

**Ohio Department of Development  
Non-Participating Jurisdiction**

**HOUSING HANDBOOK**

Part I: Housing Program Manual (11/04)

Part II: Residential Rehabilitation Standards (7/98)

Part III: Sample Forms (7/91)

# HOUSING HANDBOOK

## **Purpose**

The purpose of this Housing Handbook is to:

- Establish guidelines for grantees operating Office of Housing and Community Partnerships (OHCP) administered housing programs.
- Establish housing standards for properties rehabilitated with funds granted by OHCP, including CDBG, HOME, OHTF and Program Income funds.
- Summarize a wide range of federal and state requirements that are applicable to local housing programs.
- Clarify OHCP expectations on grantee performance and compliance.

## **Applicability**

This Handbook is applicable to the following housing programs:

- Community Housing Improvement Program.
- Formula grants involving housing rehabilitation and/or emergency repair activities.
- Housing activities operated with program income generated from OHCP grant funds.
- OHTF Grants involving rehabilitation and/or home repair activities.

## **Organization**

Part I: Housing Program Manual

The program manual establishes requirements for the administration of housing programs. Designed primarily for program managers, the manual includes: general guidelines for local housing programs; a summary of state and federal compliance areas; key elements of the grant agreement; recordkeeping requirements; and monitoring by OHCP.

Part II: Residential Rehabilitation Standards

OHCP Residential Rehabilitation Standards (RRS) establishes housing standards for properties being repaired and/or rehabilitated with funds granted by OHCP. Designed primarily for housing inspectors and rehabilitation specialists, the RRS is the standard for OHCP-funded housing programs and may be used in coordination with local rehabilitation codes.

Part III: Sample Forms

OHCP has devised a series of sample forms to be used in implementing housing programs. Grantees should use these or similar forms to ensure that the individual case files contain all the necessary information. These sample forms can be used as is or adapted to local needs. However, OHCP strongly recommends that grantees have their legal counsel review these forms prior to implementation.

**PART I: HOUSING PROGRAM MANUAL**

**PART I**

**HOUSING PROGRAM MANUAL**

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# HOUSING PROGRAM MANUAL

## Introduction

The Housing Program Manual establishes requirements for OHCP grantees operating housing programs. These requirements include a variety of state and federal regulations, as well as policies established by OHCP. The information contained in the Program Manual represents parameters for program operations and grantees will continue to have a great deal of discretion in determining local policies and procedures.

Written primarily for local program managers, the Program Manual clarifies OHCP expectations in areas such as program design, implementation and recordkeeping. These expectations are not only important in developing and maintaining successful local program operation, but also in meeting performance requirements that will help grantees avoid corrective actions required by OHCP up to and including loss of program funding. OHCP technical assistance and monitoring procedures for housing rehabilitation grantees are also outlined.

OHCP recognizes that housing programs, particularly those that include construction, are often difficult activities to undertake with HOME and CDBG funds. The combination of issues related to providing financial assistance to individuals, working with small and sometimes difficult contractors, specifying quality rehabilitation work on poorly constructed homes, and balancing the needs and expectations of homeowners, contractors, and the program can and does lead to problems. Many of the requirements in the Program Manual will help programs avoid such problems, or at least help to protect the program if problems are encountered.

As with previous editions issued in 1991, 1996 and 2003, this revised 2004 Housing Manual seeks to increase the effectiveness, efficiency and accountability of locally operated OHCP-funded housing programs. Clearly articulated state requirements and expectations coupled with local flexibility in program implementation will help these programs provide quality services to Ohio's low and moderate income residents.

## **Section 1. OHCP Categories of Housing Activities**

This section briefly describes several housing activities that are commonly funded through OHCP grants. Primary housing activities are activities, such as rehabilitation, that directly impact the physical structure of a dwelling by rehabilitating, repairing or constructing it. Supportive activities are activities, such as rental payments, that provide assistance directly to, or on behalf of, eligible households who reside in a dwelling. Secondary activities are activities, such as street improvements, that impact the residents of a specific neighborhood. Note: the following activity descriptions only highlight certain aspects and they are not intended to be definitive. Therefore, grantees are encouraged to obtain and study additional references.

### **A. Primary Housing Activities**

- |                               |   |
|-------------------------------|---|
| 1. Activity:                  | <b>Private Owner Rehabilitation</b>                       |
| Funding Source(s):            | CDBG & HOME   |
| Eligible Activity Regulation: | 24 CFR Part 570.202 or Part 92.205                        |
| OHCP Limit of Assistance:     | \$30,000 per home (or \$35,000 w/LBP hazard control work) |

Description: The purpose of the Private Owner Rehabilitation activity is to improve and protect the supply of sound, serviceable low-income owner-occupied housing stock. Through this activity, financial assistance is provided to homeowners to correct sub-standard conditions so that the homes are safe, healthy, durable, energy efficient and affordable. Private Owner Rehabilitation is intended to address problems throughout the house. In most circumstances, this means that the homes mechanical systems (electrical, plumbing and heating systems) and exterior and interior structural components (roof, walls, floors and foundation) will be repaired or replaced to meet the required standards. Occasionally room additions, such as extra bedrooms, can be constructed to alleviate overcrowded conditions or other rooms and modifications can be constructed to make the home more accessible for the elderly or persons with special needs. This activity can include replacing an owner occupied dwelling that is unable to be rehabilitated, with an approved manufactured unit or a site-built unit located on the same property. When Private Owner Rehabilitation funds are used to replace a unit (often called “reconstruction”), the funds can only pay for construction-related expenses and eligible related soft costs. Private Owner Rehabilitation funds cannot be used as down payment assistance or closing costs towards the purchase of the replacement unit. In limited instances, this activity can include re-financing of a small amount of existing debt on a home to be rehabilitated providing it is necessary to complete the project, as noted in see 24 CFR Part 570.202 (b)(3). When re-financing is proposed, prior OHCP approval is required. OHCP encourages grantees to consider conducting an environmental assessment for the housing programs to ensure that the highest level of clearance needed can be obtained. This will permit replacement of substandard homes and other activities that, for environmental review purposes are similar to “new construction” (such as room additions, tap-ins, etc.), to be conducted.

Because rehabilitation must correct all significant sub-standard conditions that adversely effect the health and safety of the occupant and the structural integrity of a dwelling, the scope of work is generally comprehensive and the cost is usually high. However, cost limitations often require the work to be prioritized so that the most critical sub-standard conditions (i.e., problems effecting occupant health and safety and structural integrity) are corrected before less important concerns are addressed. OHCP expects that all of the serious sub-standard conditions must be corrected before a project is considered complete. Homes that are in poor overall condition and/or that have numerous serious problems that cannot be corrected within the limit of financial assistance are inappropriate projects and must not be rehabilitated or considered for “reconstruction” unless sufficient funds from supplemental sources exist. The rehabilitation standard to which all projects must comply is the OHCP Residential Rehabilitation Standard (RRS) as found in Part II of the Housing Handbook.

Generally private contractors will complete the rehabilitation work. The contractors must be qualified for the work they perform and they must be procured using one of two competitive processes: the “streamlined” private procurement procedure as outlined in Section 4, C, 2 of the Housing Program Manual or the public procurement procedure as outlined in 24 CFR Part 85.36. In rare circumstances, owners may be qualified to complete work; however, this is not recommended by OHCP. For additional guidance on the use of owner-contractors, see Section 4, D, 3, of the Housing Program Manual. In all cases, grantees must exercise sound construction management practices to ensure that the work is completed on time and as specified in the construction documents. A more detailed description of the rehabilitation guidelines and requirements is found in Section 3 of the Housing Program Manual.

2.	Activity:	<b>Rental Rehabilitation</b>
	Funding Source(s):	CDBG & HOME
	Eligible Activity Regulation:	24 CFR Part 570.202 or Part 92.205
	OHCP Limit of Assistance:	\$30,000 per unit (or \$35,000 w/LBP hazard control work)

Description: The purpose of the Rental Rehabilitation activity is to improve and protect low-income renter-occupied housing stock. Through this activity, financial assistance is provided to property owners to correct numerous sub-standard conditions so that the rental units are safe, healthy, durable, energy efficient and affordable. Rental Rehabilitation is intended to address problems throughout the unit. In most circumstances, this means that the units mechanical systems (electrical, plumbing and heating systems) and exterior and interior structural components (roof, walls, floors and foundation) will be repaired or replaced to meet the required standards. The rehabilitation standard to which all projects must comply is the Residential Rehabilitation Standard (RRS) as found in Part II of the Housing Handbook.

Because rehabilitation must correct all significant sub-standard conditions that adversely effect the health and safety of the occupant and the structural integrity of a dwelling, the scope of work is generally comprehensive and the cost is usually high. However, cost limitations often require the work to be prioritized so that the most critical sub-standard conditions (i.e., problems effecting occupant health and safety, and structural integrity) are corrected before less important concerns are addressed. OHCP expects that all of the serious sub-standard conditions must be corrected before a project is considered complete. In order to rehabilitate an entire duplex, at least 50% of the units must be occupied by LMI tenants. In order to rehabilitate an entire building with three or more units, at least 51% of the units must be occupied by LMI tenants. Otherwise, only the LMI occupied units and the common areas can be rehabilitated. Generally, common areas are the structural components or mechanical systems that are shared by all of the tenants (such as a common hallway, roof or single HVAC system). Rental units that are in poor overall condition and/or that have serious problems that cannot be corrected within the limit of financial assistance are inappropriate projects and must not be rehabilitated unless sufficient funds from supplemental sources exist.

The rental units can be owned by private investors or by non-profit organizations. To ensure that the low-income tenants are the primary beneficiaries of the Rental Rehabilitation activity, two important requirements must be followed. First, non low-income property owners must contribute financially to the project. This requirement also helps to prevent a property owner from receiving a “windfall” of public investment in their business property. Generally, contributions should be at least 50% of the total cost of the project, although the contribution may be less depending on the level of incentive required for owners to participate. OHCP expects grantees to receive the contribution prior to rehabilitation. Second, to help ensure that the property remains in the low-income rental housing stock inventory, the property owner must agree to rent the unit to low-income households for a specified period. Also, the owner must agree to limit the rent so that it cannot exceed the appropriate Fair Market Rent for the same period of affordability. The affordability agreement must be enforced through the loan documents and verified each year.

While Rental Rehabilitation is an eligible activity under CDBG and HOME, there are some significant differences in the funding source requirements. For example, CDBG funded Rental Rehabilitation requires that only the initial tenant must be income eligible, while HOME funded Rental Rehabilitation requires income eligible tenants to occupy the unit for the entire affordability period. Also, under HOME funded Rental Rehabilitation, tenant income eligibility and rents must be re-verified annually during the affordability period.

Generally private contractors will complete the rehabilitation work. The contractors must be qualified for the work they perform and they must be procured using one of two competitive processes: the “streamlined” private procurement procedure as outlined in Section 4, C, 2 of the Housing Program Manual or the public procurement procedure as outlined in 24 CFR Part 85.36. Sometimes owners may be qualified to complete work, however, owners who also act as the contractor must be qualified and can only be reimbursed for materials. Owner-contractors cannot be reimbursed for their own labor. For additional guidance on the use of owner-contractors, see Section 4, D, 3 of the Housing Program Manual. In all cases, grantees must exercise sound construction management practices to ensure that the work is completed on time and as specified in the construction documents. A more detailed description of the rehabilitation guidelines and requirements is found in Part I, Section 3 of the Housing Program Manual.

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|----|-------------------------------|--|
| 3. | Activity:                     | <b>Public Residential Rehabilitation</b> |
|    | Funding Source(s):            | CDBG only                                |
|    | Eligible Activity Regulation: | 24 CFR Part 570.201                      |
|    | OHCP Limit of Assistance:     | Limited to grant ceiling                 |

Description: The purpose of the Public Residential Rehabilitation activity is to improve and preserve existing facilities that provide emergency and/or temporary shelter to low-income individuals and/or to low-income individuals with special needs. The rehabilitation work must be limited to correcting code violations and sub-standard conditions and removing architectural barriers to improve accessibility. The rehabilitation work must comply with the RRS and locally adopted codes. The results of the rehabilitation work must not change the type(s) of service provided by the facility, the type of clients served by the facility or increase the physical size of the structure. The facility may be owned by the grantee or by a non-profit organization. When a facility is operated by an organization that is primarily religious, the services must be provided in a manner that is completely free from religious influence.

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| 4. | Activity:                     | <b>Home Repair</b>                               |
|    | Funding Sources:              | CDBG and OHTF                                    |
|    | Eligible Activity Regulation: | 24 CFR Part 570.202 (b, 2, 4, 6, 7 (iv), and 11) |
|    | OHCP Limit of Assistance:     | \$8,000 per home (owner-occupied only)           |

Description: The purpose of the Home Repair activity is to help preserve owner-occupied low-income housing stock by providing households with limited financial assistance to correct one or two significant problems. Unlike Private Owner Rehabilitation, which addresses the entire home, the Home Repair activity can address only one or two specific problems that adversely effect occupant health and safety and/or structural integrity. The types of work that are generally considered eligible for the Home Repair activity include:

#### **Structural System Repairs**

This type of work involves repairs to eliminate hazardous conditions or serious threats to the integrity of a structural system. Examples of common structural system repairs include, patching or replacing leaking roofs, re-building collapsed foundations and replacing weakened or deteriorated framing components.

#### **Mechanical System Repairs**

This type of work involves repairs to eliminate hazardous conditions with the electrical system, plumbing system or heating system. Examples of common mechanical system repairs include replacing unsafe or overloaded electrical panels and circuits, repairing or replacing leaking water supply and/or sanitary drain plumbing lines, and repairing or replacing unsafe or inoperable heating equipment.

#### **Plumbing System Tap-ins**

This type of work involves connecting a home’s plumbing system to a public water supply and/or public sewage system and payment of associated tap-in fees.

### **Wells and Septic Systems**

This type of work involves repairing or replacing a home's private well and/or septic system that is malfunctioning or has been cited by the health department or EPA as outdated and in need of improvement.

### **Weatherization**

This type of work involves installing cost-effective measures to improve energy efficiency. This means that the measure must have a simple payback of at least 10 years, a rate of return of at least 10% or an equivalent indicator of cost effectiveness. Measures that do not meet these criteria cannot be installed under this type of Home Repair activity. To calculate simple payback or rate of return, see Appendix D of the OHCP RRS. Insulating un-insulated attics and sidewalls (and related measures to control air movement, such as sealing holes and bypasses and installing exhaust and ventilation fans) and replacing inefficient gas-fired space heating equipment (e.g., equipment with SSE of 60% or less as noted in RRS Chapter 3, Section 3.3.) are assumed by OHCP to meet the cost-effective criteria without documentation. However, calculations proving the cost-effectiveness of other measures, such as replacing windows and doors, installing storm windows and doors, and installing vinyl siding, must be documented in the case file.

### **Accessibility**

This type of work involves installing measures designed to improve access and mobility for occupants who are physically disabled or infirm. Generally, these measures include exterior ramps, grab bars and specialized bathroom fixtures. In some cases, more extensive work is required to remove architectural barriers, widen doorways, lower cabinets or remodel bathrooms in order to meet household needs. The work completed to improve accessibility must meet or exceed the design and installation standards outlined in the Uniform Federal Accessibility Standards (UFAS).

### **LBP Hazard Reduction**

This type of work involves measures to eliminate known Lead-Based Paint (LBP) hazards in homes occupied by an Elevated Blood Lead Level (EBLL) child or households with children under six years of age. The work must be performed in compliance with all applicable state and federal regulations and guidelines, particularly those outlined in the 'HUD Guideline for the Evaluation and Control of LBP Hazards in the Home' (6/95).

Because the Home Repair activity addresses only one or two serious problems, the scope of work is less extensive and the costs are generally lower than the Private Owner Rehabilitation activity. The scope of work must be limited to correcting only the problem(s) that qualify the home as a Home Repair project and items that are directly related to the correcting the initial problem. For example, if a furnace is to be replaced, the scope of work could also include limited electrical and fuel system work to ensure that the electrical circuit and fuel line servicing the furnace are safe. Or, if a plumbing system is tapped into a public water supply, the scope of work could also include interior plumbing work to ensure that the water supply lines are adequate. However, grantees must understand that the Home Repair activity is not a "mini rehab" program or a program intended to provide home maintenance services. Homes that have numerous problems requiring repairs on more than two systems should be considered for complete rehabilitation. The Home Repair activity can address emergencies prior to full rehabilitation if the condition qualifies as an emergency, as defined below.

If a home receives assistance from both the Home Repair activity and the Private Owner Rehabilitation activity, the total amount of assistance is subject to the same dollar limit as if it had received Private Owner Rehabilitation assistance only. The standard to which the Home Repair work must comply is the RRS. However, only the work completed under the Home Repair activity must meet the RRS, not the entire home (as with the Private Owner Rehabilitation activity). Rental units and units that are purchased with Down Payment Assistance are not eligible for Home Repair assistance.

As with rehabilitation activities, private contractors will generally complete the work. The contractors must be qualified for the work they perform and they must be procured using one of two competitive processes: the “streamlined” private procurement procedure as outlined in Section 4, C, 2 of the Housing Program Manual or the public procurement procedure as outlined in 24 CFR Part 85.36. Note that competitive bidding is required for all Home Repair projects, with some adaptation allowed when the project qualifies as an emergency as defined below. For guidance on emergency procurement procedures, see Section 4, C, 2 of the Housing Program Manual. Also, note that certain LBP requirements, such as occupant notification, paint testing, risk assessment, safe work practices, clearance testing, apply to all Home Repair projects regardless of cost unless the project itself is exempt because the specific work meets the definition of an emergency, as described in 24 CFR Part 35.115 (a)(9).

**Home Repair and Emergency Situations**

Note that there is no longer a category of Home Repair known as “Emergency Home Repair.” Instead, the term “emergency” is relevant for determining contractor procurement procedures and for qualifying a Private Owner Rehabilitation project for Home Repair assistance. For these two purposes, emergency is defined as the presence of harmful or threatening conditions where immediate public action is determined necessary to meet a need of recent origin. The conditions must pose an immediate threat to the health and safety of the occupant and/or the structural integrity of the home. Examples of emergency conditions include the unexpected failure or hazardous condition of a furnace, sudden roof damage or roof leak (e.g. storm-related damage), condemnation of a private well or septic system, immediate need to address LBP hazards, and imminent structural collapse.

- 5. Activity: **New Housing Construction**
- Funding Source(s): CDBG\* and HOME
- Eligible Activity Regulation: 24 CFR Part 570.207 (b)(3) or Part 92.205
- OHCP Limit of Assistance: \$55,000 per unit (up to 12 units)

Description: The purpose of the New Housing Construction activity is to create new permanent housing to expand the supply of low-income owner occupied or renter occupied housing stock. Generally, the successful implementation of this activity requires extensive planning and coordination with financial institutions and housing developers. For example, market studies may be needed to determine what types of dwellings should be built, where to locate them and how much debt or rent the target population can afford. New Construction activity funds can only be used to construct and develop the housing. For example, the funds can be used to develop the site, construct the dwellings, cover planning and administrative costs and provide “gap financing” to make the units affordable. However, funds cannot be used as direct down payment assistance to assist the occupants with purchasing the units. All new construction projects must comply with the appropriate building/construction codes.

Note\*: as a general rule, grantees may not use CDBG funds to finance or subsidize the new construction of housing (including the construction of site-built replacement housing for units beyond repair), unless undertaken by organizations as described in 24 CFR Part 570.204(a). However, grantees may use CDBG funds to support the development of new construction projects if certain federal regulatory requirements are met. For a summary of these requirements, see Section 4, A, 2 of the Housing Program Manual.

- 6. Activity: **Down Payment Assistance**
- Funding Source(s): CDBG and HOME
- Eligible Activity Regulation: 24 CFR Part 570.201 (n) and Part 92.205
- OHCP Limit of Assistance: Average unit assistance, 5.5% of area HUD Maximum Mortgage Limit

Description: The purpose of the Down Payment Assistance (DPA) activity is to increase the number of home owning low-income households. Through this activity, financial assistance is provided to qualified households to help purchase homes. The assistance may include subsidizing to lower interest rate and/or principal amount, direct financing of buyer-occupied units, acquiring guarantees for mortgage financing, providing down payments, and paying reasonable closing costs. Note: CDBG regulations limit the amount of down payment subsidy to no more than 50% of the total required down payment, although other types of subsidies are not limited. Also, grantees must follow all Uniform Relocation Assistance and Real Property Acquisition policies and procedures to ensure that the purchases are considered voluntary.

In addition to purchase subsidies, the DPA activity must also include homebuyer counseling to help ensure that participants are well informed about private financing and the real estate purchasing process. Prior to the purchase, the homebuyer education program must cover the following areas; homebuyer decision process, budget and credit management, mortgage loans and closings, and Fair Housing issues. Also, the homebuyer education program must cover home maintenance and repair practices. OHCP believes that potential buyers must be educated about predatory lending practices, including how to recognize and avoid those types of businesses. OHCP also requires that grantees conduct post-purchase counseling to assess the degree of success of each recipient.

The types of houses that are eligible to be purchased include one to four family homes, town houses, condominiums, and manufactured/modular homes. The housing standard to which units must comply is the RRS and any locally adopted codes. However, because the DPA activity can only provide financial assistance to purchase the home, the home must comply with these standards without additional assistance from OHCP grant funds. This means that the home must either be a new or existing home that already meets the RRS or a home that the improvements have been completed by other programs or through the financing arrangement.

The successful implementation of the DPA activity requires strong working relationships with each party involved in the process. Grantees should develop good relationships with realtors and bankers to ensure that those parties understand how the program functions. Realtors and bankers need to understand the client group and the homes and finance packages best suited for their needs. Clients also must clearly understand the program and their obligations, such as attending education sessions, obtaining financing, selecting a home and financially contributing to the transaction. A major success factor is long-term affordability. Not only must the monthly mortgage payments be affordable, but the other housing costs such as taxes, insurance and utilities must also be affordable. OHCP believes that payments for principal, interest, taxes and insurance (PITI) should not exceed 30% of gross monthly household income. When utilities are included with PITI payments, housing costs should not exceed 35% of gross monthly household income. Note that the affordability calculation must include the re-payment of direct loans made by the grantee to the recipient of the down payment assistance.

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|----|-------------------------------|---|
| 7. | Activity:                     | <b>Down Payment Assistance/Private Owner Rehabilitation</b> |
|    | Funding Source(s):            | CDBG and HOME   |
|    | Eligible Activity Regulation: | 24 CFR Part 570.201 (n) and Part 570.202 and Part 92.205    |
|    | OHCP Limit of Assistance:     | \$30,000 per home (or \$35,000 w/LBP hazard control work)   |

Description: The Down Payment Assistance/Private Owner Rehabilitation (DPA/Rehab) activity is, in effect, a combination of the Down Payment Assistance and the Private Owner Rehabilitation activities. Accordingly, the purpose of the DPA/Rehab activity is to increase the number of home owning low-income households and to improve and protect that housing stock. Through this activity, financial assistance is provided to households to purchase homes (as described under the DPA activity) and to correct problems with those homes (as described under the Private Owner Rehabilitation activity). To ensure that homes are safe, all defects that adversely affect the health and safety of the occupants must be corrected prior to the purchase closing. To ensure that the home meets the RRS within a reasonable timeframe, all rehabilitation work must be completed within six-months of the purchase closing.

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|----|-------------------------------|--|
| 8. | Activity:                     | <b>Acquisition/Rehabilitation/Resale</b>                 |
|    | Funding Source(s):            | CDBG and HOME  |
|    | Eligible Activity Regulation: | 24 CFR Part 570.201 (a) and Part 507.202 and Part 92.205 |
|    | OHCP Limit of Assistance:     | \$55,000 per home  |

**Description:** The purpose of the Acquisition/Rehabilitation/Resale (A/R/R) activity is to improve and protect the supply of low-income housing stock and to increase the number of home-owning low-income households. Through this activity, program funds are used to purchase homes and rehabilitate them. The rehabilitation standard to which all A/R/R units must comply is the RRS. After the rehabilitation is completed, the homes are sold at fair market values to income eligible households. The program funds that were invested in the acquisition and rehabilitation of the project are re-captured at the point of re-sale. The re-captured funds are then used to finance subsequent projects. However, in most cases, some amount of program funds is left in the project as a subsidy so that the purchase is affordable to the buyer. The subsidy usually is the amount necessary to keep the housing cost burden below the 30% to 35% threshold and usually takes the form of a second mortgage for at least the term of the affordability period.

Because A/R/R involves the purchase, rehabilitation and sale of real estate, the activity can be complex and time consuming to implement during the grant period. A/R/R requires knowledge of the local real estate market, housing development finance and construction management. For example, there must be an adequate number of homes that can be purchased, rehabilitated and sold to LMI households at affordable prices. The homes must be appropriate to the needs of the buyers regarding size, condition, location, etc. and must be able to be rehabilitated within the cost limitations of the program. Where the grantee owns the house, grantees should know that public contracting procurement requirements apply to the procurement of the rehabilitation contractor(s). Also, grantees should have sufficient reserves to cover unexpected expenses, such as rehabilitation cost overruns, and operating expenses incurred while owning the property, such as taxes, utilities and maintenance.

**B. Supportive Activities**

- |    |                               |  |
|----|-------------------------------|--|
| 1. | Activity:                     | <b>Tenant-Based Rental Assistance</b>                              |
|    | Funding Source(s):            | HOME only  |
|    | Eligible Activity Regulation: | 24 CFR Part 92.205 and 92.209                                      |
|    | OHCP Limit of Assistance:     | Household payments based on rent and household income calculations |

**Description:** The purpose of the Tenant-Based Rental Assistance (TBRA) activity is to provide affordable monthly rental payments for low-income tenants. At the same time, the requirement that the subsidized units must meet the HUD Housing Quality Standards (HQS) helps to ensure that the rental units are decent, safe and sanitary. Through this activity, grantees provide limited financial assistance to property owners to subsidize their low-income tenant's monthly rental payments. Generally, the subsidy payment is an amount equal to the difference between the established Rent Standard (based on local market conditions or the Fair Market Rent (FMR) for the unit size) and 30% of the tenant household's adjusted monthly income. Payments can also include security deposits and utility deposits. Grantees generally contract with local Housing Authorities to implement TBRA Programs.

TBRA programs are generally modeled on the HUD Section 8 Voucher Program. The Voucher design places a cap on the subsidy but does not limit the amount of rent that property owners can charge. Under this design, the rental assistance subsidy is determined as the difference between the rent standard for the rental unit's size (number of bedrooms) and 30% of the tenant's adjusted monthly income. Tenants must pay the difference between the rent and the subsidy. Clients may choose units that rent for more than the rent standard or FMR, however they must pay the difference even if that amount is more than 30% of their adjusted monthly income. [Note: the Certificate design, that places a cap on the rent and fixes the tenants rent payment at 30% of the household's adjusted income (or 10% of gross income), is no longer a program design option for TBRA programs operated by Housing Authorities].

Although TBRA programs may be modeled on the HUD Section 8 Voucher Program, Grantees must ensure that their TBRA programs meet the requirements of 24 CFR Part 92.209 regarding tenant selection, portability, terms of assistance, rent reasonableness, tenant protection, maximum subsidy, housing quality standards, security deposits and program operation. For CHIP grantees, households must have incomes at or below 50% of the Area Medium Income (AMI). [ODOD ensures that, at the statewide level, at least 75% of participant households have incomes at or below 30% of the AMI.] Grantees must also establish a minimum tenant contribution towards the rent and ensure that leases meet minimum requirements regarding their length and terms (see 24 CFR Part 92.253 (a) and (b)). In general, leases cannot be for less than one year unless mutually agreed by the tenant and the property owner, and cannot exceed 24 months without being renewed. Families or individuals provided with HOME TBRA must be selected on the basis of either a) or b), c) as follows:

- a) The Section 8 waiting list of a Public Housing Authority (PHA) operating within the jurisdiction of the CHIP grantee based on preferences established by the PHA.
  - b) A waiting list established by the participating jurisdiction based on the established Federal Preferences and/or local preferences.
  - c) Eligible families that currently reside in units that are designated for rehabilitation under the HOME program without requiring them to be placed on the PHA waiting list.
2. Activity: **Emergency Housing Assistance**  
 Funding Source(s): CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.207 (b) (4)  
 OHCP Limit of Assistance: Household payments not to exceed 3 consecutive months

Description: The purpose of the Emergency Housing Assistance activity is to prevent a household’s inability to pay housing related costs from becoming a crisis, such as eviction, foreclosure or utility disconnection. Through this activity, grantees may provide limited financial assistance on behalf of the eligible household, in the form of a grant over a period of up to three consecutive months to providers of such items or services as rent, security deposits, mortgage payments, and utility payments.

3. Activity: **Code Enforcement**  
 Funding Source: CDBG only  
 Eligible Activity regulation: 24 CFR Part 570.202 (c)  
 OHCP Limit of Assistance: Not to exceed 15% of total grant request

Description: The purpose of the Code Enforcement activity is to enable communities that have housing codes, to use their codes and enforcement procedures to help advance specific revitalization efforts. Activity funds can be used to cover the costs of inspecting properties and enforcing the correction of the code violations. These costs can include such items as the salaries of the code inspectors, the costs associated with conducting the inspections and the cost of enforcement. However, this activity cannot cover the costs of actually correcting the violations. Also, this activity can only occur in areas that have other public or private funds available to provide improvements, rehabilitation or other services designed to further the community’s revitalization efforts.

4. Activity: **Clearance/Demolition**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.201 (d)  
 OHCP Limit of Assistance: Not to exceed 15% of total grant request

Description: The purpose of the Supportive Clearance/Demolition activity is to eliminate structures in order to then develop or re-develop an eligible housing project. Note that a supportive clearance/demolition activity must be related to a specific housing development project. Otherwise, the clearance/demolition activity must be a secondary activity, as described below. Also note that the housing development project made possible by the CHIP-funded demolition must be completed within the CHIP grant period.

5. Activity: **Acquisition**  
 Funding Source: CDBG and HOME  
 Eligible Activity Regulation: 24 CFR Part 570.201 (a) and 92.206 (c)  
 OHCP Limit of Assistance: Limited to grant ceiling

Description: The purpose of the Acquisition activity is to provide funds to acquire property (land and/or structures on that land) in order to then develop or re-develop the property as an eligible housing project. For example, CHIP funds may be used to acquire land on which new homes are built and sold or rented to income eligible households. Or, CHIP funds may be used to acquire a building that is rehabilitated/converted into units rented to income eligible households. Note that the Acquisition activity can only provide the funds necessary to acquire the property. The funds necessary to develop or re-develop the property into a eligible housing project must come from other sources. Also note that the eligible housing project made possible by the CHIP-funded acquisition must be completed within the CHIP grant period.

6. Activity: **Planning**  
 Funding Source: CDBG and HOME  
 Eligible Activity Regulation: 24 CFR Part 570.205 and 92.207 (f)  
 OHCP Limit of Assistance: Not to exceed \$10,000

Description: The purpose of the Planning activity is to provide funding to prepare comprehensive plans related to the grantees housing needs, including Consolidated Plans for CHIP eligible Entitlement Communities and Community Housing Improvement Strategies (CHIS) and periodic required CHIS Updates. Planning costs may include the costs associated with public hearings, consultations, data gathering, analysis and publication.

7. Activity: **Public Service**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 570.201 (e)  
 OHCP Limit of Assistance: Not to exceed 15% of total grant request

Description: The purpose of the Public Service activity is to provide funding (e.g. labor, supplies and materials) for education and other supportive services directly related to the implementation of the grantees Primary Housing activities. In general, Public Service activities will include fair housing counseling, homebuyer education and counseling, and home maintenance training. Note that in order for a Public Service activity to qualify as a Supportive activity, the activity must be available to all eligible households not just those who will receive assistance through the Primary Housing activity.

8. Activity: **Relocation Payment/Optional Relocation**  
 Funding Source: CDBG and HOME  
 Eligible Activity Regulation: 24 CFR Part 570.201 (i) and 92.206 (f)  
 OHCP Limit of Assistance: Not to exceed \$25,000 and not linked to a Primary Housing Activity

Description: The purpose of the Supportive Relocation Payment/Optional Relocation activity is to provide relocation payment assistance to persons permanently and involuntarily displaced as a result of the grantees rehabilitation, demolition, down payment assistance or acquisition activity; or to provide optional relocation payment assistance to persons temporarily and voluntarily displaced as a result of the grantees rehabilitation activity. Note that in order for the Relocation Payments/Optional Relocation activity to qualify as a Supportive Activity, the households being assisted must not be receiving assistance through a CHIP-funded Primary Housing Activity. If linked to a Primary Housing Activity, then the optional relocation assistance must be part of that Primary Housing Activity budget/assistance. Also, note that grantees providing Relocation Payment/Optional Relocation assistance must comply with the requirement of 24 CFR Part 606.

9. Activity: **Equipment Acquisition (Tool Rental Program)**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.202 (b) (8)  
 OHCP Limit of Assistance: Not to exceed \$10,000

Description: The purpose of the Equipment Acquisition activity is to loan/rent tools to the occupants (homeowners or tenants) or the owners of the units being constructed, rehabilitated, or repaired; or to loan/rent tools to the contractors performing the construction, rehabilitation or repair work if those contractors have need for specialized tools (e.g. HVAC analyzers, blower doors, HEPA vacuums, etc.). Activity funds are used to purchase the tools necessary to carry out rehabilitation work on owner-occupied and rental units being rehabilitated by the grantee under a publicly funded or program income-funded construction, rehabilitation and/or repair program. Specific program designs must be submitted to OHCP and address such concerns as the terms of the equipment loan/rental agreement, training the users, and accounting for the tool inventory, including maintenance, replacement and disposition.

**C. Secondary Housing Activities**

Secondary housing activities are projects that enhance or supplement a primary housing activity. In general, secondary activity projects involve the construction or rehabilitation of public infrastructure (i.e. streets, sidewalks and water and sewer lines) and the demolition of blighted properties. Under OHCP-funded housing programs, secondary activities are allowable only when provided in support of a primary housing activity operating in a specific geographic target area. In order for a secondary activity to qualify under the “area benefit” national objective, the percentage of low-income households located in the target area must be at least 51% LMI. Also, the amount of CHIP funding budgeted for the infrastructure activity must be equal to (i.e., at least a 1:1 ratio) the amount of CHIP funding budgeted for the primary housing activity in the same target area. As noted below, the total amount of funds that may be used for all secondary activities must not exceed 20% of the total amount of grant funds requested. Grantees are advised to refer to the current ODOD Consolidated Plan for restrictions and other requirements that may be applied to secondary activities.

1. Activity: **Water and Sewer Facilities**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.201 (c)  
 OHCP Limit of Assistance: Secondary Activities not to exceed 20% of total grant request

Description: The purpose of the Water and Sewer activity is to construct or repair public water and/or sewer facilities that serve the residents living in a target area. Examples of eligible water and sewer facilities projects include; potable water lines, sanitary sewer lines, community wells, community water towers and community sewage treatment facilities.

2. Activity: **Street, Sidewalk and Curb Improvements**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.201 (c)  
 OHCP Limit of Assistance: Secondary Activities not to exceed 20% of total grant request

Description: The purpose of the Street Improvements activity is to construct or repair public streets and sidewalks thus improving the transportation and pedestrian safety of residents living in a target area. Examples of eligible improvement projects include; street re-surfacing (certified to last at least eight years) and constructing or repairing curbs and sidewalks.

3. Activity: **Storm Sewers**  
 Funding Source: CDBG only  
 Eligible Activity Regulation: 24 CFR Part 570.201 (c)  
 OHCP Limit of Assistance: Secondary Activities not to exceed 20% of total grant request

Description: The purpose of the Storm Sewer activity is to construct or repair storm water drainage facilities to reduce or eliminate rainwater run-off from flooding properties located in a target area. Examples of eligible storm sewer projects include; constructing or repairing sewers, culverts, manholes and other water run-off or flood control devices.

- 4. Activity: **Demolition**
- Funding source: CDBG only
- Eligible Activity Regulation: 24 CFR Part 570.201 (d)
- OHCP Limit of Assistance: Secondary Activities not to exceed 20% of total grant request

Description: The purpose of the demolition activity is to eliminate structures that have been determined by the grantee to be detrimental to public health and safety or otherwise necessary for the elimination of slums and blight. Often, a demolition activity is provided in conjunction with code enforcement and as part of a larger neighborhood revitalization effort.

## **Section 2. General Guidelines and Requirements for Housing Programs**

### **A. Administrative Capacity**

Grantees must ensure that they have an adequate number of qualified persons assigned to implement the program. These persons may be staff employed directly by the grantee, employed under an agreement or contract with the grantee, or a combination of these arrangements. However, when a third party consultant agency or person is employed, grantees must have a direct employee responsible for overseeing the performance of the consultant and ensuring program compliance. Grantees must also ensure that the persons working in the program possess the skills and expertise appropriate to their roles and responsibilities, including attending any required training. This is particularly important for people responsible for inspecting homes, ensuring rehabilitation work quality and managing the construction process.

### **B. Community Housing Improvement Strategy**

The Community Housing Improvement Strategy (CHIS) is intended to be a comprehensive analysis of housing needs and a statement of the various strategies that the community will follow in addressing those needs, including designing and implementing its Community Housing Improvement Program (CHIP). Although the CHIS must be done to apply for funding through the CHIP, the CHIS is not intended to serve solely as the basis or rationale for CHIP activities, but as a basis for a comprehensive approach to housing issues. Because the CHIP is merely one of many resources that may be employed to address local housing needs, a comprehensive analysis of the community's housing needs and issues is first necessary in order to determine the most effective use of CHIP funds, in conjunction with other resources.

