

It is the Mission of the Ottawa County Community Action Agency to reduce the effects of poverty by promoting self-sufficiency and economic independence.



COMMUNITY DEVELOPMENT BLOCK GRANT

Created and Distributed by the
Ottawa County Community Action Agency
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Home Rehabilitation Program Customer Handbook



miottawa.org/caa
800.764.4111



HOUSING PROGRAMS

What is CDBG?

The Community Development Block Grant Home Rehabilitation Program (CDBG) was set up to help eligible homeowners repair their homes. Up to \$25,000 can be used to repair a home to improve the basic living conditions. Emergency repairs are made to correct issues threatening the health and safety of the homeowner.

Before you apply for a Rehabilitation Loan think about the following:

- This is a loan and you will need to pay it back.
 - Repairs will fix all health and safety issues and basic living conditions. Remodeling will not be permitted with this grant.
 - When repairs are done the house will not be completely “new and improved”.
 - House repairs may not be done exactly as you pictured.
 - Houses always need some fixing-up. It would be a good idea to save \$25 a month to help cover the cost of future repairs and/or maintenance.
 - CAA staff are not contractors and cannot guarantee that you will be satisfied the repairs. All floors, walls, ceilings, doors and windows may not be perfectly plumb, level or square when work is finished.
 - Refinancing your house to gain a better rate and/or term is allowed, however, refinancing for any other reason is not allowed and the loan would need to be paid off immediately.
- If you, as the homeowner, want a different contractor you must pay the difference between the lowest bid and the bid of your selected contractor.
 - During the closing you must pay your co-payment (This payment must be a money order or cashiers check).
 - A mortgage (lien) is placed on your property and recorded with the Register of Deeds.
 - Repairs should start within 14 days, unless prior arrangements have been made.
 - Once work is complete, a final inspection will be done.
 - You must agree with the completion of the repairs and sign a release of payment so contractor can be paid.
 - If you sell your home, have a title transfer, or die, the mortgage must be paid as directed in the mortgage note.
 - If you work for CAA, Ottawa County Commissioners, or Ottawa County Housing Commissioners you must write it on your application.

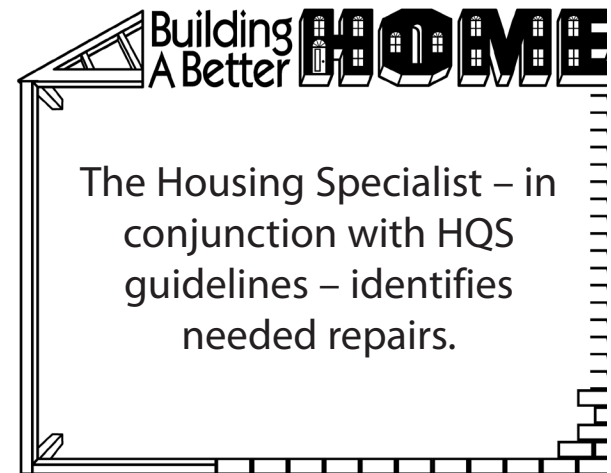
Step-by-Step Guide to Participation

All eligible applicants will be selected on a first-come, first-served basis.

- You will attend an orientation session to obtain an application, learn about the program, and ask CAA staff any questions you may have.
- Submit all required documentation to your Assessment and Eligibility Specialist to figure out your household income.
- If the house was built prior to 1950, pictures and paperwork must be sent to the State Historical Preservation Office (SHPO) to determine any historical value.
- The Housing Specialist will inspect your home and write out the work specification keeping in mind what you wanted fixed and what needs to be done to meet HQS.
- You must agree to the written Work Specifications.
- A pre-bid conference is set up with the contractors and yourself. You must be in attendance. You may invite a licensed contractor of your choice.
- A licensed general contractor must make the repairs. (If Lead is present, a certified Lead Paint contractor must do the repairs.)
- Housing Specialist will review and compare the bids with the homeowner and select the lowest bid to make repairs.

To Be Eligible an Applicant Must:

- Be an individual or family who owns and lives in a home in Ottawa County (homes in the City of Holland are not eligible).
- If you purchased your home with a land sales contract, you and the land contract holder must agree to the repairs.
- The Deed to your home must be recorded with the Ottawa County Register of Deeds office.
- Your household income must be within the income requirements.
- You must have a current homeowners insurance policy on the property.
- Payment of your property taxes must be up-to-date.
- You must hand in documents requested by the Assessment and Eligibility Specialist as needed.
- Manufactured homes are eligible to receive CDBG funds only if permanently attached to a foundation.
- Rental units are not eligible.



Repairs that *can* be done using CDBG funds:

- Fixing or repairing sanitary water, waste disposal systems, and/or fixtures.
- Energy saving measures like insulation and/or insulated windows or exterior doors.
- Heating system repairs or replacement.
- Electrical wiring repairs or updates to wiring system.
- Correcting structural or foundation support.
- Roof repairs or replacement.
- Siding, porches or stoop repairs.
- Repairs to the inside/outside of the home for handicap accessibility.
- Correct health hazards.
- Additions to conventional homes to correct overcrowding only if approved.
- If painting, carpeting or kitchen cabinets fail a HQS inspection, funds may be used for new paint, new carpeting or kitchen cabinet repair or replacement.

Repairs that *cannot* be done using CDBG funds are:

- To build or finish building a new home.
- Refinancing debt or obligations that happened before apply for CDBG funds
- Any repair not approved by the Housing Specialist or Housing Quality Standards (HQS).

