

Community Development Operations Manual

Program Year 2022



auburnmaine

City of Auburn Business & Community Development Department

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SECTION 1 – GENERAL POLICIES

OVERVIEW

The City of Auburn’s Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) and Lead Hazard Control + Healthy Homes program (LHCHHP) are subject to the laws and regulations of the U.S. Department of Housing and Urban Development. The program’s national objectives are to:

- (1) benefit low to moderate income (LMI) persons;
- (2) aid in the prevention of slums or blight;
- (3) meet communities’ particular urgent needs; and
- (4) reduce child lead poisoning.

In addition to meeting a national objective, all HUD-funded activities must also qualify as eligible under either the HOME or CDBG program guidelines. CDBG qualified individuals and families as “Low to moderate income” if they are 80% or less of the area median income (AMI) of the Lewiston-Auburn Metropolitan Fair Market Rent/Income Limits Area.

- “Moderate income” is under 80% of the area median income,
- “low income” is under 50% of the area median income, and
- “extremely low income” is under 30% of the area median income.

The City of Auburn’s programs have chosen to stay focused on projects in the following eligible areas:

- (1) Public Service Grants, including assistance to regional homeless shelters, emergency rental assistance programs, and vocational and educational services for LMI adults;
- (2) Housing Rehabilitation, including the weatherization of homes owned by LMI households and rental units occupied by LMI tenants;
- (3) Economic Development, including loans to local small businesses that pledge to create or retain jobs for LMI employees;
- (4) Public Facilities/Infrastructure Improvements, including the renovation of playgrounds, park, and libraries in primarily lower-income neighborhoods; and
- (5) Lead-based paint hazard reduction in LMI households containing children.

Community Development Block Grant Program

The City of Auburn receives Community Development Block Grant funds from the Department of Housing and Urban Development. The primary objective of the Community Development Program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally for persons of low- and moderate-income.

HOME Investment Partnerships Program

The City of Auburn receives HOME Investment Partnerships Program funds from the Department of Housing and Urban Development. The purpose of these funds is to expand the supply of affordable housing and to increase the number who can be served with affordable housing.

Lead Hazard Reduction Grant

The City of Auburn receives Lead Hazard Reduction Program funds from the Department of Housing and Urban Development. The purpose of these funds is to respond to and reduce cases of lead poisoning within the city.

The overarching purpose of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (“Title X”) is to protect children from the dangers of lead-based paint hazards. Section 1011 of Title X authorizes lead hazard control grant programs that conduct work in privately-owned housing of (primarily) low-income families. Specifically, Title X requires that certain percentages of housing units be occupied by low-income families residing (or expected to reside there after the work).

Budget Process

The Community Development Department develops an annual budget each year for Community Development Block Grant and HOME funds within the process outlined in the Citizen Participation Plan. The Auburn City Council, upon advice of the community, approves the Annual Action Plan as prepared by the Community Development Office. Additional programs such as the Lead Hazard Control and Healthy Homes Grants, CDBG-CV & HOME-ARP grants are one-time approvals that will utilize multi-year grant-based accounting until the original or modified budgets are depleted.

Eligible Activities

Community Development Block Grant funds can be spent on the following activities: Public Service Grants, Infrastructure Improvements, Emergency response & Services, Home and Multi-unit rehabilitation. There are four types of activities under the HOME Program. They are rental housing development, homebuyer assistance, housing rehabilitation, and tenant-based rental assistance. All HOME funds must benefit low- and moderate-income households. Programming for Lead Hazard Reduction grant funds is specific to remediation and educational efforts.

Eligible Areas

The City identified the conditions contributing to decline in neighborhoods in its Urban Conditions Study. This study is an analysis of many factors including parking, circulation and access, environmental influences, open space, recreation, aesthetics, roads and infrastructure, and building conditions. Funds can be spent on qualified programming city-wide, but this study enables the City to invest Community Development funds in neighborhoods with the greatest

need. The 2011-2015 American Community Survey (ACS) census 2010 designated the Downtown, New Auburn, and Union Street census tracts as 51+% Low to Moderate income. Public Infrastructure investments in these tracts are considered Low-Mod area Benefit.

HUD Income Limits

The Department of Housing and Urban Development develops annual income guidelines. These guidelines are updated by the Department of Housing & Urban Development each year.

CDBG funded programs are available only to households who are of low- and moderate-income (LMI). A low to moderate income household has income that is less than 80% of area median income. HUD requires that 75% of the CDBG funds utilized within a program year be directed to individuals who are 80% or less LMI.

HOME funded programs are also available to households who qualify as 80% or less of the Area Median Income (AMI). A qualified AMI household has income that is less than 80% of area median income as defined by HUD. HUD requires that 90% of the HOME funds utilized within a program year be directed to individuals who are 60% or less AMI.

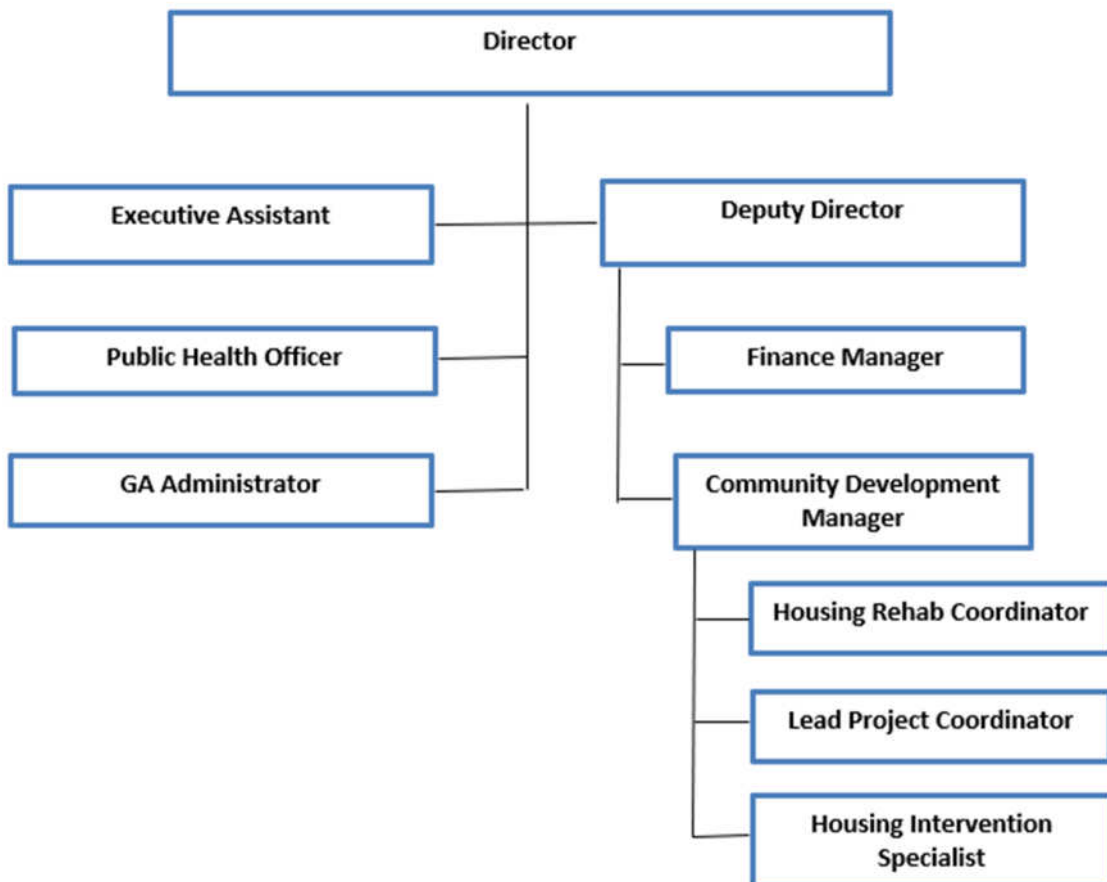
Program specific requirements are designed to comply with these over-arching HUD requirements.

COMMUNITY DEVELOPMENT OFFICE

The Community Development office is integrated with the Business and Community Development Department for the city of Auburn, Maine. Their office is located at 95 Main St. Auburn, Me.

Staffing Chart

Auburn Business & Community Development 2022 Staff Organizational Chart



DELEGATION OF ROLES & APPROVAL AUTHORITY

The purpose of this policy is to delegate authority to administer programs and formalize the process for authorizing payment of invoices.

The **City Manager** is hereby authorized to approve changes to Community Development policies and programs guidelines so far as they fit within Consolidated and Annual Action Plans as approved by the City Council.

The **Director of Business and Community Development** is hereby authorized to approve applications and grant agreements on behalf of the City of Auburn which meet program guidelines and fit within the current year's approved budget. The Director will serve as the designated Certifying Officer and authorize completed Environmental Reviews as prepared by staff in compliance with regulations established by the US Department of Housing & Urban Development.

The **Deputy Director of Business and Community Development** is hereby authorized to fill in for the Department Director as delegated.

The **Community Development Manager** is hereby authorized to administer programs, fulfill required file documentation, and approve payments of invoices prepared by the Finance Manager so long as they are related to an approved project or grant and fit within the current year's approved budget. They oversee the development of annual budgets, Consolidated Plans, Action Plans and reporting requirements set forth herein or otherwise established by the US Department of Housing & Urban Development.

The **Community Development Finance Manager** has responsibility for managing the accounts payable, accounts receivable, collections and file management within guidelines set out in this Policy Manual or otherwise regulated by the US Department of Housing & Urban Development. They will handle day to day accounting and preparations of all invoices to be approved by the Community Development Manager.

The **Assistant Manager** has the responsibility to oversee the accurate completion of the environmental review process, due diligence and monitoring of housing and rehab projects, implementation of fair housing activities and annual reporting requirements as set forth herein or otherwise established by the US Department of Housing & Urban Development.

The **Housing Rehab, LEAD Coordinator & Housing Intervention Specialist** are hereby authorized to process applications by collecting the required verifications and calculating the qualifying household income by utilizing the HUD Income Calculator, control projects, fulfill required file documentation, and assist in the application and facilitation of assigned projects.

CALENDER OF ACTIVITIES

Plan/Report	Frequency	Due Date	Comment Period	Public Hearings
Consolidated Plan	Every 5 years	May 15*	30 days	2
Annual Action Plan	Every Year	May 15*	30 days	2
Amendments to Consolidated Plan Annual Action Plan	As needed		30 days	1
Consolidated Annual Performance Evaluation Report (CAPER)	Every year	Sept. 30	15 days	1

*Unless otherwise extended by HUD CPD Notice

Timeline of Annual Tasks, Submissions & Approvals

February	Public Hearing to solicit consolidated/Action plan input Complete Department Program Budget
March 1st	Revisit Needs assessment and prioritizations Draft Consolidated/ Action Plan
April 1st	Publish Consolidated/ Action Plan Public Notice for 30-day Comment Period
1 st Council Meeting in May	Public Hearing Approval of Budget & Action Plan
May 15th	Submission of: <ul style="list-style-type: none"> • Consolidated/ Action Plan • Summary of Consultations • Summary of Citizen Participation/ Comments • Certifications & 424s
July 1st	Beginning of Fiscal Year
August 1st	Close out Previous year activities/ Budgets
September 15	Publish CAPER Public Hearing regarding CAPER
September 30th	Submit CAPER to HUD
December 1st	Release annual citizen participation survey Solicit unmet needs statements from area service providers

CODE OF CONDUCT POLICY

1.0 PURPOSE

The purpose of this Policy is to establish the ethical standards of conduct expected of all City employees by setting forth those acts or actions deemed to be in conflict or incompatible, or to create the reasonable appearance of conflict or incompatibility, with the best interests of the City. This policy shall apply to all employees who are members of any City collective bargaining unit with the exception of any provision which has been superseded by such an agreement.

2.0 POLICY

The proper operation of democratic government requires that City employees be honest, fair, impartial, and responsive to the needs of the people in the performance of their respective functions and duties; that public office not be used for personal gain; and that City employees maintain a standard of conduct that will inspire public confidence in the integrity of the City's government. In recognition of these goals, this Code of Ethics is hereby established for all City employees.

3.0 DEFINITIONS

3.1 City Employee

Any individual working for and drawing an hourly wage, salary, or stipend from the City on a permanent or temporary basis, whether full or part time. The term "City employee" shall not include outside consultants or professional personnel providing services to the City as independent contractors under a written professional services contract or other similar engagement.

3.2 Financial Interest

A direct or indirect interest having monetary or pecuniary value, including but not limited to the ownership of shares of stock. A City employee or any member of that person's immediate family who holds a financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matters pertaining to assets held by the trust.

3.3 Related Person

Spouse, children, parents, siblings, including step, half, and in-law relations, a domestic partner of a City employee or persons sharing the same household and intermingling financial assets with a City employee.

3.4 Personal Interest

Any interest of a City employee acting in his or her private capacity as a resident, landowner, taxpayer, citizen, or member of the general public.

3.5 Special Interest

A direct or indirect interest having value peculiar to a certain individual or group, whether economic or otherwise, which value may accrue to such individual or group as a result of action or failure to act on the part of the City and which interest is not shared by the general public.

4.0 CONTRACTS, PURCHASES AND EMPLOYMENT

4.1 No City employee shall participate directly, by means of deliberation, approval, disapproval, or recommendation, in the purchase of goods or services for the City, or in the award of any contracts with the City, except as permitted under the solicitation provisions in Section 4.3 of this Policy, the City's Purchasing Regulations, and the laws of the State of Maine, where, to his or her knowledge, there is a financial interest, personal interest, or special interest, other than that possessed by the public generally in such purchase or award, or held by:

4.1.1 That individual or a member of his or her immediate family;

4.1.2 A business in which that individual or a member of his or her immediate family serves as an officer, director, trustee, partner, or employee in a supervisory or management position; or

4.1.3 Any other person or business with whom or with which that individual or a member of his or her immediate family does business, is negotiating to do business, or has an arrangement concerning future employment.

4.2 No City employee shall participate, by means of deliberation, approval, disapproval, or recommendation, in the decision to hire, promote, discipline, lay off, or to take any other personnel action in respect to any City employee or applicant for City employment where the applicant or employee is:

4.2.1 A member of the City employee's immediate family; or

4.2.2 A person with whom either the City employee or a member of his or her immediate family is in business.

4.2.3 Action by a City employee shall be deemed authorized under this subsection when such action is permitted under the City's published Personnel Policies, collective bargaining agreements, or adopted Nepotism policy.

4.3 No City employee shall solicit any person, vendor, company or organization for items, events, favors, or services the value of which exceeds, in total, the "De Minimus" value as defined in Section 6.3 unless those things of value are approved by the City Administrator or his/her designee.

4.3.1 All things received by any City employee which exceed the "De Minimus" value stated in Section 6.3, and approved under this Section, shall be posted on the City web site.

4.3.2 All defined things of value solicited by City employees and posted on the City web site shall remain posted for no less than one (1) year from the date received.

5.0 CONFIDENTIAL INFORMATION

No City employee shall, without proper legal authorization, disclose confidential information concerning the property, government, or affairs of the City, nor shall he or she use such information to advance his or her financial, special, or personal interest or the financial, special, or personal interest of others. For purposes of this section, the term "confidential information" shall mean any information, oral or written, that comes to the attention of, or is available to, a City employee only because of his or her position with the City and is not a matter of public record. Information received and discussed during an executive session of the City Council or any City agency called pursuant to 1 M.R.S.A. § 405 *et seq.* shall be considered within the constraints of this section and shall not be disclosed to any third party unless permitted by such body.

6.0 THINGS OF VALUE, GIFTS, AND FAVORS

- 6.1 For purposes of this Section, "Things of Value" shall mean any gift, favor, service, loan, event, promise or other thing of value.
- 6.2 Unless otherwise permitted in this policy, no City employee shall accept or solicit any Things of Value from any person, organization, or business that, to his or her knowledge, is interested or is participating directly or indirectly in any manner whatsoever in business or other legal or regulatory dealings with the City or its affiliated joint agencies. Nor shall any City employee:
 - 6.1.1 Accept any gift, favor, or thing of value that tends to influence that individual in the discharge of his or her official duties; or
 - 6.1.2 Grant in the discharge of his or her official duties any improper favor, service, or thing of value.
- 6.3 The prohibition contained in Section 6.2 shall not apply to "De Minimus" Things of Value, which shall initially be defined as Things of Value that do not exceed \$25 in total value. The City Administrator may increase this amount from time to time as may be appropriate to reflect overall price increases.
- 6.4 The prohibition contained in Section 6.2 shall not extend to the solicitation or acceptance of Things of Value that are approved by the City Council or the City Administrator or his/her designee. "De Minimus" Things of Value received by any City employee that have been approved under this Section, shall be posted on the City web site for no less than one (1) year from the date received.
- 6.5 The prohibitions contained in Section 6.2 shall not extend to such items as gifts of products or services to the City for purpose of trial or demonstration or gifts associated with holidays or special events to the extent that such gifts are made available and/or shared with all employees in a department. Nor shall it extend to reasonable gifts made to employees to recognize their service at time of retirement or separation.
- 6.6 In all such cases, gifts, products, or services with a value greater than "De Minimus" shall be reported to the City Administrator and, with the exception of

retirement or separation not involving the City Administrator, shall posted on the City web site for no less than one (1) year from the date received.

6.7 Unless prohibited by local, state or federal law, nothing herein shall prohibit the acceptance of gifts or favors by City employees from members of their immediate families or other city employees.

6.8 In determining whether a violation of this section has occurred, the following may be taken into consideration: the monetary or pecuniary value of the Thing of Value received; the act and/or item that constitutes the Thing of Value received; any special economic value the Thing of Value received may have to the recipient; the circumstances under which the Thing of Value was received; and whether a public disclosure of the receipt was made at the time of receipt.

7.0 USE OF CITY PROPERTY

No City employee shall use or permit the use of any City-owned property, including but not limited to motor vehicles, equipment, and buildings, for any private purposes. Nothing herein shall prohibit:

- The use of City equipment or motor vehicles by City employees in accordance with written policies and at rates established by the City Council, City Administrator, City department head concerned, or collective bargaining agreement; or
- The private use of surplus City property legally disposed of by the City or its departments in compliance with procedures established by the City Council, City Administrator, or City department head concerned.

8.0 POLITICAL ACTIVITIES

No City employee shall participate in any political activity that would be in conflict or incompatible with the performance of his or her official functions and duties for the City. No City employee may use his or her official authority or position for the purposes of influencing, interfering with, or affecting the results of any election, nor shall he or she solicit or accept funds or contributions during the work day from other City employees for political purposes. Nothing herein shall be construed to prohibit any City employee from participating in the political process in their capacity as private citizens or as candidates for elected office.

9.0 INCOMPATIBLE EMPLOYMENT

No City employee shall engage in or accept private employment or render services for private interests when such employment or service is incompatible with the proper discharge of that employee's official duties or would tend to impair his or her independence of judgment or action in the performance of those official duties.

10.0 REPRESENTING PRIVATE INTEREST BEFORE CITY AGENCIES OR COURT

No City employee shall appear on behalf of private interests before any agency of the City. A City employee shall not represent private interests in any action or proceeding against the interests of the City in any litigation to which the City is a party unless the employee is representing himself/herself as a private citizen on purely personal business or has been subpoenaed to appear. No City employee shall accept a retainer or compensation that is contingent upon a specific action by a City agency.

11.0 DISCLOSURE OF INTEREST IN LEGISLATION

Any City employee who has a financial, special, or other private interest, and who participates in discussions with or gives an official opinion to the Council, shall disclose the nature and extent of such interest to the Council and the public.

12.0 DISCUSSION OF FUTURE EMPLOYMENT

When a City employee has been offered or is discussing future employment with a person, firm, or any other business entity that is presently dealing with the City concerning matters within the employee's current official duties, that person should disclose such possible future employment to the Human Resources Department.

13.0 APPLICABILITY OF CODE

This policy shall apply in all instances except when superseded by an applicable statute, ordinance, adopted personnel rule or regulation, or collective bargaining agreement. When a City employee has doubt as to the applicability of a provision of this code to a particular situation, that employee should apply to the Human Resources Director or Deputy City Manager for a written advisory opinion and be guided by that opinion when given. The employee shall have the opportunity to present his or her interpretation of the facts at issue and of the applicable provision(s) of the code before such advisory decision is made. All such requests for advice shall be treated as confidential.

14.0 VIOLATIONS AND REPORTING

City employees have an affirmative obligation to report all suspected violations of this Code of Ethics. Violations of this Code of Ethics, including the failure to report violations of others, may result in disciplinary action, up to and including termination, in accordance with the disciplinary procedures established in the City's Personnel Rules and Regulations and applicable collective bargaining agreements.

15.0 POLICY COMMUNICATIONS TO EMPLOYEES

All new Employees shall be presented a copy of this Policy as part of their hiring/appointment orientation and, following the City Council's adoption of this Policy. All current Employees shall be issued a notice in their paychecks advising them of the policy's existence; where it is located on the City's web site; and the opportunity to receive a hard copy if they so desire.

CONFLICT OF INTEREST

In accordance with 24 CFR Part 570.611 conflicts of interest will be prevented by following the below policy.

(a) *Applicability.*

- A. In the procurement of supplies, equipment, construction, and services by recipients and by sub recipients, the conflict of interest provisions in 2 CFR 200.317 and 200.318 shall apply.
- B. In all cases not governed by 2 CFR 200.317 and 200.318, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

- A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- I. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- II. Whether an opportunity was provided for open competitive bidding or negotiation;
- III. Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- IV. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- V. Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;
- VI. Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- VII. Any other relevant considerations.

ENVIRONMENTAL REVIEW

The environmental review procedures set forth at 24 CFR part 58 must be completed for each activity (or project as defined in 24 CFR part 58), as applicable. Contracts will not be executed with subrecipients and expenditures for City-managed projects will not be approved until environmental review is complete. In some cases, State (CEQA) environmental regulations and/or Local Coastal Plan (LCP) requirements will also be considered. Environmental review forms and documents must be prepared by the community development staff and signed by the designated Authorized Official.

The City will ensure that all *Finding of No Significant Impact* (FONSI) and *Request for Release of Funds* (RROF) requirements are completed for capital improvement projects and housing rehabilitation projects prior to initiation of project activities.

CITIZEN PARTICIPATION PLAN

The City shall follow its Citizen Participation Plan and Guidelines for Substantial Amendments as set forth in the Consolidated Plan and annual Action Plans. Any changes to this plan shall be approved by the City Council. The City shall hold public hearings at least once per year and encourage public participation during preparation of the five-year Consolidated Plan for Housing and Community Development and the annual Action Plan.

THE CONSOLIDATED PLAN / ANNUAL ACTION PLAN

The Consolidated Plan examines the current housing situation, explores the housing and community development needs of the City, and sets priorities for spending HUD grant funds. The Annual Action Plan represents activities for years 2-5 of the Consolidated Plan. The City encourages inter-local government, public and private agency, and citizen participation in collaboratively identifying housing and community development needs. To provide varied opportunities for participation in the planning and preparation of the Consolidated Plan, the City will undertake the following actions:

CONSULTATION

Prior to the development of the draft Consolidated Plan, the City will solicit information about housing and community development needs. This solicitation may take the form of one or more of the following:

- Consultation with local public agencies which assist low-income persons and areas, including state and federal agencies, other local governments and regional councils of government.
- Consultation with private agencies, including public and private housing developers, local not-for-profit service providers, local public housing authorities, homeless service providers, not for-profit housing developers, community action agencies, social service agencies and advocates.
- Information collection at statewide affordable housing and homeless conferences, with established entities such as the Statewide Homeless Council and the Continuums of Care, MaineHousing and with professional associations.
- Public Hearing to solicit input from the community.

- Sharing of local data and plans with Auburn Housing Authority to be incorporated in the AHA public hearing process.

CITIZEN PARTICIPATION

The City encourages citizens to participate in the development of the Consolidated Plan, Annual Action plans and all annual performance evaluations and reports. The City will take whatever actions are appropriate to encourage the participation of all residents, including minorities, non-English speaking persons, persons with disabilities, low- and moderate income persons, particularly those persons living in areas designated by the City as a revitalization area, or in a slum and blight area where CDBG funds are proposed to be used, as well as residents of predominantly low- and moderate income neighborhoods as defined by the most recent HUD census data. This includes translation services upon request for any written plans or notices as well as the increased use of the development of new, quantitative ways to increase and broaden public participation beyond the attendance of Public Hearings as required by 24 CFR 91.105 A-2 (iv).

Citizen participation will be accomplished through the following means:

COMMUNITY SURVEY

An online survey of housing needs and service priorities will be provided via the City's websites. The availability of the online survey will be communicated through email and social media. Partner organizations will be encouraged to notify low-income clients of its availability.

A paper survey corresponding to the online survey will be provided locally through jurisdiction-wide service providers. These surveys will be translated into a minimum of three additional languages to include French, Portuguese & Somali.

PUBLIC HEARINGS

Public hearings will be scheduled at times and locations that are convenient to potential and actual beneficiaries.

Sites will accommodate persons with mobility impairments by being held in locations which meet ADA requirements, and special communication accommodations will be arranged if requested prior to the hearing date.

To the greatest extent practicable, the City may employ electronic means of communication and consultation, to include e-committees, online discussion forums and blogs, videoconferencing, online surveys, or similar methods. Upon request the City will provide Technical Assistance to groups representative of low- to moderate income communities who need assistance in developing proposals for funding assistance under any program included within the Consolidated Plan.

Public hearings will be held before the submission of the final Consolidated & Annual Action Plan. This will be part of the 30-day public comment period. The purpose of this public hearing will be to gather citizen input on the proposed plans prior to submission.

Citizens will be notified of the public hearings at least two weeks before they are held. Public hearings will be announced in at least one Maine newspaper, by email, and on the City websites.

PUBLIC NOTICE

Reasonable notice will be given to announce the availability of the draft Consolidated Plan, Annual Action Plan and Consolidated Annual Performance and Evaluation Report. Availability of the drafts Plan or Annual Action Plan will be announced on the City's website and social media. To encourage citizen comment and attendance at public hearings/forums, notices will be emailed via City's mass email list as well as posted in city facilities including the local Housing Authority, the city Library, Senior Center and other service organizations which predominantly serve Low- and moderate-income residents.

These notices will include links to the draft plans and reports, contain information on how to access translation services and notify residents how to receive paper copies of the full proposals. The draft plans published will include the following as required by 24 CFR 91.105 (b)(1):

- HUD-provided data available to the public as cross-referenced to the data on HUD's Website
- the amount of assistance the local government expects to receive (including grant funds and program income);
- the range of activities that may be undertaken;
- the estimated amount of funding that will benefit persons of low- and moderate-income;
- the local government's plans to minimize displacement of persons and to assist any persons displaced, specifying the types and levels of assistance the local government will make available (or require others to make available) to persons displaced, even if the local government expects no displacement to occur; and

PUBLIC COMMENTS

A public comment period of at least 30 days will be provided prior to the adoption of the Consolidated Plan or implementation of substantial amendments. City staff will prepare a summary of all comments received in writing, or orally at the public hearing. In cases where citizens' views are not accepted, the city will provide reasons for the decision.

Consolidated Annual Performance and Evaluation Report (CAPER)

Before the City submits a Consolidated Annual Performance and Evaluation Report (CAPER) to HUD, the proposed CAPER will be made available to those interested for a comment period of no less than 15 days. Citizens will be notified of the CAPER's availability by public notices as outlined above

The CAPER will be available on the City website during the 15-day public comment period. Hard copies will be provided upon request. Any comments from individuals or groups received verbally or in writing will be considered. A summary of the comments, and of the responses, will be included in the final CAPER.

REHAB PROGRAM ADMINISTRATION

The goal of the Housing Rehabilitation Program is to improve the quality of housing by eliminating substandard housing conditions and upgrading the property. The Housing Rehabilitation Program is funded by the Community Development Block Grant Program. Projects are subject to all the Community Development Program rules in addition to the regulations set by the U.S. Department of Housing & Urban Development.

ELIGIBILITY CRITERIA

1. The property may be an owner-occupied, investor-owned, or owned by a non-profit agency. The property must be year-round residential structure or be converting to a year-round status.
2. A Low- to Moderate-Income (LMI) household must occupy a structure with one unit. Two-unit structures must have at least one unit occupied by a LMI household. If the structure contains three or more units, at least 51 percent must be LMI occupied.
 - a) Applicants will be required to provide source income if they are the occupant or tenant certifications of income. Applicants will be required to sign a Rent Regulatory Agreement to assure occupancy after project completion by a low-income tenant.
 - b) Applicants are not eligible to use federal funds for rehab of units that are rented, leased or otherwise occupied by direct relatives.
3. Upon completion the property will be decent, safe, sanitary and in good repair and meet the following housing standards: Lead Safe Housing Rule, accessibility requirements of 24 CFR Part 8, Section 504 of the Rehabilitation Act of 1973, and standards of the International Existing Building Code. Community Development Office staff will determine the requirements for building improvements. An application may be deemed ineligible if the CDO determines a project is not feasible or the property would not meet city code and housing standards with the available resources.
4. Properties that have utilized a City of Auburn Housing Rehabilitation Program loan within the past 10 years are not eligible unless special permission is granted by the Program Director.

APPROVAL PROCESS

PROGRAM QUALIFICATION ASSESMENT

The Community Development Office has responsibility for administration of the Rehabilitation Program. Community Development performs the underwriting and presents the loan request to the Program Director for approval based on achieving the national objective and income qualifications set forth herein.

PRIVATE FUNDS

Private Funds: When matching funds are required, the applicant will have the option of using cash or borrowed funds. Match funds will be deposited into a segregated City account and will be subject to disbursement of funds procedures defined in this guideline.

LOAN CONSIDERATIONS

In approving or denying loan requests, the Community Development staff shall be guided by the following loan considerations:

1. Underwriting
 - a) Cash flow - ability to repay the debt.
 - b) Payment of taxes or acceptable arrangements.
 - c) Collateral - Collateral coverage must be adequate as determined by the Community Development Staff.
 - d) Commitment of matching funds.

2. Assessment Private/Public Benefit

The Community Development staff will also consider the broader implications of private and public benefits.

NON-DISCRIMINATION

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

APPLICATION PRIORITY

Applications shall be processed on a first-come, first-served basis. Community Development staff shall use the receipt date of a complete application to establish the order of priority. The applicant will be notified if there is funding available to proceed with the project, if there is inadequate funding then the application may be placed on a waiting list.

PARTICIPATION BY RELIGIOUS ORGANIZATIONS

- a. Religious organizations can apply for Rehabilitation Loans with the understanding that loan funds cannot be used to support inherently religious activities such as worship, religious instruction, or proselytization. The organization can engage in such activities, but they must be offered in a different location. Religious participation by tenants must be voluntary.

- b. The organization must not discriminate against a tenant or prospective tenant based on religious belief or refusal to participate in a religious practice.
- c. Any units improved with rehabilitation funds must be available for occupancy on the open market.

AFFORDABLE RENT STANDARDS

- a. Rental units that are improved with Community Development funds shall be available and affordable to low- and moderate-income households.
- b. The applicant will be required to furnish rental information to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit the current amount of rental charges for all units in the housing project, utility types, who pays the utilities, and the names of tenants.
- c. A rent cap shall apply to assisted units of which 51% will be occupied by low-income households. The maximum allowable rent shall be equal to the amount of rent and utility costs being paid by the tenant at the time of loan closing. The period of affordability shall be one year after the loan final inspection date.
- d. Vacant units at the time of application shall be rented to low- and moderate-income households. The maximum allowable rent for vacant units shall not exceed the Fair Market Rent in effect when the rent is calculated with an adjustment for utility allowance based on Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services. The period of affordability shall be one year from the final inspection date.
- e. The borrower will sign a Rent Agreement stipulating rent limitations at loan closing.

DEFINITIONS

- a. **Fair Market Rent**
 - i. An annually published rent level prescribed by the U.S. Office of Housing and Urban Development based on a specified number of bedrooms.
- b. **Household Income**
 - i. For the purpose of determining eligibility, Community Development staff will calculate income by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is requested based on the IRS Form 1040 method as defined by the Office of Housing and Urban Development. Only if the household is a non-filing unit will the Part 5 method be employed to determine eligibility.

- ii. If the project expects to use tax credits as part of the funding method an additional income qualification using the Part 5 method as defined by the Office of Housing and Urban Development will be required.
 - iii. Income of all members of the household is considered for computing income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, self-employment income, net rental income, income from estates or trusts, child support, alimony, Social Security benefits, SSI retirement, survivor or disability pension, VA payments, pension, or annuity, Temporary Aid to Needy Families, unemployment benefits, worker's compensation, and disability or benefits from any source. Income will be based on the IRS Form 1040 method as defined by the Office of Housing and Urban Development.
 - iv. For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.
- c. **Investor-Owner**
Absentee owner, who may receive rehabilitation assistance to improve housing conditions for the tenants.
 - d. **Mixed-Use**
A property used in some part for residential purposes and in some part for non-residential purposes.
 - e. **Owner-Occupied**
An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.
 - f. **Rehabilitation Costs**
The total of contractor estimates from the lowest eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Rehab Coordinator.
 - g. **Residential Property**
A property used entirely for residential purposes (household living space).
 - h. **Affordable Rent Standard-** The definition of an affordable unit will be calculated as one that does not exceed HUD published Fair Market Rents (FMRs). A unit is determined to fall within the FMR of a specific area by adding the contract rent and the applicable utility allowance for the unit. For the purposes of CDBG funded projects, the sum of both numbers cannot exceed the FMR of a unit based on bedroom size as published by HUD annually. If the local housing authorities

have adopted and been granted a community wide exception, then the affordable rent standard may increase to no more than 120% FMR.

INCOME LIMITS

To qualify applicants for various loans under the Rehabilitation Program, Community Development staff will use income limits for Lewiston-Auburn SMSA established by the Office of Housing and Urban Development. Revised charts will be used upon receipt.

LEAD & REHAB PROJECT PROCEDURES

CDBG Rehab, Home Rehab & Lead Hazard Reduction Program Procedures

This “Step-by-Step” process is to be completed in the order established herein. Files may not move to the next numbered step until all items are completed:

APPLICATION PROCESS

1. Complete application will be received by the Intake Coordinator (IC) and reviewed for completeness and accuracy.
2. IC will build a new case in SalesForce and complete Program Qualification Assessment (PQA) form for completed application including:
 - a. Review of client assets & income documentation (account balances, presence of liens credit report etc.). Title search performed.
 - i Income eligibility is based on projected income at time of assistance (loan closing).
 - ii Income is calculated using HUD Income calculator to be completed and place in file.
 - b. Does the applicant’s “work list” conform to the City’s scope of work guidelines?
 - c. Is the home built before 1978 (If yes, will the scope of work potentially disturb lead surfaces?)
 - d. Has the client indicated this is an emergency situation?
 - e. Has the applicant indicated if they received a Home Repair loan before?
 - f. Completed PQA is sent to the Relevant Project Coordinator (Lead or Rehab) (PC).

PROJECT DEVELOPMENT

3. The PC will:
 - a. Build the project in IDIS and/or HIGGMS and affix an IDIS identification number.
 - b. Perform HUD-required Environmental Review and flood determination to include in client folder
 - i If the property is located in a flood area client must have Flood/Hazard Insurance Coverage
 - c. Assign a program and establish a max budget per program guidelines
 - d. Meet with client to review work requested and inspect the property for hazards and code violations;
 - e. Compare needs for code compliance/health & safety with client’s original request;
 - f. Determine priorities based on budget;
 - g. Complete Inspection Report, and Scope-of-Work sign/dated by client;

- h. Determine if work can be performed in conjunction with other services that may be provided by other area programs, such as weatherization programs, or lead abatement programs.
 - i. If the program requires Lead work the PC will request Test/design be performed by the authorized agency.
- i. If the HPC determines the scope of work will fit program guidelines, they will prepare the RFP present to the Program Manager (PM) for Review.
- j. If the PM determines the program is eligible, they will submit the RFP to the Procurement Agent (PA).

COMPETITIVE BIDDING PROCESS

- 4. The Procurement Agent (PA) will facilitate the competitive bid process.
 - a. The project will be bid as two separate “scopes of work” only in cases where specialty contractors are required (such as lead or asbestos abatement contractors), and only at the discretion of program staff. In all other cases, one contractor will be hired through competitive bidding per job.
 - b. PC will coordinate a walk-through of property, where prospective bidders can ask questions publicly for general construction projects.
 - c. Homeowner may specifically request preferred contractors receive an invitation to attend.
- 5. PA will open bids publicly on deadline date (typically 1 week after walk-through).
 - a. PA will ensure selected bidder is not on Federal List of Debarred Contractors, complete the Subrecipient/Contractor classification checklist and that all applicable contractor licenses are in place and on file.
 - b. PA will review bids, complete bid comparison sheet, and determine the low bidder
 - i. If bids deviate substantially from estimates, PA will document and determine discrepancy. Project may be rebid if PA deems it necessary to achieve cost-reasonable bids.
 - c. Completed bid package and assessment will be returned to the PM.
- 6. PM reviews and presents the complete file to the Program Director (PD) for approval.
 - a. If approved the file will be turned over to the Financial Compliance Manager (FCM).

CLOSING

- 7. FCM will:
 - a. Build Loan in loan servicing software (LSS) and export closing documents.
 - b. Conduct a closing on the loan with the client.
 - c. Record all contracts, mortgages, deeds, security documents and update file.
 - d. Initiate internal steps to issue a purchase order.
 - e. Update HUD IDIS entry for the project.

