

### Single-Family Structures

A low or moderate income owner may receive a grant for 100% of eligible rehabilitation costs, with a maximum grant of \$13,500.

A prorated repayment period of five years applies if the property is sold or no longer maintained by the owner as a principal place of residence. The repayment is calculated in accordance with Section 1.62 of the Program Guidelines.

The County Clerk will record a lien against the property to ensure the Town's notification of a pending sale.

### 2-Unit and 3-Unit Structures

A low or moderate income owner may receive a grant for 100% of eligible rehabilitation costs, with a maximum grant of \$16,000 for a 2-unit structure and \$17,000 for a 3-unit structure.

A prorated repayment period of five years applies if the property is sold or no longer maintained by the owner as a principal place of residence. The repayment is calculated in accordance with Section 1.62 of the Program Guidelines.

For all rental units within the structure, the owner will agree to charge a rent which is affordable to low and moderate income households for a period of five years following rehabilitation. The determination of an affordable rent will be consistent with Section 1.63 of the Program Guidelines.

The County Clerk will record a lien against the property to ensure the Town's notification of a pending sale.

## INVESTOR-OWNERS

### Eligibility

All property owners who do not qualify as low/mod owner-occupants (owners who are not low or moderate income persons, owners who do not maintain the property as a principal place of residence, and all owners of structures which contain more than three dwelling units). The property must be eligible for assistance in accordance with Section 1.3 of the Program Guidelines (substandard condition, low/mod occupancy, located within the target area).

### Form of Assistance

For all eligible properties, the owner may receive a cash grant equal to 50% of the rehabilitation cost eligible under the program, and a loan equal to 40% of the rehabilitation costs eligible under the program. The owner will provide the remaining 10% of eligible rehabilitation costs and any additional costs incurred. The maximum grant and loan amounts by structure size are as follows:

CDBG 1998  
Town of Cairo

<u>Structure size</u>	<u>Max. Rehab Cost</u>	<u>Max. Grant</u>	<u>Max. Loan</u>
Single-family	\$13,500.00	\$ 6,250.00	\$5,750.00
2-Unit	15,000.00	8,000.00	6,000.00
3-Unit	17,000.00	8,500.00	6,500.00

For each additional unit, the maximum eligible rehabilitation cost would increase by \$4,000.00, the maximum grant amount by \$2,000.00 and the loan amount by \$1,600.00.

### Loan Terms

The CDBG loans will have a five-year term and will be interest free. Twenty quarterly principal payments equal to five percent of the original loan amount will be required. The outstanding principal balance of the loan will become due upon sale of the property. Loan recipients will execute a note for repayment.

### Program Requirements

The owner will agree to repay the grant to the Town if the property is sold subsequent to the commencement of construction consistent with the repayment formula stated in Section 1.62 of the Program Guidelines.

For all rental units within the structure, the owner will agree to charge a rent which is affordable to low and moderate income households for a period of five years following rehabilitation. The determination of an affordable rent will be consistent with Section 1.63 of the Program Guidelines. The owner will grant a mortgage to the Town to secure the CDBG loan and grant repayment obligations.

### PROGRAM BENEFIT

The program consists of rehabilitation grants and loans only for properties which are principally occupied by low and moderate income households.

<u>Activity</u>	<u>Total Costs</u>	<u>Nat'l Obj</u>	<u>% Benefit L/M</u>	<u>\$ Benefit L/M</u>
98.1 Housing Rehabilitation	386,000	L/M	100%	386,000
General Admin.	14,000	N/A	N/A	<u>N/A</u> 386,000
Total grant request:	400,000			
Less general administration	<u>14,000</u>			
Total program cost:	386,000			
\$ benefit to L/M:	<u>386,000</u>			
divided by program cost:	<u>386,000</u>			
Overall benefit to L/M	100%			
Conclusion: this project satisfies the 70 percent requirement				



**C. Feasibility**

Cairo's program will provide CDBG grants and loans to Low/Mod Owner Occupants and Investor-Owners. The Town of Cairo tested the acceptability of this program by contacting the owners of properties that were identified as being eligible for assistance. The Town developed its program based on the results of its survey and its knowledge of successful programs in other communities. As a result, the town has developed a program that will provide 100% grants to all low and moderate income owner-occupants and a combination of grants, loans, and equity contributions for participating investor-owners.

