

CITY OF YOUNGSTOWN

HOME *Housing Rehabilitation Program*

for
Homeowners



Community Development Agency
Housing Division
CITY OF YOUNGSTOWN
Mayor Jay Williams

PROGRAM SUMMARY
“HOME”
HOUSING REHABILITATION PROGRAM
City of Youngstown, Ohio

Purpose: To provide assistance to low income homeowners to upgrade housing conditions, correct code violations and deficiencies, and to extend the structure’s economically affordable life.

Eligibility: Low income homeowners within sixty percent (60%) of area median income. See attached HUD income limits.

Income: Income of a household is the income of all persons living in that household.

Program

Assistance: The program will provide deferred loans to owner-occupants of single-family residential units. The deferred loan limits are; a minimum of \$1,000, and a maximum of \$30,000 per unit, or the actual cost of repairs. Either a Five (5) year or Ten (10) year deferred loan will be made depending upon the amount of rehabilitation costs. The Owner must agree to live in the house for the five (5) or ten (10) year period. If the property transfers within the five (5) or ten (10) year period, a portion of the loan is due and payable to the City.

Ownership: Only owner-occupants of single-family units located in the City of Youngstown are eligible. Owner-occupants must have **owned** and **inhabited** the home for one (1) year prior to being eligible.

Property

Standards: All housing units rehabilitated through the HOME Housing Rehabilitation Program must meet the City’s Residential Rehabilitation Standards (RRS) after rehabilitation. These include: items related to the health and safety of the occupants; the upgrading of major mechanical systems; the repair or replacement of structural elements which pose an immediate threat to the integrity of the structure; energy conservation measures; and incipient items that will lengthen the useful life of the structure.

City of Youngstown

HUD HOUSEHOLD INCOME LIMITS BY FAMILY SIZE*

Family Size (Persons)	60% Maximum	Monthly Income
1	\$21,900	\$1,825
2	\$25,000	\$2,083
3	\$28,200	\$2,350
4	\$31,300	\$2,608
5	\$33,800	\$2,817
6	\$36,300	\$3,025
7	\$38,800	\$3,233
8	\$41,300	\$3,442

*Source: HUD FY2008 Income Limits

After Rehab Value Limits For Housing Units**

Number of Units in Structure

One Family Structure

Maximum Price/Value per Unit

\$200,160

**Source: HUD Section 203(b) Limits FY2007

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“HOME”

HOUSING REHABILITATION PROGRAM

GUIDELINES

INTRODUCTION

The City of Youngstown, through the federally funded HOME Program is undertaking a Housing Rehabilitation Program designed to assist eligible homeowners in upgrading and improving their properties, and correcting building code violations. The goals of the City's program are to:

1. Provide decent, safe and sanitary housing for low to moderate-income single-family homeowners;
2. Ensure that properties are brought up to the City of Youngstown's Residential Rehabilitation Standards (RRS) at the completion of the project.
3. Strive to make properties free of major maintenance work for a period of five (5) to ten (10) years after rehabilitation work is completed.

A. HOME HOUSING REHABILITATION PROGRAM DESCRIPTION

The HOME Housing Rehabilitation Program is designed to assist homeowners with incomes at or less than sixty percent (60%) of the area median income as established by HUD. Eligible households will be offered assistance with a zero percent (0%) interest, deferred loan of either: Five (5) years when the rehabilitation costs are between \$1,000 and \$14,999; or, Ten (10) years when the rehabilitation costs exceed \$15,000. Deferred loans will not exceed a maximum of \$30,000 or the actual cost of repairs; whichever is less, for eligible rehabilitation costs. Where the **estimated** rehabilitation costs are less than \$1,000 or exceed \$25,000 no assistance shall be provided. The homeowner **must agree** to remain the occupant/title holder of the property for the length of the lien period from the date of project completion

Housing units that have been disqualified for full rehabilitation assistance because it may not be cost effective are not automatically eligible for the Limited Repair Program.

B. APPLICATION PRIORITY AND SELECTION

1.0 **Priority:**

Priority may be given to households in target areas. Target Areas are defined in the Community Development Agency Five Year Consolidated Plan and the current year's Action Plan.

1.1 **Selection Criteria:**

Notification of program assistance will be on a first-come-first-served basis taken from the Housing Rehabilitation Eligibility Database. The priority may change from time-to-time based upon community goals to assist low and moderate-income households; HUD recommendations; or census demographics.

1.2 **Rights of Appeal:**

If an applicant feels they have a complaint, he/she may appeal any determination made by putting their complaint **in writing** and delivering it to the Community Development Director. A written response will be made within fifteen (15) days.

