



CITY OF NEW BERN, NC Community Development Block Grant Housing Rehabilitation Program Policies and Procedures

The City of New Bern's Development Services Department proposes to use CDBG funds to finance owner-occupied housing rehabilitation within the City of New Bern in partnership with non-profit subrecipients. The City is partnering with the Duffyfield Phoenix Project, Inc. and Religious Community Services to administer these activities.

- **Duffyfield Phoenix Project** - will provide assistance to low- and moderate-income homeowners within the City of New Bern for housing rehabilitation work related to health and safety issues for income qualified homeowners through a program entitled the Minor Housing Rehabilitation Program (MHRP). MHRP will not provide full house rehabilitation. The amount of financial assistance is up to \$10,000 per household.
- **The Religious Community Services (RCS)** - will use CDBG funds to provide assistance to low- and moderate-income homeowners within the City of New Bern for repairs and/or replacement of HVAC systems and/or water heaters through the RCS-CDBG: Restore Program. The amount of financial assistance is up to \$10,000 per household.

Duffyfield Phoenix Project - Minor Housing Rehabilitation Program (MHRP)

The CDBG Minor Housing Rehabilitation Program (MHRP) will provide assistance to low- and moderate-income homeowners within the City of New Bern for repairs related to health issues and safety issues for qualified homeowners. MHRP will NOT provide full house rehabilitation.

The amount of assistance is limited to the amount to address work listed below in the "Purpose of the Program". The maximum amount of assistance per household will be \$10,000, a house may receive MHRP funding only once every ten years.

Purpose of the Program:

The Purpose of MHRP is to provide assistance to eligible homeowners for repairs related to health and safety. Eligible repairs may include, but not limited to the following:

- Roof replacement or repair
- Window replacement or repair
- Insulation installation or replacement
- HVAC replacement or repair
- Plumbing and electrical replacement or repair
- Floor replacement or repair of major deteriorated areas
- Minor exterior repairs

- Accessibility improvements to make the home ADA compliant

All completed projects must be in compliance with the City's Minimum Housing Code.

Religious Community Services - CDBG: Restore Program

The Religious Community Services (RCS) - CDBG: Restore Program provides assistance to low- and moderate-income homeowners within the City of New Bern for repairs and/or replacement of HVAC systems and/or water heaters.

The amount of assistance is limited to the amount required to repair and/or replace HVAC systems and/or water heaters, for income eligible homeowners. The maximum amount of assistance per household is \$10,000. A house within eligibility standards may receive funding only once every 10 years.

Purpose of The RCS - CDBG: Restore Program:

The purpose of the RCS - CDBG: Restore Program is to provide assistance to income eligible homeowners for repairs/replacement of HVAC systems including duct work as necessary and water heaters including plumbing, as necessary, due to health and safety concerns. Eligible repair/replacement available work through the RCS - CDBG: Restore Program is the HVAC system and water heater.

All completed projects must be in compliance with the City's Minimum Housing Code.

Type and Terms of Assistance:

The City will provide up to \$10,000 in CDBG funds per home for eligible repairs. The City staff and its Non-profit partners will determine which repairs are eligible and needed.

Terms of Assistance for the rehabilitation work construction will be in the form of a secured, **no interest, forgivable loan with a reduction by 20% per year for 5 years** on the anniversary of project completion. The City of New Bern will **secure the loan with a lien on the property**. The **lien** will be filed at the time of completion of the project in the amount of funds expended.

In the event the owner-occupant sells the property, transfers the property, or the property is no longer the principal residence of the owner-occupant, the remaining balance of the forgivable loan will become due and payable. Any exception will be at the discretion of the City of New Bern. If the owner-occupant dies and the property becomes the primary residence to an income eligible heir to the property, the City of New Bern may allow the new owner-occupant to assume the original loan with possible changes to the terms or conditions. The City of New Bern will treat any recaptured funds as Program Income.

Eligibility Standards-Income:

The City through its non-profit partners, will provide assistance to low- and moderate-income households as defined by HUD's annually published income limits. These limits will be used to determine eligibility based on gross household income at the time of the application or any update of income required by the program. Low- and moderate-income is defined as 80% of Area Median Income. Annual household income is determined on the anticipated household income for all household occupants for the upcoming 12 months. The U.S. Department of HUD publishes each year the low-and moderate-income limits based on family size. The City and its non-profit partners will use the following sources of income to determine the household income and verify each through source documentation.

1. Gross wages, salaries, overtime pay, commissions, fees, bonuses and other compensation for personal services.
2. Net income from the operation of a business. This income shall be determined as the higher of the current year-to-date income or the highest net income for the previous 3-year period based on Federal Tax Returns.
3. Gross periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability benefits, death benefits or similar periodic payments.
4. Periodic payments in lieu of earnings such as unemployment, worker's compensation, severance pay and welfare assistance.
5. Periodic and determinable allowances which are reasonably expected to continue such as alimony, child support payments, or regular gifts or contributions.
6. Armed Forces regular pay for a service member whose primary residence is the affected property.

