

**ERIE COUNTY**

EXISTING OWNER OCCUPIED HOUSING REHABILITATION GRANT

**HOUSING REHABILITATION PROGRAM  
-GUIDELINES-**

Erie County

Erie County Department of Planning and Community Development

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# EXISTING OWNER OCCUPIED HOUSING REHABILITATION PROGRAM GUIDELINES

These are the minimum requirements for the program. The Redevelopment Authorities may add additional requirements.

## PROGRAM OVERVIEW

### *Applicability*

Erie County has made assistance available for projects and activities, which principally benefit low- and moderate-income persons, through the Pennsylvania Department of Community and Economic Development Existing Owner Occupied Housing Rehabilitation Grant. Where appropriate, these funds may be coupled with other federal, state, and/or local funding sources. The Redevelopment Authority of the City of Erie and Corry Redevelopment Authority may administer this program in conjunction with the Erie County Department of Planning and Community Development.

### *Introduction*

Funding is made available for single-family or two-family, owner-occupied, residential property rehabilitation. Grant funds will be awarded for housing rehabilitation, lead based paint remediation health and safety, environmental issues, and/or accessibility improvements to income-qualified homeowners. The purpose of this program is to improve the quality of the County's housing stock and to correct conditions which pose a serious threat to the health, safety, and welfare of residents.

### *Program Eligibility*

Assistance may be provided only when the household annual income, which includes all persons who occupy the residence, is determined to be at or below 80% of the Area Median Income as may be established from time to time by the US Department of Housing and Urban Development (HUD).

## *Funding Usage*

Funds may be used in conjunction with other funding sources for housing rehabilitation, which may stipulate additional requirements in addition to these guidelines.

Funds may be used to make repairs, rehabilitation, accessibility alterations, lead hazard remediation, and/or address code-related issues effecting house exteriors and interiors.

Inspectors and staff will determine the proper combination of work items for each project based on the level of deterioration, health/safety hazards, code issues, and accessibility issues found to be present at the home.

When addressing code issues, program administrators will focus on:

- a. Ensuring the health and safety of the residents.
- b. Ensuring weather tightness of the home through improvements to roofing, siding, windows, doors, etc.
- c. Returning failed plumbing, electrical, mechanical and structural systems to good working order. (Replacement of major systems is warranted only when these systems cannot be repaired or when replacement is more cost effective than repair.)

Existing Owner Occupied Housing rehabilitation funding will not be used for the removal of trash and debris other than that generated by the construction/rehabilitation activities.

Components of the property that are in good working order will not be replaced or modified for beautification purposes using housing rehabilitation funding.

## *Funding Availability*

Qualified persons within Erie County, PA will receive assistance based upon a rating scale. The rating scale will include income eligibility, environmental review, estimated value of home after renovations, and total project cost.

## *Maximum Limitations*

The minimum amount of funding that can be received for a project is \$1,000.

## APPLICATION PROCESS

### *Applications*

- I. Applications may be obtained from either:
  - a. The Redevelopment Authority of the City of Erie's office at 626 State Street, Room 107, Erie, PA 16501, phone: 814.870.1540, online at the Redevelopment Authority of the City of Erie's website: [redeveloperie.org/housing-rehabilitation-program](http://redeveloperie.org/housing-rehabilitation-program)
  - b. Corry Redevelopment Authority's office at 9 N Center St, Corry, PA 16407, phone: 814.664.3884, online at Corry Redevelopment Authority's website: <https://corryidc.org/grant-opportunities>
  
- II. The following information must be attached to each application submitted:
  - (1) A copy of the property deed, (2) Paid property tax receipts for the past year, (3) Proof of income and assets for all household members over the previous 12 months, (4) A basis (or general description) for projecting income for the next 12 months, (5) Latest federal income tax return, (6) Proof of property insurance, (7) Completed income verification forms, (8) Program authorization forms, (9) Verification of assets, and (10) Identification for all household members, including birth certificates, social security cards, and photo identification.
  
- III. Incomplete applications will not be processed. Staff will review each application package and notify the applicant if additional information is needed.
  
- IV. Program guidelines and financial assistance will be reviewed and explained to applicants by the corresponding Redevelopment Authority's Program Administrator.
  
- V. If a housing unit is eligible for participation in the rehabilitation program and is under land contract, the following rules will apply:
  - a. Both the seller of the unit and the buyer must sign an application form, the specifications, and the applicable contracts.
  - b. The land contract must be recorded with the Erie County Recorder of Deeds' Office.

