

## CHIP HOME REHABILITATION PROGRAM REGULATIONS

This program is designed to bring affected 1-unit structures into compliance with the City of Elyria Residential Codes and State of Ohio Residential Rehab Standards. This will be accomplished by a combination of making repairs to, altering or replacing the electrical, heating, plumbing and structural elements of the home. Under this program, the City will offer 0% deferred loans which will not have to be repaid to the City until the property in question changes title, the homeowner moves out of the property, or an estate of the property is probated.

### TARGET POPULATION:

This program will be available to owner-occupied households in the City of Elyria where at least one of the owner-occupants is elderly (62 or older) or where a member of the household is disabled. In all cases household income must be at or below 80% of median. However, extra points on the rating system will be given to those with incomes at or below 50% of median.

### LOANS ARE AVAILABLE FOR THE FOLLOWING REPAIRS:

- (a) Electrical - Service changes; conversion from fuse boxes to circuit breaker panels; complete or partial rewiring, additional required outlets or lighting; and other repairs as required by the City Electrical Inspector or Office of Community Development. A 100 ampere circuit breaker panel with cover and all necessary breakers will be provided by the City at no cost to the homeowner or contractor.
- (b) Heating - Furnace replacement, maintenance or cleaning; additional ductwork; chimney or flue repair or replacement; and other repairs as approved by the Office of Community Development or Building Department.
- (c) Plumbing - Replacement of gas or water lines; replacement of hot water tanks; repair or replacement of kitchen and bathroom plumbing fixtures and drains; water line conversion from galvanized to copper; sewer and drain cleaning; accessibility improvements and other repairs as approved by the Office of Community Development or Building Department.
- (d) Roofing - Replacement or repair, as approved by the Office of Community Development or Building Department.
- (e) Gutters & Downspouts - Replacement or repair, as approved by the Office of Community Development.
- (f) Structural I - Porch and stair repair or replacement; prime window and door repair or replacement; floor underlayment replacement (i.e. around toilets); floor covering replacement (linoleum, tile or other approved impervious materials) in kitchens and bathrooms; siding; Lead-Based Paint hazard controls; accessibility improvements and other repairs as required by the Office of Community Development or Building Department.
- (g) Structural II - Masonry and concrete related repairs or replacements such as: Foundation repair or replacement; chimney repair or replacement; public and service sidewalk replacement; pre-cast concrete step installation and other masonry step construction or repair, and other repairs as approved by the Office of Community Development or Building Department.
- (h) Insulation - Insulation of attics, sidewalls and flooring; installation of roof, soffit or gable vents; storm windows and doors; and other areas of insulation as required by the Office of Community Development or Building Department. The City will continue to coordinate with the Lorain County Community Action Agency for weatherization matters whenever possible.

## INELIGIBLE REHAB ITEMS

1. Air conditioning (unless required by a physician)
2. Room additions
3. Installations of items that were not previously there and are not health or safety related. (i.e. The installation of a deck where only steps had existed would not be allowed.)
4. Cosmetic items (i.e. Wallpaper)
5. Landscaping
6. General property improvements (i.e. Replacement of sidewalks with only minor cracks, repair or replacement of fences.)
7. Construction of auxiliary buildings

## LOAN AMOUNTS

- (a) Minimum loan available: \$1,000.00
- (b) Maximum loan available: \$25,000.00 (if lead hazard reduction work is not needed)  
\$30,000.00 (if lead hazard work is needed)
- (c) Contingency Fund: A contingency fund will be available for paint and cost increases due to unforeseen rehabilitation problems. The amount of the contingency fund will be 10% of the original rehabilitation cost, not to exceed \$2,500.00. If the total contingency amount needed is \$300.00, or less, then the contingency amount used will be in the form of a grant. However, if the total contingency amount needed exceeds \$300.00, then the participant will be required to sign a 0% deferred loan, for the full contingency amount, with the same terms for repayment as the City's original rehab mortgage.

