

LEXINGTON COUNTY MINOR HOME REPAIR PROGRAM POLICIES AND PROCEDURES



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I. GENERAL PROVISIONS

A. Purpose of the Program

The purpose of the Minor Repair Program is to provide assistance to low and moderate-income residents for minor household repairs to their home. Minor home repairs may include the following areas or functions in non-painted areas:

| | |
|---|---|
| Roof Repair | Repair / Replace Door Locks |
| Repair / Replace Window Screens | Electrical |
| Repair / Replace Insulation | Minor Floor Repairs |
| Repairing Concrete Walks or Steps | Connection to Public Water / Sewer Lines |
| Handrails or Banisters | Tree Removal |
| Extermination of Vermin/Termites | Repair / Replace Septic Tanks |
| Repair / Replace Wells | Handicap Accessibility Improvements (Ramps, etc.) |
| Repair / Replace Furnace | Repair / Replace HVAC Systems |
| Repair / Replace Water Heater | Repair / Replace Smoke Detectors |
| Repair / Replace Electrical Panel Boxes | Minor Plumbing |

Ineligible repairs include, but are not limited to, work on other buildings on the property not considered the primary residence (i.e. detached garage, sheds, and barns) or the repair or replacement of non-essential items (hot tubs, swimming pools, paint, etc.).

NO REHABILITATION/REPAIRS CAN BE UNDERTAKEN INVOLVING PAINT DETERIORATION, LOOSE PAINT, VISIBLE SURFACE DUST, PAINT CHIPS, OR ANY REHABILITATION OR REPAIR THAT WOULD INVOKE THE REQUIREMENTS OF 24 CFR PART 35 (LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES).

The focus of this Program is to help homeowners correct minor deficient conditions in their homes. Lexington County has a vested interest in working with its residents to assure there is a quality housing stock. It is understood that fully functional homes better protect the occupants and add value to the overall neighborhood, thus increasing the livability of the entire county.

B. Program Funding Source

The funding source for the Minor Repair Program is the Community Development Block Grant (CDBG) program, administered by the United States Department of Housing and Urban Development (HUD). Lexington County receives funds from this program on an annual basis to implement housing and community development activities in Lexington County.

C. Minimum Property Standards

In compliance with CDBG and HUD requirements, the Minor Repair Program will follow the 2003 International Property Maintenance Code as the minimum property standard. This is the same standard utilized by the Lexington County Building Inspections Division for all existing housing in Lexington County. This standard ensures that all houses rehabilitated with HUD funds adequately address and protect public health, safety and welfare.

D. Applicability of Other Federal or State Regulations

While all Minor Repair grants are subject to the requirements of these Guidelines, there may be additional special provisions and limitations on Minor Repair grants depending on the funding source. Consequently, additional requirements not shown in these Guidelines may apply and thus, these Guidelines may be amended from time to time by the Community Development Block Grant Division to reflect changes in the requirements of the funding source of this program.

II. TYPES AND TERMS OF PROGRAM ASSISTANCE

A. Type of Assistance

The program will provide up to \$7,500 in CDBG funds per home for eligible minor repairs. The County reserves the right to exceed \$7,500 per home on a case-by-case basis.

B. Terms of Assistance

Assistance is in the form of a grant. No repayment is required.

C. Minimum Grant Assistance

To qualify for this program, repair costs must be estimated to be at least \$1,000.00.

D. Maximum Number of Grants

An applicant may apply for assistance anytime applications are being accepted. An applicant may only be awarded one grant from this program in a ten-year period.

III. CDBG COMMUNITY ADVISORY COMMITTEE

The Lexington County CDBG Community Advisory Committee is established to provide input to and maximize the effectiveness of the CDBG program. The members of the Committee act in an advisory role to CDBG staff. All members shall reside in Lexington County or represent organizations or businesses serving residents of Lexington County.

Among the responsibilities of the CDBG Advisory Committee is providing feedback to CDBG staff on applications for minor home repair assistance based on established eligibility criteria and staff recommendations. The Committee will also provide advice to staff in reviewing written appeals.