While it is certainly true that housing needs far exceed the available resources, this fact also means that it is even more important that the limited available resources be spent on activities that will have the greatest impact on a particular type of need. To obtain a comprehensive understanding of housing needs, the entire housing market must be considered, but the main focus of the CHIS is on the issues where public intervention is warranted. Any gaps in the housing market or inventory, or factors affecting the housing market, especially those that affect lower-income persons, should be identified and addressed if possible. Obviously this would include direct factors such as age and condition of the existing housing stock, but would also include indirect factors such as those contributing to decline of a neighborhood, which may contribute to further neglect or abandonment of the housing stock.

The CHIS format is also intended to serve as a basis for preparing the CHIP applications, and needs and strategies contained in the CHIS must clearly translate into activities proposed in the CHIP funding applications, or other housing initiatives that address identified needs. Once OHCP approves a community's CHIS, the community will be eligible to submit CHIP applications for the ensuing five-year period. CHIP grant applications will be reviewed more on the basis of performance and capacity, rather than on a competitive program design basis, with consistency with the CHIS being one of the performance criteria.

The CHIS will be reviewed by OHCP based on the criteria below. If it is determined that the CHIS does not meet the basic criteria, it will be returned to the community for revision or correction.

- Providing required tables, with complete and correct information
- Performing a thorough analysis and identification of needs
- Proposing appropriate and reasonable strategies relative to identified needs

The CHIS may be revised if necessary, but not more than once annually. Wholesale and constant revisions are not encouraged and would suggest that the CHIS was not done properly, and may need to be redone. The CHIS will be used to determine whether activities proposed in a CHIP application are reasonable relative to the strategies proposed in the CHIS. Needs that are not covered or strategies that are not implemented may mean that OHCP will determine that the applicant is not addressing its stated needs, which may affect funding of an application, including whether particular activities are funded or funded at the requested amount.

Information about preparing the CHIS can be found in the Appendix to the Housing Program Manual.

### **C. Policy and Procedures Manual**

All housing programs being funded in whole or in part by a Community Housing Improvement Program (CHIP) grant must operate according to written guidelines. These guidelines include federal regulations, state regulations, state and federal policies as well as local policies. Specific written Office of Housing and Community Partnerships (OHCP) policies are detailed in the OHCP Housing Handbook and the State of Ohio Consolidated Plan.

1. All grantees operating housing programs shall establish and have available for public inspection a set of policies and procedures governing the operation of its local program. This manual will consist of the local community's policies and procedures for the implementation of the local CHIP, which must be consistent with all State and Federal regulations and OHCP policies. This manual will include program designs for each CHIP funded housing activity identified in the community's CHIS and a number of other elements as outlined in Section 4, D, of the Housing Program Manual. All of the specific components must be included in this document. However, grantees may choose to include other relevant policies and procedures to the manual that governs the operation of their housing program.
2. All manuals must be submitted with the community's CHIS and are to be closely tied to the community's housing needs as identified in this document. The manual must be updated every five years along with the CHIS and may be amended, as necessary, with approval from OHCP. Three copies of the manual shall be submitted to OHCP and each copy shall be placed in a three ring binder with tabs for each required component and each CHIP funded activity to be undertaken by a community during the five years that this manual shall apply.

3. The purpose of the manual is to act as a guide to be used by the grant administrators in the consistent implementation of the community's CHIP. It will also be used by OHCP in judging the competency of each local community to administer a CHIP. It will further be used as a way of communicating with all interested parties the manner in which the program will be operated and will become a part of the grant agreement between the community and OHCP. OHCP will review each manual using the following criteria:

- Clarity – How understandable is the document and the policies and procedures that it outlines?
- Effectiveness – How efficient and effective are the policies and procedures likely to be at meeting their intended goal and the needs of the community as outlined in the CHIS?
- Consistency – Are the policies and procedures outlined in this manual consistent with one another, with the community's needs and goals as outlined in their CHIS, with state and federal regulations, and with the policies and goals of OHCP?
- Detail/Planning – Is there evidence of adequate detail and planning to fully implement the policies and procedures as outlined in the manual. Do the policies and procedures appear to be well thought out and fully developed?
- Reasonableness/Fairness – Do the policies and procedures appear to be logical and appropriate for the activity and do they appear to be fair and impartial?

All manuals determined to be inadequate by OHCP must be revised and resubmitted and the community will be ineligible for CHIP funding until they have an approved manual. OHCP will require submission of any required revisions within a specified timeframe and prior to approval of any funding through the CHIP. OHCP reserves the right to require resubmission of inadequate submittals the following year.

### **Section 3. General Guidelines and Requirements for Housing Rehabilitation Programs**

Grantees operating housing rehabilitation programs shall follow the generalized guidelines and specific requirements listed below. While the requirements set minimum standards for program operation, grantees are expected to design their entire program in accordance with these guidelines.

#### **A. Grantees shall ensure that substandard conditions in assisted units are identified and the appropriate corrective measures specified.**

1. All homes rehabilitated with funds provided by OHCP must meet the standards outlined in the Residential Rehabilitation Standards (RRS) as found in Part II of the Housing Handbook. At a minimum, all sub-standard conditions which threaten the health and safety of the occupant, the durability of the structure, and the safety and adequacy of the electrical, plumbing and HVAC systems shall be corrected (see RRS Section 1.8.2). Where local housing standards and codes exist, the rehabilitation standard must be based on whichever specific requirement is more rigorous – the RRS or the local standard/code (see RRS Section 1.2.1). Local staff and contractors must have a good working knowledge of the RRS as well as sound experience with accepted rehabilitation practice (see RRS Section 1.9).

2. Rehabilitation inspections must be made by “qualified” individuals. This means that the rehabilitation specialist must have sufficient experience and/or training to identify deficiencies and corrective measures in all structural and mechanical systems of a housing unit. Any gaps in the expertise of the rehabilitation specialist must be filled by or sub-contracted out to specialty inspectors or local code enforcement departments. Program administrators and/or rehabilitation specialists overseeing rehabilitation must be skilled in the following areas: principles of construction management; specification writing; and electrical, plumbing, HVAC, energy efficiency and structural systems. Also, when tasks require special certifications or licenses (e.g. inspecting/assessing LBP hazards), the individuals responsible for those tasks must be appropriately qualified.

Procedures must be established to ensure that inspections are conducted as required. There are four types of site inspections that must be conducted. There must be an initial inspection to determine the need for rehabilitation and, when appropriate, to calculate the impact points for the client selection priority rating system discussed above. There must be a thorough inspection to determine the scope of work needed to rehabilitate the home and to create a cost estimate (see RRS Appendix H for a summary of inspection and testing requirements). There must be interim inspections to monitor the progress of the job and to verify the contractor’s invoice prior to each draw or payment. Lastly, there must be a final inspection to ensure that the project is complete prior to final payment and to secure the owner’s statement of satisfaction. OHCP strongly recommends that, whenever practical, rehabilitation specialists coordinate their inspections with local code officials and housing inspectors.

3. A thorough cost estimate must be prepared for each rehabilitation project. The cost estimate must be professionally derived and cover the entire scope of work. This means that costs must be based on objective and accepted sources such as current estimator handbooks, data compiled from recent bids or costs recently gathered directly from suppliers. Because owners must understand the scope of work and its estimated cost, owners must approve the cost estimate. Because contracts can only be awarded to contractors who submit bids that do not exceed 10% of the estimate, the total cost estimate may be shown to prospective bidders. However, prospective bidders must not be shown the itemized cost estimate.
4. A comprehensive rehabilitation specification, that identifies measures to alleviate sub-standard conditions, must be prepared for each rehabilitation project. The rehabilitation specification must contain the following information:
  - A detailed scope of work
  - The location of work
  - The quantity of materials/area to be treated
  - The quality of materials (or reference to the Performance Manual)
  - The method of installation (or reference to a Performance Manual)

The rehabilitation specification language must be unambiguous so that all of the parties have a clear understanding of the required scope of work and the format must be organized in a way that is easily followed by the homeowner and the contractor. OHCP recommends that the format be organized on a room-by-room basis or by trade. To help ensure clarity and to help prevent future confusion between the parties, OHCP recommends that the homeowner approve the specification, including initialing each work item, prior to soliciting bids. After the rehabilitation contract has been awarded, the final approved specification that includes the contractor’s costs, must be attached to the contract.

**B. Grantees shall take steps to ensure quality of work on rehabilitation projects.**

1. All rehabilitation projects must have:
  - An initial inspection;
  - A pre-bid conference (“walk-through”) at the project site with the prospective contractors;
  - A pre-construction conference with the owner and contractor;
  - At least one interim inspection;
  - An inspection before each partial payment;
  - A list of deficiencies (punch list) and evidence of completion; and
  - A final inspection.
2. Grantees shall prevent contractors with poor performance from participating in their program. Grantees shall ensure that prior to each award of a contract that the contractor is not debarred or suspended and that the contractor’s required insurance coverage(s) are adequate and in effect. (See contractor qualification requirements in Section 4, D, 3 of the Housing Program Manual.)
3. Grantees shall not contract with any contractor or agency, including non-profit agencies, for any construction work (i.e. work performed on the structure) outside of the competitive bidding process. It is possible to contract with non-profit agencies using one of the following approaches to the public procurement process. One approach is to publicly bid each project individually. Another approach is to publicly bid specifically defined work, on a pre-determined measurable basis, for a specific period of time, for an entire activity. An example of this second approach would be to annually bid all types of attic and sidewall insulation, on an installed square foot basis, for all of the private owner rehabilitation projects anticipated to be completed over the course of the grant.

**C. Grantees shall operate their local rehabilitation program in a cost-effective manner through competitive bidding and control of costs.**

1. Grantees shall develop a written, itemized cost estimate for each rehabilitation project before bids are solicited. The cost estimate shall be based on objective and factual sources such as data gathered from prior contract cost records, professional cost estimating manuals and/or price quotes from material suppliers. While prospective bidders may be shown the total cost estimate, they must not be shown the itemized cost estimate.
2. Grantees shall ensure that an adequate number of bids from qualified contractors are solicited and received for each rehabilitation project. All specifications must be organized and bid in a line item format. Lump sum bids that do not itemize costs consistent with the specification format are not acceptable. **Any bid accepted must not exceed the staff cost estimate by more than 10%.** Note that the 10% threshold cannot be achieved by negotiating with the contractor or by removing items from the bid.

OHCP expects that at least three bids should be received for each rehabilitation project. To accomplish this, OHCP recommends that bids should be solicited from more than three contractors. While OHCP recognizes that it is not always possible to obtain at least three bids, OHCP expects that this should not become a common occurrence and that actions to increase the number of future bidders will be taken. For additional information on contractor procurement, see Section 4, C, 2 of the Housing Program Manual. When fewer than three bids are received, the following policies apply:

- Grantees must document that a good faith effort was made to solicit as many qualified contractors as possible. If adequate solicitation has occurred but only two bids are received and if at least one of the bids does not exceed the staff cost estimate by more than 10%, then that bid may be accepted.

- ❑ If only one bid is received, the acceptance of that single bid is permitted, if it has been determined that the solicitation was adequate, the bid is reasonable and that bid is not more than 10% over the staff cost estimate.
  - ❑ A project must be re-bid if an adequate number of bids are not received and it is determined that the solicitation was also inadequate, or if all bids are unresponsive or otherwise unacceptable, or if all bids are more than 10% over the staff cost estimate.
3. The responsible contractor submitting the lowest responsive bid must receive the award. To determine if a contractor is responsible, grantees must decide if the contractor is qualified and able to proceed and perform the work as required. In other words, the grantee must be able to document that the contractor meets the financial, professional, insurance coverage and other performance requirements necessary to be an approved contractor. (Note: basic contractor responsibility must be determined before the bids are solicited). To determine if a bid is responsive, grantees must decide if the bid meets all of the submission requirements. For example, the bid must be submitted on time to the correct location, use the proper forms and attachments, and be completed, signed and priced as required.

In cases where the lowest responsive bid is more than 10% under the staff cost estimate, the grantee must assist the owner in analyzing the bid. The analysis should include an item-by-item comparison with the staff cost estimate in order to determine if the bid is competent and reasonable. An unreasonably low bid might indicate an inexperienced bidder who might not be able to complete the job. Such situations should be avoided.

In cases where the owner determines the lowest bidder is not responsive or responsible, the following actions and documentation must be maintained.

- ❑ The owner chooses the next lowest responsible and responsive bidder and cites a valid reason for disqualifying the lowest bidder;
  - ❑ The grantee concurs with the owner that the lowest bidder should be disqualified for valid reasons (e.g. the bid is unrealistic, there is reason to believe the contractor will not be able to complete the work in a satisfactory or timely manner, etc.); and
  - ❑ The reason(s) why the contract was awarded to a contractor other than the lowest bidder shall be satisfactorily documented in the project case file. Note: owners must not be allowed to reject the lowest responsive responsible bid in order to select a favored contractor with a higher bid and then elect to pay the difference.
4. Grantees shall only approve change order requests that are absolutely necessary for the unit to meet RRS; are reasonable in price, are for a reasonable length of time and are within the rehabilitation contract and grant period. Change orders should be kept to a minimum and should only be for items that could not be reasonably known when the work specification was prepared (e.g. hidden damage that is uncovered only during the construction process). Grantees shall not approve change order requests simply to expend more funds, placate owners or formalize side agreements between contractors and owners.
5. Grantees shall establish limits for the amount of financial assistance available for the repair or rehabilitation of individual housing units. Local limits of assistance cannot exceed the following OHCP limits:
- ❑ Up to \$8,000 per mobile home Home Repair project (see Section 4, D, 10 of the Housing Program Manual).
  - ❑ Up to \$30,000 per Rehabilitation project.

- Up to \$35,000 per Rehabilitation project **subject to the following conditions:** there must be unusual conditions or extenuating circumstances requiring additional funds such as, Lead-Based Paint hazard evaluation and control measures, and those conditions or circumstances must be fully documented in the project case file.
6. Grantees shall not exceed the per unit/case limits of assistance as outlined in their Policy and Procedures Manual without prior written approval from OHCP.
- D. Grantees shall operate their rehabilitation program in such a way as to protect the interests of all parties.**
1. Rehabilitation of a property shall not take place until a contract has been executed between the appropriate parties and the “right of rescission” date has expired. The contract must at a minimum:
    - Identify a beginning and ending date;
    - Identify the total amount of money to be paid for the work;
    - Reference the terms and conditions for both the homeowner and the contractor;
    - Reference the work specifications;
    - Be signed by and provided to all affected parties;
    - Outline procedures for inspections, payments, or changes in the scope or cost of work, resolving disputes and termination of the contract;
    - Contain all appropriate federal provisions, including, but not limited to equal opportunity, federal labor standards, etc.; and
    - Include a copy of the final approved line-item bid as an attachment.
  2. Any changes to the agreed upon work must be documented by a change order that identifies the change in work, the cost of the changed work, the new total cost of the contract and the work completion date. The change order must also be signed and dated by all parties: homeowner, contractor, grantee and authorized representative of the grantee. All change orders must be attached to the original contract. Change orders that result in an increase (or decrease) in the amount of assistance of \$1,000 or more require the execution of an amended promissory note and/or mortgage.
  3. Private contractors with employees participating in a local rehabilitation program must, at a minimum, be paying into Ohio’s Worker’s Compensation Program. Private contractors operating a sole proprietorship and who have no employees are exempt from this requirement, however, they must have proof of adequate private medical insurance coverage.
  4. Private contractors participating in a local rehabilitation program must have adequate liability and property damage insurance.
  5. Payments for rehabilitation work may only be made for specific work items, per the bid specification, that have been satisfactorily completed and inspected by the rehabilitation specialist and in accordance with the terms outlined in the rehabilitation contract. Specific work items must be fully completed prior to payment. Payments for partially completed items are prohibited.
  6. Funds must not be released to a contractor until the owner has signed that the work is satisfactory and the contractor has provided a notarized release of liens. Exceptions may be made if the local legal representative (e.g., city attorney, or county prosecutor) renders a written opinion that the owner is being unreasonable and the work has been completed in a satisfactory manner.

7. All rehabilitation work must carry at least a one-year warranty on materials and labor. In addition, the contractor must provide the owner with the manufacturer's warranties on all installed materials that carry a warranty.
8. Grantees must establish policies and procedures for addressing complaints due to owner dissatisfaction with the rehabilitation work or due to disputes between the owner and the contractor. For more information on client complaint procedures, see Section 4, D, 5 of the Housing Program Manual.

## **Section 4. Compliance Areas**

### **Overview**

OHCP-funded housing programs are subject to a myriad of state and federal rules and regulations. While the grantees have a great deal of flexibility in the administration of their local programs, grantees must still comply with these requirements. This section of the Housing Program Manual summarizes these compliance areas in order to help grantees better understand what their responsibilities are. The categories of these compliance areas are as follows:

### **HUD CDBG and HOME Regulations**

These are regulations promulgated by the U.S. Department of Housing and Urban Development (HUD) that govern the use of CDBG and HOME funds. The HUD regulations for CDBG (24 CFR Part 570) and HOME (24 CFR Part 92) provide the criteria used in determining whether or not a particular housing activity may be undertaken by a grantee. Note: state regulations for OHTF are located at ORC 175 and 176.

### **Grant Agreement with Ohio Department of Development (ODOD)**

The Grant Agreement between ODOD and a grantee is a key document governing the local program. The Grant Agreement identifies the scope of the program and the funds available to implement that program, describes the responsibilities of each party and the timeframe within which activities are to take place. Also, the Grant Agreement identifies other requirements of the grantee and ODOD including any special conditions on the grant, reports to be submitted by the grantee, and compliance with the federal and state laws and regulations.

### **Miscellaneous State and Federal Laws and Regulations**

There are many other state and federal statutes and regulations that housing programs must comply with. These are briefly summarized in this chapter with a set of activities suggested that grantees may consider implementing to ensure compliance.

### **Local Policies and Procedures**

While grantees have flexibility in program design, it is crucial that any policies adopted at the local level are administered in a complete and consistent manner. OHCP requires each grantee to establish a manual of local policies and procedures and to ensure that these policies are followed. This includes any local statutes that are applicable to the local housing program. Instructions for preparing a local Policy and Procedures Manual are found in Section 4, D of the Housing Program Manual.

### **A. HUD Requirements for CDBG and HOME Housing Programs**

The HUD regulations governing the CDBG Program are found in 24 CFR Part 570 and the HUD regulations governing the HOME program are in 24 CFR Part 92. These regulations state that in order for a housing project to be undertaken, the project activities must be eligible under the CDBG and HOME programs and the activities must qualify as one of the national objectives of the CDBG Program.

Below is a summary of CDBG and HOME eligibility requirements for properties and housing-related activities. OHCP strongly advises grantees to refer to the appropriate CDBG and HOME regulations for a full description of the activity eligibility requirements.

## 1. HUD Regulations for Eligible Properties

a) CDBG property eligibility criteria under 24 CFR Part 570.202(a):

- Must be used for residential purposes.
- May be site-built or manufactured housing.
- May be publicly or privately owned.
- May be operated on a for-profit or not-for-profit basis.
- May be owner-occupied or tenant-occupied.
- May be vacant or occupied.

b) HOME property eligibility criteria under 24 CFR Part 92.205:

The same general eligibility criteria outlined above for CDBG properties apply to HOME properties. However, HOME properties must also meet the definition of “housing” found in 24 CFR Part 92.2. Also, the property must provide permanent or transitional housing.

## 2. HUD Regulations for Eligible Activities

a) CDBG activity eligibility criteria under 24 CFR Part 570.202(b) through (f):

- ❑ Acquisition of property for the purpose of rehabilitation and subsequent use or resale.
- ❑ Financing the labor, materials or other costs of rehabilitation.
- ❑ Loans for refinancing existing indebtedness secured by a property rehabbed with CDBG funds.
- ❑ Improvements to increase energy efficiency (e.g., installation of attic and sidewall insulation, conversion, modification or replacement of heating and cooling equipment).
- ❑ Improvements to increase efficient use of water (e.g., water saving faucets).
- ❑ Financing of costs associated with residential structures, connections to water and sewer lines.
- ❑ For rehabilitation, costs of:
  - i. Initial homeowner warranty premiums;
  - ii. Hazard insurance premiums; and
  - iii. Flood insurance premiums.
- ❑ Cost of tools to be lent to owners and tenants to carry out rehabilitation.
- ❑ Procedures concerning inspection and testing for and abatement of lead-based paint.
- ❑ Rehabilitation services (loan counseling, energy audits, preparation of work specifications, loan processing, inspections and other costs associated with implementing a housing rehabilitation program).

- ❑ Historic Preservation.
- ❑ Renovation of closed buildings.
- ❑ Lead-based paint hazard evaluation and reduction.

b) CDBG activity eligibility criteria under 24 CFR Part 570.207(3) and (4):

New Housing Construction. Eligible new housing construction activities include:

- ❑ Payment of necessary administrative expenses in planning or obtaining financing for new construction projects.
- ❑ Support of new construction projects through clearance, site assemblage, provision of site improvements and public improvements.
- ❑ Activities undertaken by sub-recipients such as neighborhood-based nonprofit organizations, small business investment companies and local development corporations pursuant to 24 CFR Part 570.504 (a).
- ❑ Construction under the “optional relocation” or “last resort replacement housing” provisions of the Uniform Acquisition and Relocation Act as set forth in 24 CFR Part 42. Under the “optional relocation” provision of the regulations, localities may adopt a local relocation policy for a specific class of displaces that permits replacement housing to be constructed. Under the more complicated “last resort replacement housing” provisions of the Uniform Acquisition and Relocation Act, a locality provides assistance to the relocatee for the construction of new housing if no existing comparable replacement housing is available.

For more complete information on these regulations, refer to HUD Handbook 1377, Relocation and Real Property Acquisition, which can be obtained from OHCP.

Income Payments. Eligible interim assistance payments include:

Emergency grant payments made over a period of up to three consecutive months to the providers of items or services (such as food, clothing, rent, mortgage and utilities) on behalf of an individual or family.

c) CDBG activity eligibility criteria under 24 CFR Part 570.201 (n):

Homeownership Assistance: Direct homeownership assistance is an eligible activity as provided in Section 105(a) (25) of the Cranston Gonzalez National Affordable Housing Act, PL 101-625, November 28, 1990. The provision allows for direct assistance to facilitate and expand homeownership among persons of low- and moderate-income (except that such assistance is not to be subjected to the limitations on public services as described in the regulations) where such assistance is used to:

- ❑ subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers;
- ❑ finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;
- ❑ acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except grantees and sub-recipients may not directly provide such guarantees);

- provide up to 50 percent of any down payment required from low- and moderate-income homebuyers; or
- pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low- and moderate-income homebuyer.

Note: Grantees must ensure that all assisted units meet the requirements of the RRS. The housing must be free from all noted health and safety defects before occupancy and units not tied to rehab must meet the RRS at closing. Units tied to rehab must meet the RRS within six months of closing. OHCP recommends that communities proposing to provide homeownership assistance design their program to be a DPA/Rehabilitation activity in order to ensure the availability of funds to rehab the units.

d) HOME activity eligibility criteria under 24 CFR Part 92.205 and 206:

Note: the specific eligibility criteria for these activities are found in 24 CFR Part 92.206 through 209.

- Acquisition of housing.
- Acquisition of real property (vacant land) when undertaken with respect to a particular housing project to provide affordable housing.
- Construction of new housing.
- Rehabilitation or re-construction of existing housing.
- Conversion of an existing structure to affordable housing.
- Site improvements and utility connections.
- Demolition when undertaken with respect to a particular housing project to provide affordable housing.
- Re-location expenses of displaced persons.
- Rental assistance and security deposit payments made to provide tenant-based rental assistance.
- Homeownership assistance where such assistance is used to:
  - Subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers;
  - Finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;
  - Acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except grantees and sub-recipients may not directly provide such guarantees);
  - Provide up to 100 percent (depending on the funding source) of any downpayment required from low- and moderate-income homebuyers; or
  - Pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low- and moderate-income homebuyer.

Note: Grantees must ensure that all assisted units meet the requirements of the RRS. The housing must be free from all noted health and safety defects before occupancy and units not tied to rehab must meet the RRS at closing. Units tied to rehab must meet the RRS within six months of closing. OHCP recommends that communities proposing to provide homeownership assistance design their program to be a DPA/Rehabilitation activity in order to ensure the availability of funds to rehab the units.

### 3. HUD Regulations for Meeting a National Objective

In addition to being a HUD eligible activity, each particular activity must meet one of the national objectives of the CDBG Program. The two national objectives are: a) benefit to low- and moderate-income (LMI) persons and, b) the prevention or elimination of slums or blight. The criteria for meeting a national objective are:

a) Low- and Moderate-Income (LMI) Benefit (Direct Benefit):

In order for a housing-related activity to meet the LMI Benefit national objective under 24 CFR Part 570.208(a):

- A single-family unit must be occupied by an LMI household after rehab.
- A double/duplex building must have at least one unit occupied by an LMI household after rehab.
- A multi-family (three units and greater) project must have 51% or more of the units occupied by LMI households after rehab. Multi-family, non-elderly projects involving new construction must have at least 20% of the units occupied by LMI households. However, if LMI occupancy is less than 51%, the percentage of total development costs borne by CDBG funds may not exceed the percent of LMI occupancy.
- All rental properties must have “affordable rents.” The definition of affordable rents is determined locally and must be made public. In no case can rents exceed HOME Rents or the Section 8 Fair Market Rents established for the area as defined by HUD. This includes the appropriate deductions for tenant-paid utilities.

b) Prevention or Elimination of Slums or Blight:

In order for a housing rehabilitation activity to meet the “prevention or elimination of slums or blight” national objective on an area basis under 24 CFR Part 507.208(b)(1), the rehabilitation project:

- Must be located in an area that meets the definition of a slum, blighted, deteriorated or deteriorating area under Ohio or local law;\*
- Must be located in an area in which 51% of the buildings and/or public improvements are in a deteriorating or deteriorated (i.e., substandard) condition;
- Must involve the elimination of substandard conditions. Each grantee must define what is meant by substandard conditions; and
- Must involve the elimination of all sub-standard conditions noted in the OHCP RRS and all local code violations before less critical work is undertaken.

Note\*: to declare an area as a slum or blighted area, the legislative body or CEO of the jurisdiction must formally designate the area. In addition, the community must document and maintain in its files the boundaries of the area and the conditions which qualified the area at its time of designation.

In order for a housing related activity to be specified as “prevention or elimination of slums or blight” national objective on a spot basis under 24 CFR Part 570.208 (b)(2), the activity:

- Must eliminate the specific conditions of blight or physical decay; and
- Rehabilitation must be limited to the elimination of specific conditions detrimental to public health and safety.

## **B. ODOD/OHCP Grant Agreement**

The Grant Agreement is a legal document executed by a grantee and OHCP. Based upon this document, OHCP agrees to transfer housing program funds to the grantee. The grantee, in turn, agrees to use these funds to carry out a set of activities detailed in its application and summarized in Attachment A of the Agreement. Other important requirements and special conditions in the Grant Agreement must be followed. Below is a summary of some key grant conditions and performance requirements OHCP has for its grantees. Also, this section outlines OHCP policy regarding grant amendments and extensions to the grant period.

### **1. Key Grant Conditions**

The “Background Information” and the “Statement of the Agreement” sections outline numerous articles governing the agreement. These articles describe the amount, use and payment of the grant funds as well as requirements regarding record keeping and record retention, financial accounting and auditing, termination, communication, and modifications. Also noted is the requirement that the grantee shall implement its program in a manner consistent with its Grant Application. Examples of program implementation elements that must be consistent with the application include:

- Activities;
- Eligible client groups;
- Target area boundaries/location of activities;
- Leveraging of non-OHCP grant funds;
- Financial assistance types offered;
- Administrative plan; and
- CHIS.

### **2. Key Performance Requirements**

Attachment A This section outlines the activities, budgets and outcomes that the grantee has agreed to complete. Grantees are contractually obligated to produce the outcomes identified in Attachment A of the Grant Agreement. Outcomes are measured in quantitative terms such as number of units rehabilitated or number of households assisted, etc.

Attachment B, Special Conditions This section outlines numerous requirements to which the grantee must comply. These include, but are not limited to; compliance with Environmental Review, Affordability, Acquisition and Relocation requirements, and compliance with the RRS and Housing Handbook. This attachment also establishes three distinct deadlines to which the grantee must comply. These are:

- Project Completion – date by which all work must be completed on all grant projects. Typically, this date is two months before the grant expiration date.
- Drawdown Requests – the date by which all requests for funds must be received by OHCP. Typically, this date is one month before the grant expiration date.
- Program Closeout – the date by which the Final Performance Report must be submitted to OHCP. This is also the date that the grant expires.

Attachment C, Required Reports This section outlines the required reports that the grantee must submit to OHCP, including interim status reports, the final performance report and any audit reports that may be required by federal circulars and OHCP policy.

Attachment D, Grantee Assurances This section lists numerous legal and regulatory requirements to which the grantee has assured ODOD it will comply. For example, the grantee assures compliance with laws and regulations governing procurement, prevailing wages, civil rights, handicapped accessibility, and environmental protection, etc.

### 3. Amendments, Extensions and Program Design Changes

Because of the competitive nature of the application and grant award, Community Housing Improvement Program grantees are expected to complete approved programs, without changes and within the approved Grant Agreement deadlines. During the grant period, however, a grantee may encounter obstacles to program implementation and determine that a change in one or more activities is necessary for the successful completion of the program. The grantee may likewise identify opportunities for program design improvements that would result in exceeding its established program goals. OHCP will consider changes on a case-by-case basis that do not affect the competitiveness of the approved program as originally submitted. Grantees should know that amendments and extensions generally adversely affect the rating of subsequent funding applications.

A grantee cannot implement any changes without prior written OHCP approval. If there is a need to change an activity, its budget, location, number and type of LMI beneficiaries or anticipated accomplishments, the grantee must submit an Amendment request to OHCP in writing. If there is a need to extend any of the timeframes noted in Attachment B of the grant agreement, the grantee must submit an Extension request to OHCP in writing. If there is a need to change an aspect of an activity's program design as outlined in the community's Policy and Procedures Manual, in order to improve the efficiency or operation of the program, and the proposed change does not effect one of the Amendment criteria listed above, then the community must request to OHCP in writing.

Grantees must contact their OHCP Housing Specialist to discuss proposed changes before any action is taken. For competitively funded housing programs, amendment requests seeking to decrease an activity's budget will not be approved unless that activity has already met 90% of its expected outcomes. Also, requests to extend the grant time period should be based on unusual and extenuating circumstances and not for reasons that the grantee should have addressed earlier. OHCP reserves the right to approve or disapprove any amendment or extension request it receives.

Below is a brief outline of the process for altering a local approved program. More specific information about OHCP amendment policies is contained in the OHCP Financial Management Manual and OHCP Notice 02-01 (1/14/02). Grantees should note that different OHCP programs (i.e., CHIP, Formula) have somewhat different amendment and extension policies.

#### a) Amendment

An amendment request must be submitted when any one of the following conditions are planned:

- ❑ A new activity is proposed. A public hearing is required for local government and 10-day public notice must precede the hearing.
- ❑ A significant change in the approved project or activity scope, location or design, number and type of beneficiaries, anticipated accomplishments, or national objective is proposed. In addition, for local government, a public hearing is required and must be preceded by a 10-day notice.
- ❑ The amount for any approved activity is being increased or decreased by more than \$5,000 or 10%, whichever is greater. These thresholds apply to both the activity from which the funds are to be removed and the activity to which the funds will be added. Increases or decreases of less than this threshold will be reconciled during the program closeout process. The administration cap cannot be exceeded. For competitive programs, 90% of the outcomes must be met for an activity prior to requesting an amendment to reduce funds in that activity.

- Activity outcomes may also be reduced by up to 10%, without amendment, as a result of moving funds from one activity to another in order to meet increased demand in another activity. However, outcomes may not be reduced without an amendment for other reasons.

The amendment approval process includes the following steps:

- The grantee holds a public hearing on the proposed change (note: the hearing must be preceded by a 10-day notice);
- The grantee sends a letter to OHCP, signed by the CEO, requesting to amend the grant and explaining why the amendment is necessary. The letter should also request an amendment form;
- The grantee returns to OHCP the completed amendment form signed by the CEO or designated representative;
- The grantee receives from OHCP a copy of the executed amendment form, signed by the appropriate ODOT representative. The executed amendment form must be attached to the grant agreement.

b) Extension

An extension request must be submitted when a change in the deadline for project completion, deadline for drawdown requests, or final closeout date is needed.

The extension approval process includes the following steps:

- The grantee sends a letter to OHCP, signed by the CEO, requesting an extension. The letter must also propose a new grant time period and explain why the grant agreement deadlines cannot be met (the letter must be received by OHCP before the expiration of the project completion date noted in Attachment B of the grant agreement);
- The grantee returns to OHCP a completed extension form signed by the CEO or designated representative; and
- The grantee receives from OHCP a copy of the executed extension form signed by the appropriate ODOT representative. The executed extension form must be attached to the grant agreement.

c) Program Design Change

A request to revise the program design must be submitted when any substantive change, not listed under the criteria for an amendment, is proposed. Because OHCP expects grantees to operate their programs in accordance with the approved Policy and Procedures Manual, OHCP also expects grantees to notify OHCP and seek approval for other operational changes. Often such changes are deemed necessary to improve the operation of the activity or to meet unanticipated events. OHCP reserves the right to decide, on a case-by-case basis, what changes might require an amendment and what changes might require a simpler program design change. Examples of potential program design changes include; revising the type or terms of the finance mechanism, revising the amounts of the limits of assistance, or revising some aspect of the client selection criteria.

### **C. Miscellaneous State and Federal Regulations Applicable to Housing Rehabilitation Programs**

A wide range of state and federal laws and regulations are applicable to local housing rehabilitation programs. A grantee shall operate its program in compliance with these requirements. Below is a summary of miscellaneous state and federal regulations that apply to rehab programs. OHCP recommends that the grantee's local law director should review policies and documents related to many of the compliance areas.

## 1. Procurement of Consultants & Administering Agencies

Grantees must ensure that third party contracted agencies and individuals are selected according to the appropriate procurement procedure – Sealed Bids, Competitive Negotiation or Non-Competitive Negotiation. Except when the formal sealed bid procedure is required or appropriate, grantees must follow the competitive negotiation or the non-competitive negotiation procurement process (if designation of a non-profit agency is proposed). Although the specific process may vary, the following general requirements apply to the procurement of consultants and administering agencies:

- ❑ All contracted services must be competitively procured with price or cost requested and evaluated. However, under some circumstances not-for-profit organizations may be designated through the non-competitive negotiation process, as described below.
- ❑ The procurement process must clearly describe the consultant’s complete scope of work.
- ❑ If the contracted service includes preparing a grant funding application, then the procurement process must be completed prior to submitting the application. Note that a consultant cannot prepare an application for free for favorable consideration of a grant administration contract.
- ❑ All contracts must contain the necessary federal contract provisions.
- ❑ The unit of local government must maintain fiscal control of all grant funds and only provide payment to the consultant and/or administering agency in accordance with the written agreement and accepted financial management practices. Also, the government must identify an employee responsible for overseeing the consultant and/or administering agency’s administration of the grant and describe the oversight process. Note that the unit of local government is fully responsible for all aspects of grant compliance.

Competitive Negotiation: Competitive negotiation generally allows more flexibility than formal bidding and is often a more appropriate procedure for selecting housing program consultants and administering agencies than the competitive sealed bid process. However, to ensure economy, efficiency and quality, grantees must carefully structure the process and follow the requirements for preparing, soliciting and evaluating proposals. For more information about competitive negotiation, grantees should refer to 24 CFR Part 85.36 [d] [3], ORC 153.65-70 and Chapter 12, Section 12.30 of the OHCP CDBG Small Cities Handbook. At a minimum, the following requirements must be met:

- ❑ The unit of local government must prepare a Request for Qualifications (RFQ) and a Request for Proposal (RFP). A RFQ may be done separately from a RFP or concurrently, but both must be done. The same RFQ may be used for a particular firm/person for up to three years; however, each separate grant must have a separate RFP and contract. Each RFQ/RFP should fully describe the nature of the project, the services needed, the qualifications required, the proposal evaluation factors (including cost) and scoring system, the proposal content, the time and place for delivering the proposal, and the name of a grantee contact person. The RFQ/RFP should also include any other information required by the competitive negotiation process or that will protect the interests of the grantee. The RFQ/RFP must not include items that restrict competition, allow non-competitive practices, conflicts of interest or arbitrary actions.

- The unit of local government must publish notice of each RFQ and RFP (or, if appropriate, the entire RFQ/RFP must be publicized). When a notice is publicized, the advertisement must summarize the services needed, the qualifications required, the amount and source of the public funds, and the details regarding the submission requirements (time, place location, etc.). Proposals must be solicited from an adequate number of qualified firms/persons (at least three) to foster reasonable competition. Reasonable time must be given to firms/persons to have the opportunity to submit proposals and any response to the publicized notice of the RFQ/RFP must be honored to the maximum extent possible. Also, grantees must take all necessary steps to ensure that minority and women-owned business enterprises are used when possible. Lastly, grantees should ensure that their list of potential respondents to which the RFQ/RFP will be provided is up to date, accurate and complete. If not, steps must be taken to increase the list of potential firms/persons from which to solicit responses.
- The unit of local government must evaluate each RFQ/RFP according to the criteria and methods established in the RFQ/RFP. At a minimum, these criteria must include cost reasonableness and cost effectiveness, compliance with cost principles (i.e. costs are allowable and allocable to the grant), clarity and completeness of the response, advantage to the program, and the firms/persons experience, capacity, past performance and references. In some cases, site visits to previous projects, interviews and presentations may be advantageous. After fully evaluating the responses and selecting the firm/person, grantees may make the award and negotiate a contract for services. Note that all administrative contracts must meet the requirements outlined in Chapter 12, Section 30, of the OHCP CDBG Small Cities Handbook. All unsuccessful firms/persons must be notified promptly.

