

COEUR D'ALENE COMMUNITY DEVELOPMENT BLOCK GRANT
2008 REFERENCE MANUAL



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The City of Coeur d'Alene prohibits discrimination in housing on the basis of race, color, sex, national origin, religion, familial status, disability, or age.

The City of Coeur d'Alene receives an annual direct allocation of Community Development Block Grant (CDBG) funding. In 2008, the City received an allocation of \$304,576.00. Originally, the City estimated the funding at \$300,000.00. An amendment for the increase in funding is planned. Based on public input and staffing resources the following action plan has been approved. Public hearings and comment periods will be included in future Action Plan annual reviews and updates.

EST. ALLOCATION		\$300,000.00	Explanation
ADMINISTRATION	20%	\$60,000.00	Reimburse City of \$23,000 cost of consolidated plan; \$30,000 for administration Contract, \$7000 publications/training
INCREASE HOUSING FOR PURCHASE	23%	\$70,000.00	To acquire land in the midtown area in partnership with LCDC and IHFA for affordable housing
INCREASE HOUSING SPECIAL NEEDS/HOMELESS	33%	\$100,000.00	To be utilized as infrastructure, utilities, and/or leverage for the St. Vincent De Paul 811 project on Fruitland Lane
SIDEWALKS	7%	\$20,000.00	Assistance to LMI homeowners that need sidewalk repair/replacement
NEIGHBORHOOD REVITALIZATION/ CODE ENFORCEMENT	17%	\$50,000.00	\$23,000 to go toward Code Enforcement personnel wages (apprx. 40%); \$27,000 available for home revitalization including weatherization to LMI homeowners
ECONOMIC DEVELOPMENT		\$0.00	No current projects identified. Will look for future partnerships.
TOTAL	100%	\$300,000.00	

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INTRODUCTION

In 2007, the City of Coeur d'Alene became eligible to receive the Federal Community Development Block Grant, or CDBG. CDBG is administered at the federal level by the U.S. Department of Housing and Urban Development (HUD). CDBG dollars can be used by cities to address a variety of housing and community development needs within their jurisdictional boundaries.

The purpose of this manual is to provide basic information to encourage and maintain a high degree of understanding of the policies and procedures in place for assistance under the City's Community Development Block Grant Action Plan. It will provide information on program activities, eligibility, and financing through a grant/loan process. For Fiscal Year 2008, the City has funded the Neighborhood Revitalization/Code Enforcement program that can provide assistance for Emergency/Minor Repair; Home Rehabilitation; Energy Conservation; Housing Accessibility; and grants for Lead Based Paint Abatement. The City also plans to provide grants for specifically outlined projects. All programs are subject to availability of funds.

The City is responsible for assuring that the programs implemented adhere to all regulations that govern the use of these funds as required by HUD. All grants/loans will be approved by resolution of the Mayor and City Council based on compliance with the regulatory requirements. All recipients under these programs shall be responsible for meeting the requirements as contained in this manual; and those required and in effect by any other agency. If the standards in this manual are more restrictive than those required by other agencies, the stricter shall apply except where specifically addressed in this manual.

This handbook has been approved by the Mayor and City Council. Any significant variation from the approved programs shall be presented for review to the Mayor and City Council during the approval process. Variations in terms, conditions and loan amounts will be at the discretion of the City Finance Director and only when in the best interest of the City.

The activities to be included in each program year's Action Plan, are determined in part through the Citizen Participation Process. Elements of the annual Citizen Participation Plan include: public meetings, citizen survey, stakeholder meeting and interviews and draft plan review and comment period. The City of Coeur d'Alene's Action Plan and Citizen Participation Plan are included in the Consolidated Plan, and may be viewed at www.cdaid.org

All exhibits and documents in this manual are only samples of documents that can be used. As such, they are subject to change and are in no way intended to be complete.

DEFINITIONS:

CITY: Shall mean the City of Coeur d'Alene or its designee (contractor)

EPA: Federal Environmental Protection Agency.

