



City of High Point

AFFORDABLE HOUSING PROGRAM

Standard Operating Policies And Procedures

Latest Revision: July 2017

TABLE OF CONTENTS

I.	INTRODUCTION	4
II.	REHABILITATION PROGRAM	5
A.	Program Description	5
1.	Emergency Home Repair (CDBG/Core City Redevelopment).....	5
2.	Urgent Repair Program (NCHFA)	6
3.	Construction Training Partnership Program (NCHFA).....	7
4.	Lead Hazard Control	7
5.	Operation Inasmuch (Core City Redevelopment).....	7
6.	Purchase/Rehabilitation.....	8
7.	Substantial Rehabilitation.....	8
B.	Eligible Properties.....	8
C.	Ineligible Properties	8
D.	Application Process	8
1.	Eligibility Screening Form.....	8
2.	Application Process and Qualification	9
3.	Approval.....	10
E.	Homeowner Rehabilitation Delinquent Loan Policy	11
F.	Funding Sources for Eligible Projects	11
G.	Rehabilitation Activity Process.....	11
1.	Pre-Bid.....	12
2.	Bid Process	12
3.	Pre-Construction.....	13
4.	Construction.....	13
5.	Post Construction.....	14
7.	Debarred Contractors Review	14
III.	INFILL HOUSING PROGRAM	15
A.	Program Description	15
B.	Commitment to Affordable Housing	15
C.	CHDO Evaluation/Review Process	15
D.	Project Underwriting.....	16
IV.	DOWN PAYMENT AND CLOSING COST ASSISTANCE PROGRAMS	18
A.	Program Description	18

B.	City-Wide Down Payment and Closing Costs Assistance	18
1.	<i>Qualifications</i>	18
2.	<i>Lender Participation</i>	19
V.	LEASE-PURCHASE PROGRAM	23
A.	Program Description	23
B.	Lease-Purchase Process	23
VI.	OTHER PROGRAM ELEMENTS	24
A.	Minimizing Displacement.....	24
B.	Repeat Assistance	24
APPENDICES		25
	Appendix A: Verifying and Determining Income	26
	Appendix B: Competitive Bid Procedure	27
	Appendix C: Housing Quality Standards.....	29
	Appendix D: Preferred Contractors Policy Manual.....	40
	Appendix E: Glossary	45
	Appendix F: Market Segmentation Study Information	49

I. Introduction

The Community Development and Housing Department designs and implements various affordable housing, community and neighborhood development strategies to meet identified needs within the City of High Point. Affordable housing strategies are designed to increase the supply of affordable housing, improve the condition of low-income housing stock and enhance the accessibility of affordable housing to income-eligible homebuyers and tenants.

The affordable housing strategies employed by the Department include the following:

- Rehabilitation of affordable housing
- New construction of affordable housing
- Financial assistance to income-eligible homebuyers (Citywide)
- Core City Homebuyer Incentive Program

II. Rehabilitation Program

NOTE: This program is offered contingent on the availability of funding or as a part of work performed under other rehabilitation grant programs (e.g., lead hazard control).

A. Program Description

The housing rehabilitation program is designed to provide assistance with housing repair needs. The program addresses housing repairs such as replacements for roofing, siding, windows, plumbing, wiring, and central heat and air and emergency home repair. The purpose of these programs is to help income-eligible homeowners (80% or below of the area median income¹), by providing forgivable loans to (1) address unsafe or unsanitary conditions in the home and (2) install accessibility modifications that will allow the homeowner to remain in the home. City Project Managers supervise all work performed. All work write-ups are competitively bid. The City ensures that the work is completed satisfactorily and in compliance with applicable building standards. All program files shall include an agreement with the City, homeowner and contractor pertaining to work that will be performed.

The programs offered are as follows (funding source(s) in parentheses):

1. Emergency Home Repair (CDBG/Core City Redevelopment)

An emergency is a repair necessary to the safety of the structure and the welfare of its inhabitants.

- a. Service recipients shall be residents of the City of High Point who occupy homes, which are titled in their name by deed to the property. FOR CORE CITY REDEVELOPMENT FUNDING, the service recipient shall be located in an area that has been designated “Extremely Weak” by the City’s Housing Market Segmentation Study (see [Appendix F](#)).
- b. Service recipients must have household incomes no greater than 80% of the area median income as defined by the federal government under the Section 8 program, 24 CFR Part 5 Definition of Income. Income will be verified as explained in Part II, Section D(2). Income certification shall be included in every file.
- c. Service recipients must not have liquid assets in excess of \$10,000.00 verified by current bank statements.
- d. Proof of homeowner's insurance (exceptions permitted at the discretion of the Director).
- e. An Eligibility checklist shall be included in every file.

All emergency repairs are subject to the Community Development & Housing Department Director’s approval.

¹ Visit www.highpointnc.gov/cd to download a current table of income limits

Eligible Repairs include, but are not limited to:

- Plumbing repairs (e.g., broken toilets, sinks, and faucets)
- Electrical/mechanical repairs (e.g., switches, outlets, lights, thermostats, fluorescent fixtures)
- Repairs to stairs, handrails, and porches
- Water heater repair or replacement
- Heating/Air conditioner or evaporative cooler repair or replacement
- Repair to flooring/ceiling due to water damage
- Roof replacement, patching or repair
- Repairs to main water lines
- Accessibility additions (e.g., handrails, grab-bars, etc.)
- Lead hazard control, based on referrals from the Guilford County Department of Health and Human Services related to the diagnosis of a child with elevated blood lead levels

2. Urgent Repair Program (NCHFA)

The Urgent Repair Program (URP), with funding provided by the N. C. Housing Finance Agency (NCHFA) via the North Carolina Housing Trust Fund, provides funds to assist very-low and low-income households with special needs in addressing housing conditions which pose imminent threats to their life and/or safety or to provide accessibility modification and other repairs necessary to prevent displacement of very-low and low-income homeowners with special needs such as frail elderly and persons with disabilities.

The City will provide assistance to homeowners, whose homes are selected for repair/modification in the form of a forgivable loan. Homeowners will receive an unsecured deferred, interest-free loan, forgiven at a rate of \$1,000 per year, until the principal balance is reduced to zero. There is no minimum to the amount of the loan; however, the maximum life-time limit of the forgivable loan is \$8,000.

Eligibility:

To be eligible for assistance under URP, applicants must meet the following requirements (subject to changes based on current URP guidelines).

1. Must reside within the City of High Point and own and occupy the home in need of repair.
2. Must have a household income which does not exceed 50% of the State median income for the household size (contact Department staff for current income limits).
3. Must have one or more full-time household members with at least one of the following special needs:
 - Elderly (≥ 62 years old),
 - Handicapped or disabled,

- A single parent with at least one dependent child in residence,
 - A large family with ≥ 5 household members,
 - A household with a child below the age of six with an elevated blood lead level (between 10 $\mu\text{g/dl}$ and 19 $\mu\text{g/dl}$), or
 - A veteran - not dishonorably discharged
4. Must have urgent repair needs, which cannot be met through other state or federally-funded housing assistance programs.

3. Construction Training Partnership Program (NCHFA)

The City's Construction Training Partnership Program (CTP) is a partnership between the City, the N. C. Home Builders Association (NCHBA) and the N. C. Housing Finance Agency (NCHFA) that offers an occupational training program for income-eligible residents. All participants will receive eight weeks of classroom and hands-on training in a variety of housing construction techniques. After completion, the participants are provided the opportunity to receive continued, supervised on-the-job training by performing rehabilitation services as well as in new construction. To build confidence and experience, the rehabilitation projects are selected by the City that are capable of being successfully completed by participants.

The eligibility requirements for residents interested in applying to receive rehabilitation services through this program are consistent with the requirements provided in Section II, Paragraph A(1) above.

4. Lead Hazard Control

The City currently does not have an active Lead Hazard Control program. However, the City will respond to referrals by the Guilford County Department of Health and Human Services based on a diagnosis of a child with an elevated blood lead level by providing lead hazard control rehabilitations on owner-occupied dwellings.

The City will continue to seek funding to address housing-related lead hazards in our community. For more information on the City's lead hazard control efforts, please visit <https://www.highpointnc.gov/256/Lead-Safe>.

5. Operation Inasmuch (Core City Redevelopment)

The Operation Inasmuch (OAIM) program features a bi-annual, hands-on volunteer driven Blitz Day that focuses on improving the quality of life in low income neighborhoods. One of the unique benefits of OAIM is that it provides a platform for churches, non-profits, local government and individual citizens to develop a community oriented partnership fueled by the desire to help others.

The City has engaged Community Housing Solutions to organize and manage the Operation Inasmuch program to be implemented in Core City neighborhoods in High Point. Please visit <https://www.highpointnc.gov/1838/Operation-Inasmuch> for more information on OIAM.

6. Purchase/Rehabilitation

Subject to available resources, the City will purchase foreclosed and vacant homes, rehabilitate the homes, and offer them for sale or lease-purchase to income-eligible homebuyers.

7. Substantial Rehabilitation

The City may, at its discretion, perform substantial rehabilitations on dwellings on a case-by-case basis subject to available resources.

B. Eligible Properties

To be eligible for assistance, the property must meet the following criteria:

1. The proposed property must be located within the city limits of High Point.
2. The applicant(s) must have an ownership interest in the property.
3. The property must comply with all of the City of High Point Ordinances and the rehabilitation work itself must be permitted in adherence to City ordinances.

C. Ineligible Properties

Properties ineligible for the City's housing rehabilitation programs include investor-owned properties (except for Lead Hazard Control program), public housing units, mobile homes, and manufactured homes without a permanent foundation.