C. APPLICANT ELIGIBILITY

This section sets forth the basis for establishing an applicant’s eligibility requirements and income for the Housing Rehabilitation Program:

If the decision does not seem fair to the complainant, he/she may appeal to the Mayor’s office, which shall have the authority to affirm, modify, or reverse the decision. A complaint may also be filed with the Department of Housing and Community Development (HUD). The City will assist the complainant in filing said appeal.

2.0 Income Eligibility Limits:

Only households who meet the low income limits (below 60% area median) as determined by HUD's most current Income Limits guidelines will be eligible for the HOME Housing Rehabilitation Program. Household income will be determined in accordance with guidance as provided by HUD in the Technical Guide for Determining Income and Allowances for the HOME Program, May 1994 & June 1999.

These limits may be updated periodically by HUD

Income Eligibility Guidelines*

Household size (Persons)	60% Maximum Income Limits
1	21,900
2	25,000
3	28,200
4	31,300
5	33,800
6	36,300
7	38,800
8	41,300

*Source HUD FY2008 Income Limits

2.1 Applicant’s Income:

The household income of the applicant includes the gross income of the applicant **and** any other person or persons, who share the same dwelling unit. If ownership of the property rests in more than one person, each owner would be considered an applicant. The applicant’s household income, therefore, is the sum of the income of all household members. An applicants’ gross income is established on an annual basis projected for a 12-month period from the time of application.

2.2 Reporting of Applicant’s Income:

The applicant’s income is reported on the application forms at the time of the initial interview and shall be verified by the Community Development Housing Division. In addition, *the applicant shall provide copies of the most recent W-2 forms(s) and 1099 forms(s) (if any).*

2.3 Non-Eligible Applicant:

No applicant is eligible to receive help through this program if they are in the process of bankruptcy, default, and/or an unsettled divorce.

D. PROPERTY ELIGIBILITY

3.0 **Ownership:**

Only owner occupants of single-family residential units are eligible for participation in the Housing Rehabilitation Program. The applicant must own the property and the property must be the applicant's principal place of residence for at least one (1) year prior to receiving assistance, and;

- Have fee simple title to property; or,
- Maintain a life interest in the property; and,
- Have no restrictions as to workable title (unsettled divorce, bankruptcy, foreclosure, etc.),
- No land contracts are eligible for assistance.

3.1 **Location:**

Units must be located in the City of Youngstown.

3.2 **Taxes:**

All applicants must be paid and current, or have documentation of a payment plan, with respect to property taxes, in order to be considered eligible for the Program.

3.3 **Condition:**

Units must at a minimum, be able to comply with the City of Youngstown's Residential Rehabilitation Standards (RRS) at the completion of rehabilitation. It is the program's objective to bring all units up to applicable RRS and local code standards. *No units shall be addressed where the **estimated** rehabilitation cost exceed \$25,000.*

If the property's estimated rehabilitation costs are under \$1,000 or exceed \$25,000, the City may utilize the Limited Repair Program to address **basic code violations** **only** in cases where imminent health and safety threats affecting occupants have been documented.

3.4 **Substandard and Unsanitary Conditions:**

The City's Rehabilitation Inspector must be able to have access to all rooms and be able to see all wall and floor surfaces. There must be no accumulation of trash, animal feces, garbage, or excess amounts of debris accumulated within the unit at time of inspection. The homeowner must correct existing conditions within one (1) month from date of initial inspection, or they will not be eligible to participate in the rehabilitation program until conditions are improved.

3.5 **Eligible Improvements:**

All improvements must be physically attached to the property and permanent in nature.

All units rehabilitated with HOME dollars must meet the RRS after rehabilitation. These include items related to the health and safety of the occupants; updating of major mechanical systems; repair or replacement of structural elements that pose an immediate threat to the integrity of the structure; and energy conservation measures.

3.6 **State Historic Preservation Office:**

Where a property is considered "historic," or of architectural merit as determined by the State Historic Preservation Office, the owner must agree to follow the recommendations of the State and local historic Preservation Officer in undertaking the required improvements, as part of the rehabilitation program. If the owner does not agree to these improvements, no work will be undertaken.

3.7 Ineligible Improvements:

General Property Improvements in excess of local code requirements are specifically **prohibited**. Improvements of this type include, but are not limited to:

1. The purchase, installation, and/or repair of personal furnishings.
2. The costs of amenities or cosmetic improvements as defined by the City's Residential Rehabilitation Standards.
3. Costs incurred prior to the date of the Contractor's Agreement for any improvements are ineligible.

Homeowners are not permitted to undertake any work paid for by the Program.

3.8 Access:

Applicants must allow access to their residence for the purpose of inspecting said residence and noting of code violations and deficiencies to be addressed. The applicant shall permit inspection by the Department's Rehabilitation Staff and/or Building Department.

