



City Of Kingston, NY
Office Of Community Development
2020 Funding Year
CDBG Housing Rehabilitation Program Guidelines

The program is designed to assist income-qualified homeowners of owner-occupied single family homes within the City of Kingston make repairs to their home. Repairs that eliminate conditions detrimental to the safety and health of the residents will be prioritized. Repairs that correct deteriorated housing conditions and extend the useful life of existing housing stock will be considered.

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A. INTRODUCTION

The City of Kingston's Housing Rehabilitation Program (Program) will administer funds provided by the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Program to provide housing rehabilitation assistance for low to moderate income (LMI) homeowners who reside within the City of Kingston boundaries. The City of Kingston's Program is designed to expand the supply of decent, safe, sanitary and affordable housing, to correct health and safety hazards in deteriorated housing and to extend the useful life of existing housing stock.

FAIR HOUSING

The Program will be implemented in ways consistent with the City of Kingston's commitment to Fair Housing. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG Funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry,

national origin, sex, marital status, familial status (children), physical or mental disability, sexual orientation, or other arbitrary cause.

OUTREACH

Community members are informed of the details of the Program and eligibility requirements through area newspapers, advertisements, public meetings, Program flyers distributed throughout the City, and other fair marketing efforts. Pre-qualification and marketing criteria will focus upon income eligibility and rehabilitation needs. Persons who do not speak English or persons with disabilities who wish to participate in the Program and need assistance should contact the Office of Community Development at (845) 334-3920.

B. TYPE AND TERMS OF PROGRAM ASSISTANCE

The CDBG Housing Rehabilitation Program is an interest free forgivable loan program.

As part of the Program the City places a lien on the homeowner's property (as a "soft second" lien). Participating homeowners will be required to sign and have notarized a \$25,000 note and mortgage before rehabilitation work begins. Said note and mortgage will be held in escrow in the Office of Community Development. When the rehabilitation work is completed the homeowners will be asked to sign and have notarized a new note and mortgage which will reflect the actual costs of the project. This final note and mortgage will be filed with the Ulster County Clerk's office. When the final note and mortgage is signed and notarized, the initial \$25,000 note and mortgage will be returned to the homeowner. See "Recapture Provisions" on page 3 of this document.

Terms:

Maximum Loan Amount: The maximum CDBG forgivable loan amount is \$25,000 per low-income housing unit. Projects with repairs that threaten the health and safety of occupants and exceed the maximum loan amount may be considered and approved on a case by case basis.

No interest will be charged.

Costs covered by the loan may include:

- The accepted quote price for the cost of materials and labor;
- Construction contingency (funds to be used if an unforeseen construction cost is incurred);
- Drafting and engineering fees, if any;
- Permit fees and related building fees;
- Lead Based Paint mitigation and hazard testing fees.
- Asbestos mitigation and hazard testing fees.
- Radon mitigation and hazard testing fees.

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Costs not covered by the loan include:

- Relocation Expenses: This Program is subject to the acquisition and relocation provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("Uniform Relocation Act") and Section 104(d) of the Housing and Community Development Act of 1974. Under the Uniform Relocation Act, at 49 CFR 24.2(a) (9) (ii) (E), a nonexclusive listing of persons who do not qualify as displaced persons includes an owner occupant(s) who move(s) as a result of rehabilitation or demolition of the real property. If the homeowner(s) are required to temporarily relocate during the rehabilitation, the City will not provide any assistance with relocation expenses because this is a voluntary program.

Recapture Provisions: The City is offering homeowner rehabilitation assistance in the form of an interest free deferred payment loan. As part of the Program the City places a lien on the property (as a "soft second" lien) that is released upon maturation of the loan. Homeowners receiving assistance are required to have the home remain their principal place of residence for not less than ten (10) years from the date of the loan. If the homeowner(s) no longer occupy(ies) the home as their principal residence during the ten year loan term, the homeowner(s) will be obligated to pay the City the full amount of the loan or a prorated amount of the loan determined by the number of loan term years that have past. The City will recapture from the homeowner 100% of the loan amount in years one through the end of year five. The deferred payment loan will be forgiven at a rate of 20% per year at the end of years six through ten. A lien will be filed listing the City as a subordinate lien holder.