D. Application Process

1. Eligibility Screening Form

Residents interested in applying for assistance are encouraged to contact the Community Development and Housing office to complete an Eligibility Screening Form. Screening forms can also be completed on the City's website ([click here](#) to access form or go to <https://www.highpointnc.gov/FormCenter/Community-Development-17/Eligibility-Screening-Form-85>). The form will be reviewed by City staff to determine program eligibility (e.g., household income, age of home, elderly, etc.). Once program eligibility is determined, an application will be mailed to the potential applicant (or the applicant can pick up an application at our office located at 211 S. Hamilton Street, Room 312).

2. Application Process and Qualification

After the applicant has submitted a completed program application, City staff will review the application and supporting documentation for completeness and will contact the applicant to schedule an in-take appointment. The Housing Specialist will verify eligibility during the appointment based upon administration guidelines.

Listed below are the documents required for determining eligibility.

a. Applicant Qualifications and Required Documentation for Full Application

The Community Development Department shall request the following types of documentation to prove eligibility:

- 1) Property deed
- 2) Proof of homeowner's insurance
- 3) Proof that the applicant has owned and occupied the home in the city limits of High Point for at least one year (e.g., deed, tax bill, etc.)
- 4) Property Tax Bill for property owned by applicant. Property taxes must be current or have a payment plan approved by the County prior to application approval.
- 5) Evidence that the applicant meets income guidelines based on family size pursuant to HUD's yearly income schedule or, in the case of URP, income limits as provided by NCHFA (updated annually).
- 6) Divorce, separation agreement (to determine whether spouse is part-owner of the property), or death certificate of a deceased spouse.
- 7) List of current bills and amounts (utility, credit cards, mortgage payment etc.)
- 8) Previous two months' bank statements for all accounts to which applicant has access. (checking and savings accounts)

b. Application Form and Information Verification

Based on information from the above sources, the Housing Specialist will complete the application and verify its correctness through third party verification when appropriate. Income verification is valid for a six-month period. Other verifications may be required on an as-needed basis at the discretion of the Housing Specialist.

1) Basic Information

The application requires that the applicant give his or her name, age, social security number, and employer or other source of income data for each household member. Staff will make a photocopy of the social security card and of a valid identification card (e.g., driver's license).

An Environmental Review shall be completed prior to approval for projects financed with federal funds.

2) Income Verification

Annual income is the key qualifier used to determine program eligibility. Applicants must provide documentation verifying the annual income for all household members from all sources (annual income as reported under the Section 8, 24 CFR Part 5 - Definition of Income). Income certification shall be included in every file, including:

- (a) Wages, salaries, tips, commissions, etc.;
- (b) Self-employment income for own non-farm business, including proprietorships and partnerships;
- (c) Farm self-employment income;
- (d) Interest, dividends, net rental income, or income from estates or trusts;
- (e) Social Security or railroad retirement;
- (f) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- (g) Retirement, survivor, or disability pensions; and
- (h) Any other sources of income received regularly, including Veterans' (VA) payments, alimony, child support and unemployment compensation.

Execution of the application by the applicant along with proof of income provides verification of total household income. If it is later found that the applicant failed to divulge all income, he/she may be disqualified for assistance. Please refer to [Appendix A](#) for determining/verifying income eligibility.

3) Certification

Applicant(s) must certify that all information provided in the application is correct, including information regarding any previous foreclosures.

Project Eligibility checklist shall be included in every file.

3. Approval

After the applicant(s) property and file have met all required qualifications, and the application information has been verified, the Housing Specialist submits the application along with a recommendation to the Affordable Housing Manager (AHM). The AHM offers the recommendation to the Community Development and Housing Department Director for approval.

E. Homeowner Rehabilitation Delinquent Loan Policy

Collections and delinquency follow-up shall occur for delinquent rehabilitation loan accounts to recapture funds loaned and to protect the City of High Point from loss of program income intended to be used for future rehabilitation loan applicants. The Delinquent Loan Policy sets forth an effort to collect accounts while instituting a philosophy of fairness and understanding. A borrower is delinquent if payment is not received on or before its due date, irrespective of the 15-day grace period provided by the City. The following procedures dictate the steps in recovering delinquent accounts:

1. An account becomes delinquent after the first day of every month. The Department grants a 15-day grace period after the first day of the month for individuals that are not timely in their payments. After the 15th day of the month a late fee is applied in the amount of 10% of the loan payment or \$10, whichever is less (unless otherwise waived by the AHM at the request of the Housing Specialist).
2. If an individual contacts the Department and details a legitimate hardship, the Department will make every effort to accommodate the need of the customer. The Department takes hardship scenarios on a case-by-case basis and has utilized a variety of strategies to address the customer's request, including refinancing the loan amount so the payment may be more affordable for the customer. Another option is to delay debt collection procedures if the customer is making a good faith effort to "make-up" late payments and fees. However, at the discretion of the Director or their designee, credit bureau reporting may take place on a monthly basis for all loan accounts current and delinquent.
3. The City will periodically review the payment history of all amortizing accounts. If a borrower becomes ninety (90) days or more past due on their account, the borrower will be subject to be placed on the N. C. Debt Set-Off Clearinghouse list, which allows for past-due amounts to be paid with anticipated State tax refunds and/or Education lottery proceeds².

F. Funding Sources for Eligible Projects

- Community Development Block Grant (CDBG) – U. S. Department of Housing and Urban Development (HUD)
- HOME Investment Partnerships Program (HOME) - HUD
- Urgent Repair Program & Construction Training Program - N. C. Housing Finance Agency
- Core City Redevelopment/General Fund – City of High Point

G. Rehabilitation Activity Process

NOTE: The Community Development & Housing Department complies with all applicable Federal, State and local regulations.

² For more information, visit <http://www.ncsetoff.org/>.

1. Pre-Bid

- a. City staff will accept the applicant's household information and shall review for eligibility (see Section D above). The Housing Specialist (HS) will forward the project file to the Affordable Housing Manager who will assign a Project Manager to oversee the rehabilitation process. The Project Manager then schedules and conducts a preliminary rehabilitation inspection to determine the extent of needed rehabilitation activities and advises Affordable Housing Manager to ensure rehabilitation is consistent with stated expenditure ranges and program guidelines.
- b. Housing Specialist will initiate Environmental Review Request for Federally-funding projects. Project Manager will schedule on-site inspection with the applicant.
- c. Project Manager will prepare a work-write-up and cost estimate utilizing a cost estimating program in response to the needs of the customer, including relocation, prior to consideration of request by the Affordable Housing Manager. After receiving approval, the Project Manager will prepare bid specifications and work with the City's Purchasing Department to facilitate the bidding process, subject to established bid threshold limits.
- d. A contractors' pre-bid meeting with the Project Manager will be scheduled and conducted prior to bid submission. Community Development & Housing Department's Housing Quality Standards will be followed for each item (see [Appendix C](#)).

2. Bid Process

- a. Purchasing (or the Project Manager)³ develops and sends out bid notices to eligible contractors (or only to RRP-certified⁴ contractors if the work is on a home built in 1978 or before) and then schedules site reviews with the contractors.
- b. Purchasing (or the Project Manager) will conduct the bid opening at a site designated by City staff (typically in City Hall). The lowest responsive and responsible bidder shall be selected for the contract.
- c. **FOR PROJECTS FUNDED WITH NCHFA RESOURCES ONLY!** If the lowest bid is more than 15% below the project manager's estimate, the contractor shall have the option of withdrawing the bid. If the contractor wishes to maintain the bid, the project manager will analyze each line item of the bid with the contractor to be certain the contractor properly understands the scope of work and the expected level of quality. If the contractor affirms to the project manager that he/she can and will satisfactorily meet the terms of the work write-

³ Pursuant to the City's Purchasing Policy, projects that are estimated to cost \$30,000 or more, the City's Purchasing Department shall facilitate the bid process. For projects estimated to cost less than \$30,000, Community Development & Housing staff shall facilitate the bid process.

⁴ EPA's Lead Renovation, Repair and Painting Rule (RRP Rule) requires that firms performing renovation, repair, and painting projects that disturb lead-based paint in homes, child care facilities and pre-schools built before 1978 have their firm certified by EPA (or an EPA authorized state), use certified renovators who are trained by EPA-approved training providers and follow lead-safe work practices.

up at the bid price, the bid shall be treated as valid. If not, the project manager shall negotiate a contract with the next lowest bidder.

- d. Purchasing will advise Project Manager and Affordable Housing Manager as to the lowest responsible bid for each project (as applicable). A bid award recommendation will be developed by the Project Manager and forwarded to the CD&H Director via the Affordable Housing Manager for signature.

3. Pre-Construction

Project Manager will schedule a pre-construction conference attended by the homeowner, contractor, and Project Manager to outline specifics in the work write-up and establish a relocation plan with the homeowner if needed. Homeowner shall sign a Notice to Proceed prior to the start of construction.

4. Construction

- a. The Project Manager will conduct inspections periodically while rehabilitation is underway. Periodically, the Affordable Housing Manager will accompany each project manager on a work-in-progress inspection.
- b. Changes to the scope of work or changes in the total contract cost shall be estimated by the Project Manager using a cost estimation program. Change Order requests via a quote shall be submitted by the Contractor prior to any change in the scope of work as documented in the signed contract. The Contractor shall not implement the change order without the prior approval of the City. The Contractor shall assume the costs of all unapproved work.

The following procedures shall be used as a guideline and implemented on all Change Orders to rehabilitation contracts:

- 1) The Project Manager shall keep Department management apprised of the status of ongoing projects and pertinent information as it relates to expenditures on items not delineated in the original contract.
- 2) A request for a Change Order shall be submitted for needed modifications to the original scope of work as a result of unforeseen or unplanned additional work that may arise as a result of the rehabilitation.
- 3) Upon receiving a request for a Change Order from the Contractor, the Project Manager shall:
 - i. Develop an estimate of the cost of the Change Order to determine cost feasibility.
 - ii. Determine if the request is timely, feasible, and serves the best interests of the Customer.
- 4) The Project Manager shall complete a Change Order form for signature by the Owner, Contractor and Project Manager. The Project Manager shall submit the form along with the Project

Manager's estimate and Contractor's quote to the Affordable Housing Manager for review. The Affordable Housing Manager shall submit the change order package to the Director for review before submitting to the City's Authorized Representative (i.e., City Manager or his designee) for signature. A signed Change Order form shall be executed before work commences.

