

*City of Milford*  
Department of Economic & Community Development  
70 West River Street, Milford, CT 06460  
Office 203-783-3230 Direct Line 203-701-4479  
Sheila Dravis, CDBG Administrator  
[sdravis@milfordct.gov](mailto:sdravis@milfordct.gov)  
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## **Single Family Housing Program**

### **Program Policy & Procedure**

#### **Introduction**

The Department of Economic and Community Development administers the housing program with Community Development Block Grant Program (CDBG) funds, an entitlement grant it receives from the U.S. Department of Housing and Urban Development (HUD) under the provisions of Title I of the Housing and Community Development Act of 1974, and 1983 and 1987 amendments thereto.

The program is designed to provide eligible Milford homeowners an affordable way to improve accessibility and energy efficiency in the home to create a safe and reduce overall housing costs.

#### **Program Policy**

CDBG funds are available to eligible owners on a first come first serve basis. Approval of federal financial assistance is determined in accordance with HUD regulations and the policy and procedures contained herein and are applicable to all persons, 18 years of age or older, who reside in the household. An applicant is required to re-certify household income eligibility after 12 months if assistance cannot be provided in that time period. The program manager reserves the right to revoke program assistance should information come to light that the applicant is not eligible or not fund an activity if it exceeds the maximum allowed by budget. Milford reserves the right to close the program or create a waiting list until a new program year funds can be allocated.

#### **Nondiscrimination**

The Federal Fair Housing Act protects against discrimination in purchasing, renting, or securing housing financing, and prohibits discrimination based on race, color, national origin, religion, sex, disability and households with children. Section 109 of the Housing and Community Development Act of 1974 requires that no one shall, on the grounds of race, color, national origin, sex, age or a disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with CDBG funds. Any person or property in question, actively or inactively opposing the law will not receive federal funds until the matter is resolved.

The Connecticut Fair Housing Act prohibits against all the above including marital status, sexual orientation, gender identity, legal source of income, refusing to accept Section 8, for example, and Veteran status. Connecticut law designates persons with disabilities and 62 years and older a protective class to provide legal protection from eviction.

In addition, any property owner as a condition to obtaining a program funds, must comply with all applicable requirements imposed by or pursuant to regulations effectuating Title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968 regarding the sale, lease, use or occupancy of

his/her property.

### Dislocation or Relocation

The federal relocation funds are eligible should a CDBG housing activity permanently displace an owner or tenant(s) from a property. 42 USC Chapter 61 Uniform Relocation Assistance and Real Property Acquisition Policies for Federal and Federally Assisted Programs. (Title 42 – The Public Health and Welfare)

CDBG non-emergency repairs to a private property, with 1 to 4 units, do not dislocate or require an Owner and/or tenant(s) to vacate the premises. The program does not pay costs for the owner to temporarily relocate. The owner is responsible for cost of accommodations to temporarily relocate should that be necessary of the owner or the tenant.

### Program Amendments

The city reserves the right to amend its housing program(s) at any time, without notice, to further the goals of the program or to protect and/or preserve the city's interests and improve the program's benefit to the community.

## **Application Process, Requirements & Eligibility**

The program manager determines applicant eligibility for assistance in accordance with the requirements set forth below and the HUD Community Planning Department (CPD) Income Eligibility Calculator. The owner will be required to re-certify their household income if the project hasn't begun within 12 months of initial eligibility notification.

Before submitting an application, the applicant is required to **schedule an appointment** with CDBG program staff for review of the application and all documentation. The income verification process will not begin until the application is complete.

Program manager will send the owner written notice of income and project eligibility. The eligible owner will be placed on a waiting list prioritized according to the date complete applications are received and determined to be income eligible. Non-eligible owners are encouraged to re-apply if their financial circumstances change.

### **Submit the following documentation with the program application. Additional information may be requested during the application review process.**

- **Income Tax return**, most recent year, Federal and State with Schedules and W2's.
- **Earned Income**: 1099-Misc or wage statement, most recent 8 weeks. Include an explanation of other employment compensation, i.e. overtime hours (guaranteed or not-guaranteed), bonus commission, etc.
- **Other Employer Income**: Include explanation of non-salary income compensation, i.e. overtime hours, bonus, commission, if applicable.
- **Other Revenue**: investment distributions, alimony and/or child support amount, unemployment statement, rental property lease, independent contractor, etc.
- **Benefit Income**: ALL Social security, disability, unemployment, Workmen's Compensation, military pay, Food Stamps (SNAP), Aid to Family payments (AFDC), etc.
- **Bank**: ALL CD, saving(s) and checking account statements, past 6 months.

