

CITY OF WARREN

**COMMUNITY DEVELOPMENT
RESIDENTIAL LEAD HAZARD CONTROL AND
HEALTHY HOMES PROGRAM FOR
SINGLE FAMILY HOUSING**

**PROGRAM DESCRIPTION, ELIGIBILITY
REQUIREMENTS AND PROGRAM PROCEDURES**



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CITY OF WARREN
LEAD HAZARD CONTROL GRANT PROGRAM
SINGLE FAMILY HOUSING

PROGRAM DESCRIPTION

Administration

The City's Community Development Department is responsible for administering the City's Community Development Programs including Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP), and Lead Hazard Control Program (LHCP) Grant. The Community Development Block Grant Technical Committee was established by the Mayor and City Council to assist with the operation of the lead hazard control grant program. The Committee reviews and approves or disapproves all grant applications and resolves disputes arising from program activities. The Committee also provides advice and oversight regarding all approved LHCP activities, assists with the development of internal operating procedures, and recommends policy and funding priorities to the Mayor and City Council. This Committee shall hereafter be referred to as the Community Development Committee and may also be referred to in this Program Document as the "Committee". The Committee consists of representatives assigned by the Mayor from various City Departments with backgrounds in planning, finance, architecture, building contracting or allied fields, as well as a City Council ex-officio member appointed by the City Council.

General Purpose

The City of Warren Lead Hazard Control Program makes grants available to eligible "low" and "moderate" income households occupied by children under six years or pregnant women. These grant funds may only be used to pay for eligible lead hazard remediation work completed at eligible homes. Grants will only be approved if the work that is necessary to make the home lead safe and in compliance with the City's Property Maintenance Code and the 1992 Residential Lead-Based Paint Hazard Reduction Act and the implementing regulations of the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA) and the Department of Housing and Urban Development (HUD) will be completed.

The maximum lead hazard control grant the City will make is \$20,000. If needed for high cost units, with special permission from HUD, the maximum grant may be increased. Additions to the approved grant amount will only be granted when structural, mechanical or electrical changes due to circumstances unforeseen at the time of the original write-up (hidden defects) are necessary to address lead-based paint hazards.

Applications for grants are processed in the order they are received. Households with a child having an elevated blood lead level above 5 mg/dl will be given priority and the application will receive priority processing.

Applicants must agree to provide the City of Warren and/or HUD with any information requested in order to verify compliance with the program requirements.

Applicants of a rental unit must have the landlord agree to contribute 10% of the cost of the work to be done.

Units eligible for the Lead Hazard Control Program are also eligible to receive a supplemental grant from Healthy Homes. The Healthy Home grant funds are used to address specific items to improve the health and safety of the home.

Owner occupants will be informed of the City of Warren Residential Rehabilitation Loan Program and given an opportunity to apply for loan funding for up to \$30,000 to rehabilitate their homes.

Schedule of Low and Moderate Income Limits

The schedule of low and moderate income limits adjusted for household size for the City of Warren as published by the Department of Housing and Urban Development (HUD) for the year 2020 is presented below. The income schedule is updated periodically by HUD.

| <u>Low Income Limits</u> | | <u>Moderate Income Limits</u> | |
|--------------------------|-------------------------|-------------------------------|-------------------------|
| Household Size | Household Income | Household Size | Household Income |
| 1 | \$28,000 | 1 | \$44,800 |
| 2 | 32,000 | 2 | 51,200 |
| 3 | 36,000 | 3 | 57,600 |
| 4 | 40,000 | 4 | 64,000 |
| 5 | 43,200 | 5 | 39,150 |
| 6 | 46,400 | 6 | 74,250 |
| 7 | 49,600 | 7 | 79,400 |
| 8 | 52,800 | 8 | 84,500 |

Grant Conditions and Terms

The City will send the specifications out to bid to a list of qualified contractors pre-approved by the City. The City will approve the amount of the lowest priced, qualified bid. The borrower may ask to have additional contractors receive an invitation to bid. These contractors will only be permitted to perform the work if they meet the same licensing and insurance requirements as the pre-qualified contractors.

All grant recipients must pay the property taxes when due and keep the home insured against any loss for the duration of the construction. The grant recipient must also maintain the home in reasonable condition.

Individual change orders for additional work in excess of \$1,000 must be approved by the Committee. In addition, any change which will increase the approved lead hazard reduction grant to an amount in excess of \$20,000 will be considered a high cost unit and must be approved in advance by HUD.