The Town has developed program guidelines to provide for program implementation. These guidelines have been used successfully in other Greene County communities to provide for fair, efficient and orderly program implementation.

The Town will contract with Catskill Mountain Housing Development Corporation to implement its housing rehabilitation program. Catskill Mountain Housing Development Corporation was incorporated in 1981. The corporation was organized to purchase, build or rehabilitate structures in order to make available affordable housing to the elderly and those of low and moderate income through management, renting, leasing or sale; and to provide consultation, assessment and information to the elderly and those of low and moderate income for the purpose of housing rehabilitation and improvement. Catskill Mountain Housing Development Corporation is a corporation as defined in subparagraph (1) (5) of section 102 of the Not-for-Profit Corporation law. Catskill Mountain Housing has extensive successful experience in the implementation of housing rehabilitation programs.

For more information on Catskill Mountain Housing Development Corporation, see Appendix C.

**D. Leveraging of Other Resources**

A 10% equity contribution will be required from investor-owners. In addition, CDBG funding is expected to generate approximately \$30,250 in loans to investor-owners, resulting in an annual program income stream of approximately \$6,050.

**E. Cost Per Unit**

Average rehabilitation costs per unit is \$11,226. The average rehabilitation costs were derived from two sources. The primary basis was the structural survey conducted and documented in Appendix A. The inspections of a variety of structures coupled with detailed work write-ups and cost estimates, allowed for an accurate assessment of average costs for structures of these dwelling unit sizes.

**Program Income**

The CDBG funding is expected to generate approximately \$30,250 in loans to investor-owners, resulting in an annual program income stream of approximately \$6,050. These funds will be used to address any continuing needs within the target area and the Town of Cairo.

CAIRO TARGET AREA REHABILITATION PROGRAM  
INVESTOR-OWNED PROPERTIES

Eligible Structures:

- Any single family, 2-unit, or 3-unit structure which is not owned by a low or moderate income person or persons;
- Any single family, 2-unit, or 3-unit structure in which the owner does not maintain a principal place of residence;
- Any structure which includes 4 or more units.

Eligible Work:

- Major deficiencies in primary and secondary housing components as defined by the Town's program guidelines;
- Total cost of improvements not to exceed limits stated in the Town's program guidelines.

Financing:

- Program grant of 50% of eligible cost;
- Program loan of 40% of eligible cost, interest free, 5-year term, quarterly repayments of principal;
- Owner equity of 10% of eligible cost.

Requirements:

- Program loan is due upon sale and is secured by a mortgage on the property;
- If the property is sold within a 5-year period, a portion of the program grant is repaid on a prorated basis;
- Unit rents may be increased a maximum of 5% per year for a 5-year period.

I am interested in participating in the program as described above.

Signature

Address

Paul J. Mack  
Freehold, NJ 12431

stated in Section 1.62.

The owner will agree to charge a rent which is affordable to low and moderate income households for all rental units within the structure for a period of five years following the substantial completion of all contracts. Affordable rent will be defined as existing rent plus a 5% per year maximum increase, (based on rent without utilities), providing the existing rent does not exceed the affordability standard for low and moderate income households. The affordability standard will be based upon the average household size for occupancy of the unit and the total annual housing cost for occupancy as compared to a figure equal to 70% of the median income for that household size. The formulas for determining the affordability standard are attached hereto as Exhibit B.

#### 1.64 Security

In consideration of the receipt of grant assistance, and to secure the owner's repayment obligations regarding sale and occupancy, applicants will agree to allow the CMH to make a filing against the premises by an appropriate warrant, notice, or other instrument with the County Clerk and with the property records in the County Clerk's office.