5. Post Construction

- a. The Project Manager will conduct the final housing rehabilitation inspection. If necessary, a punch list citing unfinished work items will be prepared and a second final inspection conducted. The Project Manager shall not request final payment of any contractor until all work items have been completed and a Certificate of Satisfaction has been signed by the homeowner.
- b. The Affordable Housing Manager will review files for completeness.

6. On-Going Project Maintenance

- a. In accordance with 24 CFR 92.252, City staff shall review and recommend to the Director the approval of rents for each HOME-assisted rental project on an annual basis. Each project file shall include documentation of the annual rent structure for each HOME-assisted rental unit.
- b. In accordance with 24 CFR 92.504(d), the Project Manager shall inspect each HOME-assisted rental unit within one year of project completion and a minimum of once every three (3) years thereafter to ensure the quality and safety of each unit, based on the number of HOME-assisted units. The Project Manager shall conduct inspections more frequently if specific units are found to have health and/or safety issues.
- c. The Affordable Housing Manager shall review and document the financial condition of each rental project with ten (10) or more HOME-assisted units to determine its on-going viability and recommend corrective actions to the Director if problems are identified.

7. Debarred Contractors Review

To ensure compliance with 24 CFR 85.35 and 24 CFR 92.350, the Project Manager will check the listing of Debarred Contractors to determine a contractor's eligibility and place a copy of the Debarred Contractors list in each project file. The federal and state debarment list can be found on the websites of the [U. S. Department of Labor](#) and [N. C. Department of Administration](#), respectively.

III. Infill Housing Program

A. Program Description

The construction and sale of affordable housing is designed to enhance property values and quality of life in low-to-moderate income areas in High Point. The program encourages the development and purchase of these homes by providing financial assistance to developers as well as potential buyers. The City of High Point has partnered with Community Housing Development Organizations (CHDOs) in the development of new units of affordable housing.

A CHDO is a nonprofit organization whose purpose is to provide decent and affordable housing to low and moderate-income persons (24 CFR Part 92.2). The City is required to set aside a minimum of fifteen percent (15%) of its HOME funds for CHDO activities (Part 92.300) and allocates funding to each of its participating CHDOs on an annual basis. Currently the City of High Point has written agreements (Part 92.504(c)(3)) with two CHDOs: Habitat for Humanity of High Point, Trinity and Archdale (Habitat) and Community Housing Solutions of Guilford, Inc. (CHS).

The City may, at its discretion, partner with for-profit builders to increase unit production.

B. Commitment to Affordable Housing

The Infill Housing Program is directed toward home purchases by income-eligible households. Intended results of this Program include the following:

1. Provides buyers with an opportunity to build wealth through homeownership;
2. Enhances confidence and stability in many transitional neighborhoods located in the Core City; and
3. Builds on the presence of existing homeowners to strengthen neighborhoods.

C. CHDO Evaluation/Review Process

The CHDO Capacity Self-Assessment Tool⁵ is used as a guide to determine the initial and continued eligibility of non-profit developers to partner with the City in the construction of affordable housing.

The process of becoming a recognized CHDO by the City is as follows:

1. The organization shall submit a letter to the Department expressing their interest in being considered as a CHDO, briefly describing their development experience and organizational capacity. The applicant organization must have been in existence for at least one year from the date of incorporation and have obtained tax-exempt status prior to applying.

⁵ <http://www.ncdaonline.org/pdf/chdo/CapacitySelfAssessmentTool.pdf>

2. A copy of the City's CHDO Application will be forwarded to an authorized representative of the organization to be completed and returned, along with supporting documentation (e.g., copy of articles of incorporation, listing of board members/backgrounds, financial statements, etc.).
3. The Director and/or Affordable Housing Manager will meet with representatives of the organization to review their documentation and to discuss next steps.
4. If the application is successful, the Director will forward a letter to the organization stating their designation as a CHDO for the City and begin the process of developing a written agreement with the organization.
5. If the initial application is deemed inadequate, the Director will forward a letter to the organization highlighting the area(s) of deficiency and recommend steps for improvement (e.g., improve board/staff capacity, participate in HUD-sponsored CHDO training, etc.).

CHDOs shall be evaluated at least on an annual basis to determine the organization's continued eligibility. The evaluation criteria shall include, but not limited to, the following:

1. Level of capacity of paid staff appropriate to CHDO's role (i.e., owner, developer and/or sponsor);
2. Progress on development projects to date;
3. Capacity of staff to accomplish contract goals;
4. Fiscal management;
5. Composition of Board of Directors in relation to HOME Program requirements; and
6. Continued good standing with the State of North Carolina.

D. Project Underwriting

The City shall document the assessment of each project and has established the following underwriting guidelines for rental and homebuyer development projects:

1. Subsidy Layering

The City shall (a) ensure that the amount of HOME funds invested is not more than necessary to provide quality, financially viable affordable housing; (b) determine a reasonable level of profit/return to the owner/developer based on the size, type and complexity of the project; (c) examine funding sources and uses for cost reasonableness; and (d) verify and document financial commitments.

The City shall require CHDOs to provide sufficient project financial documentation to complete underwriting process.

For rehabilitation projects with twenty-six (26) or more units, the City shall perform a Capital Needs Assessment, which documents the projected operating and other expenses for the specific project during the affordability period, in accordance with 24 CFR 92.251(b)(1)(ix).

2. Market Assessment

In accordance with 24 CFR 92.250(b)(2), the City shall (a) assess and document the current market need for projects through its periodic Assessment of Fair Housing, (b) utilize findings from recent studies such as the City's Market Segmentation Study as a basis for determining neighborhoods in which to enhance affordable housing efforts prior to entering into project agreement with CHDO, and (c) certify compliance in IDIS at project set-up stage. Each project file shall contain market assessment documentation (e.g., a copy of the market segmentation information based on the census tract in which the project is located).

3. Developer Capacity/Fiscal Soundness

In accordance with 24 CFR 92.2 and 92.250(b)(2), the City shall certify and document that the CHDO (a) meets the definition and regulatory requirements of a CHDO and (b) has the capacity to fulfill the specific project role (i.e., owner, developer, and/or sponsor) each time funds are committed to specific CHDO projects. Each project file shall contain documentation of the CHDOs project capacity and fiscal soundness.

IV. Down Payment and Closing Cost Assistance Programs

A. Program Description

The purpose of the City-Wide Down Payment and Closing Cost Assistance program is to provide financial assistance to qualified low to moderate income citizens in High Point who are interested in purchasing a home.

The City's Core City Homebuyer Assistance Program provides down payment and closing cost assistance to increase homeownership and to promote income diversification in the Core City of High Point.

B. City-Wide Down Payment and Closing Costs Assistance

The City-Wide Homebuyer Assistance Program provides affordable homeownership opportunities for income-eligible homebuyers, by provision of deferred, low-interest loans to reduce out-of-pocket cash requirements for down payment, closing costs, and pre-paid expenses for the purchase of a home⁶ outside of the Core City. However, the program does not include providing assistance with earnest pay/good faith deposits that may be required by a Realtor or former homeowner to hold property. The program requires that the homebuyer:

- receive an approved loan from a participating lender;
- be income eligible for the program (80% or below the area income median);
- purchase a home within the City limits (except within the Core City limits); and
- provide \$500 of their own funds toward the purchase.

The program cannot be used to purchase a home that exceeds 95% of the median purchase price⁷ for the City of High Point metropolitan area in accordance with 24 CFR 92.254(a)(2)(iii).

City-Wide Down Payment and Closing Costs Assistance loans shall not exceed a maximum amount of \$5,000. Loan repayment terms include a three-year deferment and a three percent (3%) interest rate over 5 years.

1. Qualifications

Program Qualifications require an applicant to meet certain eligibility requirements before assistance can be awarded. These requirements are as follows:

- a) Meet income guidelines based on family size pursuant to HUD's yearly income schedule. Annual income as reported under the Section 8, 24 CFR Part 5 - Definition of Income. Income certification shall be included in every file.

⁶ A "home" is a single-family residence or condominium/townhouse affixed to a permanent foundation.

⁷ As of this writing, 95% of the median purchase price for the High Point metropolitan area is \$144,000 for an existing, single-family unit and \$224,000 for a newly-constructed, single-family unit. Updates can be found on HUD's website at <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>.

- b) Attend a minimum of eight (8) hours of homebuyer counseling/training.
- c) Select a house within the city limits of High Point (not including the Core City) that does not exceed 95% of the area median purchase price, as provided by HUD on an annual basis.
- d) Have liquid assets of less than \$10,000.
- e) Be able to obtain a home loan from a participating lender (Please refer to the Participating Lender qualifications outlined below).
- f) Have acceptable credit - defined by City staff as no-charge offs, late payments, outstanding judgments or collections (excluding medical bills) - for the past two years.
- g) Steady employment at the same company or in the same industry for the past two years or dedicated source of income.
- h) Be able to invest a minimum of \$500 of personal funds toward the cost of purchasing the home. These funds can be "gift funds" but prepaid items paid by the buyer are not included in the \$500 requirement.
- i) Have a debt to income ratio not to exceed 30% for housing costs and 42% total debt including the proposed housing payment.
- j) Correction of existing Minimum Housing Code Inspection items. New Construction is exempt, but must obtain a Certification of Occupancy.
- k) An Environmental Review shall be requested and completed prior to loan approval.
- l) An Eligibility checklist and Income Certification shall be included in every file.
- m) Evidence of the purchase of homeowner's insurance.

