



## **COMMUNITY DEVELOPMENT BULLETIN #1 FY2010 CHIP**

The City of Wadsworth has received funds from the Ohio Department of Development through the Community Development Block Grant Program to provide deferred loans to qualified homeowners for bringing their homes up to the standards of the Minimum Housing Code or OHCP Rehabilitation Standards. The purpose of the program is to preserve the existing homes in the City of Wadsworth and encourage everyone to maintain their property. Money from the federal grant will be used to rehabilitate structures within designated target areas and on a Community wide basis. Deferred loans will be offered to property owners who qualify to rehabilitate their home to provide decent, safe and sanitary living quarters for their families.

### **SECTION I - CHIP Activities**

The Community Housing Rehabilitation Program involves the following activities:

#### **1. REHABILITATION OF PRIVATE OWNER OCCUPIED PROPERTIES**

To address the deficiencies as defined by previous housing surveys, this activity involves the rehabilitation of seven (7) units. The estimated average cost for each unit is \$32,000.00, without addressing lead-based paint hazards and \$37,000.00 if addressing lead-based paint hazards. The rehabilitation will involve correcting violations for structural, heating, electrical and plumbing, utilizing OHCP Standards. All housing units to be assisted by the program must be located within the specified target area. See the last page of this bulletin for a map of the target area.

Applications for Private Rehabilitation will be taken until January 31, 2011. Shortly thereafter, the applications will be ranked based on rehabilitation needs and household income. All applicants will be notified in writing of ranking. The top seven (7) applications will be funded. Assistance will be in the form of an interest-free, deferred loan, 85% of which will be forgiven (eliminated) over a period of five (5) years.

#### **2. HOME REPAIR**

As part of the housing strategy, the City of Wadsworth will also address home repair needs in the Community. The program design criteria for this activity will provide assistance in the form of a grant (no repayment requirement) to qualified households. The city estimates assisting eight (8) household with an average of \$5,000 spent on each home. Home Repair funds are used to correct one or two building code violations and the maximum assistance per household is limited to \$8,000.00, if painted surfaces are not disturbed. If painted surfaces are disturbed, lead-based paint hazard mitigation is required and the maximum amount that can be spent per household is reduced to \$4,999.00. Home repair activities will be undertaken on a first-come, first-served basis until the funds allocated to this activity are spent.

### **3. FIRST-TIME HOMEBUYER PROGRAM**

The Community will institute a first-time homebuyer program to assist two (2) applicants obtain housing in the City. Like all CHIP funded activities, applicants must be considered low- or moderate-income, where household income is less than or equal to 80% of the area's median income. This program provides downpayment assistance of 10% of the purchase price of a home, up to a maximum of \$7,000 plus funds to correct building code violations with the property. The average assistance per unit is estimated to be \$27,750 (downpayment assistance and rehabilitation combined). Obviously, applicants must be able to secure a mortgage loan from a financial institution and the City may be able to assist in coordinating the downpayment assistance activity with local lenders.

Assistance for this activity is also in the form of an interest-free, deferred loan, 85% of which is forgiven (eliminated) over time. If total assistance (downpayment & rehabilitation) is \$15,000 or less, 85% of the loan is forgiven over a five (5) year period. For total assistance greater than \$15,000 the forgiveness period is ten (10) years. This activity will be undertaken on a first-come, first-served basis until the funds are depleted.

### **4. EMERGENCY MONTHLY HOUSING ASSISTANCE**

\$30,000.00 has been set aside for this activity, which will be utilized to prevent a household's inability to pay housing related costs from becoming a crisis due to such things as foreclosure, utility disconnection or delinquent taxes. Approximately eight (8) households in the City are estimated to be served under this program.

This activity is designed to assist low-income homeowners citywide who are at risk losing their housing or having utilities disconnected because of payment delinquencies brought about by temporary circumstances such as a job loss or a medical emergency that have affected household income. Through this activity, the City may provide limited financial assistance on behalf of the eligible household for a period of up to three (3) consecutive months to providers of such items or services as mortgage payments, utility payments and delinquent property taxes. The maximum assistance for the three (3) month period will be \$5,000.00, which will be in the form of a grant (no repayment required). Applicants must be able to show the financial ability to continue meeting all housing related expenses after the crisis situation is alleviated.

**NOTE. This activity is being administered by the Medina Metropolitan Housing Authority (MMHA). For more information about the application process, eligibility requirement and to obtain an application for Emergency Monthly Housing Assistance, please contact MMHA directly at 330-725-7531.**

## **SECTION II – “Walk-Away” Policy**

The City reserves the right to “Walk Away” from a housing unit that poses undue threats to the health or safety of the inspector or contractor at any time. **Housing units that violate the following will not be assisted.** Conditions which may constitute undue threats include, but are not limited to the following:

- Structurally unsound dwellings that are, or should be condemned for human habitation.
- Evidence of substantial, persistent infestation of rodents, insects and other vermin.
- Environmental hazards such as serious moisture problems, friable asbestos or other hazardous materials, which cannot be resolved before rehab work is to start.

- The presence of animal feces in any area of the dwelling unit.
- Excessive garbage build-up/unsanitary conditions in and around the dwelling.
- Negligent housekeeping practices that limit access or create an unwholesome working environment.
- A threat of violence.
- The presence and/or use of any controlled substances before or during rehab.
- Suspected manufacturing of a controlled substance before or during rehab.
- Occupants that allow only limited access to the dwelling.