Non-Competitive Negotiation: In some cases it may be appropriate for a unit of local government to designate a non-profit organization to administer the grant activities. While a non-profit agency may be designated to administer specific grant activities for the period of the grant, the non-profit agency must demonstrate successful experience related to those administrative activities and/or a history of commitment and service to the community. For more information about designating a non-profit agency, grantees should refer to OHCP Notice 01-01 (2/7/01). In addition, the following requirements must be met:

- The unit of local government must prepare a Request for Application (RFA) and provide it to the non-profit agency(s) being considered as an administrative consultant. The RFA must, at a minimum, clearly explain the program to be administered, identify the scope of services to be rendered, list the information sought from the agency, outline the regulatory issues the agency must address, and identify all of the factors used to evaluate the agency's response, including cost reasonableness.
- The non-profit agency must respond to the RFA. The response must include information about the past experience, qualifications and capacity of the non-profit agency. The response must also address the proposed plan of organization, the implementation schedule, budget and staffing structure, and describe how the agency will ensure compliance with the regulatory requirements.
- The unit of local government must evaluate the non-profit agency's application. At a minimum, the evaluation criteria must include the applicant agency's financial capacity and stability, experience and expertise, demonstrated capacity including staffing and organizational strength and reasonableness of proposed costs.

If the application is acceptable, then the unit of local government may negotiate a written agreement with the non-profit agency. Note that the agreement must contain all federal uniform administrative requirements as well as any clauses deemed necessary based on local and state requirements. After the agreement has been finalized, it should be made formal with a resolution passed by the jurisdiction's governing body.

## 2. Procurement of Private Contractors

Grantees are required to develop and adopt procurement policies and procedures consistent with federal and state regulations, and OHCP policies. This section covers the requirements for procuring private contractors for rehabilitation and repair projects. The procurement of contractors for rehabilitation and repair projects must follow one of two types of procedures, based upon whether the property owner selects the rehabilitation contractor or whether the grantee makes the selection.

### a) Procedures when the Grantee is the Procuring Party

In the case where the grantee procures the rehabilitation contractor, the procedures set forth in 24 CFR Part 85.36\* would apply (regardless of whether or not the property owner signs the contract). These procedures are fully described in Chapter 12 of the OHCP Small Cities Handbook, which deals with procurement. All the procurement procedures and requirements required of competitive publicly bid contracts would also apply. Because these requirements are quite lengthy, they are not restated here, but grantees should carefully review them by referring to Chapter 12.

24 CFR Part 85\* Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments replaces OMB Circular A-102. The procurement requirements contained in Part 85.36 remain virtually the same as OMB Circular A-102.

### b) Procedures When the Property Owner is the Procuring Party (“Streamlined Procurement”)

The provision at 24 CFR Part 85.36 and Chapter 12 of the OHCP Small Cities Handbook do not apply to a rehabilitation contract which is in fact procured and executed by a private property owner who is the beneficiary of the assistance from the grantee or subgrantee. However, the procedures outlined below do apply along with sound principals of financial management to protect the public interest.

Under the “streamlined” approach, where the property owner is the procuring party, the grantee’s role must be limited. However, to ensure cost effective, timely and quality work, the grantee may provide technical assistance services to the homeowner. The homeowner must request that the local program provide the technical assistance services in writing and a copy of the request must be maintained in the project case file. The request should be made at the time of application submission or soon thereafter. The technical assistance that the local program may provide is limited to the following actions:

- Preparing the work write-up and detailed cost estimates. Cost estimates should include:
  - Cost breakdowns the same as you are requesting from the contractors (trade-by-trade, room by room, etc.).
  - Cost of code and accessibility compliance.
  - Cost of any required (city or county) inspections.
  - Cost of OHPO compliance.
  - Cost of business or residential tenant relocation.
  - Lead-based paint requirements.
  - Local flood ordinance compliance.

- ❑ Providing a list of qualified contractors. The homeowner will choose the contractors that they want to use off of this list. It is advisable to have them choose several, because to get three bids returned often requires requests from five or six contractors. You may temporarily remove certain contractors from a list or let the homeowner know that they are not eligible to bid if you determine that their present workload prohibits their likely timely completion of this project. Also, if a homeowner wants to include a contractor not presently on the list, the grantee may add that contractor to the list after having screened that contractor to ensure that he meets the basic qualifications.
- ❑ Providing information on the past work of specific contractors. This can help homeowners to make better-informed decisions about the contractors that they choose (although poor performing contractors should have been already removed from the list). However, providing contractor performance information can lead to issues. For example, contractors may perceive this negatively and may be less inclined to work on projects. Or, it may be perceived by the homeowner that you are helping them to make a decision about their choice of contractor. In which case it needs to be very clear that the homeowner made the selection. An alternative approach may be to provide to the homeowners access to the contractor files, and to have within those files information related to your screening and evaluation of the contractors.
- ❑ Collecting and summarizing contractor bids. The grantee may act as a clearinghouse to receive the bids from the contractors. This can help ensure that the bids are properly accounted for and received on time as appropriate to a confidential competitive process. The grantee may also provide the homeowner with a form that summarizes the results of the bid solicitation. For example, the form could identify the contractors solicited, the contractors responding and the estimated cost of each contractor's bid, ranked lowest to highest. Such a summary can help the homeowner understand the overall results of the bidding and help them to focus on the bids likely to require closer analysis.
- ❑ Advising the owner on how to evaluate a contractor's proposal. The grantee may advise the homeowner on how to review bids to ensure that the bids are responsive, accurate and include everything outlined in the work write-up (including cost breakdowns). In cases where an inadequate number of bids is received or where the owner determines the low bid is not qualified, the actions and documentation outlined in Section 3, C, numbers 2 and 3, must be followed and maintained.

Whether the owner does or does not request technical assistance services, does not preclude the local program from establishing specific procedural guidelines that need to be followed to assure documentation and compliance with federal and state regulations. At a minimum, the procedural requirements must include the following:

- ❑ All documentation required by the Housing Program Manual must be provided, regardless of the method of procurement.
- ❑ All forms and documents must be those prescribed by the program, unless specific exceptions are approved.
- ❑ Specifications, bid proposals, and contract documents must adhere to the language and format established by the program.
- ❑ Specifications must include only those items that are identified by the local rehabilitation specialist or code enforcement officer, based on local code requirements and the OHCP Residential Rehabilitation Standards.
- ❑ Side-agreements or collusion between the homeowner and contractor is prohibited.
- ❑ All procurement documents must be reviewed by the local program staff for technical completeness and accuracy prior to commitment of funds.

- ❑ Bids should be solicited from at least three contractors (whether the property owner or the grantee performs the procurement). If necessary, more contractors should be solicited in order to receive three bids.
- ❑ All contractors must meet the qualification requirements established by OHCP and the local program (i.e., insurance, workman's compensation, etc.) to be considered qualified to submit a bid.
- ❑ Grantees must establish policies and procedures to ensure that bid openings meet the following requirements. All bids must be received at a local address within the grantee's jurisdiction. The bid opening must be conducted during normal business hours and all interested parties, including the homeowner and contractors, should be encouraged to attend. At a minimum, the following documentation must be maintained for each bid opening: the date, time and location of the bid opening, the names and positions of each attendee, the name of each contractor that submitted a bid, the name of each contractor that did not submit a bid, the results of the bid analysis, and a cost-based ranking of the bids. Each bid must be date stamped and its receipt documented. Each bid must be thoroughly reviewed for responsiveness to the solicitation and for cost accuracy. Documentation of verifying the amount of each bid (e.g. calculator tape) must be maintained with the bid.
- ❑ The property owner must abide by the program rules established for the acceptance of the lowest responsible bid submitted by a qualified, responsible contractor. The property owner must also abide by the program rules established for the selection of a qualified, responsible contractor that is not the lowest responsive bidder. For more information about contractor bid acceptance requirements, see Section 3, C, numbers 2 and 3 of the Housing Program Manual. Evidence of the homeowner's participation in the bid review and evaluation process, including compliance with contractor selection and bid acceptance rules, must be maintained in the project case file.
- ❑ All applicable federal, state and local laws and requirements must be followed regardless of method of procurement (e.g. non-discrimination requirements).

**Home Repair Projects.** The procurement of contractors for home repair projects must follow one of two types of procedures, based upon whether the nature of the repair work is an emergency or not.

c) Procedures When Home Repair Work Constitutes an Emergency and the Property Owner is the Procuring Party

If the nature of the repair work meets the definition of an emergency, as outlined in Section 1, A, 4, of the Housing Program Manual and, if the competitive bid procedure is too time-consuming, then a non-competitive negotiation process may be used. The non-competitive process must be fully documented in the project case file and include the following:

- ❑ The home must be visited to verify the nature of the problem and to determine that it is in fact an emergency of recent origin that must be addressed immediately, rather than through the more time consuming bidding process.
- ❑ The scope of work and staff cost estimate must be prepared at the home during the initial visit. The homeowner must review and approve the scope of work and the cost estimate. The owner must also choose the order in which they want the contractors on the pre-qualification list contacted.
- ❑ The contractors must be called in the prescribed order and provided with a verbal (or faxed) description of the work and the timeframe for completion. If the response is not adequate or reasonably within the cost estimate, the next contractor must be called until an acceptable response is obtained.
- ❑ The acceptable contractor should be given a verbal (or faxed) commitment to proceed with the work.

- A copy of the scope of work and the contract (and other accompanying contract documents) must be provided to the contractor and executed immediately at the job site (or by fax). Note that no work can begin until the contract (and accompanying contract documents) is signed.
  - All other inspection, payment and file documentation requirements outlined in the Housing Handbook must be met. For example, documentation must include a description of the emergency nature and urgency of the work, the written scope of work and cost estimate, the signed contract, the non-collusion affidavit, the inspection report, the owner satisfaction statement, the request for payment, the lien waiver, warranties and a record of payment.
- d) Procedures When Home Repair Work does not Constitute an Emergency

If the nature of the repair does not meet the definition of an emergency, as outlined in Section 1, A, 4, of the Housing Program Manual, or if there is adequate time for competitive bidding, then the “normal” contractor procurement process must be followed. In this case, the contractor procurement procedure must follow the requirements for either the grantee contractor selection process or the homeowner contractor selection process, as appropriate to the grantee’s program design.

### **3. Environmental Review**

The procedures of the National Environmental Protection Act (40 CFR Parts 1500-1508) apply to all CDBG and HOME-assisted activities, including housing rehabilitation. As outlined in the Grant Agreement with OHCP, the grantee assumes responsibility for the environmental review process, which includes decision-making and maintaining an environmental review record. An OHCP release of environmental conditions must be received for each CDBG or HOME-funded activity before proceeding to contract for construction services or physical construction

Perhaps the most relevant of these provisions for housing rehabilitation grantees are those regarding historic preservation and compliance with Section 106 of the National Historic Preservation Act (16 USC 470). Grantees are required to coordinate the rehabilitation of any property 50 years or older or any property located within a designated Historic District, or any activity which requires ground disturbance (archeology) with the Ohio Historic Preservation Office (OHPO). Such coordination may involve sending photographs of older buildings to the OHPO, which will in turn make a determination as to the historic significance of the architecture and/or location of the structure. OHPO will notify a grantee that either the structure (or in some circumstances, the entire neighborhood) is not historically significant, or that it is significant and the Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitation Historic Buildings should be followed. In some instances OHPO will request detailed information on the proposed rehabilitation work or request that an historic survey of the area be completed. When specific project approval is required, grantees must obtain OHPO clearance prior to initiating the rehabilitation contract.

To facilitate the review process, OHCP encourages grantees to develop a Coordination Agreement with OHPO. The telephone number for the Ohio Historic Preservation Office is (614) 298-2000. See the OHCP Environmental Review Manual for more information on this topic.

Please note that Historic Preservation is just one of the required elements of environmental review. Detailed information concerning other aspects of an Environmental Review Record can be found in the OHCP Environmental Review Record Manual.

### **4. Prevailing Wage**

Prevailing wage rates must be paid to workers on applicable construction or rehabilitation projects assisted in whole or in part with CDBG or HOME funds. These hourly rates are set by the Department of Labor for each county in accordance with the Davis-Bacon Act. The wage rates are posted on the web at [www.access.gpo.gov](http://www.access.gpo.gov).

However, prevailing wage rates do not apply to CDBG-funded residential rehabilitation projects containing less than eight dwelling units, or to HOME-funded residential rehabilitation projects containing less than 12 dwelling units. If the Davis-Bacon Act does apply to a project, higher building (commercial) construction rates will apply to projects with four stories or more, and lower residential rates will apply to projects with less than four stories. For more complete information on prevailing rates, see the OHCP Construction Management Manual.

## 5. Public Contracting Requirements

The requirements of public contracting apply whenever the grantee conducts the procurement and/or signs the contract for the work. Regarding public contracts, a myriad of documents and certifications must be signed and submitted by firms that enter into a contract with a local unit of government. Examples of these include “Section 3” certifications, the Copeland Anti-Kickback Clause, the Certification of Nonsegregated Facilities, the Property Tax Certification, and Non-Collusion Affidavits. Refer to the OHCP Construction Management Manual for detailed information on these requirements.

Regarding public procurement, refer to 24 CFR Part 85.36 and Chapter 12 of the OHCP Small cities Handbook for detailed information on these requirements. Although public procurement is rarely used for privately owned rehabilitation projects, it is always used for secondary infra-structure projects such as water and sewer facilities and street improvements. Public procurement and public contracting is also used for work on publicly owned buildings, such as the rehabilitation of grantee owned property.

## 6. Lead-Based Paint (LBP)

Grantees must follow all applicable state and local regulations, laws and policies, including the requirements of the current HUD regulations in effect regarding LBP (24 CFR Part 35). OHCP strongly encourages grantees to read the HUD LBP regulations (24 CFR Part 35 issued September 15, 1999), the state of Ohio LBP regulations (OAC Chapters 3701-32 and 3701-82 adopted April, 2004), and the other technical and administrative guides on LBP distributed by HUD, ODOD and ODH prior to designing and implementing a housing program.

Note that HUD LBP requirements vary according to the funding source, the activity and the amount of assistance provided. However, at a minimum, all owners or tenants occupying housing built prior to 1978 must be notified of the hazards of LBP. Grantees must include this notification process in their case processing and have the occupant sign a document that they indeed have received such notice. A signed and dated copy of the notification must be maintained in each appropriate project case file.

Regarding the rehabilitation of structures that are not exempt (as per 24 CFR Part 35.115) or structures with work greater than the de minimus levels (as per 24 CFR Part 35.1350), the following requirements apply.

- Rehabilitation work that is defined as “abatement” as per 24 CFR Part 35.110 must comply with all applicable sections of the 24 CFR Part 35 and OAC Chapters 3701-32 and 3701-82. Note that personnel involved in the inspection, assessment, removal and clearance testing of LBP abatement activities, must be trained and licensed under the Ohio Department of Health (ODH) Quality Assurance Lead Poisoning Prevention Program.
- Rehabilitation work that is not defined as “abatement”, must comply with all applicable sections of the 24 CFR Part 35 and OAC Chapters 3701-32 and 3701-82. Grantees may use either ODH licensed personnel, as noted above, or they may use Lead-Safe Renovators and Clearance Technicians that have been trained and certified for inspection, removal and clearance testing of non-abatement activities

- A Grantee must ensure that it:
  - Distributes copies of lead-based paint educational brochures and materials prior to performance of any work when required to by 24 C.F.R. 35.130 and get a receipt from the occupant that he or she received the materials.
  - Uses, for non-abatement work, only lead-safe renovators who have completed *Addressing Lead-Based Paint Hazards During Renovation, Remodeling, and Rehabilitation in Federally Owned and Assisted Housing* program at a training provider approved by ODH or uses, for abatement work, only contractors who are licensed by ODH.
  - Uses clearance technicians who are trained by an ODH-approved training provider and who are licensed by ODH.
  - Maintains a file of information on appropriately qualified personnel (including proof of their qualifications) that are involved in inspecting, rehabilitating, cleaning or examining projects where rehabilitation, remodeling, or paint repair work has been performed on HUD assisted projects funded by grantee, and furnishes such information to ODOD personnel upon request.
  - Maintains records in respective project files that document the results of any required clearance examination for a minimum of three years after completion of the project.
  - Specifies in the work specifications for projects involving lead-safe renovation each area that is subject to a clearance examination and, if the area is less than the entire unit, how the area will be appropriately isolated from the rest of the work site. The work specifications must require that all cleaning and clearance be conducted in accordance with existing HUD and U.S. EPA standards.
  - Includes the following provisions in each contract for renovation, rehabilitation, or paint repair in a lead-safe manner that is supported with HUD funds:
    - That the contractor shall make available for inspection by ODOD or ODH personnel during normal business hours anytime while the renovation, rehabilitation, or paint repair is going on the entire work site, work specifications, and any documents related to the project.
    - That the contractor will do work in a lead-safe manner in order to protect both workers and occupants.
    - That the contractor shall maintain at the work site documentation of certification of all persons working on the project who have successfully completed an ODH- approved *Addressing Lead-Based Paint Hazards During Renovation, Remodeling, and Rehabilitation in Federally Owned and Assisted Housing* program (or documentation that such persons are licensed abatement contractors or workers); and shall provide such documentation to ODH or ODOD personnel upon request
    - That the grantee will terminate an agreement with any contractor who does not do the renovation, remodeling, or paint repair work in a lead-safe manner consistent with an ODH-approved *Addressing Lead-Based Paint Hazards During Renovation, Remodeling, and Rehabilitation in Federally Owned and Assisted Housing* program and who fails to correct the inconsistent work practices.

- ❑ That the grantee will not pay for renovation, remodeling, or paint repair work done in a non lead-safe manner.
- ❑ That the grantee shall ensure that each HUD-assisted unit that is subject to lead-safe renovation must pass a clearance examination. Clearance must be achieved using the methods and standards prescribed by U.S. EPA at 40 C.F.R. 745.227 and OAC Chapter 3701-32-12.
- ❑ That the grantee shall ensure that a laboratory approved by the director of ODH shall conduct the analysis of all environmental samples.
- ❑ That grantee will not disburse more than 75% of project funds to the contractor until clearance is achieved.

A copy of a chart summarizing the required actions according to the activity and amount of assistance is included in the Appendix to the Housing Program Manual.

## **7. Floodplain Management**

Owners of property in a flood plain receiving rehabilitation assistance under State programs are not required to obtain flood insurance. The basis for this judgement is an interpretation by HUD that State programs come under the exemption language of the National Flood Disaster Protection Act and the requirements regarding flood insurance are not applicable. These requirements are applicable, however, to a HUD-administered Small Cities CDBG Program and CDBG Entitlement Programs. However, Ohio Revised Code (ORC) requires development projects in the one hundred year floodplain to comply with state floodplain management requirements.

Though flood insurance is not a requirement, housing rehabilitation programs should consider establishing local policies requiring such insurance. As is the case with hazard insurance, the payment of flood insurance premiums is an eligible rehabilitation cost, as defined in CFR 570.202(b)7iii. Requiring hazard and flood insurance protects the public investment in a housing unit.

However, if a jurisdiction is a participant in the Flood Protection Management System, FEMA regulations do apply. As a result, the project-review process and potential for required floodproofing measures should be taken into account. The applicability of these regulations is not a result of a community's CDBG grant with OHCP, but rather its participation in the national flood management program. For more specific information on this issue, contact the Ohio Department of Natural Resources, Division of Water, Office of Flood Plain Management at (614) 265-6755.

Please note that the Environmental Review Process may require an Eight Step Decision Making Process if doing any work in a floodplain. The process includes two public notices each with a corresponding public comment period. Please refer to the OHCP Environmental Review Record Manual for more information.

## **8. Truth-in-Lending**

When a community makes direct or deferred payment rehabilitation loans, be aware that federal truth-in-lending laws apply.

Regulation Z (12 CFR 226) implements the federal Truth-in-Lending and Fair Credit Billing Acts, which are contained in Title I of the Consumer Credit Protection Act, as amended. The purpose of this regulation is to promote the informed use of consumer credit by requiring disclosure about its terms and cost. The regulation also gives consumers the right to cancel certain credit transactions that involve a lien on a consumer's principal dwelling, among other things. Specifically this means that grantees will have to provide their loan recipients with a Truth-in-Lending Statement and Notice of Right of Recission. Note that a copy of a completed signed copies of the Truth-in Lending Statement and the Right of Recission form must be maintained in each appropriate project case file.

Communities should consult and involve their local law director as to how to conform to Regulation Z when developing these documents.

**NOTE:** In addition to Regulation Z, CHIP grantees might have to follow the requirements of the Real Estate Settlement Procedures Act (RESPA). OHCP suggests that grantees talk with their attorneys to determine if RESPA applies to financial assistance provided by the CHIP.

## **9. Ohio Ethics Commission/Conflict of Interest**

Ohio Ethic Commission Advisory Opinion 84-011, dated October 11, 1984, addresses the issue of the eligibility of a grantee employee receiving housing program assistance. The opinion holds that an employee can not receive assistance unless: 1) the public servant has no decision-making capacity in the local housing program, and 2) all other households eligible for and interested in receiving assistance have been served.

The standards for elected officials is based on these same criteria but slightly more restrictive. The Ohio Ethics Commission ((614) 466-7090) should be contacted for guidance in specific situations related to this subject. Also, 24 CFR Part 85.36 outlines the federal CDBG regulations on this matter.

## **10. Civil Rights and Nondiscrimination**

Although the history of civil rights laws was to protect females, elderly, minority and disabled people as groups experiencing discrimination, civil rights laws apply to most people who live in a community. There is literally no municipality in the county where the “special” groups listed above, collectively, do not make up the majority of the population.

Nondiscrimination and equal opportunity laws are based on the U.S. Constitution, federal laws, executive orders, and regulations. The requirements provide for 1) nondiscrimination in employment opportunities, 2) affirmative action and fair housing for members of groups distinguished by race, color, national origin, religion, sex, age, familial status and disability in all federally funded programs, and 3) accessibility standards for new construction and substantial rehabilitation.

Nondiscrimination laws, generally, prohibit certain illegal actions rather than requiring new and costly procedures. However, in some instances the community must take specific, special actions. Local leaders must make active efforts to overcome past practices or traditions that have had the effect of being discriminatory. Additionally, two equal opportunity laws require active community efforts to employ local residents, use local businesses and promote fair housing. Two of the keys to compliance are to learn what the requirements are and review the community’s progress at the beginning of the project and through its development and completion.

These specific requirements are incorporated in the Statement of Assurances attached to the OHCP grant agreement requiring an endorsement by the Chief Executive Officer, who assumes full responsibility for compliance in accepting these grant funds.

Often discrimination is unintentional and unrecognized. It occurs not so much through outright exclusion of a group or individual, as it does when a set of circumstances, unforeseen by local officials, creates a situation where a group of people is either denied benefits—such as community services or employment contracts-- or is forced to meet different requirements to receive the benefits—such as travel distance or income level. For this reason, nondiscrimination laws must be taken into account during the planning and design of a program, as well as during its implementation and ongoing operations of federally funded projects.

Local governments should involve a cross-section of citizens in the planning and development of projects. One of the best ways to avoid civil rights violations is to actively recruit persons from protected groups to participate in the planning process. Protected groups means a variety of racial/ethnic groups, ages, disabled/non-disabled persons. The input will lead to more informed decision and a better project, and it will minimize the chance of discrimination happening by effect, not by intent.

It is important to realize that federal nondiscrimination laws “pass through” whenever federal funds change hands. Local governments need to make certain to document that non-profit agencies, housing authorities, contractors and subcontractors which are funding wholly or in part by CDBG or HOME dollars are meeting the appropriate laws. In relation to activities funded by the HOME and CDBG programs, the broad principles of nondiscrimination legislation are applied to the specific areas of housing, benefits and services, employment and training opportunities, contracting and business opportunities, and relocation.

Equal opportunity problems appear to fall into two broad categories: those involving the denial of service or benefit to protected classes and those involving decisions, such as placement of a community center, which have the effect of discriminating against certain classes of individuals. Typically, civil rights problems involve “disparate effect” when decisions affecting eligibility, accessibility or publicity result in the limitation of benefits to those protected by the law. For example, a grant-funded rehabilitation program is established for homeowners in a community in which most of the minorities are renters. Let’s assume that this is the only activity for meeting housing needs. The program does not discriminate against owners who qualify, but in effect, it severely limits benefits to minorities because they are minimally represented among those who own homes. In another example, communities can use CDBG funds to build water and sewer services for an entire neighborhood and then set hook-up charges at a level which effectively eliminates access to minority and/or low- and moderate-income persons. The key to avoiding decisions, which may result in disparate effect, is to know the needs of the protected individuals and how they may differ from the overall community needs.

Regulations requiring grantees to maintain civil rights-related records have been in effect for many years. The civil rights related records include race and ethnicity data, compliance with Section 504 of the Rehabilitation Act, and compliance with Executive Order 11063. When seeking to gather civil rights-related data, grantees should avoid asking for information only from certain populations and not others. For example, instead of asking only some applicants about their race, grantees should have a means of seeking this information from all applicants and program participants.

The Federal requirements outlined in 24 CFR part 5, subpart A, are applicable to participants in federally funded programs, including HOME and CDBG. The nondiscrimination and equal opportunity requirements included in 24 CFR subpart are:

- (a) The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

Descriptions of the key federal civil rights, laws including fair housing and accessibility, along with implementing regulations are located at <http://www.hud.gov:80/offices/fheo/FHLaws/index.cfm>. Other applicable laws and regulations include Ohio's Civil Rights law, which can be viewed at <http://crc.ohio.gov/>, and local ordinances pertaining to housing.

## 11. Fair Housing

There are many laws that address equal opportunity in housing. Federal, state and local fair housing laws establish specific nondiscrimination and accessibility requirements for nearly all housing sold and rented in Ohio. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities and establishes accessibility requirements by recipients of federal financial assistance in both housing and non-housing programs. Although there is significant overlap between the federal Fair Housing Act nondiscrimination requirements with respect to disability and Section 504, Section 504 imposes additional broader obligations on recipients of federal financial assistance.

Descriptions of the key federal fair housing and accessibility laws, along with implementing regulations are located at <http://www.hud.gov:80/offices/fheo/FHLaws/index.cfm>. Other applicable laws and regulations include Ohio's Fair Housing law (located at <http://crc.ohio.gov/>), and local ordinances pertaining to housing.

The federal Fair Housing Act requires grantees to administer all programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing. Pursuant to Executive Order 11063 (as amended), Title VIII of the Civil Rights Act of 1968 (as amended), Title VI of the Civil Rights Act of 1964, Section 107 of the Housing and Community Development Act of 1974 (as amended), fair housing refers to nondiscrimination and affirmative action in the provision of housing; conduct of federally funded activities that provide housing, housing services, or housing related facilities; and provisions of relocation housing and services displaced these activities.

All communities receiving CDBG and/or HOME funds are required to operate a fair housing program that meets or exceeds the state's standardized design. At a minimum, grantees must:

- 1) Conduct an Analysis of Impediment (AI) to fair housing choice or update their current AI. The AI must include strategies to address impediments.
- 2) Appoint a local fair housing contact. The coordinator must be an employee of the grantee and available during normal business hours.
- 3) Establish and implement a process to receive fair housing complaints and forward those complaints to the Ohio Civil Rights Commission.
- 4) Conduct training to provide educational materials and information to residents in areas where the CDBG- or HOME-funded activities are being undertaken, to special populations affected by the activities, and to civic groups, organizations or schools.
- 5) Develop and distribute fair housing materials to at least 10 additional area agencies, organizations, or at public events. This information must also be provided to each applicant for housing assistance and household receiving rehabilitation, new construction, tenant based rental assistance, or acquisition assistance.
- 6) Rental rehabilitation participants are required to receive training related to fair housing and landlord-tenant laws.
- 7) All recipients or subrecipients of funds of projects containing five or more units must comply with affirmative marketing requirements. Affirmative marketing procedures must continue throughout the period of affordability. For single-family homeownership dwellings, the plan remains in effect until all dwelling units are sold. For more information on affirmative marketing, see <http://www.odod.state.oh.us/cdd/ohcp/AFHMGUIDE.pdf>.

For a more complete description of OHCP fair housing requirements, grantees should refer to the current annual Ohio Consolidated Plan.

For grantees undertaking housing-related projects, actions to fulfill this certification can easily be incorporated into project administration and implementation. Grantees may choose to include information about fair housing in brochures, pamphlets and advertising they produce to familiarize the community with program services, or include statements of fair housing policies in local program goals, objectives, and administrative procedures. Another suggestion is to include the fair housing symbol in all printed materials related to the program.

## **12. MBE/WBE**

Nondiscrimination, equal opportunity and various program regulations require that steps be taken to ensure that minority- and women-owned or controlled companies are included in the bidding on federally assisted projects. Grantees should contact such firms located in or near the grantee's jurisdiction and encourage these businesses to bid on rehabilitation projects.

## **13. Financial Privacy Act**

The federal Financial Privacy Act of 1978 guarantees financial confidentiality to persons requesting assistance directly or indirectly from the federal government. To comply with this law, the grantee must inform the client that no financial information will be disclosed or released to another government agency (except the Ohio Department of Development staff who may view the file on a monitoring visit) without the prior consent of the client. Also, verification forms sent to other agencies for the purpose of determining the client's eligibility for the housing program should contain a release from that client. OHCP strongly recommends that grantee have their legal counsel review all forms for appropriate release and notification wording.

## **14. Public Records Access**

HUD regulations (24 CFR Part 570.508) and state law (ORC Section 149.43 (B)), require grantees to provide individuals access to public records, upon request. Except where prohibited by law or other obligations of confidentiality, public records must be available for inspection by persons at reasonable times during regular business hours. Also, copies of public records must be made available, at cost, within a reasonable time. Therefore, OHCP expects grantees to have a policy and procedure designed to address the requests for and access to public records that have been generated under a housing program. Although most housing program records, including most of the information contained in client applications, appear to be public records, OHCP strongly recommends that grantees have their legal counsel review their policies and procedures regarding access to public records.

## **15. Escrow Accounts for Rehabilitation Cases**

The escrow account procedure was established by HUD to facilitate the involvement of small contracting firms in local rehab programs. Under escrow procedures, funds may be drawn at the time a contract is signed for a particular rehabilitation job. Funds are deposited in an escrow account with a local depository and withdrawn to pay the contractor as the work is completed.

Because the procedures for establishing and implementing an escrow account are severely limited, OHCP strongly discourages grantees from considering escrow accounts. Instead, OHCP encourages grantees to consider alternative solutions. First, grantees should review their payment procedures for inefficiencies and make improvements as needed. Second, grantees should consider loaning local funds to expedite payments to contractors and then reimbursing the local funds with grant funds drawn from OHCP. Grantees considering an escrow account must first contact their OHCP Housing Specialist at (614) 466-2285.

The exception to this requirement is when the activity is client based. The definition of client based for the purposes of this requirement means that the client is identified prior to the start of construction, that the property exists or is placed in the clients' name, that all construction contracts are between the client and the contractor, and that any mortgages to be placed on the property, including construction loans, are placed in the clients' name.

Other requirements outlined in 24 CFR Part 8 may apply to a particular housing activity regardless of its status relevant to the conditions outlined above.

## **16. Program Income Policy**

Housing program income, generated through activities from a Comprehensive Housing/Neighborhood Revitalization Program grant, Community Housing Improvement Program grant or Formula Allocation Program grant, must be accounted, expended and reported according to OHCP guidelines. Grantees must have an executed Housing Revolving Loan Fund Administration Agreement on file with OHCP (a copy may be obtained at [www.odod.state.oh.us/cdd/ohcp/OHCPForms.htm](http://www.odod.state.oh.us/cdd/ohcp/OHCPForms.htm)). In general, housing program income must be expended on activities that are eligible under the funding source that generated the program income. CDBG-generated housing program income can only be used for CDBG eligible housing activities, unless otherwise waived in writing by OHCP. The unit of general local government may expend CDBG-generated program income funds on secondary activities provided that a comprehensive housing program is being undertaken in a defined target area and OHCP has given prior approval to the targeted program and secondary activity expenditures. HOME-generated housing program income can only be used for HOME eligible housing activities (no exceptions). While prior OHCP approval is not required when program income is used in compliance with program guidelines, prior OHCP approval is required when program income is used to exceed the program guideline cost caps of a particular activity. Program income that is received and retained by a unit of general local government is treated as additional funds and is subject to all applicable requirements of the CHIP, including but not limited to, prevailing wage, environmental review, eligibility, national objective, approved local program designs, etc.

## **17. Asbestos Abatement**

Grantees should be aware of the Asbestos Abatement requirements and may have legal obligations and compliance responsibilities for handling asbestos-containing materials (ACMs) in properties or buildings undergoing rehabilitation or demolition using OHCP grant funds. These requirements generally will not apply to rehabilitation or demolition carried out using CHIP funds as both residential structures of four or fewer dwelling units and privately owned homes are excluded from the regulations. Grantees that intend to rehabilitate or demolition of a facility other than a structure of four or fewer dwelling units or a privately owned home, should first contact the OHCP Environmental Review Specialist at (614) 466-2285, to find out if asbestos hazards must be abated.

## **D. Instructions and Requirements for Local Policies & Procedures Manual**

As noted in Section 2, C of the Housing Program Manual, all grantees operating a Community Housing Improvement Program (CHIP) funded housing program must have an OHCP-reviewed Policy and Procedures Manual. Also, grantees must operate their CHIP-funded programs in accordance with their Policy and Procedures Manual. This section outlines the guidelines and requirements for a local Policy and Procedures Manual and provides instructions and commentary useful for preparing a manual.

### **Required Organization of the Policy and Procedures Manual**

The manual will consist of several sections. OHCP requires the manual to be organized in a consistent manner according to the following guidelines:

- Three copies of the manual must be submitted in three ring binders.

- The name of the community, the title of the document (CHIP Policy and Procedures Manual) and the year of submittal (the same year as the next available funding round), shall appear on the front of the binders and as a title page inside.
- Each copy of the manual shall have behind the title page a resolution from the local community adopting the manual.
- Each copy of the manual shall be divided into labeled tabbed sections consistent with the required components 1 through 11 below, including a separately labeled tabbed section for each activity to be described in section 10 (for example “10 – Home Repair”).
  1. Advisory Boards
  2. Income Eligibility
  3. Contractor Selection and Construction Management
  4. Disbursement of Funds
  5. Conflict Resolution
  6. Program Income
  7. Acquisition/Relocation
  8. Civil Rights
  9. Environmental Review
  10. Activity Specific Elements:
    - A. Activity Design
    - B. Client Selection process
    - C. Limits of Assistance
    - D. Finance Mechanism
    - E. Affordability/Housing Cost Burden
  11. Attachments:
    - A. Local Program Implementation Forms
    - B. Contractor Performance Manual

### **Required Components of the Policy and Procedures Manual**

The following section describes the specific submission requirements for each of the above listed components of the manual. This section also provides commentary designed to clarify OHCP policy and help grantees address the required elements. A separate description of the following components 1 – 11 will apply program wide. Separate descriptions of the elements listed under component 10 are required for each CHIP-funded activity proposed to be undertaken in accordance with the community’s approved CHIS or Consolidate Plan strategy.

#### **1. Advisory Boards**

##### **A. Required Elements**

The manual must describe the policies and procedures related to Advisory Boards. The Advisory Board section must:

- Describe the purpose of the board or committee and its role shall be clearly defined. This must include program advisory boards and/or loan review committees.
- Describe the parameters for membership, the member terms, the process and the criteria for the replacement of members, and a list of the current members shall be provided for each board and/or committee.
- Identify the meeting schedule for each board and/or committee.
- Describe the responsibilities of each board and/or committee.

B. Comments Regarding Creating and Implementing a Housing Advisory Board

Establishment of a Housing Advisory Committee (HAC) is required when developing the Community Housing Improvement Strategy (CHIS). The committee must consist of representatives appointed by the local Governing body, generally the county commissioners, Mayor or the City Manager. The committee should include at least one neighborhood resident that will not benefit from the program, and should include a cross section of the community, an elected official, and representatives from all social service agencies or organizations with an interest in low and/or moderate income housing (examples include the local housing authority, the local planning department, the community action agency, redevelopment, realtors, bankers, Habitat for Humanity affiliate, etc.).

A detailed analysis of the Census data will be performed. This data will include the type of housing available, rents, vacancies, quality and age of existing housing stock, etc. This data will permit the HAC to prioritize the local housing needs and offer guidance on the development of the policies to address those needs. The HAC will be able to provide information on the local delivery system which includes all agencies and organizations that are currently involved in local housing programs, as well as those previously involved in housing. Supportive services for the mentally ill, substance abusers, elderly, disabled, homeless or other populations must be included in the CHIS information. Because the HAC consists of advocacy group members and service providers, representation from this group is essential in providing input on policy issues and determining an action plan.

An action plan will then be developed with guidance from the HAC that specifically sets forth the prioritized activities as well as how those needs will be addressed and what agency or organization is to provide these services.