CONSTRUCTION

8. PC will:
 - a. Schedule Pre-construction meeting within 5 business days of loan closing
 - i Executing a Construction Contract with awarded bidder and client.
 - b. Perform regular inspections and submit invoices to the FCM on behalf of the contractor.
 - i The first payment requisition & invoice MUST be accompanied by all required permits.
 - ii All invoices must be accompanied by work-in-place inspection documentation, signed by the homeowner and HPC.
9. FCM will enter disbursements into loan servicing software, prepare check requests and lien waivers.
 - a. Inspection reports, invoices and payment verifications will be uploaded into LSS.
 - b. Check requests submitted to PM for authorization.
 - c. 10% of the contract price will be held back until “Project Completion” form is signed by owner and HPC clears final inspection.
10. The PM will submit signed check request to Finance for payment to be mailed.
 - a. Checks process once a week and are mailed from the Treasurer’s Office every Friday. Checks will be made payable to the contractor; copies of all checks issued are kept on file with the City.
11. Change orders: in some instances, unforeseen changes are needed.
 - a. Construction change orders must be in relation to an existing item on the signed scope-of-work.
 - b. Change orders and accompanying pictures/ documentation will be prepared by the PC and presented to the PM for PQA and PD for Approval.
 - c. If approved the FCM will complete a Loan Modification and allonge to include additional funds with existing security documentation.
12. BEFORE issuing final payment:
 - a. PC will obtain signature from client on “Project Completion” form for project file.
 - a. If work was performed by licensed trade (Electrician, Plumber ect.) corresponding City Inspectors will be required to approve prior to final payment.
 - b. If the program included lead work, or triggered abatement and clearance processes the PC will order and await the proper clearances before proceeding with closeout.
 - c. PC will complete a final inspection of the work completed, and sign off that the workmanship is satisfactory and to code before completing a “Certificate of Completion”
 - d. Upon completion of the above items final invoice will be processed by FCM as above.

CLOSEOUT

13. FCM will paydown balances with any unspent funds and prepare a Final Disposition of Funds report and mail a copy to the homeowner.
14. FCM will update and closeout file in IDIS.

POST PROJECT MONITORING

15. FCM will monitor client payment performance and insurance verifications. If delinquent client will be included on the quarterly Risk Assessment Report filed with PM.
16. PC will collect updated Tenant Income Verification forms each January for multi-units during their Affordability Period and determine that they still meet established LMI thresholds.
 - a. Updated forms are provided to FCM to upload into LSS file.
 - b. Client found to not be in compliance with LMI threshold or Rental Affordability Agreements will be added to the quarterly Risk Assessment Report

CONTRACTOR MANAGEMENT POLICY

Construction Bids

Rehab projects utilizing the CDBG or HOME program are required to utilize a competitive bidding process approved by the US Department of Housing & Urban Development. The process is detailed below:

1. The Community Development Office (CDO) staff will prepare a scope of work authorized and signed by the applicant. The scope of work will be reasonable and fit the current program guidelines for each program.
2. The CDO staff will draft a formal Request for Proposal (RFP) which will be approved by the Community Development Manager.
3. The RFP will be submitted to the Procurement Officer located within the Finance Department. The Procurement Officer will:
 - a. Post the RFP on the city website for a minimum of seven (7) business days;
 - b. Email the RFP to all contractors registered to receive bid notifications through the City's "Alert Me" program;
 - c. Schedule and facilitate a walk-through with interested bidders.
 - d. Hold a public bid opening;
 - e. Complete bid assessment & comparison form;
 - f. Return completed form and bid packages to the Community Development Manager.
4. The Community Development Manager will award the bid to the lowest qualified bidder.

Each contractor will submit a complete proposal on the CDO specification/bid form. The contractor must address each line item separately as indicated on the bid form and sign the document. Additional documents required within the RFP will be attached to the bid form. Submissions which fail to complete and/or provide all requested information may be deemed unqualified.

Contractor Eligibility Standards

1. Insurance - The contractor and subcontractors shall carry Worker's Compensation Insurance for all their employees in accordance with the Worker's Compensation laws of the State of Maine. The contractor and subcontractors shall carry Manufacturer's and Contractor's Public Liability Insurance with a limit of \$1,000,000 for personal injury or death and \$500,000 for property damage. The CDO may require bonding for contracts more than \$100,000. The CDO will require evidence of insurance to be provided with the bid package.
2. License and Qualifications - The contractor shall have in effect a license if required by the City of Auburn, or State of Maine for the work to be performed. The CDO will list all required licenses in the RFP which must be included in the bid package.

Ineligible Contractors

Where a contractor fails to comply with the eligibility standards set forth above, or commits one or more of the following violations, the CDO shall remove the contractor from the list of eligible contractors and shall designate the contractor to be ineligible. The applicant will not award any rehabilitation work, other services, materials, equipment, or supplies to be paid for, in whole or in part, to any contractor or subcontractor whom the CDO has designated as ineligible. The CDO shall designate a contractor to be ineligible if it finds that the contractor has:

1. Committed one or more material violations of its obligations under a rehabilitation contract and has failed to cure all such violations promptly after 10 days written notice by the applicant or the CDO.
2. Engaged in a pattern of delayed performance or failed to complete the work under a rehabilitation contract and has received written notice of such delay.
3. Failed to communicate in a courteous, prompt, and professional manner, and such failure continued after written notice by the applicant or the CDO.
4. Committed fraud and other illegal acts against the applicant or the City of Auburn, including but not limited to kickbacks and collusion.

5. Failed to pay subcontractors or suppliers on a timely basis, allowed a lien to be placed on the applicant's property, or otherwise failed to maintain good credit, and such failure continued after written notice by the applicant or the CDO.
6. Threatened, intimidated, or harassed the applicant or City staff.

Once the CDO has designated a contractor to be ineligible, the Contractor shall remain ineligible for a minimum of two years, and shall remain ineligible thereafter until the CDO determines, in its sole discretion, that the contractor has taken all necessary steps to ensure that no further violations will occur, provided that in the case of violations of Sections (4) or (6) above the Contractor shall remain permanently ineligible.

INCOME QUALIFICATION

Defining Income

The City of Auburn has the flexibility to choose among the following three definitions of “annual income” when calculating income for the grant program; these definitions are used by the Lead Hazard Control, Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME) and many other HUD programs. The term “annual income” is used to refer to annual (gross) income using one of the following definitions of “annual income” when calculating income and allowances for grant program assistance:

1. Annual income as defined in 24 CFR 5.609, referred to as “Part 5 annual income”;
2. Annual income as reported under the Census Long Form for the most recent decennial census; and
3. “Adjusted gross income” as defined for reporting purposes under the IRS Form 1040 long form (*not* IRS Forms 1040A or 1040EZ themselves that were submitted to IRS).

The Area Median Income, which is the basis for determining income limits required by Title X, is established by HUD and posted on HUD’s Data Sets website.

For each program the city may use more than one definition of annual income however, the city must ensure that families assisted under each grant are treated equitably by using the same definition of income for all families under a particular grant.

Finally, if the city combines one or more other sources of funding (e.g., CDBG, HOME, Rehabilitation, etc.) with lead hazard control grant program funds, housing units receiving the lead hazard control grant program funds meet the income eligibility requirements applicable to the lead hazard control grant as well as the other program(s). When combining funding from different programs, the most restrictive requirements govern

How to Verify Income

Community Development Staff must collect source documentation and ensure that this documentation is sufficient for HUD to monitor program compliance. Verification methods may not be altered to suit specific circumstances or applicants.

The following income verification document review hierarchy should be followed in all cases:

A. Third Party (online or hard copy)

Third-party verifications are a useful form of income verification because they provide independent verification of information. Third-party verification involves the grantee

contacting an outside entity to obtain information about the income of household member(s). The form of third party verification used may be either paper-based or web-based.

B. Verbal Third Party (documented by the grantee)

Although written requests and responses are preferred, in cases where the applicant is unable or unwilling to provide information to allow for documented third party verification, staff may accept verbal third party verification provided it is adequately documented in the case file. Such documentation should include the contact person, information conveyed, the date of the conversation, and the reason for not having a written request and response.

C. Tenant/Landlord Declaration (signed statement by tenant and/or landlord)

If the applicant is unable or unwilling to provide adequate third party documentation, and a verbal third party confirmation of income is not possible, a signed tenant or landlord declaration is permitted. The declaration worksheet must be included in the file along with an explanation by staff for the inability to obtain written or verbal third party documentation. The tenant/landlord declaration worksheet you use should contain information on:

- the applicant's employer and income;
 - income deductions;
 - evidence of financial assistance received from other public sources;
 - the number of children in the unit and their ages; and
- other information relevant to the applicant's eligibility that provides a basis for providing housing assistance, such as neighborhood income statistics, location of the unit within a designated revitalization zone, etc.

D. Form HUD-50058

A rental unit that is being considered for enrollment in a city program may be occupied by tenants that are receiving benefits through the Housing Choice Voucher (HCV; also known as the Section 8 Voucher) program. This family's income has been verified by a public housing authority (PHA) or HUD's Public and Indian Housing (PIH) office using the Housing Choice Voucher Handbook 7420.10G and Form HUD-50058. The program may accept either the form or the income eligibility notification letter as adequate documentation of income to determine the unit's and tenant's eligibility for this program. With the applicant family's written consent, you may securely obtain this information directly from the PHA to streamline the application process.

Timing of Income Certifications

Only documentation that verifies the current rate of annual income at the time of assistance is required. The income certification process must be completed prior to receiving assistance under city programs. Only income verifications dated no earlier than 6 months before time of assistance will be permitted. Staff will re-examine a household's income if more than 6 months have elapsed since the household's income was certified. Staff may request additional documentation to support the eligibility determination at your discretion, such as if you have questions about its accuracy.

SUBRECIPIENT MANAGEMENT POLICY

General Duties and Oversight

The City of Auburn's Community Development Manager has primary oversight over the City of Auburn's Community Development program. The Auburn CDBG grant application and grant agreement outline the financial (and other) responsibilities of subrecipient agencies that apply for and accept CDBG funding. Such responsibilities include:

- Ensuring that all expenditures involving the use of federal funds are eligible under the federal and local requirements of the grant
- Approving purchase orders and contracts to be reimbursed through HUD grant funds
- Receipting and approving of invoices
- Reviewing and approving requests for payments involving HUD grant funds are coded properly
- Ensuring compliance with all HUD regulations and rules, the Auburn CDBG grant agreement, and any other conditions imposed by the City of Auburn
- Implementing of an internal control system
- Validating subrecipient debarment status vis Sam.gov

The Auburn Community Development Manager conducts an in-person review of financial policies and compliance with subrecipient agency staff on an annual basis during subrecipient site monitoring visits. The Community Development Manager meets with program and finance staff at the agency, conducts an interview on financial policies and practices, and reviews financial documents (e.g., invoices and bills, payments and receipts, timesheets, payroll records trial balance reports, audits, and other documentation). The Auburn Community Development Manager uses the HUD "Checklist for On-Site Monitoring of a Subrecipient," taken from the *Guidebook for CDBG Grantees on Subrecipient Oversight*, and a city-drafted monitoring form template to conduct monitoring and to identify concerns and findings in subrecipient programs. Both the checklist and the template are included in the Appendices.

During this site monitoring, the city reviews expense documentation, income limit documentation for clients served, agency financial processes, and any programmatic concerns. Technical assistance may be provided in the form of sample and template forms and reports, review of relevant policy and procedure documents, and the formulation of formal correction action plans, as needed. Concerns and findings will be discussed in-person with the subrecipient and followed with a written report from the Auburn Community Development Manager, sent via either email or postal mail.

Program Budgets

Every five years, the City of Auburn adopts a five-year Consolidated Plan which outlines priorities and strategies for the use of federal grant program funds to address key goals and

objectives for the benefit of Auburn’s low and moderate income residents, neighborhoods, and the businesses that serve and employ them. On an annual basis, the City of Auburn adopts an Annual Action Plan which outlines the specific activities and projects which will be undertaken in the next program year to achieve the goals and objectives of the Consolidated Plan. The program year corresponds to the city’s fiscal year, which begins on July 1st and ends on June 30th of the following calendar year. Once these plans are approved by HUD, the Annual Action Plan forms the basis for the budget for the expenditure of funds for the program year.

Prior to adoption by the Auburn City Council, the projects and activities, and the related spending plans are recommended by the Auburn Community Advisory Committee and reviewed by the Auburn Community Development Manager for compliance with program regulations.

Projects and activities listed in the Consolidated Plan are individually budgeted in HUD’s IDIS system and the corresponding budget amounts are set up in the city’s accounting software system, according to the chart of accounts, to assure proper accounting. The chart of accounts identifies the various orgs and objects with their respective descriptions. The “org” represents the funding source, and the “object” represents the service provided.

Budgets are established for grants to subrecipients, allocations of funds to other City Departments by cooperative agreements, project delivery activities, and individual administrative and planning activities by the Office of Business and Community Development.

The city accounting system budgets (org, object and program year) are initiated by the Community Development Manager and submitted to the Finance Director for review and approval. When the Finance Director has verified that the budget line items and amounts are accurate, the budget entries are made. Once budgeted funds are reflected in the city’s accounting software, the Community Development Manager may submit requisitions for the creation of purchase orders, invoices can be processed against the purchase orders, and payroll expenditures can be charged against the appropriate budgeted line items. At any time, the resources used cannot exceed the resources authorized.

Audits and Other Financial Statements

The receipt of funds, which are managed by the U.S. Department of Housing and Urban Development (HUD), subjects the City of Auburn to a 2 CFR part 200, subpart F Audit, based on the city’s expenditures of federal funds. The Office of Management and Budget requires that grant recipients who expend \$750,000 or more in federal funds in one fiscal year conduct a Single Audit per 2 CFR part 200, subpart F. CDBG Entitlement Funds may only pay for the portion of the city’s annual audit that represents the percentage of CDBG funds in the overall city budget.

The City of Auburn's Finance Department oversees the city's annual audit. For the Community Development portion of the audit, the Community Development Manager works with the Finance Manager to review documentation for the auditors and to answer any questions the auditors may have regarding the city's documents. The Community Development Manager maintains hard and/or electronic copies of all CDBG financial documents. These financial documents include copies of invoices from subrecipient agencies, supporting documentation for subrecipient invoices, purchase orders for CDBG-funded expenses, and copies of IDIS vouchers and receipts.

The receipt of funds, which are managed by the U.S. Department of Housing and Urban Development, subjects Auburn CDBG subrecipient agencies to a 2 CFR part 200, subpart F Audit, a CPA Audited Financial Statement, or a Certified Financial Statement (CFA), depending on expenditures. The Office of Management and Budget requires that grant recipients who expend \$750,000 or more in federal funds in one fiscal year conduct a Single Audit per 2 CFR part 200, subpart F.

Subrecipients are responsible for ensuring that their auditors conduct the proper type of audit. The Auburn Community Development Manager requires the submission of a Schedule of Expenditures of Federal Awards (SEFA) form with every CDBG grant application, and the FFATA form requires information on the amount of federal funding the agency receives. The Auburn Community Development Manager uses the SEFA form information to determine whether the agency must also submit a single audit. The audit requirement status will be documented in the grant application file for each agency.

Not all Certified Public Accountants (CPA's) are qualified to perform a Federal audit. Any agency that expends between \$200,000 and \$749,999 in federal funds will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. Subrecipients who are not required under 2 CFR part 200, subpart F to obtain an Audited Financial Statement must submit a Certified Annual Financial Statement (CFA). The Treasurer and the Board President must sign a statement certifying the CFA. The statement should read as follows:

We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.

Audits have different due dates depending on the type the agency qualifies to conduct. Certified Annual Financial Statements are due three (3) months after the end of the fiscal year, CPA conducted audits are due six (6) months after the end of the fiscal year, and 2 CFR Part 200 Audits are due nine (9) months after the end of the fiscal year. Audits or other annual financial statements are required to be submitted (1) with all Auburn CDBG grant applications and (2)

during the annual subrecipient site monitoring visit, if a new audit or other financial statements are available for review at that point in time. During the grant application process, the Community Development Manager reviews the audits as part of the grant application review. The City of Auburn also reserves the right to review all subrecipients' records and transactions, which is specified in the contract between the city and the subrecipient.

If the subrecipient is required to submit a single or program-specific audit for the current fiscal year in accordance with 2CFR part 200, subpart F audit, the Community Development Manager will obtain copies of the audit reports at time of grant application and review for findings. If audit finding is identified, the City of Auburn will send a letter with audit details, a management decision and corrective action to resolve the finding to the subrecipient. The letter will require the subrecipient to take appropriate and timely response to address the corrective action. The letter will request the subrecipient to respond within thirty (30) days. This plan will identify timeliness and individuals responsible for the corrective action. The agency may request timeline extensions if needed, subject to approval by the Auburn Community Development Manager. The City of Auburn will evaluate and follow up as needed to ensure the subrecipient is timely and takes appropriate action on all deficiencies and, if necessary, to provide guidance.

Once the corrective action has been sufficiently addressed, the Community Development Manager will send a close-out letter to the subrecipient. If the subrecipient fails to respond or the response is unsatisfactory, the Auburn Community Development Manager will consult with the Economic Development Director and City Attorney before proceeding with suspending invoice payments. All correspondence and documents will be documented in the subrecipient file.

PROCUREMENT POLICY

In accordance with CFR Title 2 Subtitle A Chapter II Part 200, The Community Development Department with the approval of the City Manager, hereby establishes this Procurement Policy to set forth the duties and responsibilities of the Purchasing Agent and Community Development Department Staff and establishes procurement procedures.

At a minimum, and in compliance 2 CFR Part 200, the Procurement Department shall:

- Avoid Acquisitions of duplicative or unnecessary items or services.
- Support the consolidation or breaking apart of purchases to be more economical and/or more inclusive of qualified women or minority owned business enterprises.
- Determine and document lease v purchase alternatives.
- Verify if each agreement is qualified as a procurement or a sub-award.
- Providing for clear and articulate technical requirements for each Request for Proposals (RFP).
- Prepare an in-house cost estimate for transactions over the Simplified Acquisition Threshold (SAT).
- Qualifying each type of award, activity and budget for each transaction.
- Document the history of each procurement including rationale for method of procurement, contract type, contractor selection or rejection and basis for contract price.
- Prohibiting contractors from bidding if they were involved in the development of draft specs or scopes of work.
- Identify all requirements the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- Prohibiting cost plus percentage of costs and percentage of construction cost contracts.
- Conduct a Bid process to ensure full and open competition.

All contracts will include the below terms and conditions as required by 24 CFR part 570.502

- Termination for cause or convenience for any contract over \$10K
- Equal Employment Opportunity
- Davis Bacon reporting as required for contracts over \$250k
- Contract work hours and safety standards for contracts over \$100K
- Debarment and suspension verifications via SAM.gov
- Byrd anti-lobbying for contracts over \$100K
- Clean Air Act provisions for contracts over \$150K

DEFINITIONS: For the purpose of this policy, the following terms, phrases, words and derivations shall have the meaning given herein unless the context in which they are used clearly requires a different meaning.

- **PROCUREMENT:** Includes purchasing, renting, leasing or otherwise obtaining supplies or services.
- **SAM.gov:** This is a free service. Prior to disbursement of any funds recipient will be verified to have a valid Dunn & Bradstreet (DUNS) number that they are not debarred from receiving federal funds.
- **SUPPLIES:** Supplies shall mean and include all supplies, materials and equipment.
- **SERVICES:** Services shall mean and include all construction services, insurance, leases or rentals of all grounds, buildings, offices, space or equipment required by the Community Development Department, or leased or rented by the Community Development Department to others, the repair or maintenance of real property owned by, or the responsibility of the Community Development Department, infrastructure repair, replacement or construction, building construction, building repair or renovation.
- **USING AGENCY:** Using agency shall mean any department, division, agency, committee, or other units in the Community Development Department excluding self-governed joint entities, using supplies or procuring services.
- **RESPONSIVE:** Bid is submitted in the required format and with the appropriate bid security when required by the bid documents.
- **RESPONSIBLE BIDDER:** Bidder has the ability and resources to perform the work called for in the bid documents. Further defined in Section 3.1.5.1 Lowest Responsible Bidder.
- **PUBLIC EXIGENCY:** Sudden and unexpected happening requiring immediate attention.
- **NON-FEDERAL ENTITY:** 2CFR 200.69 Means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or sub-recipient.
- **RECIPIENT:** 2 CFR 200.86 Means a non-federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program.

- **PASS THROUGH ENTITY:** 2 CFR 200.74 Means a non-Federal entity that provides a sub-award to a sub-recipient to carry out part of a federal program.

PURCHASING PROCEDURES: The Purchasing Agent or his/her designee shall be responsible to supervise the purchase or contracting of all supplies and contractual services requisitioned by the Community Development Department in accordance with purchasing procedures prescribed herein.

- 3.1 FORMAL COMPETITIVE BIDS:** All supplies and contractual services except as otherwise provided herein, when the estimated cost thereof shall exceed ten thousand dollars (\$10,000), shall be purchased by formal competitive bids from the lowest responsible bidder, after due notice inviting proposals.
- 3.1.1 PREPARATION:** Preparation of the invitation for bids shall describe the requirements of the Community Development Department clearly, accurately, and completely, but avoid unnecessarily restrictive specifications or requirements which might unduly limit the number of bidders. For Federally funded construction projects, an independent cost or price analysis must be performed with each procurement action, including each contract modification, where the cumulative amount of the original contract modifications exceeded the Simplified Acquisition Threshold (currently set at \$150,000). All responding bidders, regardless of monetary threshold, must provide their DUNS number in order to be considered a responsible bidder and such language must be included in request for proposal language.
- 3.1.2 NOTICES:** Notices inviting bids shall be prominently displayed on the City of Auburns Website “Bid Notices” page and shall be made available on request to news media. When deemed appropriate, or otherwise required, the Purchasing Agent or designee shall place an advertisement in a local newspaper of general circulation in Auburn.
- 3.1.3 SMALL AND MINORITY BUSINESSES, WOMEN’S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS:** All necessary affirmative steps to assure that minority businesses, women’s business

enterprises, and labor surplus area firms are included in all bid notifications shall be made.

3.1.4 PERFORMANCE AND PAYMENT BONDS: When the estimated value of work to be done is in excess of \$150,000 or, when deemed necessary by the Purchasing Agent or designee, a 100% performance bond and payment bond will be required and shall be prescribed in the public notice inviting bids or proposals.

3.1.5 BID OPENING PROCEDURE: Bids shall be submitted to the Purchasing Agent and shall be identified as bids on the envelope. Openings shall be in public at the time and place stated in the public notices. A record shall be kept by the Purchasing Agent of all bids submitted and such record shall be open to public inspection during regular business hours.

3.1.6 AWARDS OF CONTRACT: Upon recommendation of the Purchasing Agent, all formal bids shall be awarded by the Director of Business and Community Development or his/her designee.

3.1.6.1 LOWEST RESPONSIBLE BIDDER: Contracts shall be awarded to the lowest responsible bidder. In addition to price, the following shall be considered in determining the lowest responsible bidder:

- 1.) The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- 2.) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- 3.) The character, integrity, reputation, judgement, experience and efficiency of the bidder;
- 4.) The quality of performance of previous contracts or services;
- 5.) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or services;
- 6.) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the services;
- 7.) The quality, availability and adaptability of the supplies or contractual services to the particular use required;
- 8.) The ability of the bidder to provide maintenance and service for the

- use of the subject of the contract; and
- 9.) The number and the scope of conditions attached to the bid.

When federally funded bids contain a variety of criteria to be evaluated, the selection process should include a matrix ranking the criteria by weight of importance. Evaluation and ranking criteria must be included in the RFP to prospective bidders

Prior to the award of any Federal funded bids, the Director's designee will check www.SAM.gov to confirm that the low bidder is not on the federal debarred or ineligible contractors list. Ineligible or debarred bidders cannot be awarded federally funded project contracts.

3.1.6.2 AWARD TO OTHER THAN LOW BIDDER: When the award is not given to the lowest bidder, a statement of reasons for placing the bid elsewhere shall be prepared and filed with the papers relating to the transaction.

3.1.6.3 PREFERENTIAL TREATMENT: Local vendors shall only be granted preferential treatment when all bids received are for the same total amount or on a unit cost basis reflect the same pricing with quality and service being equal.

3.1.6.4 TIE BIDS:

A. Non-Federal funded bids: if all bids received are for the same total amount or unit price, quality and service being equal, the contract shall be awarded first to a local bidder and second to an in-state bidder. If neither of the above applies, the contract shall be awarded to one of the tie bidders by drawing lots in public.

B. Federal funded bids: If all bids received are for the same total amount or unit price, quality and service being equal, the contract shall be awarded first to any identified local disadvantaged business and, if none, then by public drawing of lots to decide who receives the bid award.

3.1.6.5 REJECTION OF BIDS: The Purchasing Agent, upon recommendation of the Director or designee, shall have the authority to reject any and all bids when bids are deemed non-responsive, token, collusive or otherwise non-acceptable, and such action is in the best interest of the Community

Development Department.

3.1.6.6 CONFLICT OF INTEREST: Each bidder is required to state in his/her proposal his/her name and place of residence and the names of all persons or parties interested as principals with him/her, and that the proposal is made without

any connection with any other bidder making any proposal for the same work, and that no person acting for, appointed by, or employed by the City of Auburn is directly or indirectly interested in the proposal or in any contract which may be entered into to which the proposal relates, or in any portion of the profits therefrom, except as provided by the City Charter. A statement of conflict or non- conflict should accompany all bids.

3.2 EMERGENCIES: When the public exigency will not permit the time necessary to advertise and seek responsive bids, the Community Development Department Administrator, acting with the advice of the Director, may authorize immediate negotiated purchases of supplies or services necessary to protect the best interest of the City. Awards done as emergencies shall be documented and forwarded to the Purchasing Agent.

3.3 FORMAL COMPETITIVE BIDS IMPRACTICAL: Services for which it is impractical or impossible to obtain competition because of the specialized and professional nature of these services, their purchase shall be effected in accordance with the procedures set forth.

3.3.1 “WAIVER OF COMPETITION”: Waivers may be authorized by the Purchasing Agent when the services or items are:

- 1.) A single source item;
- 2.) Must meet compatibility requirements with existing equipment owned by the City or by a contracted third party;
- 3.) A specialized service with only one vendor available; or
- 4.) A product or service is unique and easily established as one of a kind.
- 5.) A public exigency or emergency for the requirement did not permit a delay resulting from competitive solicitation
- 6.) The Federal Agency awarding the grant or pass-through federal entity expressly authorized noncompetitive proposals in response

to a written request from the non-federal entity.

3.3.2 “DOCUMENTATION”: The Manager or his/her designee will document such waiver in as much detail as possible to show justification for each waiver.

3.3.3 “AUTHORIZATION”: After review of criteria and of documentation, the Director may authorize a waiver of competition.

3.3.4 FEDERAL GRANT SUB-RECIPIENT DESIGNATION: For projects to be paid for in whole or in part with Federal Grant funds where a specific entity is being considered, staff must make a determination between Federal Grant sub-recipient and Contractor (vendor) status using the Federal Governments resources.

Sub-recipient designated entities are prohibited from also being awarded a contract for the same grant they were designated sub-recipient status.

The Manager or designee shall document any sub-recipient designations for services to be communicated to the Director.

3.4 NEGOTIATION PROCEDURES AND POLICIES: Negotiated procurements shall be a competitive basis to the maximum practical extent. Whenever supplies or services are procured by negotiation, price quotation or other evidence of reasonable prices and other vital matters deemed necessary by the Director/designee shall be solicited from the maximum number of qualified sources of supplies or services, consistent with the nature of and requirements for the supplies or services to be purchased, in accordance with the basic policies set forth below.

3.4.1 DECENTRALIZED PURCHASES: At the discretion of, and subject to, the review and approval of the Director/designee, department heads or their authorized representatives may make purchases in amounts not to exceed \$1,000. The Director shall issue such rules and regulations and prescribe such forms as deemed necessary to control such purchases. The Director/designee may also permit exceeding this monetary limitation in those instances where price, terms, conditions and/or contractors have been predetermined by establishing open-end (estimated requirement type)

contracts.

- 3.4.2 PURCHASING CARD PROGRAM:** Upon the recommendation of the Manager, and subject to, the review and approval of the Director / designee, department employees may make purchases using a City of Auburn credit card. The amount of any one purchase shall not exceed \$1,000 per transaction. The Director shall issue such rules and regulations and may prescribe such forms as deemed necessary to control such purchases. The credit card shall be used for the sole benefit of the Community Development Department of Auburn.
- 3.4.3 PURCHASES - NOT TO EXCEED \$2,000:** When the Director or designee considers prices to be fair and reasonable and the total amount of a purchase does not exceed \$2,000, procedures and documentation will be simplified to the maximum degree possible. The Director/designee shall establish such rules of procedure for such purchase as necessary to insure against abuse of the public's best interest.
- 3.4.4 PURCHASES - \$2,000 - \$10,000:** Negotiated purchases exceeding \$2,000 but not exceeding \$10,000 in total cost will be supported by a record of price quotation from at least three (3) competitive sources or adequate explanations justifying the absence of such competition. Such quotation may be obtained in writing, verbally, or by such other means as may be prescribed by the Director or his/her designee as appropriate to the circumstances.
- 3.5.1 AUDITING, ARCHITECT, ENGINEER, AND CONSULTANT SERVICES- POLICY AND PROCEDURES:** It is the policy of the Community Development Department to publicly announce all requirements for such services and to award contracts on the basis of demonstrated competence and qualifications for the type of professional services required, the technical merits of offers and the price for which services are to be rendered.
- 3.5.2 FEES:** Sealed fee statements shall be submitted at the same time as the proposal. No Community Development Department contracts shall be awarded wherein the fee is stated as a percentage of the project cost. The

preferred method of establishing a fee shall be that of a firm fixed fee. Other methods may, at the discretion of the Director, be employed if it is impossible to arrive at a firm fixed fee.

3.5.3 SELECTION: The Director or his/her designee shall request firms engaged in the lawful practice of their profession to submit a statement of qualifications and performance data.

3.5.3.1 AUDITING: If the anticipated fee exceeds \$50,000, the data shall be evaluated by the Community Development Department & the Finance Department. The Finance Department shall conduct discussions with firms regarding their qualifications and audit methods of approach for furnishing the required services, and then shall select there from, firms deemed to be adequately qualified to provide the services required. Once the adequately qualified firms have been established, the Community Development Department and the Finance Department shall open the sealed fee statements of the firms deemed to be adequately qualified. It should be the practice that the contract will be awarded to the qualified firm with the lowest bid.

3.5.3.2 ARCHITECT, ENGINEER, AND CONSULTANT SERVICES: If the anticipated fee exceeds \$25,000, the RFP and selection process shall be done in compliance with the “Brooks Act” which is hereby appended to the Purchasing Policy. The responses shall be evaluated by a Selection Review Committee consisting of the Director of Business and Community Development, Director of Planning and Permitting, Director of Finance, Community Development Manager and the Purchasing Agent or their designees. The Selection Review Committee shall conduct discussions with qualifying firms regarding anticipated scope of services and alternative methods of approach for furnishing the required services. The Selection Review Committee will rank the firms. The fee statement of the highest rated firm will be recommended to the Director for award of contract including a negotiated fee if applicable.

3.5.4 INSURANCE AND BONDS: All firms selected as being adequately qualified must provide evidence of insurance covering their entire scope of operation for any “error or omissions” resulting from their endeavors. The amounts of such insurance coverage shall be commensurate with the

magnitude of the project under consideration and shall be established by the Director/designee. Should timely performance be a matter of importance to the Community Development Department, the firm selected may be requested to furnish an acceptable performance bond and/or such other form of surety as may be mutually agreed upon to insure adherence to a mutually agreed upon time schedule.

3.5.5 RECOMMENDATION OF CONTRACT FROM SELECTION

REVIEW PROCESS: Once the Selection Review Committee ranked firms, the Committee may negotiate with the top ranked firm and make a recommendation to the Director. The Director shall receive all documentation regarding the selection.

3.5.6 SMALL PROJECTS:

In those instances where the fee does not exceed \$25,000, the procedures outlined in Section 3.5.2.2 may be simplified by the Director Business and Community Development after consultation with the City Manager, selecting from no less than three (3) adequately qualified firms for the purpose of making an award. A complete record of the reasons for recommending a firm shall be part of the record reviewed by the Director if the contract exceeds \$10,000.

3.6 AWARD: All contracts where the fee exceeds \$10,000 shall be reviewed and awarded by the Director of Business and Community Development.

3.7 AMENDMENTS TO CONTRACTS: Amendments to contracts may be authorized by the Director of Business and Community Development when it can clearly document that the additional services are part of the original intent of the base contract and are made necessary by changes not known at the time of the base contract.

3.8 DISQUALIFICATION OF BIDDERS: The Director of Business and Community Development may authorize the disqualification of a bidder/vendor from bidding on Community Development Department contracts for up to twelve (12) months upon the formal recommendation of the Community Development Manager and in accordance with procedures set forth.

3.8.1 COMMUNITY DEVELOPMENT DEPARTMENT OR CONSULTING, ENGINEER REQUEST DISQUALIFICATION OF BIDDER/VENDOR: for one or more

of the following:

- 1.) Default on their bid, quotation, contract or purchase order;
- 2.) Failure to comply with specification of contract documents;
- 3.) Failure to supply the item as required by the specifications.
- 4.) Documented history of poor performance.

* The Bidder/Vendor shall be notified, in writing, by the Manager or his/her designee prior to a recommendation for disqualification being forwarded to the Director.

3.8.2 DISQUALIFIED BIDDER/VENDOR: may apply for reinstatement after period of disqualification has elapsed. The Manager shall recommend to the Director reinstatement of any Bidder/Vendor. Under no circumstance can a bidder on the SAM.gov list be awarded a contract funded with Federal grant dollars.

3.8.3 BIDDER/VENDOR: shall have the right to appeal to the City Manager for a reversal or reinstatement.

3.9 REQUISITION: Purchases involving the immediate encumbrance of Community Development Department funds shall be made only on a written/electronic requisition submitted by the department and require purchase orders.

3.9.1 REVISORY POWER: The Manager or his/her designee shall examine each requisition and shall have the authority to revise it as to quantity, quality, or estimated cost; but revision as to quality shall be only with the concurrence of the using party or, if agreement cannot be reached, with concurrence of the Director of Business and Community Development.

3.10 BUDGET REQUIRED: No purchase of supplies or services not provided for in the annual approved budget, shall be made unless by specific order of the Director. Once the purchase has been authorized by the Director or his/her designee the funds shall be immediately encumbered.

- 3.11 UNAUTHORIZED PURCHASES:** Except as herein provided, or as may be specifically authorized by the Manager or the Director, it shall be unlawful for any Community Development Department employee or official to purchase any supplies or services other than in accordance with these policies for any personal use or benefit.
- 4.1 GIFTS AND GRATUITIES:** Officers and employees of the Community Development Department are expressly prohibited from accepting from any person, firm, corporation or organization, any rebate or gift that would directly affect the purchase of goods or services for the Community Development Department.
- 4.2 COOPERATIVE PURCHASING:** The Director or his/her designee shall have the authority to join other units or government (federal, state, county, municipal subdivisions, including quasi-municipal agencies) in cooperative purchasing plans when the best interests of the Community Development Department would be served thereby, and such action is in accordance with and pursuant to law.

WOMEN & MINORITY OWNED BUSIENSSES

Purpose

The purpose of this policy is to formalize the process involving Women and Minority Owned Business Enterprises.

Procedures

1. The Community Development Department will be responsible for encouraging the involvement of Women and Minority Owned Business Enterprises.
2. Every three years, the Community Development Office will update the Department's list of women and minority owned businesses by requesting an updated list from Maine Department of Transportation. The staff will then send letters to Maine contractors on the list asking if they wish to be on the City of Auburn's notification list. A new City of Auburn list will be developed based on contractors who have responded.
3. When the City issues requests for proposals or bids, all women and minority owned business that are on the City's list will receive a notice inviting them to bid.
4. The City will also request that bidders notify the City when they are using subcontractors who qualify as minority or women businesses.

SECTION 3 RULES

Section 3 of the Housing and Urban Development Act of 1968 seeks to ensure that economic opportunities – especially employment – generated by HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which federal assistance is invested.

Projects to which Section 3 applies include housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance exceeds \$200,000, (or \$100,000 in the cases of the Lead Hazard Control and Healthy Homes programs.) Section 3 applies to the entire project, regardless of whether the project is fully or partially assisted by HUD financial assistance.

Section 3 was updated in 2020, with the implementing regulations located at 2 CFR Part 75 and Federal Register Volume 85 No. 189, page 61524. Principally, the revisions require Contractors to monitor and report total labor hours worked on the project, of which 25% must be “Section 3 workers” and 5% must be “Targeted Section 3 Workers.” These benchmark requirements will be updated and published by HUD every five years.

Contractors are encouraged to visit and promote HUD’s Section 3 Opportunity Portal (<https://hudapps.hud.gov/OpportunityPortal/>), where Section 3 Workers can search for jobs and post their resumes, Section 3 businesses can register and search for contracts, and where both Section 3 Recipients and employers can search for Section 3 businesses, post jobs and training positions, post contracts, and search job applicants.

Definitions

Contractor: any entity entering into a contract with: (1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or (2) A subrecipient for work in connection with a Section 3 project.

Labor hours: the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income person: a person whose gross household income does not exceed 80% of the area median income (AMI)

Material supply contracts: contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional services: non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Public housing financial assistance: assistance as defined in 24 CFR 75.3(a)(1)

Section 3: Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC 1701u)

Section 3 business concern: A business concern that meets at least one of the following criteria, documented within the last six-month period: (i) It is at least 51 percent owned and controlled by low- or very low-income persons; (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing. The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 worker: Any worker who currently fits or when hired within the past five years fit at least one of the following categories: (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD; (ii) The worker is employed by a Section 3 business concern; or (iii) The worker is a YouthBuild participant. The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Service area or the neighborhood of the project: an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Targeted Section 3 worker: A worker employed by a Section 3 business concern or a worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years: (i) A resident of public housing or Section 8-assisted housing; (ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; (iii) A YouthBuild participant; or (iv) a worker living within the service area or neighborhood of the project. Targeted Section 3 workers shall not exclude an individual that has a prior arrest or conviction.