HUD: The Federal Department of Housing and Urban Development.

Fixed Income: Fixed income is that received from Social Security, railroad retirements, Supplemental Security Income, retirement, survivor and/or disability pensions or any other income not listed that a person will receive until death.

Gross Income: All income including retirement, child support, unemployment, alimony, etc. must be reported as gross income, whether taxable or not.

Family: All persons living in the same household who are related by birth, marriage (spouse, stepchildren, etc.) or adoption.

Extended Family Member: Means all persons beyond immediate family, related through marriage, i.e., brother in-law, sister in-law, etc.

Household: All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Low-Moderate Income (LMI): LMI is defined as total household income that does not exceed 80% of median income of the area involved (City of Coeur d'Alene) as determined by HUD.

Uniform Housing Code: The most current code as adopted by the City of Coeur d'Alene. This code provides minimum requirements for the protection of life, health, property, safety, and welfare of the general public and the owners and occupants of residential building.

DESCRIPTION OF NEIGHBORHOOD REVITATLIZATION/CODE ENFORCEMENT MITIGATION PROGRAM ACTIVITIES

Each year during the review and update of the City's Action Plan, the City anticipates that a percentage of the CDBG funds they receive will be allocated for neighborhood revitalization and code enforcement mitigation activities. The City has identified the following categories as potential activities for assistance to Low to Moderate Income residents. Funding levels (if any) for each type of activity will be determined during the annual Action Plan update. With the exception of the Lead Based Paint Abatement, all assistance will be in the form of low interest loans. Additionally, any loans made for these assistance activities can be deferred at the applicant's request. All applicants for these loans must be homeowners within the City Limits of Coeur d'Alene and meet the requirements as set forth in this manual.

1. **Emergency/Minor Repair Loans:** Low to Moderate Income homeowners who experience situations that result in unsafe living conditions as determined by the current adopted City Code may be eligible for emergency loans. These circumstances include, but are not limited to:
 - Roof repair
 - Heating system repairs or replacement
 - Plumbing and sanitary sewer problems
2. **Home Rehabilitation Loans:** For housing rehabilitation of existing structures generally to bring the property up to local codes and standards.
3. **Energy Conservation Loans:** Assistance to the homeowners to reduce high-energy costs by making houses more energy efficient.
4. **Housing Accessibility Program Loans:** Provide, improve accessibility to homeowner living facilities, for persons with disabilities. Eligible project may include ramps and grab bars.

Homes constructed prior to 1978 may contain lead. If during a repair or rehabilitation project, treatment and/or abatement is required in accordance with 24 CFR. Part 35; grant funds may be available for that activity.

5. **Lead Based Paint Abatement Grant:** A grant may be available to assist a homeowner with lead based paint reduction activities on a home built prior to 1978, when required during a home repair or rehabilitation loan project. This grant would be used for lead base paint inspections, risk assessment, clearances, interim controls and/or abatements.

ELIGIBILITY

The purpose of this section is to establish standards of eligibility for homeowners to under take the Emergency/Minor Repair and Home Rehabilitation CDBG program activities.

Applicant must meet the following requirements:

1. Property must be located within the City limits of Coeur d'Alene, Idaho.
2. Applicants must own the property on which program activities will be conducted or must be the purchaser of record.
3. The property must be the principal residence of the applicant.
4. **Total** household income must meet the LMI guidelines as set by HUD.
5. The applicant shall comply with all rules and regulations governing each program.
6. The applicant shall have a housing debt of no more than 100% of the value of the property, based on Kootenai County tax assessment of the property.
7. Accessibility activities require that the applicant or a family member residing in the home have an impairment which substantially limits one or more major life activities such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.
8. On properties constructed prior to 1978, applicant must agree to a Lead Risk Assessment on said property if applicable.
9. Projects are contingent on clearance of Environmental Review.
10. Participation will be on a first come-first served basis, and is contingent on available funding.