Change of Title-Owner/Occupants: In the event that an owner occupant sells, transfers title, or discontinues residence in the rehabilitated or purchased property for any reason, the loan becomes immediately due and payable. If the owner occupant sells or otherwise transfers title of the property to a qualifying income group household, the City will consider subordinating the loan and continuing all or part of the lien as a deferred loan. If the owner occupant dies, and if the heir to the property lives in the house and is income eligible, the heir may be permitted, upon approval of the City, to assume the loan at the rate and terms the heir qualifies for under current participation guidelines. If the owner occupant dies and the heir is not income eligible, the loan becomes immediately due and payable. In cases where more than one owner occupant is listed on the title and deed of trust, if one of the owner occupants ceases to live at the property for any reason, then the CDBG loan is assumable if the other owner-occupant who is vested in title provides documentation that he will continue to occupy the home as his principal residence and that the new household continues to be income eligible for the Program. If the new owner-occupant and household are not income eligible for the Program, then the CDBG loan becomes immediately due and payable. If an owner wants to convert the rehabilitated property to any commercial or non-residential use or a rental unit, the loan becomes immediately due and payable.

LEAD-BASED PAINT

If the property was built before 1978 and it is estimated that the work to be performed under the Agreement between the Contractor and the Homeowner(s),

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- disturbs more than 6 square feet of paint per room inside, or
- disturbs more than 20 square feet of paint on the exterior, or
- involves window replacement, or
- involves partial or full demolition activities,

A lead-based paint risk assessment will be performed by a certified risk assessor prior to rehabilitation work commencing. If the test results are positive, the rehabilitation will require that all identified lead hazards be mitigated or abated if hard costs exceed \$25,000. Lead-based paint abatement can only be performed by a certified abatement contractor who employs certified abatement workers.

ASBESTOS HAZARDS

If the work performed under the Agreement between the Contractor and the Homeowner(s) disturbs wall or ceiling coverings (wallboard, plaster, paneling, etc.) an asbestos hazard risk assessment will be performed by a certified risk assessor prior to rehabilitation work commencing.

USE OF CDBG PROGRAM INCOME

All income received from the recapture of CDBG deferred loans will be known as CDBG Program Income and will be returned to the City for use on other CDBG eligible activities.

C. ELIGIBILITY REQUIREMENTS

APPLICANT ELIGIBILITY

- Income: In order to be eligible for the CDBG assistance, the cumulative gross annual income for all occupants age 18 years and over must not exceed 80% of the City's median income as published annually by HUD. This is not an entitlement program. Eligibility does not assure funding since it is expected that there will be more eligible applicants than can be served with available funds.

HUD 2021 Income Limits HOUSEHOLD SIZE 80% OF AREA MEDIAN INCOME –

NUMBER OF PERSONS IN HOUSEHOLD	MAXIMUM INCOME LIMIT
1	\$49,200
2	\$56,200
3	\$63,250
4	\$70,250
5	\$75,950
6	\$81,500
7	\$87,150
8	\$92,750

- Citizenship: Applicants must be United States citizens or legal resident aliens.

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- Assets: If applicant/s have liquid assets of \$20,000 or above, they will be required to contribute 10% of the total grant amount toward their home rehabilitation. Liquid assets are those that can be readily converted to cash such as cash, checking, savings, stocks, and bonds. Tax deferred accounts such as IRAs, 401Ks, and other retirement accounts are excluded from the definition of liquid assets. Applicants must certify on their application form whether they have liquid assets of more than \$20,000 or not.
- Homeowners who have received CDBG Residential Program assistance within the past ten years are not eligible.
- Additional documents will be required to document income eligibility per HUD regulations.

PROPERTY ELIGIBILITY

- Location: The property must be located within the City of Kingston limits.
- An eligible property is an existing single-family residence that is the principal residence of the applicant.
- Title: Applicant is listed as the property owner. The applicant household must hold majority title to the property. (A title search will be conducted).
- An existing mortgage will not prohibit participation in the Program.
- Applicant must provide proof that the following are paid and current.
 - Property and school taxes
 - Water and sewage bills
 - Utility bills (gas and electric)
- Mortgage payments must be current.
- Homeowner's Insurance: Proof of homeowner's insurance is required.
- Environmental Review:
 - Property must not be located in a Special Flood Hazard Area (i.e., subject to inundation by the 1% Annual Chance Flood per FEMA) in order to be eligible for the Program.
 - If the property meets the Environmental Review criteria above, the Office of Community Development staff will determine whether the property to be rehabilitated meets all environmental requirements under 24 CFR Part 58. Only properties that meet these requirements may be rehabilitated through the program.

REHABILITATION PROCEDURES

- Initial Inspection: A City of Kingston Housing Rehabilitation Specialist or other qualified inspector will conduct an initial inspection of an eligible applicant's property in order to create a list of eligible items in need of correction or repair and to verbally address the applicant's concerns and repair needs.

The inspection typically takes 2 hours for a single family dwelling and the applicant should make every effort to allow the inspector access to each room and to accessible attics and basements.

The inspection will be based on the inspector's knowledge and experience and will be limited to visible and easily accessible components in the home and should not be considered comprehensive.