- Investment/IRA: ALL IRA, CD, cash reserve, stocks, bonds and pension account statements, past 6 months.
- Other Cash: Document lump sum or one time deposits, such as monetary gifts, inheritances, capital gains, lottery winning, insurance settlements or other.
  - Cash assets over \$5,000 are considered income. Cash assets up to \$50,000 will not disqualify an applicant from assistance if no other financial retirement or investment accounts are available to the applicant(s).
- Lender Mortgage Statement with loan balance, monthly payment, escrow and account number, most recent, and/or notice of mortgage modification, Bankruptcy or Foreclosure statement.
- Property with a reverse mortgages are not eligible for assistance.
- Declarations page from the Homeowners insurance policy and Flood insurance policy (if applicable, most recent).
- Bankruptcy Grant Notice and/or a Foreclosure Writ of Possession statement.
- Current utility statements with buyer(s) name, address, account balance.
- Full time student verification: college enrollment letter from registrar or recent grades documenting a minimum of 12 credits or 4 classes.
- Divorce agreement, if applicable.
- Tenant Household Income Certification, if applicable
- Lead Base Paint Notification Form.

#### Household Income Verification

The household's annual adjusted gross income must not exceed the HUD Income Limit. Program eligibility is based on the household income. All persons over the age of 18, except for a full-time student, must submit the documentation listed above at the time of application.

#### **HUD Income Limit 5/15/2023**

<b><u>Household Size</u></b>	<b><u>Annual Adjusted Gross Income (AGI)</u></b>
	<b>80% Area Median</b>
1	\$66,300
2	\$75,750
3	\$85,200
4	\$94,650
5	\$102,250
6	\$109,800
7	\$117,400
8	\$124,950

#### Property Requirements

To participate in the CDBG program, the owner shall:

1. Owner holds clear legal title to the property. A reverse mortgage is not considered clear title.
2. Verify primary residency (owner-occupancy).
3. Be current on all City property taxes.
4. Submit Homeowner's Insurance Policy and/or Flood Insurance Policy.
5. Owner will add the City of Milford as an additional insurer to Homeowner's Insurance Policy and/or Flood Insurance Policy/

6. Property may not be over mortgaged. Owner Mortgage(s) Statement verifies loan to value. The property equity will be reviewed to determine it is not over mortgaged, .
7. Property may not be in default, in current bankruptcy or foreclosure proceedings.
8. Execute an agreement and mortgage lien to secure the program loan by the City of Milford.

## **Funding Parameters**

Assistance to improve a residential property is allowed once during the period of ownership. The specific property must be the owner(s) only residence. The project budget may exceed the limit if unforeseen work is deemed an emergency or necessary by the staff, and prior to contract closing and/or recording of the second mortgage deed.

0% Interest Loan Term Period:	5 year	\$5,000 - \$10,000 loan
	10 year	\$10,001-\$20,000 loan
	15 year	\$20,001-\$30,000 loan

The financial assistance is in the form of a 0% interest loan to eligible owners. No loan payments are due or accepted during the loan term period. The loan is secured with an Agreement and second Mortgage Deed and recorded on the Milford Land Records. The loan is forgiven after the loan term is completed. Prior to end of restriction period, the loan amount will be reduced at a monthly prorated amount equal to total loan/restricted period, multiplied by the remaining months in the restriction period. When the loan term has expired the CDBG Administrator will advise the owner by letter after the loan is released on the Land Records.

Should the Owner sell or otherwise transfer Title on the property prior to the loan term ending then the owner will pay the balance of the loan at the prorated amount. The Owner or their attorney may write to the CDBG staff to request a loan payoff amount at any time. Should the Owner want to open a home equity loan with a bank, the city will consider subordinating its loan if the Owner is willing to submit to a household income verification to determine if the household income does not exceed the HUD Income Limits at that time.

Title Transfer: sale of the property, transfers ownership interest through an estate or probate process to person other than spouse. Refinancing with an appraisal, a lower interest rate and no cash at closing will be subordinated. Reverse mortgages will not be subordinated. Subordination to an estate title transfer will be considered if the owner can verify the household is income eligible. The program manager has the sole discretion to grant or refuse to subordinate city interest in all cases

### Project Eligibility

The applicant's project requests will be verified and inspected prior to approval. The city reserves the right to reject project requests that do not meet the program criteria. The program seeks to replace existing equipment or material with new standard material quality or install new product to improve living environment.