APPLICATION GUIDELINES

This section establishes a standard procedure for the completion and submission of applications for the assistance to Emergency/Minor Repair and Home Rehabilitation CDBG programs.

Documents required:

1. Program participation and loan application form.
2. Copies of deeds, contracts of sale, Mortgage balance statement, and/or escrow agreements involved in the ownership or purchase of the dwelling units for which program assistance is being requested. If homeowner owns the home free and clear, a listing packet may be requested from the Title Company.
3. Any written reports of City code violations on premises for which program assistance is being requested if applicable
4. Copies of the applicant's most current year Federal Income Tax return with supporting documentation for all income. If the applicant is self-employed, two years' tax returns and bank account statements for proof of income for the current year are required.
5. Certificate of current fire insurance coverage.
6. Completion of any additional application forms required by the funding source.

In program year 2008, Panhandle Area Council will receive and process applications at their office located at 11100 N Airport Drive, Hayden, ID 83835-9798. Telephone: (208) 772-0584
Electronic forms are available at www.cda.org

Verification of information will be required. Where applicable, the applicant may be requested to provide additional documentation, for example: Divorce Decree, complete bankruptcy papers, child support, unemployment, social security statements, bank account statements, etc.

If the City must obtain verification through a third party, via a mailed verification form, the applicant may experience a delay in application processing.

INCOME GUIDELINES

Property owners requesting assistance under the Emergency/Minor Repair and Home Rehabilitation CDBG programs must meet the income guidelines established by HUD.

1. **All** individuals living in the household, whether or not they are listed on the property title, deed or contract of sale, are to be included when calculating gross income to determine income eligibility.
2. Households being considered for assistance under the LMI Emergency/Minor Repair and Home Rehabilitation CDBG programs must have a gross income not to exceed 80% of the current area median income. The area median income will be established by the most recent report from HUD.
 - a. All gross income including retirement, child support, unemployment, alimony, etc. must be reported as gross income, whether taxable or not.
 - b. Gross Income for self-employed individuals will be the adjusted gross (as shown on Schedule C of the federal tax return) plus depreciation of any home office deduction. Self-employed adjusted income will be averaged over a two (2) year period.
3. Gross Income evaluations for all programs shall be subject to HUD regulations as revised annually.

LOW TO MODERATE INCOME CHART

Household income for the program cannot exceed the amount for the corresponding household size listed here:

Year 2008 Maximum Household Income	
Household Size	Maximum Income
1 person	\$29,450.00
2 Person	\$33,700.00
3 Person	\$37,900.00
4 Person	\$42,100.00
5 Person	\$45,450.00
6 Person	\$48,850.00

* Please contact Panhandle Area Council for income limits for households of 7 or more.

AUTHORIZATION

Independent verification of information provided by participants during the application process may be necessary. When third party verification is needed the program applicant must authorize release of information to the City.

- The attached form (Authorization to Release Information) shall be completed as a part of the application when third party verification is necessary.

ELIGIBLE ACTIVITIES

Only activities, which meet HUD eligibility criteria, may be completed under the Emergency/Minor Repair and Home Rehabilitation CDBG programs. The following list is not intended to be all-inclusive.

1. Rehabilitation/correction of conditions that violate provisions of the most current Uniform Building Code, or other City adopted codes and policies.
2. Rehabilitation/correction of conditions to preserve life safety.
3. Rehabilitation/corrections necessary to create safe, secure and sanitary living conditions.