IV. HOUSEHOLD SELECTION AND ELIGIBILITY

Only completed applications will be reviewed for eligibility. Eligibility will be assessed on the following:

A. Ownership

Applicants must be listed on the Deed. The County tax record(s) will be the primary source of information to determine ownership.

B. Occupancy

The applicant must be residing in the home at the time of application for assistance.

C. Property Taxes

All delinquent property taxes shall be paid on the property prior to assistance.

D. Maximum Income

The **GROSS** annual income for **ALL** household members cannot exceed the applicable income shown in the following chart:

| 2009 MAXIMUM INCOME CHART | |
|---------------------------|---|
| Household Size | Maximum Income (80% of the Area Median) |
| 1 | \$34,800 |
| 2 | \$39,750 |
| 3 | \$44,750 |
| 4 | \$49,700 |
| 5 | \$53,700 |
| 6 | \$57,650 |
| 7 | \$61,650 |
| 8 | \$65,600 |

Source: U.S. Department of Housing & Urban Development. These income figures are subject to change annually.

E. Conflict of Interest

Applicants can be denied participation in the Program if a conflict of interest exists. A conflict of interest exists if a grant applicant is an employee, officer, elected official or appointed official of the County of Lexington, and the applicant:

1. Exercises or has exercised any functions or responsibilities with respect to funds for this program.
2. Participates in the decision making process related to funds for this program.
3. Is in a position to gain inside information with regard to program activities.

F. Moving Furnishings

Applicants are responsible for moving all furnishings before and after rehabilitation work.

V. PROPERTY SELECTION AND ELIGIBILITY

Eligibility will also be assessed on the following:

A. Location

To qualify for a grant, the housing unit must be located within Lexington County. As of April 15, 2009, properties located within the city limits' of any of the municipalities in Lexington County are eligible to receive assistance.

B. Nature and Extent of Minor Repairs

As part of determining eligibility for this Program, all housing units will be inspected to determine if repairs can be undertaken within the scope of the Program. Factors to be evaluated include but are not limited to the type of repair, ability to be undertaken without disturbing a painted surface, and the total cost of the repair(s). If a unit does not qualify for assistance based on the inspection, the homeowner will be notified.

C. Types of Structures

Structures eligible for this program are single-family detached or manufactured homes. Manufactured homes must be on a permanent foundation, no more than 20 years old, and the manufactured homeowner must own the land on which the manufactured home is located. All structures must be owner-occupied.

D. Maximum Number of Grants Per Property

A property may only receive one grant award from this program in a ten-year period, with no more than two grant awards total.

E. Flood Insurance

If the property lies in the one-hundred year floodplain zone, flood insurance is required.

VI. DETERMINATION OF GROSS INCOME

A. Annual Gross Calculation

Income is defined as the gross amount, before any deductions have been taken, of income that is anticipated to be received by all household members and persons on title during the upcoming twelve (12) months. Income of household members under the age of 18 or a full-time student under the age of 25 is not counted. Income must be verified no earlier than six (6) months from the date the grant is made.

B. Sources of Income

Sources of income used in determining gross annual household income are as follows:

1. All wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services (before any payroll deductions). Employment income must be verified via third party. This means that the verification must come directly from the employer.
2. Net income from the operation of a business. This income is defined as the higher of either current year-to-date **net income** (proven through bank statements) or the highest **net income** shown on any one of the last three years' Federal Income Tax Returns with all schedules and attachments. **NET INCOME** is defined as gross income plus depreciation, plus amortization, plus deductions for use of a home, plus deductions.
3. All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment.
4. Payment in lieu of earnings, such as unemployment, worker's compensation, severance pay and welfare assistance. However, lump sum payments under health and accident insurance such as worker's compensation are excluded.
5. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue.
6. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the family, spouse or other person whose dependents are residing in the unit.

The following exceptions shall apply in the determination of gross income:

1. Income from the employment of children under the age of 18 years.
2. Payments received for the care of foster children. **Note: Foster children shall not be used in the determination of the number of persons in the household.**
3. Lump-sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal and property losses. These items shall be considered as assets for the purposes of this program.
4. Amounts that are specifically for, or in reimbursement of, the cost of medical expenses.