Selecting Contractors

Here are some pointers for selecting a contractor:

- ✘ MSHDA and CAA require at least two contractor bids.
- ✘ If you know a licensed contractor you may invite them to the pre-bid conference.
- ✘ CAA requires contractors have and show their Michigan Residential Builders License, provide proof of insurance (insurance must cover property damage and injury protection), and have work experience. CAA will check contractors' information.
- ✘ You may not discriminate when asking contractors to make a bid.
- ✘ You may not sign any contract before the loan has closed at the CAA office. Work will not begin prior to proper authorization by CAA staff.
- ✘ Complaints against a contractor, greater than 1 year, will not be considered. (Except those alleging fraud, abuse of other criminal activities.)

Household Income:

CAA serves families with a household income up to 80% of the Area Median Income (AMI). The Assessment and Eligibility Specialist will figure out your household income by using the AMI Table and comparing that information with your household income documents.



AMI TABLE:

Below or up to % of median	household contribution % of project cost
40%	2.5%
41-50%	5%
51-60%	10%
61-70%	15%
71-80%	25%

Co-Payment

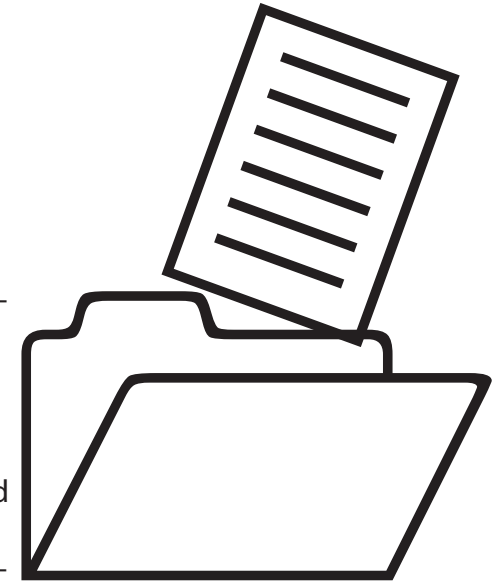
Each household receiving CDBG funds must pay a co-payment based on repair costs and household co-payment percentages. The Assessment and Eligibility Specialist will look at your annual household income and family size to come up with your co-payment. The co-payment tables shows a breakdown of this information.

A waiver or partial reduction of the co-pay is an option when it would impose a financial hardship. The participant would have to put in writing their reasons for requesting the waiver and submit the relevant documentation necessary to make a fair decision. The Assessment and Eligibility Specialist can answer questions regarding the criteria that are used on this case-by-case-basis waiver.*

**Adopted by the Community Action Agency Advisory Board, January 22, 2007.*

Contractor Requirements

- ✘ Contractor must be licensed by the State of Michigan and provide a copy of their current Contractors License to the Housing Specialist.
- ✘ Contractor must carry liability and workers compensation insurance.
- ✘ Contractor must comply with all Federal, State and County Fair Housing ordinances, be an equal opportunity employer, and solicit bids from female and minority sub-contractors.
- ✘ Contractor must work within the specifications and insure that work complies with the Department of Housing and Urban Development (HUD), Housing Quality Standards (HQS), MSHDA Moderate Rehabilitations Standards, Michigan Residential Code and Local Housing Ordinance.
- ✘ Contractor must begin work within 14 days of the "Proceed to Work Order" being issued, unless other arrangements have been made.



Fair Housing and Equal Opportunity Requirements:

For a detailed description of the Fair Housing and Equal Opportunity Requirements please read the *Fair Housing It's Your Right* booklet.



Co-payment Table:

Status of Household Within AMI		Co-payment Responsibility
Below	40%	2.5 % of project costs
Between	41 % - 50 %	5 % of project costs
Between	51 % - 60 %	10 % of project costs
Between	61 % - 70 %	15 % of project costs
Between	71 % - 80 %	25 % of project costs

The following boxes show a breakdown for both 5% and 10% co-payment costs. The boxes are to be used as an example; CAA will help you calculate your co-payments.

5% Co-payment Example

If you must pay 5% of the project you would pay:

Project costs	\$5,000	You pay \$250
Project costs	\$10,000	You pay \$500
Project costs	\$15,000	You pay \$750
Project costs	\$20,000	You pay \$1,000
Project costs	\$25,000	You pay \$1,250

10% Co-payment Example

If you must pay 10% of the project you would pay:

Project costs	\$5,000	You pay \$500
Project costs	\$10,000	You pay \$1,000
Project costs	\$15,000	You pay \$1,500
Project costs	\$20,000	You pay \$2,000
Project costs	\$25,000	You pay \$2,500



Lead-Based Paint Poisoning

Please be sure to take the time to read the information provided concerning the hazards and prevention of lead based paint poisoning. Lead based paint issues may require temporary relocation.

Important!

Lead from paint, dust, and soil can be dangerous if not managed properly.

Fact: Lead exposure can harm young children and babies even before they are born.

Fact: Even children who seem healthy can have high levels of lead in their bodies.

Fact: People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.

Fact: People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

Fact: Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read the *Protect Your Family From Lead in Your Home* pamphlet.

Information taken from the *Protect Your Family From Lead in Your Home* booklet which was produced by the following: United States Environmental Protection Agency, United States Consumer Product Safety Commission, and the United States Department of Housing and Urban Development.