2. Lender Participation

Lenders who desire to participate in the City-Wide Homebuyer Assistance Program agree to apply lending standards that are not predatory in nature. This requirement is designed to protect the homebuyer from predatory lending that may strip homeowner equity through illegal and unethical practices. Predatory lending practices may include, but not be limited to, excessively high fees and commissions, the misrepresentation of the mortgage's terms and conditions, high interest rates, repeated financing of loans and balloon payments.

Participation Criteria

The financial institution must:

- a) have a homeownership program that offers conforming loans with 1% or less origination fee;
- b) must not charge any form of associated costs, fees, etc. for providing a loan, i.e. broker's fee;
- c) underwrite for the combined total loan-to-value not to exceed 100% of appraised value;
- d) underwrite such that the maximum loan cannot exceed 95% of the median purchase price as established by HUD (*see Section B above*);
- e) provide an interest rate at market;

- f) be willing to provide proof of a current valid license and NMLS ID# for participating brokers;
- g) be willing to inform prospective candidates about the programs, facilitate the application process on behalf of homebuyer, and submit the application to the City for approval.
- h) ensure applicant's eligibility to programs to the best of their ability

C. Core-City Homebuyer Incentive Program

The Core City Homebuyer Incentive Program (CCHBI) was created to promote greater income diversification within the City's Core City area (see map below), by provision of forgivable loans to reduce out-of-pocket cash costs for down payment, closing costs, and pre-paid expenses. The program requires the homebuyer:

- to receive an approved loan from a participating lender;
- purchase a home within the Core City with a purchase price of \$200,000 or below; and
- provide \$500 of their own funds toward the purchase.

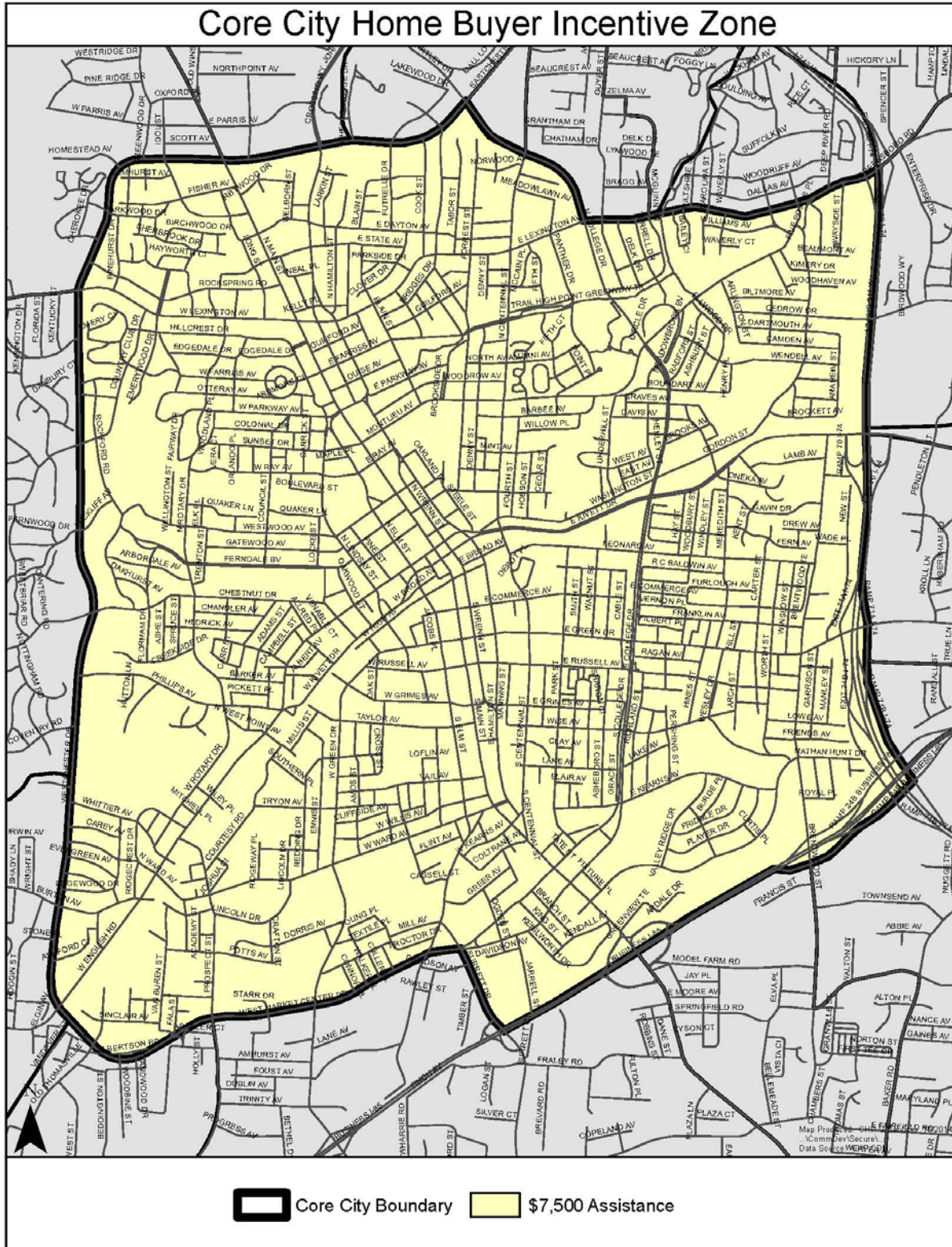
For first-time homebuyers, the homebuyer shall also be required to complete an 8-hour Homebuyer Education class and commit to participate in post-purchase counseling consisting of two, 2-hour individual counseling sessions within the first 12 months of ownership.

The City may waive any of the requirements given above at their discretion.

CCHBI is provided in the form of a forgivable loan in the amount of \$7,500. The loan is forgiven at 20% per year over a five-year period. If the homebuyer ceases to own and occupy the home during that five-year period, the remaining pro-rata loan balance shall be due and payable to the City.

There are no income requirements associated with CCHBI. Core City homebuyers who are eligible for federal funding will have additional requirements including, but not limited to, a minimum housing code inspection.

Core City Home Buyer Incentive Zone



Lead Safe Housing

Many housing units in the Core City were built in or before 1978, the year when the use of paint containing lead was banned. With the dangers of lead-based paint being well [documented](#), particularly to children ages 6 and under, it is the goal of the City to minimize the potential exposure to possible sources of lead-based paint hazards in homes being purchased with CCHBI funding.

In conjunction with the other requirements provided above, the following is a list of criteria that the City shall follow as a part of its underwriting process regarding lead safety, taking into account the age of the home and the presence of children.

	<i>Home built in 1978 or before</i>	<i>Home built in 1979 or after</i>
<i>Borrower DOES NOT have children ages 6 and under nor children in this age range that will be “visiting frequently”</i>	No additional action is required	No additional action is required
<i>Borrower DOES have children ages 6 and under or children in this age range that will be “visiting frequently”</i>	See below	No additional action is required

1. Upon receiving an application for CCHBI funding from the Participating Lending, City staff will provide the Borrower with a copy of the brochure entitled “Protect Your Family From Lead in Your Home” (Lead Brochure).
2. At closing, the Borrower will be required to sign a statement verifying that they received a copy of the Lead Brochure as well as indemnifying the City against any future obligation related to lead-based paint hazards.

V. Lease-Purchase Program

A. Program Description

The City of High Point created the Lease Purchase Program to offer income eligible families the opportunity to lease City-sponsored homes for one year while they prepare for homeownership. During the 12-month lease period, the families receive intensive financial literacy training in the form of credit counseling, budgeting and saving in preparation to become mortgage ready. Applicants are identified from the participants in the Homebuyer Education classes sponsored by the City, participants in the Individual Development Account (IDA) program as well as participants in the Housing Authority of the City of High Point's Family Self Sufficiency Program.

B. Lease-Purchase Process

1. Potential participants are recommended for the Lease-Purchase Program through a Participating Lender or through their participation in the IDA Program.
2. Potential participants need to meet program qualifications as described in Section IV above within 12 months of beginning the program as determined jointly by the property manager and the City's Housing Specialist.
3. Applicants will sign a 12-month lease with the City's designated property manager along with an addendum highlighting the expectations of the Lease-Purchase Program.
4. At the conclusion of the 12-month lease, if it is determined that the applicant has met many of the requirements of the Program but needs additional time to become mortgage ready (e.g., has saved \$500 toward down payment, but has not completed credit counseling classes), then the City may exercise the option to renew the lease for up to 12 additional months on a case-by-case basis.

VI. Other Program Elements

A. Minimizing Displacement

The City of High Point will utilize the following program elements to minimize displacement and maximize benefit to low and moderate income households during implementation of the rehabilitation program.

1. The City will follow applicable federal regulations pertaining to displacement of affected residents.
2. The City will relocate individuals only if the dwelling units in which they live are dilapidated and/or if lead based paint regulations require relocation. The Housing Specialist and Project Manager will coordinate temporary relocation of the client into a decent, safe, and sanitary unit.
3. The City's loan programs discourage the subsequent sale of rehabilitated property by enforcing its recapture provisions.

B. Repeat Assistance

Applicants who have received prior assistance under any of the City of High Point's rehabilitation programs may not apply for additional assistance for a period of five (5) years from the date of completion of prior work or until after the satisfaction of any liens placed on the property, whichever is later.

Applicants will become ineligible for repeat assistance if they have reached a maximum of \$25,000 in assistance from all City rehabilitation program resources combined.

Prior to making a determination on repeat assistance, the Director and Affordable Housing Manager will have available to them the following additional information:

1. Funding Source(s) for Prior Assistance (e.g., \$8,000 maximum for URP)
2. Date and Terms of Prior Assistance (e.g., will not be considered for component replacement work for at least 10 years after work was completed)
3. Prior and Current Work Write Up
4. Necessity and cause of repairs currently requested

Exceptions can be made subject to approval by the Director. Grounds for exception may include severity of the housing need and the nature of the repair work.