5. Income from a live-in aide. **Note: A live-in aide shall not be used in the determination of the number of persons in the household.**
6. Amounts of education scholarships paid directly to the student or the educational institution and amounts paid by the government to veterans for use in meeting the costs of tuition, fees, books and equipment. Any amounts not used for these purposes are to be included as income.
7. Special pay for a household member serving in the Armed Forces who is exposed to hostile fire.
8. Amounts received under HUD-funded training programs or received under a public assistance program that are specifically for out-of-pocket costs made solely to allow participation in a specific program.
9. Temporary, non-recurring or sporadic income.
10. Lump sum payments of SSI and lump sum payments of Social Security benefits, the value of the allotment provided under the Food Stamp Act of 1977.

C. Federal Income Tax Returns

All household members and all persons shown on the title shall be required to provide a copy of their Federal Income Tax Return for the most recent calendar year. The Federal Tax Return will be used as a basis to verify gross income as well as household composition.

VII. IMPLEMENTATION PROCEDURES

The following implementation procedures may be modified at the discretion of the Community Development Block Grant Division.

A. Grant Application

The application packet includes:

- a. Copy of Deed
- b. Copy of complete set of most recent Federal Income Tax Returns, including all schedules and attachments for all persons in the household ages 18 and over.
- c. Third party verification of employment, if necessary.
- d. Other income documentation (supply a copy of the award letter or a copy of the check or direct deposit statement):
 1. Social Security/SSI
 2. Retirement
 3. Disability

4. AFDC
5. Rental Receipts
6. Interest on Savings/Income Earning Accounts
- e. Documentation of property tax payment.
- f. Copy of Social Security Card for all children under the age of 18 living in the home.
- g. Copy of **current** identification (i.e., driver's license or State of South Carolina ID card)
- h. Other support documentation as requested by Lexington County

B. Environmental Review

Lexington County CDBG Staff prepares environmental documentation assessing the environmental eligibility of the rehabilitation project. This includes:

Staff shall determine whether the property to be rehabilitated meets the following:

1. Project does not result in a change in unit density of 20%;
2. Project does not involve changes in land use from residential to non-residential; or
3. The estimated cost of rehabilitation is less than 75% of the total estimated cost of replacement after rehabilitation.

If the property meets all of the above, Lexington County CDBG Staff shall prepare an environmental review screening checklist to evaluate the property with the environmental requirements at 24 CFR Part 58.5. The property may not be rehabilitated depending on the results of the checklist and evaluation.

C. Initial Property Inspection

Once Lexington County CDBG Staff determines that the applicant meets the basic property eligibility requirements, Staff arranges for one or more inspections of the house with the homeowner. The inspection(s) will include an evaluation of the requested repair(s) and any health or safety deficiencies, based on the minimum property standard.

D. Work Write-Up

Depending on the results of the initial inspection(s), a work write-up will be prepared consisting of a detailed list of eligible work.

E. Contractor Selection

Contractor Qualifications

Contractors interested in participating in the program must submit a completed Contactor Application.

Once the application and any other required information is returned, Procurement Services will contact the contractor. If all information received is satisfactory with Procurement Services, the contractor will be placed in a pool of other approved

contractors and will be given the opportunity to bid on repair projects from this program as they become available.

Contractor Responsibilities

The Contractor is responsible for their quality of work, the work of his employees and work performed by any subcontractors and their employees.

The Contractor is responsible for providing all manufacturers' warranties to the homeowner and copies to the Lexington County CD Department.

The Contractor must warranty all work for a period of one (1) year from the date of completion (final inspection and acceptance by owner) of the entire job under contract. The Contractor will correct any defects that occur during that period at no additional cost to the homeowner or County.

The responsible Contractor should respond to warranty calls within seven (7) days of notification by the homeowner. Emergency warranty calls should be responded to the same day the complaint is received.

F. Bidding Process

At least three qualified contractors on the active bidders list will be asked to bid on each rehabilitation contract. Contractors may arrange with the homeowner to have a walk-through to inspect the house before submitting bids.

All bids will be recorded and the apparent low bid will be reviewed to ensure it is complete and responsive.