**2. Income Eligibility**

A. Required Elements

The manual must describe the policies and procedures related to income eligibility. The Income Eligibility section must:

- Include a chart showing the appropriate Section 8 Income limits to be used for each activity planned within the five-year period that the manual will be in effect
- Identify the selected definition of income to be used for all activities
- Describe the steps in determining income eligibility
- Describe the procedures to be followed in implementing each step of the eligibility determinations.
- Describe the local guidelines for documentation in verifying income.
- Include a list of eligible sources of income.
- Describe the division of administrative responsibility for each staff position associated with the procedures for assessing income eligibility. (Also see the section on staff roles under Section 10 – A, Activity Design).
- Provide copies of all forms that will be used in the verification process. (Note: these should be placed in Section 11 – A of the manual).

B. Comments Regarding Low and Moderate Income Limits

Low and Moderate Income is defined by HUD as up to 80% of the local area median income (AMI) as computed on the current Section 8 Income Guidelines and based on the number of permanent residents of the household that qualify under the criteria. Lower limits or targeted limits within this range may be advisable or required depending on the funding source and the nature of the activity.

C. Comments Regarding Selecting a Definition of Income

HUD has provided grantees with the flexibility to choose one of three definitions of annual income as defined in 24 CFR 5.609. These three definitions of income and the proper determination of income when using each of them are fully outlined in the 1999 U.S. department of Housing and Urban Development “*Technical Guide for Determining Income and Allowances for the HOME Program.*” OHCP strongly encourages each grantee to obtain a copy of this document and to use it as you develop your local policies and procedures on this section. The three definitions of income are as follows:

- Part 5 Annual Income
- Census Long Form Method (using the 2000 census long form)
- IRS Adjusted Gross Income (as defined for reporting on IRS Form 1040)

D. Comments Regarding Verifying Income

All income from all persons residing in the housing unit must be verified from independent source documentation, commonly called “third party documentation.” All sources of income and assets listed on the application must be verified. The client will be required to sign authorization forms to be mailed to the appropriate source for third party income verification for comparison and to ensure that anticipated income is properly calculated. The date of any and all documents used in verifying income may not be more than 180 days prior to the date of the application for assistance. Income must be projected for 12 months. Applicants shall be required to disclose all assets on the application.

Examples of types of third party documentation for income are provided below:

<u>Type of Income</u>	<u>Documentation</u>
Public Assistance Benefits (OWF, PRC, TANF, SSI, SSD)	Cash issuance history, current determination letter  Current bank statement showing direct deposit of benefit
Wages & Salaries (gross, before deductions)	Pay stubs for four most recent pays, employer statement or computer printout of earnings
Self-employment revenue/income	Financial records indicating gross revenues and operating expenses, Signed tax forms & Schedules for the previous two years (contribution to private retirement plans, wages to household members, and property & equipment depreciation are not allowable deductions)
Social Security Benefits	Current Determination letters

Veterans Benefits Bank  
Workers Compensation  
Government & Private Pensions  
Unemployment Benefits

Veterans Benefits Bank      Deposit Statements

Alimony & Child Support

Statement from Bureau of Child support, Divorce decree, and child support order

Dividends & Interest

IRS Form 1099, statement from financial institution

Rents & Royalties

IRS Form 1099, rent receipts

Strike Benefits

Letter from Union

E.      Comments Regarding Determining Household Size

Household size is determined by counting the number of eligible household members residing in the unit. Individuals generally not counted as household members include: foster children, live in aides and their children, unborn children, and children being pursued for legal custody who are not currently living in the household.

F.      Comments Regarding Assets

Every community must have an asset policy that details what funds, and property are considered assets, as well as a limit for determining eligibility. This ensures that those persons without resources are assisted first. Assets are considered to be savings accounts, Certificates of Deposit, stocks, bonds, and other real estate.

G.      Comments Regarding Income Documentation Forms

- Be careful on your forms what questions you ask. You must be specific to get good information returned. Avoid asking for average monthly pay.
- OHCP recommends that you design the income verification form so that if a person is paid hourly, the payroll clerk can note both the hourly rate and the number of hours worked per week.
- The form should also request a description of the pay period. For example is pay based on weekly, bi-weekly, monthly, or bi-monthly distribution?
- The form must include a signature line for the person providing the information, as well as a signature line for the applicant.

**3. Contractor Selection and Construction Management**

A.      Required Elements

The manual must describe the policies and procedures related to contractor selection and construction management. The Contractor Selection and Construction Management section must:

- Identify the requirements that local contractors must meet in order to participate in the program and outline the qualification process. See Section 3, B., below, for additional information.
- Describe the policies and procedures for barring poor performing contractors from continuing to participate in the program. Include a discussion of the community's disbarred contractor policy. See Section 3, C., below, for additional information.

- ❑ Provide policies and procedures to be followed to ensure that adequate contractors are available to ensure competition. Also include the policies and procedures for recruiting MBE/WBE and disadvantaged owned businesses into the program. See Section 3, D., below for additional information.
- ❑ Provide a description of the policies and procedures for the procurement of consultants, risk assessors, clearance technicians, rehabilitation specialist, and other individuals or organizations involved in the administration and implementation of the CHIP. Also include those involved in conducting testing and inspections.
- ❑ Describe the policies and procedures for the proper procurement of private contractors including a detailed outline of the process. Include a discussion of any special procurement requirements for emergency situations, including an explanation of when they will be used. Also include a discussion of the award of bids and procedures for dealing with the delay of the start date. See Section 3, E., below, for additional information. Also see Section C., 1 of the Housing Program Manual for additional information.
- ❑ Describe the policies and procedures related to the pre-bid conference including a discussion of scheduling, attendance requirements, and the policy for amending specifications or addressing alternative scopes of work. See Section 3, H., 8, below, for additional information.
- ❑ Outline the policies and procedures related to construction contracts, and place a copy of the construction contracts to be used in Section 11 – A of the manual. See Section 3, F., below, for additional information.
- ❑ Describe the policy regarding the involvement of owners doing all or a portion of the construction work on their properties. See Section 3, G., below, for additional information.
- ❑ Describe the policies and procedures covering the management of the construction process. Outline the policies and procedures for interim inspections including the frequency, scope, and guidelines to be followed. Also describe the policies and procedures related to final inspections, change orders, time delays, and punch out lists. See Section 3, H., below, for additional information.
- ❑ Provide, in Section 11 – B of the manual, a copy of the written Performance Manual that defines and provides technical specifications for the construction methods and materials to be used to achieve the grantee's performance standards (i.e. master specifications).
- ❑ Describe the process for conducting the initial inspections, work write-ups, in-house estimates, and the development of the scope of work/specifications for construction projects. This shall include the mandatory tests noted in Appendix H of the RRS. Include all relevant policies and procedures. Provide in Section 11 – A of the manual a sample of all forms to be used in conducting work write-ups, in-house estimates, and in describing the scope of work/specifications for construction projects. See Section 3, H., 3, 4 and 5, below, for additional information.
- ❑ Provide an outline of the policies and procedures for dealing with lead-based paint including a discussion of the risk assessment process, the integration of lead into the full scope of work, management of lead issues during the construction process, coordination with the Ohio Department of Health, and policies and procedures related to the clearance process. Describe the policies and procedures related to the temporary relocation of residents. Include in Section 11 – A of the manual copies of all related forms to be used in this process.

- ❑ Describe the pre-construction conference, including the timeframe for implementation, the location of the conference, a list of the necessary participants, a list of topics that will be discussed, and procedures for heading off potential problems that may arise during the construction process. Include in Section 11 – A of the manual, copies of all forms to be used. See Section 3, H., 12, below, for additional information.
- ❑ Describe the division of administrative responsibility for each staff position associated with the procedures for contractor selection and construction management. (Also see the section on staff roles under Section 10 – A, Activity Design).
- ❑ Where applicable, describe the administrative roles and responsibilities associated with all staff that will be involved in assuring compliance with labor standards, including those of the local labor standards officer. Labor standards apply to public facilities with contracts of \$2,000 or more, CDBG housing projects where the project consists of eight or more units, and HOME housing projects where 12 or more units are assisted.
- ❑ Where applicable, describe the process the grantee will follow to assure bid packages are reviewed for compliance with Labor Standard Provisions prior to issuing bids and upon receiving of bids.
- ❑ Describe how the grantee will assure that the Labor Standards Officer is aware of when any covered work is occurring in the field.

The following sections provide additional requirements and further clarification of OHCP policy regarding the above elements.

#### B. Contractor Qualification Requirements

The manual must identify the requirements that local contractors must meet in order to participate in the program. The requirements should be rigorous enough to screen out unqualified or unstable contractors but not so stringent as to prevent the participation of an adequate number of competent contractors. At a minimum, the qualification process should gather the following information about prospective contractors:

- ❑ Names and addresses of the owners and the type of ownership.
- ❑ The contractors financial and credit history.
- ❑ References from previous clients and material suppliers.
- ❑ The contractor’s business history (e.g. years they have been in operation, job volume, legal issues, etc.).
- ❑ Previous experience in the types of work that they will be performing.
- ❑ The names and addresses of sub-contractors that they use frequently (must also get the names, addresses, and insurance and worker’s compensation information for all subcontractors that will be used on a particular project prior to the start of the project).
- ❑ Proof of insurance coverage and worker’s compensation.
- ❑ Contact CHIP grantees in adjacent jurisdictions to determine if the prospective contractor has any performance issues in other CHIP housing programs.
- ❑ Check the Federal Debarred contractor list. Note that the contractor and all sub-contractors cannot be debarred from working on federally assisted projects. Checks may be made at <http://epls.arnet.gov>.

- Other requirements may include performance bonds, evidence of appropriate licenses or certifications for the type of work to be performed, description of their current workload, and evidence of capacity to perform the work (do they have the qualified personnel, equipment, etc. necessary to complete the job in a timely fashion).

C. Guidelines for Dealing with Poor Performing Contractors:

The manual must also describe the policies and procedures for barring poor performing contractors from continuing to participate in the program. OHCP expects grantees to establish and maintain a system for evaluating contractor performance. OHCP recommends that contractors be evaluated at least once a year. At a minimum, grantees should evaluate contractors on their ability to complete jobs on time, follow the bid specifications and rehabilitation contract, maximize work quality and minimize callbacks, honor warranty work, and respond to client complaints in a timely manner. The evaluations must be conducted consistently and be well documented so that the results can be used effectively. Contractors that fail to meet the performance standard must be barred from participation and removed from the list of approved contractors. Local policy should also contain a provision for the immediate removal of contractors from the list at any time that they are blatantly refusing to follow the established program requirements until the identified problem is resolved, and should establish any probationary periods for new contractors or for those with problems. Grantees must fully document the results of the contractor qualification and evaluation processes in their Participating Contractors File (see Section 6, A, 10 of the Housing Program Manual).

D. Comments Regarding Ensuring Adequate Competition

The manual must also describe the policies and procedures for ensuring that adequate contractors are available to ensure adequate competition. Grantees must also have procedures for recruiting MBE/WBE owned businesses into the program. A few examples of ways to attract contractors to participate in your programs are listed below.

- “Sell” the program to local contractors by doing the following:
  - Meeting with each local contractor individually
  - Holding a contractors meeting
  - Issuing newspaper articles and advertisements or media spots to stimulate interest
  - Placing information in supply stores where contractors do business.
  - Looking for qualified contractors ahead of time and work to develop a relationship with them by acquainting them with your community, your programs, and of possible upcoming needs. The community could even mail a newsletter with updates on the program to local contractors on a regular basis.
- Make projects more desirable to local contractors and develop a reputation as a good community to work with by doing the following:
  - Ensuring that expectations are clearly laid out ahead of time in enough detail to eliminate misunderstandings.
  - Keeping communication lines open and requesting feedback from contractors either currently or previously involved in projects, and using that information to improve your program and to make it flow more smoothly.
  - Improving the speed of payment. There are a number of ways to accomplish this. For example, local funds can be used to pay them initially and the local government can then be reimbursed with the federal funds, project completion dates can be anticipated ahead of time and draws made accordingly. Payment from OHCP takes approximately three weeks if all goes well so by anticipating when you will need draws and being timely in your submissions you may be able to cut down on the needed time frame.

- Providing detailed specifications and bidding instructions to make estimating easier and more equitable. (You will actually provide a better opportunity for your good contractors to compete effectively in the bidding process by doing this, as it is the poorer contractors who leave the things out that you may not have included in your original specifications. This can lead to poor quality work, change orders, etc.). Referencing the technical performance manual will help with this, as well as the pre-bid contractor meeting at the unit.
  - Being courteous, but firm in dealing with contractors. Make sure that staff are courteous, helpful, and meet their responsibilities in a timely fashion.
  - Being fair (don't show favoritism - make sure that all contractors have an equal opportunity to be awarded projects).
- Make good use of contractors in specific trades (subcontractors) where appropriate by dividing projects into smaller tasks. This can give you a wider contractor base.
  - Widen your sphere of potential participants. You may have to go outside of the county to obtain adequate contractor participation. Other possible leads to contractors in your area may be:
    - Other housing programs in your region, which may be able to provide you with a list of other contractors that are currently working within your area. They may also be a good source of information about the performance of these firms.
    - Professional organizations such as the local Building Industry Association, the National Association of Home Builders, etc. Organizations such as these could be contacted for recommendations of firms.
    - The yellow pages of the telephone books for your community and neighboring communities, as well as the large cities within the region.
  - Encourage the participation of minority, women, disadvantaged, and small contractors.

E. Requirements Regarding Procurement of Private Contractors

The manual must also describe the policies and procedures for the proper procurement of private contractors including a detailed outline of the process. The manual must clearly state whether the selection of a contractor is the responsibility of the property owner (homeowner procurement with assistance from the local program) or that of the local program (public procurement). The manual should address the policies and procedures for the following:

- Procuring contractors when the community is the procuring party. Note: if the community conducts the procurement, then public procurement is to be used and the procedures for the selection of contractors as outlined in 24 CFR 85.36 and various Ohio Revised Code regulations must be followed (also see the State of Ohio CDBG small cities program handbook - Chapter 12).
- Providing technical assistance homeowners when the property owner is the procuring party. Note: if the property owner will be procuring the contractor, then the policies outlined in 24 CFR 85.36 do not apply. Instead procurement is based on the requirements outlined in the Housing Handbook, on good principles of financial management and an attempt to protect the public interest (also see the booklet "Streamlining Rehabilitation Programs – U.S. Department of Housing and Urban Development, Office of Community Planning and Development). Guidelines for this process are outlined below.
  - Soliciting, receiving and analyzing bids.
  - Awarding and rejecting bids.
  - Procuring contractors under emergency situations.
  - Signing the contract.
  - Documenting the procurement process.

F. Requirements Regarding the Construction Contract

The manual must also describe the policies and procedures for ensuring that all new housing construction work, rehabilitation work, and repair work is identified in a written and properly executed contract. All contracts, at a minimum, must include the following elements.

- ❑ The construction start and completion dates.
- ❑ The cost of the work, method and breakdown of disbursements (payments). This should include details about work to be completed and inspection requirements prior to payments.
- ❑ Requirements for retaining payments and for the release of liens (CDBG funds cannot be escrowed).
- ❑ A detailed scope of work and (by reference) the work specifications.
- ❑ Requirements governing subcontracting, if applicable.
- ❑ Requirements for daily property maintenance and site clean-up provisions.
- ❑ An outline of procedures for inspections and changes in the scope or costs of work (change-orders).
- ❑ Procedures for resolving disputes and termination of the contract.
- ❑ All appropriate federal, state and local provisions, including, but not limited to:
  - Non-discrimination requirements and WBE/MBE provisions.
  - Ohio Mechanics Lien Provisions.
  - Insurance requirements (liability).
  - Worker's Compensation Coverage Requirements.
  - Non-collusion Certification.
  - Debarred and suspended contractor provisions.
- ❑ A one-year warranty on all work. (Additionally, the contractor must provide the owner with any manufacturer's warranties on installed materials).
- ❑ Signatures of the contractor and owner (Copies of the contract should be given to all affected parties).

G. Guidelines Regarding the Use of Owner - Contractors

The manual must also describe the policy regarding the involvement of owners doing all or a portion of the construction work on their properties. This policy should include if and when the use of owner-contractors is permitted, and how funds will be disbursed to pay for materials after the work is completed. If an owner of the property to which work will take place is also acting as the contractor, a written, executed contract between the owner/contractor and the grantee must be placed in the individual case file. This requirement applies to all housing new construction/rehabilitation/repair programs administered by OHCP. While allowing owners to perform their own work is a way to lower construction costs, it also can create potential problems. Consequently, OHCP does not recommend the use of owner-contractors unless the person is adequately skilled and committed. If a local program allows the use of owner-contractors, the following requirements apply:

- ❑ The owner’s skill level to perform the work properly and commitment to complete the job on time must be assessed. For tasks that require advanced construction/trade skills or knowledge, the grantee must require owners to provide evidence of their qualifications to do the specific work, or that portion of the work must be contracted out.
- ❑ The scope of the work to be done, the quality of the materials to be installed, the standard to which the work must comply and the timeframe to complete the project must be agreed upon in writing. Owner-contractors must be held to the terms of the agreement.
- ❑ An assessment of the owner’s resources must be done to verify that he/she will be able to purchase materials for a timely completion.
- ❑ The program can only pay for the materials that are installed. Unlike contractors, owner-contractors must provide itemized receipts for all materials for which reimbursement is requested. Program funds cannot be used to reimburse the owner for his labor or to pay for tools that are purchased by the owner in order to perform the work (limited tool and equipment rental is an exception).

H. Requirements Regarding Construction Management and Improving Work Quality

The manual must describe the policies and procedures covering the management of the construction process. The policies should cover all aspects of the construction process, including those outlined in HUD’s CPD Notice 90-33 “Improving Rehabilitation Construction Quality.” Grantees must be directly involved in their quality control system and, in general, their construction process, particularly in the areas of work write-ups and reasonableness of costs. They can help assure that construction work is properly performed at a reasonable cost by ensuring that the following policies and procedures are incorporated into the administration of their programs.

1. Property Owners Guidebook. As a practical program administration matter, grantees are advised to develop an easily understood guide for property owners designed to “educate” the property owner about the realities of the construction process. The guide should delineate the roles and expectations for all parties to the construction process.
2. Performance Manual. Grantees must also have a written Performance Manual (i.e. master specifications) that defines and provides technical specifications for the repair methods and materials to be used to achieve the grantee’s performance standards. Note that a copy of this manual must be submitted as an attachment to this Policy and Procedures Manual. Each participating contractor must receive a copy of the manual and the community should document that receipt in the contractor’s file. The Performance Manual is often the primary document for defining and enforcing work quality. At a minimum, it should:
  - Describe the documents governing the construction process.
  - Outline the roles and responsibilities of the parties.
  - Identify the acceptable specifications for each material item used in construction. Where practical, material specifications should be performance-based rather than based upon a brand name.
  - Describe the entire scope of work for each construction work item, including installation methods. These items are generally organized by trade or structural component (e.g. electrical system, roofing, plumbing, etc.) and should fully define each complete rehabilitation task.

3. Work Write-Ups. Clearly written, well organized work write-ups must be prepared which precisely define the construction work to be undertaken to correct deficiencies and bring the project up to the program's prescribed standards. The program's Performance Manual or technical specifications should be restated, or incorporated by reference in the work write-up. Each work write-up must be specific to the project and contain only the items that are to be addressed. The write-up should be detailed enough to identify each item that will be assigned a cost for bidding. When optional work is appropriate, these items should be identified separately as optional or alternative work items.

Good work write-ups are unambiguous and can be readily understood by all parties to the rehabilitation process, as well as by neutral parties. In addition to noting the work to be done, the write-up must also identify the location, quantity and quality of the work. The format should be organized logically. OHCP recommends that work write-up be organized by specialty trade and by location (on a room-by-room basis, where applicable). For clarity, floor plans, drawings and charts should be added where appropriate, such as for detailing the electrical work. In order to minimize confusion, OHCP recommends that owners sign to acknowledge acceptance of the work write-up and initial each item or page.

4. Cost Estimates for Work Specified. For each construction project, an estimate of reasonable cost must be prepared by a qualified person(s), based on the scope of work and technical specifications contained in the work write-up. The cost data used to determine the cost estimate must be accurate, relevant and detailed. Also, the data must come from recognized sources such as the grantee's own records of similar but recently completed projects, industry professionals and suppliers or published estimating manuals. Note that grantees must be able to justify their cost estimates. Guessing and "gut reckoning" are not acceptable methods. Cost estimates should be as thorough and accurate as possible in order to prevent subsequent cost-related problems such as unexpectedly high bids, re-bidding, "walk-away" projects and unhappy clients. Grantees should take steps to identify and correct problems when there are routine and/or significant differences between the cost estimate and bids. A number of resources are available to assist with this process including references such as Means, Dodge, Craftsman, HomeTech, etc.
5. Property Inspection Policies. Grantees must have written program policies and procedures that define the roles and responsibilities of inspectors and how and when inspections will be scheduled. Built into the grantee's inspection policies and procedures should be a method for ensuring quality control, such as spot checks by supervisory or senior inspectors to assure program administration consistency and integrity. Documentation of all on-site inspections must be maintained in the case file. Four types of inspections are required, as follows.
6. Initial Inspections. For rehabilitation or repair projects, the initial inspections assess the original condition of the house, determine if the project is feasible under the program guidelines and gather the information necessary to prepare the work write-up, cost estimate and bid specifications. In addition to thoroughly inspecting the house and property, the rehabilitation specialist should interview the homeowner to discover if any improvements have been made to the home, if there are specific problems with the home and if any household members have special needs, etc. For projects that will exceed \$5,000 in rehabilitation assistance, a Lead Risk Assessment is required to be performed by a licensed Risk Assessor, and the results of said Risk Assessment integrated into the bid specifications.
7. Interim or Progress Inspections. Interim inspections determine the status of the construction, verify contractor payment requests and help to ensure work quality and conformance to the construction contract. Sometimes interim inspections must be timed to match specific events such as inspecting key work items (e.g. wiring work prior to enclosure behind drywall) or responding to payment requests. However, unannounced interim inspections should also be made with some frequency to spot check contractor performance, answer contractor questions, etc.

8. Final Inspections. Final inspections verify that the work is properly completed prior to issuing final payment to the contractor. Final inspections are also made to verify that the owner is satisfied with the work and has received all of the required warranties and other material manufacturer information from the contractor. Owner satisfaction statements must be obtained in writing and maintained in the case file. If a punch list of unfinished items is created, another final inspection must be made before the final payment can be made and the owner satisfaction statement can be obtained.
9. Lead Hazard Control Clearance Examination. The project must pass a clearance examination by a qualified Clearance Technician, Lead Inspector, or Risk Assessor before work can be approved for payment.
10. Change Orders and Time Delays. Policies and procedures for dealing with change orders and time delays in the construction process should be addressed. Any changes to the agreed upon work must be documented by a change order that indicates the change in work, change in price, or change in work completion dates. All parties, including the homeowner, the contractor, the grantee, and the authorized representative of the grantee must sign the change order. All change orders must be attached to the original contract.
11. Pre-Bid Meeting (“Walk-Through”). Grantees shall hold a pre-bid conference or walk-through at the project site with the contractors who have been invited to submit bids. These are typically, and preferably held at a single time and include all contractors submitting bids. Alternatively, OHCP will allow the rehabilitation specialist to meet each contractor individually at the project site for the purposes of a walk-through. The purpose of the walk-through is to orient the contractors to the scope of work, to allow the owner to meet the contractors and to provide the contractors the opportunity to discuss and clarify the bid specification items. If alternative items are warranted, these must be provided in writing, as an addendum, to all participating contractors. OHCP requires all pre-bid walk-through to be attended by the rehabilitation specialist and to be mandatory for contractors wishing to submit a bid.
12. Pre-Construction Conferences. Grantees shall hold a pre-construction conference with the contractor and the property owner and a program representative. The meeting should address the extent of the work to be performed, the schedule, special conditions and any specific concerns or questions any of the parties might have. Pre-construction conferences are often the opportunity for owners and contractors to settle on the color or type of some materials, the specific location of certain items and to negotiate family and contractor schedules. The pre-construction meeting must be documented and a form maintained in the case file. OHCP recommends that pre-construction conferences be held at the project site.
13. Quality Control. Describe procedures for conducting spot checks on the rehabilitation specialists inspection results and construction management practices. Detail the position of the local person responsible for this percentage of units to be inspected, and the scope of the inspections, etc.

#### **4. Disbursement of Funds**

##### **A. Required Elements**

The manual must describe the policies and procedures for disbursing funds to vendors, contractors, consultants, clients and other entities participating in the program or providing services. The procedures must conform to accepted accounting practices and the OHCP Financial Management Rules and Regulations. All disbursements must be only for obligations incurred in the performance of the grant and must be supported by contracts, invoices, vouchers, and other records evidencing the necessity of the expenditures. The Disbursement of Funds section must:

- ❑ Describe the policies and procedures for disbursing funds to vendors, contractors, consultants, clients and any other entities participating in the program or providing services. Notes on the required elements are included below. Include a description of how oversight and appropriate checks and balances will be provided, a description of the process, and any required documentation, inspections, retainage, etc. to ensure that payment is only made for services satisfactorily provided.
- ❑ Describe the policies and procedures that the community will implement to ensure that contractors and other vendors are paid in a timely manner.
- ❑ Define, for each staff position, the division of administrative responsibility associated with the procedures for the disbursement of funds (also see the section on staff roles under Section 10 – A, Activity Design).
- ❑ Provide, in Section 11 – A of the manual, copies of all forms associated with the disbursement process.

B. Comments on Contractor Invoices, Payments and Retainage of Funds

Grantees shall establish procedures for the disbursement of funds to contractors. These procedures must include a description of any provisions for partial payments or retained funds and must identify the documentation required for releasing funds. At a minimum, itemized invoices, lien waivers and certifications from the inspector and the owner that the work has been satisfactorily completed must support payment requests. The work must be inspected prior to authorizing payment. Payments must not be made if the work is not complete or if the work is not included on the contractor’s invoice. Inspections for drawdowns must clearly indicate which contract items have been completed, and the draw amount should relate to the item cost totals.

Depending on the size of a project, grantees may want procedures that provide for interim payments based on a pre-determined schedule. For example, a procedure might allow for contractors to request a draw after 50% of the work is completed and another draw after all of the work is completed. [However, grantees should note that no more than 75% of the LBP-related project funds should be released to the contractor until clearance is achieved]. Grantees should also consider tailoring payment procedures as needed to meet the legitimate business needs of contractors to meet special situations. For example, small contractors with limited cash flow might need the ability to request draws more frequently than larger more established contractors. Or, it might be advisable to restrict the number of draws available to contractors that are new to the program or whose performance is otherwise under increased scrutiny.

**5. Conflict Resolution**

A. Required Elements

The manual must describe the policies and procedures for addressing client complaints. The Conflict Resolution section must:

- ❑ Describe the policies and procedures for the resolution of conflicts that may arise between clients and contractors, clients and program administrators/community, and/or contractors and program administrators/community. Note: the policies and procedure must address appeals due to a denial of assistance as well as conflicts resulting from receiving assistance.
- ❑ Explain practices that will be followed to reduce the opportunity for conflicts to arise.
- ❑ Describe the division of administrative responsibility for each staff position associated with the procedures for dealing with the resolution of conflicts. (Also see the section on staff roles under Section 10 – A, Activity Design).
- ❑ Provide, in Section 11 – A, copies of all forms related to the conflict resolution process.

B. Requirements Regarding Local Client Compliant Procedures

Grantees shall establish procedures for the resolution of conflicts between the owner, contractor and program, including appeals due to a denial of assistance. Local policies and procedures must, at minimum, conform to the following requirements:

- ❑ The procedure must be in writing and available to each program applicant and recipient. A copy of the procedure should be presented to the applicant/recipient prior to receiving assistance. The applicant/recipient must acknowledge receipt of the procedure and a signed copy of that acknowledgement must be maintained in the project case file.
- ❑ All client complaints must be submitted in writing. Claimants may have an attorney or other representative assist in the preparation and presentation of the complaint. If the claimant requires assistance writing their complaint, the grantee should help arrange for that assistance.
- ❑ The grantee must respond in writing to the claimant within 15 calendar days of receipt of the complaint.
- ❑ A review committee comprised of objective and knowledgeable people, who are not involved in the complaint and do not have a conflict of interest regarding its outcome, must be established.
- ❑ The claimant must have the option to present their complaint, in person, before the committee. Again, the claimant may have an attorney or other representative assist in the presentation of the complaint.
- ❑ The committee must respond in writing to the claimant within 15 days of the hearing.
- ❑ The services of the closest Dispute Resolution/Mediation Program must be available, if necessary.

**6. Program Income**

Required Elements

The manual must describe the local policies and procedures governing the management and expenditure of program income. The policies must be in compliance with the current OHCP Program Income policy. The Program Income section must:

- ❑ Describe the policies and procedures related to the tracking and collection of program income including the collection of liens when properties are sold or transferred.
- ❑ Detail the procedure for the approval of the commitment of program income funds to a project.
- ❑ Describe the policies, procedures, and conditions regarding the use of program income for administrative costs.
- ❑ Describe the division of administrative responsibility for each staff position associated with the procedures for managing program income. (Also see the section on staff roles under Section 10 – A, Activity Design).
- ❑ Provide, in Section 11 – A, copies of all forms related to the management of program income.
- ❑ Provide a copy of the required reporting forms and a copy of the signed and executed Housing Revolving Loan Administration Agreement.

## 7. Acquisition/Relocation

### A. Required Elements Regarding Acquisition/Disposition/Down Payment Assistance

The manual must describe the policies and procedures regarding the acquisition of property. This Acquisition/Relocation section must:

- ❑ Where appropriate, provide a copy of the log the grantee will utilize for logging all personal or real property acquired or disposed.
- ❑ Where applicable, describe the process the grantee will follow when acquiring property.
- ❑ Where applicable, provide a disposition plan.
- ❑ Describe the process that the grantee and grant recipient will follow when awarding down payment assistance for the purchase of a home to ensure that no displacement exists.

### B. Required Elements Regarding Relocation

The manual must describe the policies and procedures for relocation. The Relocation section must:

- ❑ Identify whether the grantee or its beneficiaries (applicants) plan on acquiring occupied, unoccupied, or both types of real property.
- ❑ Describe the procedure to be followed for all of the following that may apply during the current CHIS period: temporary, permanent, voluntary, and involuntary acquisition.

Note: The Uniform Relocation Assistance (URA) and Real Property Acquisition Act of 1970, as amended, covers acquisition and record keeping rules.

## 8. Civil Rights

The manual must describe the policies and procedures for ensuring compliance with Civil Rights requirements, including Fair Housing, Affirmative Marketing and Accessibility.

### A. Required Elements Regarding Fair Housing

The Fair Housing section must:

- ❑ Describe the administrative responsibilities for each related staff position, including the local fair housing contact, associated with the fair housing and citizen participation components. (Also see the section on staff roles under section 10 – A, Activity Design). Note that the fair housing contact must be the same as the contact for the community's standard Fair Housing program.
- ❑ Describe the fair housing and citizen participation outreach activities that will be carried out. Include a discussion of the frequency, location, and extent of each activity. Also describe efforts that will be made to enhance the program's effectiveness and to collect data.
- ❑ Provide a description of the fair housing materials that will be distributed, including a discussion of materials that will be available in alternate languages, if another language is commonly used and understood by a portion of the population to be served (e.g., information in Spanish).

- Explain the plan for implementation plan and the record keeping system to be used. Provide a written description on how data on the race, ethnicity, gender, and disability will be obtained and documented for each program applicant, beneficiary, contractor, consultant, etc.
- Present the plan for assuring that fair housing and affordable housing concerns are communicated and acted upon quickly and appropriately.
- Describe the policy for assuring that any written information about the CHIP program includes the equal opportunity logo and include the name, address, and phone number of the local fair housing contact.
- Provide an explanation of the policy for assuring that all activities are conducted in compliance with all CDBG and HOME equal opportunity, civil rights and fair housing requirements. (All persons, without regard to race, color, religion, sex, national origin, familial status or handicap, are to be made aware of the range of housing opportunities available to them. Activities must be designed to further the housing objective of avoiding undue concentrations of assisted persons in areas containing a high proportion of low and moderate income persons.)
- Provide a policy for the evaluation of the program offices, services, materials, etc. to assure that they are accessible for persons with disabilities.

B. Required Element Regarding Affirmative Marketing

The Affirmative Marketing section must:

- If a community is undertaking rental rehabilitation or new construction for rental or lease that may have five or more units under one owner, the manual must have a written policy for how the community will affirmatively market housing projects.

c) Required Elements Regarding Accessibility

The Accessibility section must:

- If applicable, describe what controls the community will adopt to assure that projects developed or substantially rehabilitated by a single entity of five or more units (regardless if they are one a single or multiple site) comply with Section 504 of the Rehabilitation Act of 1974, as amended.
- If applicable, describe what controls the community will adopt to assure that projects developed by a single entity of four or more connected units (regardless of whether they are one a single or multiple site) comply with the Federal Fair Housing Act.
- If applicable, describe what controls the community will adopt to assure that any facilities constructed or rehabilitated will comply with the Architectural Barriers Act.

**9. Environmental Review**

Required Elements

The manual must describe the policies and procedures for ensuring compliance with the Environmental Review requirements. The Environmental Review section must:

- Describe the administrative roles and responsibilities associated with all staff that will be conducting, maintaining compliance and providing record keeping for the environmental review (also see the section on staff roles under section 10 – A, Activity Design).

- ❑ Describe how the person(s) conducting the environmental review will maintain the capacity to conduct reviews. The environmental officer is required to attend Environmental Review training offered by OHCP at the annual training summit.
- ❑ Provide copies of any coordination agreements with entities listed at 24 CFR 58.5 and 58.6 that will be utilized during the current CHIS period for the CHIP Program.
- ❑ Describe what process the grantee will follow to assure that the environmental review is completed prior to the final design, bid, and construction of any activity or project.
- ❑ Provide a description of the policies and procedures to be followed in obtaining Ohio Historical Preservation Office (OHPO) clearance regarding properties subject to Section 106.

Note: OHCP encourages all grantees to consider conducting an environmental assessment for the housing programs to ensure that the highest level of clearance needed can be obtained. This will permit replacement of substandard homes and other “new construction” activities such as room additions, tap-ins, etc. to be conducted.

## 10. Activity Specific Elements

### A. General Requirements

Behind the tab for “Activity Specific Elements” provide a tab in the manual’s binder for each client-based activity proposed in the community’s CHIS (and consistent with the Ohio Consolidated Plan) to be undertaken with CHIP funds during the five-year period in which this manual is in effect.

Program design descriptions with all of these components are required to be addressed in the manual for each client-based activity to be undertaken with CHIP funds during the five year period for which your community’s current CHIS will be in effect. The design descriptions for all project specific activities, as well as certain specified components of the client-based activities, will be required as a part of the community’s application for CHIP funding. The eligible activities that the community must address are those outlined in the community’s Current Community Housing Improvement Strategy (CHIS). For convenience, a list of the eligible CHIP activities from the State of Ohio Consolidated Plan is provided below. These eligible activities are subject to change from year to year and are subject to certain provisions outlined in the consolidated plan, so be sure to consult the current State of Ohio Consolidated Plan and your community’s current CHIS for the appropriate activities to address in the manual. Also be aware that all federal and state regulations and OHCP policies that relate to each of these individual activities must be followed. A descriptions of these activities and the associated OHCP policies is found in the Housing Program Manual, Section 1, and should be used as a reference as the local policies and procedures governing each activity are determined.

- ❑ Primary Housing Activities
  - Private Owner Rehabilitation
  - Down Payment Assistance
  - Down Payment Assistance/Private Owner Rehabilitation
  - Rental Rehabilitation
  - Public Residential Rehabilitation, including shelters for Special Needs Populations
  - Home Repair (this activity is limited to \$100,000 per grant)
  - New Housing Construction (Special restrictions on using CDBG funds for this activity)
  - Equipment Acquisition (Tool Loan Program)

- Supportive Activities
  - Clearance/Demolition (Must be linked to provision of land for a project specific activity)
  - Acquisition (Special restrictions on using CDBG funds for this activity)
  - Relocation Payment/Optional Relocation (not linked to a primary housing activity)
  - Emergency Monthly Housing Payment (Special restrictions on using CDBG funds)
  - Tenant-Based Rental Assistance
  - Code Enforcement (Special restrictions on using CDBG funds)
  - Planning (not to exceed \$10,000)
  - Public Service (not to exceed 15% of the grant)
  
- Secondary Activities (Limited to 20% of grant request and must be linked to a primary activity)
  - Sanitary Sewer Improvements
  - Water Improvements
  - Storm Sewer Improvements
  - Street Improvements
  - Sidewalks/Curbs
  - Demolition

**A. Activity Design**

1. Required Elements

Under each client-based activity tab, provide a section “A. Activity Design.” Under this section provide a narrative describing the activity to be undertaken and include the following components, as appropriate:

- A narrative description of the activity to be undertaken
- The location of the activity to be undertaken
- A statement of the purpose for the activity and the National Objective
- A description of the target population
- A description of any housing standards or codes that must be met
- A description of any required preplanning or related design elements that must be addressed
- A description of the procedures to be followed in implementing the activity and the roles of staff involved in the implementation

2. Required Elements Regarding the Activity Description:

- Provide the name of the activity and a narrative description of the activity to be undertaken (reference is found in the Section 1 of the Housing Program Manual).
- Describe any secondary activities or outcomes associated with this activity. For example, Homebuyer Counseling, Lead Testing, and/or Relocation could all be secondary activities and outcomes associated with the primary activity Down Payment Assistance/Rehabilitation.