Specific activities which may be eligible under the LMI Emergency/Minor Repair and Home Rehabilitation CDBG programs include, but are not limited to, repair and replacement, or installation of:

1. Any reasonable equipment or modification system needed to accommodate a physical or medical handicap, as determined by HUD Section 504 Guidelines. Handicap fixtures when necessary, including but not limited to ramps, grab bars in bathrooms, special door and entryway.
2. Heating equipment including ductwork and thermostats, repair of or modifications to wall protection, chimneys, venting and hearts to city approved Uniform Mechanical Code. Baseboard heating units, gas or electric wall furnaces can be replaced with perimeter type heat.
3. Water modifications, repairs or replacement.
4. Sewer modifications repairs or replacements.
5. Any portion of the plumbing system including water, waste, venting, fixtures, and well testing.
6. Roofing, including sheathing, and trim, asphalt, fiberglass, cedar, tile and approved materials.
7. Any portion of the electrical system including fixtures such as smoke detectors and light fixtures
8. All items for the purpose of weatherization of the property, i.e., insulation, windows, door, weather stripping, door sweeps, etc. French doors only if rough opening are not altered in size.
9. Other items of repair necessary to cure an immediate problem.

Ineligible activities for Emergency/Minor Repair and Home Rehabilitation CDBG programs projects:

1. Purchase of appliances including washers/dryers, garbage disposal, dishwasher, range, refrigerator, microwave.
2. Any improvement not attached or permanently installed to the unit Drapes, curtains, shades, hangers, lamps, valance or cornice boards or any type of furniture
3. Water softeners and trash compactors

4. Exterior barbecue pits, fireplaces, and hearths
5. Bath houses, hot tubs, saunas, swimming pools and tennis courts
6. Burglar protection bars (unless for a basement), and home security systems
7. Dumbwaiters and radiator covers and enclosures
8. Fire extinguishers and television/satellite antennas
9. Flower beds and greenhouses
10. Airplane hangars and pet kennels
11. New garages
12. Extended warranties for appliances cannot be purchased with funds provided under the Emergency/Minor Repair and Home Rehabilitation CDBG programs.

LOANS AND FEES

The City's Action Plan will identify the amount of funding available during a given Program Year for activities under the Emergency/Minor Repair and Home Rehabilitation CDBG programs:

The maximum loan amount for individual projects conducted for eligible program activities shall not exceed \$3,000.

The following are eligible activities (costs) under the Emergency/Minor Repair and Home Rehabilitation CDBG programs; this list is not all inclusive:

- a. Approved bids/quotes
- b. Tool/Equipment Rental
- c. Engineering/Architect fee
- d. Fees for drawing and printing
- e. Energy Auditing Fee for recording documents
- f. Permit fees

BUILDING PERMITS

Building permits will be required, in accordance with Coeur d'Alene City Code, for activities under the Emergency/Minor Repair and Home Rehabilitation CDBG programs:

1. Building permits whether required under Coeur d'Alene City Code or by State Statute shall be the responsibility of the property owner. The owner may specify that their contractor obtain and maintain all permits necessary for the project work.
2. Final payment will not occur until all work and permits have been inspected and approved by the appropriate Authority.

CONSTRUCTION/MATERIALS

The small purchase procurement procedures may be used to acquire goods and services totaling no more than \$100,000 without publishing a formal request for proposals or invitation for bids.

Under the small purchases method, homeowners provide a request for bids/quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written bids/quotation from an adequate number of qualified sources.

Each bid/quote should include, company name, address and contact person, itemized quantities, time schedule if applicable, and pricing information that allows direct comparison of costs across bidders and ensures cost reasonableness. Documentation of the bids/quotes shall be maintained in the project files.

Procurement for activities under the Emergency/Minor Repair and Home Rehabilitation CDBG programs shall be conducted in the following manner:

1. The homeowner shall be responsible for seeking out and receiving at least three bids/quotes.
2. The homeowner must submit all bids/quotes for inclusion in the project record.
3. If the homeowner is unable to obtain three bids/quotes, a written explanation is required. (i.e. sole source supplier)
4. If the homeowner's efforts result in a single bidder/quote, cost reasonableness must be verified before awarding a contract.
5. Award should be made to the lowest responsive and responsible bidder/source.
6. Contractor must provide ownership, address and telephone contact information, contractor's license and tax identification number, for contractor's company, and all sub-contractors.
7. A contract between the owner and the contractor will be prepared and signed by both parties. Any homeowner provided materials will be identified and recorded. Where there is more than one contractor, multiple contracts will be prepared.
8. On request, the City will provide a commitment letter stating the homeowner has entered into a loan agreement and funding will be provided at the successful completion of the project activities.
9. A notice to proceed will be issued to each contractor.
10. Changes in the scope of work after contracts have been signed, is strongly discouraged. In the event that any changes or additional work in performance of a bid are necessary, a change order shall be initiated and submitted to the City for review and approval; change orders must be signed by the homeowner and the Contractor. Change orders must be in numbered sequence.
11. Every reasonable effort will be made to expedite the process in emergency situations.

SELF HELP

The purpose of this section is to define the policy of the City on self-help arrangements (i.e., a loan applicant performing labor on his own home).

1. In the event a property owner wishes to perform labor on their own project, they may do so only with the approval of the City. A self-help agreement, which includes the scope of work to be completed by the applicant, must be signed.
 - a. If self-help is allowed, regulations expressly prohibit payment to the applicant or members of the immediate family (as described in the Definitions Section of this manual), for any labor, they provide.
 - b. Extended family members, (as described in the Definitions Section of this manual), may bid on projects provided there is proof they are a qualified contractor with an established business.
2. Purchase of materials required to complete an owner's self-help contract are the responsibility of the owner and no reimbursement will be made until materials have been installed and inspected by the City.
3. A negotiated time limit will be placed on the work to be completed.

JOB SITE SUPERVISION

Each project shall be coordinated and supervised by the City, or its designee. The responsibilities shall include:

1. Coordination of construction schedules with the homeowner; contractor(s) and subcontractors.
2. Observation and inspection (including unscheduled inspections) of work performed and quality standards of materials as specified in the original contract, including sketches and drawings.
3. Coordination of inspection by City inspectors. (Note: it shall be the responsibility of each contractor and subcontractor to order required inspection at the required intervals).

PAYMENT FOR PROGRAM ACTIVITIES

Assistance under the Emergency/Minor Repair and Home Rehabilitation CDBG programs will be provided in the form of low interest homeowner loans. The City will disburse the loan funds directly to the contractor or vendor with approval of homeowner.

1. Homeowner will complete all necessary loan documentation and sign Promissory Note prior to the obligation of any program funds for the assistance project.
2. The payment schedule for each LMI assistance project will be included in the project files and any construction contracts, or materials purchase agreements.
3. Payment will be made for work completed as per contract/agreement.
4. Prior to payment disbursal, the City will determine that the work for which a contractor is requesting payment has been completed in accordance with the contract and meets all code requirements.
5. Reimbursement to homeowners for materials purchased will require a completed reimbursement form, and invoices bearing the homeowner's signature. Sales tax must be included in all invoices.

LOAN REQUIREMENTS AND DETAILS

The following are the security documents required for each type of loan for qualified homeowners participating in the City's CDBG program.

Emergency/Minor Repair, Energy Conservation, Accessibility loans:

- ✓ Promissory Note
- ✓ Deed of Trust

Home Rehabilitation Loan, add:

- ✓ Promissory Note
- ✓ Deed of Trust
- ✓ Security agreement (recorded)
- ✓ Title Insurance

The interest rate for all loans has been established at 3%. (Simple interest)

Payment Options:

- a. Monthly payment amounts will be negotiated between the City and homeowner.
- b. There is no penalty for prepayment or early pay-off.
- c. Interest will be forgiven if loan is paid in full with-in two years of closing.
- d. Participating homeowners may elect to defer repayment of loan until sale of property or transfer of ownership.

Homeowners may request a copy of all documents associated with their loans for review prior to closing. At the time the loan is closed, each applicant shall receive:

- a. A Right of Recession agreement and if requested have an explanation of the same;
- b. A Truth in Lending Disclosure Statement and have an explanation of the same.
- c. If the homeowner has elected to repay the loan immediately, a loan account number shall be assigned and written notice sent to the Finance Department of the City of Coeur d'Alene.

