



Winston-Salem

Community Development
Lending Division
Housing Rehabilitation
Assistance Policy
Effective February 2020

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Housing Rehabilitation Program Introduction:

The Lending Division Housing Rehabilitation Program makes housing rehabilitation financial assistance available to eligible property owners located in the City of Winston-Salem.

Rehabilitation financial assistance may be in the form of a Direct Payment Loan, or a Forgivable Loan depending upon the household income eligibility of the client.

***Direct Payment Loan – A loan requiring a monthly payment**

***Forgivable Loan- A loan not requiring a monthly payment**

****Program Descriptions are available on page 7**

***Funding sources and federal rules may apply.**

Objective and Intent:

The primary objective of this Program is to ensure living environments meet the minimum housing code.

Additional objectives include:

1. To correct conditions which are detrimental to the public health, safety, and general welfare;
2. To arrest deterioration of property and neighborhoods;
3. To preserve the City's existing housing stock;
- 4.

Items covered by the Housing Rehab Program:

- Roofing & gutters
- Electrical
- Plumbing and Water Heaters
- Heating, Ventilation, and Air Conditioning (HVAC)
- Structural/flooring

Assistance Policy:

This assistance policy describes The City of Winston-Salem's Lending Division Housing Rehabilitation funding sources, including details of: who is eligible to apply for assistance, what is deemed an eligible repair, how applications for assistance will be prioritized, what forms of assistance can be provided, and how the entire rehabilitation process will be managed. The City has designed this program to be fair, open, transparent, and consistent.

Fair Housing:

The federal Fair Housing Act prohibits discrimination in the rental or sale of housing to a person based on the person's affiliation to one or more of the protected classes under the act. The protected classes are familial equal housing status, race, sex, disability, color, religion, and national origin. Although the Fair Housing act does not specifically include sexual orientation and gender identity as protected classes, discrimination based on these classes will be prohibited for purposes of this program. For more information on Fair Housing law and how it applies, please visit <http://www.fairhousingnc.org/>, <https://www.cityofws.org/419/Human-Relations>, for more information.

Language Access Policy:

The purpose of the Language Access Policy and Plan is to ensure compliance with Title VI of the Civil Rights Act of 1964, as well as other applicable federal and state laws and their implementing regulations with respect to persons with limited English proficiency (LEP). Title VI of the Civil Rights Act of 1964 **prohibits** discrimination based on the grounds of race, color, or national origin by any entity receiving federal financial assistance. Administrative methods or procedures, which have the effect of subjecting individuals to discrimination or defeating the objectives of these regulations, are prohibited. In order to avoid discrimination on the grounds of national origin, all programs or activities administered by the City of Winston-Salem's Community Development Lending Division must take adequate steps to ensure that their policies and procedures do not deny, or have the effect of denying, LEP individuals with equal access to benefits and services for which such persons qualify. This Policy defines the responsibilities the agency has to ensure LEP individuals can communicate effectively. This policy and plan is effective July 1, 2019. For a copy or more information regarding the Language Access Policy please contact 336-727-8000.*Spanish interpreters are on staff to assist our Hispanic Population.

How to Apply:

Please contact Citylink at 336-727-8000 for more information

NOTE:

1. All applications are subject to approval.
2. Applicants must disclose on their application if any immediate family member is known to be working for the City, appointed to or serving on a citizen commission or committee, or elected to City Council. Failure to do so will result in cancellation.
3. Households are not eligible for repeat assistance

If an application is not approved for any reason a letter will be sent documenting the reason for denial.

Required Application Documents:

The following items are required to complete an application with the Housing Rehabilitation Program:

- Two Consecutive Years of Tax Returns
- Valid Government-issued photo ID for all applicants
- Proof of income for all household occupants, including, but not limited to: social security award letter, pension award letter, gross annual income, retirement statement, bank statements, etc.
- Latest mortgage statement demonstrating mortgage payments are current
- Proof of property owners' insurance
- Copy of most recent Utility bill (Duke Power/Piedmont Natural Gas)
- Power of Attorney, if applicable
- Death Certificate, if applicable
- Divorce Decree, if applicable

****Applications will not be processed, or considered eligible, until ALL required documentation is received.**

Minimum Qualifications:

The following conditions must be met in order to qualify for assistance:

- Properties must be owner-occupied or investor owned and rented out as affordable housing located within the NRSA.
 - NRSA: Neighborhood Revitalization Strategy Area
- Property owners must be current on property taxes or on a tax payment plan
 - If on a payment plan, the plan payments must be current and will require official, written verification (on letterhead) from the Tax Office.
- Applicants must be current on their mortgage payments
- Foreclosures must be discharged
- Applicants in Bankruptcy are ineligible
- Properties with reverse mortgages, judgements, or federal tax liens are not eligible
- Applicants must have property owner's insurance. A copy of the policy is required as part of the application packet.
- Households must meet the low-moderate income eligibility requirements issued annually by the U.S. Housing and Urban Development (HUD).

The City of Winston-Salem
Housing Programs Income Limits
Effective 6/1/2021

The Turn Program Income Limit Chart
If the household income exceeds 200% per household size the application is considered over income

Household Size	30%	50%	60%	65%	80%	100%	120%	150%	200%
1	\$14,500	\$24,150	\$28,980	\$31,350	\$38,600	\$48,230	\$57,900	\$60,290	\$72,350
2	\$16,550	\$27,600	\$33,120	\$35,830	\$44,100	\$55,120	\$66,150	\$68,900	\$82,680
3	\$18,600	\$31,050	\$37,260	\$40,310	\$49,600	\$62,010	\$74,400	\$77,510	\$93,020
4	\$20,650	\$34,450	\$41,340	\$44,790	\$55,100	\$68,900	\$82,700	\$86,130	\$103,350
5	\$22,350	\$37,250	\$44,700	\$48,370	\$59,550	\$74,410	\$89,300	\$93,020	\$111,620
6	\$24,000	\$40,000	\$48,000	\$51,950	\$63,950	\$79,920	\$95,900	\$99,910	\$119,890
7	\$25,650	\$42,750	\$51,300	\$55,530	\$68,350	\$85,440	\$102,500	\$106,800	\$128,150
8	\$27,300	\$45,500	\$54,600	\$59,120	\$72,750	\$90,950	\$109,150	\$113,690	\$136,420

Rehabilitation/Emergency Repair/Physical Accessibility/Hazard Reduction Income Limit Chart
If the household income exceeds 80% per household size the application is considered over income

Household Size	30%	50%	60%	65%	80%
1	\$14,500	\$24,150	\$28,980	\$31,350	\$38,600
2	\$16,550	\$27,600	\$33,120	\$35,830	\$44,100
3	\$18,600	\$31,050	\$37,260	\$40,310	\$49,600
4	\$20,650	\$34,450	\$41,340	\$44,790	\$55,100
5	\$22,350	\$37,250	\$44,700	\$48,370	\$59,550
6	\$24,000	\$40,000	\$48,000	\$51,950	\$63,950
7	\$25,650	\$42,750	\$51,300	\$55,530	\$68,350
8	\$27,300	\$45,500	\$54,600	\$59,120	\$72,750

**** Income limits are subject to change based on annually published HUD HOME limits. Low-income households are defined as households with incomes less than 80% of the Area Median Income. Income limits will be defined using the most recent HUD income estimates updated annually at the HUD website www.hud.gov.**

Programs Offered:

Programs	Rehab	Turn	Emergency Repair	Physical Accessibility	Hazard Reduction
Eligible Applicants	O/O: Forgivable and Direct I/O: Direct Only	O/O: Forgivable and Direct I/O: Direct Only	O/O: Forgivable and Direct	O/O: Grant and Direct I/O: Direct Only	O/O and I/O: Forgivable
Eligible Repairs	<p><u>Multiple System Repairs</u></p> <ul style="list-style-type: none"> • Roofing & gutters • Electrical • Plumbing and Water Heaters • Heating, Ventilation, and Air Conditioning (HVAC) • Structural/flooring 	Repairs or improvements required to meet minimum housing code standard.	<p><u>One Major System Repair</u></p> <ul style="list-style-type: none"> • Roofing & gutters • Electrical • Plumbing and Water Heaters • Heating, Ventilation, and Air Conditioning (HVAC) • Structural/flooring 	Improvements to architectural barriers that create a physical impediment to the mobility of handicapped resident(s)	Conditions where the presence of LBP hazards and asbestos must be decreased or eliminated in order to avoid exposure to the occupants.
Ineligible Properties	A. Properties in bankruptcy or foreclosure B. Properties with reverse mortgage or federal tax liens	A. Properties in bankruptcy or foreclosure B. Properties with reverse mortgage or federal tax liens	Properties that do not constitute a threat to the health and/or safety of the occupants	Properties without handicapped resident(s)	Properties without the presence of LBP hazards and asbestos.
Eligible Areas	Designated Targeted Areas	TURN Designated Target Area	Within City Limits of Winston-Salem	Within City Limits of Winston-Salem	Within City Limits of Winston-Salem
Types of Assistance	Forgivable - 1/10th forgiven each year, up to 10 years Direct - Monthly P&I payment	Forgivable - Forgiven at year ten (10) Direct - Monthly P&I payment.	Direct - Monthly P&I payment Forgivable Loan: Up to \$6.5k - 3 years \$6.5-\$10K - 5 years over \$10K - 10 years	Grant - O/O only Direct - Monthly P&I payment Direct - I/O	Forgivable - Forgiven end of year ten (10)
Income Eligibility	O/O - HH AMI <= 50% Forgivable O/O - HH AMI 51% to 80% Direct I/O - HH AMI 51% to 80	Applies only to O/O* O/O - HH AMI <= 50% Forgivable O/O - HH AMI 51% to 200 % Direct I/O - Direct	HH AMI: 51% and <81% / Direct HH AMI: <= 50% / Forgivable	O/O - HH AMI: <51% & housing expense <30% / Grant O/O - HH AMI: 51% to 80% & housing expense >30% / Direct I/O - Same rates as Rental Rehab Program	Based upon type of rehab assistance applicant is eligible for (i.e., Rehab or TURN)
Loan Terms	20 Year Amortization	20 Year Amortization O/O- Forgiveness after 10 years I/O - Forgiveness after 10 years	10 Year Amortization	10 Year Amortization	None
Interest Rates	O/O: 0%-2% I/O: 0%-6%	O/O: 0% to 4% I/O: 0% if 50% funds obtained outside and 4% if >51% funds provided by CWS	1%: AMI >50% and <= 65% 3%: AMI >65% and <= 80%	O/O: 0% to 2% I/O: 0% to 6%	Not Applicable
Amount of Assistance	Up to \$65,000.00	Up to \$65,000.00	Up to \$15,000	Up to \$15,000.00	Up to \$15,000.00
Application Fee	O/O: None I/O: \$250.01	None	O/O: None	None	None

Preliminary Inspection:

Once an application is found to meet the program minimum qualifications an initial inspection is scheduled and a staffed Construction Advisor will contact the resident to perform an inspection to identify the item or items within the home that need to be brought up to the minimum housing code. Accessibility must be made for various areas such as closets, attic, crawlspace, etc. Utilities must be turned on at the property in order to conduct an adequate inspection.

****If it is found that the property poses a danger to the health and/or safety of staff, the Lending Division has the right to cancel an application on this basis.**

Lead Based Paint Inspection & Clearance:

On December 15, 1999, HUD issued a Federal, lead-based paint regulation implementing Title X (24CFR35) of the Housing and Community Development Act of 1992. These lead standards and regulations became effective September 15, 2000. The City will abide by these regulations and will contract with a certified lead paint inspector to perform an assessment of every housing unit constructed prior to 1978 that is being considered for acceptance into the City's Housing Rehabilitation Programs. Additional lead regulations and licensing, known as Renovate, Repair and Paint (RRP), as mandated by the North Carolina Department of Health and Human Services, Health Hazards Control Unit, will also be required for Contractors working on households with lead hazards. If lead is found at unacceptable levels, the City will determine the appropriate treatment to be taken as required by federal regulations. The City, due to budgetary restraints, may not be in a position to treat every home that contains lead hazards. Therefore, the City reserves the right to decline assistance to households residing in homes that contain unhealthy levels of lead-based paint that cannot be treated in an economically feasible manner. Selections will be made based upon information and recommendations provided by the Lending Division staff. If children under age seven (7) are present in any home found to have high levels of lead based paint, the family will be referred to the County Public Health Department or their family doctor to be screened for elevated lead blood levels.