#### 1.65 Exceptions to Grant Limits

The maximum amounts stated in Sections 1.62 and 1.63 may be exceeded where each of the following conditions is met:

- The cost of rehabilitation of all major deficiencies in primary components will exceed the applicable grant limit.
- The cost of rehabilitation which will prevent the continued deterioration of all primary structural and mechanical components will not exceed 60% of the market value of the property upon completion of the rehabilitation.

In instances where the exception criteria will be applied, the Rehabilitation Specialist will document the file regarding the exception criteria.

### 1.7 FINANCIAL ASSISTANCE - INVESTOR OWNERS

#### 1.71 General

This Section applies to owners of eligible properties who do not qualify for financial assistance under Section 1.61.

#### 1.72 Form of Assistance

For all eligible properties, the owner may receive a cash grant equal to 50% of the rehabilitation costs eligible under the program, and a loan equal to 40% of the



rehabilitation costs eligible under the program. The owner will provide the remaining 10% of eligible rehabilitation costs and any additional costs incurred. The maximum grant and loan amounts by structure size are as follows:

<u>Structure Size</u>	<u>Max. Grant</u>	<u>Max. Loan</u>
Single-family	\$6,250.00	\$5,750.00
2-unit	8,000.00	6,000.00
3-unit	8,500.00	6,500.00

For each additional unit, the grant amount will increase by \$2,000.00 and the loan amount by \$1,600.00.

The owner will agree to repay the grant to the Town if the property is sold subsequent to the commencement of construction consistent with the repayment formula stated in Section 1.62.

The owner will agree to charge a rent which is affordable to low and moderate income households for all rental units within the structure for a period of five years following the substantial completion of all contracts. Affordable rent will be defined as existing rent plus a 5% per year maximum increase, (based on rent without utilities), providing the existing rent does not exceed the affordability standard for low and moderate income households. The affordability standard will be based upon the average household size for occupancy of the unit and the total annual housing cost for occupancy as compared to a figure equal to 70% of the median income for that household size. The formulas for determining the affordability standard are attached hereto as Exhibit B.

#### 1.73 Loan Terms

Loans will have a five-year term and will be interest-free. Twenty quarterly principal payments of 5% of the original loan amount will be due commencing one quarter following the substantial completion of all contracts. The outstanding principal balance of the loan will become due and payable upon the sale of the property. Loan recipients will be required to execute a note and mortgage for repayment.

#### 1.74 Security

In consideration of the receipt of grant assistance, and to secure the owner's repayment obligation regarding sale, applicants will agree to allow the CMH to make a filing against the premises by an appropriate warrant, notice, or other instrument with the County Clerk.

Loan assistance will be secured by a mortgage on the assisted property.

### 1.75 Exceptions to Grant/Loan Limits

The maximum grant and loan amounts stated in Section 1.72 may be exceeded where each of the following conditions is met:

- The cost of rehabilitation of all major deficiencies in primary components will exceed the applicable grant limit.
- The cost of rehabilitation which will prevent the continued deterioration of all primary structural and mechanical components will not exceed 60% of the market value of the property upon completion of the rehabilitation.

In instances where the exception criteria will be applied, the Rehabilitation Specialist will document the file regarding the exception criteria.

## 1.8 OWNER CONTRIBUTIONS

### 1.81 Escrow Accounts

Owner contributions which will represent partial payment for work authorized under the program must be deposited in an escrow account prior to the execution of a construction contract.

## 1.9 IN-KIND LABOR

### 1.91 Eligibility

Financial assistance will not be provided for labor or materials associated with work which is not performed by an approved program contractor under an authorized rehabilitation contract.

## 2. ADMINISTRATIVE PROCEDURES

### 2.1 APPLICATION PROCESSING

#### 2.11 General

Completed application forms must be signed by the owner(s) of record. Household income forms must be signed by the head of the household.

#### 2.12 Verification of Ownership/Payment of Property Taxes

Applicants must be the legal owner(s) of the assisted property prior to the approval of assistance. A copy of a property deed, land contract, or life tenancy may be acceptable evidence of ownership as determined by the Rehabilitation Specialist. Additional

documentation, including the procurement and submission of a title report, may be required at the discretion of the Rehabilitation Specialist. Costs associated with the procurement and submission of documentation will be the responsibility of the applicant.