DOCUMENT PREPARATION

The purpose of this section is to outline the procedure for transmitting loan information to the City Treasurer (or designee) for the preparation of official documents.

1. Documents provided shall include the following:
 - a. Applicant's name
 - b. Property Address
 - c. Program identification
 - d. Amount of the loan
 - e. Statement of present value of the property and the anticipated rehabilitation value
 - f. Statement of lien position of the City of Coeur d' Alene
 - g. Statement of the scope of project
 - h. Statement of the length of the loan, interest rate, and the amount of monthly payment, unless deferred.

2. An Agreement will be prepared, under the guidance of the legal department which includes the items listed above and the distribution of the funds:
 - a. General contractor(s) name and address
 - b. Contractor's bid amount
 - c. Description of fees and amounts

APPROVAL

The City Treasurer shall make approval of the application for loan in an amount not to exceed Three Thousand Dollars (\$3,000.00). Approval shall be based on the following:

1. Satisfactory completion of an application form by the applicant.
2. Satisfactory completion of a City Code inspection by the City, if applicable.
3. Written indication from a licensed Title Company of a willingness to guarantee title in an amount equal to the Deed of trust.
4. Report of credit history from a credit-reporting agency satisfactory to the City to justify the ability of the applicant to repay the loan.
5. Assurances by the applicant that adequate steps have been taken to guarantee the correction of the City Code violation (if applicable) with the use of the loan funds.
6. The sum of all loans will not exceed 100% of the value of the home.

DOCUMENT DISPOSITION

The purpose of this section is to outline a procedure for the handling of the loan instruments, contracts and other documents associated with the loan/grant.

1. After adoption of the resolution by the Mayor and City Council and closing of the loan, all documents shall be distributed by the City as follows:
 - a. To the Finance Department of the City of Coeur d'Alene
 - i. The loan set-up sheet
 - b. To the main hardcopy file of the City of Coeur d'Alene
 - i. One copy of the Deed of Trust
 - ii. One copy of the Promissory note
 - iii. One copy of all contracts
 - iv. One copy of all other documents prepared as a part of the loan
 - v. One copy of the resolution adopted by the Mayor and the City Council with all necessary signatures
 - c. To the Loan Applicant of the property to be rehabilitated:
 - i. One copy of the Deed of Trust
 - ii. One copy of the Promissory note
 - iii. One copy of all contracts
 - iv. One copy of any other documents as recorded part of the loan (i.e., affidavits)
 - d. To each contractor involved in the rehabilitation contract:
 - i. Original contract with all signatures notarized.
2. In all cases, copies of the bids accepted as a part of the rehabilitation application shall have included in and as a part of all bids the sketches and drawings contained in the bid request.
3. All original Deeds of Trust and Promissory Notes shall be placed in a locked file cabinet for safety and kept at the City.

LEAD BASED PAINT REQUIREMENTS

The purpose of this section is to establish a procedure for treatment or abatement of lead-based paint in a rehabilitation project.

1. When the EPA – certified inspector or risk assessor determines that lead-based paint is present in the dwelling to be rehabilitated, the bid sheet will define the need for treatment and/or abatement of the problem in accordance with HUD requirements at 24 C.F.R., Part 35.
2. The Owner will receive notification of the possible presence of lead-based paint in their home. They will be required to sign for and receive a copy of “Protect your family from lead in your home” explaining the hazards of lead-based paint in pre-1978 dwellings, the precautions to take, and the blood screening procedures for children.
3. The agreements between the homeowner and contractor will include, under Article V of the General conditions of the contract, the information regarding the treatment and abatement of lead based paint in accordance with HUD requirement 24 C.F.R., Part 35.24(b)(2)(11).
4. All requirements for lead-based paint abatement as required by state law and HUD will be included in the rehabilitation project.