Very low-income person: a person whose gross household income does not exceed 50% of the area median income (AMI)

YouthBuild programs: programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226)

Reporting

Contractors must report annually by July 30th:

- (i) the total number of labor hours worked during the 12 month period ended June 30 annually during the project, including labor hours worked by any contractors and subcontractors;
- (ii) The total number of labor hours worked by Section 3 workers; and
- (iii) The total number of labor hours worked by Targeted Section 3 workers.

Section 3 benchmarks require that 25% or more of the total labor hours worked for all workers on a Section 3 Project must be attributed to Section 3 Workers, and that 5% or more of the total labor hours worked for all workers on a Section 3 Project must be attributed to Targeted Section 3 Workers.

If the project's Section 3 benchmarks are not met, the Contractor must report its Section 3 compliance activities and those of its contractors and subcontractors. These qualitative efforts may include, but not be limited to: outreach efforts to generate job applicants who are Targeted Section 3 workers; training or apprenticeship opportunities; provision of technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching); provision of assistance to Section 3 workers in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services; holding one or more job fairs; provision of services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, child care) to Section 3 workers; provision of assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training; assisting Section 3 workers to obtain financial literacy training and/or coaching; engaging in outreach efforts to identify and secure bids from Section 3 business concerns; providing technical assistance to help Section 3 business concerns understand and bid on contracts; dividing contracts into smaller jobs to

facilitate participation by Section 3 business concerns; providing bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns; promoting use of business registries designed to create opportunities for disadvantaged and small businesses; or providing outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

Recordkeeping

Contractors must make available to the City and to HUD all records, reports, and other documents or items of the Contractor that are maintained to demonstrate compliance with the requirements of Section 3.

Contractors must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:

(1) For a worker to qualify as a Section 3 worker, one of the following must be maintained: (i) A worker's self-certification that their income is below the income limit from the prior calendar year; (ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing; (iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs; (iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or (v) An employer's certification that the worker is employed by a Section 3 business concern.

(2) For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained: (i) A worker's self-certification of participation in public housing or Section 8-assisted housing programs; (ii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs; (iii) An employer's certification that the worker is employed by a Section 3 business concern; or (D) A worker's certification that the worker is a YouthBuild participant. (iv) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census; or (v) An employer's certification that the worker is employed by a Section 3 business concern.

The documentation described in this section must be maintained for the time period required for record retention in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200 (five years), whichever is greater.

A Contractor may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

Contracting

Contractors must include the following language in any agreement, contract, or subcontract that applies to a Section 3 project:

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

C. In accordance with the requirements of 24 CFR 75.19, the Contractor agrees to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations that the Contractor shall ensure that employment and training opportunities arising in connection with the Section 3 Project are provided to Section 3 Workers within the Boston area where the Section 3 Project is located. Where feasible, priority for opportunities and training described in this section should be given to: Section 3 Workers residing within the Boston area and/or the neighborhood of the project, and Participants in YouthBuild Programs. The Contractor further agrees to the greatest extent feasible and consistent with existing Federal, state and local laws and regulations, that priority contracting opportunities should be given to Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing within the service area of the neighborhood of the project, and YouthBuild Programs.

D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding

that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.

The Contractor will post copies of a notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth the bench marks for labor hours worked by Section 3 Workers and Targeted Section 3 Workers, and availability of any labor positions, apprenticeships, and training positions and the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

E. Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

F. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible.

RESIDENTIAL ANTI-DISPLACEMENT POLICY

Purpose

The purpose of this Plan is to define benefits and advisory services that are available when the City of Auburn uses federal funds in an activity that results in displacement; to provide information of the efforts made by the City to minimize displacement; and to maintain affordable rents for low and moderate income displaced persons.

The City shall provide assistance to displaced persons on a non- discriminatory basis. Involuntary displacement shall not result because of race, color, religion, national origin, age, sex, gender or handicap status.

Definitions

Comparable Housing - A dwelling that is functionally similar to the present unit, is decent, safe and sanitary, and is currently available on the private market.

Displacement - The involuntary movement of a person or household from a project as a direct result of a CDBG assisted acquisition, demolition or rehabilitation activity.

Displaced Tenant - A tenant who as a result of a written notice must move his or her personal property from real property.

Fair Market Rent - A rental rate published in the Federal Register by bedroom size for individual market areas for the Section 8 Existing Housing Program (Lewiston-Auburn MSA).

Fixed-Move - A displaced person who elects to take full responsibility for moving and receives compensation for this effort.

Low /Moderate Income Person (Household) - A person or household whose gross income (adjusted by family size) is under 80% of median income.

Low-Mod Unit - A dwelling unit with a market rent that does not exceed Fair Market Rent for published Section 8 Existing Housing (in effect at the time the project inception. A unit that rents above the Fair Market Rent

that is occupied by a low and moderate income household is not a low/mod unit.

Owner - A person or entity in possession of real property that will benefit from a CDBG assisted activity.

Tenant - A person, household, business, or non-profit organization who has temporary use and occupancy of real property owned by another,

Total Tenant Payment - The maximum amount a low and moderate income tenant will pay out of pocket for rent.

Vacant Occupiable - A vacant dwelling unit that is in a standard condition or a vacant dwelling unit which is in substandard condition but is suitable for rehabilitation, or a dwelling unit in any condition which has been occupied at any time within the period beginning one year before the project inception date.

Efforts to Minimize Displacement

It is Auburn's policy to minimize displacement resulting from federally funded activities. Prior to the approval of a proposal which may result in displacement, the City will 1) review the proposal for modifications so that tenants will not have to be displaced; and 2) when the City is reviewing competing proposals, priority will be given to those not involving displacement.

The City will work with an owner to stage improvement activities in order to allow tenants to remain during and after rehabilitation. One will be emptied and rehabbed first, than a tenant will be allowed to move into the rehabbed unit before rehabilitation commences on other units. No family will be required to move from the unit unless the City determines the work cannot be done with the family in residence. Tenants who are temporarily displaced will be given an opportunity to return to the completed unit they had previously occupied.

The City will not undertake a project which will cause the displacement of a low-income household for a household that is not low income without considering all available alternatives.

The City will minimize indirect displacement which may be caused by excessive investment in one neighborhood by distributing federal funds throughout all target areas. Revitalization will be encouraged in these target areas by committing funds

for public improvement projects and offering property owners with a source of financing for building improvements.

Notices and Qualifying Conditions

When displacement does occur, the tenant will be given written notice by Certified Mail that they will be required to move from the unit. The letter shall indicate the name, address, and telephone number of a person who may be contacted to provide assistance with the relocation and to answer questions they may have. The notice will include a brief explanation of relocation benefits that are available.

A Tenant must reside in the dwelling unit on the date of rehabilitation loan closing. Tenants who move prior to receiving written notice will be considered ineligible.

Tenants who are evicted with good cause will not be considered displaced and are ineligible for relocation benefits.

No occupant of a dwelling shall be required to move unless first given reasonable opportunity to relocate to a safe and habitable replacement dwelling, as determined by Community Development staff.

Relocation Assistance

In the event displacement of a tenant occurs that is the direct result of a federally funded activity, the City will ensure that tenants are treated fairly and consistently and will provide services and benefits that are listed below.

1. Advisory Services

In an attempt to minimize hardships to displaced tenants, the City will make available the services of a staff person who will provide counseling, process relocation claim benefits, and assist in meeting the relocation needs of the tenant. The City will assist the tenant in securing comparable housing by providing comparable replacement dwelling unit locations and the price rent for establishing the upper limit. Three resources will be provided including the name of landlord, addresses, and landlord telephone numbers.

For tenants relocating within the City of Auburn, the City or its representative may determine that a dwelling is decent, safe and sanitary provided the tenant and landlord agree on an inspection. All displaced households will be given the U.S. Department of Housing and Urban Development's "A Good Place to Live" to assist them in finding a new dwelling unit that is decent, safe and sanitary.

Tenants shall be advised of their rights under the Fair Housing Law and will be given the U.S. Department of Housing and Urban Development's pamphlet "Fair Housing USA". Tenants will also receive the City's version of "Relocation Assistance to Displaced Tenants".

2. Moving Expenses

The City will use federal funds where appropriate to pay for reasonable out-of-pocket moving expenses for displaced tenants who move within 50 miles of Auburn, including transportation, packing, moving and unpacking of household goods, disconnecting and reconnecting utilities, storage of household goods, insurance for the replacement value of goods that must be placed in storage, and replacement value of property lost, stolen or damaged during the move. A displaced person will be assisted to complete a relocation claim form in order to be eligible for benefits.

For temporary moves, where the tenant returns to the rehabbed unit, the tenant shall be reimbursed for all reasonable out-of-pocket expenses incurred with the temporary relocation including the cost of moving to and from the temporarily occupied housing.

A displaced person has a choice of two methods of calculating payment: payment for moving and related expenses or a fixed moving expense and dislocation allowance as follows:

A. Actual Reasonable Moving and Related Expenses

A displaced tenant is entitled to payment for actual moving expenses that the City determines to be reasonable, customary and necessary. The payment for moving services shall be made directly to the mover. The City will secure at least two bids from a commercial mover. The bid will be awarded to the low bidder unless there are unusual circumstances that should be considered.

B. Fixed Moving Expense and Dislocation Allowance

A fixed move is for tenants who prefer to take full responsibility for the move. The City will make a payment to cover any moving expenses pay based on the number of rooms in a tmit or the number of rooms of furniture to be moved. There is no requirement to document how the funds

are used. The fixed move will be paid according the schedule for Fixed Residential Moving Cost Schedule of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, published in the Federal Register.

C. Security Deposit

A displaced LMI tenant is eligible to receive benefits to cover a security deposit that is required by the landlord if required of all other tenants in the building. The maximum security deposit shall be equal to one month's rent. The amount shall be reduced by any refund of security deposit received by the displaced LMI tenant from the Owner of the building from which the tenant is being displaced.

Community Development Projects Subject to the Uniform Relocation Act

When the City uses federal funds in housing projects, then the Uniform Relocation Assistance and Real Property Acquisition (Uniform Act) Policies shall be followed. Benefits and assistance to be provided shall be according to the most currently promulgated federal regulations (24 CFR Part 42).

The City will provide protection for tenants who remain as well. This involves keeping tenants informed and assuring they do not move unnecessarily. All rental projects involving Community Development funds will be evaluated to determine if there is economic displacement. To avoid economic displacement, tenants who remain in a project will receive the offer of a suitable unit at an affordable price. If there is no rent increase and the rent amount remains fixed for one year, the unit will be considered affordable and no replacement payment calculation will be made.

Displaced tenants in occupancy for 90 days or less will be eligible for replacement housing payments for a period of 42 months. The payment amount will be the difference between the lesser of rent and estimated utility costs for the replacement dwelling and 30% of the tenant's average monthly gross income or to the amount of the old rent/utility costs, whichever is less. A tenant has a right to receive cash replacement housing payments or Section 8 assistance, if available.

If a tenant chooses to buy rather than rent a replacement home, the tenant may be eligible for assistance based on the present value of the monthly payments for the

appropriate number of months. The amount of the payment must be applied to purchase a dwelling.

Community Development Projects Subject to Section 104(D) of the Uniform Relocation Act

Part 570, Subpart K of Title I of the Housing and Community Development Act of 1974 requires that reasonable relocation assistance be provided to low and moderate income persons displaced as a result of the use of Community Development Block Grant funding to demolish or convert low/mod units which are occupied or vacant occupiable. Benefits and assistance to be provided shall be according to the most currently promulgated federal regulations (24 CFR Part 42).

A. Buildings to be Demolished or Converted Subject to One for One Replacement

Whenever buildings are to be demolished or converted to another use using Community Development Block Grant funds, all occupied and vacant occupiable low/moderate-income dwelling units will be replaced with low/moderate-income dwelling units, one for one. Replacement units will be located in the same neighborhood as the units replaced. The new units will remain low/moderate-income dwelling units for a period of 10 years after occupancy. The one-for-one replacement does not apply to units which were vacant for a period of 3 months prior to demolition or conversion.

A person is eligible for assistance when living in a unit to be converted and the market rent (including utilities) of the converted unit does not exceed the Fair Market Rent before conversion. A person is eligible for assistance when living in a unit to be demolished regardless of the pre-demolition market rent.

B. Replacement Housing Payment

A low and moderate income displaced person is eligible for benefits if he/she has not been offered a suitable unit at or below the greater of Total Tenant Payment or a cost equivalent to the old rent plus utility costs. A payment will be made to the tenant to reduce the new rent/utility costs for a period of 60 months. The total tenant payment is the highest of:

- 1) 30 percent of the person's monthly adjusted income; or
- 2) 10 percent of the person's monthly gross income.

Replacement housing assistance shall be equal to 60 times the amount obtained by subtracting the Total Tenant Payment and the monthly rent and estimated average monthly cost of utilities for a comparable replacement dwelling.

The City shall make a payment for reasonable and necessary security deposit required to rent the replacement dwelling unit and for credit checks.

Auburn Housing Authority provides housing assistance to eligible very low-income households displaced by government action. Households displaced as a result of a city activity will be given preference for admission to any of the family or elderly housing projects or other federal rent subsidy programs in the City of Auburn. Actual placement will depend upon the availability of a federal subsidy or vacant dwelling unit. Auburn may offer Section 8 assistance, if available. Displaced tenant cannot insist on cash if Section 8 assistance is available.

If a tenant chooses to buy rather than rent a replacement home, the tenant may be eligible for assistance based on the present value of the monthly payments for the appropriate number of months. The amount of the payment must be applied to purchase a dwelling.

Appeal by Displaced Persons

A person may file an appeal when he/she believes the City failed to properly determine that the person qualifies as a displaced person; failed to properly determine the amount of relocation payment required, failed to provide appropriate counseling services. A person who is dissatisfied with the City's determination may appeal first to the City Manager then to the HUD Field Office to review that determination.

FINANCIAL MANAGEMENT & RECORDS RETENTION POLICY

A. General Record Keeping Policies and Procedures

Each program provided by the CDO office has specific document requirements. These include rehab projects, rental assistance programs, public service grants or housing development projects. These documents will be uploaded and managed within the CDO Salesforce (SF) instance as organized by Case. Each Case will be related to applicant/client Contact file as well as an Auburn address Account file. The following items will be included in each SF case file (as applicable):

- Application
- Contract/agreement with the City
- Statement of Work (includes location, clients served, budget)
- Quarterly Reports (progress report)
- Summary of Work (includes accomplishments)
- National objective documentation
- Contracts with vendors
- Up to date budget (including copies of budget change requests)
- Expenditure and Requests for Payments, including supporting documentation
- Environmental review
- Monitoring reports
- Relevant correspondence
- Audits

B. Financial Record Keeping

The following financial documentation is needed to administer federal grant funds. They will be maintained within Munis, the city's financial record management software.

- Record of funds received
- Record of funds disbursed
- Documentation of expenditures
- Accrued expenditures
- Review of expenditures
- Other files

Record of funds received: The funds received must be accounted for separately by grant and maintained so that the total funds received can be verified for any given period of time. Accounting records must record the date the funds were received and be traceable to the bank

account used. If account numbers are used, a separate account number should be set up for each grant.

Record of funds disbursed: Disbursement of funds must be accounted for separately by grant and grant activity. For example, if there are two current grants, one general grant for housing rehabilitation, and one Covid-19 response grant, Staff will keep separate expenditure accounts for each of the activities under each separate grant. The date payment must be recorded, as well as the name of payee and the warrant number and amount, and establish audit trails to the supporting source document.

Documentation of expenditures: All expenditures must be supported by source documentation such as invoices, timesheets, and travel claims. If the contract cost for a consultant, a CPA firm, engineering firm, or other organization is charged to the grant, keep with your financial files a copy of the contract, procurement procedures followed, and paid invoices (with supporting documentation for cost-reimbursement contracts).

Accrued expenditures: Staff is required to report and document accrued expenditures. Accrued expenditures include bills paid as well as invoices that are not yet paid. Expenses will only be accrued for actual program costs incurred or by reasonable allocation based on the proportion of program benefit received.

Review of expenditures: Staff must review and approve vouchers and invoices to make sure the items are eligible costs pursuant to the contract and program regulations and that the cost is charged to the correct grant and program activity.

Other files: Besides the items listed above, the City's Finance Department should include correspondence between Special Projects and the Finance Department regarding budget changes or authorizing any contract amendments, and the results and response to any fiscal monitoring findings.

C. Request for Payment / Supporting Documentation

Supporting documentation is necessary to show that the costs:

- were incurred during the effective period of the subrecipient's agreement with the grantee
- were actually paid off (or properly accrued)
- were expended on allowable items
- were approved by the responsible official(s) in the subrecipient organization

The City of Auburn's Community Development programs operates on a reimbursement basis, which means that subrecipients must submit requests for payments along with source documentation in order to be reimbursed by the City. Once the City processes the Request for Payment, a drawdown can be made by the City through IDIS.

The source documentation must explain the basis of the costs incurred as well as show the actual dates and amount of expenditures. For example:

With respect to payrolls, source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors' meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc.

For staff time charged to program activity, time and attendance records should be available. If an employee's time is split between CDBG/HOME and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, insurance provider, etc., or evidence of direct deposits will document the actual funds. The City of Auburn will track employee time in the virtual Tyler Tech Employee Self-Serve. By entering and clicking submit the employee is virtually signing and attesting that the time they entered was a true and accurate representation of their time worked.

With respect to the cost of space and utilities, space costs must be supported by documentation such as rental or lease agreements. Utility costs will be supported by bills from the utility companies. Both types of expenses will be supported by canceled checks. If the cost of space or utilities is split between the CDBG/HOME program and other sources, there must be a reasonable method in place to allocate the charges fairly among the sources.

With respect to supplies, documentation would include purchase orders or requisition forms initiated by an authorized representative of the subrecipient, an invoice from the vendor (which has been signed-off by the subrecipient to indicate the goods were received), the canceled check from the vendor demonstrating payment was made, and information regarding where the supplies are being stored and for what cost objective(s) they are being used.

Staff must maintain a financial management system that provides accurate, current, and complete disclosure of the financial status of each grant-supported activity. The system must be capable of generating any financial status reports required and includes procedures for determining whether charges to the grant are reasonable, allowable, and allocable.

D. Record Retention Policy

For recipients: (A) The period shall be 5 years from the date of execution of the closeout agreement for a grant, as further described in this part; (B) Records for individual activities subject to the reversion of assets provisions at §570.503(b)(7) or the change of use provisions at §570.505 must be maintained for 5 years after those provisions no longer apply to the activity; (C) Records for individual activities for which there are outstanding loan balances,

other receivables, or contingent liabilities must be retained for 5 years after the receivables or liabilities have been satisfied or 5 years after the affordability period ends, whichever is later..

For subrecipients: (A) The retention period for individual CDBG activities shall be the longer of 3 years after the expiration or termination of the subrecipient agreement under §570.503, or 3 years after the submission of the annual performance and evaluation report, as prescribed in §91.520 of this title, in which the specific activity is reported on for the final time; (B) Records for individual activities subject to the reversion of assets provisions at §570.503(b)(7) or change of use provisions at §570.505 must be maintained for as long as those provisions continue to apply to the activity; and (C) Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied.

Records for most Capital projects (ex. rehabilitation of a facility or park) shall be retained in perpetuity, or until the City of Auburn is no longer enrolled in the CDBG entitlement program.

Records for property acquired with grant funds shall be retained for five years after final closeout. The closeout will begin once the grant is forgiven. For acquisition, a grant is forgiven after 15 years.

E. Access to Records

HUD and authorized representatives have the right to access subrecipient agency program records.

All grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

F. Retention Schedule

Citations

GC	=	Government Code
CFR	=	Code of Federal Regulations
HUD	=	Housing and Urban Development
OMB	=	Federal Office of Management and Budget

Record Series Title	Retention Schedule	Citation	Description
Community Advisory Committee (CAC) Meeting Minutes	Permanent		The approved, monthly meeting minutes as well as the minutes taken during special CAC meetings such as deliberations and joint study sessions.
Agendas	Current year, plus 2 years		All CAC meeting agendas and CDBG/HOME-related meeting agendas.
Staff Reports	Current year, plus 2 years		All City Council Staff Reports and Notes.
Resolutions	Permanent		All City Council-approved resolutions related to Special Projects activities.
Federal and State	When activity is closed and reported, plus 5 years		Refer to grant application (ex. CDBG/HOME and HOME) close-out procedure.
Financial Records	When activity is closed and reported, plus 5 years		Refer to grant application (ex. CDBG/HOME and HOME) close-out procedure.

Record Series Title	Retention Schedule	Citation	Description
General Subject Files	Current year, plus 2 years		Any files pertaining to Special Projects, but not associated with a federal or state grant.

Programs	When activity is closed and reported, plus 10 years	24 CFR 570.502(b)(3),	Includes comprehensive Housing Authority Strategy, Meeting Credit Certificate, Housing bond advisory, HOME, In-Lieu Housing Mitigation, Low/Moderate Housing, Tenant-Based Rental Assistance (TBRA) Program, Homebuyer Assistance Program, and Housing Trust Fund.
LOANS			
Community Development Block Grant (CDBG/HOME) Program	When the loan has been paid off or fully amortized or forgiven, plus 5 years.	24 CFR 570.502(a)(16); 24 CFR Part 85.42 (b) & (c); OMB Cir. A102, 133 and HUD regulations	Includes borrower files, project files, loan agreements and documents, and payment information.
HOME Investment Partnerships Program	When the loan has been paid off, forgiven or after completion of Period of Affordability, plus 5 years.	24 CFR Part 92.508	Includes borrower files, project files, loan agreements and documents, and payment information.

G. Audit

At least once every three years the City of Auburn will competitively procure the services of their financial auditor. The Auditor will, each year as part of the city annual audit, review the financial management systems and indicate any variances found that do not meet the most recent guidelines.

FILE MANAGEMENT POLICY

Community Development Program and project records involving current or active files should be kept in the Community Development Office or on authorized virtual drives. Files containing personally identifiable information will be protected from unnecessary disclosure by being secured in a cabinet only accessible by Community Development Staff, or on the virtual drive restricted to community development staff.

Official File Repository

The official file repository will be virtual and located in a portion of the SHAREPOINT drive limited to only authorized staff. Official files will be organized by the corresponding address, client name and IDIS number. Documents will be uploaded and attached to each project or subrecipient file consisting of, but not be limited to Pdf versions of:

- Applications and supporting documentation,
- underwriting
- closing docs
- construction documentation
- Payment invoices
- servicing records

This database will be housed on a secure, off-site server with redundant recovery systems. Loan Servicing software will be password protected and access restricted to the Finance Manager, Community Development Manager & Assistant Community Development Manager.

After payoff and close-out the file will be labeled as closed but copies will remain accessible. The official file saved in the virtual system will be stored on the server in perpetuity.

Paper File Management

Paper files will be maintained in a locked cabinet in the Community Development Office. These files will only contain:

- Original signed application
- Original signed Note
- Original signed mortgage

Access to paper files will be restricted to the Finance Manager, Community Development Manager & Assistant Community Development Manager.

After payoff and close-out the paper file will be labeled as closed but copies will remain accessible. The hard copies stored in the paper file will remain on file.

Working Files

CDO staff will utilize Salesforce to manage open projects processes, data collection and file management. This includes projects and program reports. The virtual working files will be

organized under separate Cases for each activity. Documents uploaded to this drive will be downloaded and converted to PDF files at specific stages of the activity. These converted files will be uploaded separately to the ComDev folder on Sharepoint. This drive will be located on a remote server with secure access and redundant backup.

Access to Salesforce files will be restricted to the Community Development staff.

After payoff and close-out the file will be labeled as closed but copies will remain accessible. The official file saved in SharePoint will be stored on the virtual server in perpetuity.

Program Reports

Program reports including but not limited to Consolidated Plans, Action Plans, Plan Amendments and CAPERS will be archived and stored in perpetuity on the virtual drive and organized by program and year.

Historic File Digitization

Current paper files maintained under previous record retention practices will remain in paper format until they can be digitized in compliance with this policy. The process will begin with the newest files first and work backwards in time until every current open file in our loan servicing software is updated.

PERSONALLY IDENTIFIABLE INFORMATION POLICY

Personally identifiable information (PII) is described as any data that can be used to disclose the identity of an individual. This includes but is not limited to social security number, address, phone number, date of birth, email address or name.

In an effort to maintain data security in all realms of data collection, The City of Auburn Community Development Office requires that all data collection and retention programs conform to the following information security regulations:

- Personally identifiable information will not be stored on any server accessible by the public. This includes but is not limited to web servers and email servers.
- City-wide network traffic is not secure. No guarantee of security or even arrival of transmission is made. Internet and Electronic Mail should not be used for the transmission of confidential or sensitive data.
- All personally identifiable information will be stored on securely controlled central database servers that conform to all access control and authentication regulations set forth by IT.
- All online data collection, data retrieval and application requests involving personally identifiable information will be reviewed to ensure that all security principles, programming standards, data storage, and that all data elements are being collected securely and appropriately.
- When programs and methods are found that do not conform to information collection and security policies, they will be removed and taken out of production until security violations are corrected.
- Printouts with personally identifiable information should be kept secure and disposed using the appropriate procedures for disposing of secure documents.

LOAN MODIFICATION & WRITE-OFF POLICY

The Community Development Office makes loans to entities that may not be Bank eligible. As a result payments on these loans may not be made on time and special monitoring is necessary.

Standard Collection Practices

A Community Development office reviews payments and contacts those entities who have not made payments on a current basis. Collection procedures should be applied consistently to all borrowers and include the following:

- Phone calls to the borrower to solicit payment(s) immediately when the borrower misses a payment (5 days past due);
- At 30 days past due, visits to the home or place of business to discuss the problem making the required payment or to pick up a check;
- Referral to an approved attorney for the generation of a collection letter when the borrower misses his second payment and is now 60 days past due;
- Restructure the loan to make payments affordable;
- Be more aggressive in recovering delinquent debt to return debtors to current payment status.
- Where real estate is the collateral, the City of Auburn may initiate foreclosure proceedings when the borrower goes 90 days past due;

For reference, please see HUD 4330.1 Rev-5 Chapter 7

Loan Modifications

A loan modification is the changing of the initial terms of the loan, e.g., the term of the loan or the interest rate. Advancing new money to a borrower is not a modification but should be considered a new loan or an allonge to an existing loan caused by a duly authorized change order.

All loan modifications must be presented to the Director of Business & Community Development for approval. Requests shall present a strong reason to modify a loan instigated by a documented change in circumstance. These include but are not limited to a documented loss or increase in income. Past payment history must be considered when modification requests are reviewed.

When a borrower becomes 120 days past due, liquidation of collateral assets may be considered and applied.

Loan Write-offs

Loan write-offs may occur at any time (no set number of days past due is required), but only after it is proven that there is no way to collect the balance to be written off. It is in the best interest of the city of Auburn to defer payments until sale or transfer of property if the borrower

is determined to not be able to make payments. It is possible that upon sale or transfer the value of the property will not be enough to repay the entirety of the loans. At this point it will be prudent to write off a loan as soon as it is known that no collection is possible.

Request for a write-off of a partial or entire loan balance or write-off of any interest or other fees including late charges, must be presented to the Director of Business & Community Development for their review. As part of the request, staff must show that all remedies for collection have been exhausted and that no possible means exist to satisfy the debt to be written off.

MONITORING POLICY

Purpose

The purpose of this policy is to formalize monitor compliance of HUD requirements and long-term affordability of federally funded projects.

Procedures for Monitoring Projects during Pre-Closing Phase

1. The City of Auburn will be responsible for the performance of activities for Homebuyer and Homeowner Rehabilitation. The Cities of Auburn and Lewiston have amended their Consortium Agreement to effectuate this change. All work under these programs will be undertaken by City of Auburn staff with the exception of presentation to Lewiston's loan committee and monitoring of Lewiston Projects.
2. Rental: see Standard Operating Procedure 2,3, and 4. Desk monitoring will be complete prior to commitment of funds in IDIS.
3. Security Deposits: There will be desk monitoring of projects through completed Project Set-up Report from partners Auburn Housing Authority and Lewiston Housing Authority.

Procedures for Monitoring Activities

1. The Community Development Manager will be responsible for coordinating post-closing monitoring of activities. When monitoring is delegated to Community Development staff, staff will report to the Community Development Manager.
2. HOMEBUYER: Monitoring for principal occupancy of homebuyer activities shall be conducted every two years during the recapture period and be performed on the even number years. First the City will look at a current certificate of insurance filed with respective cities to see if mailing address of the invoice is the same as the insured property. If so, then monitoring will be complete. If not, then a letter will be sent to the homebuyer asking that they certify they are living at the property along with a copy of a utility bill in their name sent to the property. There will be follow up every month, at least 3 times. The third letter shall warn of the possibility of loan acceleration for non-compliance. Thirty days after the final deadline, each respective city will turn the matter over to their attorney for enforcement of the recapture provisions.
3. SECURITY DEPOSITS: There shall be no occupancy monitoring of these projects beyond initial assistance.
4. RENTAL - Rehab & Development: HOME units that are created or rehabilitated with HOME funds shall be monitored every two years, from January to June of each even year. Monitoring shall cover income determinations, property standards, tenant protections, occupancy and income targeting requirements, HOME rent limitations, tenant selection and affirmative marketing. Property owners will be responsible for providing the required tenant and income information in January of each even year.

PORTFOLIO ADMINISTRATION

Purpose

The purpose of this policy is to formalize the process for recording loans, and management of the loan portfolio.

Procedures

1. The Community Development Finance Manager will record all loans in the Loan Servicing System at the time of loan closing.
2. Loans will be classified as active, deferred, or forgivable.
3. The Community Development Finance Manager will track homeowners, fire and liability insurance policies making sure there is adequate coverage to include the City's loan. The certificate of insurance will include the City of Auburn as additionally insured
4. The Community Development Finance Manager will run a late notice report after the 16th of each month and send out late notices to all active accounts that are over 16 days late. A copy of the late notice report will be provided to the Manager.
5. The Finance Manager will send late notices to borrowers whose account is more than 90 days late. The Manager will monitor customers who are delinquent over 90 days. Clients may be referred to Consumer Credit Counseling or additional credit counseling. The Community Development staff will meet with delinquent customers to review current income and expenses. When appropriate, the Manager will propose a loan modification with new terms for the Director's approval.
6. The City's attorney will be consulted for account of clients who are in foreclosure or bankruptcy.
7. When a customer elects to keep the home at the conclusion of the bankruptcy, if payments haven't resumed, the Manager will make an effort to obtain a reaffirmation agreement on the debt and work out a new payment arrangement.
8. An account will be written off when there is no longer any opportunity for collection. The Director will send a memo to the Finance Department and Community Development Finance Manager indicating the file is uncollectible and the balance will be written off. The loan status will then be converted from active to uncollectible. No further efforts will be made to collect.
9. The status of loans that have been repaid will be converted from active to Repaid. The collateral will be released, and the file archived.

DRAWDOWN & ACCOUNT RECONCILIATION POLICY (IDIS)

Purpose

The purpose of this policy is to formalize the requirement to reconcile the Community Development Office loan servicing software, accounts in the general ledger to IDIS while maintaining file documentation. These procedures will be done each time there is a drawdown from IDIS, but monthly at a minimum.

Procedure

1. The Community Development Finance Manager will create vouchers in IDIS. This information will be sourced from Munis utilizing a flexible period report. Program Income will be utilized first. Any previous year EN funds will be utilized second. The remainder will be drawn from current year EN only after all previous year EN and PI are exhausted.
2. The Community Development Finance Manager will pull the PR70 report from IDIS including voucher numbers. After adding a signature block it will be sent to the Finance Director for approval.
3. The Finance Director will approve the vouchers in IDIS and sign the PR-70 Report to be retained as backup.
4. The Finance Department will then reconcile the general ledger of the Community Development accounts with IDIS.
5. A copy of the reconciliation record will be submitted to the Community Development Manager.

VIOLENCE AGAINST WOMEN ACT (VAWA) POLICY

Program Applicability

This Emergency Transfer Plan covers rental beneficiaries and tenants under the following programs:

1. HOME Investment Partnerships Program (“HOME Program”)
2. Community Development Block Grant (“CDBG”)

Background

The 2013 reauthorization of the Violence Against Women Act (“VAWA”) expands housing protections to all of HUD’s housing programs, as well as provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking. HUD’s Violence Against Women Reauthorization Act of 2013 Implementation Rule requires the Auburn Community Development Office (ACDO) to adopt an emergency transfer plan.

This Policy and Plan identifies VAWA protections and limitations, tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees compliance for the HOME Program and ESG.

The regulatory basis for and requirements of this Policy and Plan are identified in 24 CFR 5.2005, 2007, & 2009; 24 CFR 91.520; 24 CFR 92.253, 359, 504 & 508; 24 CFR 576.105, 106, 400, 409, & 500.

General VAWA Protections, Requirements, and Limitations

Applicability and Duration

This Policy & Plan applies as follows:

1. HOME Program: all rental projects and all Tenant Based Rental Assistance activities with a commitment date on or after December 16, 2016. Requirements apply for the entire Period of Affordability of the project or activity.
2. CDBG: all rental projects and homelessness prevention programs with a contract date on or after December 16, 2016.

Notice to Applicants and Tenants

All HOME Program and CDBG housing providers shall provide to each applicant and tenants the Notice of Occupancy Rights and the Certification Form (in a form approved by HUD and in accordance with the applicable requirements of VAWA). The Notice of Occupancy Rights explains the VAWA protections under 24 CFR Part 5. The Certification Form is to be completed by a tenant in an instance of domestic violence, dating violence, sexual assault or stalking.

Housing providers must provide the Notice of Occupancy Rights to an applicant or tenant at each of the following times:

1. At the time the applicant is denied assistance or admission under a covered housing program;
2. At the time the individual is provided assistance or admission under a covered housing program;
3. With any notification of eviction or notification of termination of assistance; and
4. During the 12-month period following December 16, 2016, either during the annual recertification or lease renewal process, or if there will be no recertification or lease renewal for a tenant during the 12-month period, through other means.

The Notice of Occupancy and the Certification Form shall be made available in multiple languages, as is consistent with guidance issued by HUD in accordance with Executive Order 13166 (Improving Access to Services for Persons with Limited English Proficiency).

Prohibited Basis for Denial or Termination of Assistance or Eviction

An applicant for assistance or tenant assisted under a covered housing program may not be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis or as a direct result of the fact that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy. No individual or family may be denied admission to or removed from an emergency shelter on the basis or as a direct result of the fact that the individual or family is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the individual or family otherwise qualifies for admission or occupancy.

A tenant in a covered housing program may not be denied tenancy or occupancy rights solely based on criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking if:

1. The criminal activity is engaged in by a member of the household of the tenant or any guest or other person under the control of the tenant, and

2. The tenant or an affiliated individual of the tenant is the victim or threatened victim of such domestic violence, dating violence, sexual assault or stalking.

Construction of Lease Terms and Terms of Assistance

An incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall *not* be construed as:

1. A serious or repeated violation of a lease executed under a covered housing program by the victim or threatened victim of such incident; or
2. Good cause for terminating the assistance, tenancy, or occupancy rights under a covered housing program of the victim or threatened victim of such incident.

HOME Program Only: All tenants residing in a HOME Program unit or tenants receiving HOME Program Tenant-Based Rental Assistance shall have a VAWA lease addendum incorporating the requirements of 24 CFR Parts 5 & 92. Specifically, the lease addendum shall allow the tenant to terminate the lease without penalty if the conditions for an emergency transfer (below) are met. For tenants receiving Tenant-Based Rental Assistance, the lease addendum shall require the owner to notify the ACDO before the owner bifurcates the lease, as described below, or provides notification of eviction to the tenant. If HOME Program Tenant-Based Rental Assistance is the only assistance provided, the VAWA lease addendum may be written to expire at the end of the rental assistance period.

Limitations of VAWA

This policy in no way limits the authority of a covered housing provider to comply with a court order, or to evict or terminate assistance to a tenant for any violation not premised on an act of domestic violence, dating violence, sexual assault, or stalking. Additionally, this policy does not limit a housing provider's ability to evict or terminate assistance if the housing provider can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the property.

Emergency Transfers

In accordance with VAWA, ACDO allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to request an emergency transfer from the tenant's current unit to another unit. The ability to request a transfer is available to all tenants, regardless of sex, gender identity, sexual orientation, race, color, national origin, religion, familial status, disability, or age. The ability of ACDO to honor such a request for tenants, however, depends upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether there is another unit available *and* is a safe unit for the tenant to occupy.

Emergency Transfers Eligibility and Priority

A tenant who is a victim of domestic violence, dating violence, sexual assault, or staling, as provided in HUD's regulations at 24 CFR Part 5, Subpart L is eligible for an emergency transfer if the tenant expressly submits a written request for a transfer and reasonably believes that there is a threat of imminent harm from further violence if the tenant remains in the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90 calendar-day period preceding a request for an emergency transfer.

Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements of this plan.

To the extent permitted by local, state and federal law, tenants requesting an emergency transfer under this Plan shall have priority over other tenants seeking transfers and individuals seeking placement on waiting lists.

Emergency Transfer Request Documentation

To request an emergency transfer, the tenant shall submit a written request to their landlord. Within forty-eight (48) hours, the landlord shall notify ACDO of all requests received under this plan. All notifications to the city shall abide by the confidentiality requirements of this plan.

The tenant's written request must include the tenant's name, safe contact information, and one of the following:

1. A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain the same dwelling unit; or
2. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding a request for an emergency transfer.