The City and its non-profit partners will exclude the following sources of income when determining gross household income.

1. Household members under the age of 18 or full-time students under the age of 25.
2. Payments received for care of foster children.
3. Lump sum additions to assets such as inheritance, insurance payments to include health, accident or worker's compensation insurance, capital gains and settlement for personal and property losses.
4. Payments for the cost of medical expenses to include reimbursements.
5. Income received by a live-in aide. The City and its non-profit partners will not consider a live-in-aide a member of the household.
6. Educational scholarships or aid.
7. Special pay for a household member in the Armed Forces who is exposed to hostile fire.
8. Temporary, non-recurring or sporadic income.
9. Lump sum payments of SSI or Social Security benefits or food stamps.

The City and its non-profit partners will require each household member to provide a copy of their latest Federal Income Tax Return. Any individual who is exempt from filing a tax return must provide an Exempt Tax Return Verification form.

Eligibility Standards - Other:

Applicants must meet the following requirements to be eligible to participate in the housing rehabilitation program.

1. The property must be located within the City of New Bern corporate limits.
2. The owner of the property must reside and continue to reside in the residence as his/her primary residence.
3. All property taxes must be paid and current. The City and its non-profit partners may determine through the City Tax Office if the owner is eligible to sign a Payment Agreement or similar document with the Tax Collector and therefore will be considered in compliance with this requirement.
4. Liens on the property, not including a first mortgage, cannot exceed 50% of the tax assessed value of the property. The City and its non-profit partners will examine this requirement on a case-by-case basis.
5. The current owner-occupant must have lived in the residence as their primary residence during the previous calendar year.
6. The owner must have and maintain homeowners' insurance at time of application and for the duration of the five-year lien period.

Mobile Homes:

Mobile Homes are generally considered personal property and must be located on property owned by the owner-occupant. The home must be secured to the ground or on a permanent foundation. Assistance is not to exceed \$10,000 and will be secured by a lien.

Application Process:

Applications will be processed on a first come, first served basis. Interested applicants may obtain an application packet at the following locations:

- **Duffyfield Phoenix Project, Inc.** - located at 201 Johnson Street, New Bern, NC
- **The Religious Community Services** - located at 919 George Street, New Bern, NC 28560 - Cypress Street Entrance.
- **City of New Bern's Development Services Department, Economic and Community Development Office** - located at 303 First Street, New Bern, NC 28563

The applicant must return the completed application and income questionnaire to Duffyfield Phoenix Project, Inc. for housing rehabilitation work related to health and safety issues, or the Religious Community Services for repairs and/or replacement of HVAC systems and/or water heaters. Completed applications may also be dropped off at the City of New Bern's Development Service Department, Economic and Community Development Office and will be routed to the appropriate City partner. The

application must contain the following information for all persons in the household over 18 years of age as well as names and ages of all occupants.

1. The last three (3) statements of the following information.
 - pay stubs
 - bonuses
 - checking accounts
 - savings accounts
 - money market accounts
 - dividends from stocks, bonds, retirement accounts, etc.
2. Statements from Agencies for Social Security payments, Pension payments, Veterans payments and similar other periodic payments.
3. Federal Tax return or exempt Tax Return Verification for the most recent calendar year.
4. Deed or mortgage to the property (original or copy). Provide a DMV title for personal property for mobile homes.
5. Verification that mortgage payments are paid and current.
6. Verification of enrollment for full-time students under the age of 25 years of age.

The City and its non-profit partners will verify tax value, status of tax payments, and utility statements through the appropriate County and/or City office and will not consider the residence for assistance until all information is received. The City and its non-profit partners will notify ineligible applicants of their status.

The City and its non-profit partners will complete an Environmental Assessment of the property as required by HUD and will evaluate the residence for Lead-Based Paint hazards.

Contractors:

The City and its non-profit partners will solicit bids from a minimum of three (3) local, responsible contractors, and will award the contract to the lowest, responsible bidder. All contractors and subcontractors must possess a valid Unique Entity Identifier (UEI) number and be fully registered at the System for Award Management (SAM.gov).

The City and its non-profit partners reserve the right to “group” houses for award and limit the number of contracts a contractor may receive in order to expedite projects, in response to the Program Expenditures timing requirements.

Individual contracts when issued will be between the homeowner and contractor. All contractor payments will be made by the City of New Bern directly to the contractor upon receipt of an invoice provided by the appropriate non-profit partner after work has been satisfactorily completed and inspected.

Contracting Requirements:

The contractor shall have insurance for Bodily Injury (including death) - \$ 100,000 per occurrence and \$300,000 total, and Property Damage - \$50,000 and shall list the City of New Bern and its non-profit partners that are administering the project work as additional insured.