- c. The unit must have served as the principle residence of the buyer for the past 12 consecutive months.
- d. Payments must have been made for twelve or more consecutive months or ten percent (10%) of the contract amount, whichever is greater.

VI. Mobile homes are not eligible for the program

### *Eligibility Determination*

Each application will be reviewed to determine eligibility for assistance. A determination of eligibility will be based on the following:

- I. Income Eligibility – A review of all household income documentation and supporting documentation from employers and financial institutions will be conducted in accordance with the requirements outlines below.
  - a. Total annual household income must be no greater than 80% of the median family income as determined for Erie County by HUD
  - b. Family size determines the income limit and includes all family members, including shared-custody children who reside within the household at least 50% of the time. Foster children, foster adults, live-in aides and their children, and unborn children may not be included.
  - c. Income eligibility determinations will be conducted in accordance with federal regulations (24 CFR Part 5). The Part 5 definition of annual income is the gross amount of income of all adult household members that is *anticipated to be received during the coming 12-month period* and includes the following: Gross income from wages, salaries, overtime pay, commissions, fees, tips, bonuses, and other personal compensation; net income from business; interest, dividends, and other net income; social security, pensions, retirement, disability, death benefits, and other similar types of periodic payments; welfare or unemployment payments; alimony; child support; and armed forces pay
- II. Property Eligibility – Eligibility of the property will be determined by (a) confirming that real estate taxes and mortgages are current, (b) verifying that the property is insured, (c) performing a site-specific environmental review including floodplain determination, and (d) an initial property review to confirm that the property is in reasonable condition and can be properly rehabilitated within the program's restrictions. Each property must pass an environmental review. The estimated value of the property, after

rehabilitation, does not exceed 95 percent of the median purchase price for the area.

- a. For a one-unit home, that would be \$209,000
- b. For a two-unit home, that would be \$268,000

- III. Conflicts prohibited – No persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity. No program beneficiaries can have a financial interest in any contract, subcontract, or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.
- IV. Projects will be determined by Erie County's Housing Rehabilitation Program Administrator based on a rating system that consists of feasibility, income qualifications, code deficiencies, and ability to be under 95% of the HUD Homeownership Value Limits for Erie County.

### *Work Scope Development*

Once eligibility has been confirmed, the inspector will arrange an appointment with the applicant(s) to conduct an initial on-site inspection of the property. The property will be evaluated in accordance with any local building codes (or in the absence of local building codes, HUD's Housing Quality Standards). Information gathered during this inspection will be utilized to determine eligible construction/rehabilitation activities.

This inspection will be followed with the preparation of a preliminary work write-up and cost estimate. If estimated costs exceed the allocated funding, the Authority may consider reducing the overall scope of work to eliminate items that are not a clear threat to health and safety. In some cases, the required rehabilitation work may exceed the scope and available funding of the program; the property owner will be notified and the home will be ineligible to receive assistance through the program.

If the project is deemed feasible, the work scope and cost estimate will be reviewed with the property owners and a schedule for bidding and contract award will be developed.

## **BIDDING PROCESS & CONTRACTOR REQUIREMENTS**

### *Contractor Requirements*

In order to be eligible to bid on rehabilitation, the contractor must follow the procurement policy and provide the following:

- a. Proof of general liability insurance
- b. Proof of workers' compensation insurance (as applicable.)
- c. A description of recent projects completed and references.
- d. If bidding on lead hazard control work, proof of lead contractor, lead supervisor and lead worker certifications are required

Contractors must remain in good standing with Erie County, the Commonwealth of Pennsylvania, and the Department of Housing and Urban Development. Contractors must also agree to provide a guarantee of workmanship for a period of one year after completion of work.

Property owners are not permitted to serve as contractors or subcontractors for work to be performed on their own structures. Furthermore, any contracting company that is an agent of a participating owner is not eligible to bid on that owner's property.

### *Bidding Process*

- I. An invitation to quote on each project will go to eligible, pre-qualified contractors who continue to meet the minimum requirements and are not currently listed on any contractor debarment list. In addition, the bid of one or more projects may be advertised in a local newspaper.
- II. A pre-bid/quote viewing may be held at the home to allow interested contractors an opportunity to view the existing conditions and to properly estimate the labor and materials which will be required for the project.
- III. Quotes/bids will be submitted to and opened at the Redevelopment

Authority's offices. Bid tabulation sheets will be prepared and bids or quotes will be checked for accuracy. The homeowner must accept the lowest responsible bid.