The housing provider may request, in writing, documentation of the incident from the applicant or tenant. *It is at the discretion of the applicant or tenant what documentation to provide.* The applicant or tenant shall have a minimum of 14 days to provide documentation. The housing provider is in no way required to request documentation. The following are acceptable forms of documentation:

1. The Certification Form; or

2. A document (i) signed by the applicant or tenant, (ii) signed by an employee, agent, or volunteer of a victim service provider, an attorney, or medical professional, or a mental health professional from whom the victim has sought assistance relating to domestic violence, dating violence, sexual assault, or stalking, or the effects of abuse, and (iii) that specifies, under penalty of perjury, that the professional believes in the occurrence of the incident of domestic violence, dating violence, sexual assault or stalking that is the ground for protection and remedies under this subpart, and that the incident meets the applicable definition of domestic violence, dating violence, sexual assault or stalking under 24 CFR 5.2003.
3. A record of a federal, state, tribal, territorial or local law enforcement agency, court, or administrative agency; or
4. At statement or other evidence provided by the applicant or tenant

The housing provider may request third-party documentation if conflicting documentation is received after the original request for documentation. The applicant or tenant shall have 30 days to provide the documentation in such a situation.

Confidentiality

ACDO and all housing providers shall keep any information submitted, including the fact that an individual is a victim of domestic violence, dating violence, sexual assault, or stalking, in strict confidence.

ACDO and all housing providers shall not allow any individual administering assistance on behalf of the entity, or any persons within their employ, or any individual in the employ of the City or the housing provider to have access to confidential information unless explicitly authorized for reasons that call for such individuals to have access to this information under applicable federal, state, or local law.

ACDO and all housing providers will keep confidential any information that the tenant submits in requesting an emergency transfer, and information about the emergency transfer unless:

1. the tenant gives ACDO or the landlord permission to release the information on a time limited basis; or
2. disclosure of the information is required by law; or
3. disclosure of the information is required for use in an eviction proceeding or hearing regarding termination of assistance from the HOME Program or CDBG.

This includes keeping confidential the new location of the dwelling unit of the tenant, if one is provided.

Neither ACDO nor any housing provider shall enter confidential information into any shared database or disclose such information to any other entity or individual, except to the extent the disclosure fits one of the three exceptions noted above.

A housing provider's compliance with VAWA protections and confidentiality requirements shall not be sufficient to constitute evidence of an unreasonable act or omission by the housing provider. Neither VAWA nor this plan limits a housing provider's duty to honor court orders about access to or control of the property; this includes orders issued to protect a victim and orders dividing property among household members in cases where a household breaks up.

Emergency Transfer Timing and Availability

Neither ACDO nor housing providers can guarantee that a transfer request will be approved or how long it will take to process a transfer request. ACDO will require housing providers to act as quickly as possible to move a tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking to another unit, subject to availability and safety of a unit.

If a tenant reasonably believes a proposed transfer would not be safe, the tenant may request a transfer to a different unit. If a safe unit is available, the transferred tenant must agree to abide by the terms and conditions that govern occupancy in the unit to which the tenant has been transferred. The housing provider may be unable to transfer a tenant to a unit if the tenant has not or cannot establish eligibility for that unit.

If a housing provider has a safe unit immediately available, the housing provider must allow the tenant to make an internal emergency transfer. An internal emergency transfer is an emergency relocation of a tenant to another unit where the tenant would not be categorized as a new applicant; the tenant may reside in the new unit without having to undergo an application process. A safe unit is a unit that the tenant requesting the transfer believes is safe.

If a housing provider has no safe units available, the housing provider shall give the tenant priority above all others when the next unit becomes available. The housing provider shall also notify ACDO that no internal emergency transfer is available.

If a housing provider has no safe units available for which a tenant who needs an emergency is eligible, ACDO will assist the tenant in an external emergency transfer by identifying other housing providers who *may* have safe units available to which the tenant could move. ACDO will maintain a list of HOME Program units and make the list available to tenants requesting an emergency transfer. An external emergency transfer is an emergency relocation of a tenant to another unit where the tenant would be categorized as a new applicant; the tenant must undergo an application process in order to reside in the new unit.

Tenants may seek an internal emergency transfer and an external emergency transfer concurrently if a safe unit is not immediately available.

Lease Bifurcation

Housing providers may choose to bifurcate the lease, or remove a household member from a lease in order to evict or terminate assistance to a household member who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking. Lease bifurcation shall be carried out in accordance with any requirements or procedures by federal, state, or local law for termination of assistance or leases, and any requirements under the applicable housing program (HOME Program or CDBG).

If a housing provider chooses to bifurcate a lease, any remaining tenant(s) shall have ninety (90) calendar days to (i) establish eligibility under the same housing program, (ii) establish eligibility under another housing program, or (iii) find alternative housing.

HOME Program Only: Following a lease bifurcation, tenants within a HOME Program unit shall be allowed to remain in that unit and are not subject to the 90-day limitation; similarly, households receiving HOME Program Tenant-Based Rental Assistance shall continue to receive the rental assistance. ACDO shall decide if the removed tenant shall continue to receive HOME Program rental assistance, so long as the removed tenant has not engaged in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking.

DUPLICATION OF BENEFITS POLICY

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. As a HUD requirement, prevention of the duplication of benefits when providing financial assistance with CDBG-CV and ESG-CV funds is needed. Grant funds may not be used to pay for a particular cost if another source of financial assistance is available to pay for that same cost.

There are many sources providing funding to organizations during the Covid19 pandemic. Practically, CARES Act funds cannot be used to pay for eligible costs that have already been paid for, or will be paid for, by another Federal program, insurance, or other sources. If this occurs, the sub-recipient must repay its CDBG-CV grant. The city is required to ensure sub-recipients, assisted individuals or families, businesses, and other entities that receive CDBG-

CV assistance have not previously received, or will not receive, duplicative assistance from another source before the CARES Act assistance is provided. This duplication of benefits analysis may be accomplished in various ways, including requiring these entities or beneficiaries to provide a self-certification indicating they have or have not - and will not - receive a duplicative benefit, and supply a completed budget form.

Thus, the city must also require if a sub-recipient, individual or family, business, or other entity subsequently receives a duplicative benefit, it agrees to repay the city within a reasonable time frame as agreed upon between the sub-recipient and city staff. When assistance is provided to entities for CDBG-CV activities, including activities that are part of a larger project, the city must complete a duplication of benefits analysis by developing an overall budget for COVID-19 preparation, prevention and response that demonstrates the funding need for the activity and the funding reasonably anticipated. This budget should include all Federal and non-Federal funding, including in-kind donations. The city can only provide CDBG-CV assistance to pay for unmet needs/needs not met by other sources of assistance.

Funds awarded under the CARES Act are to prevent, prepare for, and respond to the COVID-19 crisis through partnerships with local agencies and assist with unmet needs in the community. In order to ensure that there is no duplication of services, recipients must agree to disclose any-and-all assistance the organization has - or will receive - in relation to the services included in their CDBG-CV grant. In order to prevent duplication of benefits, the uses of CARES Act CDBG-CV funding will require organizations to certify the needs you are serving with this grant are 100% unmet. This means there has not been, nor will there be, any other funding received to cover the expenses being included in their CDBG-CV grant. Sub-recipients of CARES Act CDBG-CV funding from the City of Auburn, and are subsequently receive a duplicate benefit, agree to pay the CDBG-CV funds back to the City in the amount of such duplication.

EXCEPTIONS POLICY

Situations or scenarios will arise that cannot be effectively addressed within the constraints of CDO's policies and standards. There will be times when national objectives can and should take precedence over these policies. Exceptions to city policy can only be approved by the Director so long as they are still compliant with HUD guidelines and/or under advisement from HUD Community Planning Department staff.

If program managers determine an isolated exception, or a request driven by a documented urgent need, will better serve target populations without violating federal program guidelines they will document this request in writing and present it to the Department Director for approval. If approved, a signed memo from the Director will be attached to the project and/or client files.

SPECIAL ALLOCATION POLICY

Special allocations or additional emergency funding provided to the city of Auburn, or the Auburn-Lewiston Consortium will be managed within the current guidelines or under the advisement of HUD and any subsequent CPD Notices. Discretionary Authority of the Department Director will be used to receive, budget and approve the use of these emergency or special allocations.

SECTION 2 – CDBG POLICIES

CDBG ELIGIBLE ACTIVITIES

In addition to meeting a national objective, all CDBG-funded activities must also qualify as eligible under CDBG regulations. CDBG funds may be used for activities including but not limited to:

- Acquisition of real property (if the property's subsequent use is CDBG-eligible)
- Relocation and demolition (for slums and blight)
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes
- Public services (non-construction activities)
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

The full listing of eligible activities can be found at 24 CFR 570.201-206.

Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

Generally, the following types of activities are ineligible:

- Acquisition, construction, or reconstruction of buildings for the general conduct of government
- Political activities
- Certain income payments
- Construction of new housing (with some exceptions)

The full listing of ineligible activities can be found at 24 CFR 570.207.

The Auburn Community Development Manager shall conduct eligibility analyses of all proposed CDBG activities during the annual grant application cycle for each grant application received. Any proposed activities that are determined to be ineligible for CDBG funding will not be included for consideration during the funding selection process. City of Auburn Community Development staff shall use an eligibility analysis form to conduct its analyses for all proposed activities. This form also includes a national objective analysis section, as well.

Public Services

Public services funds may be used to provide public services such as wages, benefits, supplies, and operating costs for facilities hosting the CDBG-eligible service(s). Examples of such activities include services for domestic violence victims, employment training, and emergency assistance payments made over a period of up to three consecutive months. Ineligible activities include political activities, inherently religious activities, administrative costs, mortgage payments, subsidies, and non-emergency payments (i.e., more than 3 consecutive months) to individuals for food, clothing, rent, utilities, etc.

If the public service is provided by the City of Auburn, then the service must be a new service or a quantifiable increase in the level of an existing service.

Economic Development

Economic development funds may be used for the acquisition and rehabilitation of commercial or industrial buildings, as well as assistance (such as loans or grants) to private for-profit businesses to carry out an economic development project. The full regulations for special economic development activities may be found at 24 CFR 570.203.

Housing Rehabilitation

Housing rehabilitation funds may be used for the rehabilitation of both public and private residential property that is the primary residence for a low to moderate income household. Eligible expenses include costs of labor, materials, and supplies for the repair of principal fixtures and components of heating systems; property acquisition for the purpose of rehabilitation; security devices; water and sewer connections; removal of mobility/accessibility barriers; historic preservation; and lead-based paint evaluation and remediation. Ineligible expenses include luxury items, equipment and furnishings, and labor costs for labor performed by the homeowner.

Currently, the only housing rehabilitation activity funded by the City of Auburn's CDBG program is the Residential Rehab program, Critical Repair Program and Spot/Blight. These programs focus on rehabilitation work for single-family homes or multi-units in Auburn which are occupied by low to moderate income households. Such rehabilitation work includes the replacement of heaters and furnaces, installation of insulation, replacement of windows and doors, etc.

Public Facilities and Public Infrastructure

Public facilities and infrastructure funds may be used for acquisition of property (as long as the property will be used for CDBG-eligible activities), construction, and rehabilitation. "Public facilities" includes all facilities that are either publicly owned, that are traditionally provided by government, or owned by a nonprofit and made open to the general public. However, buildings used for the general conduct of government are not eligible, except for the removal of mobility/accessibility barriers. A city hall would generally be ineligible for CDBG funding, for

example, while a library or community center would generally be eligible. Examples of public facilities activities include senior centers, street improvements, child care center, and homeless shelters (which are not considered “housing rehabilitation” as they are not meant for permanent residence).

NATIONAL OBJECTIVES

Low Mod Income Limited Clientele (Other Than “Presumed Benefit”)

Limited clientele activities are activities that provide benefits to a specific subpopulation of residents (that might be spread across multiple geographic areas) rather than all of the residents in a single defined area. Under this category, at least 51% of the beneficiaries of an activity must qualify as low to moderate income under the current-year HUD income limits. Such activities include shelter services for homeless persons, domestic violence counseling and services for domestic violence victims, and educational services targeted for lower-income residents.

If the activity is being completed under a Limited Clientele national objective other than Presumed Benefit or Nature/Location, a verifiable self-certification form may be used to document that at least 51% of the beneficiaries served are low- or moderate- income based on family size and income. A verifiable self-certification is based on a Self-Certification of Annual Income by Beneficiary form in which the beneficiary states and signs off on their income at the time of assistance. The HUD income self-certification form shall be provided to all CDBG subrecipients with limited clientele-based activities at the beginning of the program year.

Income verification will be undertaken via the 24 CFR Part 5 Annual Income determination methodology (please see determination form in Appendix E) or standardized self-certification form. Under the 24 CFR Part 5 methodology, income is calculated based on the client’s salary and wages; net income from businesses or professions; interests, dividends, and other net income from real or personal property; periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, or disability or death benefits; and payments in lieu of earnings, such as unemployment payments, disability compensation, worker’s compensation, and severance pay. Generally excluded from the income calculation are welfare assistance payments; alimony and child support payments; payments and allowances to Armed Forces members; income from employed children; payments for care of foster children; and other assets as defined under 24 CFR 5.609(c). For housing rehabilitation projects, income documentation must also include household size, which includes all persons living in the household, related or unrelated.

The subrecipient agency’s staff will review and document income eligibility during client intake. The subrecipient also will maintain documentation on all clients’ income eligibility. The Auburn Community Development Manager will review this documentation with the subrecipient agencies’ executive director/CEO and financial staff at the annual subrecipient site monitoring visit.

Low Mod Income Limited Clientele – Presumed Benefit

For the national CDBG program, HUD presumes that certain categories of people are income-qualified. These categories are abused and neglected children, battered spouses, elderly persons,

severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

The income levels for each category of presumed benefit client are:

- Abused and neglected children – Extremely Low Income
- Battered spouses – Low Income
- Severely disabled adults – Low Income
- Homeless persons – Extremely Low Income
- Illiterate adults – Low Income
- Persons living with AIDS – Low Income
- Migrant farm workers – Low Income
- Elderly Persons (for senior center projects or activities) – Moderate Income
- Elderly Persons (receiving other public services) – Low Income

Limited clientele initial eligibility will be determined via the Auburn annual CDBG grant application. The application requests detailed information on potential subrecipients' proposed activities and clients to be served. This includes a section where potential subrecipients provide a detailed description of the activity for which funding is requested and a section requesting information on the number and percentage of clients to be served who are low to moderate income. The Auburn Community Development Manager reviews each CDBG grant application to determine eligibility and applicability of the presumed benefit depending on the clientele to be served.

In most cases, the applicability of presumed benefit is easily determined, such as requests received from homeless shelters, where all clients are homeless persons, or from domestic violence shelters, where all clients are domestic violence victims. However, in cases where presumed benefit eligibility is unclear, the Auburn Community Development Manager will request additional information and documentation from the grant applicant to make this determination.

PUBLIC SERVICE GRANTS

The Auburn Business & Community Development Office annually announces the Community Development Block Grant funds anticipated from the U.S. Department of Housing and Urban Development, as well as the procedures and deadlines for making application to the City of Auburn. Notices of application availability are sent via electronic means to current public service partners and groups with projects in development, as well as to other identified public service agencies that engage in work that is eligible for CDBG funding. Notice also is provided via electronic means, including but not limited to email announcements to community stakeholders (*e.g.*, currently-funded non-profits and community business associations), postings to the City's webpage & social media accounts (*e.g.*, Facebook and Twitter). The application includes actual

or estimated funds available for distribution, a timetable for application evaluation, public hearing, and public comment period. Applications for project funding are due annually in mid-December.

All applications are reviewed by the Auburn Community Development Manager to determine whether the proposed activity meets a National Objective and constitutes an eligible CDBG activity. All Subrecipients are verified through Sam.gov, a free government service, to assure they have a valid Dunn & Bradstreet 9DUNS) number and are not debarred from receiving federal funds. Assuming that the application does so, the Community Development Manager reviews the application to see whether it meets a priority identified in the current Consolidated Plan and whether it meets any current needs identified through consultants with city staff, nonprofit partners, and the general Auburn public.

The Community Development Manager then summarizes this information for all grant applications received, and this information is relayed to the City's Community Advisory Committee (CAC). The CAC invites the grant applicants to discuss their funding requests in-person at a committee meeting sometime between January and March then votes on its funding recommendations. The funding recommendations from the CAC are presented to the City Council in the form of the draft Annual Action Plan.

AFFORDABLE RENT POLICY

Statement of Purpose

The purpose of this Affordable Rent Policy is to define how rents will be maintained as affordable to low- and moderate-income persons/households (hereinafter LMI) for enabling the City of Auburn (hereinafter City) to report these as LMI units to the U. S. Department of Housing and Urban Development (hereinafter HUD). This Affordable Rent Policy which is required by Community Development Block Grant regulation under Section 570.208 (a) (3). The policy applies only to housing projects which receive Community Development Block Grant funds.

Applicability

The Affordable Rent Policy is intended to protect LMI persons who are living in a housing project funded with Community Development dollars. The Policy shall benefit tenants whose gross household income, adjusted by family size, is less than 80% of median income according to income limits prepared by HUD for Lewiston-Auburn MSA (in effect at time when determination is made). When an official request for financial assistance is made, persons/households in occupancy of the building being affected will be protected by this Policy. The policy also requires that vacant units be filled by LMI persons/households at affordable rents.

Maximum Allowable Rent

It shall be Auburn's practice to review the rent structure of projects requesting funding for housing related activities at the beginning of the application process. A rent cap shall apply for any units occupied by LMI households. The maximum allowable rent for LMI households will be equal to the rent and utility amount being paid by the tenant at the time of application. If the rehabilitation involves conversion of utility type or transfer of utility payment from owner to tenant, an adjustment will be made based on the schedule listed in Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services (in effect when the rent is calculated). The maximum allowable rent be set for a period of one year after the final inspection for project completion by Community Development staff .

Units which are vacant between the period of loan application and loan closing must be filled by LMI households. The maximum allowable rent for these vacant units shall not exceed the Fair Market Rent (in effect when the rent is calculated) with an adjustment for utility allowance based on the Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services (in effect when the rent is calculated). The vacant unit will be filled by an LMI household only once after loan closing. The Fair Market Rent will be maintained for a period of one year after the final inspection for project completion by Community Development staff.

Required Information

The applicant will be required to furnish rental information at the time of request for financial assistance to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit currently charged rent amounts for all units in the housing project, utility types, whether the tenant or applicant pays utilities, and names of tenants. The applicant will also be required to secure from all occupied units Tenant Information (Attachment A) forms which provide income and demographic data about the occupant's household. Based upon this information, Community Development staff will determine if further investigation of tenant data is necessary such as verifying tenant income.

Notices

Tenants who are affected by this Policy will be notified in writing of the rent limitation and the approximate time the limitation will expire.

Rent Agreement

Applicants will be required to sign a Rent Agreement stipulating the rent limitations. Auburn will include in its loan documents a provision of default if the applicant violates the stipulations of the Rent Agreement. Upon violation, Auburn will give written notice by certified mail. If not corrected to the satisfaction of Auburn within 30 days and restitution made to the tenant, Auburn may take any action deemed appropriate including assessing penalties, declaring the loan in default including accelerating the entire indebtedness and foreclosure of the mortgage.

SECTION 3 – HOME POLICIES

AUBURN-LEWISTON CONSORTIUM MANAGEMENT

U.S. Department of Housing and Urban Development has promulgated regulations, notices, and requirements as now or hereafter in effect, allowing units of general local government to enter into mutual cooperation agreements to form a consortium or continue an existing consortium for the purpose of obtaining funding as a participating jurisdiction under the HOME Investment Partnerships Program.

The City of Auburn shall be the designated Representative Member of the Consortium and shall manage the finances and policies for all members. The administration and management shall be detailed in an Auburn-Lewiston Consortium agreement, which shall be negotiated and re-approved each 3 years. Management of the Consortium shall follow HUD guidelines to include, but not limited to 24 CFR 92.101-107 and CPD Notice 13-02.

DEFINITIONS

a. “Member” means a unit of local government that is a signatory to this Agreement and therefore a member of the Consortium for the purpose of carrying out eligible activities under HUD regulations and requirements as now or hereafter in effect.

b. “Representative Member” means a unit of local government designated hereafter as the one member to act in a representative capacity for all members for the purposes of this Agreement, as defined in HUD regulations and requirements as now or hereafter in effect.

c. “Subrecipient” is a public agency or non-profit selected by the member to administer all or a portion of the member’s HOME Program.

d. “Consolidated Strategy and Plan” means a Consolidated Plan, as defined in HOME Program Regulation 92.2 and required by HUD regulations and requirements as now or hereafter in effect.

e. “CHDO” means a Community Housing Development Organization, as defined in HUD regulations and requirements as now or hereafter in effect.

f. “HUD Regulations and Requirements” means those HUD regulations and requirements which are applicable to the HOME Investment Partnerships Program.

g. “Commitment” means the member has executed a legally binding agreement with a recipient or a subrecipient to use a specific amount of HOME funds to produce affordable housing or provide tenant-based rental assistance; or has executed a written agreement reserving a specific amount of funds to a community housing development organization; or has met the requirements in the regulations to commit to a specific local project, including project underwriting according to Notice CPD-15-11 or other HOME Investment Partnerships guidance with respect to project/program review.

h. “Program Income” means gross income received by the member or subrecipient directly generated from the use of HOME funds or matching contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used.

DESIGNATION OF REPRESENTATIVE MEMBER; POWERS AND DUTIES

- a. The City of Auburn, acting through its Community Development Director for the Community Development Department, hereinafter Consortium Administrator, will be designated as and agrees to assume overall responsibility as the Representative Member for this consortium for the purposes of the HOME Program, in compliance with HUD HOME Program statutes, regulations, and instructions, now or hereafter in effect, for the duration of this Agreement.
- b. The Representative Member shall have access to all Member records related to the use of HOME program funds for the purpose of ensuring compliance with HUD regulations.
- c. The Representative Member shall establish and maintain the local HOME Investment Trust Fund required by HUD regulations and requirements as now or hereafter in effect.
- d. The Representative Member shall establish, with the prior consent of the Member units, such administrative procedures as may be necessary to facilitate the application for and distribution of HOME program funds.
- e. Representative Member may provide technical assistance to the Members upon request. Said assistance shall not relieve each Member from compliance with all relevant HOME regulations, nor unduly burden the Representative Member.
- f. The Representative Member may withdraw funds from the HOME Investment Trust Fund for a particular Member or Member’s project only upon receipt of a written requisition signed by the Member requesting the disbursement.
- g. The Representative Member may amend this Mutual Cooperation Agreement on behalf of the consortium to add new members to the consortium. When members are added, the funding formula shall be revised and agreed upon by all Members including the new Member.

DUTIES OF MEMBER UNITS OF LOCAL GOVERNMENT

- a. Each Member agrees to cooperate in undertaking or assisting in the pursuit of housing assistance activities for the HOME Investment Partnerships Program.
- b. The Consortium collectively acting through its Representative Member and each of its Members, acting through its Community Development Director (or other individual designated by each Member's chief executive officer), agrees to carry out eligible activities in accordance with the requirements of HUD regulations and requirements as now or hereafter in effect.
- c. Each Member shall be responsible for obtaining the necessary local approvals for acceptance and allocation of HOME program funds.
- d. Each Member shall be responsible for submitting to the Representative Member all information necessary for participation in the consortium as defined in HUD regulations, requirements, and schedules as now or hereafter in effect. This includes, but is not limited to, information necessary for the Consolidated Plan, Annual Plan, description of the use of HOME funds, the HOME Program Description including tasks to be performed, a schedule for completing the tasks, budget, and certifications, HOME Agreements executed with subrecipients, and performance reports.
- e. Each Member shall be responsible for obtaining matching funds or matching fund credits for all its projects as required by HUD regulations and requirements as now or hereafter in effect. All Match funds shall be entered into the project funding portion of IDIS to be documented, tracked and carried forward into subsequent fiscal years.
- f. Project Management.
 - i. Representative Member shall be responsible for project management and shall perform all procedures and tasks necessary to implement and monitor each specific project and shall fully comply with uniform administrative requirements as stated in HOME Program regulation 92.505.
 - ii. Each Member shall be responsible to develop, design and describe how each proposed project and site satisfy all applicable HOME Program regulations and the requirements of this Agreement and shall record these determinations in each project/site file together with an official approval memorandum signed by Member's responsible HOME Program staff. For multiple site programs the Member shall provide the proposed program guidelines and any amendments to the same to the Representative Member for review.

- iii. Members shall assure that its share of the -24-month commitment requirement under the HOME Investment Partnerships Program regulations is met. Once projects are committed, each Member shall submit a commitment letter with the Consortium.
- g. Each Member shall be responsible for developing qualified projects to spend their portion of the allocation on within 5 years of the award date.
- h. Each Member shall be responsible for completing and closing out approved projects within 4 years from the commencement date.

FUNDING

- a. The Representative Member shall be entitled to an amount of 6% of HOME Program funds for administration of the Consortium which shall be deducted from the annual allocation. Each Member will then share the remaining 4% for administration funds permitted under the cap allowance pro-rata in relation to the percentage of HOME Program funds received by each member annually. Under this agreement the Representative Member will administer the programs of each Member and will therefor be entitled to the administration funds for services rendered.
- b. After the set aside for administration, each Member will share equally HOME Program funds allocated to the Consortium each year. A Member may voluntarily relinquish a portion or all of its HOME allocation, in writing, to another Member of the Consortium.
- c. HOME funds will be deposited into and disbursed from the Consortium HOME Investment Trust account established by the Representative Member consistent with HOME Program regulation 92.500 the HOME Investment Trust Fund and 92.502 Program disbursement and information system. All loan repayments, interest, or other returns on investments shall be deposited into this account on a quarterly basis.
- d. Reservation of HOME Funds.
 - i. Unless otherwise suspended or eliminated by HUD, each Member shall be responsible for establishing its own projects and meeting its 50% share of the mandatory 24-month commitment of funds according to 92.500(d)(1) of the HOME rule and CPD-15-09. In January of each year, Representative Member shall communicate in writing with Member the status of the required commitment, and each shall identify in writing how commitment shares will be met. In May of same year, if either Member or Representative Member has not met the required level of commitment, then Member or Representative Member shall offer the uncommitted amount to the other, who may or may not accept responsibility for committing these funds. There will be no obligation to accept or repay a transfer of funds. If transfer is not accepted by Member or Representative Member and funds are lost, then the loss shall remain with the original Member or Representative Member.

- ii. Project Set-Up in IDIS. Each Member shall request that the Representative Member "set up" in the federal Integrated Disbursement and Information System (IDIS) or any successor system, i.e. establish an activity and reserve funds for each particular site or eligible activity, after meeting all the requirements of the Mutual Cooperation Agreement.
 - iii. Member shall forward a Set Up Request in writing to the Representative Member, enclosing all required documentation together with the Auburn-Lewiston Consortium Project Compliance Checklist (AL Checklist), completed through the project initiation stage. The Representative Member will not establish an activity in the IDIS System if one or more of the following conditions occur: HUD Set-Up Report is incomplete; the data on the HUD Set-Up Report or other site data are inconsistent with HOME Program requirements, there is no evidence of local project approval have not been met; or there is incomplete project documentation.
 - iv. The Representative Member agrees to provide the Member with Underwriting and environmental review requirements for the Members proposed projects or activities to be funded with HOME Program funds in the amounts as stated in the executed HOME - Agreements, as they may be amended from time to time, for the purposes described in said Agreements, provided that the Member has complied with all requirements of the HOME Program and this Agreement.
- e. HOME Agreements.
- i. Prior to disbursing HOME Program funds each Member shall enter into a HOME agreement with the recipient including all provisions described in HOME Program regulation 92.504, or its successor. These agreements will be developed by the Representative Member based on project description and documentation provided by the Members.
 - ii. The Representative Member shall include in each such HOME agreement additional provisions as may be required by HUD and such reasonable requirements as may be requested by the Member consistent with HOME Program regulations and this Agreement.
 - iii. Review of Project Funding Instruments. Members shall transmit any proposed funding instruments and agreements to the Representative Member for underwriting consistent with the applicable Consortium guidelines, as they may be amended from time to time. Once guidelines and funding instruments have been approved by the Representative Member, the Member may execute such funding instruments without further review by the Representative Member. Each Member must keep originals or certified copies of all case-specific funding instruments and related documents in project files.

- f. Expenditures. The Member shall meet the principles and standards of cost allowability stated in 2 CFR 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”
- g. Processing and Release of Project Funds. Pre-Release Requirements:
 - i. Funding Instruments. HOME - Agreement and funding agreements with recipients must be executed prior to set-up and/or drawdown. Closing documents with recipients must be executed or a specific closing scheduled prior to drawdown. No funds will be authorized or released for work done prior to the effective date of this Agreement and the applicable Consortium-Member HOME - Agreement.
 - ii. Environmental clearance. A Release of Funds, if applicable, must have been received from HUD for this project or activity.
 - iii. Set-up Request. The site shall be set-up in the HUD IDIS system as provided in Section 4 - Funding, herein.
- h. Disbursement Procedure. The Representative Member shall draw down and release HOME funds on a reimbursement or “pay as you go” basis to the Member or on behalf of the Member to such designated subrecipient, vendor or other recipient as mutually approved by the Representative Member and Member consistent with the following procedure:
 - i. Invoice. An invoice requesting payment shall be submitted to the Representative Member on a quarterly basis by the entity to be paid or reimbursed. Invoices must appear on the letterhead of the entity or another standard invoice form approved by the Representative Member, be signed by an individual authorized by the entity, and be submitted by the 15th day of the month immediately following each quarter. Requests for payment shall be limited to the amount currently needed for the payment of eligible costs consistent with HOME Program regulation 92.504(c)(2)(vi), corresponding to expenses already having been paid by Members. Requests for payment shall include:
 - 1. An invoice detailing the amount being requested for reimbursement against the established budget signed by the program manager;
 - 2. Documentation of draws paid to vendors or developers and any related inspection reports;
 - 3. All pertinent back-up documentation for the charges including payroll records, time sheets, financial expense reports, and copies of source documentation; and
 - 4. A spreadsheet that ties the invoice to the expense report including a summary the salary expenses by project.

- i. Approval by Member. Each invoice submitted shall have been reviewed and approved by the Member for accuracy, quantity and quality of work, materials or services provided, consistency with contractual terms, and compliance with all applicable HUD and HOME Program regulations. As required by HOME Program regulation 92.504(c)(2)(vi) the Member shall limit the requested disbursement of project funds to the amount presently needed for payment of eligible costs.
- j. Processing Requisition and Checks. The Representative Member will process all approved requisitions for payment in a manner consistent with the Representative Member's accounts payable procedures. Incomplete or non-conforming requisitions will be returned to the Member. Checks will be mailed to the designated payee unless alternative arrangements have been made with the Representative Member.
- k. General. The Representative Member reserves the right to modify procedures herein as needed to comply with HUD and Representative Member's requirements. In such case, advance notification will be provided to the Members. Considerations unique to specific projects including but not limited to construction retainage, contingencies, retainage for compliance, and other aspects will be addressed on a case by case basis in a manner mutually acceptable to the Representative Member and Member and shall be described by the Member in a specific Project Description and attached to a HOME Project Funding Agreement.
- l. Reversion of Assets. Upon expiration of this Agreement, each Member shall transfer to the Consortium HOME Investment Trust any HOME funds on hand at the time of expiration and accounts receivable attributable to the use of HOME funds per HOME Program regulations 92.503 and 92.504(c) and HUD Notice CPD 97-09. In the event the Consortium is dissolved, HOME funds and receivables shall remain in the custody of the Member, unless otherwise provided by HUD.

SETASIDE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

Unless suspended or eliminated by HUD, each Member is responsible for reserving not less than 15 percent of its HOME funds for investment only in housing to be developed, sponsored, or owned by community housing development organizations (CHDOs), in accordance with the Consortium's Program Administration Guidelines and HOME Program regulations 92.300 - 92.303, as they may be amended from time to time. If one Member is able to fulfill the entire amount of this requirement, the other Member will not be required to also have a CHDO project. Members will coordinate this by January of each year prior to submission of the Annual Action Plan.

TERM OF AGREEMENT AND RENEWAL

- a. This Agreement shall commence on July 1, 2022 and remain in effect during the period necessary to complete all activities funded by Federal Fiscal Year (FFY) 2023, -2024, and -2025 HOME Program grants or until the Consortium's status as a participating jurisdiction in the HOME Program is revoked by HUD, whichever occurs first. Members of the Consortium agree to a program year of July 1 to June 30 for the purposes of HOME.
- b. Nothing in this Agreement obligates a Member to become a signatory to a future agreement to continue the Consortium for HOME Program grants subsequent to FY-2025. Each Member shall notify the Representative Member at least 60 days before the effective date of such future agreement if it intends not to become a signatory. Notwithstanding the foregoing, if the following FFY grant information is not available 60 days before the effective date, a Member shall use best efforts to notify the Representative Member as soon as possible after it receives the grant information.

REPAYMENT OF FUNDS AND PENALTIES

- a. Repayment of HOME Funds to HUD. In the event that HUD requires the Representative Member to repay HOME funds disbursed to the Consortium for failure to meet affordability requirements as set forth in applicable HUD regulations, or for any other reason, each Member shall reimburse the Representative Member for the amount of funds required to be repaid on account of that Member's use of HOME funds. Consistent with the foregoing, the Representative Member, when acting as a Member shall remain solely liable to HUD for repayment of HOME funds originally awarded to the Representative Member, if required on account of the Representative Member's use of such HOME funds as a Member.
- b. Cancellation. Each Member agrees to repay the Consortium HOME Investment Trust all HOME funds released to the Member attributable to a project in the event such project is cancelled for any reason. Such repayment shall be made within the time period specified by HUD or other reasonable time period agreed to by the Representative Member.
- c. Violations. Each Member who continues to violate any HOME Program regulation, provision of this Agreement, or provision of a HOME - Agreement, after having an opportunity to cure, shall repay to the Consortium HOME Investment Trust Account any HOME funds disbursed directly to recipients or subrecipients, with respect to the site or sites where the violation has occurred, or such amount as HUD determines.
- d. Penalties.
 - i. Member. Each Member shall reimburse the Representative Member the full amount of any penalties assessed against the Representative Member by HUD as a result of that Member's use of HOME funds pursuant to this Agreement.

ii. Representative Member. The Representative Member shall reimburse the Consortium the full amount of any penalties assessed against the Consortium by HUD as a result of the Representative Member's failure to comply with HUD regulations.

e. Restriction on Future Funds. The Representative Member may withhold and restrict a Member's access to HOME funds if the Member fails to cure a violation, fails to repay HOME funds or fails to pay the penalties provided for above. Funds withheld in the amounts necessary to repay HOME funds or penalties should be charged against the Member's HOME funds in the following order:

- i. First against the funds for the project or projects in which the violation occurred or which are the subject of dispute between the Representative Member and Member;
- ii. Second against any other HOME funds allocated to the Member in the same fiscal year;
- iii. Finally, against HOME funds allocated to such Member in future fiscal years.

If HUD subsequently determines that no violation has occurred, the Representative Member shall make the withheld funds available to the Member for HOME projects. Otherwise such funds are retained for the benefit of the Consortium or in the case of penalties to reimburse the Representative Member or Consortium as the case may be.

OPPORTUNITY TO CURE OR DISPUTE VIOLATIONS, LEGAL RECOURSE AND INDEMNIFICATION

- a. Opportunity to Cure. The Representative Member shall provide a written notice to a Member of the violation of any provisions of this Agreement-, or applicable HUD regulations. The notice shall set forth a description of the violation, the steps which must be taken to cure the violation and a reasonable time period established by mutual consent of the parties within which to effect the cure. However, if the parties are unable to agree to a deadline for full compliance, the Representative Member shall establish said deadline. The Representative Member may extend the time for cure if the Member proves its failure to cure was for circumstances beyond its control.
- b. Disputing a Violation. If the Member and Representative Member disagree as to whether a violation has occurred, either may request HUD' determination of whether a violation exists. The Member disputing the Representative Member's finding of a violation may expend the subject funds, subject to repayment, unless the Representative Member chooses to withhold the funds.

- c. Legal Recourse. In the event that any Member, including the Representative Member acting in its representative capacity, fails to comply with this Agreement, -, or a HOME Program or other HUD regulation or finding or fails to cooperate with any other Member, the Representative Member or the Consortium in complying with a HUD finding, the Representative Member or any other Member may take any steps necessary to fulfill its obligations to HUD and under this Agreement, including but not limited to legal action.
- d. Indemnification for Violations. Each Member shall hold harmless the Representative Member, the Consortium and the other Members from and against all claims for repayment of HOME project funds attributable to such Member's failure to comply with applicable HUD regulations, this Agreement, - and from penalties, costs and attorneys' fees related to such failure.

FAIR HOUSING

- a. Each Member agrees to affirmatively further fair housing in accordance with applicable Federal Law, Consolidated Strategy and Plan and with 24 CFR 570.904(c).
- b. Affirmative Marketing. The Representative Member shall adopt and implement an Affirmative Marketing Plan including affirmative marketing procedures for HOME assisted housing containing 5 or more housing units consistent with the requirements of HOME Program regulations 92.351. Each Member shall summarize these procedures in an affirmative marketing plan for each project. Documentation of action taken to carry out said site-specific plans shall also be placed in said files.

HOME/GENERAL PROVISIONS

- a. Federal Regulations. The provisions of 24 CFR 92, HOME Investment Partnerships Program, Final Rule, 24 CFR 92 dated September 16, 2003 (hereinafter "HOME Program regulations") and all future amendments and revisions to the same are hereby incorporated into and made a part of this Agreement. The Representative Member and Members shall at all times comply with said HOME Program regulations and shall comply with other related Federal and state statutes and regulations, Executive Orders, 2 CFR 200, and all future revisions and amendments to the same. The Members shall become thoroughly familiar with all of the foregoing requirements as applicable and shall ensure that all projects comply in all respects.
- b. Environmental Review. The release of funds for all HOME assisted projects and activities is subject to environmental review as set forth in HOME Program regulation 92.352 and 24 CFR 58. Each Member shall prepare and provide to the Representative Member all information necessary to obtain Release of Funds from HUD and documentation to establish specific site clearance consistent with Consortium procedures.