Eligible improvements include: health, safety and building code corrections; Energy efficient improvements such as new doors, roof, siding, windows, insulation, gas conversion with related carpentry work; Water and sewer pipe from the home due to collapse or tested for health code; Replace exterior railings; repair concrete steps and walkways if unsafe due to deterioration. Lead based paint testing and stabilization; disintegrating asbestos, mold hazard, or other, when remanded by the Health Department or tested positive by the homeowner; and install smoke and carbon monoxide detectors, if

older than 5 years. Accessibility modifications for disabled household members, removal of architectural barriers such as widen doorway, floor area, ADA compliant bathroom.

Ineligible projects include: new construction, exterior work (unattached structures): driveway, landscaping, fencing; the installation of luxury items or cosmetic improvements, purchase of equipment such as a window air conditioners, refrigerator, and laundry; labor by owner; and general maintenance and repairs. Minor repair to sidewalk if located in an eligible census track and connected to approved walkway.

This program is not an “emergency repair” program. If the schedule allows, CDBG staff will attempt to quickly resolve an “immediate need” but all program requirements must be followed. The program recognizes an “immediate need” repair as a failed roof, heating system, oil tank leaks, septic, collapsed sewer or water line and electrical due to code violation.

A property constructed prior to 1978 requires a lead-based paint inspection for deteriorated paint and a risk assessment. The publication ***Protect Your Family from Lead in Your Home*** and the LBP notification form for signature by the owners and building occupants.

If warranted a LBP test will be performed by a certified lead professional. The lead based paint inspection accomplishes the following:

- Identify surfaces containing unsafe levels of lead-based paint, might be disturbed when the repair work is performed thus creating a potential risk
- Determine the presence and number of children under age six that might potentially be exposed to lead-based paint hazards within the structure.

The results of the assessment will be compiled into a written report and a copy will be provided to the property owner and all occupants. The cost of tests or stabilized will be paid from grant funds awarded by the U.S. Department of Housing and Urban Development and administered by the Department of Economic and Community Development and will not be included in the project loan amount.

Additional environmental concerns.

- Lead safe paint stabilization or abatement upon Health Department order
- Asbestos test, with Health Department coordination
- Carbon Monoxide and radon test, with Health Department coordination.
- Underground oil tank removal, testing and clean-up (subject to limitations),
- Water testing, with Health Department coordination.

## **Project Coordination**

### Inspection and Scope of Work Process

The program staff will inspect the property, order a LBP test if necessary, discuss how a contractor will be retained, prepare a project scope of work for the owners review and approval. A contractor will receive a bid/quote package with required documentation, submission instructions, general conditions, project scope of work, a bid/quote form and additional required forms necessary to submit a complete bid/quote package for consideration.

A bid package will incorporate the project specifications and the lead-based paint report, if applicable, and approved by the owner. The package provides general conditions and instructions to the contractor, bid form, local, state and federal acknowledgements and affidavits, a bid due date and date of a mandatory pre-bid walk-through, if necessary to inspect the project. A bid notice will be emailed,

and published on the City webpage and/or in the newspaper. Qualified contractors must submit all bid requirements to be considered. The Owner may not request the contractor complete any additional work before or during the CDBG funded project.

#### Bid Instructions and Selection

A mandatory bid walk-through may or may not be required depending on the project and availability of pre-qualified contractors. If a mandatory bid walk-through is held, only contractors in attendance are allowed to submit bid proposals.

City and federal procurement procedures are followed. HUD requests at least two competitive bids per project or approval of a single source. All bids received are reviewed by the CDBG Administrator, Project Manager and Owner. The bid is awarded to the lowest qualified bidder. If the owner chooses to award the contract to a contractor other than the lowest bidder, Owner may choose a higher qualified bid but is responsible for the additional cost. Once awarded, the contractor will submit any additional documentation required by the bid package within the time allowed.

A scope of work will be prepared for owner approval. One scope of work per property.

1. If the project estimate is accepted the owner will sign the estimate. If the estimate is under \$5,000, additional eligible work will not be added after a contract is signed. Costs exceeding \$5,000 will be paid by the owner to the contractor. The final payment is CDBG funds.