3. Required Elements Regarding Activity Location:

- Identify the geographic area where assistance will be provided. Generally this will be the area covered by the CHIS (the entire city or county). In this case a statement to that effect will generally suffice, although it is important to clearly note any excluded areas (for example, a city within the county that has its own CHIS) Also, in some cases, the activity will be in or will give priority to specifically targeted areas. In this case, the locations must be clearly described for all targeted areas.
- Provide maps of specific Census tracts, townships, villages, cities, etc. must be provided and explained.
- Reference the appropriate section of the CHIS that explains the special need in this area. If priority will be given to certain areas, also describe the process for giving priority to those areas.

4. Required Elements Regarding Activity Purpose:

- Describe the purpose of the planned activity and how it addresses the needs of the community as identified in the community's CHIS.
- Identify the national objective that is being met and how the activity meets this objective.

5. Required Elements Regarding Target Population:

- Describe the population to be targeted through this activity (for example renters below 30% AMI). Include the income characteristics of the population as well as any other distinguishing characteristics. Include a description of any groups that are to be given a set aside of funds or priority through this activity. Target population may be defined in terms of income groups, location, type of residence, age of household, etc.
- If priority will be given to certain groups, describe the process for providing priority to them. Be careful of excluding certain populations from all activities by always giving preference to the same group(s).

6. Required Elements Regarding Housing Standards/Codes:

- Provide a discussion of any housing standards or codes that will be met in conducting this activity.
- Identify any local codes that apply to this activity and describe the process for coordinating with the local code officials. Note: The minimum CHIP housing quality/rehabilitation standards are:
  - OHCP Residential Rehabilitation Standards (RRS, 1998 Edition, or most recently adopted version) and local code is required for Rehabilitation and Down Payment Assistance activities that involve existing structures. Units repaired under a Home Repair activity are subject to RRS for only those items repaired;
  - Housing Quality Standards (HQS) is required for units occupied by persons receiving TBRA and Emergency Rental Assistance;
  - CABO One- and Two-Family Dwelling Code (or the most recent residential code adopted by the State of Ohio) and local code are required for new construction activities involving buildings containing less than four dwellings. New construction or project specific activities involving buildings with four or more units, must meet the latest adopted version of the appropriate commercial building code; and
  - The U.S. Department of Housing and Urban Development's Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing is required for units receiving lead reduction/evaluation assistance.

- Any locally adopted codes that apply to the type of work being performed. These must be clearly spelled out in the manual.

Note: Improvements to units assisted under the S/B National Objective on an area basis must be limited to those items that qualified the unit as substandard.

7. Required Elements Regarding Preplanning and Activity Specific Design Criteria for New Construction or New Construction/Down Payment Assistance Activities:

- Describe the development process, including a discussion of the following elements:
  - Describe what will be done (Examples: i.) Construction of a stick built house on a site already owned by the client and the provision of a portion of the down payment assistance. ii.) Work with a client to purchase a suitable site, the provision of site improvements, and the placing of a manufactured unit on the site). Also discuss the feasibility and justification for the chosen approach.
  - Site selection criteria, if applicable. Include a discussion of existing and adjacent land use, proximity to necessary services, liens, slope, drainage, floodplains, zoning, easements, size, soil suitability, disposal of waste, availability of water and other utilities, etc.
  - Policies and procedures related to the provision of site improvements, (utilities, driveways, landscaping, etc.) if applicable.
  - Provide a breakdown of what the projected costs will be, what the CHIP funds will be used for (land acquisition, site improvements, construction costs, purchase of a manufactured unit, etc.) and the likely source of funding for the remainder of each project.
  - If applicable, describe any sweat equity to be used in the projects, and a discussion of the policies and procedures to be followed in managing this process.
- Describe the policies and procedures associated with any other secondary outcomes – homebuyer counseling, for example.
  - Describe how the process is integrated with the primary activity.
  - Detail the documentation process for verification of outcomes and compliance with requirements.
- Detail the procedures and policies related to any pre-inspections or tests to be conducted to ensure the suitability of the site. Examples may include testing of percolation for a septic system, or determining the feasibility and costs of obtaining well water.

8. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for a Private Owner Rehabilitation Activity

- Describe the policies and procedures for addressing Lead-based paint (LBP), as follows:
  - Identify the licenses that will be maintained by the program staff.
  - Describe the procedures associated with integrating LBP into the selection of units, the development of rehabilitation specifications, contracts, and scope of work.
  - Describe the process associated with the coordination of trades when conducting lead work associated with rehabilitation.

- Describe when interim controls will be used and when abatement will be used.
- Describe the policies and procedures for the temporary relocation of clients during the rehabilitation process, if applicable.
- Describe the policies and procedures associated with any other secondary outcomes – home maintenance counseling or lead testing, for example.
  - Describe how the process is integrated with the primary activity.
  - Detail the documentation process for verification of outcomes and compliance with requirements.
- Detail the policies and procedures associated with the implementation of the required inspections and tests for items such as wood boring insects, well water quality, private septic systems, etc. as outlined in Appendix H of the Residential Rehabilitation Standards (RRS).

Note: Costs associated with complying with local, state and federal requirements, including 24 CFR 35, etc. (9/15/99), are considered to be part of the cost of providing the service. Therefore, the costs to comply with the LBP requirements, including the costs for inspecting or testing for LBP, assessing the LBP hazards, removing or controlling the hazards and clearing the hazard control work, must be budgeted within the amount of funds requested. While the cost of the hazard control work (i.e., “hard costs” directly related to abatement or interim control work) must be charged to the project being rehabilitated, the costs associated with evaluation (i.e., inspection, testing, assessment and clearance) may be charged to either implementation or the specific project. This also applies to the other required tests and inspections as outlined in appendix H.

9. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for a Rental Rehabilitation Activity

- Describe the policies and procedures for addressing Lead-based paint (LBP), as follows:
  - Identify the licenses that will be maintained by the program staff.
  - Describe the procedures associated with integrating LBP into the selection of units, the development of rehabilitation specifications, contracts, and scope of work.
  - Describe the process associated with the coordination of trades when conducting lead work associated with rehabilitation.
  - Describe when interim controls will be used and when abatement will be used.
  - Discuss the community’s policies regarding the requirement that property owners must incorporate ongoing lead-based paint maintenance activities into their regular building operations in accordance with CFR 35.935.

Note: Costs associated with complying with local, state and federal requirements, including 24 CFR 35, etc. (9/15/99), are considered to be part of the cost of providing the service. Therefore, the costs to comply with the LBP requirements, including the costs for inspecting or testing for LBP, assessing the LBP hazards, removing or controlling the hazards and clearing the hazard control work, must be budgeted within the amount of funds requested. While the cost of the hazard control work (i.e., “hard costs” directly related to abatement or interim control work) must be charged to the project being rehabilitated, the costs associated with evaluation (i.e., inspection, testing, assessment and clearance) may be charged to either implementation or the specific project. This also applies to the other required tests and inspections as outlined in appendix H

- Describe the policies and procedures for the temporary relocation of clients during the rehabilitation process, if applicable.

- Describe the policies and procedures associated with any other secondary outcomes – home maintenance counseling or lead testing, for example.
    - Describe how the process is integrated with the primary activity.
    - Detail the documentation process for verification of outcomes and compliance with requirements.
  - Detail the policies and procedures associated with the implementation of the required inspections and tests for items such as wood boring insects, well water quality, private septic systems, etc. as outlined in Appendix H of the Residential Rehabilitation Standards (RRS).
  - Discuss the type of financial mechanism used to encourage property owners to participate in the activity. Assistance should be arranged so that it is reasonable and based on the owner’s ability to repay while maintaining affordable rents and making a return on the investment.
  - Describe the process for the escrow or collection of the landlord contribution, and define the policies for the sharing of construction costs and any additional costs resulting from change orders.
  - Describe the policies and procedures for assuring that rents remain affordable and according to HOME guidelines, and that occupancy by low income households as outlined in the HOME regulations is assured – including the verification of income on an annual basis as required by HOME. Describe the record keeping process.
10. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for a Home Repair Activity
- Describe the policies and procedures for addressing Lead-based paint (LBP), as follows:
    - Identify the thresholds for determining when LBP must be addressed.
    - Identify the licenses that will be maintained by the program staff.
    - Describe the procedures associated with integrating LBP into the selection of units, the development of work specifications, contracts, and scope of work.
    - Describe when safe work practices will be used, when interim controls will be used and when abatement will be used.

Note: Costs associated with complying with local, state and federal requirements, including 24 CFR 35, etc. (9/15/99), are considered to be part of the cost of providing the service. Therefore, the costs to comply with the LBP requirements, including the costs for inspecting or testing for LBP, assessing the LBP hazards, removing or controlling the hazards and clearing the hazard control work, must be budgeted within the amount of funds requested. While the cost of the hazard control work (i.e., “hard costs” directly related to abatement or interim control work) must be charged to the project being rehabilitated, the costs associated with evaluation (i.e., inspection, testing, assessment and clearance) may be charged to either implementation or the specific project.

- Describe the scope of the activity, including a discussion of eligible and ineligible types of work. Remember that, unlike Private Owner Rehabilitation, the Home Repair activity can address only one or two specific problems that adversely effect occupant health and safety and/or the homes structural integrity. Note that the Home Repair work must be limited to correcting only the problem(s) that qualify the home as a Home Repair project and items that are directly related to correcting that initial problem(s). The types of work that are generally considered to be eligible for the Home Repair activity include the following:

- Structural System Repairs and Replacements (e.g. roof and foundation work)
- Mechanical System Repairs and Replacements (e.g. electrical, Plumbing and HVAC)
- Water or Sewer Tap-ins
- Well and Septic System Repairs and Replacements
- Accessibility Improvements
- LBP Hazard Control Work

Note that Applicants are no longer required to choose one or two types of Home Repair work. Instead, the Home Repair activity includes all of the above types of work. However, applicants may limit their Home Repair program design to specific types of work if they so choose. Note also that there is no longer a category of Home Repair known as “Emergency Home Repair.” Instead, the term “emergency” is relevant for determining contractor procurement procedures, qualifying a Private Owner Rehabilitation project for Home Repair assistance or exempting a project from the LBP requirements per 24 CFR Part 35.115 (a)(9).

11. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for a Down Payment Assistance or a Down Payment Assistance/Rehabilitation Activity

- Discuss how the community will ensure that units will meet OHCP RRS. Note: If no rehabilitation activity is proposed for down payment units, then the units must meet OHCP RRS at closing. Repairs necessary to bring a unit up to OHCP RRS must come either from private sources or from a down payment assistance/rehabilitation program that the community is operating (e.g., CHIP, etc.). Grantees must ensure that all units meet OHCP RRS. The housing must be free from all noted health and safety defects before occupancy and units not tied to down payment assistance/rehabilitation must meet OHCP RRS at closing. Units tied to rehab must meet OHCP RRS within six months of closing; therefore, communities proposing a Down payment Assistance Program must propose the activity as Down payment Assistance/Rehabilitation in order to ensure that units can meet OHCP RRS or propose new construction units (also be aware that even new units may not meet RRS).
- Describe the policies and procedures associated with any other secondary outcomes – home maintenance counseling or lead testing, for example.
  - Describe how the process is integrated with the primary activity.
  - Detail the documentation process for verification of outcomes and compliance with requirements.

Note: All Down Payment Assistance/Rehabilitation activities must include the requirements above plus all of the items listed under the section for Private Owner Rehabilitation. All Down Payment Assistance and Down Payment Assistance/Rehabilitation activities must also include all of the elements listed under the section for Homebuyer counseling.

12. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for a Homebuyer Counseling Activity

- Homebuyer education and credit counseling are required components for all Down Payment Assistance activities. When this activity will be offered to clients receiving DPA, the components described below must be included as a secondary outcome associated with that primary activity. When this activity will be offered as a stand-alone public service activity, then these components should be addressed as a separately tabbed activity.

- Describe the homebuyer counseling to be provided. Communities may propose to conduct the counseling themselves or have it presented by another group, such as a lending institution or a public/private non-profit agency. Note that the homebuyer education and counseling sessions addressing the pre-purchase items shall be provided to eligible applicants prior to receiving CHIP assistance. Regardless of who provides the counseling, the content, at a minimum, must address the pre- and post- purchase elements outlined below:
  - Counseling timeline: The activity design must address the sequence of the counseling integration with the application intake and award process. An outline of the steps should be provided that detail when in the process of selecting and purchasing of a home each portion of the counseling will be offered. Pre-purchase items such as information about predatory lending, credit management, etc. must be addressed prior to the client approaching a bank for a loan if they are to provide an educational benefit to the client.
  - The homebuyer decision: This element should include counseling on analyzing the initial and long-term affordability; finding the “right” house (including a component on typical pitfalls, the importance of good inspections of the property and housing systems and a discussion of lead-based paint); fair housing; identifying the players; making the offer; signing the contract; shopping the financing; and a discussion of homeowners and mortgage insurance.
  - Budgeting and credit management: This element should include counseling on establishing a savings plan and setting goals; understanding credit; building and maintaining a credit record; understanding the consequences of default; the pros and cons of refinancing, and predatory lending.
  - The mortgage loan closing process: This element should include: understanding the pre-closing requirements; understanding the loan closing documents; and understanding the closing process.
  - Fair housing component: This element should include information related to potential discriminatory actions related to home ownership such as abusive and unfair lending, insurance redlining, unfair appraisals, and other related issues.
  - Home maintenance and repair: This element should include information on developing a maintenance plan; identifying problems and performing basic preventative maintenance; understanding basic repair safety precautions; and tips on hiring and dealing with a contractor.
  - Client follow-up: This element should describe how the community would assess the degree of success that recipients are having with home ownership. Follow-up contact should be made no sooner than three months after closing. Describe plans to meet follow-up (post-purchase counseling).

13. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for Tenant-based Rental Assistance Activity

- Describe the community’s rent affordability requirements. Describe how the community program design does not exceed HUD’s rent affordability requirements or create a housing cost burden.
- Describe the strategy for ensuring that homelessness will not result when this short-term rental subsidy program terminates (exit strategy).

- ❑ Describe the minimum tenant contribution as well as the method for subsidy calculation. Address how the community program design will comply with the HOME regulations.

Note: The administrative cap for the operation of TBRA is 10% of the activity request. TBRA is not eligible for Implementation funds.

14. Required Elements Regarding Pre-planning and Activity Specific Design Criteria for an Emergency Housing Assistance Activity

- ❑ Discuss payment's use, such as security or utility deposits and/or rental assistance, mortgage payments to avoid foreclosure, or rental assistance to avoid eviction.
- ❑ Discuss method of payment distribution to vendors.

15. Required Elements Regarding Staff Roles and Procedures

- ❑ Describe the division of administrative responsibility for each staff position for each activity to be undertaken by the community. Common titles/roles include:

Program Administrator	Intake/Application Clerk
Fiscal/Loan Officer	Rehabilitation Specialist
Lead Risk Assessor	Lead Clearance Technician
Program Manager	

- ❑ Describe the roles and responsibilities of all parties involved in operating each program. The responsibilities associated with each component of the activity must be clearly addressed. This includes all staff, oversight by the local community, and the staff positions of all other agencies/firms involved in the administration/implementation of each activity (names do not need to be included).

**B. Client Selection**

1. General Guidelines for the Client Selection Process

In order to administer a program that is comprehensive and fair, each client application must be judged by the same set of standards. Following are some guidelines for setting those standards:

- The standards should be based on procedures that are comprehensive and fair, and that do not unduly discriminate against or favor any households on the basis of race, religion, national origin, color, age, sex, handicap, parenthood or familial status.
- The standards should contain enough safeguards to insure that each application is judged by the same set of standards.
- The standards should be based upon factors that will ensure that financial assistance is targeted to clients who will benefit the most from participating in the program.
- The standards should ensure that units most in need of repair or rehabilitation are selected.
- The standards should determine the order in which households applying for assistance will be served. This may include the development of a priority system for ranking applications.

- The standards should have only one selection method per activity.
- The standards should provide for a timely written notice to applicants of the status of their request for assistance.
- For rental rehabilitation the standards should cover the selection of the property owner, the eligible tenant, and the property.
- For down payment assistance the standards should cover the process for selection of eligible financial institutions as well as the client and the property.
- For down payment assistance combined with rehabilitation, standards for the client selection criteria should also detail property eligibility and cover the method for dealing with eligible applicants and ineligible properties.
- For tenant based rental assistance the standards for selection criteria must be detailed. If the selection is based on housing authority policies, that criteria must be described.

## 2. Required Elements

The manual must describe the policies for determining the selection process for every household applying for assistance for each client-based activity. The manual must also describe the procedures to be followed in implementing the described policies. The manual must describe the policies and procedures for all of the following applicable elements associated with each activity.

### a) Notice of Eligibility or Ineligibility

- Describe the policy to notify a household that has been determined eligible or ineligible. Such notifications must be in writing and, if appropriate, include information about possible assistance from other agencies. Note: Eligibility is based on several factors that must be considered and documented, including:
  - Gross annual Income based on household size.
  - Assets of the applicants.
  - The type of property selected and type of ownership permitted.
  - Location and condition of the property to be assisted.
  - Priorities to be allowed for certain groups, such as renters.
  - Thresholds to be met as a condition of eligibility, such as homebuyer training.
- Document what a client file will contain. See Section 6, B., C., D., E. and F., of the Housing Program Manual for required file content. If an applicant is ineligible, the file shall consist of an application for assistance, photographs, in-house cost estimate, and program policy governing the activity, as appropriate.

### b) Solicitation of Applicants/Marketing the Program/Waiting Lists.

- Describe the methods that will be used to solicit applications and market the program. Include procedures to be followed by staff as well as milestones for fulfilling these tasks. Examples of marketing methods include:
  - Distributing brochures at neighborhood meetings, or local fairs.
  - Canvassing door-to-door in targeted area households (elderly, disabled, concentrations of LMI households or other target populations) to enlist their participation.

- Soliciting applications through the local newspaper, radio, direct mailings, utility company mailings, senior citizen groups, housing authorities and churches.
- If appropriate, describe the process used in developing waiting lists, as well as how persons in need who are not on the list can be considered for assistance. Note: Many communities have been unable to assist all those who applied previously, and thus have developed waiting lists for future grants.
- c) Timing of Applications
- Describe the policy and process for soliciting and accepting applications. Describe which of the following methods for soliciting and accepting applications will be used for each activity undertaken. Provide justification for the selected method in light of program and activity goals. Examples of common application selection methods are:
- Continuous: (to ensure that everyone can apply).
  - Staggered or Batched: Application system with several rounds of client selection per year. By using this type of system, families, which were late in learning of the program's existence, will have a reasonable chance of applying for and receiving funding in subsequent rounds of the program.
  - Waiting list: Some programs carry over applications into the next round, or the next program using a waiting list of eligible applicants for assistance.
  - Lottery: A regulated drawing from a large pool of eligible applicants.
  - First Come First Served: (until funds are depleted).
- Describe the locations and times for accepting applications, including the following:
- The designated locations for picking up applications.
  - The procedures for tracking applicants.
- d) Screening of Applicants
- Describe the procedures for reviewing and/or screening the applications prior to the award of assistance. A variety of methods are used for pre-qualifying or screening applicants, for example:
- *Preliminary application:* A short form application, sometimes called a pre-app, is used. This determines whether a household appears to meet the basic eligibility criteria. The applicant fills out this short form and submits it to the Intake/Application Clerk, who determines whether the applicant proceeds to the full application stage or is definitely ineligible. That can quickly be determined if the person does not live in the target area, is over-income or fails to meet any program thresholds.
  - *Intake/Interview:* All potential applicants meet personally with the Intake/Application Clerk. If the interview indicates that the applicant is probably eligible, the complete intake may be done at that time. Or a future appointment may be scheduled, and a list of eligibility verification items may be provided for the applicant to bring to the intake appointment. This may include items such as a copy of recent paychecks, a copy of the deed to the property, documentation of hazard insurance, and documentation that property taxes are current.
- Describe any thresholds that will be universally applied for each activity and include necessary details. For example, below is a sample list of requirements that the client must meet in order to be eligible to participate in a down payment assistance program:

- Mandatory completion of homebuyer education classes prior to admittance to the program (must describe what portions of the classes must be completed prior to seeking bank approval and prior to receiving assistance).
  - Bank pre-approval (define pre-approval).
  - Resident in the community for a period of one year (define resident).
  - Select an eligible property (define what constitutes an eligible property).
  - Provide a client contribution (how much, what is eligible for inclusion as a contribution, and when will it be required).
- Describe the ranking or rating system for scoring applications to ensure that those with the greatest need are chosen first. If a point system is used, it must:
- Provide a minimum point threshold for which applicants scoring below this minimum would not be considered for assistance.
  - Assign a majority of points based on the age and/or condition of the unit (for rehabilitation programs).
  - Detail how the rating score is utilized with the batching or application selection process.
  - Provide a maximum total points, and an explanation of scoring. For example, if a sliding scale is used, tell how the score for major or minor violations are differentiated and determined.
  - Detail how the inspection process and housing deficiency score is determined, and at what point in the application process the rating is conducted.
  - If a sliding scale for points is used, describe the basis for determining those points. Clearly define each category. For example, if points are scored based on whether a deficiency is minor or major, define what determines the threshold between the categories.
  - Provide justification for the weighting of each category.
- e) Housing or Project Eligibility Requirements
- Describe the housing or project eligibility requirements, for applicable activities. Include a discussion of any of the following elements that are applicable.
- Where applicable, describe the procedures for handling properties that are unsuitable for the activity. These are homes that cannot be undertaken by the program, and have been excluded because the costs exceed established limits, or because of failure to meet established underwriting criteria, or because the house is deteriorated to the point where rehabilitation or repair is not cost effective. Also include any referral process or other options that will be pursued in attempting to provide assistance in these situations.
- f) Housing or Project Eligibility Requirements for New Construction
- Where applicable, detail the criteria for the eligibility of lots previously owned by the client, including a discussion of similar elements to those addressed for the purchase of new lots under the activity design criteria for new construction. Include a discussion of existing and adjacent land use, proximity to necessary services, liens, slope, drainage, floodplains, zoning, easements, size, soil suitability, disposal of waste, availability of water and other utilities, etc.
- Describe the criteria for determining the size, costs, and type of house to be constructed considering such factors as family size, accessibility, and affordability.

- Discuss the housing selection process such as who will select the units, when will they be selected, and on what basis (the selection of plans, competitive selection from manufactured home providers, etc.). For example, will the houses be ranches, two stories, cape cods or a combination of styles? What type of foundations will they have, what amenities will be allowed (fireplaces, whirlpool tubs, etc.)?

g) Elements Related to Housing or Project Eligibility Requirements

- The manual must clearly describe for each activity the eligibility requirements for receiving assistance. Grantees must ensure that, at a minimum, all projects satisfy federal and OHCP eligibility requirements. In addition to income eligibility and location of the property in a target area, these requirements may be based upon tenure, type of structure, or other factors identified by the grantee. The following outlines OHCP policy on five eligibility factors.

i. Mobile Homes

In Ohio, as of March 30, 1999, the term “mobile home” refers to a home that was constructed on a chassis in a factory and transported to a site, but does not meet the HUD Manufactured Home Construction Standards (MHCS) in effect at the time of manufacture, and does not have a label certifying compliance with those standards.

One of the main purposes of OHCP-funded housing programs is to create and maintain affordable housing that meets the requirements of the RRS. However, mobile homes generally have a shorter useful life than standard site-built homes, modular homes or manufactured homes that are certified to meet the HUD MHCS. Also, mobile homes are generally constructed so that compliance with the RRS cannot be met without extensive alterations. Consequently, it is OHCP’ policy that mobile homes are not eligible for rehabilitation or down payment assistance. Instead, assistance to mobile homes must be limited to CDBG-funded Home Repair. In addition, the following restrictions apply to mobile homes:

- The mobile home must be permanently supported on the lot. This means that the wheels and tires (and temporary axles and tow tongues) are removed from the chassis and that the chassis or frame is supported on a permanent masonry foundation (i.e. piers and/or a perimeter wall foundation).
- The mobile home must be taxed as real estate rather than as personal property.
- The applicant must own the lot on which the mobile home is located. However, when the Home Repair work addresses a condition that meets the definition of an emergency (see Section 1, A, 4. of the Housing Program Manual), assistance may be provided to owner/occupants who lease the land upon which their mobile home is located. Please note that all other conditions described in this section, except the real estate taxation requirement, still apply.
- The mobile home must be owner-occupied (as required to be eligible for CDBG Home Repair assistance).
- The total amount of assistance must be limited to no more than \$8,000 (as limited under the Home Repair activity limit of assistance).

ii. Manufactured Homes

A home that was constructed on a chassis in a factory and transported to a site and certified to meet the HUD MHCS in effect at the time of manufacture is referred to as a “manufactured home,” rather than a “mobile home.” For current HUD MHCS, see 24 CFR Part 3280 (4/1/01). Because factory constructed homes that are certified to meet the HUD MHCS are considered to be more durable than mobile homes, these types of homes are not subject OHCP’ policy restrictions regarding ineligibility for rehabilitation and down payment assistance. However, manufactured homes still must be permanently supported on the lot and be taxed as real estate, as described above. Also be aware that manufactured units provided as replacement housing on existing sites are subject to the same level of environmental review clearance as new construction.

iii. Hazard Insurance

While hazard insurance is not required by the HUD regulations, OHCP recommends that owners be required to have and maintain hazard insurance as a condition of assistance. The purpose of course is to protect the investment of public funds. Please note that HUD regulations, 24 CFR Part 570.202(b)7(ii), identifies hazard insurance premiums as an eligible rehabilitation cost. If a grantee requires homeowner hazard insurance, the grantee must ensure that the amount of the insurance adequately covers the public investment and that proof of insurance is maintained in the project case file. Also, OHCP recommends that the grantee be listed with the insurance carrier as a mortgage/loss payee for the term of the loan. This listing helps to ensure that the grantee will be notified if the coverage is cancelled.

• Land Contracts

Homes being purchased by an income eligible household under a land contract should be eligible for rehabilitation assistance. If the local program provides a type of financial assistance that requires that a lien be placed on the property, grantees have a number of ways to secure the assistance:

- Convince the title-holder (seller) to convert the land contract into a first mortgage with the occupant (buyer).
- Have the seller sign the mortgage and promissory note and the buyer sign an agreement to assume the mortgage when the title is transferred.
- Have the buyer sign the mortgage and promissory note and the seller sign an agreement to assume the liability if the buyer defaults on the land contract.

Many low- and moderate-income households purchase their homes using a land contract, and it is important to develop a mechanism that permits these families and structures to receive assistance. Because a land contract does not convey title until the end of the contract period, grantees must ensure that the following additional requirements are met prior to providing financial assistance:

- The land contract must be recorded in the County Recorder's Office.
  - The land contract must not contain provisions under which the contract may be terminated by the seller other than default by the purchaser, and
  - The purchaser must not be delinquent on the payment schedule without good reason.
- Life Estates

Homes occupied by an income eligible household residing in the home under the terms of a life estate should be eligible for rehabilitation assistance. However, because a life estate tenant does not legally own the property, grantees must ensure that the following additional requirements are met prior to providing assistance:

- The document that establishes the life estate must be recorded in the County Recorder's Office.
- The owner(s) identified on the deed, as well as the life estate occupant, must also sign the appropriate documents. For example, the owner(s) must sign the various forms acknowledging the terms and conditions for participating in the program, the rehabilitation contract, the promissory note, the mortgage, and the various inspection/payment request forms. Another option is to consider the property as rental property and to address the unit deficiencies with the owner of record through the rental rehabilitation activity.

h) Sample Property Eligibility Requirements.

### Home Repair

- The property must be LMI owner occupied.
- Manufactured homes must be taxed as a housing unit, and located on land owned by the applicant.

### Rental Rehabilitation

- Property owner must be financially able to provide matching funds.
- Property owner must be willing to adhere to affordability/rent regulations.
- Property must be suitable for rehabilitation within program limits.

### Down Payment Assistance/Rehabilitation

- Upon verification of income eligibility, the prospective homebuyer must complete the homebuyer counseling training sessions, which will provide inspection guidelines for property selection as well as the types of units that are eligible.
- Although HUD permits buildings with up to four units to be purchased through the CHIP, local communities may choose to follow a more stringent policy and limit selection to single family dwellings, doubles, duplex, and/or condominiums.
- Homes for sale may be vacant, owner-occupied or tenant-occupied. If a home is tenant-occupied, or if a home is owner-occupied with a tenant residing within the home, then the tenant is considered displaced (the owner is not considered displaced since it is a voluntary sale on the part of the owner). The cost of tenant relocation should be considered before deciding the feasibility of the project.
- Property must be able to be purchased/rehabilitated within the program limit to the RRS, within six months of purchase.
- Property appraisal must be not less than the unsubsidized purchase price, and will not exceed the 203 (b) limits for the area.

## **C. Limits of Assistance**

### 1. Required Elements

- For each housing activity describe the limits of financial assistance that will be applied to each project. This should include, as applicable, a maximum limit, a minimum limit, an average cost per unit, a walk away policy, and any other specific limits that may apply. Also provide justification for the limits chosen.

Note: Applicants that combine primary activities with supportive components, such as DPA/Rehabilitation combined with Homebuyer Education and or Private Owner Rehabilitation with Optional Relocation, or Lead Risk Assessments must estimate the amount of funds per unit that may be allocated to the primary activity and to each supportive component. Applicants should understand that they must track the outcomes and expenditures for each supportive component and report that information to OHCP on the final performance report at the end of the grant period.

- Describe the procedures that will be followed in the implementation of the described policies.

2. Comments Regarding OHCP Limits of Assistance

OHCP has set maximum award limits as outlined in the chart below.

Activity Name	Limit without lead	Limit with Lead	Handbook Citation	Comments
Home Repair	\$8,000	\$8,000	Sec 1, A, 4	Combined assistance considerations
Private Rehabilitation	\$30,000	\$35,000	Sec. 1, A, 1	
Rental Rehabilitation	\$30,000	\$35,000	Sec. 1, A, 2	Match considerations
Down Payment Assistance	Reasonableness based on 5% of 203 (b) or 10% of purchase price	N/A	Sec. 1, A, 6	
Down Payment Assistance/Rehabilitation	\$30,000	\$35,000	Sec. 1, A, 7	
Acquisition/Rehab/Resale	\$55,000	\$55,000	Sec. 1, A, 8	
New Construction	\$55,000	N/A	Sec. 1, A, 5	

The community can set limits that are more stringent than OHCP limits, and can also set limits for other activities not listed in the chart above such as relocation, homebuyer education, down payment assistance, rental rehabilitation, and rental assistance. Limits should also be provided on any possible units that may receive combined assistance. Combined assistance is defined as assistance provided to a single housing unit from more than one housing activity. An example would be the provision of both home repair and private rehabilitation to the same house.

Note: Grantees must institute the OHCP walk-away policy in all cases when the amount of assistance would exceed the limits outlined in the chart above.

3. Required Elements Regarding Home Repair

- Describe the policies and procedures related to the combining of home repair assistance with private rehabilitation assistance: For example, Home Repair funds may be used in conjunction with owner rehabilitation funds when the following occurs:
  - At the time of the housing inspection for rehabilitation, the inspector discovers a health and safety need.
  - An applicant for owner rehabilitation reports an emergency concern, which is verified by the inspector before the housing inspection has been conducted. In such a case, the repair shall be processed and corrected as per the guidelines governing the home repair activity and the remainder of the owner rehabilitation project may be bid at a later date following the inspection, write-up, specification and bidding process for rehabilitation.
  - During the process of addressing an emergency repair, the program staff notices that numerous other housing deficiencies need to be addressed, and refers the person for subsequent housing rehabilitation.

Note: The Home Repair activity is not an eligible HOME funded activity (CDBG funds only unless combined with rehabilitation). OHCP has set no requirements for a minimum limit of assistance, however any minimums must be clearly described and justified. In no circumstances will the combined activity exceed the program limit (\$35,000 including LBP)

4. Required Elements Regarding Rehabilitation Assistance (including DPA/Rehabilitation and Rental Rehabilitation)

- Identify the minimum limit of assistance to be provided to a household. Note that the HOME regulations require at least a minimum of \$1,000 per assisted unit. There is no minimum limit of assistance required by the regulations for CDBG funds.
- Describe any other applicable limits of assistance related to lead-based paint, the combining of assistance, etc.
- Describe the walk away policy. The community must clearly state the procedure for units that cannot be addressed within the budget available. Units that cannot be addressed due to the cost or for other reasons are known as walk away units. Generally this means that the unit cannot be repaired or rehabilitated, or in the case of down payment assistance/rehabilitation, the unit cannot be purchased. Note that Home Repair assistance cannot be provided in lieu of a walk-away policy. In the instance of down payment assistance/rehabilitation, the policy should detail the procedure for searches for another unit.

5. Required Elements Regarding New Construction

- Identify the minimum limit of assistance to be provided to a household. Note that the HOME regulations require at least a minimum of \$1,000 per assisted unit. There is no minimum limit of assistance required by the regulations for CDBG funds.
- Identify the maximum limit of assistance to be provided to a household. Note that the maximum level of assistance allowed by OHCP for new construction is \$55,000.
- Describe any other applicable limits of assistance such as limits on construction costs, site development costs, or land purchase costs.

**D. Finance Mechanism**

1. Required Elements

The manual must describe the policies and procedures regarding the mechanisms for providing financial assistance to the households participating in the program. The Financial Mechanism section must:

- Describe the finance mechanisms to be applied to each client-based activity and describe the rationale for the type of assistance to be provided. The terms and rate of interest should be described, including any forgiveness factors. The program must also set forth its requirements for securing loans, as well as any prohibitions on future sales of the assisted property. There are specific requirements related to the funding source that must be taken into consideration, as well as OHCP program income recapture requirements.

This description must also include any conditions attached to the assistance such as deferred loan due-on-sale provisions, rent limitations on investor-owned property, requirement for match funds, etc. Balloon payments are discouraged as a finance mechanism.

Note: Grantees proposing Private Owner Rehabilitation or Down payment Assistance/Private Owner Rehabilitation as a CHIP activity are reminded that the finance mechanism for these activities must be designed to eventually generate guaranteed program income in an amount equal to at least 15% of all funds requested.

Note: All assistance (other than grant assistance) must be secured with a recorded mortgage lien for a minimum of five years for the term of the loan.

- ❑ Provide a written policy regarding the subordination of mortgages. The policy should address the conditions under which the grantee will (will not) subordinate its loan, how the decision is made and by whom.
- ❑ Describe the procedures to be followed in the implementation of the described policies.

## 2. Examples of Different Types of Finance Mechanisms

### Grants

This type of assistance is basically a gift. All assistance is immediately forgiven. No mortgage or promissory note are executed, nor is a lien recorded on the property. This type of assistance is generally used for rental subsidy and home repair programs. Grants may be appropriate for activities such as Home Repair or TBRA, which offer relatively low amounts of financial assistance to very low-income clients. Grants, however, are inappropriate for rehabilitation programs targeted to the moderate-income clientele, and may not adhere to HOME affordability regulations.

### Forgivable Loans

A forgivable loan resembles a grant in that if the present owner retains the property for a specified period of years, no repayment is required. The forgivable loan is instituted through the use of a mortgage and promissory note. The program files a mortgage lien against the property in the amount stipulated on a related promissory note. The note is initially valued at the amount of the rehabilitation cost. Each year that the owner retains ownership and resides in the home a certain percentage of the amount is forgiven as if it were a grant. Should the owner continue as owner-occupant of the home until the term of the note expires, the owner pays nothing and has no conditions on the disposition of the property. Should the property be sold or vacated prior to the expiration of the note, the owner owes the program whatever balance remains on the note.

Note: Loans to property owners assisted under a HOME-funded Rental Rehabilitation program cannot decline or be forgiven during the term of the required affordability period.

### Deferred Loans

Under this type of finance mechanism, a loan is made to an eligible recipient. Repayment is deferred for a certain number of years or until the property is sold, or is no longer used as the primary residence, at which time the loan would be due in full. This technique is often used in order to provide assistance to households that may currently be unable to afford loan repayments. Repayment is collected sometime in the future, generally when transfer of ownership takes place. This method is used to generate housing program income so that the funds can be recycled for additional housing activities.

### Amortizing Loans

These loans may be based on the borrowers ability to repay and are often based on a sliding scale. The program must describe the interest rate that will be charged on the loan and what the term of the loan will be. In general rehab loans do not have terms longer than 15 years. In the case of new construction loans, they may require a longer term.

### Principal Subsidy

A write down, known as principal or interest subsidy is a mechanism in which the project is financed by a loan, but the amount repaid by the property owner is partially subsidized or offset by the inclusion of grant funds. These are based on the owner's ability to pay.

## Loan Leveraging

This type of loan requires coordination with a private lending institution. Often this means dealing with the underwriting and credit requirements of that entity. Certain persons may not qualify for loans, thereby, defeating the purpose of the program—to rehabilitate housing for low and moderate-income families. Loan leveraging is a very complicated approach and should be undertaken only when the locality has experienced staff to calculate and administer the projects. Loan leveraging has been successful in many localities when working with USDA/Rural Development programs (formerly known as Farmers Home Administration).

### 3. Comments Regarding Finance Mechanisms

It may be that the best approach will include a combination of two or more types of assistance. In deciding how to structure the program, it is important to clearly define the local objectives. Objectives should be based upon the characteristics of both the population and the housing stock in the community. A high number of very low income and/or elderly households would probably dictate the use of more forgivable loans. Loan leveraging works best with moderate income and down payment assistance programs.