No assistance will be provided for properties which have property taxes owing. Evidence of payment of property taxes may include copies of paid receipts or an independent examination of property tax records by the Rehabilitation Specialist or designated public official.

## 2.13 Household Income

Household income is the total income received by all current members of the household. A completed household income form should be signed by the head of household for each housing unit located within a property to be assisted. In instances where the household income for an occupied unit cannot be determined, the household will be presumed not to be a low or moderate income household.

The primary period for calculation of household income is the current weekly household income projected over the next 52-week period. The calculation of "current weekly household income" must be a fair representation of both the current and the projected household income status. In making the calculation, the Rehabilitation Specialist should examine the circumstances affecting the current and projected earning potential for each household member. Factors considered may include the average weekly earnings for a recent time period; the eligibility and projected starting date for any other income including unemployment benefits, disability, pension, social security, etc.; recent or anticipated changes of household members and/or size; any other factors which may have a material impact upon the current and/or projected household income. Where there has been a recent significant change in the household income status which causes any calculation to inaccurately reflect the current household income status, household income for the 365 day period immediately preceding the application date, or the previous calendar year may be used to determine household income. The change must have occurred within the previous 365-day period and must not be the result of a circumstance which is temporary in nature and likely to persist for a period of less than one year.

All income must be verified to the greatest extent feasible. For income earned during the previous calendar year, the IRS Form 1040 and appropriate attached forms and schedules will generally be considered adequate documentation. For income earned during the previous 365-day period which is not concurrent with a calendar year, and for verification of current income status, documentation may include any appropriate evidence of income. For all cases of income verification, the IRS Form 1040 and appropriate attachments for the most recent filing period should be obtained to establish an overall profile of income for the household. The rehabilitation Specialist may also request the submission of any other documentation required to make a reasonable verification of household income.



## 2.15 Flood Insurance

Properties covered by the Flood Disaster Protection Act of 1973 must be insured for flood damage consistent with the provision of Section 102(a) of the Act (42 USC 4001) prior to the approval of assistance.

## 2.2 PROPERTY INSPECTION AND WORK WRITE-UP

### 2.21 General

The Rehabilitation Specialist will be responsible for conducting the initial property inspection and preparing a work write-up. The initial property inspection should be commences as soon as possible following a determination that the property is eligible for assistance based on low/mod occupancy and otherwise satisfies the application requirements.

### 2.22 Property Inspection

The property will be inspected by the Rehabilitation Specialist and an Inspection Report will be prepared identifying all work which is eligible under the program.

### 2.23 Work Write-up

A work write-up will be prepared which itemizes all work to be accomplished under the program. The work write-up will include all work necessary to eliminate major deficiencies in primary and secondary components consistent with Sections 1.52 and 1.53 herein, and any additional eligible work as provided in Section 1.54 herein.

The work write-up should contain sufficient detail to allow fair and accurate bidding by contractors. The Rehabilitation Specialist will also prepare a cost estimate for each component of the work write-up and include it in the file for comparison with bids. The payment of Federal Wage Rates will apply to the rehabilitation of properties which contain eight or more dwelling units.

For those properties which have been determined by the State Historic Preservation Officer as having historic or architectural significance, the work write-up will be consistent with the U.S. Department of the Interior's "Rehabilitation Standards for Historic Properties". In addition, the work write-up will be developed in consultation with the State Historic Preservation Office.

## 2.3 BIDDING AND CONTRACTING

### 2.31 Bidding

An informal bidding process will be used. The Rehabilitation Specialist will prepare a bid

solicitation package which includes a cover sheet summarizing the case identification, scope of work, and bid opening date; instructions and information for bidders; and the work write-up form with attached work specifications/bid sheet.

The cover sheet from the bid solicitation package will be mailed to those qualified contractors who requested to receive packages; a notification will be posted in a conspicuous place within the CMH Office Building which states the case being bid, the deadline date for acceptance of bids, and the availability of bid packages from the CMH; and a supply of bid packages will be made available for distribution from the designated Town Office.