- i. c. Equal Opportunity. Each Member shall comply with all applicable Federal and State laws governing discrimination and equal opportunity. In particular, each Member shall ensure compliance with HOME Program regulations 92.350 and the following statutes and executive orders pertaining to Equal Opportunity: Fair Housing Act; Executive Order 11063 (Equal Opportunity in Housing); Civil Rights Act of 1964, Title VI (Nondiscrimination in Federally Assisted Programs); Age Discrimination Act of 1975; Rehabilitation Act of 1973, Section 504; Executive Order 11246 (Equal Employment Opportunity); Housing and Urban Development Act of 1968, Section 3; Executive Orders 11625 and 121432 (Minority Business Enterprise); Executive Order 12138 (Women's Business Enterprise).
- c. Labor Standards. Each Member shall comply with and/or ensure compliance with all applicable state and federal labor laws, including but not limited to the Davis/Bacon Act, 40 U.S.C. 276a-5 et. seq., Section 3 requirements established in 24 CFR part 75 and as applicable pursuant to HOME Program regulations 92.354. In particular, each Member shall comply with and/or ensure compliance with all applicable federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), and all future amendments and revisions thereto. Each Member shall require certification as to compliance with the provisions of this paragraph as required by HOME Program regulation 92.354.
- d. Records. Each Member shall maintain all applicable records for its project(s) consistent with HOME Program regulations 92.508 Record-keeping. In addition, each Member shall make available copies of all such records as may be requested by the Representative Member for administration of the Consortium.
- e. Reports. The Representative Member shall, on behalf of the Consortium submit such reports (with full and complete copies to the Member) as may be required pursuant to HOME Program regulations 92.509 Performance Reports. Each Member shall cooperate with the Representative Member in providing all data and information specific to each community and projects in such formats and time frame as required by HUD and the Representative Member. In addition, each Member shall prepare and submit to the Representative Member the project completion reports required by HOME Program regulation 92.502(d) Submission of project completion reports. This report shall be submitted to the Representative Member within 45 days of the final requisition for HOME funds together with a fully completed AL Consortium Project Compliance Checklist. Following review of the above for completeness, the Representative Member shall transmit the Project Completion Report on behalf of the Consortium to HUD as required by 92.502(d).

- f. Faith Based Organizations. Each Member shall ensure that HOME funds are disbursed to a faith based organization in compliance with HOME Program regulations 92.257. In addition, each Member shall comply with the provisions of the above regulation with respect to assisting wholly secular organizations established by religious organizations which may be eligible to participate in HOME funded projects.
- g. Conflict of Interest.
 - i. In accordance with HOME Program regulation 92.356, the procurement of property and services by the Consortium, its Members and subrecipients is governed by the conflict of interest provisions stated in 2 CFR 200. Each Member shall comply with all applicable federal and state conflict of interest rules and shall endeavor to ensure the compliance with the same by all subrecipients as defined in HOME Program regulations 92.2 or other persons designated to receive HOME funds pursuant to this Agreement. At a minimum, each Member shall make a copy of all applicable conflict of interest provisions available to all recipients of HOME Program funds.
 - ii. The conflict of interest provisions of part (i) of this section shall apply to the following persons: any person who is an employee, agent, consultant, officer, elected or appointed official of the Representative Member, or of the Members designated herein, or any state recipient, or subrecipient of HOME funds. None of the foregoing who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefits from a HOME assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. Any exceptions to the conflict of interest provisions stated or cited herein must be approved by HUD in accordance with HOME Program regulation 92.356(d). Each Member shall advise the Representative Member in writing as to any such exceptions granted by HUD.
- h. HOME Project Requirements. Each Member shall perform and carry out the projects as described in the Consolidated Plan and Annual Action Plan approved by HUD during the period covered by this Agreement and funded pursuant to Consortium-Member HOME - Agreements consistent with specific Project Descriptions and in compliance with the requirements of HOME Program regulations Subpart F, Project Requirements, as applicable, depending upon the type of project assisted. Each Member shall comply with requirements contained in Subparts E and F specifically in HOME Program regulations 92.205 to 92.215 concerning eligible and prohibited activities, income targeting requirements in regulations 92.216 and 92.217, unit subsidy limits, and all other applicable requirements stated in regulations 92.250 through 92.258. Written agreements

executed with a recipient or other entity shall contain provisions requiring compliance with the regulations cited herein.

- i. Ownership, Use, and Disposition of Property. Each Member shall comply with the affordability provisions referenced in HOME Program regulations 92.252 – 92.256, as applicable, which include income targeting, use requirements, initial and subsequent sale restrictions. For rental projects assisted with HOME funds, each Member shall require that the affordability requirements of HOME Program regulation section 92.252 be enforced by deed restriction or by restrictive covenants running with the land in accordance with HOME Program regulation 92.252(e). If a Member fails to comply with any of the requirements of this provision, the Member shall be required to repay HOME funds disbursed pursuant to this Agreement, consistent with HOME Program regulation 92.503(b).
- j. Post Completion Requirements. Upon completion of a project, each Member shall enforce all applicable short and long term special requirements. Such requirements include, but are not limited to: compliance with housing affordability requirements (see HOME Program regulations 92.252 – 92.255 and 92.504(c)), and compliance with the Housing - Standards (see regulation 92.251 and 92.504(c)&(d)). Each Member shall require owners of HOME assisted housing to comply with the requirements stated above and all applicable requirements for the duration of the applicable period of affordability and shall incorporate such time period into the duration of agreements executed with recipients of HOME funds. Prior to the anticipated completion date for each site, each Member shall prepare a plan for each post completion enforcement responsibility by site and shall include such plans in each site file. Each file shall include a Certificate of Final Inspection indicating compliance with applicable housing standards. Each Member shall notify the Representative Member of compliance with this requirement by completing the Post completion Plan item on the ALConsortium Project Compliance Checklist for each site.
- k. Other Federal Regulations and Provisions. Each Member shall comply with Federal regulations incorporated in HOME Program regulation Subpart G, sections 92.300 through 92.303, Subpart H, sections 92.350 through 92.357, and all other applicable HOME regulations as well as all project requirements per this Agreement, provided that a Member's responsibilities with respect to environmental review contained in Subpart H shall be as stated in SECTION 10 – HOME GENERAL PROVISIONS, paragraph b., Environmental Review above.
- l. Lead Based Paint. Each Member shall remain solely responsible for ensuring that all projects at all times comply with applicable requirements of the Lead –Based Paint Poisoning Prevention Act, 42 U.S.C. 4821, et, seq.; Lead Based Paint Regulations 24 CFR 35 and all future revisions and amendments to the same. Each Member shall also ensure that all projects comply with such Lead Based Paint regulations as may be adopted

pursuant to HOME Program regulation 92.355, and with the applicable requirements of the Maine Lead Paint Statute, and all future revisions and amendments to the same.

m. Audit and Monitoring.

- a. General. Consortium and Member records shall be audited consistent with 2 CFR 200. Each Member shall be responsible for the cost of all audits performed on its records and operations pursuant to this section and may use designated HOME administrative funds. Other entities shall be responsible for the cost of their audits, respectively, and shall not use HOME funds for any portion of the cost of such audits unless expressly approved by a Member and included as an authorized cost in the Project Budget. Each Member and/or its subrecipient shall make available all such records and documents as requested by the Representative Member, HUD, and/or the Comptroller General of the United States. Such parties may examine and make copies, excerpts or transcripts from such records and may audit all contracts, procurement records, invoices, materials, payrolls, personnel records, conditions of employment, and all documents relating to all matters covered by this Agreement.
- b. HUD Performance Reviews and Monitoring. HUD may conduct performance reviews and monitoring of the Consortium and of the Members as provided in HOME Program regulations 92.550 92.552. Each Member agrees to cooperate with HUD and the Representative Member to undertake such remedial action as may be required pursuant to HOME Program regulation 92.551, Corrective and remedial actions.
- c. Monitoring. The Representative Member shall monitor each Member's projects to ensure full compliance with all applicable requirements. All monitoring shall be performed in accordance with applicable HUD monitoring guidelines and on forms agreed to by the Representative Member and Member. Monitoring shall occur between January and June of even years starting with 2023. Representative Member and Member - shall be responsible to follow through to resolve and clear any monitoring findings with respect to their own projects.

n. Indemnification.

- a. Disclaimer. Each Member shall hold harmless and defend the Representative Member, the Consortium, and the other Members from and against all claims arising from any latent, or patent defects in any work performed or services provided with respect to each Member's projects pursuant to this Agreement and any duly executed Consortium-Member HOME - Agreement.
- b. Indemnification. Each Member shall indemnify, hold harmless and defend the Representative Member, the Consortium, and its agents, from and against all claims, damages, losses, and expenses including, but not limited to, attorneys' fees arising out of or resulting from the use of HOME funds disbursed pursuant to this Agreement with respect to each Member's projects, provided that any such claim, damage, loss or expense is (1) attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, and (2) is caused in whole or in part by any

negligent act or omission of a Member, anyone directly or indirectly employed by a Member, or anyone for whose acts the a Member may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

- o. Insurance. Each Member shall require that all owners, contractors and subrecipients of HOME assisted projects shall at all times maintain certain types of insurance coverage consistent with the character of the project and shall ensure compliance with the following as applicable.
- p. Certificate of Insurance. At time of closing of a grant or loan providing assistance, each Member shall obtain a certificate of insurance covering the assisted premises. Said certificate shall provide coverages of the types and amounts stated in subparagraphs (A) and (B) herein. The insurance provided shall be maintained for the duration of the note, mortgage or the affordability period, whichever is longer.
 - a. The certificate of insurance shall provide, at a minimum, comprehensive general liability insurance and property insurance with an arrangement of coverage specifying the premises. The certificate shall name the Member as loss payee. Any changes from the standard required coverages and amounts as stated below must be mutually agreed to in advance and in writing by the Member and Representative Member.
 - b. Minimum Requirements. Typically, the following coverage will be required at the minimum amounts indicated:
 - ii. Property Insurance: Minimum Amount = 100% of market replacement value or amount of HOME funds invested and all senior indebtedness, whichever is greater.
 - iii. Liability Insurance: Minimum Amount = HOME funds and all senior indebtedness.
 - a. Flood insurance. All HOME assisted projects are subject to the Federal Flood Disaster Protection Act and associated regulations. Each Member shall ensure compliance with the applicable requirements, including ensuring the provision of flood insurance protection coverage, when required. At time of closing for providing assistance, each Member shall obtain a certificate of insurance covering the assisted premises. Said certificate shall provide the following minimum coverage:

Minimum Amount = HOME funds and all senior indebtedness.
- b. Construction Insurance. Prior to the commencement of work on any HOME-assisted site, each Member shall obtain a certificate of insurance covering the work to be performed. Said certificate shall provide coverages for premises, operations, contractual liability, completed operations, automobile liability, employers liability, workers' compensation and professional liability (where applicable). Minimum amounts are stated in subparagraphs (A) and (B) below. The insurance shall be maintained for the duration of the work to be performed.
 - (A) Minimum Requirements. Typically, the following coverages will be required at the minimum amounts indicated:

Workmans' Compensation:	Statutory coverage.
Employer's Liability:	\$100,000 Coverage B
Comprehensive General Liability:	\$300,000 each occurrence
Bodily Injury:	\$500,000 each occurrence
Property Damage:	\$100,000 each occurrence \$300,000 aggregate
(B) Automobile Liability (case by case basis, subject to determination by Member and Representative Member) for owned and non-owned vehicles:	
Property Damage:	\$100,000 each occurrence \$100,000 aggregate
Bodily injury	\$250,000 each occurrence \$500,000 aggregate

q. Displacement and Relocation.

- i. General. Each Member shall take all reasonable steps to minimize displacement of persons consistent with the requirements of HOME Program regulation 92.353. In the event that displacement cannot be avoided, each Member shall ensure compliance with HOME Program regulation 92.353, including the provision of relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, hereinafter "URA", as amended. In addition, the Member shall ensure compliance with the most current edition of HUD Handbook 1378 "Tenant Assistance, Relocation and Real Property Acquisition".
- ii. Use of Community Development Block Grant funds (CDBG). If CDBG funds are utilized in the HOME assisted project for optional relocation costs (not administrative or planning costs) and/or for any project based costs, including staff project delivery costs, each Member shall ensure compliance with all applicable provisions of the Housing and Community Development Act of 1974, and applicable implementing regulations set forth in 24 CFR 570.
- iii. Responsibility of Member. Each Member shall prepare and maintain all necessary displacement and relocation plans and documentation, including, but not limited to site by site relocation plans, determinations of comparable housing, amounts and types of relocation assistance proposed, etc. as required by the URA. Each Member shall record compliance with all applicable relocation requirements on the AL Consortium Project Compliance Checklist.

- r. Acquisition. The acquisition of real property for a HOME project is subject to HOME Program regulation 92.353, the URA and the requirements of 49 CFR 24, Subpart B. Each Member shall ensure compliance with all of the foregoing, and shall prepare and maintain all necessary acquisition documentation, including, but not limited to: appraisals, offer letters, required notices, checklists, and any related materials.
- s. Procurement. Each Member agrees to fully comply with applicable requirements as referenced in 2 CFR 200. Procurement steps must satisfy all applicable advertisement, competitive pricing, minority outreach, award, documentation and related requirements. Note that 2 CFR 200.213 prohibits the use of debarred firms.
- t. Loan Servicing. In the event a loan or loans are issued with HOME funds, the Representative Member and each Member shall work out appropriate arrangements for the financial servicing of said loan(s) satisfactory to the parties. Each Member shall establish and maintain accounting records and procedures consistent with 2 CFR 200, HOME Program regulations 92.505 and 92.508(a)(6), including but not limited to individual loan case files, loan account histories, posting of payments and/or deferrals, account maintenance and updates, recording of loan discharge documents, preparation of IRS reports as applicable, loan portfolio reports, loan receivables control, loan repayment and interest reports, and related loan management documents. Loan payments, repayments and recaptures shall be handled in accordance with 92.503.
- u. Assignability. Neither any Member nor the Representative Member shall assign any interest in this Agreement and shall not transfer any interest in the same whether by assignment or novation
- v. Liens:
 - i. General. Each Member shall ensure that any property benefiting through a HOME-assisted activity is free from any attachments, tax liens, mechanics' liens or any other encumbrances except as provided in paragraph (ii) below.
 - ii. A property assisted with HOME funds may have multiple mortgages subject to the discretion of each Member, and subject to loan underwriting analysis confirming sufficient equity is available to secure such HOME loan as may be secured by said property.

CHANGES

In the event changes in this Agreement become necessary, a Member initiating such changes shall notify the Representative Member in writing describing the subject changes. Upon mutual consent regarding the requested changes, the Representative Member shall prepare an amendment to this Agreement incorporating said changes which shall become effective following execution of the respective authorized signatories of the Members.

UNDERWRITING, MONITORING AND RISK MANAGEMENT POLICY

The Auburn-Lewiston Consortium (Consortium) supports the rehabilitation and new construction of affordable rental housing for low-, very low-, and extremely low-income households with its annual funding allocations from the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) (jointly Federal Assistance).

Underwriting is more than a technical requirement, and the term itself is used in several different ways. Depending on the context, underwriting is sometimes used in a limited fashion to refer primarily to the financial review of a potential transaction. Other times, the term underwriting is narrowly understood as a check the box set of static technical reviews resulting in a determination that a project does or does not meet a certain formula. In both cases, these uses of the term are too limited.

In practice, underwriting is a reflexive process. Every project involves risk, and even the best project can fail due to unforeseen factors. The goal of underwriting is to both identify and mitigate risk across a series of perspectives. In other words, the underwriting process is not an up or down review, but it often changes the project itself by imposing requirements to improve viability.

In this sense, the Consortium's approach to underwriting is informed not only by traditional lending perspectives and minimum requirements of the Federal Assistance, but a holistic approach to balancing the various risks inherent in any real estate transaction and the public purposes the Consortium seeks to support – not the least of which is producing safe, decent, affordable housing that will be an enduring community resource.

Underwriting Overview

In reviewing applications for Federal Assistance, as required by 24 CFR §92.250(b), §24 CFR 93.300(b), and prudent business practices, the Consortium's underwriting framework includes, but is not limited to, evaluations of:

- **Regulatory requirements** applicable to the project, including compliance with affordability period restrictions, property standards, and cross-cutting federal requirements;
- **Market risk**, including whether sufficient demand exists for the project, the anticipated lease-up period, and whether general economic conditions and other competition supports ongoing viability;
- **Developer risk**, focusing on whether the owner/developer (including but not limited to the underlying owners of special-purpose and/or single-purpose entities) has/have the technical capacity to develop and operate the project and the financial

capacity to safeguard public funds and backstop the project in the event of poor financial performance; and

- **Project risk** (or financial underwriting), testing the economic and financial projections for the transaction including both sources and uses as well as ongoing operating assumptions. This includes confirmation that all sources of project financing are available, commercially reasonable, and have been appropriately maximized prior to awarding Federal Assistance.

In addition to the above, the Consortium will, at a minimum, also perform a collateral evaluation and assess environmental conditions to determine that the proposed project is suitable and viable for a project requesting Federal Assistance.

Market Assessment

All Federal Assistance project applications must include a market study prepared in a manner consistent with CPD Notice 15-11 requirements. Market studies must be less than six months old at the time of application for Federal Assistance.

Market analysis for a proposed project should: Evaluate general demographic, economic, and housing conditions in the community.

- Delineate the market area by identifying the geographic area from which the majority of a project's tenants or buyers are likely to come. This may or may not coincide with census tract or neighborhood boundaries.
- Quantify the pool of eligible tenants or buyers in terms of household size, age, income, tenure (homeowner or renter), and other relevant factors. Not all residents of the market area are potential or likely tenants or buyers of any given project.
- Analyze the competition by evaluating other housing opportunities with an emphasis on other affordable rental developments or sales opportunities in the market area, including those financed through either the HOME program or other federal programs.
- Assess the market for the planned units and determine if there is sufficient demand to sell the HOME-assisted housing within nine months of construction completion (§92.254(a)(3)) or to rent the HOME-assisted housing within 18 months of project completion (§92.252).
- Evaluate the effective demand and the capture rate, usually expressed as a percentage (the project's units divided by the applicant pool). The capture rate is the percentage of likely eligible and interested households living nearby who will need to rent units in the proposed project in order to fully occupy it. The lower this rate, the more likely a project is to succeed.

- Estimate the absorption period. Plan how many units can be successfully leased or sold each month and how long it will take to achieve initial occupancy/sale of the HOME units and stabilized occupancy for the project as a whole.

The Consortium reserves the right to request an updated market study, if required. Proposed rent levels must be supported by the applicant's market study and be within regulatory limits. Additionally, the market study should demonstrate the following:

- All units, including any market rate units as well as any units with income/rent restrictions imposed by other programs such as LIHTC, must demonstrate viability within the primary market area taking into account any known rent concessions being offered by competing properties;
- Achievable occupancy rates, based on a comparison of comparable properties in the primary market area, must be at or above 95% (physical occupancy); and
- Capture and absorption rates must be realistic and achievable.

For projects not meeting these standards, the Consortium, in its sole discretion, may also consider the following:

- For projects targeting special needs populations (e.g., homeless households, domestic violence victims, veterans, or other specific subpopulations), the Consortium may accept higher capture rates if data from the local Continuum of Care and/or service providers specializing in the targeted populations (e.g., VA service centers) suggests an adequate pipeline of eligible renters exists and will be consistently referred to the development.
- For existing projects being rehabilitated, the Consortium will consider the recent operating history of the project in terms of actual rents charged/received, eligibility of in-place tenants, and the like for evidence that the development's projections are supported by actual performance.

Specific program underwriting requirements and conditions are detailed in the program guidelines. These are included in the appendix of each year's operations manual and may be updated from year to year under the approval of the City Manager.

Developer and Development Team

Developer Technical/Professional Capacity

In evaluating the capacity of the developer, the Consortium will use the term more loosely to refer collectively to the underlying corporate entities and individuals that will own and control the single-purpose entity (excluding the investor member/limited partner), if applicable. Additionally, and as necessary, the Consortium will require various guarantees and indemnities from all of the

underlying corporate and/or individual owners of the various limited partnership or limited liability corporation entities involved in the ownership and development of the project.

Developers should demonstrate:

- The corporate or organizational experience of the development entity;
- The experience of the staff assigned to the project and overall quality of the development team; and
- The prior experience of the individuals compared to their roles in the proposed project.

For rental projects, a developer/owner needs specific skills and capacity including property management, asset management, service provision (as applicable), and special financing skills.

For homebuyer projects, the development team must demonstrate its capacity to market and sell the units. This may involve the addition of a realty professional to the team, or evidence that in-house staff have the capability to oversee the advertising, unit showing, intake, and processing of potential buyers. For CHDO projects, the Responsible Entity must certify that the CHDO has paid staff with experience relevant to the proposed project and role of the CHDO.

The Consortium requires applicants to provide lists of real estate owned (including partnership/membership interests) by the developer as well as all projects underway. The Consortium may review the performance of those projects, including financial factors like net occupancy, actual DCR, cash flow received, outstanding loan balances, net equity of individual projects, and the developer's overall portfolio.

Applicants may also be required to provide descriptions of the role played by specific staff members relative to the proposed project along with resumes or other similar information demonstrating experience appropriate to the assigned staff member's role.

Financial Capacity

Developers must also demonstrate the financial capacity to support the proposed project both during construction and lease-up as well during ongoing operations. This includes not just that the applicant has sufficient financial resources, but that it has adequate financial systems in place to appropriately manage project funding, accurately account for all project costs, and provide reliable reporting to the Consortium and other project funders.

At minimum, and as applicable, the Consortium will review audited financial statements, contingent liabilities, interim financial statements, and individual personal financial statements to ensure that:

- The primary development entity's most recent audit demonstrates compliance with Generally Accepted Accounting Principles (GAAP) and does not express material

weaknesses in the entity's system of internal controls or financial management systems;
and

- Financial ratios and trending are acceptable.

Development Team

The Consortium will also review the capacity of the development team including, but not limited to, the general contractor, architect, engineer, market analyst, management company, accountant, attorney, and any other specialized professionals or consultants, as applicable.

As a whole, the development team should have the skills and expertise necessary to successfully complete and operate the development. Inasmuch as possible, on balance the development team should have worked successfully on other projects in the past. That is, while a developer may identify new development team members from project to project, an entirely new team may present added risk.

In no case, may any owner/developer/applicant or any member of the development team be a suspended, debarred, or otherwise excluded party.

Identity of Interest Relationships & Costs

Applicants must disclose all identity of interest relationships/contracts and/or costs involved in a transaction, including during the development period and following completion of the project. The Consortium reserves the right to review any such costs further to ensure they are reasonable and consistent with the costs expected from arms-length relationships.

An Identity of Interest (whether or not such term is capitalized) is any relationship based on family ties or financial interests between or among two or more entities involved in a project-related transaction which reasonably could give rise to a presumption that the entities may not operate at arms-length. The Consortium will take a broad approach to defining identities of interest and expects all applicants to err on the side of disclosure. That is, if there is any question about whether an identity of interest may exist, the relationship should be disclosed and explained to the Consortium.

Beyond this general definition, an identity of interest relationship will be deemed to exist if:

1. An entity, or any owner of any direct or indirect ownership interest in such entity, or any family member of any such owner is also an owner, through a direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager, or member of the counterparty; or
2. Any officer, director, stockholder, partner, trustee, manager, member, principal staff, contract employee or consultant of an entity, or any family member of thereof, is an owner, through any direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager or member of the counterparty.

For purposes of this definition, family member means the spouse, parents or stepparents, children or stepchildren, grandparents or step-grandparents, grandchildren or step-grandchildren, aunts, uncles, parents-in-law, and siblings-in-law (or their children or stepchildren). It also includes any other similar relationship established by operation of law, including but limited not to guardianship, adoption, foster parents, domestic partnerships, and the like.

Financial Analysis

As noted in the introduction, the Consortium views underwriting as more than just the financial review of a project. However, a review of the underlying financial assumptions is still a critical and core part of underwriting. In reviewing projects and as a public funder, the Consortium must balance two potentially competing perspectives.

Projects must be viable; that is they must have sufficient allowances for all costs to maximize the chances the project can meet or exceed its financial projections and thereby succeed in the marketplace. In other words, the project must represent a safe investment. However, taken to an extreme, a safe or overly conservative projection can also result in a project that is over-subsidized and risks providing excessive returns to the owner/developer.

As a steward of very limited Federal Assistance for affordable housing, the Consortium also must ensure that costs are reasonable, they represent a “good deal” to the public, and returns to the owner/developer are fair but not excessive. In seeking to balance these perspectives, the Consortium has established the following review factors and principals.

Development Costs

In general, the Consortium will review the entire project budget to confirm all costs are reasonable and the budget is sufficient to complete and sustain the project. All line items, whether or not paid directly with Federal Assistance, must be necessary and reasonable.

The Consortium will consider the cost of both specific line items as well as the total development cost on a per unit and per square foot basis, comparing costs to other projects from the Consortium’s portfolio.

Selected Development Cost Items

Acquisition – Acquisition costs must be supported by an independent third-party appraisal¹ prepared by a state-licensed appraiser. The purchase price must be at or below the as-is market value of the property. In the event an applicant has previously purchased land prior to submitting an application to the Consortium, the project budget may only reflect the lesser of the actual purchase price or the current as-is market value. Standard closing costs from the acquisition may be included; acquisition reimbursement is governed by Federal Assistance regulations.

Applicants who purchased property prior to submitting an application to the Consortium, or following environmental releases under NEPA but prior to closing, may not charge or include financing costs associated with interim financing, whether from third-party or related lenders.

Collateral Evaluation – For all projects, whether new construction or rehabilitation, the loan to cost and loan to value ratios must be appropriate and acceptable to the Consortium.

Consortium Soft Costs – The development budget for each project must include an allowance for the Consortium’s internal project-related soft costs as specified in periodic RFPs issued by the Consortium. Similar to lender due diligence or lender legal costs, the inclusion of soft costs allows the Consortium to recoup its staff and overhead costs directly related to carrying out the project as permitted by 24 CFR 92.206(d)(6) and 24 CFR 93.201(d)(6). These costs will be included in the Federal Assistance and will be drawn directly from HUD by the Consortium rather than via payment requests from the project owner.

Construction Interest – Any budgeted line item for construction interest must be supported by developer prepared cash flow projections, modeling the actual expenditure of development costs and the anticipated pay-in of equity, Federal Assistance, and other construction period sources. For projection purposes, only interest from the date of initial closing through the end of the month in which the building(s) are placed in service (i.e., approved for occupancy) may be included as construction interest. Additional interest following that date and prior to the conversion to (or closing on) permanent debt must be separately itemized and modeled. In most cases, this should be included in the lease up reserve noted in the Reserves Section.

- **Contractor Profit:** 6% of net construction costs
- **General Requirements/General Conditions:** 6% of net construction costs. General requirements include on-site supervision, temporary or construction signs, field office expenses, temporary sheds and toilets, temporary utilities, equipment rental, clean-up costs, rubbish removal, watchmen’s wages, material inspection and tests, all of the builder’s insurance (except builder’s risk), temporary walkways, temporary fences, and other similar expenses.
- **Contractor Overhead:** 2% of net construction costs.

With prior approval of the Consortium, contractor fees may vary from the limits above provided the gross contractor fees do not exceed 14% of net construction costs.

Contingencies – Applicants should include a contingency (inclusive of hard and soft costs) related to the amount of risk involved with the project. The contingency will be measured as a percentage of hard costs (including the construction contract plus any separate contracts for off-site work but excluding contractor fees).

- New construction projects should include a contingency of 5% to 10% of hard costs;
- Acquisition/rehabilitation projects, including adaptive reuse projects, should include a contingency of up to 10% of hard costs; the Consortium may consider a higher contingency based on the size and complexity of the rehabilitation or adaptive reuse.

The Consortium may consider higher contingencies based on identified risk factors such as the known need for environmental remediation or poor subsurface soils.

The Consortium does not permit a contingency to be included within a property’s construction estimate or construction contract, unless such contingency is required in writing by HUD, another governmental agency, or an independent third party.

Developer Fees – Developer fees are intended to compensate a developer for the time and effort of assembling a project, overseeing the development team, and carrying a project to fruition. Developer fees are also intended to compensate for the risk inherent in the development process, including that not every potential project proves viable and that developers must necessarily advance funds for their own operating costs and various third-party predevelopment costs prior to closing (or in some cases for projects that never proceed).

For projects requesting Federal Assistance and no LIHTC:

Developer’s fees for properties that have not been occupied as residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application with respect to site control

Identity of Interest Does Not Exist	Identity of Interest Does Exist
<p><i>The Developer’s Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>18% of Adjusted Basis*</p>	<p><i>The Developer’s Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:</i></p> <p>18% of Adjusted Basis*;</p> <p>and</p> <p>(22% of Adjusted Basis*) minus Builder’s Profit</p>

Developer’s fees for properties that have been occupied as residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application with respect to site control

Identity of Interest Does Not Exist	Identity of Interest Does Exist
Acquisition	Acquisition
<i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i> 10% of Acquisition Adjusted Basis*	<i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i> 10% of Acquisition Adjusted Basis*
Substantial Rehabilitation	Substantial Rehabilitation
<i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i> 15% of Substantial Rehabilitation Adjusted Basis*	<i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:</i> 15% of Substantial Rehabilitation Adjusted Basis*; and (18% of Substantial Rehabilitation Adjusted Basis*) minus Builder's Profit

* Adjusted Basis, which by definition, excludes land and any other costs which are not capitalized and depreciated, and which, for the purposes of the Developer's Fee formulas provided above also excludes property costs in excess of the Fund property cost limits, and the Developer's Fee itself. The maximum Developer's Fee is further limited to the amount of Developer's Fee that is actually paid, or otherwise earned or recognized as income, from one unrelated individual, entity, or both to another individual, entity, or both as compensation for the work, costs and risks associated with the development of a property.

The equations used to determine the maximum amount of Developer's Fee apply to the total of the amounts listed in the application for Developer's Fee, and to any separately-listed Consultant's Fees or other costs relating to the development work and costs associated with the development of a property.

Additional Developer Fee information:

- “Double dipping” the Developer's Fee is not permitted. For projects requesting multiple sources from the Consortium (e.g., LIHTC and Federal Assistance), the combined Developer Fee must be within the developer fee schedule, as noted herein.

- The developer fee schedule, as noted herein, provides a calculation for the maximum allowable developer fee. The maximum allowable developer is not a guaranteed amount. During underwriting, the Consortium will determine an appropriate and acceptable developer fee.

Reserves – Capitalized reserves to facilitate the initial start-up and to protect the ongoing viability of the project will include the following:

- **Deficit Reserve:** The Consortium anticipates that in most cases, developments with predicted deficits during the affordability period would not be funded. However, in the event a development's longterm operating proforma projects actual cash deficits during the affordability period, an operating deficit reserve must be included in the development budget in an amount sufficient, taking into account any interest on reserve balances, to fully fund all predicted deficits through the affordability period.
- **Lease-Up Reserve:** A lease-up reserve intended to cover initial operating deficits following the completion of construction but prior to breakeven operations may be included. Any such reserve must be based on lease-up projections/cash-flow modeling and the lease-up (or absorption) period identified in the project's market study. In evaluating the appropriateness of any lease-up reserve, the Consortium will consider whether the development budget includes specific line items for other start-up expenses that otherwise are typically part of the ongoing operating budget for a development. This may include budgets for marketing, working capital, etc.
- **Operating Reserve:** If required by the Consortium, an operating reserve in an amount acceptable to the Consortium, anticipated to be six (6) months of underwritten operating expenses, reserve deposits, and amortizing debt service, must be included in the development budget. The operating reserve is intended as an unexpected rainy day fund and will only be accessible after a project has achieved stabilized occupancy.
- **Replacement Reserve:** A capitalized replacement reserve may be included in the development budget. The capitalized replacement reserve should be funded at (i) an amount that realistically covers the cost of replacing covered items; and (ii) for rehabilitation projects, the amount determined by a capital needs assessment approved by the Consortium. An expensed replacement reserve, as outlined in the Operating Costs section, must be included in the development budget.
- **Preservation Reserve:** Following the completion of construction, at a minimum and if required by the Consortium, project owner shall make annual deposits and/or annual contributions of 50% of surplus cash to a preservation reserve.
- **Other:** The Consortium may consider other specialized reserves as appropriate based on unique features of the project and/or requirements of other funding sources.

These may include special security reserves, supportive service reserves, or transition reserves for projects with expiring project based rental assistance contracts, etc.

Operating Revenues

The Consortium will review an applicant's projection of operating revenues to ensure they are reasonable and achievable both initially and throughout the affordability period. In evaluating operating revenues, the Consortium will take into account the (i) project-specific market study; (ii) actual operating performance from other comparable projects including those from the applicant's existing portfolio of real-estate owned; and/or (iii) data available from comparable projects in the Consortium's portfolio.

For purposes of the long-term operating proforma, operating revenue projections cannot be increased by more than 2% per year. The Consortium reserves the right to stress proposals for underwriting purposes to assess the impact of lower inflationary increases, such as modeling the impact of only 1% rent increases for the first three to five years of a project's affordability period.

Rents

All rents should be supported by the market study and within regulatory limits.

Non-Rental Revenue

Non-rental revenue must be fully explained and conservatively estimated. In general, no more than \$60 per-unit, per-year may be budgeted in "other revenue" including that from tenant fees (such as fees for late payment of rent, nonsufficient funds, laundromat fees, pet fees, interest on operating account balances, etc.). Exceptions may be considered by the Consortium based on the operating history of an acquisition/rehabilitation project, normalized operations, or other comparable properties in the same market area.

Vacancy

Total economic vacancy includes physical vacancy (a unit is unrented), bad debt (a unit is occupied but the tenant is not paying rent), concessions (a unit has been leased for less than the budgeted rent), and loss to lease (a pre-existing lease is less than the most recently approved annual rent but will be adjusted upward at renewal).

In all cases, based on the market study or other data available to the Consortium, the Consortium reserves the right to require higher vacancy projections. This may include higher vacancy rates for small developments (e.g., less than 20 units) where standard percentage assumptions about vacancy may not be appropriate. Minimum allowances for vacancy must include:

- 5% for projects where all units are supported by a project-based rental assistance contract with a term equal to or in excess of the affordability period (e.g., project based Section 8);
or
- 7% for all other projects.

Operating Costs

The Consortium will review an applicant's projection of operating expenses to ensure they are reasonable and adequate to sustain ongoing operations of the project throughout the affordability period. In evaluating a proposed operating budget, the Consortium will compare the project's costs to (i) actual operating expenses of comparable projects in the applicant's existing portfolio of real-estate owned (insomuch as possible, comparable projects will be in the same vicinity and operated by the same management company); and/or (ii) actual operating expenses of other comparable projects in the Consortium's portfolio.

For purposes of the long-term operating proforma, operating expenses, including reserve deposits, will generally be inflated at no less than 3% per year. The Consortium reserves the right to stress proposals for underwriting purposes to assess the impact of higher operating cost factors, such as modeling the impact of higher inflation rates in general for specific items of cost (for example, assessing the impact of high rates of increase for insurance or development paid utility costs).

Selected Items of Operating Cost

Consortium Federal Assistance Monitoring Fee – Pursuant to 24 CFR §92.214(b)(1)(i) and §93.204(b)(1), the Consortium assesses an annual Federal Assistance Monitoring fee. The operating budget for each project must include an allowance for the Consortium's Federal Assistance Monitoring Fee as specified in periodic RFPs issued by the Consortium.

Property Management Fees – A realistic property management fee should be included. In the event an excessive management fee is proposed, the Consortium will lower it.

Property Taxes – Applicants must provide detailed explanations of property tax projections and, as applicable, provide documentation that any anticipated partial or full exemptions or payments in lieu of taxes (PILOT) have been approved by the appropriate tax assessor. The Consortium, at its option, may require confirmation from the tax assessor of the applicant's projection.

Replacement Reserve Deposits – Unless otherwise approved by the Consortium, the operating budget must include minimum replacement reserve deposits of:

- New Construction: \$350 per-unit, per-year
- Rehabilitation: The greater of (i) \$350 per-unit, per-year; or (ii) a higher amount established by a CNA approved by the Consortium.

Note: The Consortium will reserve the right within a project's transactional documents to require periodic CNAs for all projects and to adjust ongoing replacement reserve deposits based on the results of the CNA and other factors to ensure that the replacement reserve is sufficient to address all anticipated needs for the project's affordability period or the term of the Consortium's loan, whichever is longer.

Items Payable only from Surplus Cash

Certain costs, sometimes identified by project owners as operating costs cannot be included in the operating budget and will only be payable from surplus cash (aka cash flow). These include:

- **Incentive Management Fees** payable in addition to the allowable management fees noted above, whether paid to related party or independent third-party management fees.
- **Asset Management Fees** payable to any investor, general or limited partner, or member of the ownership entity.
- **Deferred Developer Fees** are the money earned by the developer for managing the development process for another principal owner.
- **Operating Deficit Loan Payments** made to any related party including any investor, general or limited partner, or members of the ownership entity.
- **Other payments** to investors, general or limited partners, or members of the ownership entity, however characterized, including but not limited to negative adjustors, yield maintenance fees, etc.

Ongoing Economic Viability

The Consortium will review the ongoing economic viability of all projects, taking into account long-term projections of revenues and expenses. Projects must demonstrate they can be expected to remain viable for at least the affordability period, taking into account trending assumptions noted above, as well as any other changes in operating revenues or expenses that can reasonably be anticipated based on other information available to the Consortium or other project funders. In particular, the Consortium will review the debt coverage ratio and operating margin as outlined below.