The blend of assistance is the locality's decision within the constraints of HOME regulations and the OHCP 15% rehabilitation recapture for program income requirement. Also to be considered is the ability of potential program participants to repay a loan.

Housing cost burden, which is based on the rent or mortgage payment and includes property taxes and insurance as well as utility (excluding cable and telephone) costs, should not exceed 35% of a family's gross monthly income when requiring loan repayments to begin immediately. Any finance mechanisms that include balloon payment loans must detail how the collection of a balloon payment meets the housing cost burden requirements, and does not create potential affordability issues or homelessness for the assisted client.

Note: Finance mechanisms should be appropriate to the income level of the clientele group, the level of available assistance, and future community needs. This will help promote the success of the program.

## E. **Affordability/Housing Cost Burden**

### 1. Required Elements

The manual must describe the policies and procedures for ensuring compliance with appropriate affordability requirements. The Affordability/Housing Cost Burden section must:

- Describe the community's policies for assuring that all affordability requirements will be met, and describe all of the necessary procedures associated with implementing these policies. The description must address the following areas:
  - Housing Cost Burden/Long-Term Affordability
  - Development of Program Income
  - HOME Affordability Requirements (Recapture or Resale).

Note: Affordability requirements vary between CDBG and HOME. A grantee must adopt and make public its criteria for determining what constitutes affordable housing costs.

### 2. Comments Regarding Housing Cost Burden

Rental Units: Generally, gross rents (and utilities) that do not exceed 30% of a tenant's income are assumed to meet the criteria for ensuring that the family is not housing cost burdened. Under no Circumstances shall rents for assisted units be in excess of area Section 8 Fair Market Rents.

Ownership Units: The monthly housing costs known as PITI (principal, interest, property taxes and insurance) are not to exceed 30% of gross monthly income (or 35% if utilities are included in the affordability calculation).

Generally if a person pays more than 30% of their gross monthly income on rent or PITI they are considered to be housing cost burdened. Paying more than these percentages is deemed as housing that is not affordable to LMI families.

3. Comments Regarding Long Term Affordability

Affordability is also a term used in the HOME regulations. Generally known as long-term affordability, this regulation requires that specific criteria be followed when HOME funds are provided toward the purchase of a unit or purchase combined with rehabilitation funds. If a community uses HOME funds for down payment assistance or down payment assistance combined with rehabilitation assistance, the long-term affordability period must reflect the entire amount of HOME assistance in the project. Note that the affordability period begins when the project is completed. The long-term affordability period for the HOME subsidy in a project is as follows:

<u>HOME Funds Provided</u>	<u>Affordability Period</u>
Less than \$15,000	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years
New construction (rental units)	20 years

The long-term affordability regulation is enforced through the use of a mortgage lien recorded on the property for the length of the long-term affordability period.

4. Comments Regarding Program Income

Be advised the Estimated Program Income (PI) amount must correlate with the number of outcomes and the Finance Mechanism described in the application. Applicants are also to furnish information to justify the Finance Mechanism proposed. If program income is earned via direct repayment or re-capture, the application must clearly describe the mechanism, which guarantees it and justifies the estimated amount to be earned. Balloon payments must justify how collection will be done in a manner not to create a financial hardship and/or exceed affordability requirements.

5. Comments Regarding Recapture or Resale (HOME Funds)

As part of the long-term affordability requirements, HOME also has specific regulations for addressing the issues of sale of the home prior to the end of the long-term affordability period.

Communities have two options for controlling the resale of the homebuyer property during the affordability period, recapture or resale. Recapture involves the repayment of a portion of the assistance provided. Resale requires a deed restriction, requiring the seller to find a low-income purchaser. Recapture of funds is generally the method selected, because the enforcement of deed restrictions under the resale method is more difficult. And the recapture method often generates additional housing program income. If a property is sold within the Affordability Period, the community must follow the option selected, either recapturing the subsidy or by resale to another eligible LMI family.

The program design must state which option will be used before assistance is provided to the homebuyer.

a) Recapture

The following options for recapture requirements are acceptable to HUD and OHCP:

- Recapture the entire amount of the HOME investment
- Reduction of the amount of the HOME investment during the affordability period on a pro-rata basis (not to exceed an amount based on an equal percentage reduction for each year of the affordability period) for the time the homeowner has owned and occupied the housing measured against the required affordability period.
- Shared net proceeds. If the net proceeds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover the amount of the homeowner's down payment/rehabilitation and any capital improvement investment made by the owner since purchase, the community may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing cost. The net proceeds may be divided proportionally as set forth in the following equations:

$$\frac{\text{HOME investment} \times \text{net proceeds}}{\text{HOME investment} + \text{homeowner investment}} = \text{HOME amount to be recaptured}$$

$$\frac{\text{homeowner investment} \times \text{net proceeds}}{\text{HOME investment} + \text{homeowner investment}} = \text{amount to homeowner}$$

b) Resale

Resale requirements must ensure that if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original HOME assisted owner a fair return of investment (homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The period of affordability is based on the total amount of HOME funds invested in the housing.

The affordability restrictions may terminate upon occurrence for any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD.

## 11. **Attachments**

The manual must include the following attachments:

### A. **Local Program Implementation Forms**

At a minimum, the copies of the following forms must be included:

- Forms used in the income verification process
- Forms used for work write-ups, in-house estimates, and describing the scope of work for construction projects
- Forms used for construction contracts
- Forms used to provide/secure the financial assistance
- Forms used for temporary relocation
- Forms used for the pre-construction conference

- Forms used for the conflict/dispute resolution process
- Forms used for managing program income

**B. Contractor Performance Manual**

**Section 5. OHCP Technical Assistance and Monitoring Procedures**

Each housing grantee should receive at least one technical assistance visit and one monitoring visit from OHCP before the grant is closed out. Sample forms used during OHCP technical assistance and monitoring visits are included in the Appendix. The objective of these visits is threefold:

- To review compliance.
- To evaluate performance.
- To provide technical assistance to improve future performance and compliance.

**A. Technical Assistance Visits**

Technical assistance visits are generally scheduled earlier in the grant period and allow both local staff and OHCP personnel an opportunity to informally discuss program progress and identify potential problems prior to a full monitoring visit. Technical assistance visits may be requested by a grantee if a particular need for such a visit has been identified. Also, grantees operating rehabilitation activities must notify OHCP after the first three projects are completed so that an OHCP Housing specialist can review the files and visit the sites. The notification requirement is outlined in Attachment B, Number 12 (Special Conditions), of the CHIP Grant Agreement. Technical assistance visits may also be initiated by OHCP if a particular concern is noted or if a grantee is operating a new grant or activity, or if grantee staff is new and unfamiliar with the program. The following is a brief description of the technical assistance visit process.

Notice: Grantees will generally receive written notice 10 working days prior to the date of the visit.

Grantee Preparation: Grantees are expected to have the relevant file documentation available and to have made the necessary site-visit arrangements prior to the arrival of OHCP staff.

Visit: Technical assistance visits are by nature less formal than monitoring visits and often can be accomplished in one day. Entrance and exit conferences between OHCP and local staff are encouraged but depending on the agenda may not be necessary. The agenda should reflect the purpose of the visit and may cover a variety of topics, including but not limited to OHCP staff doing the following:

- Reviewing key program documents (grant agreement, funding application, local policy & procedures manual, OHCP Housing Handbook, local program forms, etc.).
- Discussing the topics that may be of local or OHCP concern.
- Providing training and/or advice to local staff.
- Visiting project sites for the purpose of reviewing completed work or providing assistance prior to or during construction.

Technical Assistance Report: OHCP will generally issue a report for each technical assistance visit. Reports are sent to the grantee's chief elected official and to other relevant grantee representatives, such as local program coordinators, consultants and administering agencies. The report will summarize the visit and offer recommendations that OHCP believes will improve the grantees program performance and/or future compliance. While grantees are usually not required to respond in writing to technical assistance reports, OHCP expects grantees to consider implementing the recommendations. However, when the issues that are identified could seriously effect compliance, the grantee may be required to respond in writing to OHCP.

## **B. Monitoring Visits**

The monitoring visit is the primary method to evaluate grantee performance and compliance. Each grant must be monitored by OHCP and all issues identified by the monitoring must be addressed before OHCP will close out the grant. In general, monitoring visits are scheduled towards the end of the grant when all or most of the activity outcomes have been completed. Because of the formal and comprehensive nature of monitoring housing programs, visits are generally scheduled over a two-day period. The following is a brief description of the monitoring visit process.

Notice: Grantees will generally receive written notice 10 working days prior to the date of the visit.

Preparation: Grantees are expected to have the relevant file documentation available and to have made the necessary site-visit arrangements prior to the arrival of OHCP staff. Grantees should also prepare for the monitoring visit by completing a program status report; organizing files; and ensuring that the appropriate program staff (including the rehabilitation specialist) is available to participate.

Visit: Generally, each monitoring visit will have the following elements; opening discussions on the program status and scope of the visit, review of both general and individual case files, visits to project sites and an exit conference to summarize the visit. Depending on the nature of the monitoring visit, OHCP may choose to review the resolution of previous issues and to ensure that corrective actions identified in previous visits have been made. Also, other OHCP staff may accompany housing staff to monitor those other program components, such as Financial Management, Fair Housing, Environmental Review, etc..

Monitoring Report: OHCP will issue a report for each monitoring visit. Reports are sent to the grantee's chief elected official and to other relevant grantee representatives, such as local program coordinators, consultants and administering agencies. The report will summarize the visit, identify issues that must be corrected and offer recommendations that OHCP believes will improve the grantees program performance and/or future compliance. Noncompliance with the grant agreement, HUD regulations and OHCP policy, and major problems or deficiencies in program performance will be identified as "Findings." OHCP will specify "Corrective Actions" to be taken to eliminate these areas of non-compliance or deficient performance. Situations that may become findings at a later date, potential problems in program operations or miscellaneous technical assistance suggestions will be identified as "Advisory Concerns." OHCP will include specific "Recommendations" to address these points.

Grantees must respond to all monitoring reports. The response must be submitted to OHCP within 30 days of receipt of the monitoring report. Each "Finding" and "Corrective Action" must be responded to in writing. The response must detail the action(s) taken as specified by OHCP. Where required, the grantee's response must include the documentation that the corrective action has been made. For additional site work, the documentation must include signed inspection and owner satisfaction forms. OHCP expects that "Advisory Concerns" and "Recommendations" will be addressed by the grantee so that future concerns or problems do not recur. OHCP will release the monitoring report only after a complete and satisfactory response has been received.

### **C. Sanctions for Failure to Institute Corrective Actions**

If “Corrective Actions” are not taken in the manner described and in the time frame set forth in the monitoring letter, OHCP can choose to impose sanctions on the grantee’s program. These sanctions include, but are not limited to:

- ❑ Place on hold all or a portion of a grantee’s program funds until the problem(s) are resolved. (OHCP reserves the right to place funds on hold prior to sending out the monitoring report if the situation is warranted).
- ❑ Require repayment of disallowed/ineligible costs.
- ❑ Terminate the Grant Agreement.

Regardless of the above actions, serious “Findings” and/or unresolved “Findings” can negatively impact the competitiveness of future grant applications submitted for funding by the grantee.

### **Section 6: Recordkeeping**

Grantees shall maintain records on both the overall management of housing programs and on each individual project undertaken. Complete and accurate records allow a grantee to document compliance with program requirements, account for the proper expenditure of funds and help protect the grantee and the client in case problems arise after the project is finished. Grantees must ensure that program records are safe, secure and protected from damage, theft and access by unauthorized individuals. Also, grantees must ensure compliance with established record retention policies and procedures. In general, all program records, reports, receipts, etc. must be retained by the grantee for a period of at least four years after the ODOD has notified the grantee of the “final closeout” of the grant agreement (see OHCP Record Retention Policy Notice 02-02 and Attachment C, #4, of the CHIP Grant Agreement).

Below is a list of file documents a grantee should include in its filing system. The items followed by an asterisk (\*) are required items for all programs. However, local grantee policies and procedures may make additional documents required. Also, any exceptions to local policies and procedures must be fully explained and documented in the file.

#### **A. General File Documentation**

1. Grant Agreement (including amendments and extensions, if applicable)\*
2. Grant Application\*
3. Program Policies and Procedures Manual\* (including Rent Affordability Policy, if applicable)
4. Contractor Performance Manual (if applicable)\*
5. Designation and Documentation of Target Area as qualifying under the “Slum and Blight” Provision of the CDBG Program (only if non-LMI households will be receiving assistance) including definition of “substandard” conditions.\*
6. Citizen Participation Plan and Public Hearing Record\*
7. Data on Program Beneficiaries\*
8. Environmental Review Record (ERR)\* (including correspondence with Ohio Historic Preservation Office (OHPO) if houses are 50 years old or older. ERR must also evidence compliance with state floodplain management requirements.)

9. OHPO Coordination Agreement (if applicable)\*
10. Advertisements and Letters on Contractor Recruitment Efforts\*
11. Participating Contractors File\*
  - Applications for Participation\*
  - Certificate of Insurance\*
  - Workers Compensation\*
  - References\*
  - Results of Annual Performance Evaluation\*
12. Acquisition/Relocation File\*
13. Civil Rights/EEO/Fair Housing File (including MBE/WBE efforts)\*
14. Data on Amount and Use of Program Income Received\*
15. Financial Management File\*
16. Status Reports\*
17. Consultant/Administering Agency Procurement Record (if applicable)\*
18. Consultant/Administering Agency Agreement (if applicable)\*
19. Property & Equipment Inventory (if applicable)\*
20. OHCP Correspondence\*

**B. Case File Documentation - Client Information**

1. Application for Assistance (signed and dated)\*
2. Verifications
  - a. Income from all sources for all household members, as required\*
  - b. Ownership (deed or title opinion)\*
  - c. Household size\*
  - d. Hazard insurance
  - e. Flood insurance (if in floodplain)
  - f. Assets
  - g. Utilities
  - h. Taxes
  - i. Credit report
  - j. Fixed charges/Consumer debt
  - k. Special conditions (e.g., medical, if appropriate)
  - l. Appraisal

3. Proof of Notification of Hazards of Lead-Based Paint\*
4. Terms and Conditions signed by owner including statement by owner agreeing not to discriminate against contractors and subs\*
5. Notice on Financial Privacy Act\*
6. Eligibility Determination\*

**C. Case File Documentation - Pre-Assistance Inspections and Estimates**

1. Inspection Reports by Rehab Specialist or Trade Specialists (Electric, HVAC, Plumbing, LBP, etc.)\*
2. Staff Estimate of Costs\*
3. Identification of conditions that led to the property being designated as blighted (only if rehabilitation will be qualified under the “Slum and Blight” national objective of the CDBG program)\*
4. Evidence of OHPO clearance (if applicable)\*

**D. Case File Documentation – Procurement**

1. Advertisement/Notice to Bidders\*
2. Copy of Bid Packet
3. Evidence of Pre-bid “Walk-Through”\*
4. Successful Bid\*
5. Unsuccessful Bids\*
6. Bid Summary\*
7. List of Subcontractors for Winner
8. Non-Collusion Affidavit for Winner\*
9. Statement by Contractor Regarding Non-discrimination on Procurement of Subs\*

**NOTE:** Any or all of the documents above may be required depending on the nature of the procurement process.

**E. Case File Documentation - Assistance Provided**

1. Award Letter\*
2. Copy of Recorded Mortgage (original in safe place)\*
3. Promissory Note\*
4. Truth in Lending Disclosure Statement\*

5. Right of Recission\*

**NOTE:** All of the above documents are required when a lien is placed against the property.

**F. Case File Documentation - Contract Documents, Mortgages and Liens**

1. Contract (signed and dated)\*
2. Final Specifications (accepted bid with itemized costs)\*
3. Proceed Order\*
4. Lead-Safe Renovation Prior Notification Form (if applicable)\*
5. Change Orders (signed by all parties and dated)\*

**G. Case File documentation - Construction Management and Payment**

1. Pre-Construction Conference Record\*
2. Interim Inspection Reports (non-payment related)\*
3. Contractor Payment Requests (progress and final)\*
4. Inspection Reports Detailing Work Paid For (progress and final)\*
5. Proof of Owner Satisfaction (progress and final)\*
6. Copy of Voucher (progress and final)\*
7. Lien Waivers from General, Subs, and Supplier\*
8. Copy of the Warrantee Notice from Contractor to Owner as well as Factory Warrantees\*
9. Invoices for Materials from Owner-Contractors\*
10. Proof of Special Inspections/Tests and their Costs (if applicable)\*
  - Pest Inspection/Treatment
  - LBP Inspection/Risk Assessment
  - LBP Clearance Test
  - Well/Septic System Inspection
  - Energy Audit/Inspection

# APPENDIX

## **Community Housing Improvement Strategy**

### **Overview**

Because new 2000 Census information is now available, OHCP has decided to require, starting in FY 2004, that all communities prepare a new CHIS. OHCP has revised the CHIS so that it has a more consistent format and requires more specific information on needs, which must be the basis for strategies. The new format is intended to serve much more as a basis for preparing the CHIP applications, and needs and strategies contained in the CHIS must clearly translate into activities proposed in the CHIP funding applications, or other housing initiatives that address identified needs. Once a community's CHIS is approved, it will enable the community to submit applications for the ensuing five year period. CHIP grant applications will be reviewed more on the basis of performance and capacity, rather than on a competitive basis, with consistency with the CHIS being one of the performance criteria.

The Community Housing Improvement Strategy or CHIS is intended to be a comprehensive analysis of housing needs and a statement of the various strategies that the community will follow in addressing those needs, including designing and implementing its Community Housing Improvement Program (CHIP). Although the Community Housing Improvement Strategy (CHIS) must be done to apply for funding through the Community Housing Improvement Program (CHIP), the CHIS is not intended to serve solely as the basis or rationale for CHIP activities, but as a basis for a comprehensive approach to housing issues. Because the CHIP is merely one of many resources that may be employed to address local housing needs, a comprehensive analysis of the community's housing needs and issues is first necessary in order to determine the most effective use of CHIP funds, in conjunction with other resources.

While it is certainly true that housing needs far exceed the available resources, this fact also means that it is even more important that the limited available resources be spent on activities that will have the greatest impact on a particular type of need.

To obtain a comprehensive understanding of housing needs, the entire housing market must be considered, but the main focus of the CHIS is on the issues where public intervention is warranted. Any gaps in the housing market or inventory, or factors affecting the housing market, especially those that affect lower-income persons, should be identified and addressed if possible. Obviously this would include direct factors such as age and condition of the existing housing stock, but would also include indirect factors such as those contributing to decline of a neighborhood, which may contribute to further neglect or abandonment of the housing stock.

### **Review and Application of the CHIS**

The CHIS will be reviewed by OHCP based on the criteria below. If it is determined that the CHIS does not meet the basic criteria, it will be returned to the community for revision or correction.

- Providing required tables, with complete and correct information
- Performing a thorough analysis and identification of needs
- Proposing appropriate and reasonable strategies relative to identified needs

The CHIS may be revised if necessary, but not more than once annually. Wholesale and constant revisions are not encouraged and would suggest that the CHIS was not done properly, and may need to be redone. The CHIS will be used to determine whether activities proposed in a CHIP application are reasonable relative to the strategies proposed in the CHIS. Needs that are not covered or strategies that are not implemented may mean that OHCP will determine that the applicant is not addressing its stated needs, which may affect funding of an application, including whether particular activities are funded or funded at the requested amount.

For the purposes of this evaluation, the focus will be on the number of households assisted, not the amount of funds expended. Also, homebuyer assistance provided to a renter household (or non-homeowner) will be considered to benefit a renter household.

### **Submission**

The deadline date for the CHIS submission is February 6, 2004, although communities are strongly encouraged to submit it as early as possible. Submit the original and two copies of the CHIS to:

Doug Harsany  
Office of Housing and Community Partnerships  
24<sup>th</sup> Floor, Riffe Office Tower  
77 South High Street, P.O. Box 1001  
Columbus, Ohio 43216-1001

Please tab each of the major sections, number pages and record page numbers in the table of contents. Any supplementary materials can be provided as exhibits in an Appendix. All the tables and forms are in Word format, and can be filled out on a computer. Blank Data Table forms are available in Word and Excel format, and all tables and forms will be posted to OHCP's website. However, OHCP will provide completed Data Tables (or Target Area Tables) to communities upon request, in hardcopy or electronic format, so, it should be unnecessary to fill them out manually. However, all tables are being provided hardcopy format as well.

## Elements of the CHIS

The CHIS has been organized into 4 main sections. CDBG Entitlement communities do not need to do Sections 2 or 3, but instead must cite specific needs references in their Consolidated Plan Strategy in completing their Table S-1s in Section 4. The Consolidated Plan Strategy must be based on 2000 Census data and submitted to OHCP, with CHIS Sections 1 and 4. Communities that will be updating their Consolidated Plan Strategy in 2004, can submit a request to OHCP to use 1990 based needs data in their CHIS for the FY 2004 CHIP only. By FY 2005, all CHISs must be based on 2000 needs data, and CHISs based on 1990 data will need to be revised accordingly and resubmitted to OHCP.

Section 1. **Community Contact Information and CHIS Planning Process**

This section requires basic information about who prepared the CHIS and will describe the planning process.

Section 2. **Community Housing Market and Inventory**

This section is an analysis and discussion of the local housing stock, housing market and demographic issues that impact the housing market. Although the basis for the CHIS is to analyze the needs of low- and moderate-income households, the status and dynamics of the overall housing market must first be understood. A great deal of the required information will be provided or made available by OHCP, including data on assisted multifamily housing projects and GIS data compatible with Maptitude 4.5 or 4.6.

Section 3. **Housing and Related Needs**

Narratives and tables in this section will summarize the particular needs issues relative to the low- and moderate-income populations in the community, and will serve as the basis for developing strategies and activities. A statement of the local Homeless Continuum of Care Strategy is also required.

Section 4. **CHIS Strategies**

These tables will describe the specific strategies that the community will pursue based on the stated needs. These needs will be summarized in a table that will serve as the basis for annual activities and CHIP applications.

### **Analysis of Impediments to Fair Housing Choice and Strategies**

Although historically this has been performed outside of the CHIS process, OHCP believes it would be more rational to undertake such an analysis while various housing issues are being discussed and analyzed during the preparation of the CHIS. Therefore the Analysis of Impediments (AI) is now required to be done as part of the CHIS. The basic requirements for an AI appear on pages 22-26 of these guidelines instructions and Table S-3 must be completed as part of the strategy section to summarize the any identified impediments, a strategy to address those impediments, and a time table for implementation. Complete guidelines for the AI will be posted to OHCP's website. You should look over these guidelines and instructions before starting the CHIS process because many of the issues which need to be examined can be integrated into the CHIS planning process. Note that there are undoubtedly many impediments to fair housing choice, so it is expected that all communities will identify at least one impediment to fair housing choice, although 3-5 impediments should not be an unreasonable goal.

## CHIS Guidelines and Required Content

### Community Contact Information

Complete the CHIS cover sheet (Table G-1). Table G-1 requires that communities indicate their 2000 LMI population. Note that for counties which contain communities that are not participating in the CHIS, their populations should be excluded from this figure, and the communities must be identified on the Cover Page along with their population figures.

**Table of Contents** (Self-explanatory)

<b>Section 1. Housing Advisory Committee - CHIS Planning Process</b>
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### Housing Advisory Committee and Planning Process

Required: Narrative  
Table G-2

Because the CHIS is intended to be a comprehensive analysis of housing needs and issues, it is important to follow a planning process that includes all of the various sectors involved directly in housing or sectors that would provide indirect support. A Housing Advisory Committee (HAC) must be established for this purpose. The HAC should include representatives of the following sectors:

- Local Government Staff
- Public Housing Authority
- Community Action Agency
- Realtors
- Private Lender
- Fair Housing

Other members or consultative members may include:

- Community Development Staff
- Area Office on Aging
- Special Populations /Homeless Agency
- Local Human Services Agency
- Private and/or non-profit Developer
- Continuum of Care / Homeless Shelter Agency
- Other Resource Agencies

The exact composition of the Housing Advisory Committee is left to the discretion of the local program, as the situation varies greatly from community to community, and some agencies may be involved with more than one population or function. In addition, it may be difficult and even non-productive to try to assemble too large a group. Instead, you may wish to assemble a core HAC committee and meet with other service agencies separately or invite them to certain meetings. To avoid excessive meetings, information could be obtained through questionnaires or surveys and some communication with committee members might be updated via e-mail. The important point is that the process allows for

input by all relevant agencies and organizations to create a balanced assessment of needs and an effective distribution of resources. If it is determined that this did not occur, the CHIS may have to be revised or redone.

In any case, each of the members of the HAC must be identified, and listed in **Table G-2**. In addition, provide a narrative describing the planning process, including the time and dates of each meeting, and the attendees (sign-in sheets can be included as an attachment for this requirement). The HAC must meet at least 3 times during the planning process, although generally the process likely will require more meetings than this. Possible organization of these meetings is outlined as follows:

1. Discussion of process  
Presentation of the Analysis of Housing Stock, Market and Demographic Data  
Present and discuss needs data and priority target populations  
Identify additional housing needs and issues
2. Complete determination of needs and issues  
Identify impediments to fair housing choice  
Discuss strategies to address needs
3. Develop final strategy statements and 5-year Plan of Activities

The HAC is not expected to arrive at a complete consensus on every point, or even to be the final determinant of CHIS strategies and priorities. Instead it is to be used as a guide and point of reference, in order to arrive at a reasonable course of action in light of the needs and available resources. Any major objection that is raised to the CHIS should be answered with a reasoned written response.

When the CHIS is finally completed, it will need to be submitted to OHCP for approval and adopted by legislative action (resolution by city council, county commissioners). It is recommended that it first be submitted to OHCP for review, so that if any changes are needed to the CHIS, this can be accomplished before it is adopted locally. However, a local resolution adopting the CHIS will need to be passed prior to the application of CHIP funds.

### **Reporting/tracking**

An annual report will be required to document the performance communities are making in implementing their CHIS. It is strongly suggested that a CHIS community establish an organized (and computerized) method of tracking its beneficiaries. Such a system need not be elaborate. This information can then be used to report back annually to OHCP and also to report to the local HAC, city council or make the information available to the public. An HAC meeting must be held annually to review progress on implementing the CHIS and to determine if any revisions are needed.

## **Section 2: Community Housing Market and Inventory**

The purpose of this section is to take a comprehensive look at the local housing stock and housing market. This is an important first step and will establish the context in which the needs of lower income persons and households will be determined.

Before proceeding with the analysis of the community housing market and inventory, there are a number of specific information elements that must be provided, and which should be referenced during the analysis and subsequent discussions of needs. Each of the informational elements requiring a narrative should be labeled as they are below, followed by the narrative.

### **Areas of LMI and Minority Concentration**

Required: Table G-3  
Map

All Census Blocks or areas covered by an approved income survey that are over 51% LMI or areas of minority concentration (at a minimum areas that are over 30% minority, which is twice the minority percentage of the state as a whole) within the CHIS jurisdiction must be shown on **Table G-3** (Areas of LMI and Minority Concentration) and identified on a map included in the CHIS. These would also include any LMI areas that are currently identified as Investment Areas in a local Community Assessment and Strategy (CAS), which is required to be completed by all OHCP Formula Allocation Program grant recipients.

Often such areas are in need of revitalization, and rehabilitation of the local housing stock can be one of the important needs that must be addressed as part of revitalization strategy. Besides housing needs, other factors can contribute to neighborhood decline, such as the lack of adequate infrastructure. Some of this may have direct effects on housing, such as inadequate storm water drainage, or inadequate water or sanitary sewer lines. Other infrastructure problems may indirectly affect housing by contributing to the overall decline of the neighborhood. Such factors may include such things as poor sidewalks, streets, recreation facilities and dilapidated vacant housing units. Typically areas that have concentrations of lower income populations have both housing and infrastructure needs. With these factors in mind, discuss whether or not any of these areas would be appropriate to target for housing activities. It is suggested, but not required, that a Target Area Data sheet (**Tables T1-T29**) be prepared for any such areas that are also located in urbanized neighborhoods, to help analyze and evaluate the type and extent of housing needs. Regardless of whether or not an area has LMI or minority concentrations, if any areas that are determined to be appropriate for targeting housing assistance, a Target Area Needs Table (N-4) must be completed and a Target Area Data sheet must be prepared as part of the needs analysis. Other local survey data will also be acceptable if it adequately describes the conditions in the area and if no Census areas, such as block groups, adequately correspond to the area boundaries.

### **Lead-Based Paint Hazards**

Required: Narrative  
Table G-4  
Maps as needed (Optional)

Provide an estimate of the number of units with lead based paint in your community by completing **Table G-4**. This must be completed for the entire community. It is also recommended for any areas that will be designated as target areas, as the number of units with lead hazards will be the basis for determining the number of units needing rehabilitation. Enter the data on Owners and Renters by year that structures were built, as indicated. Then multiply by the factors listed in the table, and tabulate the Owner and Renters and households. Also, examine the incidence of EBL children with respect to their location (see OHCP map data). Note that the map data shows both EBL children under 6 years of age and also those that have blood lead levels down to 10 ug/Dl, which is not considered elevated but does suggest lead hazards are present. It should also be noted that a recent study in 2003 concluded that even these low levels of lead can cause learning disabilities in children. One caution about this data is that it only shows cases of children that have been tested for lead and reported to the Ohio Department of Health, which unfortunately is not done consistently in all areas of the state, so some areas may be undercounted. Note that studies have shown that areas that have a high degree of older housing (especially pre-1950) and LMI population concentrations are also usually areas with a much higher level of EBL children. You may also want to include any data from previous housing programs or local health data on the incidence of children with lead poisoning. After gathering and reporting the data, discuss the estimated and actual blood lead data, noting areas in the community with EBL children or children at risk.

### **Housing in Need of Rehabilitation**

Required: Narrative

In this section, provide a narrative which includes an estimate of the number of housing units by tenure that are in need of rehabilitation, along with an estimate of the number of units that are in need of rehabilitation for LMI owners and renters. Provide a source for this estimate. The CHIS requires that you discuss housing units that have various needs, including those that are in need of rehabilitation and those that are not affordable or otherwise available to lower-income households. There is quite a bit of Census information that speaks to the issue of affordability, such as persons in lower-income ranges paying more than 30 percent of their income for housing. Unfortunately there is not a designation by the Census of “substandard housing”, or “housing in need of rehabilitation”. The closest Census indicator is the figure represented by the units reported with “Selected Physical and Financial Conditions”. The figure of Selected Physical and Financial Conditions is provided in the Census data OHCP will provide to local communities and is also available by Census Tract and is part of the 2000 Census Tract Layer data in Maptitude (unfortunately this data is not available at Block Group level). This figure is defined for owner- and renter-occupied housing units as having at least one of the following conditions: (1) lacking complete plumbing facilities, (2) lacking complete kitchen facilities, (3) with 1.01 or more occupants per room, (4) selected monthly owner costs as a percentage of household income in 1999 greater than 30 percent, and (5) gross rent as a percentage of household income in 1999 greater than 30 percent. While units without complete plumbing or kitchen facilities would certainly be substandard, this amount to only a few units and is not at all indicative of typical rehabilitation needs, such as units needing roof replacements, electrical upgrading or plumbing repairs. Thus, while units with Selected Physical or Financial Conditions may reflect housing need in general, it does not adequately reflect rehabilitation needs.

However, HUD has devised a method for estimating the units affected by Lead-Based Paint, which is based upon research data, that also estimates LMI-occupied units affected by lead-based paint. Units affected by lead-based paint hazards are often older units with deteriorated paint, which is often caused by deterioration of the underlying substrate. HUD regards such elements as dangerous and in need of

abatement or mitigation, so all such units can be presumed to be in need of rehabilitation on this basis alone. However, it can also reasonably be presumed that most of these units would have other rehabilitation needs as well. Thus, the figures in the CHIS Table G-4 "Units Affected by Lead-Based Paint Hazards" is the figure that OHCP recommends communities use as the base number of units in need of rehabilitation for the purposes of the CHIS. If a community has or wishes to establish another definition, it must include this definition in the CHIS and provide a methodology, which must be statistically reasonable and based on sound assumptions. Any definition must also provide the number of LMI owner and renter units in need of rehabilitation.

While using the number of units with lead hazards or other methods will provide a figure of units needing rehabilitation for LMI households, it does not indicate which units are occupied by very-low, low- or moderate- income households. However, HUD has indicated that it expects to issue housing needs data sometime during July 2003, broken down by income categories for LMI households. While the HUD data will probably not have a much better data on rehabilitation needs, it will provide a basis for estimating how this need is distributed among the HUD income categories. When HUD issues this data, OHCP will immediately forward it to local communities.

### **Assisted Housing Resource Inventory**

Required: Table G-5  
Narrative  
Maps Optional

**Table G-5**, Assisted Housing Inventory must be completed and included in the CHIS. This is an inventory of existing housing resources in the community, including public housing projects units, HUD-assisted housing projects, Ohio Housing Tax Credit projects, Rural Development Projects and other assisted projects. The table is basically self-explanatory. In project type, list the funding program, such as Section 8, or HUD 202, etc. OHCP can provide data on federally assisted housing projects, though this data should be checked against local sources, and revised, if needed. Communities can list projects that are not located specifically in the community if they serve the jurisdiction's population. Discuss the assisted housing resources available to the community's low-income residents and also the adequacy of the availability of these units (i.e., the location and unit size, as well as affordability issues). In addition, discuss whether there are local Section 8 rental assistance Certificates or Vouchers available and the extent to which existing (and Decent, Safe and Sanitary) rental units are available to be used with this resource.

### **Other Resources**

Table G-6

Complete the Other Resources **Table G-6**. List any and all housing resources (i.e., agencies, programs, organizations, etc.) that can reasonably be expected to be available in the community, whether this is direct housing or supportive housing. Agencies or programs that might provide public infrastructure resources should be listed also if this kind of needs is linked with housing needs. The latter would be particularly important if public improvements are needed, such as in the case of a target area, where housing was a part of the overall resources that will be used to revitalize an area. In other cases, infrastructure may be indirectly involved in housing, such as the installation of a waterline or sanitary sewer line. Place an "X" in the Owner, Renter, or Special Needs columns, if the resource can be used for that purpose. Similarly place an "X" in the columns Supportive Services (e.g., homebuyer counseling), or Infrastructure if the resource could be used for that purpose. Should the resource be

available for some other purpose not listed, indicate this in the "Other" column and identify the possible use of these funds. This table will be referenced later in the Strategy section.

**1. Community Housing Market and Inventory**

**A. Demographic and Socio-Economic Analysis**

Required : Narrative  
Community Population Data Tables 26-36  
Maps as needed

Please provide a narrative that analyzes the demographic and socio-economic factors below, and other factors as warranted, noting any changes or trends during 1990-2000. The analysis must consider the entire geographic area covered by the CHIS. Much of the data that you will need for this section will be provided by OHCP upon request. Other information can be included, such as additional Census data or local information. You should cite tables and maps as needed, and may either integrate them in the text or cite them by table number and page number. In some instances, contrasting and comparing local and statewide information and trends may be useful.

How has the population changed since 1990? Is it increasing or decreasing? Even if the population has remained basically static, are there identifiable geographic shifts in the population (i.e., central city to suburb or rural areas)?

What is the composition of the population with respect to age? Are there a large percentage of elderly or young persons and how has this changed since 1990? Are the elderly or other age groups more concentrated in one area than another?

What is the composition of family and household types in the community (i.e., large number of female-headed households with children). What is the average family and households size? How and why has this changed since 1990?

What is the extent of the population with disabilities? Is this population increasing or decreasing? Generally, what are the nature of the disabilities? What proportion of these persons are elderly? How has this population changed since 1990.

What is the median household income and per capita income? What is the number of LMI persons and families/households and households below poverty level? How has this changed since 1990? Are there areas of concentration of lower income populations or minority populations within the community (refer to table G-3). You may want to integrate the discussion of income issues with the analysis and discussion of the some of the factors above.

Discuss the areas of LMI and Minority Concentration and the feasibility of designating one or more of these areas as Target Areas for the investment of housing resources as part of a neighborhood revitalization strategy.

**1. Community Housing Market and Inventory**

**B. Housing Stock and Market Analysis**

Required: Narrative  
Community Housing Data Tables 1-25  
Maps as needed

The community must prepare a narrative about the nature of the housing stock and market, including but not limited to the points outlined below.

Describe the basic nature of the housing inventory, including the total number of units and the percent of owner and rental units. What is the homeownership rate? Has the rate of homeownership been increasing or decreasing?

What is the age of the housing stock overall and by tenure type. Is there a concentration of older housing anywhere in the community? What is the condition of the housing stock? How many units are estimated to be in need of rehabilitation?

Discuss the changes to the local housing stock during 1990-2000. How many units have been added and lost to the housing stock, and how has this affected the type of housing inventory. Have units been added or lost in particular areas, and what is the significance of this trend?

What is the vacancy rate with respect to housing overall and owner and renter units in particular, and is this low or high? Is there evidence of any shift in the housing, such as single-family units being converted to homeowner units? If so, discuss the reasons for this.

What is the distribution of units with respect to bedroom size for owners and renters? Compare this to family size data and data on overcrowded units and discuss whether the stock is appropriate for the population, including the lower income population.

Discuss the cost of housing and particularly the percent of household income that is spent on housing. (Persons spending 30% or more of their income are considered rent burdened and 50% or more severely rent burdened by HUD) How affordable is the housing stock? Has this increased or decreased since 1990, and are there areas where housing is less affordable?