#### 2.32 Contractor Qualifications

Contractors selected to participate in the program should be reputable, financially sound, technically qualified, and licensed where required by state or local law. Contractors are required to carry comprehensive general liability insurance with minimum coverage of \$300,000 limit per occurrence and \$600,000 general aggregate limit, and Worker's Compensation and Employee's Liability insurance as required by the State of New York. Contractors who are not permitted to participate in the program will be notified in writing of the reasons for their exclusion.

#### 2.33 Receipt of Bids

The Rehabilitation Specialist will review all bids for consistency with the work specifications and other requirements of the bid package. While reasonable efforts will be made to resolve any inconsistencies, the contractor will be solely responsible for submitting an acceptable bid. Contractors will be notified of any instances of unacceptable bids.

Where no bid prices are within 10% of the initial cost estimate, the Rehabilitation Specialist will examine the reasons for the inconsistencies and will rebid the project if it is determined that the interpretation of the bid specifications did not allow for consistent bidding by contractors. A bid may be awarded without rebidding the project if it is determined that the bid specifications were not ambiguous and that the differential was the result of an error in the original cost estimate.

The Rehabilitation Specialist will prepare a bid tabulation form which will be made available to the applicant for review.

#### 2.34 Bid Approval/Contractor Selection

The Rehabilitation Specialist will recommend to the applicant the selection of a contractor or contractors based primarily on the lowest component bid price. In instances where a contractor has submitted bids for multiple components, the Rehabilitation Specialist may base the recommendation on such other factors as administrative ease, overall project cost savings, and coordination of rehabilitation work.

The applicant will select a contractor from the bid tabulation form. If a recommended contractor is not selected, the applicant will be required to pay any resulting additional costs from non-program funds.

#### 2.35 Exceptions

The bidding process may be altered in cases where the Rehabilitation Specialist determines that there is a reasonable likelihood that an existing condition of the property presents an immediate threat to the health or safety of either the occupants or the general public. In such cases, the Rehabilitation Specialist may informally procure written bids from at least two contractors without advertising or otherwise disseminating a bid package. This exception criterion applies only to work which will eliminate the threatening conditions.

### 2.4 APPROVAL

#### 2.41 Approval

Applicants will not be authorized to contract for any rehabilitation or related activity for which assistance will be received prior to the approval of the Rehabilitation Specialist. Such approval will constitute the Town's authorization to obligate program funds for the case. The materials in the package being approved will include the following:

- (a) Cover memorandum summarizing eligibility, work write-up, bidding and contractor selection
- (b) Application form and household income form(s)
- (c) Inspection report
- (d) Work write-up
- (e) Bid proposals and bid tabulation form

#### 2.42 Applicant Notification

The applicant will be sent a letter stating whether the application has been approved. If approved, the letter will cite the assistance to be received, and any other requirements of the application including the agreement to repay the grant upon sale, the agreement to charge affordable rent, any equity contribution, and the terms and conditions of any loan assistance. If disapproved, the letter will cite the reason(s) for the disapproval.

#### 2.43 Pre-Contract Requirements

Prior to the execution of a contract between the applicant and any contractors, the applicant must provide the following as applicable:



(a) Agreement to repay the grant upon sale in accordance with Section 1.62, 1.63, or 1.72 as applicable.

(b) Agreement to charge affordable rents in accordance with Section 1.63, or 1.72 as applicable.

(c) An executed note and other documents as may be required regarding the provision of loan assistance.

(d) Payments to an escrow account for any required owner contribution.

(e) Non-discrimination agreement.

#### 2.44 Contracts

All contracts for work which will be paid of in whole or part by program funds will include all applicable federal regulations and requirements. The contract will be executed by the applicant and the contractor. Three original copies will be executed and disseminated among the applicant, the contractor, and the case file.

### 2.5 PRE-CONSTRUCTION

#### 2.51 Conference

A pre-construction conference will be held among the Rehabilitation Specialist, the applicant, and the contractor(s). The parties will review the scope of work, contract provisions, and other relevant issues.