- Rehabilitation Standards: All work performed will comply with the City's currently adopted International Residential Code.
- Lead Hazard Inspection and Mitigation: Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards and all projects will be subject to implementation of the federal LBP regulations in accordance with the most recently published CDBG grant management manual chapter on LBP located in 24 CFR 570. More information on LBP requirements can be found in 24 CFR 35 and 40 CFR 745.
- Determination of Rehabilitation Priorities:
 - All costs relating to the rehabilitation of a house must not exceed the maximum loan amount of \$25,000.
 - The costs include, but are not limited to:
 - The accepted quote price for rehabilitation costs of materials and labor;
 - Lead based paint, asbestos, and radon testing and mitigation; and
 - Permit fees and related building fees.
 - With the maximum loan amount in mind, repair priorities will be based on
 - The inspector's identification of
 - safety items that must be addressed
 - projects that can feasibly be completed within the maximum loan amount
 - The Office of Community Development's Director's input
 - The City's Building Safety and Zoning Enforcement Department's input
 - The applicant's opinions and concerns

D. PROCESS & PROCEDURES

PROGRAM STEP-BY-STEP PROCESS

- Program representatives (City staff) hold private interviews with applicants to explain Program requirements, documentation, and the rehabilitation processes, and when necessary, to assist in completing the application form. The residential unit's rehabilitation needs are discussed. Additional documents may be obtained through the mail or follow-up visits although applicants should make every effort to bring all required documents at the same time.
- Applications will be accepted until the goals of the Program have been met and/or all funds have been committed:

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- Only completed applications will be processed on a first-come, first-served basis. Once applications are completed and all supporting documents have been submitted, City staff will date and time-stamp the application to determine the order in which the application will be considered. A completed application includes all documents necessary for City staff to determine income eligibility and property eligibility. If the City receives more applications than available funding, applications will be given a criteria score and placed on an eligible list according to the score awarded.
- When funds committed to accepted applications total an amount that approaches the total CDBG loan funds available, the City will suspend the Program until additional CDBG funds are available.
- **Timeliness:** Housing rehabilitation projects must begin and end within an approximate 4 month period. Situations beyond the control of the Office of Community Development and the homeowner that delay a project may become grounds for ending the project. These situations include but are not limited to the health of the homeowner(s), the homeowners' inability to prepare the home for a housing rehabilitation undertaking, unusual fluctuations in labor and materials costs, unusually inclement weather, or the Office of Community Development's inability to secure a contractor for the housing rehabilitation undertaking.
- Up to 10 contractors will be sent quote requests. The applicant may have quote requests sent to any qualified contractor of their choosing.
- The applicant will inform City staff of which contractor he would like to select to perform the rehabilitation work; the lowest responsible bidder must be selected unless the applicant can show reason why the contractor is not responsible and must do so in writing.
- **Determination of CDBG Assistance**

The determination of CDBG assistance will be based on the CDBG Housing Rehabilitation Program Agreement Between the Contractor and the Homeowner(s) (the accepted quote price for the cost of materials and labor) and the total of all other eligible costs.
- **Agreement Execution**
 - A meeting will be held which will include the applicant, the City's Housing Rehabilitation Specialist and/or other staff, and the contractor.
 - All parties will review the scope of work and the applicant and contractor will sign the last page.
 - Upon acceptance of terms and conditions stated, the contractor and the applicant will sign the Housing Rehabilitation Program agreement documents.
 - Upon the execution of all Program documents, City of Kingston staff will issue a written Notice to Proceed to the contractor with a copy to the applicant.
- **Rehabilitation Work**
 - Work will commence no later than 21 calendar days after the issuance of the Notice to Proceed.

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- The contractor is responsible for securing all necessary building permits.
- Change orders must be executed for any deviation, addition, or deletion made to the original job specifications approved in the CDBG Housing Rehabilitation Program Agreement Between the Contractor and the Homeowner(s). All change orders must be in writing and require the approval of the applicant, the contractor, and the Office of Community Development staff. All three parties must sign the change order form prior to commencement of the work proposed in the change order. All approved change orders will be included in the final loan amount (reflected in the Note & Mortgage). Quotes will not be required for change orders totaling no more than 15% of the original project agreement amount.
- Rehabilitation work will be subject to routine progress inspections by the Housing Rehabilitation Specialist.
- All contractors will be checked with HUD's federally debarred list of contractors. No award will be granted to a contractor on HUD's debarred list.
- Contractors must have general liability insurance, disability insurance and workers compensation insurance (unless the contractor has no employees).
- Contractors must agree to comply with these Program guidelines as well as all CDBG federal and state regulations, which are found in 24 CFR 570. In addition, 24 CFR 35 and 40 CFR 745 contain information on LBP requirements with which contractors must be in compliance.
- All work performed by the contractor will comply with the City's currently adopted International Residential Code.
- Contractor Payments.
 - Upon completion of work (or portion of work) set out in the Scope of Work, the contractor will submit an original invoice identifying work items completed and their cost to the City's Housing Rehabilitation Specialist.
 - Upon receipt of invoice:
 - The City's Housing Rehabilitation Specialist will inspect the property to ensure all work has been completed in a workman like manner.
 - If LBP work was part of the contract, the work must pass a final lead paint clearance inspection prior to final payment. If the work fails the inspection, the contractor must continue to clean the house until it passes the clearance inspection at his or her own expense.
 - The City's Housing Rehabilitation Specialist will obtain a signature from the homeowner on the Authorization to Release Payment form that indicates the homeowner is satisfied with the work and the amount to be paid.
- Work Completion.
 - The City's Housing Rehabilitation Specialist will conduct a final walk through with the applicant and contractor (not necessarily at the same time) to address any outstanding items. When all outstanding items are satisfied, the applicant must sign the final acceptance form and the Housing Rehabilitation Specialist must complete a Final Inspection Report