Rental property grant recipients must sign a promissory note secured by a recorded deferred forgivable mortgage that bears interest at the rate of zero percent (0%) per annum with no monthly payment. The mortgage must be signed by all deed holders. The lien will be forgiven three years after the lead work is complete, provided that the landlord comply with all re-inspection arrangements and show proof that he/she attempted to give priority in renting assisted units to families with children under 6 years old during that 3-year period.

ELIGIBILITY REQUIREMENTS

Household

The following criteria are considered in determining household eligibility:

1. The applicant's household must be Low or Moderate income.
 - a) A Low income household is one with an income at or below 50 percent of Median Area Income adjusted for household size (Median Area Income is determined by HUD and revised periodically). See above schedule of low and moderate income limits.
 - b) A Moderate income household is one with an income between 51 and 80 percent of Median Area Income adjusted for household size. See above schedule of low and moderate income limits.
 - c) Income, as defined for this lead hazard control grant program, includes the earnings of all household members, except minor children and full time students, and other income regularly received by all household members including but not limited to pensions, disability payments, social security, child support, net income from real estate, stocks, bonds, royalties, and other net business income.

Annual gross household income for this program is defined in 24 CFR 5.609(b) and (c) Part 5 as the gross amount of income all adult household members can anticipate receiving during the twelve (12) months following the effective date of determination. The wages of full time students will not be counted if they are listed on the most recent Federal income tax return as a dependent of the household and provided the student will not be listed on the deed as an owner. Verification of household income will be good for a period of six (6) months.

Sources of income that will be included when projecting the annual household income are summarized below:

1. Earned Income (gross i.e. prior to payroll deductions) for all household members age 18 or older including wages, salary, overtime, commissions, fees, tips, and bonuses.
2. Net income from the operation of a business or profession (deductions are not allowed for business expansion or amortization of capital). An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be counted as income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the household.

3. Income from assets including interest, dividends, or other net income of any kind from real or personal property. When household assets are less than or equal to \$5,000, actual income from the assets will be included as income. When household assets are more than \$5,000, the greater of the following will be counted as income:
 - i. the actual income from the assets, or
 - ii. a percentage value of such assets based on the current passbook savings rate, as determined by HUD.
4. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining income. An allowance for depreciation is permitted only as authorized above. Any withdrawal of cash or assets from an investment will be included as income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family.
5. The full amount of periodic payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability benefits, and death benefits, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except for deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts).
6. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay.
7. Welfare assistance payments (more fully explained at 24 CFR 5.609(a)(6)).
8. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
9. Regular or special armed forces pay.
10. Lottery winnings in periodic payments.

Sources of income that will not be included in calculating the annual household income are as follows:

1. Wages of children under the age of 18.
2. Payments for child or adult foster care.
3. Lump sum additions to household assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses.
4. Reimbursement of the cost of medical expenses.
5. Income of a live-in aide, as defined above.
6. Student financial assistance paid directly to the student or to the educational institution.
7. Special pay to a household member serving in the Armed Forces who is exposed to hostile fire.
8. Amounts received under training programs funded by HUD (see 24 CFR 5.609(c)(8)).
9. Temporary, nonrecurring or sporadic income, including gifts.

10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
11. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse/co-head). Provided the full time students is listed on the most recent Federal income tax return as a dependent of the household and provided the student will not be listed on the deed as an owner
12. Adoption assistance payments in excess of \$480 per adopted child.
13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
14. State property tax refunds or rebates.
15. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.

At a minimum, the following information will be used to verify income; however, the City may require additional information in order to document that the household meets the income requirements for this program:

- ❖ Paycheck stubs for the sixty (60) day period prior to application must be provided for all household members 18 years or older earning wages or salaries.
 - ❖ The previous year's completed federal and state tax returns (including W-2 forms, Michigan Homestead Property Tax Credit forms, if applicable, and all other schedules) must be provided for all household members.
 - ❖ All sources of periodic income must be verified in writing.
2. A child under the age of six with or without and EBL at or above 5mg/dl must reside in the household. A certified statement will be required to document the age of the children. This statement may be provided by the Macomb County Health Department or by a copy of the child's birth certificate. Homes occupied by pregnant women are eligible, however the unborn child is not counted towards household size in income determination.
 3. Vacant rental units may be assisted provided the landlord agrees in writing to give priority to families with children under six for not less than three years following the completion of work. Renter Occupied Units without Children may be assisted when income-eligible rental units, where children under six are not currently in residence, provided that the landlord gives priority in renting units assisted, for not less than three years from the date of the completion of lead hazard abatement activities, to families with a child under the age of six years.
 4. The applicant must own the home to be rehabilitated. Exemptions to the qualification as homeowner for homeowner rehab program can be found at 92.254 but include the following:
 - Inherited property with multiple owners.
 - Life Estate
 - Living Trust
 - Beneficiary Deed