#### 2.52 Proceed Order

When it is determined that all requirements precedent to construction have been met, the Rehabilitation Specialist will issue a Proceed Order to the contractor authorizing the commencement of construction.

### 2.6 INSPECTION AND PAYMENT

#### 2.61 Construction Inspections

The Rehabilitation Specialist will make inspections as necessary to evaluate the quality, timely completion, and consistency of the construction in relation to the contract. Inspections should be coordinated with any required progress payments and the inspection results should be documented in the case file. The contractor will be notified in writing if significant deficiencies are noted. The Rehabilitation Specialist should attempt to obtain input from the property owner regarding the completed work. Any expressed dissatis-

faction should be noted on the inspection form and attempts should be made to resolve complaints.

#### 2.62 Request for Payment

Contractors will submit requests for payment directly to CMH. No payments will be processed prior to the completion of an inspection by the Rehabilitation Specialist which demonstrates that the payment is for work performed according to the contract. Progress or partial payments may be made only if authorized in the contract.

#### 2.63 Approval of Payment

Invoices which the Rehabilitation Specialist determines to be payable will be submitted to the Town for processing. All payments must be formally approved by the Town Legislature.

In instances where the property owner is dissatisfied with completed work, the Rehabilitation Specialist will attempt to resolve the complaint. If the Rehabilitation Specialist is satisfied that the work has been performed in accordance with the contract, (s)he will submit the invoice to the designated Town office for payment with an explanation of the circumstances and the reasons for his or her recommendation of approval of the payment.

#### 2.64 Retainage

Ten percent of the job cost of the amount approved for any payment will be withheld as a retainage unit all work under the contract is satisfactorily completed. Retainage amounts will be disbursed in accordance with Section 2.67.

#### 2.65 Method of Payment

Payments will be made by check from the CMH to the order of the contractor. Any escrowed funds provided as the applicant's contribution will be fully expended prior to any expenditure of program funds.

#### 2.66 Change Orders

Change orders must be agreed to by the contractor, applicant, and Rehabilitation Specialist. The appropriate forms must be completed and the change order must be approved by the Rehabilitation Specialist. change orders must involve work which is eligible under the program. If the case includes an applicant equity contribution and the change order will involve additional costs, any additional applicant contribution must be deposited to the escrow account prior to any further expenditure of program funds.

## 2.67 Final Payment/Release of Liens

The final payment of all retainage amounts and any other amounts due the contractor will be made within thirty days of substantial completion of all work under the contract provided the contractor has provided the applicant with all applicable written warranties and an executed release of liens form. The determination that substantial completion has been achieved will be made by the Rehabilitation Specialist and will be based upon a final inspection of the property and an interview of the applicant. Consistent with Section 2.63, the Rehabilitation Specialist will attempt to resolve disputes, but will authorize payment if the contractor has clearly complied with the provisions of the contract.

## 2.68 Applicant Concurrence

After final payment has been made for all rehabilitation contracts, the Rehabilitation Specialist will prepare two copies of a disposition of funds form to be executed by the applicant. The form will list all payments made to contractors under the program. One form will be retained by the applicant and one form will be placed in the case file.

The applicant will also be asked to execute a satisfactory completion form to be placed in the case file. The form will acknowledge satisfactory completion of all work items, but the Rehabilitation Specialist has determined all work to be satisfactory consistent with Section 2.63, a memorandum of explanation will be placed in the case file.

# 2.7 PROGRAM AMENDMENTS

## 2.71 Eligibility and Assistance

Any amendment of the program guidelines regarding the eligibility of properties or applicants, and any amendment regarding the amount or form of assistance, must be approved by the Approving Official of the Town.

## 2.72 Administrative Requirements

The Approving Official may authorize changes to the administrative process which involve record keeping, file documentation, and the design and use of forms. Any other amendments of the administrative requirements, including those which involve the bidding, contractor selections, and payment guidelines, will require the approval for the Approving Official of the Town.