Examination of the development budget, commonly referred to as the “Sources and Uses” statement is required. The Sources and Uses of Funds statement must list:

- All Sources (both private and public) of funds with dollar amount(s) and timing of availability for each source, and
- All Uses of funds (for example acquisition costs, site preparation and infrastructure costs, rehabilitation/or construction costs, financing costs, professional fees, developer fees and other soft costs) associated with the project.

Both the definition of commitment in §92.2 and the project evaluation requirements in §92.250 require a determination that financing sources are in place before the consortium can commit HOME funds to a project. Consequently, the following for all project sources is required:

- Firm commitment letters with all terms and conditions for all mortgages, grants, bridge (interim) loans and investment tax credits (historical, low-income, if applicable);

- If the applicant is a partnership or limited liability corporation, a copy of the partnership agreement or operating agreement, which will indicate the cash contributions by the partner(s) or member(s); and
- If equity is committed by the developer or owner(s), evidence of available equity funds.

As part of the project sources review, the subsidy layering analysis requires that the total amount of HOME assistance is reasonable and necessary. The questions to be assessed when evaluating sources include:

- *Are total funding sources adequate and timely in their availability to cover development costs at all phases of the development – acquisition, construction/rehabilitation, and permanent loan?* The availability of sources should match the project’s timeline and allow the processing time for allocation requests prior to disbursement of HOME funds.
- *Are the other funding sources compatible with HOME, or do they contain different requirements that affect the structure of the project, including unit mix, and are these differences accommodated in the project plan?* The availability of sources should match the project’s timeline and allow the PJ to anticipate when and for which items it will disburse HOME funds.
- *Are the funding sources firmly committed?* Assessment of all firm written financial commitments to ensure that they are in fact firm commitments that are consistent with the underwriting of the project. Firm commitments must be non-speculative sources identified and secured in the amount necessary to complete the project. It is not necessary that financing sources have “closed” or been disbursed. Documentation of firm financing can include award letters, offer letters, final term sheets, or other commitments which are conditioned upon the receipt of HOME funds. These may not include automatic self-expiring clauses or highly conditioned language and must have all substantial terms tied to a specific project.

In the case of projects with LIHTC, the project must have received a reservation from the Housing Credit Allocator (e.g., State Housing Finance Agency) and be able to provide a good faith offer of equity investment from an investor prior to the issuance of a HOME commitment.

Debt Coverage Ratio

Projects must demonstrate a positive debt coverage ratio (DCR) (DCR is Net Operating Income divided by amortizing debt service) through the affordability period.

Operating Margin

In addition to considering the DCR, the Consortium will review the operating margin (surplus cash divided by total operating expenses and amortizing debt service). The operating margin must remain at an achievable and realistic amount.

Other Funding Sources

Prior to committing Federal Assistance, all other funding sources necessary for a project must be identified, committed in writing, and consistent with both the Consortium's underwriting requirements and the affordability restrictions of the Federal Assistance. In general, developers must make all reasonable efforts to maximize the availability of other funding sources, including conventional mortgage debt and tax credit equity (as applicable), within commercially available and reasonable terms.

Additionally, restrictions or limitations imposed by other funding sources cannot (i) conflict with any applicable Federal Assistance requirements; and (ii) in the discretion of the Consortium, create undue risk to the Consortium.

Senior Mortgage Debt

Any amortizing mortgage debt that will be senior to the Consortium's Federal Assistance loan must:

- Provide fixed-rate financing;
- Unless otherwise approved by the Consortium, have a term equal to or in excess of the Federal Assistance affordability period. The affordability period will generally be 15 years beyond the date of project completion for HOME rehabilitation projects, 20 years for HOME new construction projects, and 30 years for all HTF projects. In practice, the date of project completion will not be the same as placed in service date for tax purposes, but for most projects will occur prior to permanent loan conversion following property stabilization. Inasmuch as possible, the first mortgage should have the longest amortization period available but cannot balloon prior to the expiration of the affordability period; and
- As applicable, allow the Consortium's Federal Assistance covenant running with the land (i.e. the deed restrictions imposing the Federal Assistance affordability requirements) to be recorded senior to all other financing documents such that the Federal Assistance covenant is not extinguished in the case of foreclosure by a senior lender. Note the Consortium's Federal Assistance lien itself may be junior to USDA RD or HUD amortizing loans; only the deed restrictions must be senior, as applicable.

Tax Credit Equity

Projections of tax credit equity must be documented by letters of intent or other similar offers to participate in the transaction by the proposed tax credit investor. Prior to committing Federal Assistance, the applicant must provide the proposed limited partnership agreement or operating agreement, as applicable, documenting the terms of the equity investment, including the pay-in schedule.

The Consortium will review proposed equity pricing and pay-in schedule against information from other projects in the region to assess whether the pricing and terms are reasonable.

Deferred Developer Fee

It is common for projects to include deferred developer fees as a financing source. The Consortium will generally require that:

- Projections of surplus cash available (after any cash-flow contingent payment due the Consortium) be sufficient to repay the deferred fee within 15 years (notwithstanding other waterfall provisions in the partnership or operating agreement, the Consortium will assume that all surplus cash distributions will be credited against the developer fee);
- Following the initial application to the Consortium, the level of deferred developer fee will remain fixed (in nominal dollar terms) in the event Consortium underwriting identifies cost reductions, increases in other funding sources, or other changes that result in a net reduction of the gap to be filled with Federal Assistance; and
- Any net savings (or increased funding sources including but not limited to upward adjusters for tax credit equity) at project completion and cost certification will be used in equal parts to reduce the deferred developer fee and the Consortium's permanent Federal Assistance loan. In the event savings are sufficient to eliminate the deferred fee in this manner, any remaining net savings will be used to further reduce the Consortium's Federal Assistance loan, or in the sole discretion of the Consortium, to increase the operating reserve or preservation reserve.

Exceptions and Interpretation

The Consortium has developed these guidelines for several reasons. Not only are they required by HUD as part of the Consortium's role in awarding Federal Assistance, but more generally they are intended to provide clarity to applicants on what the Consortium expects and transparency about the rules of the road. However, the Consortium recognizes that it cannot pre-emptively identify every possible special circumstance that may warrant an exception to its general requirements, nor can it identify every possible loophole whereby a creative presentation of costs or other projections might subvert the general need to balancing of viability and reasonable returns risk to the Consortium and public benefit.

Consequently, the Consortium reserves the right to waive specific underwriting criteria for specific projects when, in its judgment, the purposes of the Federal Assistance can be better achieved without taking on undue risk. When waiving any given requirement, the Consortium may impose additional special conditions or business terms that are not otherwise typically applied to all projects.

For administrative ease, the Consortium may also align its underwriting standards with those required by other public funders involved in a given transaction, particularly if those standards are more restrictive or conservative than the Consortium's. However, the Consortium retains the right, in its sole discretion, to decide whether to accept alternative standards.

The Consortium also reserves the right to reject any element of a transaction that, despite not being specifically prohibited, was not anticipated by these guidelines or such an element or business term otherwise creates unacceptable risks, excessive returns to the owner/developer, or otherwise undermines the public purposes of the Federal Assistance.

Insomuch as is reasonable, the Consortium will update and clarify these guidelines over time to account for exceptions, waivers, or additional restrictions it imposes.

AFFIRMATIVE MARKETING POLICY

The Affirmative Fair Housing Marketing Plan (AFHMP) is a marketing strategy designed to attract renters and buyers of all majority and minority groups, regardless of sex, handicap and familial status to assisted rental units and sales of dwellings that are being marketed. The City of Auburn, Community Development Office, and project owners must adopt affirmative marketing procedures and requirements for any housing with five or more Home-assisted units. Affirmative marketing differs from general marketing activities because it specifically targets potential tenants and homebuyers who are least likely to apply for the housing, in order to make them aware of available affordable housing opportunities.

This marketing plan and procedure is a guide to assist the City of Auburn, Community Development Office and its recipients and subrecipients receiving funds. It summarizes AFHM plans and affirmative marketing procedures as required by the Department of Housing and Urban Development.

In developing an Affirmative Marketing Plan, the City of Auburn requires all applicants do the following:

- 1. Targeting:** Identify the segments of the eligible population
- 2. Outreach:** Outline an outreach program that includes special measures designed to attract those groups identified as least likely to apply and other efforts designed to attract persons from the total population.
- 3. Indicators:** State the indicators to be used to measure the success of the marketing program. The effectiveness of the marketing program can be determined by noting if the program effectively attracted renters or buyers who are:
 - from the majority and minority groups, regardless of gender, as represented in the population of the housing market area;
 - person with disabilities and their families; and
 - families with children, if applicable.

All applicants are required to make a “good faith effort” to carry out the provisions of the Department of Housing and Urban Development’s Affirmative Marketing requirements. Good faith efforts are recorded activities and documented outreach to those individuals identified as least likely to apply. Examples of such efforts include:

- **Advertising** in print and electronic media that is used and viewed or listened to by those identified as least likely to apply;
- **Marketing** housing to specific community, religious or other organizations frequented by those least likely to apply;
- **Developing a brochure or handout** that describes facilities to be used by buyers or renters, e.g., transportation services, schools, hospitals, industry, and recreational facilities. The brochure should also describe how the proposed project will be accessible to physically handicapped persons and describes any reasonable accommodations made to persons with disabilities; and
- **Insuring** that the management staff has read and understood the Fair Housing Act, and the purpose and objectives of the AFHM Plan.

AFFIRMATIVE FAIR HOUSING MARKETING PROCEDURES

Recipients and subrecipients of HOME funds through the City of Auburn, Community Development Office, and rental and homebuyer projects containing 5 or more HOME-assisted housing units must use affirmative marketing practices when soliciting renters or buyers. HUD's definition of affirmative marketing is marketing efforts intended to reach those persons who are least likely to apply for HOME-assisted housing.

All project owners are required to do the following:

Outreach Documentation

At least once annually, all project owners will conduct a public outreach effort that will make available public information on all rental units that have received assistance.

- All marketing of HOME-assisted housing will be jurisdiction-wide and that all advertising will be placed in sources of wide circulation.
- Media sources should include advertisement to a particular audience, (e.g. newspapers that serve protected classes).
- All advertisement and brochures, and other written materials should be published in multiple languages, in order to reach non-english speaking audiences and display the equal opportunity logotype or slogan.
- Contact organizations whose membership or clientele consists primarily of protected class members.
- The project owner must display the Equal Opportunity logo and fair housing poster in an area accessible to the public (e.g., rental office).

File Documentation

The City of Auburn, Community Development Office, will review for compliance project owners AFHM plan in accordance with Compliance procedures as set forth in 24

CFR Part 108. All project owners must keep the following materials in the AFHM file for future monitoring of records:

- Copies of advertisements, brochures, leaflets, and letters to community contacts.
- Maintenance of information on the race, sex and ethnicity of applicants and tenants to demonstrate the results of the owner's affirmative marketing efforts.

In instances of noncompliance by a project owner, a finding will be issued and corrected action taken by the project owner in the time specified. The project owner will for the period of affordability maintain information demonstrating compliance with the requirements in this marketing plan.

RESALE & RECAPTURE POLICY

The Auburn/Lewiston Consortium will use the Recapture method to recover HOME funds from projects that have not met the minimum required affordability periods. The proceeds from the repayment of the HOME Program assistance to the original first-time homebuyer will be utilized to assist other HOME Program eligible first-time homebuyers to obtain a home within the geographic area providing the property will be their principal residence.

To ensure that the Auburn Lewiston Consortium recovers all or a portion of the HOME Program funds from a homeowner if the housing is sold, transferred or foreclosed upon within the minimum federally required affordability period, the following Recapture provisions will be made an express covenant of the borrower applicable to the loan:

If the mortgaged property is sold, refinanced, conveyed, assigned, leased or otherwise transferred or if a senior lender forecloses on any senior mortgage prior to the end of the minimum federally required affordability period as defined by 24CFR 92.254(a)(4), the Home Program loan assistance must be repaid to the City of Auburn on a net proceeds' basis according to the following mathematical formula:

Net Proceeds = (sales price minus municipal liens minus principal owed to senior lenders minus selling costs);

Homeowner Investment = (down payment plus principal paid on first mortgage, and any verifiable capital improvement investment made from date of purchase);

A/L Investment = (HOME Program Loan(s) assistance);

Total Investment = (homeowner investment plus City's investment)

Amount of Net Proceeds to be returned to the City = $\frac{\text{City's investment}}{\text{Total investment}} \times \text{net proceeds}$

In the event of resale of a property where there is no direct subsidy to the buyer, the Auburn/Lewiston Consortium employs a Resale Provision to preserve the full term of affordability and ensure the housing is retained for occupancy by low-income families. Specifically, the Resale Provision requires that if the owner sells, conveys or otherwise transfers his interest in the premises prior to expiration of the affordability period, such sale, conveyance, or transfer shall only be to an eligible, low-income purchaser. Other restrictions concerning notice of sale, maximum resale price and marketing of affordable unit(s) apply and are fully detailed in the Auburn/Lewiston's Resale Provision.

Auburn/Lewiston Consortium will not use the resale draft guidelines without consultation and approval from HUD.

Recapture provisions are as follows:

Homebuyer and Homeowner Rehabilitation projects will be subject to recapture provisions of the HOME Program. The property must be occupied as a principal residence for the minimum periods of 5 years if HOME assistance is less than \$15,000, 10 years if HOME assistance is between \$15,000 and \$40,000, and 15 years if HOME assistance is over \$40,000. The recapture period shall commence when the building acquisition and/or rehabilitation are complete and a project completion certification has been issued for rehabilitation.

Transfer of Title. The City shall collect the net proceeds from the sale of the property up to the outstanding balance of the HOME assistance when the HOME Borrower relinquishes the property voluntarily or due to a foreclosure, bankruptcy, appointment of a receiver or liquidation, or assignment for the benefit of the HOME Borrower's creditors, or a financial hardship resulting in a short sale. In the event that the net proceeds are insufficient to repay the HOME loan(s), the City will then forgive part or all of the HOME loans(s).

SECTION 4 - LEAD HAZARD POLICIES

PURPOSE

The purpose of the Auburn Lead and Healthy Homes Program is to identify and control lead-based paint hazards in the aging housing stock located in Auburn, Maine. Healthy Homes works in conjunction with the Childhood Lead Poison Prevention Program which protects Auburn's children from the dangers of lead poisoning. The Auburn Community Development Office is responsible for the management and oversight of the Lead Hazard Control Grant, Healthy Homes.

The City of Auburn maintains full compliance with Section 504 of the Rehabilitation Act.

The Auburn Lead and Healthy Homes Program (ALHHP) hereby adopts the following policies and procedures for the administration of the Lead-Based Paint Hazard Control Grant funded by the U.S. Department of Housing and Urban Development (HUD).

The goals and objectives of the Auburn Lead and Healthy Homes program are:

- To create affordable lead-safe housing in a manner that maximizes the number of young children protected.
- To incorporate Healthy Housing protocols and initiatives into eligible properties.
- To proactively prevent childhood lead poisoning through conducting education and training outreach on Lead-Based Paint safety, State and Federal Lead-Based Paint laws, Healthy Housing and related topics.
- To work with state and federal agencies to complete lead hazard control work in units where children have been poisoned.
- To create perpetually affordable lead-safe units through collaboration with a network of non-profit housing developers.
- To integrate lead hazard reduction into housing rehabilitation programs funded under the Community Development Block Grant and HOME programs.
- To support proactive landlords, homeowners with young children and in-home child care providers wishing to make their properties lead-safe.
- To support the development of a sustainable infrastructure and delivery system for Lead and Healthy Housing education, testing/inspection, and hazard reduction.
- To create training and job opportunities for low-income families.

All Lead Hazard Control activities will be conducted in conformance with the protocols outlined in the HUD document entitled: Guidelines for Evaluation and Control of Lead-Based Paint Hazards in Housing (2012 edition), and as it may be amended or revised in the future; Connecticut General Statutes Lead Poisoning Prevention and Control Regulations 19a-111-1 through 19a-111-

11 and Lead Abatement Consultants, Contractors and Workers Sec. 20-474 to 20-482; EAP 40 CFR part 745, and HUD 24 CFR part 35.

Lead-Safe Work Practices will be used and the following practices are prohibited; open flame burning or torching; machine sand or grinding without high-efficiency particular air (HEPA) exhaust control; uncontained hydro blasting or high-pressure washing; abrasive blasting or sandblasting without HEPA exhaust control; heat guns above 1,100 degree of Fahrenheit or that char paint; chemical strippers that contain Methylene Chloride or other volatile hazardous chemicals in a poorly ventilated space; dry scraping or dry sanding, except in conjunction with heat guns or around electrical outlets.

ROLES & RESPONSIBILITIES

Director of Business & Community Development

The Director will provide administrative oversight and management support to the Program Manager.

Program Manager

Reporting to the Director of Business & Community Development, the Program Manager will:

- Develop community and business partnerships, program policies and procedures, and marketing campaigns.
- Develop and review contractor prequalification policies and systems.
- Be responsible for setting the program budget and expenditures.
- Oversee contract negotiations and contract execution,
- Supervise all training and education programs and be responsible for the hiring and management of staff.
- Establish data management, program evaluation and reporting.
- Provide direction and technical assistance to the grant.
- Report the program progress to the Director Business & Community Development.
- Facilitate the resolution of issues impacting the efficient delivery of grant services.
- Provide oversight to the program administration, operations, reporting, and fiscal monitoring.

Assistant Program Manager

Reporting to the Program Manager, the Assistant Program Manager's primary duties and responsibilities include:

- Coordinate referral network and Healthy Homes Partnership among the Auburn Healthy Homes Coalition.
- Conduct program outreach.
- Conduct community education.

- Capacity building with regional and statewide partners who involved in lead and healthy homes initiatives.

Program Finance Manager

Reporting to the Program Manager, the Program Finance Manager's primary responsibilities will include clerical work related to the program within the Auburn Community Development Department. The Program Finance Manager is responsible for tracking project financial requirements through close-out and loan servicing of the project.

Duties and responsibilities include:

- Conducting calculations on reports; prepare purchase requisitions, invoices, vouchers, reports, bill payments.
- Tracking deadlines related to grant deliverables and provide follow-up with various City agencies to ensure timely responses.
- Preparing contracts between the property owner(s), City of Auburn, and contractor.

LEAD Project Coordinator

Reporting to the Program Manager, the Lead Project Coordinator's primary responsibilities will include project oversight of work related to the program within the Auburn Community Development Department. The Lead Project Coordinator is responsible for tracking project elements and documenting requirements, starting with application in-take and going through close-out of the project.

Duties and responsibilities include:

- Performing intake and processing of applications.
- Performing computer-based word processing, database, spreadsheet, and file management.
- Conducting calculations on reports; prepare purchase requisitions, invoices, vouchers, reports, bill payments.
- Maintaining registry of applications for funding and construction contractors who are pre-qualified to bid on Healthy Homes jobs.
- Screening telephone calls and respond to questions, offer technical assistance, and referrals.
- Performing all records management related activities with applications, contractors, and prepare correspondence for Quarterly narrative and expenditure reports.

LEAD HAZARD CONTROL GRANT

The Auburn Lead & Healthy Homes Program (ALHHP) will offer grants and forgivable loans through the LHR funds as described in the table below. The city will give priority to eligible property owners to access other low interest loans and grants through CDBG, HOME, and other

resources that may be available. The Intake Coordinator (IC) and Lead Project Coordinator work together to assist applicants complete the intake process and identify other programs and partners deemed necessary to complete the project.

The applicant will identify the property, unit sizes and tenant names, identify the owner(s) and any corporate operating agreements, property insurance, and proof of ownership. City staff collects Section 8 landlord rent letters (HCV Letters) that identify the tenant and the amount of rental assistance Section 8 is providing, or other required income verification documents. A Vacant Unit Disclosure form will be required for any unoccupied unit at the time of application. The Lead Project Coordinator will meet with each family to complete the tenant application and collect required income verification. The IC will confirm the application is complete and provide a Pre-Application Approval Form to the Program Manager (PM). The PM will conduct a property visit with the owner and the Code Enforcement Officer to assess the building condition and viability of the project to result in “Safe Housing.”

Finance Strategy for Lead Hazard Control and Healthy Homes	
Property Type	Type of Funding
Owner-Occupied Single-Family Homes	Average LHC cost - \$14,500 No LHC match requirement HHI Intervention Average Unit Cost = \$3,674.44 <i>Owner Occupied units in multi-family rental properties fall under the rental unit property funding guidelines.</i>
Rental Properties 1-8 units	Average LHC Cost - \$14,500 Unit LHC Match Requirement = \$1,500 per unit, up to a total of \$6,000 HHI Intervention Average Unit Cost = \$3,674.44
Rental Properties ≥ 9 units	Average LHC Cost - \$14,500 Unit LHC Match Requirement = \$1,250 per unit, up to a total of \$18,000 HHI Intervention Average Unit Cost = \$3,674.44
LHC financing for all properties	CDBG loans under the rehab program may be applied for to cover owner match at the 1-3% interest rates.
LHC Unit Cap = \$20,000 HHI Unit Cap = \$5,000	Variance will require GTR Pre-approval. Decisions outside the routine funding process will be documented on the Funding Approval Form.

ELIGIBILITY & SELECTION

All homes and apartments selected for participation in the program will meet the following eligibility requirements:

- Units receiving HUD grant funds for Lead-Based Paint hazard reduction work will meet the eligibility requirements established by Title X (The Residential Lead-Based Paint Hazard Reduction Act of 1992), the Notice of Funding Availability (NOFA) for HUD's Fiscal Year (FY) 2015 Lead-Based Paint Hazard Control Grant Program and other Administrative Guidance issued by HUD.
- Units receiving Community Development Block Grant Program funds or HOME Program for Lead-Based Paint hazard reduction will meet the eligibility requirements of the funding organization(s).

Unit Selection

Selection of eligible units for assistance will be based on the following descending order of priorities:

- a. Units with Lead-Based Paint hazards occupied by *severely* lead poison children as identified by the Maine Department of Public Health with Blood Lead Level (BLL) $\geq 15\mu\text{g/dL}$. Units with Lead-Based Paint hazards occupied by *moderately* lead poisoned children as identified by the Maine Department of Public Health with BLL $10\text{-}14\mu\text{g/dL}$.
- b. Units with Lead-Based Paint hazards occupied by children as identified by the Maine Department of Public Health with BLL $\geq 5\mu\text{g/dL}$.
- c. Units with Lead-Based Paint hazards occupied by households with a child under age of six or units where in-home day care centers provide services to children under age of six.
- d. Occupied by households with a child under age six with Asthma or with a child under age six with a school aged family member diagnosed with Asthma.
- e. Rental units with two or more bedrooms.
- f. Rental units with one bedroom.
- g. All other target units.

Program staff will be responsible for the determination of eligibility and selection of units. Beyond the priorities listed above, other factors may affect whether or not a particular project will be funded, including but not limit to: number of children protected, structural condition of the property, level of intervention required, cost (loan to value ratio), property owner contribution, and likelihood of occupancy by families. Applicants who are dissatisfied with eligibility determinations, priority selection or other decisions made by staff may have the determination or decision reviewed by the Department Director.

Priority consideration for Vacant Units with Vacancy Agreement

Program Staff considers vacant units that have Vacancy Agreement as priority because of EBLL cases occurred at these units. Vacancy agreement will be established in situation when property owners do not have financial mean to abate the lead-based paint hazard which caused children with an elevated blood lead level (EBLL) of $\geq 15\mu\text{g/dL}$. When a Vacancy Agreement is established in place between the Division of Criminal Justice and the property owners, units will remain vacant until the lead-based paint hazard is addressed. Program Staff considers vacant units with Vacancy Agreement as priority as a proactive measure to prevent new lead poisoning among children under the age of 6.

Ineligible Units

The City of Auburn has the sole authority to determine whether a property is eligible to receive grant assistance based on HUD OHHLHC guidelines, funding priorities and Program Policies and Procedures. Property owners will be considered ineligible to apply for grant assistance, and their applications will NOT be considered if they fall within any of the following categories:

1. If a property owner is delinquent in any contractual or monetary obligation owed to the City of Auburn, including but not limited to property, sewer, water or motor vehicle taxes, and parking violations. No exceptions will be made. Current tax status and liens will be verified at the time when the application is submitted.
2. If a property owner was previously awarded grant assistance under the past HUD grant and did not fulfill the contractual requirements of the program.
3. If the property exceed the income eligibility limits as determined by the number of units and occupant income levels.
4. Zero-bedroom units*, units for the elderly or units receiving project-based federal assistance.

For other conditions not listed above, the City of Auburn has the sole authority to review and determine whether a property owner is eligible to receive grant assistance under the applicable guidelines.

Income Verification and Qualifications

Program staff will request income documentation from tenants and property owners to confirm income eligibility. In addition, as part of the requirements, the program will require the tenants to sign the “Request for Verification of Employment” for income verification. Acceptable forms of income documentation include the following:

- IRS Income Tax Return Form 1040 (previous year accepted until June 30th)
- If a household is self-employed, previous year tax return and a self-employment affidavit (additional previous tax returns may be sought).
- Copies of wages from current payroll stubs or signed employer certifications.

- Certifications of income from non-payroll sources such as unemployment and disability compensation, worker’s compensation and severance pay, Aid to Families of Dependent Children (AFDC), Supplemental Security Income (SSI), or Refugee Resettlement Benefits.
- Copies of Social Security earnings statements, other retirement or annuity income statements.
- Confirmation from appropriate housing authority of Section 8 voucher holders, if applicable.

Program staff, where feasible, will obtain “third-party” verification during the enrollment process. Third-party verification is documentation of income that is developed by a party, independent of the application homeowner/lessor/tenant. Self-certification should be used only if a significant fraction of households do not document income by means allowing third-party verification. In such a situation, the HUD Government Technical Representative should be consulted for further direction.

The Healthy Homes program will adhere to Title X requirements to determine income eligibility. All Medicaid and Section 8 recipients automatically meet income eligibility requirements. The Healthy Homes program will adhere to the following income requirements:

Owner-Occupied, Single Family Units:

All owner-occupied units assisted with grant funds shall be the principal residence of families with an income at or below 80% of the area median income level.

Tenant-Occupied, Single-Family Units:

Tenants must be at or below 80% of the area median income level.

At least 50% of all rental units shall be occupied or made available to families with incomes up to 50% of the area median income level and the remaining units must be occupied or made available to families with incomes up to 80% of the area median income level.

Multi-family Units

In buildings with five or more units, no more than 20% of the families may exceed 80% of the area median income level.

Assistance to be Provided

1. The owner of all eligible units selected for participation will receive the following services at no cost to the property owner:
 - Risk assessment and lead inspection including XRF, dust wipe, soil and water sampling, and laboratory analysis to determine the presence of lead-based paint and evaluate the potential lead hazards.

- Technical assistance from Program staff with lead hazard assessment, intervention strategies, specification development, bidding and contractor selection, and construction management.
- Resident education and relocation assistance for tenants.
- Clearance testing at the completion of lead hazard control activities to insure units can be safely re-occupied.
- Technical assistance with Healthy Housing assessments, specification development, bidding and contractor selection, and construction management.

2. Funding in support of lead hazard reduction activities will be made available as follows:

Non-Profit Owned Property undergoing Moderate or Substantial Rehabilitation

Where lead hazard control activities will be completed as part of moderate or substantial rehabilitation of a property, non-profit owners can receive loans up to \$14,500 reimbursement of eligible cost. Actual amounts awarded will be determined on a project-by-project basis, taking into account the total cost for appropriate hazard reduction activities, the availability of other funding resources and the Program’s matching commitment obligations. Non-profit owners must assure long-term affordability of the housing units receiving assistance.

Vacant housing being rehabilitated by non-profit organizations typically receives the most comprehensive treatment because renovations are substantial and more lead-painted components are removed and covered. These units will remain perpetually affordable to low and moderate income households and are likely to serve families with young children. Although treatments are substantial, lead costs are lower because of overlap with rehab activities.

Rental Property (Investment and Non-Profit Owned)

Owners of eligible rental properties may receive lead program funding per eligible unit as follows:

- Loans up to \$14,500 per unit.
- Match requirement up to \$1,500 per unit for less than 8 units, or \$1,250 per unit for projects 9 units or more..

Homeowners

Eligible homeowners with children under age six may receive lead program funding as follows:

- CDBG loan up to \$1,500; and
- 100% forgiveness of grant monies can be attained in a lump sum three (3) years from the clearance date if:
 - ✓ The property owner continues to own the property and it remains their primary residence, and;
 - ✓ The property owner keeps the property in “good condition” using Lead-Safe Work Practices as defined in the Federal and State Regulations.

Recaptured lead grant and loan funds will be put into a separate income account and fund will be used for grant eligible lead-based paint related activities.

Intervention Strategies – Lead Risk Assessment

Lead-based paint evaluations and intervention strategies, techniques and treatments for individual units will be consistent with the guidance provided in the HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing (2012 edition), as it may be amended or revised in the future. Abatement work will be carried out via a competitive bidding process. HUD requires that the City address all identified Lead-Based Paint hazards in properties receiving assistance. This is achieved through a combination of interim controls and abatement of lead hazards that typically includes window replacement, stripping of other friction surfaces such as doors and jambs, mouth-able/chewable surfaces such as windowsills and stabilization of all other deteriorated surfaces (interior and exterior). A specialized cleaning and clearance testing are conducted before residents are allowed to reoccupy the residence. Lead Hazard Control activities will be performed within 10 days or less. Property owners perform some sweat equity work for their projects, or pay out of pocket to have it done. Typically, owner work plans consist of repainting treated interior surfaces and providing interim soil controls.

Intervention Strategies - Healthy Homes Assessment

Healthy Housing Assessment will be performed by qualified individual or organization. The Healthy Homes Rating System (HHRS) will be utilized to assess and rank the healthy housing issue(s) present at a unit and/or property. This information, along with potential costs, extent of problem, capacity and availability of contractors, etc. will be used to help design a work plan to address the housing related health hazard(s). Small intervention such as fan installation, caulking and weather stripping, railing installations, etc. will be bid with and performed by the abatement contractors. Larger scale and specialized contracting such as substrate leaks, mold remediation, asbestos repair, etc. will need to be bid out separately to qualified contractors. Depending on what type of issue is present and type of intervention required, HOME and CDBG funds may be sought to be used in combination with lead and healthy homes funds. All aspects of contractor procurement, oversight, etc. associated with those programs will need to be adhered to. Healthy Homes Interventions will be in form of a grant to the property owners, capped at \$3,000 per unit and subject to the same forgiveness and/or repayment criteria as the lead program listed above.

Recaptured healthy homes grant/loan funds will be put into an account and to be used for grant eligible healthy homes related activities.

Outreach Activities

Outreach activities and health education will include but are not limited to the following community organizations and entities: Health care and child care providers, schools, parent groups, faith-based organizations and places of worship, landlords, landlord groups, tenants, tenant groups, housing corporations, door-to-door in targeted neighborhoods, real estate professionals, investment groups, and non-profit entities. Activities will include educational materials, in-services, presentations, and trainings.

Public Service Announcements will be aired via the television, radio, and newspaper print. Brochures and posters will be created by Healthy Homes and distributed throughout the City. Within the framework of the Auburn Community Development Office, the staff will lend support to all divisions for the purpose of providing lead hazard information. Upon request, the Healthy Homes staff will be available for presentations. PowerPoint presentations and information will be tailored to the target audience. The Healthy Homes program will provide continuously updated information on the city's website.

Community Development Organizations

Auburn Lead and Healthy Homes has established working relationships with the local community development agencies. The Healthy Homes program will work collaboratively by providing referrals and supporting projects in need of additional funding.

City Procurement Regulations and Policies

Auburn Lead and Healthy Homes follows the City of Auburn's Procurement and Ethics Policies.

Lowest Responsible Bidder

Auburn Lead and Healthy Homes will award projects to the lowest responsible bidder as defined in the City of Auburn's Procurement Regulations and Policies.

LEAD HAZARD FUNDING PROCEDURE

Application

Property Owner(s) receiving Lead Abatement Orders and property owners expressing interest in the program will receive a Rehab Application. The Application is used for an initial assessment of eligibility. Status notification letters will be sent to property owners with a low priority score. Applications submitted without proper documentation will not be accepted. If the property is owned by a business entity, an authorizing Resolution must be submitted along with the completed application and other required documents.

Applications must be submitted to the Community Development office with a copy of the most recent mortgage statement and proof of Homeowner's Insurance. One (1) copy of the most recent IRS 1040 tax return and weekly pay stubs from the past two (2) months for each wage earner in the household. If applicable, the most recent Social Security and/or pension statements can be provided by those who are not required to file federal taxes. If a property owner is self-employed, a Financial Statement certified by a Certified Public Accountant for each of the two (2) years prior to the date of application must be submitted with the application.

Tenants must submit a complete Resident Information Packet (provided with the application) and documentation of income qualification (most recent tax return, weekly pay stubs from the past (2) months, Section 8 award letter, social security benefits letter, veteran's award letter, or

unemployment compensation benefits statement). A notarized Income Affidavit (See Appendix F) will be accepted in place of the aforementioned income documents, if those documents cannot be furnished.

Properties that meet all eligibility requirements will receive an Approval Letter. Properties who do not qualify for Healthy Homes will receive a Denial Letter.

Property File

All documents pertaining to a property (i.e. applications and its supportive documents, contractors, inspection reports, etc.) will be maintained in a file designated for the specific property. Files will follow the file assembly checklist when assembling the property file.

3.4 Tier-2 Environmental Review

For each eligible and enrolled project, Auburn Lead and Healthy Homes completes and file the following documents:

- (1) Evidence of compliance with 36 CFR Part 800 Historical Preservation (consultation with the SHPO or compliance with current Programmatic Agreement with SHPO and/or Advisory Council on Historic Preservation.) For each property enrolled under the program, Auburn Lead and Healthy Homes submits a written request to the State Historic Preservation Office for the determination of the property's historical value. Documents submitted to SHPO along with the written request includes: a copy of assessor's card, pictures of the property, and a copy of the Lead Hazard Reduction report (which detailed abatement methods on all surfaces tested positive for lead). Once a property is determined historic, SHPO will provide approved abatement methods according to the provisions under the Section 106 of the National Historic Preservation Act of 1966 and the Maine Environmental Policy Act.
- (2) Evidence of compliance with 24 CFR 51(c) Explosive & Flammable Operations.
- (3) Evidence of compliance with CFR 51(d) Airport Clear Zones.
- (4) Evidence of compliance with Toxic/Hazardous/Radioactive Materials, Contamination, Chemicals, or Gases (i.e. map identifying potentially impacting regulated TSCA, RCRA sites – EPA Envirofacts.)
- (5) Evidence of compliance with Flood Insurance and Flood Disaster Protection Act (i.e. FIRMette and policy declaration of flood insurance. If a unit is located in a SFHA, Auburn Lead and Healthy Homes will notify the property owner that his/her property is located in an existing floodplain. Proper flood insurance will be required to participation in the program, per National Flood Insurance Program requirements.

Lead Inspection/Scope of Services/Lead Management Plan

Once a property owner is approved for assistance and elects to participate in the Auburn Lead and Healthy Homes program, the property will be visited by the Environmental Consultant contracted out by the Healthy Homes program. The Environmental Consultant will perform a Lead Inspection to determine the suitability of the property. Prior to the inspection, a Letter of

Inspection Notice will be mailed to the owner via certified mail to notify the home owner that a Healthy Homes staff member will contact the property owner to schedule a date and time for the inspection. The property owner is required to notify his/her tenants about the incoming inspection and coordinates with the tenants about the date and time for the inspection. A Lead Inspection of the unit(s) will be performed utilizing XRF testing. All common areas and the exterior of the property, including play areas, will be tested. Representative dust wipe samples will be collected from floors, window sills, and window wells. Bare soil and paved surfaces will be examined and sampled, as needed. All inspections will be performed in compliance with HUD, EPA and State of Maine Department of Public Health Regulations 19a-111-1 thru 19a-111-11.

A Letter of Notice of Test Result/Educational Materials along with a Comprehensive Risk Assessment Report, which contains Lead Inspection Report, Lead Hazard Reduction Plan, and Lead Management Plan, which indicates areas requiring hazard control work will be mailed to property owners via certified mail,. Healthy Homes requires the property owner to notify tenants about the inspection results and passes on the educational pamphlet entitled: *The Lead-Safe Certified Guide to Renovate Right* to his/her tenants. A Healthy Homes representative will provide lead education if requested by either property owners or tenants. The Scope of Work will include specifications and floor plans to be used in the competitive bidding process. The LEAD Project Coordinator and Program Manager will review the proposed Scope of Work and determine the scale of the final project. This decision will be based upon the availability of grant funds, the amount of lead hazard reduction work required, and the property owner's willingness/ability to contribute to the project. The property owner will be sent the Letter of Project Progression which includes the scope of work, floor plans, and a project timeline of the next phase. The reduction plan will be forwarded to the City's Procurement Agent who will initiate the formal bid process.

For properties with children, Healthy Homes will ensure that children are be tested for blood lead levels before and after the construction, either through the children's pediatricians or the will provide capillary blood testing onsite, if necessary.

Healthy Homes Assessment – Healthy Homes Rating System

Health Homes Assessment of 29 hazards related to housing by utilizing Healthy Homes Rating System shall be conducted for units approved for receiving Lead Hazard Control funding. Top five housing related hazards shall receive funding priority and they are: Damp and Mold Growth (Hazard 1); Structural Collapse and Falling Elements (Hazard 29); Electrical Hazards (Hazard 23); Falling on Stairs etc. (Hazard 21); and Falling Between Levels (Hazard 22).