3.9 Insurance:

All property owners must provide proof of homeowners insurance on the dwelling unit; and, in addition, provide federal flood plain insurance if the property is located in a federally designated flood plain area.

It is the policy of the City not to institute a loan until documentation of insurance on the home has been provided to the City.

In cases where the homeowner does not have insurance and cannot pay the initial premium due to very low income (below 50% of area median income), the mortgage and note for the loan can include the cost of initial insurance.

If the owner's income eligibility has been verified and the house approved for the program as to condition, the owner can apply for insurance and submit a copy of the premium quote to the City. The City will issue a check in the name of the homeowner and the insurance agency for the premium and will have the City listed as an additional insured. The cost of the premium will be added to the total cost of the loan.

It is expected that the homeowner will make arrangements to keep the insurance in force for the duration of the loan period.

E. TENURE REQUIREMENTS

Upon acceptance of a deferred loan, the owner must agree to remain titleholder of the property for a minimum of either **Five (5) or Ten (10)** consecutive years from the date of completion of the rehab work. For enforcement purposes, the property owner, upon acceptance of a deferred loan shall **execute a Mortgage and Promissory Note** in favor of the City reflecting these conditions.

4.0 Sale or Transfer:

If the owner sells or transfers the property or any legal or equitable interest therein within the applicable loan period, the owner must reimburse the remaining proportionate share of the loan.

Exceptions will only be granted in cases of documented extreme hardship, with the approval of the City of Youngstown's Board of Control. An example of extreme hardship would be a situation in which a person had to borrow money to cover a large medical expense.

4.1 Subordination:

If the owner wishes to use the property as a source of collateral for a future loan, the City's policy is to NOT SUBORDINATE. In such cases the owner must reimburse the remaining proportionate share of the loans as set forth in section E. 4.0.

4.2 Elderly (65 years or older):

Loans will be forgiven in the event the elderly owner passes away during the loan period.

4.3 Ineligible Use of Property:

The owner must agree not to rent or abandon the property for the loan period. If the owner violates this requirement, the City will notify the owner, that the remaining proportion of the loan is due and payable within thirty days thereof. If the payment is not received within such period the City will take action to reclaim the loan.

F. HOME PROGRAM ASSISTANCE LIMITS

5.0 Program Cost Limits:

The City hopes to achieve an average cost per unit of \$18,000 for the HOME Housing Rehabilitation Program. The minimum loan amount to be considered is \$1,000 per unit. The maximum amount of assistance is \$30,000, or the actual cost of repairs, whichever is less. The maximum may be exceeded only in cases where lead paint or asbestos hazards require extensive abatement procedures and/or relocation of the occupants.

In cases where the bid price exceeds the maximum grant allowed, every effort will be made to eliminate (deduct) any incipient violations, i.e. painting of interior rooms.

5.1 Program Rehabilitation Limits

The HOME Housing Rehabilitation program will not be used to provide improvements solely to enhance the visual appearance or perceived value of the home, nor an improvement that does not directly relate to or result from correcting a sub-standard condition.

G. CONTRACTING DOCUMENTS

6.0 Contracts Between Owner and the Contractor:

The Contract for rehabilitation will be let by the owner, and will be between the contractor and the owner. The City will be a third party to the Contract and responsible for technical assistance, administration, and enforcement on behalf of the owner, when requested.

The City shall provide the owner with a list of contractors. However, this shall not limit the owner from seeking bids from other reputable and qualified contractors who must register and be licensed to perform work within the city.

6.1 Contracting:

Contracting will be done on a "request-for-proposal" basis. The City will prepare the bid packages and assist the owner in reviewing all bids to determine that they are responsive to the bid package. The owner shall be encouraged to allow all eligible contractors to bid the work. At least three (3) bids must be submitted, and the lowest and best bidder will be awarded the work.

It is understood that the owner is contracting for the rehabilitation work. The owner shall assure themselves as to the choice of contractors, and their satisfaction with the Contractor's reputation, and performance.

The City and owner will reject any bid that is ten (10%) percent above or below the cost estimate.

6.2 Licensing:

All electrical, HVAC and plumbing work must be performed by "licensed" individuals. Individuals must be licensed by the City of Youngstown. Any contractor performing electrical, HVAC or plumbing work with non-licensed persons will be disqualified.

6.3 Change Orders:

Change orders will only be given when deemed necessary for the proper completion by the Housing Rehabilitation Staff. No substitutions, additions, or deletions from the original contract may be made by the contractor or homeowner without the signature and date of the owner, the contractor, and the City.

It is understood by the owner, that the work write-up has been reviewed by he/she, that its contents and the work described therein is understood, and that there will be no changes permitted to the work write-up unless agreed to by the owner, contractor, and City. There will be no changes to work already completed. **Change orders are an exception!**

6.4 Paint & Design:

The owner may select the color and design of the materials to be used in the rehabilitation process. It is recommended that the owner's selections be documented.