5. The property taxes must be current.
6. The program is open to U.S. Citizens, U.S. Nationals, and Qualified “Permanent Resident” Aliens as defined under USCA 1641. In order to verify compliance with this requirement, the City will require at least one of the following from all heads of household and individuals who are on title to the property:
 - a) Birth certificate
 - b) Social security card
 - c) Naturalization papers
7. The following environmental criteria must be met:
 - a) The property must be zoned R-1-A, R-1-B, R-1-C or R-1-P.
 - b) The City’s short term plans for the area, as determined by the Planning Director, must call for continued residential use of the property on which the home is located.
 - c) Clearance from the State Historic Preservation Officer must be obtained if the home is 50 years or older.
 - e) Clearance from the appropriate local agency must be obtained if the home is located in the Village Historic District.
 - f) The home may not be located in a 100 year flood plain as identified on the Federal Flood Insurance Rate Maps for the City of Warren.
 - g) The home must be an acceptable distance as determined by HUD from any thermal/explosive hazard.
 - h) The property must be used as a single-family home.
8. The property must be insured against loss by fire or hazard evidenced by a Standard Fee and Extended Coverage insurance policy in an amount equal to the lesser of all liens secured by the property or one hundred percent (100%) of the value of the rehabilitated property. A copy of the property insurance policy must be delivered to the City.
9. The property must be reasonably clean and free of clutter (as determined by the Rehabilitation Inspector) to a) allow for proper inspection of all painted surfaces to detect the presence of lead-based paint and lead-based paint hazards, b) protect the occupants and their possessions from lead-based paint dust and debris that might be generated by the lead hazard control work, c) facilitate the completion of the lead hazard control work, d) facilitate the cleaning of the home after the lead hazard control work is complete, and e) allow the clearance examination to be properly conducted.
10. In regards to the Michigan Medical Marijuana Act, MCL 333.26421, et. seq. Homeowners with an occupant that is a Registered Qualifying Patient (Patient/Caregiver), as defined in the Act, interested in obtaining a residential lead hazard control grant from the City must follow the requirements in the City of Warren Ordinance No. 80-737 regarding Medical Marijuana. Homeowners must **first** complete the following items before being considered

for a grant: a) Submit an Administrative Safety Registration application to the Building Department and pay applicable fees, b) Complete all necessary inspections, c) Make any needed repairs or improvements to the home to safely accommodate the growth and or cultivation of marijuana (as deemed necessary by Building and or Fire Officials), and d) Remain in compliance with ordinance requirements for the duration of the grant term. The City of Warren's Residential Rehabilitation Loan Program is made possible by funding from the US Department of Housing and Urban Development (HUD). These HUD funds cannot be used to assist in the growth or cultivation of marijuana.

Lead hazard control Work.

All work required to bring the property into compliance with the 1992 Residential Lead-Based Paint Hazard Reduction Act and the implementing regulations of the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA) and the Department of Housing and Urban Development (HUD) and the City's Property Maintenance Code must be covered in the specifications before general improvements may be undertaken.

Ineligible activities include the following:

1. New construction, substantial reconstruction, or expansion of the structure
2. Materials, fixtures, equipment or landscaping of a type or quality which exceeds that customarily used in the locality for properties of the same general type as the property being rehabilitated.
3. Acquisition of land.
4. Payment of back taxes, water bills, special assessments, etc.
5. Installation of luxury items, such as swimming pools and decks.
6. Costs of equipment, furnishings, or other personal property which are not integral structural fixtures, such as window air conditioners and appliances. (Washer, dryer, dishwasher, etc.)
7. Labor costs for homeowners to rehabilitate their own property.
8. Finish painting.
8. Custom finishes including but not limited to the following: Granite countertops, ceramic tile flooring, custom or high end cabinetry/millwork, hard wood flooring or refinishing, laminate flooring, carpeting, and faucets or fixtures beyond a standard design.
9. Basement remodeling including but not limited to the following: Inserting egress windows, installing drop ceilings, and the addition of rooms.

