

# City of Torrington

## Housing Rehabilitation Loan Program Information



Funding provided by  
Connecticut Department of Housing



U.S. Department of  
Housing and Urban Development  
Equal Opportunity Lender

## COMMUNITY DEVELOPMENT BLOCK GRANT LOAN PROGRAM

The City of Torrington has Community Development Block Grant Program Income funds available for income eligible residential property owners for housing rehabilitation. These funds originate from the U. S. Department of Housing and Urban Development (HUD) and are administered at the City.

The City has retained A&E Services Group, LLC. to coordinate its local Housing Rehabilitation Program Income Loan Program and to serve as the City's Program Manager.

Types of work that may be eligible for funding include the correction of health and safety violations, code compliance, roofing, carpentry, electrical work, painting, plumbing, heating, and other non-luxury work subject to approval of the City.

If you participate in the Program, you should become familiar with several key elements. This flyer outlines the general procedure and process and answers some commonly asked questions.

### APPLICATION & ELIGIBILITY

All applications must be fully completed and returned to the address listed on the back of the application. Applications are reviewed and processed on a first come first serve basis.

Eligibility is based on a combination of household size and annual household income. Income documentation for each of the household residents over the age of eighteen must be submitted with the application. This documentation must include copies of a minimum of the last 4-6 pay stubs, the most recent Federal tax return, social security documentation, or other pertinent income verification. All tax returns must be signed.

Providing your household size and total household income is less than the figures listed below, you may be eligible for participation in the City's Program Income Housing Rehabilitation Loan Program. Household income is determined by all household members income over the age of 18, providing they are not a full-time student.

Household Size	Income Limits*
1	\$55,950
2	\$63,950
3	\$71,950
4	\$79,900
5	\$86,300
6	\$92,700
7	\$99,100
8	\$105,500

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\* Income limits are subject to periodic change.

Loan to value ratios for each property are reviewed to determine the availability of equity when determining maximum loan amounts.

## **FUNDING**

Maximum loan amount is \$35,000.00 per single family dwelling and \$100,000.00 per unit in multi-family dwellings.

Funding is typically offered to owner-occupied applicants as a “deferred” payment loan. Deferred loans are 0% interest loans which require no payment until one of the following:

1. Sale/Transfer of title;
2. Owner’s demise;
3. When the property is no longer the beneficiary’s principal place of residence.

Investors may be eligible for direct loans at 1% with repayment terms subject to funding/payment threshold regulations.

## **TYPICAL REHABILITATION PROCESS**

### ***Initial Inspections***

Once an application is determined income eligible, the Program Manager will contact the Owner to schedule an initial site visit. This inspection allows the Program Manager to explain the Program in greater detail and to determine the specific needs of the property and what can be funded under this Program.

While many repairs are eligible, some may not be warranted depending on individual circumstances, cost, and the condition of the property.

All participating homes built prior to 1978 will be tested for lead based paint. Lead Based Paint Reduction/Mitigation efforts will be performed in accordance with Federal and State regulations if required.

### ***Scope of Work and Budget***

A preliminary Scope of Work & Estimated Construction Budget will be prepared by the Program Manager. The Scope of Work & Estimated Construction Budget provides an outline of the proposed rehabilitation with an estimated market value cost. The actual cost of the rehabilitation is determined through the public bidding process.

### ***Specifications***

Upon acceptance of the Scope of Work & Estimated Construction Budget by the Owner, the Program Manager will prepare detailed specifications describing the proposed renovations. The specifications are sent to the Owner for their review and approval. Upon approval by the Owner of the technical specifications they are used to create the bid documents which are used by interested contractors when submitting their bids.

### ***The Bid Process***

A pre-bid is conducted to allow any interested contractor an opportunity to view the property and assimilate themselves to the technical specifications, meet the owner and familiarize themselves with the requirements of the project. The pre-bid is held at the location of the project and usually lasts 45 minutes to 1 hour.

Bids are then received and opened by the City on behalf of the Owner. They are publicly opened and read aloud at the City Hall. Bid result information is compiled and provided to the Owner.

Funding is based on the lowest qualified bid received. The Owner will be provided with the Contractor's references, licensing and insurance information and required to perform a background check. The Owner and Program Manager will review the information for the Owner's ultimate decision and selection. The Owner may choose a contractor other than the lowest responsive bidder providing they pay the difference.

The contract for the work is solely between the Owner and the Contractor and must be approved by the Small Cities Committee prior to being awarded.

### ***Loan Closing***

Once the Owner selects a contractor the Program Manager will prepare loan documents. A meeting will be arranged for the Owner to sign the loan documents.

### ***Contract Signing***

The Program Manager will prepare contract documents. A meeting will be arranged for the Owner, Contractor and Program Manager to review and sign the contract documents.

### ***Project Oversight***

The construction contract is solely between the Owner and the Contractor. All scheduling, selections, and work arrangements shall be made between these two parties. The Program Manager will periodically visit the site to ensure compliance with the City's grant requirements. The local agency having jurisdiction over the work will perform their customary inspections as part of the permit process.

Neither the City nor the Program Manager is responsible for the Contractor's performance or quality of work. The Owner should advise the Program Manager of any issues or problems during construction as soon as possible.

### ***Payments***

The Contractor receives no money down at signing and is paid in installments as the work is completed and approved by both the Owner and Program Manager.

Payments are issued by the City to the Contractor upon owner signature on the Partial Payment Authorization or Certificate of Completion.

The Contractor will provide signed and notarized lien waivers for each payment or as appropriate.

### ***Warranty***

The Contractor is responsible to the Owner to provide all warranty information and warranty their work for a minimum of one year upon completion.

Manufacturer's warranties will be provided to the Owner by the Contractor for materials installed.

## **OWNER RIGHTS AND RESPONSIBILITY**

This is a voluntary program on the Owners behalf. The Owner has the right to withdraw from the program until their 3 day right of rescission has elapsed after loan closing & contract signing.

The Owner must disclose all required information in a timely manner. Any willful misrepresentation may result in the disqualification of an application.

The Owner has the right to hire any bidder they choose, as explained in the previous section on the bid process, subject to certain conditions.

All colors, models, and materials will be selected or approved by the Owner and Program Manager prior to installation. The Owner is responsible to respond to the Program Manager and/or the Contractor with these decisions or any other decisions within a reasonable amount of time.

The Owner must make themselves available for the Contractor to perform the work Monday – Friday between the working hours of 8:00 AM – 5:00 PM site inspections, pre-bids, and meetings.

The Owner is responsible for the safe keeping of their valuable possessions, moving, and storage of furniture and nick-nack unless otherwise stated in the contract.

The Owner cannot withhold payment to the Contractor for items not related to the contract or if the work has been approved by the City.

While this flyer is meant to provide an overview of the Program and process, it does not cover every situation or individual case. Each application will be reviewed individually for compliance with Program guidelines.

*The information and process outlined in this flyer is illustrative only and does not bind the City or its Program Consultant. The City has the right to amend, revise, rescind, or interpret any part, process, or procedure of its Program as it deems necessary. All decisions are subject to the review and approval of the State of Connecticut.*

**City of Torrington  
Housing Rehabilitation  
Loan Program**

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**Program Manager**

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**Equal Housing Opportunity**



**Minorities, families with children, persons with disabilities, and others needing housing rehabilitation are encouraged to apply.**

***Rev. July 2021***