6.5 Acceptance of Work:

In the event there should be a dispute between the owner and the contractor concerning the completion of the rehabilitation work, the City shall make the final determination whether the rehabilitation contract has been violated, and will work with both parties to find a satisfactory and timely solution.

6.5.1 Contractor in Compliance:

If no solution can be found, and if the City finds the contractor in compliance with the rehabilitation contract, the City will certify same to the owner and the payment shall be issued in the contractor's name. In the event that the above becomes necessary, the City will have been deemed to have paid the amount stipulated in the contract, and shall not be liable to the owner for any other costs he/she may incur.

6.5.2 Contractor Not In Compliance:

If the work has not been completed properly as determined by the City, the contractor will be ordered to make the necessary corrections before receiving final payment. If the contractor fails to make the necessary corrections by the expiration of his/her contract, the City shall obtain another contractor to make the corrections. When corrections are made to the satisfaction of the City, the City shall make the necessary arrangement to pay the new contractor for the corrections. At this time, the contractor that failed to perform shall be paid the balance of the funds remaining in the contract, if any. This payment shall only be made upon receipt of the appropriate release of liens documents.

If the contractor does make the corrections as requested and the work is deemed satisfactory, the final payment shall be disbursed to the contractor.

6.6 Progress Payments:

Partial payments may be made to the contractor in up to three (3) increments. Payments will be made to the contractor based upon receipt of a contractor's invoice for progress payments, and satisfactorily completed work. All requests for payment must be accompanied by applicable warranties for materials and release of liens from all subcontractors and material suppliers.

Under no circumstances will the owner of the residence be given funds directly from this program to perform any rehabilitation work.

H. LEAD BASED PAINT POLICY

All units must comply with the regulations implementing the Lead-Based Paint Poisoning Prevention Act of 1971, and HUD Rule 1012/1013. Therefore, homes with children under the age of six or a pregnant woman living in the residence will be done in partnership with the Mahoning County Office of Lead Paint Hazard Control (MCLPHC).

Handicapped means, with respect to the homeowner, a physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment; or being regarded as having such an impairment. This term does not include current, illegal use of or addiction to a controlled substance. The Fair Housing Accessibility Guidelines, 1991, as may be amended, are referenced as to the meaning and definition of terms used in defining handicapped.

I. OTHER REQUIREMENTS

7.0 Conflict of Interest:

No member of the City or of any board, commission, or committee appointed by the City of Youngstown, or any officer or employee of the City who exercises any responsibilities with the administration or implementation of the Community Development Agency shall obtain any financial interest or other benefit from this program. This statement does not prohibit participation of a City employee or official, who otherwise qualifies for this program, provided that the City employee or official has not utilized their authority or influence to secure benefits from the program.

7.1 Grants for Administrative Costs

The administrative costs such as those that are incurred from the appraisal of the home, the title check and recording shall be in the form of a grant to the customer.

The Loan shall consist of the contracting costs and costs of one year of home insurance if necessary.

J. REHABILITATION PROCEDURE

This section sets forth a general outline of the functions to be performed by the City and the policies and procedures for preparing, processing, and approving an application.

1. Notify Homeowners on Homeowner Rehabilitation Verification Database of program availability. Provide applicant with program guidelines and interview information.
2. Interview and complete application forms and review the program guidelines with the applicant.
3. Verify applicant's income, property ownership, assets, etc., as appropriate.
4. Determine applicant eligibility.
5. Prepare a preliminary work write-up and cost estimate of the work.
6. Determine that items in the work write-up conform to purposes for which the Housing Rehabilitation program assistance may be used.
7. Prepare a cost estimate based on the property inspection report, which itemizes work to be done on the property, and includes an estimate of the cost.
8. Consult with applicant on preliminary work write-ups and cost estimates. Obtain applicant's signature on work write-up.
9. Prepare bid package.
10. Inform applicant of date, time, and place of bid opening as applicable.
11. Conduct bid opening as needed, which is open to applicant and contractors.
NOTE steps 11 and 12 may be supplanted by assigned request-for-bid
12. Prepare closing documents with Owner and contract with Contractor.
13. Issue order to proceed.
14. Perform progress inspections and process requests for payment.
15. Obtain owner's signature on completion of work.
16. Obtain manufacturers' and supplier's warranties, release of liens, affidavit under oath that all suppliers, laborers, and subcontractors have been paid, final invoice, and warranty from the general contractor prior to final inspection.
17. Make final inspection of work and issue Certificate of Final Inspection.
18. Payment to contractor for completed work.
19. Make follow-up inspection of work within twenty (20) days after final inspection.