### *Preparing for Construction*

- I. A preconstruction meeting is held with the homeowner, contractor, and Redevelopment Authority to clarify the roles and responsibilities of each party and to discuss payment schedules, inspections, warranties, etc. All necessary contracts, mortgages, mechanics' lien waivers, and other required documents are reviewed and signed by all parties.
- II. All improvements identified must meet the minimum property standards as referenced in DCED's Housing Rehabilitation Guidebook.
- III. In the event that a change order to the contract work is required, it shall include a written request from the contractor, including photographs, material costs, and labor/profit breakdown. No change orders are issued for bidding errors or omissions, and at no time will the total change order per contract increase or decrease by more than 25% of the total contract price as awarded. All change orders must have written approval from the corresponding Authority.
- IV. Relocation - Temporary relocation is required for most projects involving lead hazard control work and will be carried out according to the corresponding Redevelopment Authority and HUD policies. In most cases, the construction process will be scheduled so that all exterior work, basement work, and attic work will be completed prior to relocation. In some cases, weather or other conditions beyond the contractors control may prevent adherence to this schedule. During relocation, all work taking place in the living areas of the home will be undertaken and upon completion, lead hazard clearance testing will be conducted. Upon a successful clearance test, the occupants may return to the home. If the home does not pass the initial clearance test, the contractor will be liable for costs incurred for additional testing and extended relocations.
- V. Upon 100% completion of the contracted work on a unit, the contractor submits a bill for payment to the Authority it is working with, along with a signed statement from the owner that the work was completed to their

satisfaction. (In limited instances, the contractor may request and be approved for interim payments. In these situations, a 10% retainage will be withheld until final completion). After receipt of these documents, the inspector performs a final inspection and, if satisfied, signs an "Authorization for Payment." If deficiencies are discovered, the contractor is notified in writing along with a specified number of days to complete the repairs and a return inspection is conducted.

In cases where there is a conflict between the homeowner and contractor and after the homeowner and the contractor have made a good faith effort to resolve the dispute, the Redevelopment Authority overseeing the project will make a final determination as to whether the contractor has met specifications. (The Authority will investigate the nature of the complaint, gather detail's and arbitrate as necessary). If the homeowner does not agree at this state, then the contract provides for pursuit of formal mediation.

- VI. When the contract is complete, a Contractor Certificate of Release form is signed which includes releases from subcontractors and supplies. A signed statement is obtained from the contractors with relevant information pertaining to warranty periods. The original document is retained by the Redevelopment Authority and a copy is provided to the homeowner. Contractor also provides homeowner with a written one-year warranty on the workmanship and a two-year warranty on roof workmanship.

### *Type of Work to be Completed*

- I. Type of Work to be Completed

The program aims to ensure that homes are largely compliant with local building codes regarding their condition and maintenance. Code violation items will be addressed first.

- a. Code Violation Items- Improvements which ensure the health and safety of the occupants or assist in preventing neighborhood blight.
- b. Lead Hazard Reduction (required if found) - The treatment of lead-based paint hazards is a required repair. For pre-1978 housing, the rehabilitation specialist is required to ensure lead hazards are evaluated and eliminated as part of the repair loan.
- c. Healthy Homes Matrix - Many homes contain components that can hurt or poison the occupants. Program staff will analyze the home and make suggestions to create a safe, nonpoisonous home.

- d. Conservation Techniques - Program staff will explore and recommend cost-effective items to reduce utility costs.

## TERMS

- II. The assistance being provided to eligible participants is referred to as a "loan-to-grant" or "deferred-payment loan". Deferred-payment loans made under this program will be secured by a five-year (60 month) mortgage. No re-payment will be required so long as the borrower complies with the terms and conditions of the program. This will apply to rehabilitation projects over \$50,000.
  - a. The participant will agree to retain ownership and maintain the property as their primary residence. Should the owner relinquish title or occupancy to someone other than an immediate family member (spouse, children), all or a portion of the loan will become due and payable according to the following schedule:
    - i. Months 0-12 100% of amount of the loan
    - ii. Months 13-24 80% of amount of the loan
    - iii. Months 25-36 60% of amount of the loan
    - iv. Months 37-48 40% of amount of the loan
    - v. Months 49-60 20% of amount of the loan
    - vi. After Month 60 0% of amount of the loan

In order to ensure occupancy requirements are met, the Authority may conduct periodic interviews of the residents.