The contractor shall obtain all permits, perform all work in accordance with local codes, use properly licensed sub-contractors, pay all sales and other taxes, and assign the contract only with the written permission of the homeowner and the City of New Bern and the non-profit partner who is managing the housing rehab.

The contractor shall provide a one-year warranty on all work and labor. Manufacturers' warranties will be in effect for all materials. The warranty period shall commence on the date of final acceptance by the homeowner.

Rehabilitation Procedures: Scope of Work:

The City of New Bern and its non-profit partners will schedule an appointment to inspect the house for potentially eligible housing rehab needs. The homeowner should report any known problems such as roof leaks, electrical, plumbing, heating and/or cooling issues. The Project Manager will make a determination of the work which can be included in the scope of work given the target program activities and financial limitations. The Program Manager will have the final determination of the scope of work. The City of New Bern and its non-profit partners will be financially responsible for the scope of work and subsequent construction contract. The Program Manager will complete a Lead-Based Paint Risk Assessment on each house, if the house was built prior to 1978.

Rehabilitation Procedures: Bid and Construction Startup:

The Project Manager will schedule a time schedule for interested contractors to complete a pre-bid inspection of the items in the scope of work. The City of New Bern and its non-profit partners will publicly open bids at 303 First Street, New Bern, NC 28563. The City of New Bern and its non-profit partners will follow formal bidding procedures for all bid openings. After the award of bid the City of New Bern Community Development Coordinator, the non-profit partner will conduct loan closings and contract execution as required.

The Project Manager will schedule a pre-construction conference with the homeowner and contractor prior to commencement of work. At the conference, all work in the construction contract and proposed schedules for the work will be discussed. The homeowner will be responsible for removal any personal property from the proposed work areas and secure the property to prevent damage to the property during rehabilitation.

Rehabilitation Procedures: Change Orders:

The non-profit Project Manager will require the homeowner, contractor and the City of New Bern Community Development Coordinator to approval of all Change Orders in writing. The non-profit Project Manager may direct work be done through a field Change Order in cases of potential danger or damage to personal property. The non-profit Project Manager will process a formal Change Order as soon as possible after the field directive. The contractor will only be responsible for additional work authorized by a Change Order or field Change Order directive. No work will be permitted as “side deals” between the homeowner and contractor.

Rehabilitation Procedures: Completion Conference:

After completion of all work, the Program Manager will meet with the homeowner to review the work completed, provide any instruction manuals and warranties and review operation and maintenance of equipment.

The Contractor must complete all work at a quality level consistent with the Standards of the Industry. Once the work is satisfactorily completed, the homeowner will sign an Owner's Acceptance to close the contract. If the homeowner refuses to sign an Owner's Acceptance for work properly completed, the City of New Bern Community Development Coordinator, its non-profit partner, and City Inspector will inspect the property and if the work meets the aforementioned quality levels, close the construction contract without a signed Owner's Acceptance. All work will have a 1-year warranty for labor and materials which will have in effect a manufacturer’s warranties. The City of New Bern will finalize the Mortgage/Deed of Trust and the lien.

Complaint Procedure - Application Process:

If an applicant feels that the non-profit partner staff did not fairly review an application, the applicant must contact the City of New Bern Community Development Coordinator within 10 working days of notification to discuss the issue.

Complaint Procedure - Construction Process:

If the homeowner feels the Contractor is not completing work in accordance with the contract, building code, or good practice, the homeowner should contact the Program Manager. If these parties are unable to resolve the issue, all parties will conduct a conference with the City of New Bern’s Director of Development Services. If this conference does not render a resolution of the issue, the New Bern City Manager shall render a final decision.

Policy and Procedure Changes:

The City of New Bern may revise these Policies and Procedures from time to time for effective management of the Housing Rehabilitation Program.

Contact Information:

General Program Information Contact:

City of New Bern's Development Services Department
Economic and Community Development Office
Ms. D'Aja Fulmore, Community Development Coordinator
303 First Street, PO Box 1129, New Bern, NC 28563
Phone: (252) 639-7586
Fax: (252) 636-2146
Email: fulmored@newbernnc.gov

General Home Repairs:

The Duffyfield Phoenix Project, Inc.
Ms. Anne Schout
Minor Housing Rehabilitation Program
201 Johnson Street
New Bern, NC 28560
Phone: (704) 562-9608
Email: duffyfieldphoenixproject@gmail.com

Furnace and Water Heater Replacement:

Religious Community Services
Ms. Katrina Henderson, Case Management Coordinator
Attn: Client Services
P. O. Box 704
919 George Street
New Bern NC 28563
Phone: (252) 633-2767 Ext. 4013
Email: khenderson@rcsnewbern.com