APPENDICES

Appendix A: Verifying and Determining Income

1. Current household income, projected 12 months into the future, must be verified and verification shall be kept in each applicant's file. Once income is verified, the agency shall formally determine if the family is income eligible for assistance.
2. Verifications of income should not be more than six months old when the family receives agency assistance.
3. The financial institution that holds certifications of deposit, savings or checking accounts is the preferred source to verify their earnings and values.
4. Income should be verified using the following methods in order of preference:
 - a. Written third party verification completed by the employer or other income source, mailed or faxed directly to the Community Development and Housing (CD&H) Department. For applicants receiving income from the Social Security Administration (pensions, disability benefits, Social Security, or others) or from Social Service agencies, request the information from the office serving the area to the attention of an identified CD&H staff person. Hand-delivery of third party verification documentation may be accepted on a case-by-case basis.
 - b. For employees earning wages or salaries, a previous year's W-2 form or copies of current (meaning they were issued no more than 30 days prior to the application for assistance) paycheck stubs for a three-month period. For applications receiving benefits through public agencies, a copy of the award letter is acceptable.
 - c. For those with unearned income and no other alternatives are possible, a photocopy of the regular benefit check is acceptable, along with a signed affidavit.
5. The previous year's completed Federal tax returns (1040) including W-2 forms and all other schedules for all adult household members. Those individuals who did not file a tax return must provide a notarized affidavit stating the same.

Self-employed individuals, or persons having variable or seasonal annual income must submit the previous three year's Federal tax returns. W-2 forms alone are not considered adequate income verification. During the last six months of the calendar year, the tax forms should be supplemented with recent income documentation.

Appendix B: Competitive Bid Procedure

Projects are awarded on the basis of a ***competitive bid***. In most cases, all contractors on the preferred contractor list will be sent written invitations to bid on the prospective project several days prior to the bid meeting. On occasion not all contractors will be invited to bid on project. Some of the reasons for not inviting a contractor to bid on a particular project include the following:

1. The contractor's backlog of work would preclude beginning the prospective project by the desired date;
2. The scope of the work for the project is not a good fit with the contractor's particular area of expertise;
3. There are issues or problems with performance on a previous or current project that have not been resolved to the satisfaction of the project manager.

A brief summary of the bid process is given below:

- An Invitation To Bid is sent to all preferred contractors, informing them of the date for the Bidders Meeting (usually includes a site review) and the Bid Due date and time.
- Contractors shall bid on the prepared Work Write-Up.
- Contractors or their representative shall attend the Bidder's Meeting in order to be eligible to bid.
- All bids shall be submitted to the City by the established Bid Opening date and time.
- No bid may be changed or corrected after the Bid Opening (note that the contractor need not be present at the bid opening).
- All bids will be considered firm contract prices, and contractors will be held to their total bid price.
- Prior to being awarded a bid, a contractor shall have the Work Write-Up reviewed by the City's Project Manager. The total bid price shall equal the sum of the line items located within the Work Write-Up.
- If awarded a bid, a contractor has three (3) business days from date of notification to refuse the project. If refused, the project will be awarded to the next lowest acceptable bid.

The bid meetings are held at the jobsites and the contractor or a designated representative may be present in order to submit a bid. Each contractor shall be issued two copies of the work write-up. One is for the contractor to keep for reference and note taking. The other is the bid copy to be turned in before the bid deadline. At the bid meeting, the project manager will review the work write-up with the contractors on a line item basis. Contractors have the opportunity to inspect the property to evaluate the condition of the property for themselves.

The bid opening is held at a designated location in City Hall. Contractors need not be present at the bid opening, but are welcome to attend. To be eligible, a bid must arrive at the City prior to the announced bid opening deadline.

In general, the contractor submitting the lowest bid will be awarded the contract for the project in question. The City retains the right to reject any and all bids when it is judged to be in the best interests of the City to do so.

New Contractors: Contractors must demonstrate their ability to successfully complete their first project before being awarded other projects. If contractors desire to become a preferred contractor:

- 1) Complete a contractor's questionnaire form which includes references, financial information, and recent jobs completed (contact: Ed Brown @ 336-883-8522).
- 2) Provide appropriate documentation, including licenses and liability insurance.

Appendix C: Housing Quality Standards



COMMUNITY DEVELOPMENT & HOUSING DEPARTMENT

CITY OF HIGH POINT

**HOUSING QUALITY STANDARDS
FOR NEW CONSTRUCTION**

AFFORDABLE HOUSING DEVELOPMENT PROGRAM

JOB START-UP REQUIREMENTS

1. Provide approved Porta-Jon with weekly maintenance at job site.
2. Provide approved means of temporary power at job site by starting date of job.

1. FOUNDATION

FOUNDATIONS

The sizing of and type of concrete materials selected for footings, foundation walls, piers, retaining walls and curtain walls shall be determined by the NC State Building Code. However, it is a requirement of the Infill Housing Quality Standards that all masonry/concrete foundation walls shall be veneered with brick and mortar. Foundation coatings of stucco, paint, or other exterior coatings shall not be permitted.

VENTS

Install vinyl, screened and automatically dampered foundation vents.

2. SITE IMPROVEMENTS

GRADING

Grade soil to a minimum clearance of 6" between siding and grade. Form a swale to divert surface water away from foundation. Seed all areas of disturbed soil with Fescue grass seed, fertilize and cover with straw.

CONCRETE DRIVEWAY

Concrete driveways shall be 4" minimum thickness with wire reinforcement. Wire mesh reinforcement shall be **6/6 10-10 welded steel wire** fabric, conforming to ASTM-A185. Sides and ends shall be lapped at least 6". Use only transit mixed 3,500 PSI grade concrete. **Concrete shall not be poured when the surrounding air temperature is below 40 degrees F.** Install 1/2" isolation joints at sidewalks' and control joints every 10' per industry standards and 1" in depth. Edge the driveway and complete with a light broom finish.

CONCRETE SIDEWALK

For sidewalks, form and pour a 3' wide, 4" minimum thickness concrete sidewalk. Surface finish driveways and sidewalks to a light broom finish. Use only transit mixed 3,000 PSI grade concrete. **Concrete shall not be poured when the surrounding air temperature is below 40 degrees F.** Groove the walkway every four lineal feet. Round the edges of the walkway and complete with a float and broom finish.

CONCRETE STEPS

Size the steps to be uniform in width and height with risers that do not exceed **8-1/4"** and that treads are not less than **10-1/4"**. Surface to have a light broom finish and rubbed finish after the forms are removed. **Concrete shall not be poured when the surrounding air temperature is below 40 degrees F.**

LANDSCAPING

Yard areas that are to be seeded shall be loosened to a depth of two inches. Apply **Kentucky Tall Fescue** at the rate of 1/2 pound per 100 square feet. Apply **10-10-10 fertilizer** at the rate of 2 pounds per 100 square feet. Apply **straw** at the rate of 1/2 bale per 100 square feet. Materials shall be distributed uniformly over the areas to be seeded.

3. FLOORING

UNDERLAYMENT

Underlayment shall be **3/8" thick AC exterior** plywood panels and shall be nailed with steel flat countersunk headed nails, slightly recessed and spaced not more than 6" on center along panel edges and not more than 8" on center along panel interior. (A screw schedule may be substituted at the contractor's discretion.) Fill and sand underlayment so as to provide a smooth and even base. Underlayment shall be installed on the inside of any closets that can be accessed from the room.

VINYL FLOORING

Install cushioned **Armstrong** (or equivalent) 15-year wear warranted vinyl sheet floor covering over clean floor. Use recommended flooring manufacturer installation guidelines and apply in accordance with manufacturer's instructions. Sheet vinyl flooring is to be installed in a manner which will minimize the need for seams. Seams shall be placed in inconspicuous locations, away from heavy traffic areas. All seams shall be in accordance with the manufacturer's instructions and seams are to be sealed using seam-sealer recommended by the manufacturer. Fitting and cutting shall be done carefully so as to produce an "invisible" seam. use aluminum edge trim at doors only. Install shoe molding around the perimeter of floor and finish to match. Floor covering shall include the inside of any closets that can be accessed from the room. Submit vinyl samples for approval. Allowance for vinyl sheet floor covering shall be not less than **\$10.50 per sq. yard**. Vinyl pattern and color to be selected from available Armstrong stock.

CARPET

Carpet padding and carpet shall comply with FHA standards UM-44A.

(a) Padding shall be **1/2" thick** FHA approved rebond; and

(b) Carpet shall be FHA approved **plush nylon** with a minimum pile yarn weight of **44 ounces per square yard**.

Use tack strips along all walls to be carpeted. Cut off doors as required to clear carpet. Care shall be exercised when cutting doors to prevent splintering or damage to the doors. Install metal carpet strips where carpet abuts other types of flooring surfaces. Carpet shall be installed in closets of rooms where carpet is specified. All carpet laying work is to be done by professional carpet installers. Seams shall not be permitted in the standard running length of the carpet. Carpet shall be laid in a manner which will minimize the need for seams. Required seams shall be placed in inconspicuous locations, away from heavy traffic areas.

Install **15-year** wear warranted carpet and pad.

4. EXTERIOR WALLS

SIDING

Siding color and style shall be selected by the owner. Siding shall have a manufacturer's **life time warranty**. Install 1 "Hardiboard" siding over insulation board or in accordance with approved Model Energy Code/Energy Star guidelines. Siding shall be installed according to the manufacturer's instructions. Wrap all exterior fascias, soffits, rakes, front porch ceiling and columns, window frames and sills with color coated aluminum. Nails shall be aluminum. Use light blocks at all exterior light locations. Caulk all seams and cracks with color-matched latex caulk.