## ELIGIBILITY REQUIREMENTS

- (a) The applicant must be the owner-occupant of a single-family structure within the Elyria corporate boundaries. Land Contracts are permissible if both buyer and seller agree to sign the mortgage documents. Persons with Lease-Option agreements are not eligible for participation under this program.
- (b) No property owner will be eligible for participation if all or any part of his property is used for commercial purposes.
- (c) No applicant that is in the process of bankruptcy, default, unsettled divorce, judgement, protection from creditors, etc. shall be eligible for this program.
- (d) Household income will be projected over a 12 month period **from** the date of the application and must be within the "low and very low income" guidelines of the Cleveland-Lorain-Elyria PMSA as outlined below. Household income will be evaluated and calculated based upon Section 8 "Annual Income" as defined in the Section 8 Housing Assistance Payment programs. All sources of income will be verified with documentation from the income source (i.e. paystubs, statements from employers, bank statements, unemployment compensation statements, etc.) This documentation and an income summary sheet will be attached to the application and made a permanent part of the case file. Income sources and documentation follow this paragraph.

<b>Type of Income</b>	<b>Documentation</b>
Wages & Salaries (gross, before deductions)	Pay stubs for four most recent pays, employer statement or computer printout of earnings
Public Assistance Benefits (OWF, PRC, Tanf, SSI, SSD)	Cash issuance history, current determination letter Current bank statement showing direct deposit of benefit
Self-Employment Revenue/income	Financial records indicating gross revenues and operating expenses, signed tax forms & schedules for the previous two years (contribution to private retirement plans, wages to household members, and property & equipment depreciation are not allowable deductions)
Social Security Benefits Government & Private Pensions Veteran's Benefits Workers' Compensation Unemployment Benefits	Current determination letters, current bank statement showing direct deposit of funds, statements from source
Alimony & Child Support	Statement from Bureau of Child Support, divorce decree, child support order
Dividends & Interest	IRS Form 1099, statement from financial institution
Rents & Royalties	IRS Form 1099, rent receipts, statement from tenant
Strike Benefits	Letter from Union

All income from all persons residing in the housing unit must be verified from independent source documentation. The date of any and all documents used in verifying income may not be more than 180 days prior to the date of the application for assistance. Applicants shall be required to disclose all assets on the application.

Household size is determined by counting the number of eligible household members residing in the unit. Individuals generally not counted as household members include: foster children, live-in aides and their children, unborn children and children being pursued for legal custody who are not currently living in the household.

Assets include savings accounts, Certificates of Deposit, stocks, bonds and other real estate. The maximum amount that an individual may have in total assets and still be eligible for the program is as follows:

Housing Rehabilitation: No more than \$25,000 in assets at the time of application

<i>Size of Household</i>	<b>Income Limits</b>							
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Very-low Income (50% of median)	\$21,500	\$24,550	\$27,650	\$30,700	\$33,150	\$35,600	\$38,050	\$40,500
Low Income (80% of median)	\$34,350	\$39,300	\$44,200	\$49,100	\$53,050	\$56,950	\$60,900	\$64,800

**"WALK-AWAY" POLICY**

- (a) The City reserves the right to reject the applicant if the total amount of mortgages, liens and assessments (including the proposed rehab costs) would exceed 100% of the "after rehab" appraised value.
- (b) The City reserves the right to reject the applicant if the cost of rehabilitation would exceed 100% of the current appraised value of the home.
- (c) The City will reject the applicant if the cost to bring the house up to the Elyria Housing Code and the State of Ohio Residential Rehab Standards exceeds the maximum loan amount of \$25,000, in those cases that do not require lead hazard reduction, or exceeds the maximum amount of \$30,000 in those cases that do require lead hazard reduction unless the owner pays the difference between the \$25,000 or \$30,000 and the amount it takes to bring the house up to code.
- (d) The City will reject the applicant if the "after rehab" appraised value of the home exceeds 95% of the median purchase price for the area and type of housing being assisted as determined by HUD.

**CLIENT SELECTION CRITERIA**

At a minimum, the applicant must meet the "Target Population" definition on page 1 of these regulations. Each applicant will then be scored according to the Priority Rating Guide that follows. The maximum score allowable under the Priority Rating Guide is 100. Only those applicants that score at least 55 points will be allowed to participate in the State's CHIP Program. Those who meet the minimum requirements, but do not score at least 55 points, will have to remain on the list for assistance at a later date should other sources become available (i.e. CDBG Program).