PROGRAM PROCEDURES

The City's Community Development staff is responsible for processing all applications for Lead Hazard Control Grants. The processing of each application consists of the following:

1. Staff will review all applications and gather the information needed to document household and property eligibility.

2. If the household or property is found to be ineligible, staff will prepare a summary report of the applicant's ineligibility. This report will be presented to the City's Community Development Committee with a recommendation that the case be cancelled.
3. If the household and property are found to be eligible, staff will order a lead-based paint evaluation to determine if any lead-based paint hazards exist or will be created by the proposed lead hazard control work. Lead-based paint that is intact and in good condition that is not on a friction or an impact surface is not a hazard. Dust and soil containing lead above federal regulatory limits established by HUD are also considered lead-based paint hazards.
4. Staff will assess the property to identify any needed healthy home improvements.
5. Staff will consult with the owner and/or tenant to explain what lead hazard work is specified and what healthy home improvements are identified.
6. Staff will prepare lead hazard control specifications and a cost estimate based on the inspection reports, lead-based paint evaluation report, healthy homes assessment and homeowner consultation.
7. Staff will obtain the owners concurrence before proceeding with bidding processing.
8. On behalf of the owner, staff will solicit bids from eligible contractors.
9. Staff will prepare a tabulation of the bids received, review the prices for cost reasonableness, and then review with the owner.
10. Staff will prepare a summary report of the applicant's eligibility for a grant, the lead-based paint evaluation report, the lead hazard control work proposed, the lowest priced, qualified bid, and the grant amount requested. This report will be presented to the Community Development Committee for approval. The Committee will review this report and either approve or disapprove the grant application for cause. The Committee, upon thorough review of an application, may waive procedural guidelines and eligibility requirements that do not violate any local, state or federal code, regulation, or ordinance.
11. At any time prior to the execution of a lead hazard control contract, the owner may request that their case be cancelled.

Execution of Grant and Contract Documents.

Staff will prepare and oversee the execution of the grant documents. The contract for the specified work will be between the owner and the contractor. Staff will assist with the preparation and execution of contract documents.

Monitoring and Approving Work.

The owner and/or tenant must allow City inspectors and the contractor reasonable access to the home. City staff will monitor progress of the lead work.

Contractors will be required to obtain building permits and final inspection approvals as required by City ordinance. In addition, the owner and staff must approve the work before grant funds will be released to the contractor.

HUD may also request permission to inspect the home after the lead hazard control is complete in order to verify that the work is in compliance with all applicable requirements.

Release of Grant Funds to the Contractor.

After the work is completed and approvals have been received from the Building Department, staff, owner, and/or tenant an invoice will be submitted to the Committee. The Committee will review the invoice amount and either approve or disapprove for cause forwarding the invoice to City Council for payment.

Dispute Resolution.

The Committee also has the authority to hear and resolve disputes arising out of the lead hazard control activities. Staff will prepare a summary of the dispute for the Committee's review and the parties to the dispute will be invited to appear before the Committee.

Delinquent Loans (Rental Units Only).

It is the responsibility of the deferred loan recipient to notify the City of any hardships during the 3 year period.

Refinancing (Rental Units Only)

Upon completion of the work on rental units, the City of Warren records a lien on the rental properties only for the deferred payment loan amount. If the owner decides to refinance, they may request that the City take a subordinate position with the lien remaining on the property. The City will consider subordinations on a case by case basis and the Committee has the authority to review and approve or disapprove all subordination requests.

Discharge of Lien (Rental Units Only).

Staff will process discharge of liens after three years provided the Owner (Landlord) is in compliance.

CONTRACTOR ELIGIBILITY AND BIDDING PROCEDURES

The lowest qualified bid is the lowest bid submitted by a qualified bidder. At the present time, qualified bidders must meet the following criteria:

1. Qualified bidders must be licensed as residential builders by the State of Michigan.
2. Qualified bidders must also be licensed as lead abatement contractors by the State of Michigan with access to State certified lead supervisors and workers.
3. Qualified bidders must be certified by the EPA for Residential Repair and Paint (RRP), use certified renovators, and follow lead-safe work practices.
4. Qualified bidders must carry general liability, automobile liability and workers compensation with minimum coverage limits determined by the City's Risk Manager.
5. All qualified bidders must provide professional references. (Unsatisfactory references based on past performance are reasons for disqualification).
6. All Qualified bidders must maintain active status on the System for Award Management (SAM). Active status assures that the bidder is not on the HUD debarred contractor list.
7. Contractor must complete Section 3 paperwork as applicable.