Work Write-Up and Scope of Repairs:

The work write up shall be the basis for both bidding of the job and job performance, and will detail all work to be performed at the property. Floor plans and other drawings are diagrammatic only, illustrating the general scope of the work and do not show all of the work required, exact dimensions, or construction details. The work write-up contains cost allowances for various items, such as cost per square yard of carpet, cost per sheet of 4' x 8' paneling, and lump sum light fixture costs. Whenever such cost allowances are contained in the work write-up, the contractor will be required to document the actual costs of these items.

No variation in the work write-up shall be made without a duly approved change order, regardless of whether or not any cost is involved. Should the property owner and/or contractor determine that a change order is necessary, they are to immediately contact the construction advisor who will review the proposed changes with community development staff members. If the proposed change order is agreed upon by all parties, a formal change order document will be prepared, which shall be signed by the property owner(s) and contractor.

Whenever it appears that materials furnished and work performed by the contractor fail to fulfill the requirements of the contract, do not meet building code, and/or do not conform to the general specifications and work write up, the construction advisor shall call to the attention of the contractor any such failure or other default, but such inspection shall not relieve the contractor from any obligation to perform all of the work strictly in accordance with the requirements of the general specifications and the work write-up. Any remediation to correct any work done that is defective and/or not in accordance with the written standards shall be done at the expense of the contractor. Any extra work done without written authority shall be considered unauthorized work done at the expense of the contractor.

****No work covered by the change order shall be done until a duly executed and approved copy is returned to the contractor and property owner. The property owner is not permitted to bring any additional funds to the table if in fact they are requesting additional work not specified on the original scope of work.**

Contractors:

Construction work that is funded and authorized by the City of Winston-Salem Rehab Program must be performed by approved contractors.

Only licensed and insured Contractors are able to participate in the City of Winston-Salem Rehab program.

Bidding & Contractor Selection:

Once an application for financial assistance has preliminary staff approval, the client has stated they would like to proceed, and a work write-up has been completed, all contractors on the approved contractor list who are eligible to bid on the project scope (based on scope of the job, dollar amount, etc.) will be invited to bid on the project. The following details how the Bid process is conducted:

1. **Pre-Bid Conference:** A pre-bid conference will be held on-site prior to opening of the bidding period. The pre-bid conference will be conducted by the rehabilitation construction advisor who will review the work write up item by item with the contractors and answer any questions about the contents of the work write-ups as they arise. Addenda will be addressed if necessary. The pre-bid conference site, date, and time will be stated in the Invitation to Bid, which is emailed to eligible contractors through the Neighborly system. All contractors bidding on Community Development rehabilitation work will be required to inspect the property for which they are bidding, and must attend the pre-bid conference to ensure their bid is accurate and complete. At least one business representative must be present at the pre-bid conference in order to be eligible to submit a bid for consideration.
2. **Bid Submission:** All bids shall be detailed by line item per the work write up and submitted through the Neighborly system by the bidding deadline; any incomplete bids will be disqualified and shall not be considered for the job. No bids will be accepted, under any conditions, after the time set for the bid opening. Once the bidding period has ended the construction advisor and at least one other witness will review the bid and bid documents to determine the existence of a responsive bid.
3. **Bid Opening:** Any proposal which contains items not specified, or which does not complete all the items shall be considered non-responsive and may be rejected on this basis. The City of Winston-Salem reserves the right to waive any technicalities in the bid procedure. As a general rule, the most responsive bid will be recommended to the property owner for acceptance. The Community Development Rehabilitation Division's cost estimate is strictly confidential and will never be discussed with anyone outside the Community Development Department. The reasons for such precautions are: (1) to protect the applicant from being overcharged, and (2) to protect the contractors from underbidding and running out of funds before completion of the rehabilitation job.

Post-Bid Conference:

Once the winning contractor has been identified the Loan Officer will schedule the property owner to come in and discuss anticipated work, as well as the loan terms. It is at this time that concerns or questions may be expressed before the case is prepared for presentation to the Loan Committee.