Health Homes Assessment of 29 hazards related to housing by utilizing Healthy Homes Rating System shall be conducted for units receiving Lead Inspections/Risk Assessments. All inspections will be performed in compliance with HUD, EPA and State of Maine Department of Public Health Regulations. A Letter of Notice of Test Result/Educational Materials along with a Comprehensive Risk Assessment Report, which contains Lead Inspection Report, Lead Hazard Reduction Plan,

and Lead Management Plan, which indicates areas requiring hazard control work will be mailed to property owners via certified mail. This Program requires the property owner to notify tenants about the inspection results and passes on the educational pamphlet entitled: *The Lead-Safe Certified Guide to Renovate Right* to his/her tenants. A Healthy Homes representative will provide lead education if requested by either property owners or tenants. The Scope of Work will include specifications and floor plans to be used in the competitive bidding process. The Lead Project Coordinator and Program Manager will review the proposed Scope of Work and determine the scale of the final project. This decision will be based upon the availability of grant funds, the amount of lead hazard reduction work required, and the property owner's willingness/ability to contribute to the project. The property owner will be sent the Letter of Project Progression which includes the scope of work, floor plans, and a project timeline of the next phase. The reduction plan will be forwarded to the City's Procurement Agent who will initiate the formal bid process.

Bid Process

The Bid Process will follow the City of Auburn's Community Development Procurement Policy. A bid packet, including the Scope of Work and floor plan, will be compiled, and sent to the Purchasing Department by the Lead Project Coordinator. Upon receipt of the bid packet the Purchasing Department will advertise the Invitation to Bid in the local newspaper and will also fax it to various contractors.

The Lead Project Coordinator will notify the homeowner that an Invitation to Bid was advertised of the date and time of the "walk-thru" site inspection.

The walk-thru is mandatory for all contractors who want to submit a bid. The Program Manager, Lead Project Coordinator, representative from the Purchasing Department and Property Owner will be present during the walk-thru.

Contractors will have seven (7) days to submit their bids to the Purchasing Department. On the seventh day following the walk-thru, the Purchasing Department will open the bids in the presence of the Lead Project Coordinator or Program Manager. A minimum of three (3) bids must be submitted to the City for each project. Prior to being awarded the bid, the lowest responsible bidder is required to supply proof of qualification.

If the bid for a project exceeds \$50,000, the contractor must submit a and a Bid Security equaling ten percent of the total bid amount to the City of Auburn Finance Department with the bid. Additionally for projects exceeding \$50,000.00, the successful bidder must submit a 100% Performance Bond in a form acceptable to the City prior to contract execution.

Contractor Qualifications

The successful bidder must provide proof of its qualifications in addition to submitting the application packet prior to being awarded the bid. If, for any reason a contractor is disqualified, the project will be awarded to the next lowest responsible bidder.

To be qualified to Bid on Healthy Homes' projects, contractors must possess the following certificates, licenses, and insurance coverage.

- HUD Lead-Safe Work Practices Certification or be a licensed Lead Abatement Contractor by the State of Maine Department of Public Health
- RRP Certification
- Insurance coverage naming the City of Auburn and the property as additional insured for the duration of the project as follows:

Liability Insurance	\$1,000,000 per occurrence / \$2,000,000 Aggregate
Automobile Liability Insurance	\$1,000,000 per Accident, combined single limit (CSL)
Workers' Compensation	Statutory Limits within the State of Maine
Pollution Liability Insurance	\$1,000,000 per Occurrence (or per Claim if Claims Made) / \$1,000,000 Aggregate
Excess General Liability Insurance	Comprehensive general liability umbrella insurance coverage

Contracts and Agreements

To secure funds through the Healthy Homes program, the property owner is required to sign a Letter of Intent at the Application stage, Owner/City Agreement, Contract for Lead Hazard Control Work, Declaration of Restriction, Disclosure and Certification Affidavit of Outstanding Obligation to the City of Auburn, and a Notice of Cancellation.

Contractors are required to sign the Contract for Lead Hazard Control Work and a Corporate Resolution.

Upon receiving signatures from the property owner and Contractor, the documents will be sent to Community Development Office for Program Manager's signature. The Community Development Finance Manager will make copies of all documents and send them via certified mail to the property owner who is responsible for retaining the documents for their personal records.

Relocation of Tenants

In order to maximize the utilization of funding, the relocation is a tired approach system in terms of funding support. The Program Manager will determine, based upon the Scope of Work, if relocation of tenants is needed during the lead hazard reduction work. A child with an EBLL and his/her family must be relocated for the duration of the project. Any residence to which a family with an EBLL relocates must first be inspected by an Environmental Division Lead Inspector/Case Manager to ensure the property is lead-safe. When possible, the property owner will relocate the family to another unit they own that is both vacant and lead-safe. If the property owner does not own an additional unit(s), the family will be asked to stay with friends or family members.

Relocation to a hotel is the last option. The property owner is responsible for securing adequate storage for the tenant(s) personal property.

Matrix of Relocation

Relocation Priorities	Responsible Party
Tier 1	Property owners provide tenants other lead-safe unit they own that is both vacant and lead-safe.
Tier 2	If the property owners do not have other lead-safe units, the tenants will be asked to stay with friends or family members, if this option is available.
Tier 3	If the property owners do not have other lead-safe units, the property owners will pay for the hotel stay during the abatement work construction time period.
Tier 4	If the property owners do not have other lead-safe units and have no financial means to pay for hotel stay, then the program will pay for the hotel stay during the abatement construction time period.
Tier 5	If a child's BLL is equal to or greater than 45 µg/dL, the program will provide the relocation for the tenants.

Supervision of Contractors

The Lead Project Coordinator is responsible for daily monitoring the contractors' work. The Lead Project Coordinator will conduct site meetings when required, review change orders, oversee contractors' work practices, worker protection, and verify completeness of the Scope of Work. The Lead Project Coordinator will complete daily Job Site Inspection Report that describes the work being conducted, workers on site, and wages paid.

Building Permits

The Lead Project Coordinator is to determine with the Contractor when a permit is required for a project. The Contractor is responsible for obtaining all necessary permits. Permits will be verified by the Lead Project Coordinator prior to the commencement of construction.

Change Orders

If a Change Order becomes necessary during the course of the project, the contractor must notify the Healthy Homes program prior to proceeding. The proposed work must be presented in writing, reviewed, and approved by the Program Manager and the Purchasing Agent. All change orders must be related to existing and/or unanticipated work. No work proposed in the change order shall begin without written approval from the Program Manger and the Purchasing Agent.

Budget Amendment

A Budget amendment is required if a Change Order is approved or if any other issues arise that require a change to a line items or the total budget amount. The Program Manager will prepare the Budget Amendment for approval by the Program Director and the updated budget will be delivered to the Contractor via certified mail.

Other Work

No work, of any kind, other than that contained in the Scope of Work will be covered by the Healthy Homes program nor should any additional work be undertaken during the course of this project.

Clearance Testing

All lead-based paint hazard control work performed under the Healthy Homes program is subject to clearance testing. Once the project is finished, the Lead Project Coordinator will request the original testing/design agency perform visual inspection of all work areas to ensure that the Scope of Work was completed properly, a thorough cleaning has occurred, and that no construction debris or dust remains. Dust wipe samples will be obtained to verify that the property is indeed a lead-safe environment at the time of clearance testing. For abated properties, dust wipe samples are required to be collected from floors, window sills, and window wells. For non-abated properties, dust samples are required from either the floors and window wells or floors and window sills. Dust wipe samples must not exceed the following limits (Policy Guidance Number 2017-01; Effective April 1, 2017):

New Lead Dust Hazard Action Levels:

Floors: $\geq 10 \text{ ug/ft}^2$
Window Sills: $\geq 100 \text{ ug/ft}^2$

New Lead Clearance Action Levels:

Interior Floors: $< 10 \text{ ug/ft}^2$
Porch Floors: $< 40 \text{ ug/ft}^2$
Window Sills: $< 100 \text{ ug/ft}^2$
Window Wells: $< 100 \text{ ug/ft}^2$

A visual inspection and dust wipe sampling must be conducted before submitting an approved clearance letter and/or re-occupancy of the unit. The clearance criteria and clearance report shall be in compliance with HUD, State, and EPA regulations. Reports will be sent to the State and City Health Departments, as necessary. If a unit fails the clearance test, the contractor will be financially responsible for follow-up testing until the unit clears. This will be outlined in the contract and Bid Specifications.

Once clearance testing is performed, a final inspection of the project will be scheduled with the property owner. All projects that include code violations corrections in the Scope of Work will be subject to inspection by a City of Auburn Building Inspector prior to project completion.

Following the final inspection, the Lead Project Coordinator is responsible for deciding if the Scope of work has been completed appropriately and sufficiently. Prior to final clearance, the Lead Project Coordinator will provide the contractor with a “punch list” of outstanding items that must be addressed, as warranted. If, in the opinion of the Lead Project Coordinator, the work was performed in an acceptable manner consistent with the specifications, the work will be certified as complete.

When a project is determined to be complete, the property owner will receive a Letter of Compliance and will receive a copy of the Lead Management Plan.

Project Closeout

Upon completion of the project, the contractor, property owner, and Lead Project Coordinator conduct a final walk-thru of the property to ensure that all work was completed correctly and that homeowner is satisfied with the workmanship. The Project Close-out Form will be signed at the walk-thru by the property owner, contractor, and Lead Project Coordinator. This document will then be provided to the Program Manager and Program Director for signatures. The contract and property owner must also sign and notarize the Contractors Certification of Completion Form and return it to Healthy Homes.

Upon completion of the project, the contractor shall provide the property owner with a written guarantee/warranty for the work completed on the property. A Mechanics’ Lien Waiver will be signed by the Contractor, any and all subcontractors at the completion of the project.

3.19 Payments

All project funds will be retained in an account administered by the Project Manager for the Healthy Homes program.

Contractors will receive the Contractor’s Notice of Final Payment which details the necessary documents that must be submitted to Healthy Homes for a final payment to be rendered. All payments shall be made by check, payable to the contractor. In most cases, 90% of the contract price will be paid to the contractor upon completion of the work and once the Healthy Homes program has received the clearance report. The remaining 10% will be paid in a similar manner on the 30th day after project completion, provided the property owner has not found any defects in the workmanship and materials.

Where the property owner has agreed to pay the portion of the contract price not covered by the grant, the owner shall submit to the Healthy Homes program a certified bank check payable to the Contractor prior to the execution of the Owner/Contractor Agreement. The Certified Bank Check

will be held in the Healthy Homes' office and will be released to the contractor upon the completion of lead hazard reduction work.

On projects with a cost exceeding \$15,000.00, progress payments totaling no more than 50% of the total contract price may, at the discretion of the Project Manager, be made to the contractor upon partial completion of the work provided the work is inspected and approved by the Lead Project Coordinator and mechanics lien waivers are provided.. Healthy Homes will retain record of all payment rendered to contractors.

Satisfaction Survey

All property owners who had lead hazard reduction work conducted on their property will receive a Healthy Homes Satisfaction Survey. The Survey is designed to evaluate the overall quality (i.e. professionalism of staff, quality of work, timeliness of project completion, etc.) of the program.

Compliance Monitoring – Lead Management Plan

Annual compliance monitoring for the three-year term of the grant will be conducted to ensure that each property is in compliance with its Lead Management Plan. Compliance monitoring will also include verifying resident information using the Income Rental Form to ensure that property owner is renting to targeted populations. Property owners will be notified in writing as to their property's compliance with its Lead Management Plan.

Property Maintenance

The Healthy Homes program requires that the owner maintain the rehabilitated property in accordance with the all City building, health and fire codes and all municipal ordinances governing residential/rental properties. If it is determined that the property has not been maintained as required the owner will be required to repay the remainder of the obligation as determined by the Declaration of Restrictions. Repayment of the remainder of the obligation will be requested at the Program Manager's discretion.

Fair Market Rental Rates

The Rental Regulatory Agreement is based upon current HUD Fair Market Rental Rates Rent increases will be considered when existing rents are below current Fair Market Rental Rates. Approved increases shall be applied equally to tenants over a three (3) year period and must not exceed Fair Market Rental Rates.

Rent increases shall be approved by the Healthy Homes program upon submission of documentation by the owner reflecting an increase in annual expenses for taxes, insurance, heating and other utilities, as well as maintenance and operation costs.

To assure compliance with the Rent Regulatory Agreement, tenants residing at a property that has received funding from Healthy Homes must verify that their rents are in compliance with HUD's current Fair Market Rental Rates. Tenants must complete verification forms before and after the project.

Occupancy Requirements

Upon completion of the project, property owners must agree to give rental priority to low-income individuals and families with children under the age of six, for a minimum of three (3) years following the completion of lead hazard reduction activities. Of the units in a building, 50% must be occupied by or made available to families with an income at or below 50% of the area median income. The remaining units shall be occupied or made available to families with incomes at or below 80% of the area median income level. Owner-occupied housing units will be occupied by families at or below 80% of the area median income and not less than 90% of these homes will be occupied by a child under the age of six.

Release of Declaration of Restriction

Three (3) years from a project's clearance date or final loan payment date, whichever is later, the Community Development Office will release the Declaration of Restriction from the property releasing the Declaration of Restriction to the property owner. The property owner is responsible for recording the release of the Declaration of Restriction on the land record.

LEAD REMEDIATION PROCEDURES

Property Owner Contact / Intake

- a. Property Owner submits Application and all supportive documentation, including those required by the tenant(s) to the Intake Coordinator.
- b. Upon submission of the complete Application to Auburn Lead and Healthy Homes, the LEAD Project Coordinator determines the property's eligibility, based upon the priority ranking system. Applicants who do not score high on the rating scale will receive a status notification letter.
- c. If the income eligibility criterion is met, the LEAD Project Coordinator will determine if the property is deemed historical, complete the Environmental Review and determine if the property has an abatement order.
- d. The LEAD Project Coordinator will create a file for the property utilizing the file assembly checklist to ensure all proper forms are documented accordingly.
- e. The LEAD Project Coordinator will give the file to the Program Manager for review & Approval by the Program Director.
- f. The LEAD Project Coordinator will prepare and send the Approval Letter to the Property Owner. Property Owners whose files are not approved will receive a Denial Letter.
- g. The LEAD Project Coordinator will execute the Disclosure and Certificate to perform a tax clearance to ensure all property, sewer, water, and automobile taxes are current with the City. The tax clearance includes all properties listed under the owner(s) or entity(ies).
- h. The LEAD Project Coordinator will provide the property owner and/or tenant(s) with the EPA's Renovate Right brochure and ensure that the Pre-Renovation form is received.

Lead Inspection/Scope of Work/Lead Management Plan

- a. After the file is approved, the LEAD Project Coordinator will work with the Property Owner and the Environmental Consultant to set-up a date and time for the Lead Inspection.
- b. The LEAD Project Coordinator will notify the Environmental Consultant if the property has an abatement order and/or is a historical property.
- c. The Environmental Consultant will complete the Lead Inspection under the LEAD Project Coordinator's supervision. The Consultant will provide Auburn Lead and Healthy Homes with the Lead Inspection Report, including floor plan, all XRF readings, the Scope of Services, and Lead Management Plan. All documents will be sent via e-mail and hard copy to the Program Manager and LEAD Project Coordinator, within five (5) days of completion.
- d. Upon receipt of the Lead Inspection Report, Scope of Services, and Lead Management Plan, the LEAD Project Coordinator will cross-reference the documents to ensure that all defective leaded surfaces/components appear on the Scope of Services and that all leaded surfaces/components (intact or defective) appear on the Lead Management Plan.
- e. A copy of the Scope of Work and the floor plan will be mailed to the homeowner for review, along with a letter describe the next phases of the project and their estimated time frames.
- f. If a property is deemed historical by SHPO, the LEAD Project Coordinator will send the inspection report to SHPO for approval.
- g. If a property has an abatement order, the LEAD Project Coordinator will provide the Environmental Division with the inspection report for approval. The Environmental Division will also be notified if the property is deemed historical.

Healthy Homes Assessment/Scope of Services

- a. After the file is approved, the LEAD Project Coordinator will work with the Property Owner and the Environmental Consultant to set-up a date and time for conducting Healthy Homes Assessment via Healthy Homes Rating Tool.
- b. The LEAD Project Coordinator will compile the results of Healthy Homes Assessment and will forward the results to the Environmental Consultant for developing the scope of services. All documents will be sent via e-mail and hard copy to the Program Manager and LEAD Project Coordinator, within five (5) days of completion.
- c. Upon receipt of the Scope of Services, the LEAD Project Coordinator will cross-reference the documents to ensure that Scope of Services is developed according to the assessment report.
- d. A copy of the Scope of Services and the floor plan will be mailed to the homeowner for review, along with a letter describe the next phases of the project and their estimated time frames.
- e. If a property is deemed historical by SHPO, the Administrative Assistant will send the inspection report to SHPO for approval.

Bid – Lead Abatement and Healthy Homes Remediation

- a. The LEAD Project Coordinator will prepare the complete Bid Packet and give it to the Program Manager for approval. For properties with an abatement order, the LEAD Project Coordinator will provide the Environmental Division with a copy of the Scope of Work for approval.

- c. Upon approval from the Program Manger, the LEAD Project Coordinator will make copies of the Bid Packet to be distributed at the walk-thru.
- d. The LEAD Project Coordinator will provide the Purchasing Department with the required information needed to place a Bid Announcement.
- e. The LEAD Project Coordinator will notify the property owner(s) and tenant(s) at least 48 hours in advance of the Bid Walk-Thru to ensure access to the unit(s).
- f. The Purchasing Department will award the Bid to the lowest bidder that meets all necessary program requirements, within 24 hours of the date the bids are due.
- g. The LEAD Project Coordinator verifies that the contractor's qualifications including insurance, licenses and certifications are valid and current and that contractor has completed the application packet.
- h. The LEAD Project Coordinator will send written notification to the contractor and Property Owner confirming the Bid Award. The contractor will have five (5) days to contact the LEAD Project Coordinator and schedule the contract signing. A copy of the letter must be kept in the Property Owner's file.
- i. If a project bid exceeds \$50,000 the Program Finance Manager must obtain a Performance Bond and Bid Security from the lowest Bidder.

Contract Signing

- a. The Program Finance Manager will prepare the contracts and notify all parties of the date and time the contracts will be signed. The LEAD Project Coordinator will also provide the property owner with a draft of the contracts to review prior to the contract signing.
- b. At the time of the signing, the contractor is required to supply the Program Manager with a copy of the "Notice of Commencement Lead Abatement/Mitigation Project" form required to be mailed to the Auburn Community Development Office (10 to 14 days prior to the construction start date). A copy of the contract, Worker Affidavit, and the notification will be put in the Property Owner's file.
- c. The Program Finance Manager will request that a Title Search for the property be performed as well as a final tax clearance to verify the most current installment of taxes is paid.
- d. The LEAD Project Coordinator will contact the Property Owner to schedule the contract signing (at least two weeks prior to the commencement of construction).
- e. The LEAD Project Coordinator will ensure that the contractor provided all necessary paperwork and documentation, including Lead Abatement License, Home Improvement License, Renovate, Repair, and Paint (RRP) Certification, and Certificate of Insurance.
- f. The LEAD Project Coordinator will forward a copy of the Certificate of Insurance to the City's Purchasing Department.
- g. The Program Manager will decide, at the time of contract signing, if relocation of tenant(s) is needed and will notify the Property Owner if such a decision is made. The Program Manager and LEAD Project Coordinator will remind the Property Owner and tenant(s) that children cannot be in the home during the remediation/abatement work.
- h. If relocation is required, the Property Owner/tenant(s) must make arrangements with the LEAD Project Coordinator to pick-up gift cards for local restaurants and grocery stores on the day work commences.

- i. After the Program Manager has signed the contract, the LEAD Project Coordinator will make a copy for the file and send a copy of the document(s) to the Property Owner and Contractor.
- j. The Program Finance Manager adds to the file and Program Database the date the Deed Restriction was placed on the property.

Construction

- a. For a property with an abatement order and children under the age of six living on the premises, the LEAD Project Coordinator will notify the Property Owner that the child and guardian must be relocated during the construction phase of the project. The LEAD Project Coordinator will also notify the Environmental Division when relocation is necessary.
- b. Prior to the commencement of construction, the LEAD Project Coordinator verifies that the contractor has obtained the proper building permits from the Auburn's Planning & Permitting Office.
- c. The Program Manager issues a notice to proceed to the contractor and the property owner with approved starting and ending states agreed upon by the owner and contractor.
- d. The LEAD Project Coordinator will notify tenants at least 72 hours in advance of commencement of the work.
- e. The Program Manager and LEAD Project Coordinator will ensure that the contractor makes every attempt to complete the work within the time specified in the contract and that proper work procedures are followed.
- f. The LEAD Project Coordinator will monitor the construction site daily and complete a Job Site Inspection Report each day.
- g. If a Change Order becomes necessary during the course of the project, the contractor must notify the LEAD Project Coordinator and Program Manager, in writing, prior to proceeding. The proposed work must be reviewed and approved by the Program Manager. All Change Orders must be related to existing and/or unanticipated work.

Clearance

- a. The contractor will notify the LEAD Project Coordinator when the project is ready for clearance. The LEAD Project Coordinator will schedule the clearance testing within one (3) business days of notification from the contractor.
- b. When the Program Manager receives the clearance report, a copy of the report, the Lead Management Plan, and a Letter of Completion will be sent to the Property Owner by the LEAD Project Coordinator.
- c. If the property fails the initial clearance test, the LEAD Project Coordinator must notify the contractor immediately. The contractor must re-clean the affected area(s) within 24 hours. The contractor will notify the LEAD Project Coordinator when the cleaning is complete so that another clearance test can be schedule. The contractor assumes the costs associated with the clearance testing for each subsequent testing after the first failure.
- d. When the LEAD Project Coordinator receives the clearance results, and the clearance passed, the LEAD Project Coordinator will notify the Program Manager.
- e. The LEAD Project Coordinator will contact the Property Owner to let them know it is safe to return to the residence. If the Property Owner does not notify the tenant(s) within 24 hours,

the Property Owner will be responsible for incurring the relocation fees from the clearance date.

- f. The LEAD Project Coordinator, contractor, and Property Owner will conduct a final walk-thru to verify that all work was completed and the workmanship is satisfactory to the property owner. Any items that are outstanding will be recorded on the Contractor's "Punch List". The contractor will provide the homeowner with written guarantee/warranty for the work performed on the property.
- g. Upon completion of all work, the contractor will submit to the LEAD Project Coordinator the Mechanics' Lien Waiver.
- h. The LEAD Project Coordinator will provide a copy of the clearance testing results and clearance letter to the Environmental Division, if the property had a Lead Abatement Order.
- i. The LEAD Project Coordinator provides the Property Owner with Letter of Compliance and explains the obligations regarding the Lead Management Plan.

Payment

- a. To receive a progress payment, the contractor must submit the request, in writing, to the LEAD Project Coordinator and it must be approved by the Program Manager. Two progress payments can be rendered when the project is 25% and 50% completed.
- b. Upon clearance, the contractor will submit the final invoice, bond check, project close-out form and certificate of completion before final payment is rendered.
- c. The LEAD Project Coordinator will process invoices from the contractor and Environmental Service Consultant. Upon project completion, the LEAD Project Coordinator will give all invoices to the Program Finance Manager for payment.
- d. All portions of the work write-up identified as repair grant, any rehabilitation program funds, and/or Weatherization Program funds, used as a match, must be recorded.

Post Project Completion

- a. The LEAD Project Coordinator will mail, to the property owner, the Healthy Homes' Satisfaction Survey.

Compliance

- a. The LEAD Project Coordinator will conduct annual walk-through of each cleared property for a period of three (3) years to ensure the property is in compliance with its Lead Management Plan and that the property owner is meeting its rental income and occupancy agreements. Rental income and occupancy agreements will be verified utilizing the Income Rental Form.
 - b. The LEAD Project Coordinator will prepare a brief written summary of the findings, including the issues of non-compliance if any, and prepare a letter of the findings to be sent via certified mail to the property owner.
 - c. If a property is found not be in compliance with its Lead Management Plan, the Property Owner will have 15 days to respond to the letter and to discuss with the LEAD Project Coordinator how to bring the property back into compliance.

- d. The LEAD Project Coordinator will work with the Property Owner to ensure that the individual(s) performing the corrective work hold the proper certifications and/or licensures.
- e. Upon completion of the work, the home owner will contact the LEAD Project Coordinator, so that the work can be approved.
- f. The LEAD Project Coordinator will initiate the release of the Deed Restriction three (3) years from the date the property was cleared, or after the final loan payment is made, which ever is later.
- g. The LEAD Project Coordinator will mail the original Release of Deed Restriction to the property owner. The property owner will record the release on the land records.
- h. During the annual compliance inspection, the LEAD Project Coordinator will also collect the following updated information: number of children reside in the unit under six, family income, rent information, and ethnicity information.

eLOCCS SECURITY POLICY

This document establishes the information security policy and procedures for the City of Auburn to ensure that the integrity of the U.S. Department of Housing and Urban Development's (HUD) Electronic Line of Credit Control Systems (eLOCCS) is maintained and to ensure compliance with information technology security guidelines.

The policy recognizes that access of authorized personnel to the eLOCCS system is **for official use only** and that the system user identification (User ID) issued and the subsequent created password by the authorized personnel are to be used solely in connection with the performance of their official responsibilities as a grantee and may not be used for personal or private gain.

In ensuring that the integrity of HUD's financial System is maintained, the policy identifies below security practices which are consistent with HUD's current security policy.

SECURITY PRACTICES AND PROCEDURES

The following procedures will be utilized by the staff and associates of the City of Auburn.

Only **authorized** users will access eLOCCS and they will only access the system for **official business** solely in connection with the performance of their responsibilities as a grantee and not for personal or private gain.

- a. The organization's Approving Official is the Director of Business & Community Development
- b. The authorized users are the Community Development Manager & Finance Manager.
2. The Approving Official and each user will ensure that their individual User IDs and Passwords are kept secure and confidential and will not be shared with any other persons. Users agree to be responsible for the confidentiality of this information.
 - a. Users will change their password every 60 days as required by both Secure Systems and the eLOCCS system.
 - b. Users will:
 - i. Log off the system when leaving the system or leaving their work area.
 - ii. Refrain from leaving written User IDs and passwords in their work area.
 - iii. Contact the Program Office if their User ID is suspended or terminated.
 - iv. Avoid posting reports or printouts that contain sensitive information in public areas or leaving such information unattended.
 - v. Avoid violations of the Privacy Act, specifically the sharing of User IDs and Passwords.
3. The Approving Official will perform the following duties:
 - a. Assign roles for all users and not designate to any other personnel
 - b. Re-certify authorized Users every 6 months.

- c. Complete the HUD-27054-e LOCCS Access Authorization Form to notify the Program in the event of the termination of an authorized User.
4. Should an authorized User leave their employment/position with the City of Auburn or transfer to a position where access is no longer appropriate or necessary, appropriate notification and information will be sent to the HUD Program Office, which will then notify the User Support Branch with HUD form 27054-e. All Security Violations will be reported immediately to the User Support Branch.
5. Each authorized User will respond to any requests for information from the HUD Program Office and Management Officials.
6. Each authorized User will read and sign the attached Electronic Line of Credit Control System (eLOCCS) RULES OF BEHAVIOR.

SECTION 5 – PROGRAM GUIDELINES

CDBG CRITICAL REPAIR PROGRAM

A. PROGRAM GOAL

The goal of the Critical Repair Program is to respond to critical housing needs while upgrading the property conditions by addressing critical deficiencies. The Critical Repair Program is funded by the Community Development Block Grant Program and is subject to all the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. The property may be an owner-occupied, investor-owned, or owned by a non-profit agency. The property must be year-round residential structure or be converting to a year-round status.
2. A Low- to Moderate-Income (LMI) household must occupy a structure with one unit. Two-unit structures must have at least one unit occupied by a LMI household. If the structure contains three or more units, at least 51 percent must be LMI occupied.
 - a) Applicants will be required to provide source income if they are the occupant or tenant certifications of income. Applicants will be required to sign a Rent Regulatory Agreement to assure one- year occupancy after project completion by a low-income tenant.
3. Funds must be used to repair/replace a “major system” if it has been determined by the Community Development Office to have failed, be in danger of failing within the next 12 months or be determined to be causing ongoing damage to other parts of a qualified residence. These systems are limited to:
 - a) Roof Repair
 - b) Furnace
 - c) Septic or Sewer hookup
 - d) Hot Water heater or Public Utility service lines
 - e) Electrical repairs to correct a safety hazard
 - f) Other recorded Code Violation

C. ASSISTANCE CATEGORIES AND TERMS

1. Loan Terms
 - a) Maximum loan assistance is \$25,000.
 - (1) Investor Owned:
 - 75% amortized loan @ 4% APR
 - 25% private match of total project costs.
 - The private match requirement may be waived by the Program Director based on cash flow or inability to obtain private financing in which case the ratio shall be 75% loan and a 25% deferred loan.
 - (2) Owner Occupied:

- 100% amortized loan @ 2% APR
 - If owner is below 65% of median income, loan will be deferred.
- b) Amortized Loan term shall be established by the Program Director based on the financial capacity of the applicant. The maximum term is 25 years.
- c) If the property is sold or transferred prior to the end of the repayment period, the principal balance of the loan(s) shall be immediately repaid.

D. NATIONAL OBJECTIVES

Projects will be eligible under the low- to moderate-income benefit National Objective. The allocation of loan pool funds each year must be a minimum 75% for low-income projects. Projects will be processed under the low- income criteria whenever possible.

1. Low-Income Criteria
 - a) Applicants will be required to provide source income if they are the occupant or tenant certifications of income. Applicants will be required to sign a Rent Regulatory Agreement to assure one- year occupancy after project completion by a low-income tenant.

E. PROGRAM QUALIFICATION ASSESMENT

The Community Development Office has responsibility for administration of the Critical Repair Program. Community Development performs the underwriting and presents the loan request to the Program Director for approval based on achieving the national objective in part I-D above and part II-C below.

F. PRIVATE FUNDS

Private Funds: When matching funds are required, the applicant will have the option of using cash or borrowed funds. Match funds will be deposited into a segregated City account and will be subject to disbursement of funds procedures defined in this guideline.

G. LOAN CONSIDERATIONS

In approving or denying loan requests, the Community Development staff shall be guided by the following loan considerations:

1. Underwriting
 - a) Cash flow - ability to repay the debt.
 - b) Credit - credit history and reputation.
 - c) Payment of taxes or acceptable arrangements.
 - d) Collateral - Collateral coverage must be adequate as determined by the Community Development Staff.
 - e) Security - other assets.
 - f) Commitment of matching funds.

2. Assessment Private/Public Benefit

The Community Development staff will also consider the broader implications of

private and public benefits.

H. NON-DISCRIMINATION

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

I. APPLICATION PRIORITY

Applications shall be processed on a first-come, first-served basis. Community Development staff shall use the receipt date of a complete application to establish the order of priority. The applicant will be notified if there is funding available to proceed with the project, if there is inadequate funding then the application may be placed on a waiting list.

J. PARTICIPATION BY RELIGIOUS ORGANIZATIONS

1. Religious organizations can apply for Critical Repair Loans with the understanding that loan funds cannot be used to support inherently religious activities such as worship, religious instruction, or proselytization. The organization can engage in such activities, but they must be offered in a different location. Religious participation by tenants must be voluntary.
2. The organization must not discriminate against a tenant or prospective tenant based on religious belief or refusal to participate in a religious practice.
3. Any units improved with Critical Repair funds must be available for occupancy on the open market.

K. AFFORDABLE RENT STANDARDS

1. Rental units that are improved with Community Development funds shall be available and affordable to low- and moderate-income households.
2. The applicant will be required to furnish rental information to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit the current amount of rental charges for all units in the housing project, utility types, who pays the utilities, and the names of tenants.
3. A rent cap shall apply to assisted units of which 51% will be occupied by low-income households. The maximum allowable rent shall be equal to the amount of rent and utility costs being paid by the tenant at the time of loan closing. The period of affordability shall be one year after the loan final inspection date.
4. Vacant units at the time of application shall be rented to low- and moderate-income households. The maximum allowable rent for vacant units shall not exceed the Fair Market Rent in effect when the rent is calculated with an adjustment for utility allowance based on Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services. The period of affordability shall be one year from the final inspection date.
5. The borrower will sign a Rent Agreement stipulating rent limitations at loan closing.

L. DEFINITIONS

1. Fair Market Rent

An annually published rent level prescribed by the U.S. Office of Housing and Urban Development based on a specified number of bedrooms.

2. Household Income

- a) For the purpose of determining eligibility, Community Development staff will calculate income by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is requested based on the IRS Form 1040 method as defined by the Office of Housing and Urban Development.
- b) Income of all members of the household is considered for computing income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, self-employment income, net rental income, income from estates or trusts, child support, alimony, Social Security benefits, SSI retirement, survivor or disability pension, VA payments, pension, or annuity, Temporary Aid to Needy Families, unemployment benefits, worker's compensation, and disability or benefits from any source. Income will be based on the IRS Form 1040 method as defined by the Office of Housing and Urban Development.
- c) For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

3. Investor-Owner

Absentee owner, who may receive Critical Repair assistance to improve housing conditions for the tenants.

4. Mixed-Use

A property used in some part for residential purposes and in some part for non-residential purposes.

5. Owner-Occupied

An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.

6. Critical Repair Costs

The total of contractor estimates from the lowest eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Rehab Coordinator.

7. Residential Property

A property used entirely for residential purposes (household living space).

M. INCOME LIMITS

To qualify applicants for various loans under the Critical Repair Program, Community Development staff will use income limits for Lewiston-Auburn SMSA established by the Office of Housing and Urban Development. Revised charts will be used upon receipt.

NEIGHBORHOOD CHALLENGE GRANT

A. PROGRAM GOAL

The Neighborhood Challenge Program makes funds available to neighborhoods to improve public property located within the CDBG target areas (Downtown area, New Auburn & Union St census tracts). Each application must consist of a single project with a clearly defined goal, one that has a direct benefit to the neighborhood and its residents. This is a CDBG funded program and is subject to all of the relevant HUD regulations.

B. APPLICATION PROCESS

An organization obtains an application packet from the City of Auburn website at www.auburnmaine.gov, completes and emails or delivers the completed application to CDBG@auburnmaine.gov. Applications may also be mailed to Community Development, City of Auburn, Community Development Office, 60 Court Street, Auburn, ME 04210;

- a. Applicants are encouraged to contact the city for assistance in preparing this application;
- b. Applications are reviewed for compliance with HUD national objectives by City Staff.
- c. Complete & federally compliant applications will be presented to the Department Director for approval.
- d. If approved, the project will be completed as a Public Infrastructure project managed by CDO staff or another city department.
- e. The Community Development Office staff will oversee projects to ensure compliance with all federal, state and local laws and ordinances:
- f. The City will issue vendor payments as the project progresses or at completion after inspections have been completed.

C. EXAMPLES OF PROJECTS

a. Eligible projects include (but are not limited to):

- Improvements to government owned property and/or rights of way (such as park equipment, street lighting, sidewalk repair/construction, roadway enhancements and neighborhood entrance improvements and/or identification signs).
- Total replacement and/or rehabilitation of some existing physical improvements might be deemed eligible (this would be based on the individual circumstances and available funding and will be judged on a case- by- case basis). Applicants are encouraged to reach out to appropriate city departments for assistance.

b. Ineligible projects include (but are not limited to):

- Routine maintenance or repair of existing physical improvements in a neighborhood (including, but not limited to: streets, fences, irrigation systems, storm water retention facilities, and entrance signs).
- Funding for ongoing programs or administrative expenses.
- Funding of printed brochures, guides, marketing and promotional materials.

CDBG MICRO ENTERPRISE LOAN

A. PROGRAM GOAL

This program is designed to provide access to small businesses and start-ups. It is a streamlined, low barrier program designed to provide access to capital for businesses not traditionally bankable. There will be no minimum credit score required but applicants must have no delinquent or outstanding derogatory accounts reported.

B. PARTICIPANT ELIGIBILITY

Eligible applicants will be businesses with a majority ownership qualifying as 80% Low-to-Moderate income using the most recent HUD income qualification tables. Ownership structures will include:

- Sole Proprietors
- Partnerships
- LLCs
- Corporations

C. TERMS AND CONDITIONS

Maximum Loan amounts will not exceed \$7,500 and be secured by a Personal guaranteed from business owners and a UCC Filing on all business assets. Loan Terms will be a fixed rate 2% loan amortized over 3 years.

Allowable uses include:

- Working Capital
- Inventory & Equipment

D. APPLICATIONS

- A completed application form
- A completed intake form from all owners
- 1 form of Identification for each owner
- 1 year business tax returns and/or 1 year personal tax return and 3 bank statements
- Documentation of collateral

E. APPROVALS

- Completed applications will be presented to the Department Director for Approval.
- No-Credit-Elsewhere assessment as approved by HUD
- Owners below 80% LMI
- Credit check demonstrating no outstanding delinquencies

ALHHP LMI MATCHING FUNDS

PROGRAM GOAL

The goal of the Auburn Lead & Healthy Homes Program (ALHHP) LMI Matching Grant is to fund the owner match as required by the ALHHP Remediation Program for project owners who are below 80% LMI. This program addresses lead exposures by eliminating or containing contamination in Auburn housing inventory. This program is funded by the US Department of Housing & Urban Development Community Development Block Grant and is subject to all federal and Community Development Program rules and monitoring requirements.

ELIGIBILITY CRITERIA

These funds are for residents approved for the ALHHP Remediation program and who are under 80% LMI. Applications and Project approvals for the ALHHP program will incorporate funds from this CDBG funded program if the project budget requires it.

1. Grant Funds will be used to cover LMI qualified multi-unit owners \$2,000/unit program match requirement. All other conditions under the ALHHP Remediation Program will apply to the ALHHP LMI Matching Grant Program.
2. Additional loan proceeds not to exceed \$5,000 per unit will be available to ensure projects can be completed to program guideline specifications. These funds can only be used on identified hazards within the Lead and/or Healthy Homes scope of works. The terms for this loan are detailed within the ALHHP program guidelines.

PROGRAM ADMINISTRATION

1. Each grant will be separately built and funded within IDIS.
2. Grants will be secured with a grant agreement to be executed simultaneously with the matching ALHHP closing.