How is the private market responding to demand, especially with respect to affordable housing? What is the role of private lenders? Are there gaps in the financing of housing, especially for lower-income households? What resources (see table G-6) exist that might be applied to fill any gaps?

What are the vacancy rates in the assisted housing stock and is there a need for more affordable units? Are there rental assistance subsidies available and what is the demand for these? Where are assisted housing projects located or resources being utilized, including the distribution of rental assistance, and is there a need for affordable housing opportunities in other areas.

### **Section 3: Housing and Related Needs**

There are three housing needs tables that are required; one for Owners, one for Renters and one for Special Needs Populations. The tables must provide a discussion that assesses and analyzes the overall needs of each of these household types within the community as a whole, although any concentration of needs should be identified. A fourth table, Target Area Needs, is provided in the event that there are specific geographic areas of housing need that need to be specially targeted for housing assistance. At this time, there is no data available that directly identifies the housing needs of low- and moderate income populations, or even the number of persons in each category, however HUD has indicated such data is in preparation and is expected to be released in July of 2003. Until such time, you will need to

rely on the Census data, local information and knowledge to prepare these tables. Note that these tables are available in Word so they can be filled out electronically. If you complete them manually, fill out the table and then provide a narrative on a separate page and reference the page numbers next to each section. The tables are relatively simple, so you can recreate them fairly easily if you wish, as long as they contain the required information in a similar format.

**Owner, Renter and Special Population Needs Tables**

Required: Narrative on Continuum of Care  
 Tables N-1, N-2 and N-3 (Tables require narratives)

The format for all of these tables is similar, so the instructions will apply to all of them. The first thing to note is that the tables are designed to be as free form as possible, which will permit you to provide a narrative of any length, allowing for inserting of tables, maps or even photographs. The first task is to enter the name of the community and enter the LMI household information, including number and percent LMI households. Until HUD releases its tabulation of LMI housing needs, expected in July of 2003, this data is not presently available by income category by tenure, but total LMI data is available. Also, the table for Special Needs Populations, such as persons who require supportive housing (such as persons with mental, physical, and developmental disabilities) does not need to have persons categorized by income. Data for this table may be obtained from Tables 35 and 36. Below is an example of the data for LMI renters in a community called “Central City”.

Community	No. LMI Households	Pct. LMI Households	Income Category
Central City	4,000	40%	0-30% Median Income
	3,500	35%	30-50% Median Income
	2,500	25%	50-80% Median Income
	10,000	100%	Total

The next items that need to be completed, are sections 1 through 4. Each of these sections has a heading, of either Housing Preservation, Lead-Based Paint Mitigation, Affordability/Availability, and Supportive Services. You need to provide a narrative for each of these topics that describes the needs of LMI households. It is important that you enter a designation of the degree of need next to the population median income categories or the Special Needs category. These consist of four choices: S = Substantial Need, M = Moderate Need, N = Negligible or No need or NA for Not Applicable. Of course the narrative and the data must support these designations. Also, **every designation of Substantial or Moderate must eventually be addressed by a strategy and possibly an activity to address the need.** These designations can all be the same for each category or different, depending on what is concluded from the analysis of available data and other informational resources, including HAC members.

1. Housing Preservation	
S	0-30% Median Income
M	30-50% Median Income
N	50-80% Median Income
NA	Special Needs

Note that **the needs of all income groups must be discussed and analyzed in narrative form**, even if it is determined that there is little or no need. In this case, a rationale must be provided for this determination. Income groups that have similar needs can be discussed as a single group and all groups can be given the same designation, if appropriate.

The CHIS asks that the needs of special populations be analyzed as a group and discussed in Table N-3. This analysis is intended to focus on those persons who are in need of some form of assisted living facilities, and would not be covered by an analysis of owner or renter households. However, the needs analysis tables for the owner and renter households also include persons with special needs, as there are also owner and renter households that are special needs persons. These households may have particular needs that may not be adequately covered in an analysis of owner or renters as a group.

The following types of issues need to be evaluated and discussed for the respective Needs topics:

### **Issues to be covered in the LMI Owner (N-1) and Renter (N-2) Housing Needs Tables**

#### **1. Housing Preservation**

- A. What is the need for housing preservation in the community? Discuss the number of units that are estimated to need rehabilitation. Note that OHCP considers the LMI units with lead-based paint hazards as in need of rehabilitation. Also, the Census information provides the number of units that have been identified with a Physical or Financial Condition (Community Data Table 13), which reflects housing need also, though it is based on a variety of factors, including affordability. Another indicator, are the number of units built prior to 1950, making them over 50 years old. Units without complete kitchen or plumbing can be used as an indicator but are probably far less than the total number of units needing rehabilitation.
- B. If possible, describe the occupants of housing needing rehabilitation, such as age, family type, and income. Data from previous housing rehabilitation programs can be cited, if appropriate.
- C. Based on geographic data, are there particular areas that need housing preservation activities more than others (do some areas have multiple indicators of needs such as many units built prior to 1950, many units with much lower median value, in areas with large number of LMI households)?
- D. Discuss the type of housing stock that generally will be rehabilitated, such as age, size and types of components likely to be deficient (roof, furnace, plumbing, electric, doors, windows, weatherization, etc.). Make a projection of the average cost of rehabilitation, based on these factors. Discuss the need for providing financial assistance to owners to help pay for the cost of housing preservation. To what extent can owners finance all or a portion of the housing rehabilitation work. Do area lenders offer housing rehabilitation loans, and what are the terms of such loans?
- E. Are there preservation needs other than complete housing rehabilitation, such as wells or septic systems or repair needs, and what is the extent of such needs. How significant are such needs compared to comprehensive rehabilitation needs? If one or two items are addressed in a project, how will the remaining preservation needs be addressed?

## **2. Lead-Based Paint Hazard Reduction**

- A. Based on Table G-4, how many LMI units and percent of units are estimated to have a lead-based paint hazard?
- B. To what extent are there areas where there is a correlation of indicators, such as areas that have a large number of pre-1950 housing, LMI households, and children with Elevated Blood Lead levels (or near EBL).
- C. What are the implications of the lead-based paint hazard reduction needs with respect to the impact on housing preservation and rehabilitation activities?
- D. Discuss the extent to which the need for hazard reduction can be addressed through housing rehabilitation involving interim controls vs. abatement that addresses the specific hazardous elements in units with EBL children, which must be done by abatement contractors. What related needs exist, such as the need for trained personnel and community education and awareness.

## **3. Affordability/Availability**

- A. Identify any affordability issues for LMI households. How many LMI households are paying more than 30 % and also more than 50% of their income for housing?
- B. Discuss the cost of housing (mortgage or gross rents and other expenses) and what is the extent to which this is affordable to low or moderate-income households?
- C. How suitable is the existing owner/rental housing stock for LMI households? Are existing units appropriate as to bedroom size in light of family size and are appropriate and affordable units available to LMI households. If LMI renter households are seeking to purchase a home, what is the availability of existing housing and financing?
- D. What is the average cost (rent) of newly constructed market-rate units and to what extent are such units affordable to low- or moderate-income households? Is there a need for additional affordable units to fill this gap?

## **4. Supportive Services**

- A. To what extent do supportive service needs exist for homeowners (such as homebuyer counseling, or services aimed at assisting elderly owners remain in place?)
- B. Identify fair housing needs and impediments to housing choice (see IA instructions)

## **Issues to be covered in the Special Populations Needs (N-3) Table**

The Special Populations Needs Table requires the same sections as the Owner and Renter Tables, but should be answered with respect to the housing specifically intended for special needs clients, such as assisted living housing, group homes, etc. For the purpose of the CHIS, this population will be those special needs persons that are not homeless. This would include elderly with disabilities, and persons with mental or physical disabilities. The Census information provided by OHCP contains information

on the number of persons in the community that have disabilities of various types. You can also contact local mental health or area aging offices to obtain data on special populations and their housing needs. For the most part lead-based paint will not be an issue, as it is a hazard mainly for children under 6 years of age.

**Issues to be covered in the Target Area Needs Table**

- Required: Target Area Needs Table N-4
- Target Area Data Table
- Target Area Map

If it has been determined that there are areas in the community that appear to need targeted housing assistance, then Table N-4 must be completed, and the Target Area shown on a map. This table must identify the type and extent of housing needs in the neighborhood. Note that this table is a bit different than the other needs tables, as it requires that the needs of owners, renters and special needs persons in the target area all be evaluated. However, the same issues need to be covered in this table as for the owner, renter and special needs tables, except that only the LMI population of the target area is considered. Generally affordability or availability of housing should focus on issues such as the vacancy of existing units in the neighborhood.

In addition, discuss any public infrastructure needs in the Target Area, if the housing needs are part of a broader need for neighborhood revitalization. Also, discuss the need for demolition and need for in-fill housing under the respective sections. Note that if you cannot complete the Target Area Needs Data table because the area is much different in size than the 2000 Census area, please note this and but at least complete the Target Area Data Tables T1, T2, T3 and T20. In lieu of Census information, other needs data should be provided insofar as possible to substantiate the need in the area.

**Issues to be covered in the Homeless / Continuum of Care Narrative**

- Required: Narrative

Note that there are a variety of programs and resources that address the needs of the homeless, and many agencies and organizations are involved with developing strategies and plans for providing shelter for these families and persons, and to ultimately transition them into permanent housing. It is not intended that communities who prepare a CHIS should duplicate these efforts. However, every community should have a Continuum of Care strategy in place that is a system of responding to homeless families and persons. Local housing programs should be part of this system, particularly in assisting persons or families who are in a position to transition into permanent housing. Therefore the CHIS requires a narrative statement be prepared that describes the local continuum of care system, and especially a description of how the CHIP programs will coordinate with local homeless and emergency shelter agencies to provide the appropriate assistance. Communities must continue to track homeless persons assisted with permanent housing through the CHIP to meet HUD reporting requirements.

**Section 4: CHIS Strategies**

As stated previously, each identified need that is “Substantial” or “Moderate”, must be followed with a Strategy Statement that addresses that need. This does not mean that the need must be addressed in full, but it should be addressed to the extent that resources permit and in a magnitude similar to the proportion of the overall need in the community. Also, the focus will be placed on the number of households benefiting, not dollar resources committed or projected. In addition, all needs do not have

to be addressed (and likely cannot be addressed) through the Community Housing Improvement Program alone. For instance, if one of the identified needs is that many rental units are not affordable to households with incomes below 50% of median income, this need might already be addressed by the housing authority, within the limits of available resources, by operating a Section 8 certificate or voucher program. Even this resource may not be sufficient considering the magnitude of need, so perhaps additional strategies may be devised, such as support for projects that increase the supply of affordable rental housing, whether or not they directly involve CHIP activities.

**Strategy Statement Table(s) S-1**

The Strategy Statement table is provided in Word format, so it can be filled out in electronic format. The first step is to assign a number in the block on the form for each Strategy Statement, beginning with “1” and then number each additional statement consecutively. On the Strategy Statement table is a box 2, labeled “Need Reference”. This refers to the Needs Table and Section that identified this need.

<b>Need Reference &gt;</b>	<b>Table No.</b> N-2	<b>Section No.</b> 3
----------------------------	-------------------------	-------------------------

In the above case, the Strategy Statement is referring to Table 2, which is the Renter Housing Need table, and also to Section 3, which is “Affordability/Availability” section. Therefore this statement will propose a strategy on providing new housing opportunities for renters. **It is critical that a clear link is established between an identified need and a proposed strategy.**

Part 3 of the Strategy Statement you need to identify which tenure type of beneficiary is being addressed, which in this case is renters. (Note that the concept of beneficiaries means a household who is assisted by the activity, whether this is a person or a family or a non-family.) Next you need to indicate which income categories the strategy will address by assigning a “Priority”. (If you do not assign a priority, it will mean that the strategy does not apply to that income group). To assign a priority, enter the letters “P” for primary or “S” for secondary. The reason for assigning a priority is that the activity you are proposing may be primarily intended to address a certain income group, but persons in another income group might be eligible too, but are not the primary target population for the strategy.

Check "X"	Tenure Type
	Owners
<b>X</b>	Renters
	Special Needs

Priority	Income Category
<b>P</b>	Households 50-80% Median Income
<b>S</b>	Households 30-50% Median Income
	Households 0-30% Median Income
	Special Needs Households/Persons

For example, you may propose a homebuyer assistance strategy, which will have as its intended target population households in the 50-80% of median income category, because lower income groups typically do not have sufficient incomes to support a monthly housing payment, but the program may consider a household as low as 40% of median income. Thus, the 30-50% income group is considered a “secondary” priority.

In part 4 of the Strategy table, list the specific Proposed Activity or Activities to implement this strategy. Assuming that this strategy proposes to address a need that was identified in relation to housing Affordability/Availability. The strategy proposes a Homebuyer Downpayment Assistance activity that

will assist 10 households per year over a 5-year period, for a total of 50 households, which will be augmented with local housing program income to assist 20 more households. In addition, the area Public Housing Authority has received a HUD HOPE grant that will be also be used for Homebuyer assistance that will serve 40 public housing tenants, but will not involve the CHIP.

**Primary**

Activit(ies)	Projected Households Benefiting				Strategy Table Activity Number
	Total	CHIP	Other	Other Source	
<b>Homebuyer Assistance</b>	<b>70</b>	<b>50</b>	<b>20</b>	<b>Local Program Income</b>	<b>2</b>
<b>Homebuyer Assistance</b>	<b>40</b>		<b>40</b>	<b>PHA HOPE Grant</b>	

Note that the last column is Titled Strategy Table Activity Number. This number is the number of the activity listed in the Strategy Summary Table, which will be discussed later.

Next make a estimate of the phasing of households benefiting over the five-year CHIS period. You do not have to do an activity in all three years but the rational for phasing must be explained.

**5. Proposed Strategy Implementation Schedule:**

1	2	3	4	5
10	15	15	15	15

Besides the Homebuyer Assistance activity, assume that this community also identified a need for Housing Preservation of Owner-Occupied Housing in the community. Part of the need for housing preservation needs in the community occurs in a neighborhood that has a high proportion of LMI households. There are also other needs in the neighborhood, especially for Storm Drainage, a new waterline and sidewalks. This area is also an Investment Area identified in the CAS.

As a result of these two needs determinations, the community proposes two separate strategies. The first strategy proposed is for owner-occupied housing, and prioritizes households below 50% of median income, with households in the 50-80% of median income being a secondary priority. The strategy proposes to undertake an activity to rehabilitate 125 owner-occupied housing units. Weatherization assistance, from non-CHIP sources, is projected to be provided for 50 of the households. The second strategy proposed by the community is a neighborhood revitalization program in a target area, which has both housing and infrastructure needs.

Tables for both of these strategies, which are numbered Strategy 1 and 2, appear on the following pages. Note that a narrative would be required for both strategies, which would explain how each of these activities would address the identified housing preservation need and how assistance will reach the intended beneficiaries, in as much detail as possible.

For all strategies, discuss the rationale for the timing and phasing of the various activities proposed during the five-year period. For instance, in the Target Area example, the waterline installation may need to be scheduled early in the process, if households subsequently will be tapped into the line, which may entail plumbing issues. Although communities will be given significant latitude in phasing the implementation of their activities, it must be based on a sound rationale. For instance, in the example of the proposed homebuyer activity, it would make little sense to try to accomplish that entire activity in a

**Strategy Statement**

1. Number > 2

2. Need Reference >

**Table No. Section No.**

<b>N-1</b>	<b>1</b>

3. Target Population Tables:

Enter "X"	Tenure Type
X	Owners
	Renters
	Special Needs

Priority	Income Category
S	Households 50-80% Median Income
P	Households 30-50% Median Income
P	Households 0-30% Median Income
P	Special Needs Households/Persons

4. Proposed Activities

**Primary**

Activit(ies)	Projected Households Benefiting				Strategy Summary Activity No.
	Total	CHIP	Other	Other Source	
<b>Owner Housing. Rehab</b>	<b>25</b>	<b>25</b>	<b>10</b>	<b>Weatherization Program</b>	<b>1</b>

**Secondary/Supportive**

Activit(ies)	Projected Households Benefiting				Strategy Summary Activity No.
	Total	CHIP	Other	Other Source	

5. Proposed Strategy Implementation Schedule:

1	2	3	4	5

6. Strategy Narrative:

**Strategy Statement**

1. Number > 

3
---

2. Need Reference >

**Table No. Section No.**

N-4	1,2,6

3. Target Population Tables:

Enter "X"	Tenure Type
X	Owners
	Renters
	Special Needs

Priority	Income Category
S	Households 50-80% Median Income
P	Households 30-50% Median Income
P	Households 0-30% Median Income
P	Special Needs Households/Persons

4. Proposed Activities

**Primary**

Activit(ies)	Projected Households Benefiting				Strategy Summary Activity No.
	Total	CHIP	Other	Other Source	
<b>Owner Housing Rehab.</b>	<b>25</b>	<b>25</b>	<b>10</b>	<b>Weatherization Program</b>	<b>1</b>

**Secondary/Supportive**

Activit(ies)	Projected Households Benefiting				Strategy Summary Activity No.
	Total	CHIP	Other	Other Source	
<b>Waterline Replacement</b>	<b>100</b>		<b>100</b>	<b>Formula Allocation Program</b>	<b>13</b>
<b>Storm water Drainage</b>	<b>100</b>		<b>100</b>	<b>Formula Allocation Program</b>	<b>14</b>
<b>Sidewalks</b>	<b>100</b>		<b>100</b>	<b>Local Community Funds</b>	<b>15</b>

5. Proposed Strategy Implementation Schedule:

1	2	3	4	5

6. Strategy Narrative:

single year. On the other hand the proposed Target Area activity could reasonably be accomplished in a two-year timeframe.

The strategy statement narrative should not be limited to just describing the housing activity or the secondary activities, but should also discuss the entire context of the activity relative to the neighborhood revitalization goals. For example, a neighborhood meeting and/or direct mailing to target area residents may be important to obtain support and participation for the project. These kinds of issues should also be discussed.

**Note: Any infrastructure needs in a target area will be expected to be coordinated with the Formula Program resources and the CAS planning process to the maximum extent possible, and discuss such coordination in the strategy narrative.**

Finally, it is acceptable to address an identified need through proposing a strategy which cites only resources other than the CHIP. For instance, it may be determined that there is a need for more affordable rental housing units. A viable strategy may be that the community will support the development of an affordable housing project in the community to address this need. Such support does not necessarily mean only financial support. If this approach is used, there must be a realistic strategy for this to be achieved and the discussion of timing needs to include a schedule for implementing such a project with milestones that will provide a basis for measuring progress towards implementing the proposed activity.

If you are completing the Strategy forms electronically, you can type the information into the tables and into the narrative section and just continue on to additional pages. If you are filling out the table manually, you can attach additional pages as needed to accommodate the narrative.

### **The Strategy Summary (Table S-2)**

After completing all of the Strategies, the final step is to post them to the Strategy Summary Table. It is only necessary to list activities in the Strategy Summary Table that are proposed to be funded all or in part from CHIP funds. (Note that the Activity Number in the Strategy Summary must correspond to the number in the last column of the Strategy Statement, Section 4, "Strategy Summary Activity Number.") For such activities list the total number of households that are expected to benefit from the activity, including any other resources. An example of a completed Strategy Summary Table is shown on page 21. Notice that the Owner Rehab activity is actually the combined result of two strategies, one involving owner rehab throughout the community, and one that involves owner rehab in a target area. Only a single type of activity should ever appear on the Strategy Summary Table, even if it is the combined result of ten Strategy Statements.

**Do not include activities on the Strategy Summary that are expected to be funded only by other resources, and are not envisioned to work in conjunction with CHIP activities.** Why list such activities at all? It may be that another agency, perhaps a non-profit, is proposing to work on a rental housing project that will address a need cited in the CHIS. This will mean that, to some extent, this need will be addressed and the local community will not have to devote many (or any) additional resources to that need. For Target Area activities, include all activities associated with the area, including secondary activities if CHIP housing resources are proposed to be committed to the area. Finally, make a projection of the number of households that will be assisted by an activity, each year of the five-year duration of the CHIS.

Be advised that it is not necessary to post every activity proposed as part of a Strategy Statement to the Strategy Summary. Assume a community is planning on submitting a Community Distress Program application to revitalize an area that has almost all owner-occupied housing. The need exists, so it should be identified, and the strategy would be very sensible, so it should be included in the CHIS. However, do not put anything in the project phasing part of table S-1 and then explain in the narrative that the strategy is contingent upon the funding of the Distress Program application. Meanwhile, the community can continue to address other owner housing preservation needs, but can easily activate the target area strategy when, and if, the Distress Program application is funded.

### **Analysis of Impediments (Table S-3)**

Next, complete the Analysis of Impediments, Table S-3. Completing this table is very straightforward, particularly if the AI was integrated into the overall CHIS planning process. It is highly unlikely that a thorough analysis of owner and renter housing would not identify at least a few impediments or systems that could be improved. The next step is to devise strategies and list them in the second column in the table. Then identify a basic timetable for implementing these strategies, and record it in the third column.



## Office of Housing and Community Partnerships (OHCP)

### Identifying Impediments to Fair Housing Choice and Conducting an Analysis

#### REQUIREMENT:

Formula Allocation Program and Community Housing Improvement Program grantees are required to develop an analysis of impediments (AI) which identifies existing conditions or barriers that limit housing choice within the community.

#### **The Analysis of Impediments should:**

**Present a clear analysis** of the information collected;

**Identify any changes needed** to correct or overcome impediments identified in governmental policies, real estate and lending institutions, zoning restrictions, etc.;

**Include a specific plan** of action; and

**Include a timetable or schedule** for the resolution of the identified problems or impediments.

Grantees are encouraged to have an on-going process for identifying all fair housing concerns and problems and for analyzing their efforts in mitigating or remedying problems.

The local analysis of impediments should be updated annually. A copy of the updated analysis should be included in the grantee program files.

#### GENERAL:

Title VIII of the Civil Rights Act of 1968 made it unlawful to discriminate in any aspect relating to the sale, rental, or financing of dwellings or in the provision of brokerage services or facilities in connection with the sale or rental of a dwelling because of (five {5} basis) 1) race, 2) color, 3) religion, 4) national origin and 5) sex. The Fair Housing Act Amendments of 1988 (Title VII of the Civil Rights Act of 1968, as amended) revised Title VIII (the Fair Housing Act) to extend protection to 1) families with children and 2) persons with handicaps. Application of the Fair Housing Act is not limited to situations when Federal funds are used. It provides for fair housing throughout the United States (private and public).

The Housing and Community Development Act, as amended and the State Community Development Block Grant Program (CDBG) final regulations establish performance standards for affirmatively furthering fair housing which apply to the state and its grantees.

Both Community Development Block Grant and Home Investment Partnership (HOME) program grantees are required to affirmatively further fair housing. The state of Ohio requires grantees to each conduct a fair housing program with standard features. The fair housing program standards are listed in Attachment I of the Ohio Community Development Block Grant Small Cities Administrative Plan (State Plan).

As part of its standard program, the state requires each grantee to conduct an analysis of the impediments to fair housing choice. Small Cities grantees were required to conduct their first analysis during the FY'85 program year. All grantees should have updated their analysis in 1990, as required.

What is FAIR HOUSING CHOICE?

The ability of persons regardless of race color, religion, sex handicap, familial status, national origin, of similar income levels to have available to them the same housing choices.

What IMPEDES HOUSING CHOICE?

Housing choice is impeded when actions, omissions, or decisions are taken 1) to restrict a person's choice of housing because of the person's race, color, religion, sex, handicap, national origin, or familial status, 2) or certain residential dwellings are not made available to persons because of race, color, religion, sex, handicap, familial status, or national origin.

What is UNLAWFUL?

The kinds of housing discrimination prohibited because of race, color, religion, sex, or national origin are: (References - the Fair Housing Act, as amended; Effective March 12, 1989).

1. Refusal to sell or rent; {Section 804 (a)}
2. Discrimination in terms, conditions, or privileges of sale or rental, or in the provision of services or facilities in connection therewith; {Section 804 (b)}
3. Preference, limitation, or discrimination in advertising with respect to sale or rental of a dwelling unit; {Section 804 (c)}
4. False representation regarding availability of a dwelling units for inspection, sale, or rental when such dwelling is in fact available; {Section 804 (d)}
5. Blockbusting. For profit, to induce or attempt to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, sex, handicap, familial status, or national origin; {Section 804 (e)}
6. To discriminate in the sale or rental, or to otherwise make unavailable or deny, a dwelling to any buyer or renter because of a handicap of that buyer or renter, person residing in or intending to reside in that dwelling after it is sold, rented, or made available to, or any person associated with that buyer or renter; {Section 804 (f) (1)}
7. To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection with such dwelling, because of handicap. This includes: 1) refusal to permit reasonable

modifications, 2) refusal to make reasonable accommodation in rules, practices, or services when necessary to afford the person equal opportunity to use and enjoy the dwelling, 3) in connection with the design and construction of covered multi-family dwellings, a failure to design and construct those dwellings in such a manner that the public and common use portions of such dwellings are readily accessible and usable by handicapped persons, all doors are designed to allow passage into and within all premises within such dwellings are sufficiently wide to allow passage by handicapped person in wheelchairs, and all premises within such dwellings contain the following features of adaptive design a) an accessible route into and through the dwelling, b) light switches, electrical outlets, thermostats, and other environmental controls in accessible locations, c) reinforcements in bathroom walls to allow later installation of grab bars; and d) usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space. {Section 804 (f) (2)}

8. Discrimination in making or purchasing loans for residential real property purchases, construction, improvement, repair, or maintenance of a dwelling; {Section 805 (b) (1)}
9. Discrimination in appraising of residential real property by taking into consideration the factors of race, religion, national origin, sex, handicap, or familial status; {Section 805 (b) (2)}
10. Discrimination in provision of brokerage services by denying any person access to, membership, or participation in any multiple-listing service, real estate broker's organization or service, organization, or facility; {Section 806}

**What should be ANALYZED?**

**Eight (8) AREAS SHOULD BE ANALYZED for UNLAWFUL PRACTICES, ACTIONS, DECISIONS, OR OMISSIONS** that result in restricting or limiting housing choice for persons of similar income levels, regardless of race, color, sex, national origin, religion, familial status, or handicap:

1. Provision of financing assistance for residential real property purchases, construction, improvements, repair, or maintenance of a dwelling;
2. Terms, conditions, or privileges of sale or rental of a dwelling;
3. Advertising with respect to sale or rental of housing;
4. Realtors practices;
5. Appraisal practices;
6. Access to any multiple-listing service, real estate brokers' organization, or facility relating to the business of selling or renting dwellings;
7. Administrative policies concerning community development and housing activities, site section policies, local code requirements, local zoning requirements, and other local housing construction requirements;
8. Results of actions undertaken by the recipient to remedy problems identified by the analysis of the above seven (7) areas or identified in a court suit or finding of noncompliance by HUD, OCRC, or OHCP;

How do I BEGIN? (This should be an on-going process and is the basis for analysis of all areas.)

1. Obtain demographic data and income characteristics on your community from the 1990 Census, the local Comprehensive Homeless Assistance Plan (if applicable), and the local Comprehensive Housing Improvement Strategy (CHIS) (if applicable).
2. Obtain statistics on the number of housing units by type of housing (multifamily, single family, owner-occupied, rental, shelters, etc.), cost of construction, cost of rehabilitation, cost of acquisition of standard and substandard housing, number of assisted housing, condition of housing, and vacancy rates by type of housing, etc.
3. On maps, locate types of housing (group homes, independent, apartment complexes, etc.), racial housing patterns, housing costs, areas of high vacancy, industrial and commercial areas, major employers, financial institutions (main and branch offices), etc.

## **RECOMMENDED CONTENTS OF ANALYSIS OF IMPEDIMENTS**

1. Identification of Fair Housing concerns and problems
2. Demographic data and income characteristics
3. Employment and transportation profile
4. Housing profile
5. Maps
6. Identification of impediments to fair housing choice
7. Identification and description of existing programs, services, and activities that assist in the provision of fair housing
8. Identification of data sources

### **1. IDENTIFICATION OF FAIR HOUSING CONCERNS AND PROBLEMS**

A. Research and relevant zoning and building code policies and practices for any impact on the achievement of fair housing choice. Document your findings.

B. Research the local financial institutions'

- i. Application procedures
- ii. Approval procedures for loans
- iii. Factors used in home appraisals
- iv. Advertisements
- v. Locations of mortgage loan approvals
- vi. Community Reinvestment Act audits

Document your research.

C. Research local realtors'

- i. Advertisements
- ii. Application for rental units
- iii. Listings in the multiple listing services

### **2. DEMOGRAPHIC DATA AND INCOME CHARACTERISTICS**

### **3. EMPLOYMENT AND TRANSPORTATION PROFILE**

### **4. HOUSING PROFILE**

### **5. MAPS**

### **6. IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

### **7. IDENTIFICATION AND DESCRIPTION OF EXISTING PROGRAMS, SERVICES, AND ACTIVITIES THAT ASSIST IN THE PROVISION OF FAIR HOUSING**

### **8. IDENTIFICATION OF DATA SOURCES**

## Instructions

There are two options for using the Census CD with the CHIS Community/Target Area Data programs created by OHCP. The first and easiest method is to fully install the Census CD on your computer's hard drive. This will consume about 500 MB of space, but it will allow you to put the Ohio CHIS Data CD in your computer's CD-ROM drive which will allow you to access needed files from it. If you choose this option, you need not do anything further, but follow the instructions starting on the next page. (The file copying procedure described below also must be followed in the unusual case that your D-drive is not your CD-ROM drive.)

The second alternative is to partially install the Census CD, installing only the program and not the data, which will consume much less disk space on your computer. However, this method means that you will need to run the Census CD from the CD ROM Drive, and you will not be able to use this drive for the Ohio CHIS Data CD. If you use this method, you must first move a few files from the Ohio CHIS Data CD to your computer's C-drive. This procedure is fairly simple. Either through "My Computer" or "Windows Explorer" go to your CD-ROM Drive (usually D) and copy the following files to your computer's C-drive – do not put them in any folders in C, just to the C-drive. If you do not know how to do this, one way is to simply right click on the file on the CD-ROM (this will highlight it in blue), and select "Copy", then right click on your C-drive and "Paste". Repeat this for each file. Note that when following the instructions below, you will need to use the CHIS Community Data C.aws file and CHIS Target Area Data C.aws file, both of which are now in you C-drive. In addition, the Community Data Program.xls file and the Target Area Program.xls file are likewise now in C. Otherwise everything else is the same.

Files that must be transferred from the D-Drive to the C-Drive if using the second method:

Bullet2.gif

CHIS Community Data C.aws

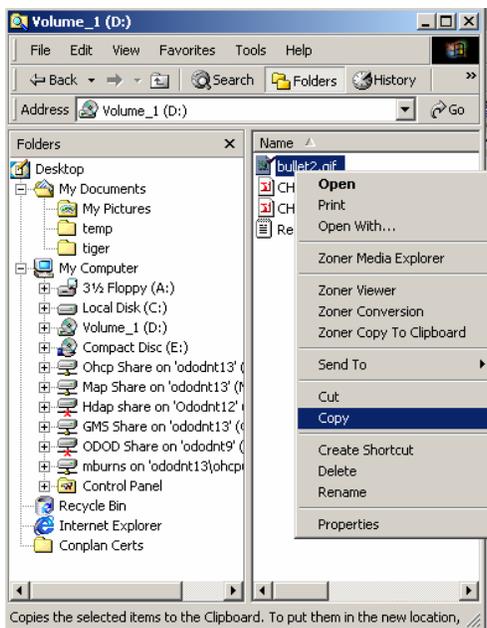
CHIS Target Area Data C.aws

Report (Blank).aws

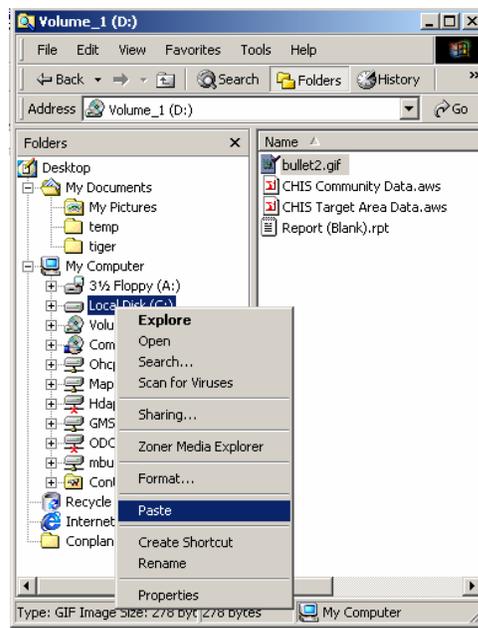
CHIS Community Data Program

CHIS Target Area Data Program

Step 1: Right click on the file in D, "Copy"

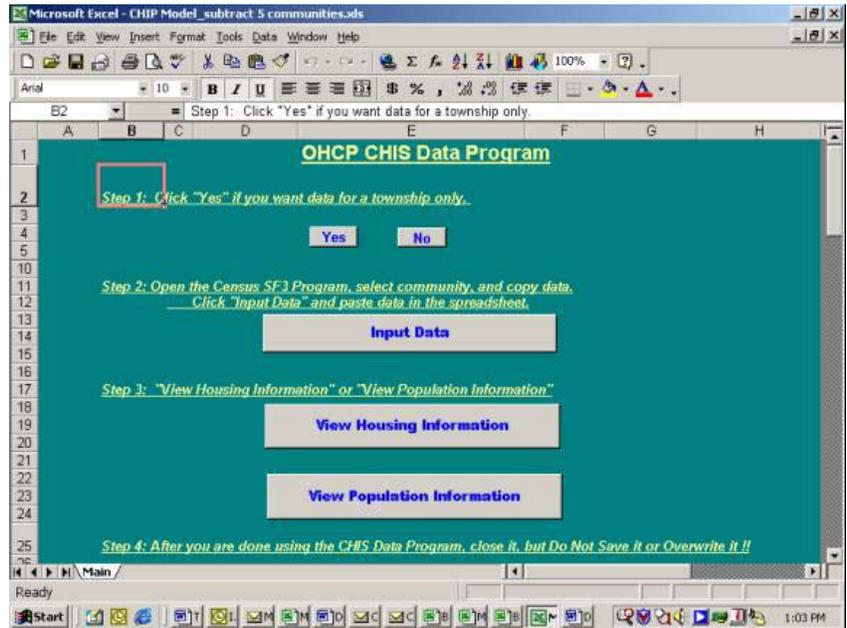


Step 2: Right click on C and "Paste"

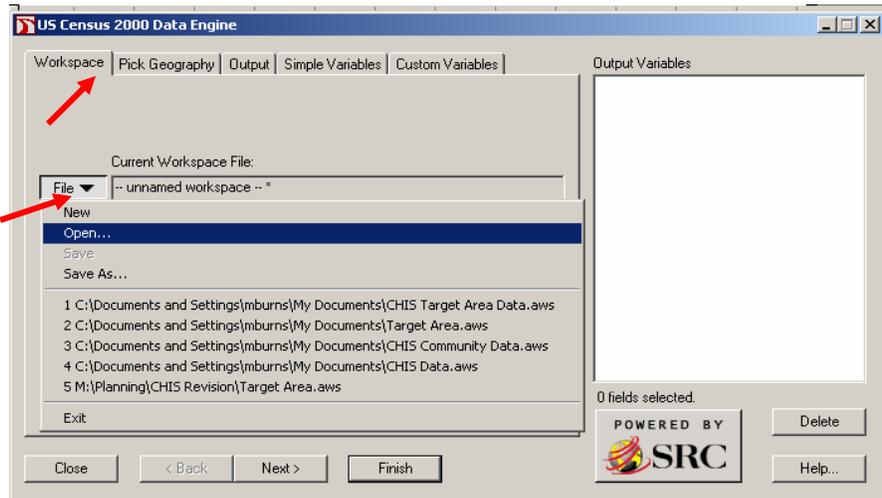


Open the CHIS Community Data Program, located on the CHIS Data CD-ROM (or on your C-drive if you used the file transfer process described above). For now, we will skip Step One and assume we want total county data.

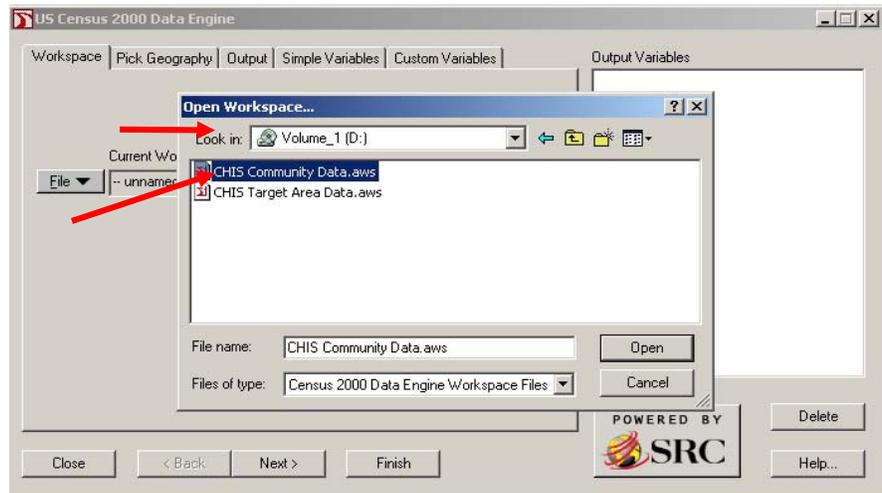
Note that you should answer “Yes” to “Enable Macros?”, if the program asks this question.