Fee's included in Loan Cost:

The Winning Bid is compromised of the cost identified for the home repairs. The Winning Bid does not include additional fees included in the overall Loan Cost. Additional fees that are included in overall loan cost are listed below:

<u>Required</u>	<u>Potential Fees if Necessary</u>
Port A Jon	Storage POD
Credit Report	Lead Test (Required for homes built prior to 1978)
Preliminary Title Search	Lead Clearance (Required to remediate Lead)
Appraisal	
Final Title Search	
Deed of Trust Recording Fees	

The Loan Approval Process:

The Loan Approval Process is a tiered process. The amount of requested assistance determines if the loan is approved by the Community Development Director, the Assistant City Manager, or the Loan Committee. Cases with a cost exceeding \$25,000.00 will need to go before Loan Committee. The Loan Committee is comprised of City Council selected city officials. Meeting once a month, the purpose of the Loan Committee is to analyze and approve or deny any loan that may be presented before them. The committee ensures that the loan meets the City's standard lending policy. Clients are notified of their loan decision via phone, and by mail.

****Clients are not guaranteed approval and may be denied upon discretion**

Loan Closing:

Following Loan Committee approval the client will be scheduled for a Loan Closing. Loan Closings consist of the Property owner, Construction Advisor, Contractor, and the Loan Officer. Loan closings provide all parties involved with another review of the scope of work, a breakdown of final repair cost, loan terms, and an estimated date of start and completion.

The client and contractor will be presented with a Proposal and Contract during the closing.

The Proposal and Contract is a legally binding agreement between the contractor, and the property owner.

The property owner will review and sign applicable rehabilitation contracts, including, but not limited to: deeds of trust, promissory notes, and loan agreements. Additional documents may be executed depending on the funding source. These documents will define the roles of the parties and their responsibilities throughout the rehabilitation process and thereafter.

****There is a three day right of rescission following the closing. The property owner will have the opportunity to terminate their contract without any penalty. The rescission must be in writing and submitted by 5p.m. on the 3rd business day (not including weekends and holidays).**

****Per City policy, contracts must be approved by the following representatives before a Purchase Order is created and work commences: Risk Management, Budget, Finance, City Attorney, and City Manager. This process typically takes approximately one week, but can potentially span from one week to two weeks.**

Preparation for the Commencement of Work:

Storage Pods: Clients may be provided storage pods which are placed on their property in order to store household belongings away before the commencement of work.

****Clients are responsible for moving their own belongings into their storage pods.**

Port-A-Jon: By law a port-a-jon will be delivered to the property and remain on site during the course of construction. The port-a-jon will be removed upon the completion of construction.

****Clients are responsible for relocating themselves prior to the start of construction if applicable. The Lending Division does not provide relocation assistance.**

The Start of Construction:

Work may not commence until a Proceed Order detailing the estimated start and completion dates have been distributed to the property owner and the Contractor. Following the start of construction the Construction Advisor will closely monitor the Contractor for the duration of the job to ensure that the work follows the Work Write-up and is being completed in a timely manner.

Progress Payments & Final Payments:

Contractor's request payments as the construction is underway. Payments shall be direct payments from the Community Development Department to the Contractor. Clients are required to sign off on the release of payment to their Contractor, verifying that they are being paid for completed work.

****Clients are urged not to sign off on any payment requests if they have questions or concerns.**

****Please let staff address your concerns before signing off.**

Construction Completion:

A final inspection of the property is conducted with the Construction Advisor, Homeowner, and Contractor to ensure the scope of work is in fact complete. The Contractor will provide the homeowner with warranty documentation during the final inspection.

****Clients are urged not to sign off that they are satisfied with their work if they have any questions or concerns.**

****Please let staff address your concerns before signing off.**

The Warranty Period:

The contractor will guarantee the workmanship in the installation of roofs, central furnace systems, central air systems and gas or electric water heaters for a period of two (2) years from the date of final acceptance of all work. Defects in the roofing materials, furnace appliance, air conditioning appliance and water heater appliance shall be covered under the manufacturer's warranty. The contractor will guarantee all other work and workmanship for a period of one (1) year from the date of final acceptance of all the work required by the contract.

****Clients within their warranty period are urged to review their contracts and to contact their contractor to address any concerns.**

For Additional Resources and information please visit our website at <https://www.cityofws.org/276/Lending>

Contact Information:

City of Winston-Salem
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Lending Division
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336-727-8000