G. Cost Reasonableness

After bids are received, Staff will compare them to the work write-up to determine the cost reasonableness of the contractor's bid. The lowest bid must be within 10% of the work write-up.

If the lowest bid is 10% or more higher than the work write-up then the low bidder will be given the opportunity to negotiate his bid into the acceptable range. If the bid cannot be negotiated into the acceptable range then the house may be re-bid.

If the lowest bid is 10% or more lower than the work write-up then the low bid will be evaluated to determine if there were any mistakes and that the contractor can complete the work as outlined in the scope of work. If the bid is determined to be reasonable and responsive it may be accepted as the winning bid.

H. Homeowner-Contractor Agreement

After approval of the bid, Staff prepares a Homeowner-Contractor Agreement. Staff then arranges a time and date with the homeowner and contractor to sign documents.

At signing, applicants and contractor sign all required documents. The Contractor will also discuss the details of the project with the homeowner and Staff.

I. Notice to Proceed

Along with execution of all grant documents, Staff shall issue a written Notice to Proceed to the contractor. The Contractor will commence work no later than ten (10) business days after the execution of the Homeowner-Contract Agreement, unless a later date is mutually agreed upon by the homeowner, contractor and Lexington County CDBG staff.

J. Contractor Payment

Request for payment

Upon completion of work set out in the Homeowner-Contract Agreement, the contractor will submit an original invoice identifying the work items completed and their cost, to Lexington County CDBG staff, or their designee.

Payment Process

Following receipt of all items listed above, Staff or their designee, shall:

- Inspect the property to ensure all work has been completed and is in compliance with all County codes.
- Obtain a signature from the homeowner on a completed Certificate of Final Inspection form and Closeout Conference form.
- Obtain a signature from the contractor on a completed Contractor Warranty form and Final Release and Waiver of Liens form.
- Forward authorized contractor invoice to Procurement Services for payment.

K. Change Orders

A change order occurs when there is any modification to the agreed upon scope of work. The modification may be relatively minor or incorporate a major change. A change order must be executed for any deviation, addition, or deletion made to the original job specification (even if there is no cost change). Change orders must be in writing and approved by the homeowner, Rehabilitation Inspector, and the Contractor.

Since change orders add to the administrative cost of the job they will only be considered if additional code violations (2003 International Property Maintenance Code) are discovered during the repair or if the change is necessary for proper job completion.

All change orders must be evaluated for cost reasonableness and for the effect it will have on the amount of assistance approved prior to the change order. The cost analysis of the recommended change will be documented and will include a statement verifying that the approved cost is both reasonable and acceptable.

The Rehabilitation Inspector will establish the cost reasonableness of the change order.

If a change order reduces or increases the amount of assistance provided, the Homeowner-Contractor Agreement will be amended.

VIII. MARKETING PROGRAM

The Minor Home Repair Program may be marketed in a variety of ways. This may include informational brochures, flyers, newspaper articles, advertisements, the County's website and other methods.

IX. APPEALS

Applicants may appeal a decision of denial by filing a written appeal to the Lexington County Community Development Department within 30 calendar days of receipt of such a written decision. CDBG Staff or the CDBG Advisory Committee will review the appeal. If the appeal is not approved the denial will be final.

X. PROGRAM CHANGES

At the discretion of the Community Development Block Grant Division, the program may be modified to ensure maximum efficiency and effectiveness of program funds and to otherwise meet the intent of assisting lower income households in improving their homes through the program.

XI. DISCLAIMER

Any discussions with or any information given by a Lexington County employee or its designee regarding application for the Lexington County Minor Home Repair Program prior to receipt of a formal commitment letter from Lexington County or its designee committing a specific amount of funds to the project is only for program information and may not be considered a binding commitment on the part of Lexington County to provide funds or technical assistance to the project.

Any costs incurred prior to receipt of a formal commitment letter from Lexington County or its designee committing a specific amount of funds to the project is at the risk and expense of the applicant.

Lexington County does not discriminate on the basis of age, race, color, religion, sex, national origin, disability or familial status in the admission or access to, or treatment or employment in, its federally assisted programs or activities.