5. EXTERIOR DOORS

Note: Key all installed locks the same if two or more exterior door locksets or deadbolts are installed.

EXTERIOR DOOR

Install a 1-3/4" thick, 24-gauge galvanized steel veneered **Masonite** (or equivalent), insulated core, six panel exterior door, with reinforced lock block, frame and casing. The door shall be hung on three 4" brass plated butt hinges and install a pick resistant entrance type lockset and single cylinder entrance type dead bolt. Install a brass plated door stop on the baseboard. Door is to be installed complete with vinyl beaded weather stripping and an aluminum threshold with vinyl insert. Door may come with or without glass in the top portion. Door shall be factory primed and come with a **five-year** manufacturer's warranty. All exterior doors shall have a solid platform of concrete or approved decking at every exterior entrance.

DEADBOLT LOCKS

Deadbolt locks (**Kwickset or Schlage**), are to have case hardened rim and throw bolt at least 1" long. Locks on solid doors are to have a thumb-turn on the inside. Locks on doors with glass windows shall be keyed on both sides.

6. STORM DOORS

STORM DOOR

Install an aluminum framed, color finished **Anderson 3000 Series** (or equivalent) storm door, complete with all hardware, mechanical closure, vinyl sweep, storm check, one screen and two glass panels. Extruded door stiles shall be a minimum of 1" thick for continuous hinge and 1-1/4" thick for three hinge, with top rail and stiles a minimum of 1-1/2" wide. Storm doors to be furnished in white or brown.

7. WINDOWS

WINDOWS

Provide for **Anderson "American Craftsman"** (or equivalent) windows that are constructed of vinyl double hung, double glazed window and frame, with tilt-out sashes and all code required hardware. Windows shall meet or exceed current Model Energy Code/Energy Star Guidelines. Windows shall be colored vinyl with half screens. Windows shall be installed strictly in accordance with the manufacturer's instructions. Fill all voids with insulating foam and a continuous 6 mil polyethylene vapor retarder between

framing and casing. Installation shall include all exterior and interior trim. Install an aluminum framed screen and locks. Caulk all window frame seams and joints with a color-matched caulk.

8. PORCHES

WOOD DECK

All materials used for decks shall be pressure treated wood. The complete outer band will consist of 2" x 8" lumber. Joists will be 2" x 6" lumber. Posts are to be 4" x 4" lumber embedded in 12" of concrete. Joist hangers or ledger strips shall be used for all joist ends. Joists shall be on 24" centers. Flooring shall be 2" x 6" or 5/4" deck planking. All nails shall be galvanized. Care shall be exercised during nailing to avoid "split outs". Deck construction must be in accordance with the North Carolina Building Code, Volume VII.

9. GUTTERS

GUTTER SYSTEM

Install pre-finished, seamless aluminum gutters on all horizontal fascias, with adequate downspouts for proper drainage. Gutters are to be secured with spikes and sleeves set no more than 24" on centers. Install precast concrete (not plastic) splash blocks at the base of each downspout.

10. ROOFING

SHINGLE ROOFING

Install 1 layer of 15 lb. builders felt with a 2" top lap and a 4" side lap. Install minimum **GAF 30-Year** (or equivalent) laminated fiberglass shingles conforming to ASTM D3462 (Class A, Type 1). Install to the manufacturer's instructions. Drip edge shall be installed around the perimeter rakes of the roof edge. Install stepped metal flashing and counter flashing at all chimneys. Flash all plumbing vents, valleys and junctions of roof to walls. Install with galvanized or aluminum nails. Provide a **Limited Lifetime material warranty and a one-year written warranty** on the labor.

SOFFIT VENTS

Under eaves venting to be perforated vented vinyl 8" by 16" vents or continuous strip vent. Mandatory specifications for ventilation are 1 sqft free area per 150 sqft attic floor.

GABLE VENTS

Install A type gable vents, vinyl or pre-painted aluminum. Prime and paint two coats to match existing. Mandatory specifications for ventilation are 1 sqft free area per 150 sqft attic floor.

11. HEATING EQUIPMENT

NOTE: All electrical hook-up and control wiring, fuel piping, duct and furnace installation shall be in accordance with the NC State Building Code. All system design and mechanical work shall be performed by a licensed heating contractor and warranted to meet performance, general, material and workmanship specifications. All work is to be made without damage to structural members, walls, ceilings or floors.

NOTE: All low voltage wiring, gas piping or any necessary penetration shall be protected with an approved conduit installed through the foundation wall to the furnace or condensing unit.

FORCED AIR HEATING AND AIR CONDITIONING

Install a forced air electric or gas heat and electric cool system with an AFUE minimum rating of **90% (or better) AFUE and minimum 13 SEER for cooling**. The system shall have sufficient size and capacity to maintain an inside temperature during the heat cycle of 70 degrees F when the outside temperature is at 10 degrees F. and maintain an inside temperature during the cool cycle of 78 degrees F when the outside temperature is at 95 degrees F.

Supply and return plenum for the unit shall be of sufficient length to extend through the foundation wall a minimum of 12" beyond the wall. Any opening made in the masonry foundation wall for the plenum shall be braced and supported with steel angle irons of appropriate size. Adequate supplemental floor supports shall be provided for floor joists bearing on framing across the opening. The plenum shall be protected with a metal flashing that covers the plenum on three sides. The flashing shall extend from the package unit to the foundation wall and shall be attached with sheet metal screws at the unit and caulked with an approved caulking material at the joints.

The air duct design shall utilize a main trunk. Do not install a "spider" design air duct system. New duct installation shall have a minimum of R-8 duct insulation with a vinyl vapor barrier. Seams shall be stapled and sealed vapor tight. Install the filter in an interior wall for easy access by the owner. Adjust, balance and control the system to provide the uniform distribution of heated and filtered air to all rooms. Restore ground area around exterior units to provide for positive drainage away from the equipment and the house.

12. MOISTURE AND THERMAL CONTROL

VAPOR BARRIER

Remove all debris from crawl space and install a 6 mil. polyethylene vapor barrier on ground. Lap seams 12" minimum and lay vapor barrier flat. Cover 85% of the total area. NOTE: Do not install vapor barrier until after termite treatment.

FLOOR INSULATION

Install R-19 kraft faced fiberglass roll insulation with vapor barrier facing up toward the floor. Hold the insulation in place with tiger teeth or staples.

ATTIC INSULATION

Insulate the attic to a minimum of R-38 blown in place cellulose or fiberglass insulation. Display an attic insulation certification card on a roof rafter in the attic directly above the attic access scuttle to verify the R value.

DRYER VENT

Install outside venting for the clothes dryer, using aluminum metal flexible dryer vent hose with a dampered exterior weather cap.

13. PLUMBING

NOTE: The design and installation of all new plumbing and fixtures shall comply with the provisions of the NC State Building Code (PVC drain from the curb to the house shall be 4" diameter piping to include the soil and vent stack. All plumbing work shall be performed with a permit and by a licensed plumber. All work is to be made without damage to structural members, walls, ceilings or floors.

PLUMBING MATERIALS

Plumbing materials shall comply with and be installed in accordance with the North Carolina State Plumbing Code. All piping shall be installed in a manner which will not cause critical damage to structural members. Sewer and waste lines shall be PVC plastic pipe with compatible fittings. Include connections for the washer/dryer area. Use solvents recommended by the pipe manufacturer. Supply (water) lines shall be type L hand drawn and code approved plastic tubing with wrought copper fittings. Fixture supply lines shall be rigidly mounted plastic pipe with shutoff valves. Do not use lead-based solder with non-corrosive flux. Water lines may be neoprene in lieu of copper. Grade and seed all areas of disturbed soil with Fescue grass seed, fertilize and cover with straw.

KITCHEN SINK

Install a stainless sink, self-rimming, 4-hole, 2 basin **Glacer Bay** (or equivalent) 20 gauge (or better) kitchen sink, with 8" deep bowls complete with basket strainers and spray nozzle. Install sink complete with drain piping and trap assemblies and 2 supply lines with individual cut-off valves.

KITCHEN SINK FAUCET

Install a chrome plated all metal single level **Delta "Grant"** (or equivalent) 1.8 GPM kitchen faucet with a ceramic cartridge, drain piping and trap assemblies and 2 supply lines with individual cut-off valves.

VANITY

Install a white lavatory on an **all wood** cabinet base. Install a chrome plated all metal single handle lavatory **Delta "Foundations"** (or equivalent) **1.2 GPM bath** faucet with pop-up drain stopper, drain and trap assembly and 2 supply lines with individual cut-off valves.

FIBERGLASS BATHTUB

Install a one piece white 5' **Sterling "All Pro"** (or equivalent) fiberglass bathtub with shower chrome plated Delta "Porter" 2.0 GPM shower faucet with filler valve, shower diverter valve and pop-up drain stopper. Tub surround to have an integrally molded soap dish and grab bar. Install a chrome plated or polished aluminum shower curtain rod.

TOILETS

Install a white, water saver type, **American Standard "Cadet", 1.28 GPF** (or equivalent) water closet in bath. Install a new wax seal. Install a supply line with cut-off valve.

WATER HEATER

Install a **6 year warranted** electric or gas water heater and a cold water shut off valve. Water heater to have a minimum 40-gallon capacity and be equal to that manufactured by Rheem (or equivalent). Upright types installed inside of houses shall have extension piping added to the relief valve to direct relief to underneath the house. Low-boy types that can be mounted under the structure shall be placed on a 4" thick concrete

slab. If the heater is installed in an unheated space, install additional R-10 insulation over sides (and top of electric tank) and install 1/2" wall thickness foamed plastic insulation over the supply piping. Do not cover valves, controls, access panels to heating elements or junction boxes. Provide all electrical, venting, gas or plumbing connections as applicable.