Auburn – Lewiston Consortium

TENANT-BASED RENTAL ASSISTANCE (TBRA)

1 Tenant Based Rental Assistance (TBRA)

The procedures described herein are based on the current agreements between the City of Auburn, as lead entity of the Auburn-Lewiston HOME Consortium to provide TBRA using HOME funds and the cities of Lewiston and Auburn independently (Members). These requirements may be modified by future agreements, as long as the changes are in full compliance with the HOME Program Final Rule.

1.1 Eligible Activities & Costs

TBRA program funds may be used to provide:

- Security deposits

While the HOME rule permits administrative (admin) funds and certain project delivery costs to be paid in association with TBRA administration, current contract does not permit such use of HOME funds.

1.1.1 Ineligible Costs (Activities)

HOME TBRA funds may not be used for activities:

- To make commitments to specific owners for specific projects. Tenants must be free to use the assistance in any eligible unit.
- To prevent displacement of or provide relocation assistance to tenants as a result of activities other than the HOME Program.
- To provide TBRA to homeless persons for overnight or temporary shelter.
- To provide monthly rental assistance.
- To provide assistance outside of the cities of Auburn or Lewiston.

The assisted unit cannot be owned by a Housing Authority unless an exception is approved in writing by the Auburn Community Development Office (ACDO). In order to be considered for an exception, the request must, at a minimum, include the following information:

- An explanation why the exception is necessary/appropriate; and
- A rent reasonableness analysis to demonstrate cost effectiveness; and
- Documentation of adequate outreach to owners so as not to limit access; and

- Assurance that occupancy of the unit is not a ‘requirement’ placed on the participating household and that they have a free choice of units.

1.2 TBRA Assistance

1.2.1 Rent Assistance Standard

The TBRA program is based on the premise that decent, safe, sanitary, and affordable housing can be obtained on the private market for very low to low-income families. The unit chosen by the family should not exceed HUD published Fair Market Rents (FMRs). A unit is determined to fall within the FMR of a specific area by adding the contract rent and the applicable utility allowance for the unit. For the purposes of the TBRA Security Deposit Program, the sum of both numbers cannot exceed the FMR of a unit. If the local housing authorities have adopted and been granted a community wide exception, then the rent standard may increase to no more than 120% FMR.

1.2.2 Security Deposit

The TBRA Security Deposit Programs may use funds to provide grants for security deposits associated with rental assistance provided by the Housing Authorities. The following criteria must be followed:

- Only the prospective tenant may apply for security deposit assistance;
- The security deposit is paid directly to the landlord;
- The security deposit may not exceed one month’s contract rent for the unit. If the unit is furnished and/or a pet deposit is required, an additional ½ month’s rent for either circumstance may be collected.
- The security deposit shall be used to provide compensation to the owner if the tenant, upon vacating, owes money for damages and unpaid rent in the unit.
- The assisted household may receive any security deposit refunded by the owner upon vacating the unit.

1.3 Marketing & Outreach

HOME rules require affirmative marketing for any program or project with 5 or more HOME assisted units. Consequently, the TBRA program must be affirmatively marketed in accordance with the City of Auburn Affirmative Marketing Plan.

HOME TBRA should be affirmatively marketed to all persons within the target population and/or special needs group. The marketing plan must address: (1) how the program will be announced (i.e., which media and other sources); (2) where applications will be taken (i.e., at one site or more); (3) when applications will be accepted (i.e., daily, during normal working hours or extended hours for a specified period); and (4) the method for taking applications (i.e., in person, by mail).

The willingness of owners to participate in the HOME TBRA program significantly affects the options and opportunities available to coupon holders. Grantees should conduct outreach to owners of rental property to stimulate their interest in the program. Mailing program notices to owners using tax or PHA records as sources, and participating in meetings of owner and realtor associations are often effective outreach methods. Evidence of affirmative marketing will be documented and provided to the ACDO with each quarterly report.

1.4 Application for Rental Assistance

All applications must be in written form and must contain, at a minimum, information that enables the Members to determine household composition, income, eligibility and whether the applicant is a student.

Each application received must be reviewed for completeness and to determine if the applicant is eligible.

The Members will place all applicants who are apparently eligible on the waiting list pending verification of information provided.

A tenant file must be created for each application. This file will ultimately contain the application, documentation of the household's eligibility, copies of program forms, correspondence, etc.

1.5 Selection of TBRA Recipients

The Security Deposit Program is designed to impose as little administrative costs to the Members as possible.

Households cannot receive HOME TBRA if they are receiving rental assistance under another Federal, state, or local rental assistance program IF the HOME subsidy would result in duplicative subsidies.

TBRA security deposit assistance may be provided only to families whose annual income does not exceed 60 percent of the median family income for the area, as determined and made available by HUD.

The Members must determine whether an applicant:

- Qualifies as a family;
- Is income-eligible

1.5.2 Annual Income

Income must be verified before assistance is provided. Income limits are established by household size and revised annually by the U. S. Department of Housing and Urban Development (HUD).

Household income under HOME-funded TBRA program must be calculated using the 1040 short form method. Only if the applicant does not file taxes would the Members utilize the definition of annual income at 24 CFR Part 5 (Section 8).

Annual income is the anticipated total income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12-month period following the effective date of income certification.

Annual income includes, but not limited to:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses, and other compensation for personal services.
- The net income from operation of a business or profession.
- Interest, dividends, and other net income of any kind from real or personal property.
- The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including lump-sum payment from a delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay.
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
- All regular pay, special pay, and allowances of a member of the Armed Forces.

Annual income does not include the following:

- Income from employment of children (including foster children) under the age of 18 years.
- Payments received for the care of foster children.
- Lump-sum additions to family assets, such as inheritances, insurance payments, capital gains, and settlement for personal or property losses.
- Amounts received by the family that is specifically for, or in reimbursement of the cost of medical expenses for any family member.
- Income of a Live-in Aide.
- Amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the Government for use in meeting the costs of tuition,

fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student.

- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- Amounts received under training programs funded by HUD.
- Temporarily, nonrecurring or sporadic income (including gifts).
- If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period must be annualized.

1.5.2.1 Verification of Income

The Members must determine annual income by reviewing source documents for at least two months, evidencing annual income (for example, wage statement, interest statement, unemployment compensation) for the TBRA-assisted household.

Income and asset source documentation for new TBRA recipients is good for a six-month period. If a TBRA contract is not executed before the six months has expired, the household's income eligibility must be reviewed again before assistance may be provided.

It is the obligation of the Members to obtain complete information from applicants and thoroughly document the methods by which it has verified all pertinent information in the applicant's file.

1.5.4 Waiting List

After a family has been determined eligible for the TBRA program, the Members shall place the family on a waiting list in chronological order of completed application received.

The waiting list shall comply with 24 CFR Part 92.253(d). The waiting list should show the family's name, date and time of application, local preferences if applicable, and appropriate size of units in bedroom.

1.5.5 Written Notice of Rejection

If an applicant is rejected for the program, the Member must provide in writing the reason(s) for rejection and provide an administrative process for the applicant to appeal the determination.

1.5.6 Determination of Unit Size

The unit size designated shall be assigned in accordance with the following criteria:

- No more than two persons are required to occupy a bedroom;
- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;

- Children of the same sex (regardless of age) and spouses must share the same bedroom for purpose of assigning the bedroom size on housing coupon;
- Unborn child may be considered for purpose of assigning the bedroom size on housing coupon.
- In some cases, however, the relationship, age, sex, health, or handicap of the family members may warrant the assignment of a larger unit size. Such flexibility is permissible to the extent the determinations are made on the basis of these factors. Such allowable determination should be fully documented in the applicant's file. For example, a two-bedroom unit may be used by a two-member family which consists of a single parent and child or by a couple who, due to medical reasons, must have separate bedrooms, as approved by the Member.
- Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. Participants may also select larger units at their own expense (i.e., TBRA subsidy will not cover the increased cost of a larger unit). In addition to the number of bedrooms, both the size of the unit and the size of the bedrooms should be considered when evaluating the individual circumstances of the family.

1.6 Unit Approval

1.6.1 Eligible Units

The HOME TBRA program offers households great flexibility in selecting a housing unit. Households must be free to select the unit of their choice.

- Public or private: Units under the TBRA program may be publicly- or privately- owned. Publicly owned units include public housing, Section 811, Section 202, HOPE 6, Continuum of Care, and HOPWA.
- Combining security deposit assistance with another security deposit program: HOME TBRA security deposit assistance cannot be provided to a program participant who is receiving security deposit assistance through other public sources.
- Rents must be reasonable: Member must disapprove a lease if the Member determines the rent is not reasonable, based on rents that are charged for comparable unassisted rental units.
- HOME-funded units are OK: Households may select units developed or rehabilitated with HOME assistance. However, the subrecipient may not require the household to select a HOME unit as a condition of receiving TBRA. Households must be permitted to move out at the end of the HOME lease term, taking their TBRA assistance with them.

- Portability is not permitted. The program does not allow TBRA assistance to be used outside of the cities of Auburn or Lewiston.

1.6.2 Environmental Checklist

Based on 24 CFR 58.35(b), TBRA projects are Categorical Exclusions Not Subject to 58.5. While the program as a whole was cleared, the Member must still complete an inspection prior to the execution of a rental assistance contract, submit the checklist to the City of Auburn, and maintain a copy in the tenant file.

1.6.3 Rent Reasonableness

The Member must certify all units assisted with TBRA are reasonable in relation to rents currently being charged for comparable units in the private unassisted market, and not in excess of rents currently being charged by the owner for comparable unassisted units.

The Member must document the basis for its rent reasonableness determination. Key components of a comparability analysis include:

- Location: In many markets location is the key determinant of housing price
- Size: Only units of comparable size (both in terms of number of bedrooms and square footage) should be used
- Utilities Included: Consider the type and fuel source of utilities
- Condition: Only units in similar condition should be compared
- Amenities: Consider such amenities as garage, appliances and lot size

It is not sufficient to approve a unit merely because its gross rent is within the applicable FMR limits.

1.6.4 Property and Occupancy Standards

Any TBRA assisted property must meet all applicable City housing codes and ordinances as well as the Section 8 Housing Quality Standards (HQS). Inspection to verify compliance with HQS and occupancy standards are made both at initial move-in and annually during the term of the TBRA assistance. A written inspection form must be signed and dated, and retained in the tenant file.

The Member must apply the occupancy standards that specify the number of bedrooms needed by households of various sizes and composition, as defined in Section 1.5.5.

The Member must also ensure that the landlord makes reasonable accommodations for the accessibility needs of the tenant.

1.6.4.1 Lead Based Paint

The TBRA program must adhere to Federal Regulation 24 CFR Part 35 that took effect January 2000 and amended in 2017.

- Tenants must receive the fact sheet “Ten Tips to Protect Children from Pesticide and Lead Poisonings around the Home” (EPA) and the pamphlet “Protect Your Family from Lead” (EPA) at the time of application.
- Tenants must receive the Elevated Blood Level form (tenant signature optional) and the Tenant Notice of Defect/Notice of Elevated Blood Level Above 15 ug form prior to move in.
- A lead disclosure notice must be provided to the tenant prior to lease signing.
- A sign off form indicating that the tenant has received the four documents must be in place in tenant files.
- Visual assessment of units built prior to 1978 must take place during the HQS inspection.

Exemptions include 0 bedroom units, SROs, and units exclusively for the elderly and disabled where children age 6 and under will not/do not occupy the unit.

- If deteriorated paint is identified in the visual assessment,
 - o Lead based paint stabilization/abatement procedures must take place at the expense of the owner within 30 days of notification to the owner (24 CFR Part 35.1330(a) and (b).)
 - o The owner of the unit must meet the requirements of paint stabilization as defined in 24 CFR Part 35.110. Paint stabilization must be conducted in accordance with procedures outlined at 24 CFR 1330(a) & (b). Owners must pay for stabilization and/or abatement procedures prior to move-in (or during occupancy). If the owner declines to provide stabilization, another unit must be selected.
 - o Owner must provide a copy of the clearance report performed in accordance with 24 CFR 35.1340 whenever paint stabilization is undertaken. Owner must provide tenant with a written notice of the results of the clearance exception (24 CFR 35.1215(c).
- If lead based paint or deteriorated paint in non-exempt units is identified following move in and/or during an annual or periodic re-inspection, depending on the scope of the work to stabilize the paint, and if necessary, the owner is responsible for relocating the tenants to a comparable dwelling free of lead based paint hazards while the work is taking place.
- Owner must adopt procedures to ensure that on-going maintenance activities are conducted in accordance with 24 CFR 35.1355 during the term of assisted tenancy.

- Identification of the number of units built prior to 1978 and the number of children and pregnant women residing in each unit must be provided on TBRA tenant project set-up forms.
- At least quarterly, the PHA must attempt to obtain from the Maine Center for Disease Control the names and/or addresses of children of less than 6 years of age with an identified elevated blood lead level. At least quarterly, the designated party shall also report an updated list of the addresses of units receiving assistance under a tenant-based rental assistance program to the same public health department(s), except that the report(s) to the public health department(s) is not required if the health department states that it does not wish to receive such report. If it obtains names and addresses of elevated blood lead level children from the public health department(s), the PHA shall match information on cases of elevated blood lead levels with the names and addresses of families receiving tenant-based rental assistance, unless the public health department performs such a matching procedure.

1.6.5 Lease Approval

After a family finds a unit, which is suitable for its needs, it must submit a completed Request for Unit Approval, signed by both parties, to the Member along with a copy of the proposed lease, supplied by the owner/landlord.

The Member shall review the request to determine if the owner is eligible, if the unit is eligible, if the lease complies with the program requirements in 92.253 governing prohibited and required lease provisions, and if the lease complies with state and local laws.

The lease must contain certain required provisions which include the tenant and the Member shares of the rent, the landlord's responsibility for maintenance and services, any utilities and appliances which the owner will provide, the condition necessary for eviction, the prohibition against discrimination, and the amount of security deposit.

The lease may not contain any of the following provisions:

- Agreement to be sued. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
- Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with state law.

- Excusing owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
- Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.
- Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury.
- Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant however, may be obligated to pay costs if the tenant loses.

The sMember will also provide the required VAWA lease addendum.

The lease between a tenant and an owner of rental housing assisted with TBRA funds must be for not less than one year in programs that are not participating in self-sufficiency programs.

The owner may not terminate the tenancy or refuse to renew the lease of the tenant except for serious or repeated violation of the terms and conditions of the lease; for violations of applicable federal, state, or local law; or for other good cause.

Any termination or refusal to renew must be preceded by not less than 30 day notice by the owner specifying the grounds for the action. Rent increases are also subject to 30 day notice.

1.7 Execution of Rental Assistance Payment Contract

After a Request for Unit Approval has been approved, the Member must prepare the Rental Assistance Contract for execution by the owner and the Member, and execution of the lease between the family and the owner. No security deposit will be paid until the contract has been executed.

The Member must retain a copy of the contract and lease in the family's file.

1.7.1 Project Set-up

Upon completion of all requirements of the above, the Member shall submit a completed Project Set-up of the Project in IDIS. Each Member will be responsible for management of the program in IDIS.

1.7.2 Payment Request

Upon receiving an activity number for a family, the Member must submit a funds requisition to obtain funds for the family's rental assistance. Monthly requests will be submitted, but up to 2 months of rent (plus any approved security and/or utility deposits) may be requested with ACDO approval.

The Member must maintain their financial records in such a manner that is easily possible to summarize subsidy amounts provided by household and owner.

1.8 Recordkeeping & Reporting

The Member is responsible for ensuring that TBRA funds are used in accordance with all program requirements of 24 CFR Part 92, and for documenting compliance. The Member must establish and maintain sufficient records to enable the City of Auburn to determine whether the activities have met the requirements of the TBRA program.

1.8.1 Tenant Records

Recordkeeping and Record Retention requirements must be in compliance with 24 CFR 92.508. For TBRA projects, records must be retained for five years after the period of rental assistance ends or from the time the project is closed, whichever is longer.

The tenant files shall contain, but are not limited to, the following:

- Original application with income and demographic information for each household member;
- Income verifications, along with source documentation;
- Annual release of information forms;
- Completed HQS inspection form for the unit;
- Lead based paint disclosure forms to indicate receipt of required pamphlets and required tenant notification forms prior to move-in.
- Descriptions of any required paint stabilization activities, clearance reports and required tenant notifications.
- Annual adjusted income worksheet and other related documents;
- Total Security Deposit Payment;
- Rental Assistance Payments Contract and Lease Agreement; and,

- Project Set-up and Project Closeout (IDIS).

Any tenant must give permission for the City of Auburn to review records to determine program compliance prior to receiving assistance.

1.8.2 Compliance Monitoring

ACDO staff will review all progress reports and will monitor the Memberst TBRA program annually according to the requirements of 24 CFR 92.504(a). During a compliance visit:

- Inspections of randomly selected units will occur
- Administrative and financial procedures and files will be reviewed;
- TBRA tenant files will be randomly reviewed.

A compliance follow-up report will be mailed to the grantee.

Should the follow-up report include findings/concerns, the grantee must respond in writing within thirty days regarding remediation of the findings and compliance with federal regulations and City of Auburn policies and procedures.

City of Auburn reserves the right to terminate agreements and recapture funds:

- If funds are not committed and/or expended by the dates referenced in the funding agreement, or if the project substantially changes after the funding commitment.
- If the program is no longer feasible or is not progressing timely so that the imposed deadlines will be met, funds may be recaptured.
- If the Member becomes suspended or debarred.

Other bases for termination and recapture are included in the subrecipient agreement.

HOMEBUYER PROGRAM GUIDELINES

Community Development Office (CDO) of each city is responsible for budgeting and administration of the Homebuyer program for that city.

A. PROGRAM GOAL

The objectives of the Homebuyer Program are to make home ownership affordable for low- and moderate-income households, to provide funds that will open access to other homebuyer programs, and to increase owner occupancy in targeted areas. The Homebuyer Program is designed to provide an opportunity for low- and moderate-income families to purchase market rate homes. The Homebuyer Program is subject to all of the HOME Investment Partnerships Program regulations found in 24 CFR 92.254(a)(2)(i).

B. OUTREACH

The CDO for each city is responsible for providing outreach to encourage a full range of potential clients. This shall be accomplished through marketing to homebuyer education classes, newspaper articles, and advertising the availability of the Homebuyer Program. Advertisements shall include a non-discrimination statement. Outreach shall be done in accordance with the Consortium's Affirmative Marketing Plan.

C. PARTICIPANT ELIGIBILITY

1. The applicant(s) household income must be below 80% of area median income at the time of the closing
2. The applicant(s) shall have a minimum household income of
 - a. \$25,000, or
 - b. \$20,000 if the first mortgage is financed by USDA Rural Development as a subsidized interest rate loan.
3. The applicant(s) is able to obtain standard financing at a fixed rate.
4. The applicant(s) may not own residential property or be a party in an installment land contract at the time of application.
5. The applicant(s) liquid assets shall not exceed \$15,000. Liquid assets are checking accounts, savings accounts, stocks, bonds, money market accounts, certificate of deposits, and cash gifts. It shall not include retirement accounts or life insurance cash values.

D. PROPERTY ELIGIBILITY

1. The property must be located in Auburn or Lewiston city limits.

2. The property may be a single-family dwelling, a rental property with two- to four-dwellings, a condominium unit, a cooperative unit, or a mixed-use property.
3. The property must be one of the following approved forms of ownership: fee simple title, 99-year lease, condominium, or cooperative housing.
4. The maximum property value will not exceed 95% of the median purchase price for that type of housing for the area as published by HUD, Section 203(b).
5. The property will be decent, safe, sanitary and in good repair and meet the following standards prior to the closing: Lead Safe Housing Rule (for pre-1978 units), accessibility requirements of 24 CFR Part 8, Section 504 of the Rehabilitation Act of 1973, standards of the International Existing Building Code, and Auburn Housing Standards. The financing package shall include adequate funds to complete all necessary improvements to meet these standards.
6. The property shall be inspected by CDO prior to the applicant(s) signing a purchase and sale agreement to assure that the property is appropriate for the applicant(s) and has potential to meet all property standards.

E. HOME BUYER ASSISTANCE TERMS

1. The applicant shall produce a minimum of \$1,000 in personal savings for the down payment verified with current bank statements.
2. The applicant will receive a loan not to exceed 20% for the purposes of covering the owners' required down payment. No Private Mortgage Insurance (PMI) shall be charged to the applicant. No fees will be charged for the HOME assistance CDO office will determine if the First Mortgage fees are reasonable as required by 24 CFR 92.254(e)(3).
3. Repayment term will match term of the primary lender.
4. Interest rate will be 1% less than the primary lenders note rate.
5. The loan will be secured by a 2nd position mortgage.
6. Recapture- Refer to the CDO Manual for detail on the recapture period and conditions. The recapture provision shall be recorded along with the mortgage at the Androscoggin Registry of Deeds.

Based on the total HOME- funded loans to applicant(s), the property to be purchased shall be occupied by the applicant(s) as a principal residence for the minimum periods as follows:

- 1) 5 years if total of HOME funds is less than \$15,000;
- 2) 10 years if total of HOME funds is between \$15,000 and 40,000; or
- 3) 15 years if HOME funds is over \$40,000.

b. The recapture period shall commence on the date of the purchase. If the property is sold, transferred, or the purchaser ceases to occupy the property prior to the end of the recapture period, the principal balance of the HOME loan(s)

shall be immediately due in full, or repaid subject to available NET proceeds upon sale.

F. UNDERWRITING

1. The city shall review the underwriting as provided by the Primary Lender as well as 2 months of source income documentation to ensure it meets HUD guidelines. This includes the determination of subsidy layering as outlined in 24 CFR 92.250. The Primary Lender's underwriting shall include the city's second mortgage and demonstrate the following conditions:

- a. monthly debt for principal, interest, taxes, insurance, and estimated rehabilitation loan shall not exceed 32% of the applicant(s) income;
- b. all debt shall not exceed 42% of applicant(s) income;

2. The city shall review the terms of the primary mortgage to ensure compliance with 24 CFR 92.254 (e)(3). Fees from primary lender will be reasonable and any city expenses related to this applicant will be recorded as project costs and not be charged to the homebuyer.

G. APPROVAL

1. PROGRAM QUALIFICATION ASSESMENT

The Community Development Office has responsibility for administration of the Home Buyer Program. Community Development reviews the underwriting as provided by the Primary lender and presents the loan request to the Program Director for approval based on achieving the national objective established in Part C, D and standards set under part F above.

H. PROGRAM ADMINISTRATION

1. Non-Discrimination

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

2. Application Priority

Applications shall be processed on a first-come, first-served basis. CDO shall use the approval date of the loan committee to establish the order of priority for funding. The applicant will be notified if there is funding available to proceed with the project and if there is inadequate funding, then the application may be placed on a HOME waiting list.

3. Definitions

a. Household Income

- 1) When determining whether a household is income eligible, CDO will calculate annual income using the 1040 method as defined by the Office of Housing and Urban Development.
- 2) For the purpose of determining eligibility, CDO will confirm annual household income by projecting the prevailing rate of income of each person at the time assistance is requested. Estimated annual income shall include income from all household members.
- 3) Income may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support/alimony, Social Security benefits, SSI, retirement, pension or annuity, TANF, unemployment benefits, worker's compensation, and disability or benefits from any source.

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

c. 80% of Area Median Income is the maximum income a household can earn, adjusted by household size, in order to qualify as low- to moderate income and be eligible for the Homebuyer Program. Guidelines for Lewiston-Auburn SMSA are provided by the Office of Housing and Urban Development, and are revised annually.

d. Community Development Office staff (CDO) is the contact person designated as the City's representative to process loan applications in Auburn or Lewiston.

e. Purchase and Sales Agreement is the document executed by the applicant to purchase the chosen property.

f. Homebuyer Agreement is an agreement to be executed between the city and the applicant/homebuyer. This agreement includes the following:

1. Purchase price to ensure compliance with 24 CFR Part 92.254(a)(2)(i).
2. Housing is the principal residence of an income qualified homebuyer for the duration of the affordability period.
3. Amount and form of assistance.

4. Resale and recapture provisions applicable to the property.
5. Date by which the housing must be acquired (within 6 months of agreement).
6. Address and legal description of the property.
7. Duration of the applicable affordability period.

4. Application Procedures

This section shall set forth the procedures for administering the Homebuyer Program.

a. Applications

1) Priority -- Applications will be processed on a first come, first served basis. CDO shall establish a priority processing list based on the receipt date of a complete application.

2) Initial Application – An application may be obtained from the Community Development Office. A complete application shall include verification of income. An incomplete application will be returned to the applicant.

b. Income Verification –The applicant(s) shall provide Pre-approval letter from primary lender along with documentation of all income sources and a federal tax return. Income documentation cannot be more than 6 months old by the time of closing. CDO shall make a determination of preliminary eligibility based on household size and income.

c. Training

1) Landlord Training – If the property is a multi-unit building, the Applicant(s) shall attend a landlord education program.

2) Home Buyer Training -- The applicant(s) shall provide a certification of attendance at a HoMEworks approved homebuyer education program, or another HUD-certified housing counselor.

3) Post-Home Purchase Counseling – The applicant(s) will agree to meet annually for the first 3 years, or more frequently if necessary, to review the financial status of the applicant(s).

d. Identifying the Property - The applicant(s) will select a property for sale which is consistent with an affordability determination.

e. Purchase and Sales Agreement - The applicant will execute

Purchase and Sales Agreement that includes a clause stipulating the sale is contingent upon financial approval from the City and primary lender.

f. Multi-Unit Property – If the property has rental units, the owner or realtor will be asked to secure tenant data and copies of the existing leases.

g. Initial Inspection – CDO shall make an initial inspection of the housing unit within a building to determine if the property meets housing standards including Lead Safe Housing Rule, accessibility requirements of 24 CFR Part 8, Section 504 of the Rehabilitation Act of 1973, and standards of the International Existing Building Code and Housing Standards. CDO will identify the required improvements in writing no earlier than 90 days prior to closing.

h. Housing Standards – Properties to be purchased through the Homebuyer Program must meet -Housing Standards including Lead Safe Housing Rule, accessibility requirements of 24 CFR Part 8, Section 504 of the Rehabilitation Act of 1973, and standards of the International Existing Building Code before purchase or completion of rehabilitation.

i. Financing Package – The applicant(s) will seek approval of the prime lender and HOME loan. CDO will submit the request to the Program Director for approval.

j. Notices

1) Acceptance—Applicant(s) will be notified of acceptance through a written Commitment Letter.

2) Rejection – If the request is rejected, CDO will notify the applicant(s) in writing and give the reason(s) for rejection, and the right to appeal the decision.

3) Tenant Notification -- Letters shall be sent to the tenants if there will be permanent displacement.

k. Insurance – The participant is required to maintain fire, liability and other hazard insurance on the property for the full term of the note and for an amount at least equal to the total value of all mortgages held on the property, or an amount at least sufficient to cover coinsurance requirements in the State of Maine. The City will be named as a mortgagee on the policy and the participant shall provide evidence of insurance.

l. Loan assumption

The HOME Loan is not assumable.

m. Subordination/Refinancing – Subordination of the HOME loan is generally not allowed. Exceptions will be made for documented emergencies on a case by case basis by CDO. CDO may request documentation in order to evaluate the request. Refinancing may be allowed for the following reasons:

- 1) limited to the existing first mortgage balance plus reasonable closing costs if refinancing places owner in a better economic situation and does not diminish the City's financial position in the property;
- 2) exorbitant medical expenses;
- 3) loss of husband/wife;
- 4) documented building system failure (two estimates from reputable contractors); or
- 5) legal expenses incurred that would affect the health or stability of the household.

n. Monitoring –CDO will monitor ownership during the recapture period. A default shall occur if the owner ceases to occupy or transfers the interest in the subject property or fails to respond to requests for occupancy documentation and the HOME loan shall come immediately due. CDO must retain records for 5 years after Period of Affordability ends, or full payoff of the balance, whichever is later.

o. IDIS Setup – The project will be set up in IDIS following the execution of a written homebuyer agreement with the homebuyer. The agreement must be executed prior to the commitment of funds within IDIS in accordance with 24 CFR 92.502(b).

Within 120 day from final project drawdown beneficiary information entered into IDIS must match the information included in the Homebuyer agreement in accordance with 24 CFR 92.502 (d)(1).

p. The property title must be transferred to the applicant within 6 months of the commitment date as required by 24 CFR part 92.2 Definitions of Commitment to Specific Local Project.

I. FEDERAL AND STATE REGULATIONS, AS MAY BE AMENDED

- 1. Equal Employment Opportunity** – The applicant must abide by the Provisions of Executive Order 11246 concerning equal employment opportunity.

- 2. Flood Hazard Insurance** – If the property to be improved is located in a Designated flood hazard area, the applicant is required to provide evidence of flood hazard insurance coverage and abide by the regulations of the Flood Disaster Protection Act of 1973.

- 3. Civil Rights** – The applicant will be required to comply with Title VIII of the Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988, barring discrimination upon the basis of race, color, religion, creed, sex, handicap, familial status, or national origin in the sale lease rental, use or occupancy of the subject property.

- 4. Conflict of Interest** – No elected or appointed official or employee of the City of Auburn and no members of any municipal board or committee which exercises any decision-making functions with respect to the CDO, shall participate in negotiating or shall exercise any influences in awarding or administering any contract in which a direct or indirect pecuniary interest as defined by 30-A M.R.S.A. Section 2605.

- 5. Lead Based Paint** – If the project involves a property that was constructed prior to 1978, all Title X Lead Based Paint standards shall apply.

- 6. Environmental Review Procedures** -- The city shall conduct an environmental review including, but not limited to determination of whether the property is historically significant and whether the property is located in a flood zone, and shall communicate any findings and special considerations to the applicant.

- 7. Uniform Relocation Act** – The Homebuyer Loan Program shall comply with the Uniform Relocation Act with respect to tenants who may be permanently or temporarily displaced.

**AUBURN LEAD & HEALTHY HOMES PROGRAM (ALHHP)
Guidelines**

A. PROGRAM GOAL

The goal of the Auburn Lead & Healthy Homes Program (ALHHP) is to address lead exposures by eliminating or containing contamination in Auburn housing inventory. This program is funded by the US Department of Housing & Urban Development (HUD) Office of Lead Hazard Control & Healthy Homes (OLHCHH) grants and is subject to all federal and Community Development Program rules and monitoring requirements.

B. ELIGIBILITY CRITERIA

The eligibility of a unit must meet federal requirements established in the Residential Lead-Based Paint Hazard Control and Lead Hazard Reduction act of 1992 (Title X) and summarized in the Eligibility Table below. Low to Moderate Income (LMI) determinations will be made using the current year Lewiston-Auburn Metro Area income limits published by HUD.

Eligibility of Units		https://www.hud.gov/sites/documents/2014-01_UNIT_ELIGIBILITY.PDF
Occupancy Type	Income Level	Child Occupant <6 years old (yo)
Renter	At least 50% of units must be less than 50% LMI. Remaining units (<50%) must be less than 80% LMI	Not required at the time of assistance. Owners must give priority to families with a child under 6yo for at least 3 years
Multi-Unit (5 or more)	20% of total units MAY exceed 80% LMI 80% of total units MUST meet renter income	Not required at the time of assistance Owners must give priority to families with a child under 6yo for at least 3 years
Owner Occupied	100% of Owner-occupied units must be under 80% LMI	At least 90% of owner-occupied units assisted must have: <ul style="list-style-type: none"> • A child under 6 in residence, or • Child under 6 spends “significant time,” or • A pregnant person Less than 10% of total units assisted may be family w/o child under 6yo

C. ASSISTANCE TYPE AND TERMS

1. Terms

a) Maximum assistance is \$23,000 per unit from the following programs:

(1) \$15,000 Max from Lead Hazard Control Grant

(2) \$3,000 Max from Healthy Homes Grant

(3) \$5,000 Max from CDBG Loan

- Loan Repayment

- Multi-unit owners – 5% interest over 5 years

- Single Family Residence – Deferred until transfer

(4) Match Requirement:

- Multi-unit owners – \$2,000/unit

- Single Family Residence - none

b) If the property is sold or transferred prior to the end of the repayment period, the principal balance of the loan(s) shall be immediately due and payable.

c) ALHHP funds may be committed alongside other city, state, or federal funds so long as these funds are separately accounted for.

d) Any additional funding required beyond the individual program maximums will be the responsibility of the owner.

e) An application will be deemed ineligible if CDO staff determines a project is not feasible with the available resources.

2. Eligible Improvements

Lead Hazard Control and Healthy Homes work will have a separate scope of work which meets federal requirements of the individual programs. Eligible improvements paid for by a CDBG Loan will be used for identified deficiencies within the Lead Hazard Control and Healthy Homes inspections that are not funded within either program's scope-of-work due to available funds.

3. Ineligible Improvements

Improvements which are ineligible include housing rehabilitation or improvements of a non-essential or luxury nature.

D. NATIONAL OBJECTIVES

Projects must qualify under 14a or 14b of the CDBG Eligibility and Activity Codes and satisfy the Low/Mod Housing National Objective.

1. Low-Income Criteria

- a) Owners and Renters will be required to provide proof of income if they are the occupant of a qualified unit. Owners of multi-units will be required to sign a Rent Regulatory Agreement to assure 3-year occupancy by a low-income tenant after project completion.

E. PROGRAM QUALIFICATION ASSESMENT

The Community Development Office has responsibility for administration of ALHHP within the guidelines provided by HUD. CDO staff perform underwriting and presents the grant/loan request to the Program Director for approval based on achieving the national objective in part I-D above and part II-C below.

F. PRIVATE FUNDS

Private Funds: When matching funds are required, the applicant will have the option of using cash or borrowed funds. Match funds will be deposited into a segregated City account and will be subject to disbursement of funds procedures defined in section E-18 of these guidelines.

G. LOAN CONSIDERATIONS

In approving or denying loan requests, the CDO staff shall be guided by the following loan considerations:

- I. Underwriting
 1. Cash flow - ability to repay debt as demonstrated by a proforma.
 2. Collateral - Collateral coverage must be adequate as determined by the CDO Staff and secured by a mortgage.
 3. Commitment of matching funds where necessary.

II. Assessment Private/Public Benefit

The Community Development staff will also consider the broader implications of private and public benefits.

H. NON-DISCRIMINATION

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the grounds of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

I. APPLICATION PRIORITY

Applications shall be processed on a first-come, first-served basis with priority given to units where:

- An Elevated Blood Level (EBL) Child resides;
- A Child under 6 years old resides;
- A Child under 6 years old spends “significant amount of time; or
- A Pregnant Woman resides.

CDO staff shall use the receipt date of a complete application (and all required supporting documentation) to establish the order of priority. The applicant will be notified if there is funding available to proceed with the project, if there is inadequate funding then the application may be placed on a waiting list.

J. PARTICIPATION BY RELIGIOUS ORGANIZATIONS

- a. Religious organizations can apply for Rehabilitation Loans with the understanding that loan funds cannot be used to support inherently religious activities such as worship, religious instruction, or proselytization. The organization can engage in such activities, but they must be offered in a different location. Religious participation by tenants must be voluntary.
- b. The organization must not discriminate against a tenant or prospective tenant based on religious belief or refusal to participate in a religious practice.
- c. Any units improved with rehabilitation funds must be available

for occupancy on the open market.

K. AFFORDABLE RENT STANDARDS

- a. Rental units that are improved with ALHHP Remediation funds shall be available and affordable to low- and moderate-income households for a minimum of 3 years from the date of final clearance.
- b. The applicant will be required to furnish rental information annually to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit the income levels of any new tenants, current amount of rental charges, and the names of tenants.
- c. Vacant units at the time of application shall be rented to low- and moderate-income households with priority made available to families with children under 6years old. The maximum allowable rent for vacant units shall not exceed the Fair Market Rent in effect when the rent is calculated the period of affordability shall be 3 years from the final inspection date.
- d. The borrower will sign a Rent Agreement stipulating rent limitations at loan closing.

L. DEFINITIONS

a. Fair Market Rent

An annually published rent level prescribed by the U.S. Office of Housing and Urban Development based on a specified number of bedrooms.

b. Household Income

- i. For the purpose of determining eligibility, CDO staff will calculate income of all members of the household by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is requested based on the IRS Form 1040 method as defined by the Office of Housing and Urban Development.
- ii. For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

c. Investor-Owner

Absentee owner, who may receive rehabilitation assistance to improve housing conditions for the tenants.

d. **Owner-Occupied**

An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.

e. **Rehabilitation Costs**

The total of contractor estimates from the lowest eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Rehab Coordinator.

f. **Residential Property**

A property used entirely for residential purposes (household living space).

M. INCOME LIMITS

To qualify applicants for various loans under the ALHHP Remediation Program, CDO staff will use income limits from the current year Lewiston-Auburn Metropolitan Statistical Area (MSA) as released by the Office of Housing and Urban Development.



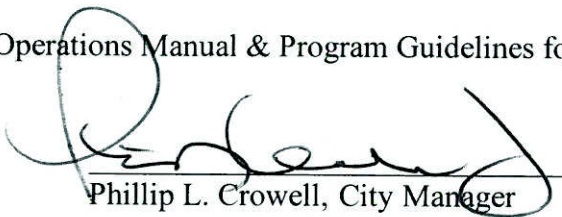
City of Auburn, Maine
Business & Community Development
Glen Holmes, Director
60 Court Street | Auburn, Maine 04210
www.auburnmaine.gov | 207.333.6601

**Community Development Office
Operation Manual for PY22**

On this 1st day of July 2022, all Community Development program guidelines from previous program years will be discontinued. Any resident or program approved under prior program years will continue to receive services as agreed, but no application will be accepted nor processed.

The Community Development Operations Manual for Program Year 2022, including updated program policies and guidelines contained therein, are hereby approved and in effect as of this date.

Operations Manual & Program Guidelines for PY 22:


Phillip L. Crowell, City Manager

7/1/22
Date