understand that one's ability to utilize their property as collateral for financing (such as a home equity loan) is limited by the amount of equity one has in the subject property.

- 4) It is expressly understood that all loans provided through the Housing Rehabilitation Program are secured by the subject property. Any loan secured by one's property may impact one's ability to secure additional financing using the property as equity in the future. The Town may, at its discretion, subordinate its interests to allow you to refinance your home but will do so provided its interests are secured. The Town's Subordination Policy is available upon request.
- 5) I understand that I 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 mortgagee*. Send to: Town of Windsor — Community Development Office, State of Connecticut — Department of Housing, 275 Broad Street, Windsor, CT 06095.
- 6) I understand that eligibility is based on household income as defined by the program guidelines. Households must be income eligible at the time that the rehabilitation process commences. For purposes of this agreement, the commencement of rehabilitation shall be defined as the initial code inspection performed by the OCD.
- 7) I understand that all loans 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, the owner's debt to income ratio, the owner's income/expense ratio and the applicant's credit history. I also understand that my property taxes must be paid to date. I agree to provide the OCD with whatever information it deems necessary to evaluate my loan application. I also agree to notify the Office of Community Development if I should seek subsequent to the submission of my loan application.
- 8) Applicants/Owner Occupied Properties - I understand that I am expected to reside in my home for the term of the loan. In the event I move from the property rehabilitated with assistance through the Town's Housing Rehabilitation Program I will be required to repay my loan in full.
- 9) Applicants/Rental Property Owner - I understand that, in the case of rental properties, eligibility is based on the household income of the tenants residing in the property

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proposed for rehabilitation. I further understand that all vacancies which occur in the rehabilitated units shall be filled by income eligible persons and that I 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.

- 10) I understand that, as part of my participation in the Housing Rehabilitation Program, I 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 understand that I have a right to request bids from contractors of my choosing provided they meet the minimum criteria of the OCD. I also realize that all rehabilitation contracts are between the homeowner and a contractor and that all loan funds will be disbursed by the OCD directly to the contractor with the approval of homeowner.
- 11) 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 approval by the homeowner.
- 12) I 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.
- 13) I 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.
- 14) I understand that the mortgage I 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 two year period. The Town of Windsor reserves the right to waive the penalty in the event of extenuating circumstances.
- 15) I 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 base paint. The regulations require that, in buildings constructed prior to 1978 where a child under 6 resides, and there is defective paint surfaces, the defective paint must be tested for toxic levels of lead. I 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

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accordance with the (Department of Health Services) regulations. I have received a copy the lead paint notice and have read and signed same.

- 16) I understand that I 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 understand that my failure to do so will result in the termination of program eligibility and the repayment of loan funds expended.
- 17) I 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.
- 18) For investor owned property – I understand that I am subject to the affordability requirements in the Housing Rehabilitation Program Guidelines.
- 19) I 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

Applicant

Date