14. ELECTRICAL SERVICE

WIRE ELECTRICAL SYSTEM TO CODE

The design, construction, installation, adjusting and labeling of all electrical equipment, devices and accessories shall comply with the provisions of the current edition of the National Electrical Code (NEC). All electrical work shall be performed under a permit and by a licensed electrical contractor. This installation is to be made without damage to structural members, walls, ceilings or floors.

All major appliance outlets (including the washer/dryer connection) and other equipment shall be on separate grounded circuits.

All rooms shall have the minimum number of receptacles, as per the NEC, and a switched light fixture. Install switched light fixture at all exterior entrances. Install a door chime at the front entrance.

Use only GFCI's in bathrooms, laundry rooms and kitchens within 5'-0" of plumbing or other path to ground.

Wiring shall be concealed to the maximum possible. Use non-metallic sheathed cable with copper conductors. All branch circuit wire gauges shall be in accordance with the National Electric Code.

200 AMP SERVICE

Install a 200 amp minimum service panel, main disconnect, and circuit breakers. Panel to have main disconnect breaker and accommodate 20 circuit breakers. All major appliances are to be on separate circuits. Provide circuit index on service panel door showing which lines are served by each breaker.

BATHROOM FAN

Install a **Broan 40000 Series** (or equivalent) exhaust fan with wall mounted switch. Exhaust fan shall be ducted outdoors with a 4" minimum diameter insulated duct and a dampered and flashed vent. Exhaust fans shall be rated at 50 CFM (or better).

RANGE HOOD

Install a 30" ducted range hood with separately switched two speed 160 CFM (or better) fan and light. Install Stovetop Firestop fire suppression canisters.

LIGHTING

All interior and exterior lighting shall be furnished for every application as necessary for completion. A minimum of one Hampton Bay "Southwind" (or equivalent) 52 in. Brushed Nickel Ceiling Fan.

Ceiling fixtures in living areas and bedrooms shall be 2-Light Brushed Nickel Flushmount variety.

Overhead kitchen lighting shall include a general purpose Lithonia Lighting 41-watt, 4 ft. White LED wraparound light.

Dining room lighting shall include Progress Lighting Trinity Collection (or equivalent) 5-Light Brushed Nickel Chandelier.

Bath fans shall be Nutone (or equivalent) 70 CFM Ceiling Exhaust Fans/ Light combos with White Grille and Bulb.

15. PEST CONTROL

TERMITE EXTERMINATION

Treatment is to be done by a professional pest control operator, properly licensed and bonded. Soil treatment shall be applied to dry soils during clear weather after all grading is completed. Exterminate structure for termites and powder post beetles, using **approved pesticide products**, applied according to the manufacturer's specifications. Exterminator shall provide to the contractor a certificate of treatment and a one-year termite and powder post beetle extermination warranty.

16. EXTERIOR PAINTING

Caulk all cracks and seams on building components as required to stop air infiltration including siding, trim, and around doors and window frames. Prime any bare wood with oil or latex based exterior primer. Do not apply exterior paint in damp or rainy weather. Do not apply exterior paint when the temperature is below 45 degrees F. All color selections are to be made by the owner from samples furnished by the contractor.

PAINT FOR HOUSE AND TRIM

Where paint is required, prime all bare wood or substrate. Paint all exterior fascias, soffits, rakes, porch ceiling(s) and columns, and all miscellaneous exterior woodwork (not covered with vinyl or aluminum) with two coats of exterior latex house paint. Paint the outside of exterior doors, jambs and casings; the outside of window sash, frames, sills and casings; and access door and frame with two coats of exterior latex enamel. **NOTE:** Clean all paint from window glass and loosen all windows that are stuck with paint.

17. INTERIOR ROOMS

SHEETROCK WALLS

Wallboard shall be gypsum wallboard with tapered edge complying with ASTM C-79. Wallboard shall be installed at right angles to the supporting structural members in as long a length as possible. Wallboard shall be nailed with ringed and coated drywall nails 1-1/4" long. Nails shall be driven with their shanks perpendicular to the face of the wallboard and seated below the surface of the board without breaking the paper. Nails shall be driven at least 3/8" from the panel ends and edges. Use double nailing, with pairs of nails spaced 12" on center and 2" apart. Use single nailing around the perimeter of the panel, spaced 7" on center. Install with gun applied wallboard adhesive.

Tape, apply joint compound as required, let dry, sand and prepare for painting. A minimum temperature of 55 degrees F. shall be maintained in those areas where the work is being performed until the joint compound is completely dry. Over joints the tape is to be embedded in joint compound and covered with a thin layer of compound. A second and third coat shall be applied. Each coat shall be dry before applying the next coat. Each coat shall be feather edged and extended beyond the previous coat approximately 2". Cover nails with three applications of joint compound, allowing time to dry between each coat. The finish coat

shall be sanded lightly and any imperfections corrected before painting. Caution shall be used to avoid “roughing” of the wallboard surface.

Inside corners shall be reinforced with tape embedded in joint compound. Outside corners shall be protected by galvanized wallboard corner beads. Corner beads shall be finished with two coats of joint compound.

SHEETROCK CEILING FINISH

On blown textured ceilings, Kilz (or equivalent) shall be used as a primer. Add paint to stipple material at the rate of one gallon per bag of mix. **Note: Ceilings in bathrooms and kitchens are to have a smooth flat finish only.**

LOCKSET

Install a **Kwikset, Weiser or Schlage** (or equivalent) privacy lockset on bedroom and bath doors.

INTERIOR ROOM DOORS

Install a 1-3/8” **Masonite Interior Door Series** (or equivalent) six panel hollow core entry door, jamb with colonial trim and hardware in the existing opening. Install a privacy lockset on bedroom and bath doors; and a passage lockset on closet or laundry room doors.

PAINTING

All paint and other “finish” materials **shall be of best quality as detailed below.** All paint is to be delivered to the job site in manufacturer’s sealed containers. Each container shall be labeled, giving manufacturer’s name, type of paint, instructions and color. Paint shall be used without thinning. Paint to be applied in dry weather, to dry surfaces, within an air temperature of 50 degrees to 95 degrees F.

Finished work shall be uniform, of approved colors, smooth and free from runs, sags, defective brushing and rolling. All edges of paint adjoining other materials or colors shall be sharp and clean. If thinners are required (as with professional spray apparatus) use only solvents or thinners of type and in quantity as recommended by the applicable paint manufacturer.

Paint walls of the room and closet with two coats of flat interior latex paint. Paint the kitchen and bath walls with two coats of interior latex enamel. Paint doors, jambs, the inside of window sash and all wood trim with two coats of interior latex semi-gloss enamel. Clean all paint from window glass and loosen all windows stuck with paint. Paint ceiling of the room and closet with two coats of flat interior latex ceiling paint.

Acceptable Paints by Brand Name: Including flat ceiling paint, latex interior flat wall paint, latex interior semi-gloss enamel, Latex exterior wall and trim paints, etc. are to be premium quality by manufacturers brand Glidden, Sherwin Williams, Valspar, Duron, BEHR, Olympic, (or equivalent). *Paint brands omitted from the above list does not indicate that other brands are not acceptable, however brands not listed above must be approved by the Project Manager prior to use.*

18. MILLWORK AND CABINETS

KITCHEN CABINETS AND COUNTER TOPS

Cabinets shall comply with the requirements of the American National Standards Institute ANSI A 161.1 “Recommended Minimum Construction and Performance Standards for Kitchen Cabinets”. **Cabinets shall**

be HAMPTON BAY “Cambria” (or equivalent) Cabinets with Ball-Bearing Drawer Glides and installed level, plumb and true, in accordance with the manufacturer’s specifications. Cabinets shall be attached with screws to studs or other framing members. Trim out all “open” spaces between cabinets and walls with prefinished trim (which is to be provided by the manufacturer so as to match the installed materials). All cabinets are to be new and color matched. Salvage materials are not acceptable.

Countertop shall be factory constructed, post formed prefabricated high pressure laminate Tempo (Granite look) with roll backsplash, “waterfall” edge” with and matching end caps. When countertops exceed 12’ and two pieces must be used, the joint shall not be close to the sink area. Countertop to be approximately 25” deep including backsplash.

BATHROOM MEDICINE CABINET

Install **recessed** medicine cabinets with a mirrored door over the lavatory with a 4-6 bulb LED vanity light bar.

BATHROOM ACCESSORIES

Install **two per bath 24” towel bars and one toilet paper roll holders**. Accessories shall be chrome plated metal.

CROWN, BASE, CHAIR AND MISC. CASING

MDF crown, window casing and baseboard is allowed in living areas and sleeping areas. All millwork in kitchens baths etc. shall be finger-jointed pine.

19. OTHER WORK

HOUSE NUMBERS

Install 4” brass metal house numbers on house within 4’ of the front door. The color of the numbers shall contrast brightly with the background surface color.

MAILBOX

Install a Gibraltar Mailbox Heritage All-in-One Plastic Mailbox and Post Combo with Newspaper Holder (or equivalent, Venetian Bronze mailbox at the curb.

CLEAN-UP

Clean up all construction debris and maintain a neat, clean and safe worksite until the project is completed and all remaining debris is removed from the premises. The house should be professionally cleaned and ready to hand over upon satisfactory remedy of any punchlist items and final completion. The building final shall be delivered to the owner.

Appendix D: Preferred Contractors Policy Manual

General

The goal of the Community Development and Housing Department's rehabilitation work is to increase and improve the housing stock available to residents of High Point with low to moderate incomes. This goal will be accomplished through a variety of programs. Our homeowner program works with people who own their own residences to repair and improve their homes. Our investor program works with owners of rental properties to repair and improve those properties (subject to funding availability). Both of these programs operate similarly in that the City functions as both a bank for the property owner and a facilitator between the owner and the contractor. The program benefits the owner by providing financial assistance and expert advice and assistance throughout the construction process. The program benefits the contractor by providing guaranteed payment and project management oversight and assistance.