**Priority Rating Guide**

	<u>Points</u>
<b>(a) Income for Housing (most points possible-10)</b>	
1. Applicant is expending more than 35% of their gross income for housing (10 points)	_____
2. Applicant is expending 30-35% of their gross income for housing (5 points)	_____
<b>(b) Household Characteristics (most points possible-30)</b>	
1. Person with a disability in the household (5 points)	_____
2. Single head of household with dependent children (5 points)	_____
3. Large family (5 points)	_____
4. Household is very-low income (50% of median or less) (15 points)	_____
<b>(c) Housing Condition (most points possible-60)</b>	
1. Unit needs major electrical work (10 points)	_____
2. Unit needs major heating work (10 points)	_____
3. Unit needs major plumbing work (10 points)	_____
4. Unit needs major roofing work (10 points)	_____
5. Unit needs major interior structural work (10 points)	_____
6. Unit needs major exterior structural work (10 points)	_____
<b>Total Points for Applicant</b>	_____
(100 possible)	

## PROCEDURE:

*NOTE: The following general procedures apply to rehab cases that do not involve risk assessments, interim controls or abatement of lead-based paint. In those cases where the above items do apply, the City will follow U.S. Dept. of HUD Lead-based Paint regulations that were effective on September 15, 2000 and those procedures outlined in the City of Elyria's FY 2005- 2009 Policies and Procedures Manual.*

- (1) After the application has been approved, the Rehab regulations and procedures are explained to the applicant and copies of the Loan Agreement, Promissory Note and Mortgage Deed are left with the applicant.
- (2) Thorough housing and electrical inspections are made of the premises. (NOTE: The participant will not be instructed to move on to the next step unless the property is in a clean and sanitary condition.)
- (3) The inspection reports and rehab requirements are discussed with the participant.
- (4) The participant is instructed to secure three (3) written proposals for all repairs. Proposals will only be accepted from contractors who are licensed as required by the Elyria Building Department. (NOTE: The proposals must be obtained within thirty (30) days of the "Notice to Obtain Proposals" date, or the application may be disqualified.) The homeowner is not to make changes to the proposal forms.
- (5) The proposals chosen by the participant will be reviewed for responsiveness and either approved or disallowed by the Office of Community Development. (No work may begin until the City authorizes the contractor to proceed and the mortgage documents and contracts are signed by all parties. The City reserves the right to reject any or all proposals received.)
- (6) Once contractor selections have been made, the homeowner must sign off accepting the estimates chosen.
- (7) A Limited Abstract is ordered to verify ownership before the Mortgage papers are prepared and signed. The cost of the Limited Abstract will be borne by the City.
- (8) After all proposals have been approved and ownership verified, the participant must sign all Mortgage documents with the City which will allow the City to place a mortgage against the property for the full amount of the loan. (NOTE: These Mortgage documents must be signed within thirty (30) days from the date that the Limited Abstract Update is received.)
- (9) Contracts will be signed between the homeowner and contractor outlining terms and conditions and the responsibilities of each party.
- (10) The participant will be given a letter from the City which states the specific amount of Federal funds that will be paid to each contractor upon completion of their jobs. This letter will also instruct the participant to contact the City so that arrangements can be made to begin making repairs. Once this is done, the City will authorize the contractor to proceed.
- (11) After completion of the job, and before payment is rendered, the Office of Community Development and/or Building Department will make a final inspection to assure compliance with the City Codes and the work specifications.

- (12) Payment will be made to the contractor based upon the approved written proposal, unless a change order has been approved by the City.
- (13) All contractual rehabilitation must be completed within six (6) months of the mortgage date or by the Grant Agreement deadline, whichever comes first.
- (14) The homeowner is requested to fill out evaluation forms for each area of repair.

**SPECIAL CONSIDERATION:**

- (1) Installations, repairs or alterations required to remove architectural barriers to disabled applicants will be given special consideration by the Community Development staff.
- (2) The requirement of three (3) written proposals may be dropped if deemed necessary by the Office of Community Development. (i.e. The homeowner contacts several contractors, but can only obtain two (2) estimates.)

**GENERAL:**

- (1) Repairs may only be completed by contractors who are licensed and registered as required by the Elyria Building Department and listed by the Office of Community Development.
- (2) The City of Elyria's Policy and Procedures Manual (Submittal Year 2005) as approved by Elyria City Council and the State of Ohio Office of Housing and Community Partnerships, governs all aspects of this program.
- (3) The applicant must obtain hazard insurance on the dwelling in sufficient amount to protect the City. Flood insurance may also be required in certain locations of the City. Proof of insurance with the City listed as loss payee must be provided at or prior to signing of the rehab mortgage documents.