- b. Throughout the five-year term, the property must remain free of major code issues that affect the health and safety of the residents and the value of the property. Authority inspectors may conduct inspections of the property and will determine what constitutes major code issues relating to the rehabilitation. If violations are found, the borrower will be given a thirty (30) day period to make the necessary repairs to the property. The inspector will then conduct a follow-up inspection. If follow-up inspections determine that violations have not been fully remedied, the borrower will be

considered in default of the conditions of the deferred-payment loan and payment of the remaining balance will be required.

- c. All mortgage payments and county/municipal obligations (taxes, utilities, etc.) must be kept current.
- d. During the term of the loan, if the mortgagor(s) should die or be placed in a long-term health care facility, ownership of the property must remain with the family of the borrower. All other terms and conditions of the program will remain in effect, including income limits for occupants.

## **OTHER PROVISIONS**

- I. Once the formal notice to proceed has been issued and the quote/ bid Tabulation sheet has been sent to the Erie County Planning Department (ECPD), The Authority will invoice the ECPD for delivery costs and any associated administrative fees.
- II. If a change order is issued, an amended mortgage lien must be filed to represent the correct amount of assistance provided to the home.
- III. A review is made of all client and contractor files for complete documentation and compliance. Client and contractor spreadsheets and ECDP correspondence (authorization for payment) are cross-checked and a detailed letter is sent to ECDP, together with all supporting documentation, for reconciliation and verification along with an explanation of any changes which occurred between bid award and final completion. The Authority will advise ECPD of any problems or difficulties which may arise during any phase of the rehabilitation project.
- IV. Residences located within floodplains are not eligible for assistance under this program. The corresponding Redevelopment Authority will confirm with the local municipality whether or not the home is located in the floodplain.
- V. Policy on access to program records:

Authorized representatives of the Redevelopment Authority and Erie County shall at all times have access to and be permitted to observe and

review all work, materials, equipment, payrolls, personnel records, employment conditions, material invoices, and other relevant data and records pertaining to the rehabilitation project. However, all instructions and approvals with respect to the work will be given to the contractor only by the Redevelopment Authority.

VI. The Redevelopment Authority's Procurement Policy and Code of Conduct are incorporated herein by reference.

VII. Lead-Based Paint Requirements

(a) The purpose of the lead-based paint regulations to protect young children age 5 and under from lead-based paint hazards in housing that is either receiving assistance from the Federal Government or is being sold by the Government. The regulations establish procedures for evaluating, controlling, or eliminating lead hazards and for notifying occupants as to hazards found and past remediation done in the dwelling

(b) The lead-based paint regulations apply to housing that was built before 1978 and regulate repair work to deteriorated paint surfaces and require control of lead-contaminated dust associated with the presence of lead-based paint. Only trained, certified lead paint professionals may perform the work to ensure that lead hazard control work is done safely. An inspector may conduct periodic inspections of contractor's work.

(c) The homeowner may be required to relocate while lead hazard control work is being performed and will be denied access to the property until the property is tested and deemed lead-safe for occupancy.

VIII. Disputes:

Any disputes which may arise between the homeowner and contractor as to the character, style, portion of the work to be completed, materials to be furnished, or other issues relating to the Rehabilitation Contract will be addressed by the Authority as they arise. This process may include a scheduled on-site visit by the inspector with the homeowner and contractor present.

If the dispute cannot be resolved on-site, a meeting will be held with the Executive Director of the corresponding Redevelopment Authority, appropriate staff members, the homeowner, and the contractor. When all efforts have been exhausted and the dispute cannot be amicably resolved, the following arbitration procedure will be invoked:

- (a) Each party (homeowner and contractor) will select an arbitrator. A third arbitrator will be selected by the first two selected arbitrators within five (5) days
- (b) In the event either of the parties' neglect to select an arbitrator, then the application of either shall be submitted to the President Judge of Erie County, the said Judge to appoint a second arbitrator, of which, the two designated arbitrators will select a third. The process will also be used when the two arbitrators selected cannot agree on a third arbitrator.
- (c) The arbitrators' decision, or that of the majority, shall be final, conclusive, and binding upon all of the parties.

All parties shall share equally in the cost of arbitration.

The owner, in conjunction with the Authority, has the right to declare the contractor in default in the performance of his or her obligations, for failure to furnish materials or execute work in accordance with the contract provisions, or failure to proceed with or complete the work within the time limit specified in said contract. In the event of any default by the contractor, the owner may procure the articles or services required finish the project from another contractor chosen via a selection process carried out by the Authority. The Authority shall apply any monies that remain to be paid for completion of the project to the substitute contractors. The owner may hold the original contractor responsible for any excess costs or damages resulting to the owner by reasons of original contractors' default.