### **SECTION III - Frequently Asked Questions**

Copies of this bulletin are available from Wadsworth City Hall (Building and Planning Department) or online from the Building & Planning Department's webpage at [www.wadsworthcity.com](http://www.wadsworthcity.com). These deferred loans and grants offer an opportunity for homeowners to correct structural and mechanical deficiencies and bring their homes "up to code". This program can restore many homes that need repair and we look forward to your support in this effort. Some frequently asked questions about the program are addressed below:

Q. What types of assistance are available?

A. The CHIP program will be used to provide private (owner-occupied) rehabilitation; home repair; downpayment assistance-rehabilitation and emergency monthly housing assistance. Each of these programs is described earlier in this bulletin.

Q. Does it cost me anything to submit an application or have my home inspected?

A. NO! There are absolutely no charges for this program and your participation is voluntary.

Q. Who is eligible to apply for CHIP deferred loans/grants?

A. You are eligible for these loans/grants only if:

1. You live within the City of Wadsworth and meet the other guidelines of the program (i.e. you must live in the designated target area to obtain homeowner rehabilitation),
2. You are the owner and occupant of the dwelling, and
3. Your household gross income does not exceed the following limits based on the size of your household:

Household Size	Income Limits	Household Size	Income Limits
1	\$36,300.00	5	\$56,000.00
2	\$41,500.00	6	\$60,150.00
3	\$46,700.00	7	\$64,300.00
4	\$51,850.00	8	\$68,450.00

Q. When is the deadline for signing up for the program?

A. Application for homeowner rehabilitation will accepted through January 31, 2011. Applications for Home Repair and downpayment assistance-rehabilitation will be accepted on a first-come, first-served basis, until all funds budgeted are expended.

- Q. What is the target area for Private Rehabilitation?
- A. The target area is Census Tract/Blocks #4172-004 and 4173-002. See the shaded areas on the attached map (last page of this bulletin).
- Q. Am I required to pay anything back?
- A. This depends on the type of assistance and the amount of assistance you receive. Home Repair and Emergency Monthly Housing Assistance are grants, which do not have to be repaid. Private Rehabilitation and Downpayment Assistance-Rehabilitation (DPA-Rehab) is provided as an *interest-free* deferred loan. 85% of the loan will be forgiven so long as you remain the owner-occupant of the house receiving assistance. For private rehabilitation, 17% of the loan is forgiven each year for five years. At the end of five years, 15% of the original loan amount will remain. For DPA-Rehab, the forgiveness period is either 5 years (for projects of \$15,000 or less) or 10 years (for projects exceeding \$15,000).
- Q. When must I pay back my 15% share of a deferred loan?
- A. When the 15% is paid back is up to you. The 15% balance that is not forgiven will remain as a lien on your property but it does not have to be repaid until the property is sold or otherwise transferred to a third party. However, a homeowner who wants to remove the lien from the property may repay the 15% anytime after the forgiveness period. Once the City receives a check for the necessary amount, a lien release/satisfaction of mortgage will be mailed to you, which you will file with the Office of the Medina County Recorder. Once this document is recorded, the original lien is canceled. Keep in mind that no interest is ever charged on a deferred CHIP loan, no matter how long the lien remains.
- Q. How much money can I get to fix up my home?
- A. The maximum amount of funds available depends upon what type of assistance is being request. The average estimate for each type of CHIP activity was noted in section I of this bulletin.
- Q. What happens if the amount needed to fix my home exceeds the maximum that the program will pay?
- A. Any expenditure in excess of the maximums established by the program must be justified and approved by the City. These will be reviewed on a case by case basis. Alternatively, the owner may choose to pay the "overages" themselves, and they must do so in cases when not approved by the City.
- Q. What happens after I submit my application?
- A. Your application will be reviewed to determine if you are eligible for a loan or grant. You will then be notified in writing of your eligibility and if you decide to participate, arrangements will be made to have your home inspected for code violations and rehabilitation standards. Applications for Home Repair and DPA-Rehab will be reviewed on a first-come, first-served basis. However, the review and ranking of Private Rehabilitation applications will not occur until after January 31, 2011, which is the deadline for submission of these applications.

- Q. Are there any restrictions on how the money is used or the improvements that are to be made?
- A. YES! According to the program guidelines, the money must be spent to make corrections which eliminate building code violations, only and are completed according to rehabilitation standards established for the CHIP program. The following lists indicate what types of work are generally eligible and ineligible for CHIP funding:

GENERALLY ELIGIBLE

Roofs  
Gutters  
Windows  
Doors  
Furnaces  
Hot Water Tanks  
Structure Deficiencies (Porches, Floors)  
Walk Stairs  
Plumbing  
Electrical including new 100 AMP Service

GENERALLY INELIGIBLE

Air Conditioning  
Detached Garages  
Room Additions  
General Property Improvements  
Cosmetic Items

Only work approved by this department may be performed.

- Q. Who is allowed to work on a CHIP job?
- A. All work must be completed by an experienced and qualified contractor or builder who has been enrolled by the City as a qualified CHIP contractor. All work must pass inspection in accordance with the building and housing codes and comply with rehabilitation standards established by the program.
- Q. Who should I contact if I want to get an application or learn more about the program?
- A. You can obtain applications from the City of Wadsworth Building and Planning Department, during normal working hours. Applications are also available on the city's website: [www.wadsworthcity.com](http://www.wadsworthcity.com). You may also contact CT Consultants for additional information or applications at (330) 746-1200.

# 2010 CHIP TARGET AREA