Next Open the Census SF3 Data CD. The “Pick Geography” tab usually appears. Instead, click on the “Workspace Tab”, and then click on “File” and “Open”.



Then go to the CD ROM to open the “CHIS Community Data Workspace”. Note that you will need to locate the “D” drive in the “Look in” window (as explained above, if you transferred files to C, then “Look in” must be set to C not D.)



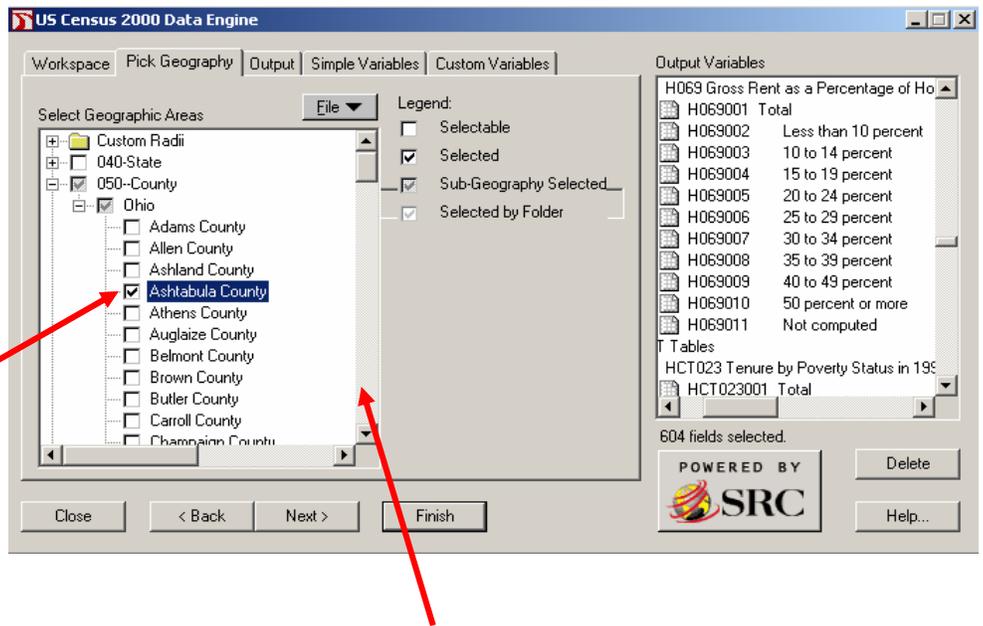
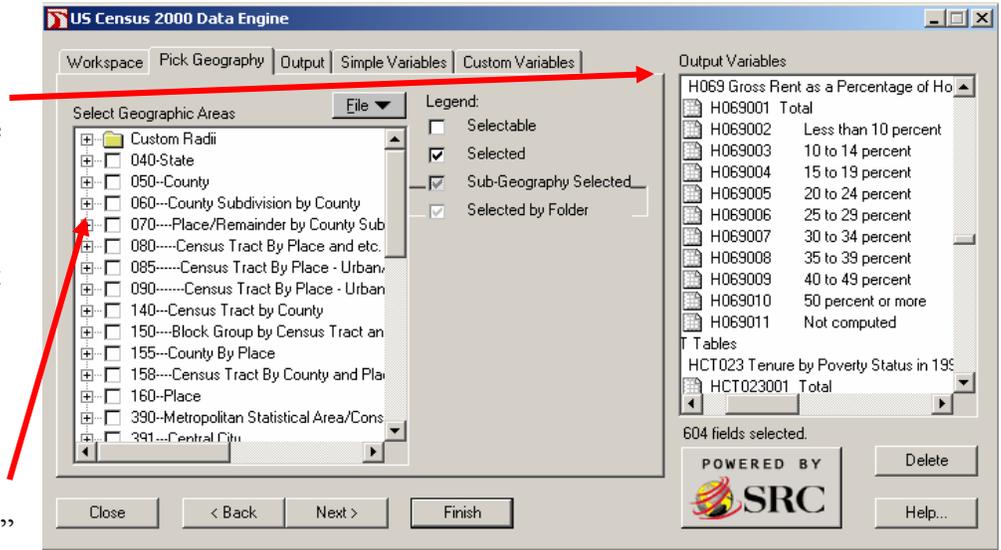
After you open the Workspace, the **Output variables** will be loaded automatically.

The only thing left is to select the geography. At this point the program should be set to the “Pick Geography” tab – if not just click on that tab.

To select the County, first click on the small “+” signs next to 050-County and next to Ohio. The list of counties will appear. Do not click in the “County” box or you will get data for all Ohio counties.

Next, select the county for which you want data – simply click in the box and a **check mark** will appear, as below for Ashtabula County.

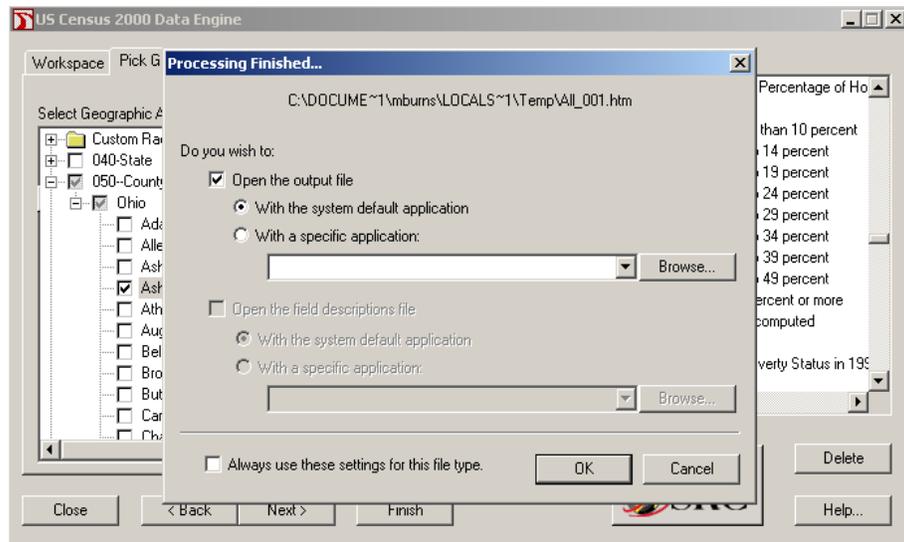
You are done with the selection process – just click on **Finish**.



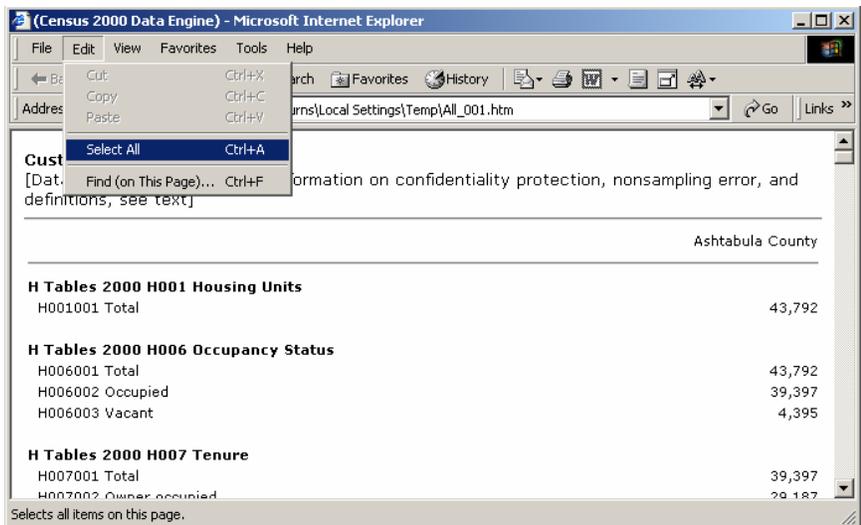
Note that there is a slight glitch in the Census software program. Sometimes a fragment of a sentence will appear on the screen (usually the word “File”), and it can get in the way of selecting the geographic areas. One way to deal with this is to use the **scroll bar**, and move it so the “phantom phrase” moves up until it goes away; then if you keep the County (or any category you are working with) up near the top of the window, the phantom phrase will not to be a problem.

After the program processes the data, it will ask if you want open the file with the default application (that is the software built into the program) – click on “OK”.

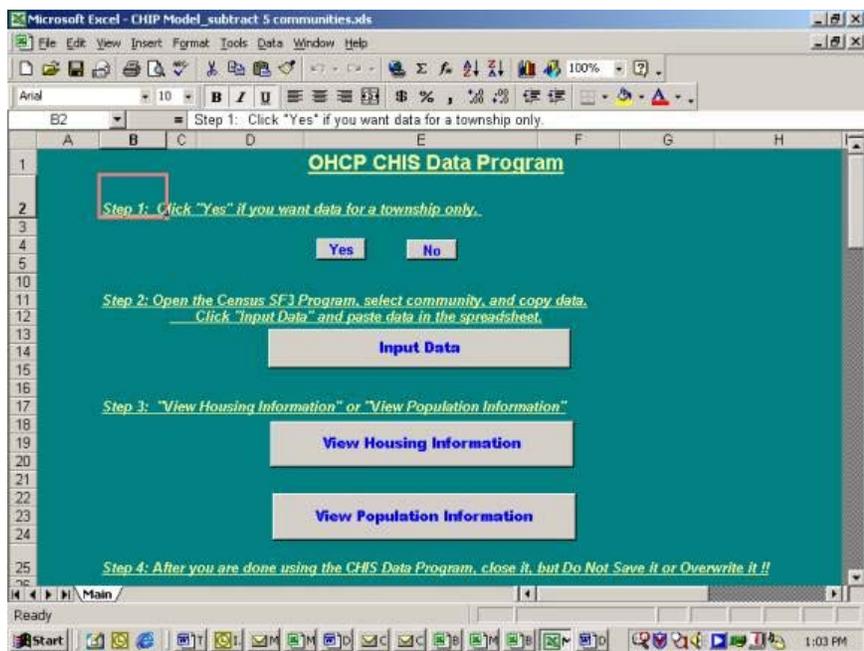
When you do this, it will prepare a report on the screen – unfortunately, this appears behind the Census Data Engine window. Either minimize this window, or click on any part of the report window, which will bring it forward.



This is the completed report – the next task is to copy the data into the Excel Worksheet. Just click **Edit** and then **Select All**, which will cause all the lines to be highlighted in blue, meaning they are selected. Then click on **Edit** and **Copy**. Though you can't see it, the computer has copied this sheet to the clipboard. (if select doesn't work, put the cursor on the data page, left click the mouse, and try selecting it again).



Now return to the Excel Data Program and click on **Input Data**, to paste the data from the clipboard into the spreadsheet.

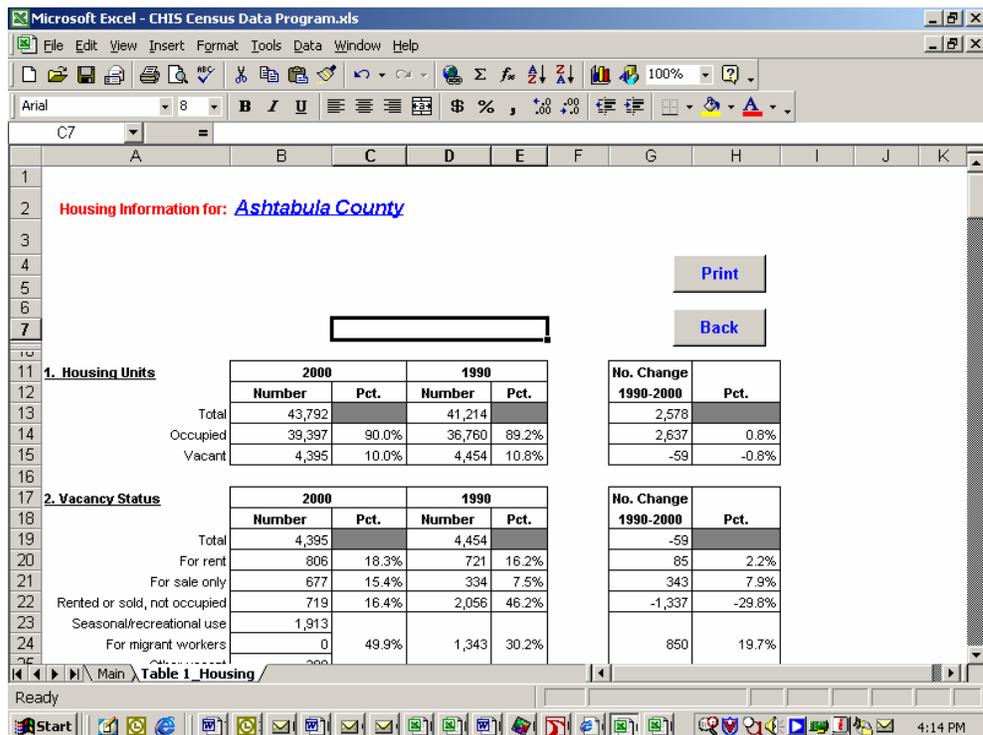
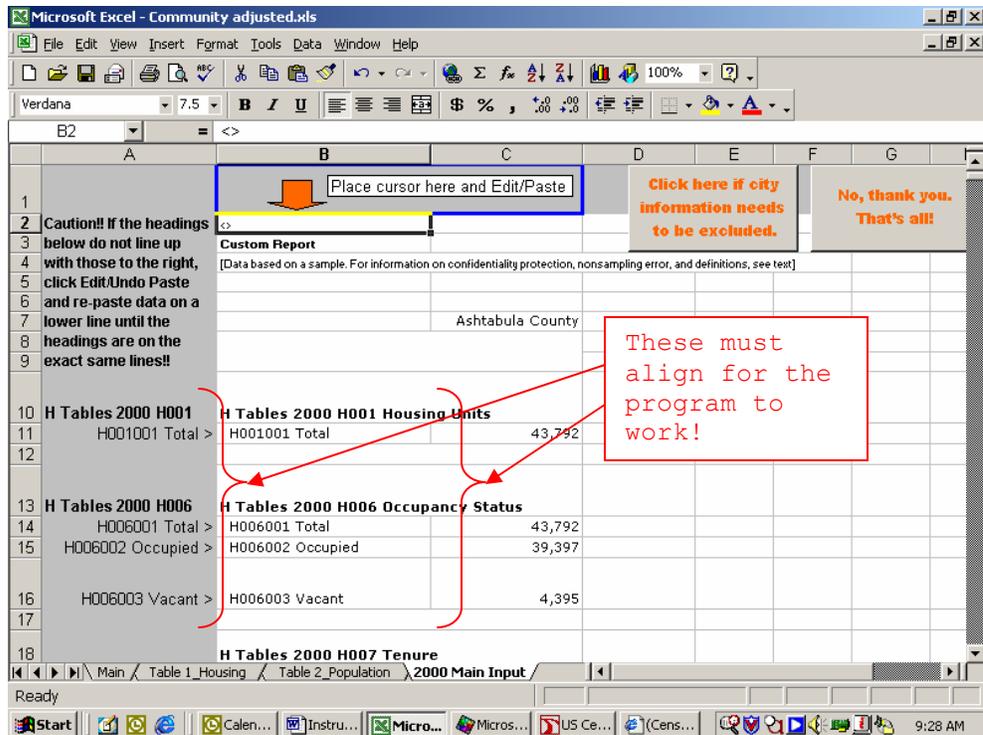


This screen will appear. Click on **Edit and Paste** and the data will be pasted into the spreadsheet.

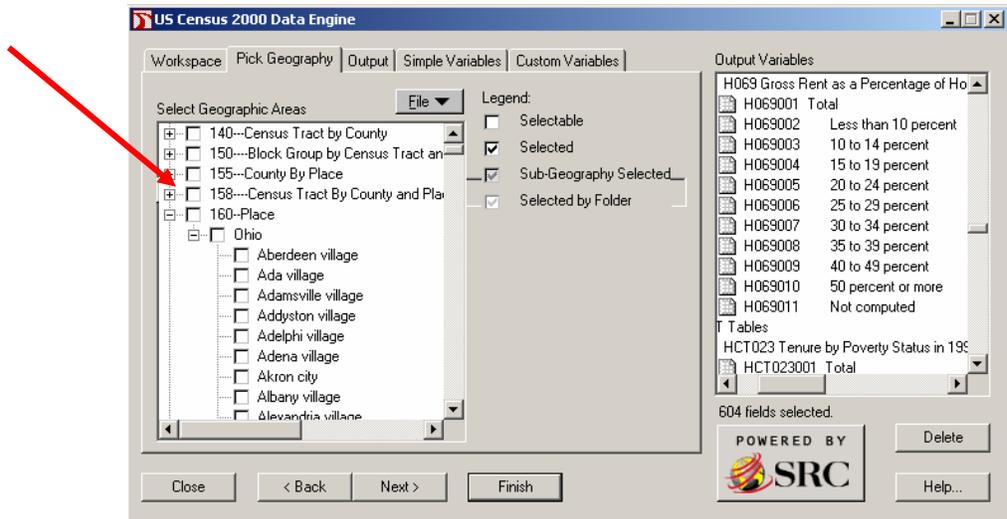
One caution – some versions of software do not Paste in the same way. Check to see if the headings line up correctly – if not, click on Edit/Undo Paste and re-Paste in a lower cell on the spreadsheet.

Now, click on **That's All!** And you will go back to the main menu.

Select either “**View Housing Information**” or “**View Population Information**”, you should get a spreadsheet that looks like the one to the right. Since this is in Excel, you can sum the data in the tables or use other functions.



The identical procedures are used for a city or village (i.e., a “Place” in Census terminology). Just click on the plus signs next to “160-Place” in the Pick Geography step described above, and select the city or village name, everything else is the same.



Data can also be selected for a township using the same procedure, except that you must specify the county name on the first page of the CHIS Community Data Program. To select township use the 060-County Subdivision by County selection.

Finally, you may exclude up to five municipalities from the county data, if you wish (such as a city that is doing its own CHIS). To do this follow the procedures for a County as described on the previous pages. Then, after you paste the county data into the Community Data Sheet, select “Click here if city data needs to be excluded” – this will create a new blank input sheet. Now return to the Census program, uncheck the county, and then check the city/village you want to exclude. Do the same “select copy procedure” and paste this into the blank spreadsheet program. You can do the same procedure for up to 5 cities/villages. When you are done, click on “No thank You, That’s All!”, and your revised county data sheets for housing and population will be ready to view.

If you want to save the data sheet or copy it, you should do the following. First, highlight what you want to copy. Then open a new spreadsheet, and click Edit, Paste Special Values, and then Edit, Paste Special, Format. This will remove the formulas in the spreadsheet that can cause problems later.

Also, it is advisable to open a new CHIS Community Data Program or Target Area Data Program for each new Community or Area, to avoid accidentally modifying the worksheet by deleting a previously pasted set of data.

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CHIS Community Data C.aws

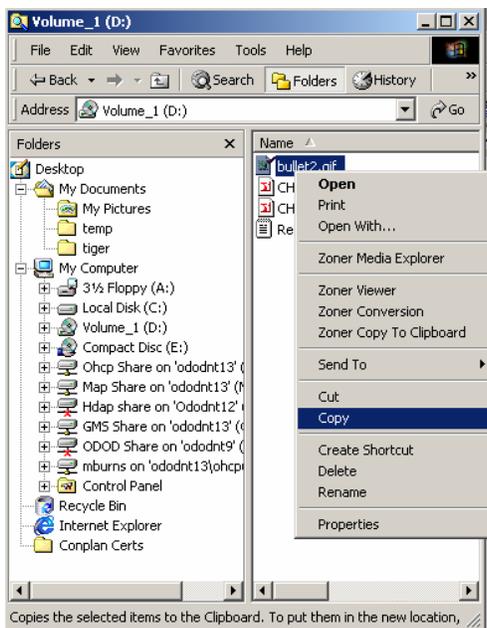
CHIS Target Area Data C.aws

Report (Blank).aws

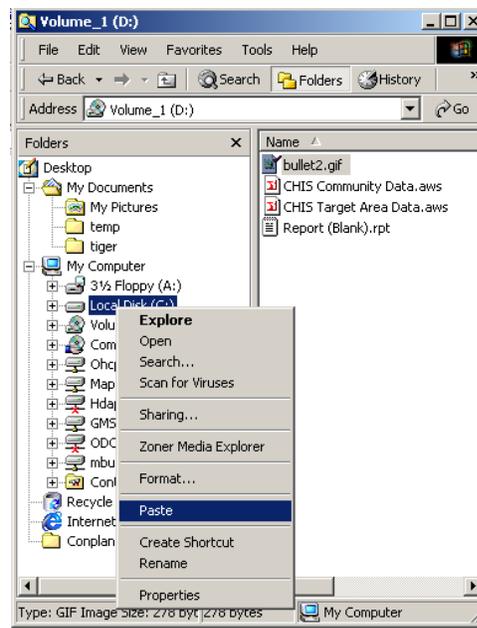
CHIS Community Data Program

CHIS Target Area Data Program

Step 1: Right click on the file in D, "Copy"

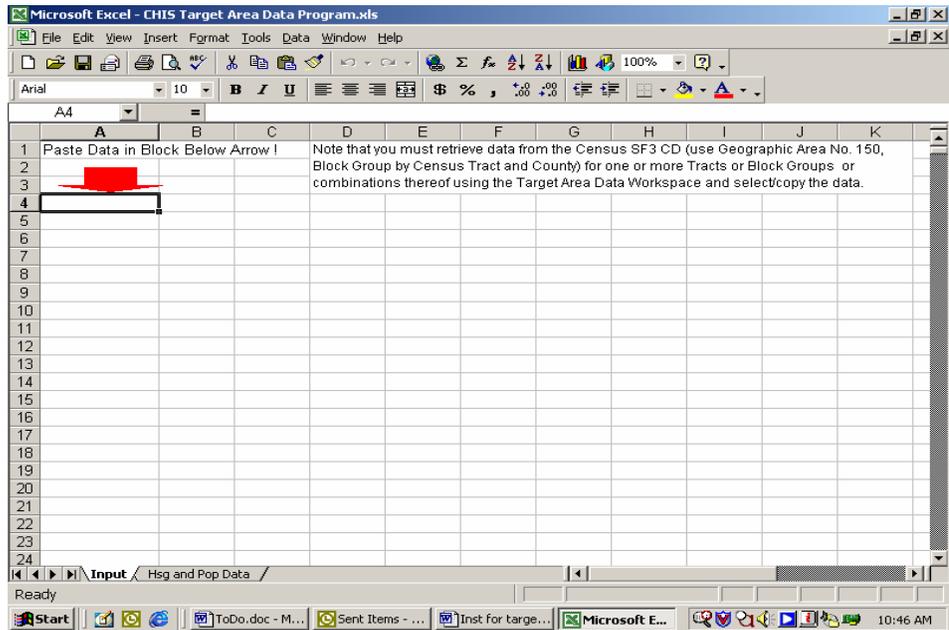


Step 2: Right click on C and "Paste"

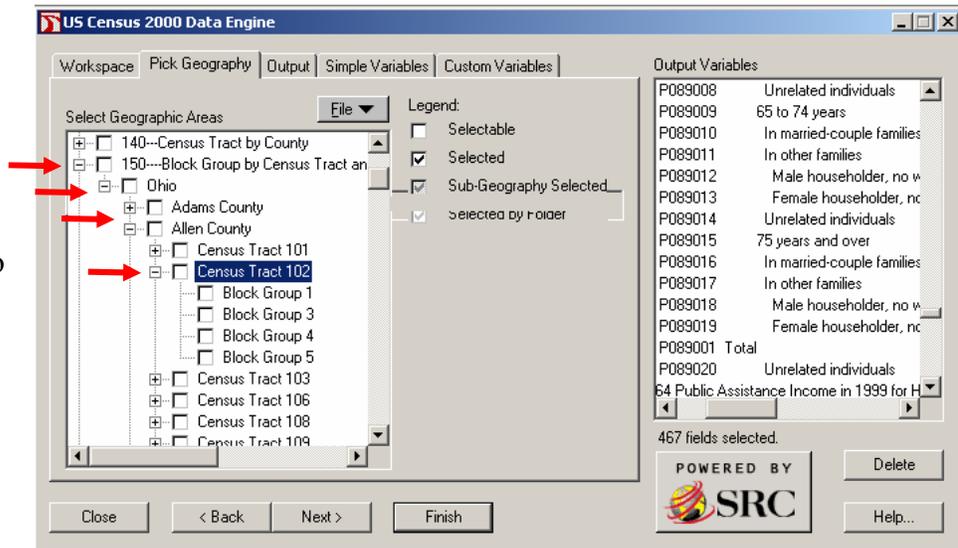
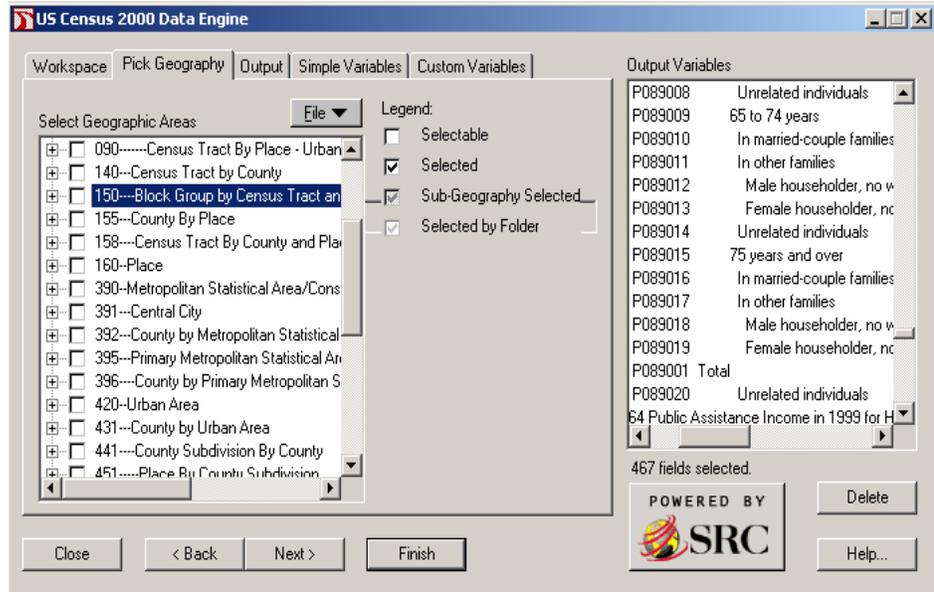


The next step is to open the CHIS Target Area Data Program.xls file either from the Ohio CHIS Data CD (or from your C-drive if you moved it there). You should get a sheet that looks like the picture to the right.

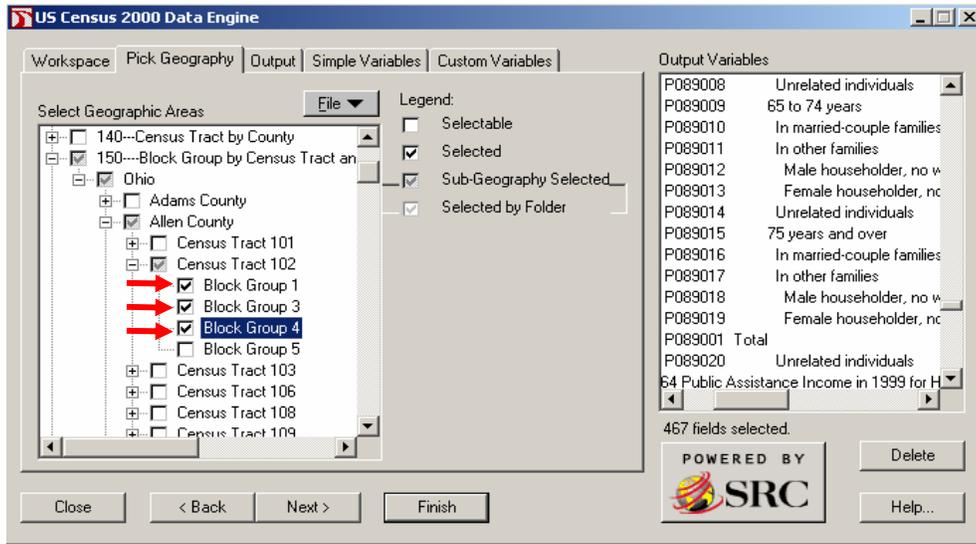
Note that you should answer “Yes” to “Enable Macros?”, if the program asks this question.



Then, open the Census CD, go to the Workspace tab and open the CHIS Target Area Data.aws from the Ohio CHIS Data CD (or CHIS Target Area Data C.aws, if you copied it to your C-drive). The window will look like the one to the right. You will be selecting the block group data from the “150-Block Group by Census Tract and County” geography. Click on the “+” sign next to this category, then for Ohio and then for the county, and finally for the Census Tract(s), until you get a screen like the one to the right.



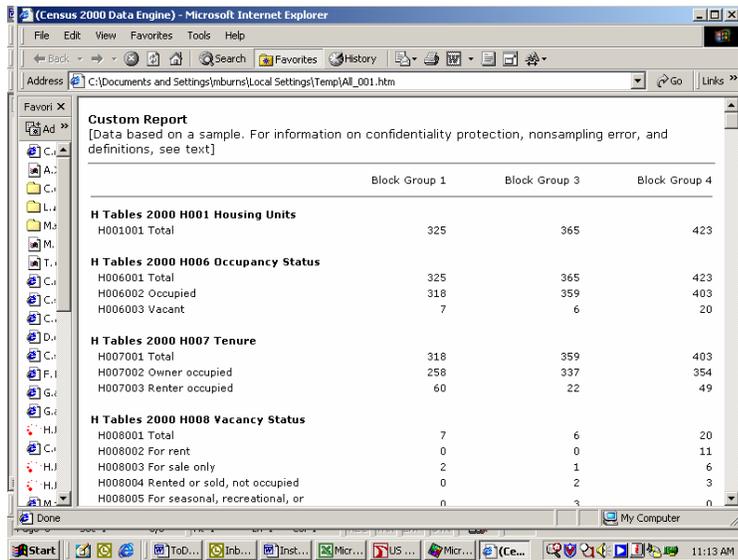
Let's assume the target area you want data for is basically comprised of Census Block Groups 1, 3 and 4. Simply check these four blocks and click on "Finish".



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One way to deal with this is to use the **scroll bar**, and move it so the "phantom phrase" moves up until it goes away; then if you keep the County (or any category you are working with) up near the top of the window, the phantom phrase will not to be a problem.

You should get a report that looks like the one to the right. Next Click on Edit, Select All and then Edit and Copy.



Though you cannot see it, copied the data has been to the computer's clipboard. Now return to the CHIS Area Data Program worksheet and click Paste in the block

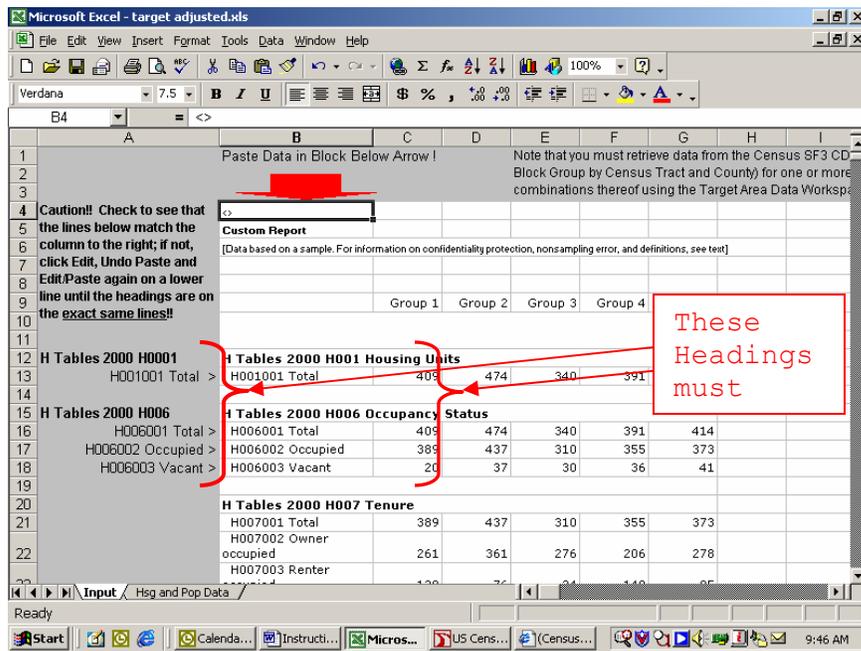
One Caution – some software pastes differently, so make that the headings they do not click Edit Undo Paste, and Paste a lower cell on the spreadsheet.

Now, just click on the “Hsg and Pop Data” the data tables.

Note that the LMI not included, but this accessed via the Ohio data table on the Ohio data CD, or from the Maptitude GIS software and LMI Group layer data.

For additional target is best to close the spreadsheet and a new one.

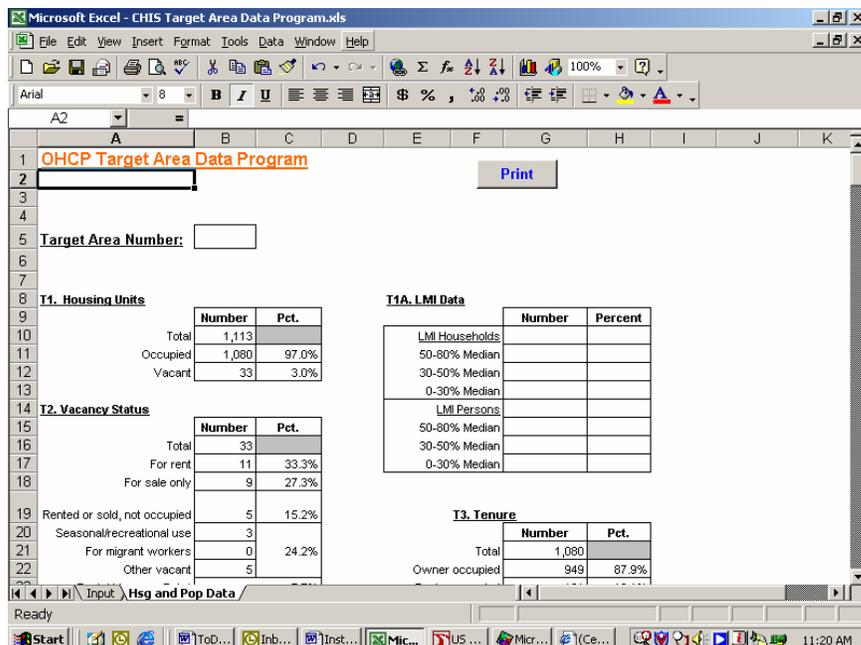
If you want to save sheet or copy it, you do the following. highlight what you copy. Then open a spreadsheet, and click Paste Special Values, and then Edit, Paste Special, Format. This will remove the formulas in the spreadsheet that can cause problems later.



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Summary of Lead-Based Paint Requirements By Activity  
**HUD 1012-1013 Regulations and Ohio Lead Law and Rules**  
(OAC Chapters 3701-32, 4/1/04)

	Rehabilitation (Subpart J)			Tenant-Based Rental Assistance (Subpart M)	Acquisition, Leasing, Support Services, and Operations (Subpart K)
	≤\$5,000	>\$5,000-\$25,000	>\$25,000		Homebuyer and Special Needs*
<b>Approach to Lead Hazard Evaluation and Reduction</b>	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
<b>Notification</b>	Yes	Yes	Yes	Yes	Yes
<b>Lead Hazard Evaluation</b>	Paint Testing  <i>Ohio license required</i>	Paint Testing and Risk Assessment  <i>Ohio license required</i>	Paint Testing and Risk Assessment  <i>Ohio license required</i>	Visual Assessment	Visual Assessment
<b>Lead Hazard Reduction</b>	Repair surfaces disturbed during rehabilitation  <i>Training Per 24 CFR 35.1330</i>	Interim Controls  <i>Training Per 24 CFR 35.1330</i>	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation)  <b>Ohio license required</b>	Paint Stabilization	Paint Stabilization
	Safe work practices Training Per 24 CFR 35.1330 Clearance of Work site <b>Ohio license required</b>	Safe work practices Training Per 24 CFR 35.1330 Clearance of unit <i>Ohio license required</i>	Safe work practices <b>Ohio license required</b>  Clearance of unit <i>Ohio license required</i>	Safe work practices  Clearance of unit <i>Ohio license required</i>	Safe work practices  Clearance of unit <i>Ohio license required</i>
<b>Ongoing Maintenance</b>	For HUD-Assisted Rental Units	For HUD-Assisted Rental Units	For HUD-Assisted Rental Units	Yes	Yes (if ongoing relationship)
<b>Environmental Intervention Blood Lead Level (EIBLL) Requirements</b>	No	No	No	Yes  See Subpart M §35.1200 thru §35.1225	No
<b>Options</b>	Presume lead-based paint Use safe work practices on all surfaces  <i>Training Per 24 CFR 35.1330</i>	Presume lead-based paint and/or hazards Use standard treatments  <i>Training Per 24 CFR 35.1330</i>	Presume lead-based paint and/or hazards Abate all applicable surfaces  <b>Ohio license required</b>	Test deteriorated paint. <b>Ohio license required</b>  Use safe work practices only on lead-based paint surfaces. <i>Training per 24 CFR 35.1330</i>	Test deteriorated paint. <i>Ohio license required</i>  Use safe work practices only on lead-based pain surfaces. <i>Training per 24 CFR 35.1330</i>

\*Special Needs Housing may be subject to the requirements of Subpart J, M, or K depending on the nature of the activity undertaken. However, since most special needs housing involves acquisition, leasing, support services, and operations, for the purposes of this table, it has been placed in this column.