- On projects that require a building permit, the City's building inspector must have accepted the work, and issued a certificate of compliance or occupancy.
- The contractor shall guarantee the work performed for a period of at least one-year from the date of final acceptance.
- At the time of the request for final payment, the contractor will provide:
 - Lien release from the contractor, Lien releases from all subcontractors, labors, materials, equipment rental and any warranties as appropriate.
 - The City's Housing Rehabilitation Specialist will complete the Note and Mortgage, get the homeowner's notarized signature on the Note and Mortgage, and will file loan documents in the Ulster County NY Clerk's office.

E. DISPUTE RESOLUTION/APPEALS PROCEDURE

Program Disputes: Any applicant for a rehabilitation loan through the Program has the right to appeal if the application is denied. Complaints concerning the Program should first be made to the Housing Rehabilitation Specialist. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the City. The City will then schedule a meeting with the Director of the Office of Community Development. The Director's written determination will be made within twenty (20) working days after said meeting. If the applicant is not satisfied with the Director's decision, a request for an appeal may be filed with the City Mayor.

Contractor/Homeowner Disputes: During pre-construction, construction, or post-construction periods, the applicant has a similar right to have any disputes heard and resolved. Program representatives are primarily responsible to assure that the Program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work writes-ups and agreement documents. Program representatives attend the meeting between the homeowner and the contractor when the agreement documents are signed and facilitate in the clarification and/or corrections of proposed work so a clear understanding is established between both parties. During and after completion of construction, the contractor's work is monitored for code compliance by the City's building inspector and for quality by the City's Housing Rehabilitation Specialist. The contractual obligation for rehabilitation is ultimately between the contractor and the homeowner. If a situation occurs where the two parties are in conflict, the following procedure will be followed:

- Stage 1: Before any intervention occurs, the homeowner or contractor shall communicate perceived problems or complaints directly to the other party. In an attempt to resolve the differences, each party will give the other party an opportunity to respond or correct the problem.
- Stage 2: If the Stage 1 attempt fails to resolve the problem, the homeowner or contractor may ask a Program representative to informally intervene. This intervention might include telephone call(s) to the contractor or homeowner, meeting(s) at the job site or in the office, or other actions as seem appropriate, including such things as the establishment of written working guidelines, or other post-contractual agreement.

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- Stage 3: It must be recognized that the homeowner has other options which he may choose to utilize, including contacting the contractors applicable state licensing board to submit a complaint if applicable.

Any controversy between the parties that cannot be settled through the informal intervention process outlined above may need to seek other avenues such as binding arbitration or legal channels if necessary.

F. CHANGES & EXCEPTIONS

- PROGRAM CHANGES

At the discretion of City staff, the Housing Rehabilitation Program may be modified to ensure timely expenditures of Program funds, to implement improved practices, or to better comply with CDBG grant requirements.

- EXCEPTIONS/SPECIAL CIRCUMSTANCES

Exceptions are defined as any action which would depart from policy and procedures stated in the Program Guidelines. The City or its agent may make an exception based on extenuating circumstances.

G. SUBORDINATION POLICY

Subordination of City liens will be considered for the following reasons only:

- A homeowner requesting a subordination of a City lien must make the request in writing to the Office of Community Development Director and indicate the reason for the request. The homeowner must include the City's lien subordination application;
- Home improvement loans for the purpose of general property improvements or those improvements or repairs which bring the unit into compliance with the minimum housing standard code, and which will not cause the client's monthly housing expense to exceed affordability limits;
- Subordination request which increase the affordability of the housing unit, or assist a household with medical expense, not associated with consumer debt, may be considered;
- Refinancing of superior mortgage(s) for the purpose of improving terms (i.e. lower interest rate) and which cause the unit to become more affordable to the client will be considered provided the refinancing is not used to pay off consumer debt.
- The City reserves absolute discretion to grant or deny subordination of City liens.