The City maintains a list of qualified bidders. New contractors may apply at any time.

A minimum of three (3) contractors will be asked to bid on each complete lead hazard control job. These contractors may be selected randomly from the City's list of qualified bidders or they may be contractors of the applicant's choosing that meet the City's criteria defining qualified bidders.

COMPLIANCE WITH RESIDENTIAL LEAD BASED PAINT HAZARD REDUCTION REGULATIONS

If the home to be rehabilitated was constructed in 1978 or later, no lead hazard control work will be done. All homes constructed before 1978 must have a paint inspection and risk assessment (of the entire house including the exterior) to identify the presence of lead-based paint and lead-based paint hazards or all painted surfaces in the home may be assumed to contain lead.

The following definitions are used by the City to ensure compliance with the Lead-Based Paint Hazard Reduction Regulations:

Lead-based paint hazard: any condition that causes exposure to lead from lead-dust hazards, soil-lead hazards, or lead-based paint that is deteriorated or present on chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health hazards. Lead-based paint hazards may also include surfaces with lead-based paint in good condition that will be disturbed by other rehabilitation work (ex. replacement of kitchen cabinets disturbing lead-based paint on the soffit).

Risk assessment: an on-site investigation to determine the existence, nature, severity, and location of lead-based paint hazards; and the provision of a report by the individual or firm conducting the risk assessment explaining the results of the investigation and options for reducing lead-based paint hazards.

If a risk assessment is conducted and no lead-based paint hazards are found, there are no special requirements related to lead-based paint hazard reduction which apply to the work.

If lead-based paint hazards are found or assumed to be present, the hazards must be addressed as part of the lead hazard control work. The work must be completed following "safe work practices".

A State certified lead abatement contractor using State certified lead workers and supervisors must complete all abatement activities, regardless of the total cost of the job.

Interim controls: temporary measures used to address lead-based paint hazards. They include paint stabilization.

Paint Stabilization: repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint and other material from the surface to be treated, and applying a new protective coating or paint.

Abatement: any set of measures designed to permanently (last 20 years or more) eliminate lead-based paint hazards. Abatement includes the removal of lead-based paint and dust-lead hazards (stripping paint and repainting), the permanent enclosure or encapsulation of lead-based paint (siding), the replacement of components or fixtures painted with lead-based paint (window replacement), and the removal or permanent covering of soil-lead hazards; and all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

Safe Work Practices: include occupant protection, special work site preparation, and specialized cleaning. Occupants are never permitted to enter a room or hallway where work is being performed if lead-based paint that will be disturbed is known or assumed to be present. The work area must be contained to prevent dust generated by the work from migrating to the rest of the house during the work, cleanup and clearance. The occupants may not reenter the area until the work site passes and repainting), the permanent enclosure or encapsulation of lead-based paint (siding), the replacement of components or fixtures painted with lead-based paint (window replacement), and the removal or permanent covering of soil-lead hazards; and all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

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Occupancy during lead work: for the protection of the household, federal regulations prohibit the occupancy of areas where lead abatement or interim control work is occurring until the entire house passes clearance examination. Occupants whose dwelling unit is undergoing lead hazard control activities are responsible for finding temporary relocation. Only in the extreme circumstances will the City of Warren pay to relocate a family to a lead safe facility. When temporary relocation is required, the staff explores the various options available to the occupant, based upon needs expressed and expenses that will be incurred. The need for relocation must be justified and documented for those in owner occupied dwellings.

Clearance: an examination to ensure that there has been satisfactory cleanup of dust, paint chips and other debris. Clearance involves a visual assessment to assure that there aren't any deteriorated paint surfaces or visible amounts of dust or debris remaining on the property after lead hazard control, and dust testing to assure that the standards for lead in dust have been complied with. Dust testing cannot occur until the house has passed the visual assessment.

If dust lead levels equal or exceed the standards, there must be another cleaning of the spaces and surfaces represented by the failing dust samples. The clearance must be done by a person who did not perform the work and who is certified by the State. The clearance examiner must prepare and sign a report documenting that the house passed clearance examination.