No work may begin until all federal, state; local requirements are met, including a signed contract, notice to proceed and building permit. The contractor and owner agree on a project timetable and sign a Notice to Proceed (NTP) prior to starting the project. The contractor agrees by way of the bid form, contract and NTP to complete the work in a responsible manner and within the required timeframe.

Construction work for repairs financed through the Housing Repair Program shall be undertaken only through a written contract between the contractor and the property owner. Provisions of general conditions shall be included in all contracts to protect the property owner and establish parameters for how the work will be performed and the quality standards expected of the contractor.

#### Project Management

The Owner is under contract and responsible to ensure the work is completed accordingly and advising the Project Manager or CDBG Administrator when question arise or concerns are not addressed by the contractor/vendor. The Project Manager will contact the Owner and Contractor for progress updates and to schedule inspection(s) for compliance and quality of work .

Work requiring a permit will be inspected by the Building Inspection Department and the contractor will schedule based on approval by the CDBG staff and/or Project Manager.

It shall be the responsibility of the contractor to ensure that all required inspections under local codes are made and contact the Project Manager or CDBG Administrator to inspect for payment authorization.

#### Contract Change Orders

A change order may only be issued to complete unforeseen work requiring additional labor and materials that could not have been identified at the time the original specifications were written. Likewise, a change order may be issued for deletion of work found no longer necessary. Contact the Project Manager for the addition or deletion of work and request the contractor to provide a cost

estimate for review. Upon approval and signature of the owner, contractor, project manager, and CDBG Administrator, the change order will be made part of the contract and all work contained therein will be governed by the terms of the original contract.

#### Contractor Payment and Project Completion Process

Prior to authorizing a final payment, the owner shall request the contractor to provide all applicable material and equipment warranties. By contract, the contractor is responsible for all workmanship and cost of repairs or correction of deficiencies that may arise from workmanship or faulty materials by the contractor or subcontractors for a period of one (1) year from the date of contract completion and acceptance.

The Contractor shall be paid the Contract Price in progress payments as work is completed to the satisfaction of the Project manager and the Owner. Generally not more than 2 (two) partial payment will be made in the course of the construction process and the final payment or contingency amount will be held until the project is satisfactorily completed and lead-based paint clearance test verified, if applicable.

The Owner will authorize final payment and the contractor will sign a Payment Authorization/Lien Waiver Form at the time of partial and/or final payment. After the final payment the owner may request copies of records related to the project for future reference.

#### Disputes

It is vital the owner and contractor maintain professional relations and communicate fully with each other and the CDBG staff and Project Manager to ensure the approved work is performed according to the contract. No unrelated work is allowed before or during the contract period. Prior to final payment authorizations are made the CDBG Staff and Project Manager will make every effort to resolve a work-related dispute and restore acceptable performance to complete the project as per the scope of work. Should the owner or contractor be in clear default on their contract obligations the City will seek to resolve the issue in order to complete the project.

If a dispute between the contractor and the owner arises unrelated to the scope of work it is the responsibility of the parties to resolve the dispute according to payment obligations represented by the contract executed between the contractor and the owner. The Department of Economic & Community Development or City of Milford is not obligated in any way by the contract.

#### Equal Opportunity Statement

The CDBG Housing program is funded by the U.S. Department of Housing and Urban Development and is governed by federal laws regarding fair housing, fair credit and equal opportunity in lending. The federal equal credit opportunity act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the consumer credit protection act. The federal agency that administers compliance with this law concerning this agency is the Department of Housing and Urban Development, One Corporate Center, 20 Church Street, 10<sup>th</sup> Floor, Hartford, CT, 06103-3220. The City of Milford Homebuyer Assistance Program is an equal opportunity lender.

#### Complaints

Complaints concerning matters related to this program shall be filed with the Director of Economic and Development and CDBG Administrator in writing. The EDC and CDBG staff shall respond to complaints within ten (10) business days of receipt of the complaint. If the complaint is deemed a regulatory matter, the Staff will consult with the Hartford Office of Housing and Urban Development, Department of Community Planning and Development. If the complainant is dissatisfied with the response of the EDC and CDBG staff, they may appeal to the City Attorney, 110 River Street, Milford CT 06460, within ten (10) business days from issuance of the response. The complainant shall be responsible for providing all relevant information. Upon review of the Community Development office records and information submitted by the complainant, the City Attorney shall issue a written decision within twenty (20) business days after receipt of the appeal.