In all of these programs, it is the goal of the department to produce a high quality finished product that everyone involved--owner, contractor, and city--can be proud of. We realize that financial constraints often limit what we can do with a particular project. However, we do insist and expect that all work done will be of good quality and that the service provided by the contractor through our programs will be on a par with that provided to the general public.

In all of our work, it is our goal to treat everyone involved--property owner, contractor, and the general public--respectfully, responsibly, and fairly. We hope and expect that our contractors will do the same. In any business, problems and disputes arise occasionally. However, it is our belief that any dispute can be resolved by fair minded, responsible people who are willing to talk and work together towards a mutually satisfactory resolution.

New Contractors

After a new contractor is awarded his first contract, he will not be allowed to start another job with the department until the first is completed and performance is satisfactory. If work is satisfactory, he will be placed on the regular contractor listing. If work is poor, he will receive no more bid requests.

General Liability Insurance

We require all our contractors to carry general liability insurance in amounts that are consistent with City requirements.

It is your responsibility to have your insurance agent send our office a current certificate of insurance stating the limits of your general liability insurance. A new certificate should be sent to us each time your policy is changed or renewed.

Worker's Compensation Insurance

We require all our contractors to comply with the State's Worker's Compensation laws. The easiest and best way to do this is to carry a Worker's Compensation insurance policy and have your insurance agent send a current certificate of insurance. We understand that the cost of such insurance is high but it is not nearly as high as the cost of an uninsured accident.

Bid Procedures

Generally, our projects are awarded based on competitive bids. In most cases, all active contractors on the preferred contractors list will be sent written invitations to bid on the prospective project several days prior to the bid meeting. On occasion, not all active contractors will be invited to bid on a particular project. Some of the reasons for not inviting a contractor to bid on a particular project include the following:

- the contractor's backlog of work would preclude beginning the prospective project by the desired date;
- the scope of the work for the project is not a good fit with the contractor's particular area of expertise;
- there are issues or problems with performance on a previous or current project that have not been resolved to the satisfaction of the project manager.

The bid meetings are held at the jobsites and the contractor or a designated representative must be present to submit a bid. Each contractor shall be issued two copies of the work write-up. One is for the contractor to keep for reference and note taking. The other is the bid copy to be turned in before the bid deadline. At the bid meeting, the project manager will review the work write-up with the contractors on a line item basis. Contractors then can inspect the property to evaluate the condition of the property for themselves.

The bid opening is held in a designated office in City Hall and is generally one week after the bid meeting. The timing of this opening can be adjusted to a shorter or longer period if that is satisfactory to the project manager and the bidding contractors. Contractors need not be present at the bid opening but are welcome to attend. To be eligible, a bid must arrive at the City prior to the announced bid opening deadline.

The contractor submitting the lowest bid will be awarded the contract for the project in question. However, the City retains the right to reject any and all bids when it is judged to be in the best interests of the city to do so.

In rare cases, we may handle a project on an emergency basis in order to protect the interests of the property owner. At the discretion of the CD&H Director, the project manager may be permitted to award a contract to a contractor who can perform the work within the time frame that is needed.

Permits

It is the responsibility of the general contractor to obtain all necessary permits for any project undertaken through our department. This document facilitates the coordination of our work with the inspections department and should be turned in to the permitting clerk at the time the permit is applied for.

It is a common practice among some trades subcontractors to try to save a few dollars by not listing all work to be done when applying for a trade permit. Our department takes a dim view of this practice. We expect our contractors to require their subs to follow the inspections department's regulations completely when obtaining permits.

Building Codes, the Minimum Housing Code, & Community Development Standards

Contractors who do remodeling and rehabilitation work are aware that there are many differences between new construction and remodeling and rehabilitation. Some of the most important differences are found with respect to codes. Under the N.C. State Building Code, new work must meet the standards set for new construction while pre-existing work that is not altered substantially generally does not have to be changed even if it does not meet the current state building code. However, the municipal minimum housing code must also be followed in remodeling and rehabilitation work (depending on funding source requirements). The minimum housing code sets certain minimum standards for determining whether a building is fit for human habitation regardless of whether it is of new, old, or mixed construction. **We urge our contractors to familiarize themselves with the municipal minimum housing code as well as the state building code.**

In addition to the state building code and the minimum housing code, our department also has its own housing rehabilitation standards which must be followed. While the state building code and the minimum housing code are primarily concerned with setting minimum standards for safety and fitness for human habitation, our housing rehabilitation standards are written to take account of additional factors, including function and aesthetics. We try to be as specific as possible in defining our standards in our project work write-ups.

While our project managers consider the state building code and the municipal housing code in their work write-ups, it is ultimately the responsibility of the building inspections department to interpret and enforce both the state building code and the municipal housing code. On the other hand, while the inspections personnel may have personal opinions about what constitutes good work beyond the minimum standards of the codes, it is the responsibility of our department's project managers to interpret and enforce the contractual provisions of the work write-up. **The practical effect for the contractor is that both the building inspectors and the project managers must be completely satisfied with all work performed.**

Our department realizes that there are often gray areas when trying to determine how the different codes and standards fit together. We work hard to coordinate our work with the inspections department to minimize the cases when the contractor receives mixed signals. We firmly believe the best way to do that is full consultation among all parties concerning any gray areas. **We**

strongly recommend to our contractors that they seek clarification of any unclear issues before the work in question is performed.

Change Orders

In the event that work beyond the scope of the project work write-up becomes necessary or is desired by the property owner, a written change order must be drawn up by the project manager and signed by all parties. Work beyond the scope of the work write-up performed by the contractor without the advance knowledge and approval of the project manager is not billable and will not be paid.

Schedules and Liquidated Damages

Our project managers work with our contractors to establish project schedules that are realistic and that accommodate the needs of both the contractor and the property owner. The project work write-up contains a provision specifying the maximum number of days allowed for the project. Since the property owner may suffer losses and inconveniences if the project is not completed on schedule, the contractor may be liable to the property owner for up to \$100.00 per day in liquidated damages when work is not completed according to schedule. Be certain that you have set a realistic schedule for the project and understand the various conditions set forth in your contract pertaining to liquidated damages as well as reasonable and unreasonable delays.

Draw Procedures

Contractors are permitted to request multiple draws per project on large projects. On smaller projects, we prefer to issue a single draw at the completion of the project. Draws are paid based on work completed.

The final draw will be paid after the project manager has verified with the property owner that all work is acceptable. In the event repairs are needed, the contractor is expected to complete the repairs as quickly as possible. If the contractor refuses to complete the repairs on a timely basis, the project manager is permitted to engage another contractor to perform the repairs. If that is necessary, the cost of the repairs will be deducted from the final draw. In the event the cost of the repairs exceeds the final draw, the contractor is liable for the difference.

Our department works very hard to accommodate our contractors by paying draw requests as quickly as possible. Contractors can help ensure quick payment by being certain the draw request is accurate and that all work for which payment is requested has been completed and is acceptable.

Warranty and Lien Waivers

The contractor warrants for one year that all work has been performed in a workmanlike manner using new materials and practices and procedures standard in the construction industry and that all suppliers and subcontractors have been paid in full.

Arbitration of Disputes

The project contract documents contain clauses detailing procedures to be followed in the event of a dispute between the contractor and the property owner.

Further Information

This document is intended as a contractor's guide to the usual practices and procedures of the Community Development and Housing Department. It is not a legal contract. In the event of any discrepancy between this document and the legal contractual documents pertaining to a specific project, the language of the legal contract shall govern.

Appendix E: Glossary

Adjusted Income: Adjusted income is annual (gross) income reduced by deductions (or allowances) for dependents, elderly households, medical expenses, disability assistance expenses, and child care.

Affordable Housing: Housing for which the occupant is paying no more than 30 percent of his or her income for gross housing costs, including utilities. Households that pay more than 30 percent of their income for housing are considered “cost-burdened”.

Appraised Value: An evaluation of a property's value based on a given point in time that is performed by a professional appraiser, normally during the mortgage origination process.

Community Development Block Grant Program (CDBG): A Federal program created under the Housing and Community Development Act of 1974. This program provides grants funds to local and State governments to be used to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

Community Housing Development Organization (CHDO): A federally defined type of nonprofit housing provider that must receive a minimum of 15 percent in the aggregate of all Federal HOME funds. The primary difference between CHDO and other nonprofits is the level of low-income resident participation on the Board of Directors.

Consolidated Plan: A document written by a State or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet the needs and listing all resources available to implement the strategies. This document is required to receive HUD Community Planning and Development funds.

Down Payment: The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

Debt-to-income ratio: Percentages lenders use to decide whether a loan applicant can afford to make payments on a certain mortgage loan.

Energy efficiency measure means any capital investment that reduces energy costs in an amount sufficient to recover the total cost of purchasing and installing such measure over an appropriate period of time and maintains or reduces non-renewable energy consumption.

Entitlement: An underlying formula governing the allocation of Block Grant funds to eligible recipients. Entitlement grants are provided to larger urban cities (i.e., population greater than 50,000) and larger urban counties (greater than 200,000).

Extremely low-income family: A family whose income is between 0 and 30 percent of the median income for the area, as determined by HUD with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 30 percent of the median for the area

median on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Fair Market Value (FMV): The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Fair Market Rents (FMR): The [FMR](#) is the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market.

Family means a household composed of two or more related persons.

Gross Income is the total amount of money that a person receives, before taxes and other deductions. This income may include funds from a job, interest/dividends, alimony, disability payments or public assistance.

HOME Investment Partnerships Program: A Federal grant program designed to help jurisdictions expand the supply of decent and affordable rental and ownership housing for low- and very low-income veterans.

Homeownership means ownership in fee simple title or a 99 year leasehold interest in a one- to four-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD. The ownership interest may be subject only to the restrictions on resale required under 92.254(a); mortgages, deeds of trust, or other liens or instruments securing debt on the property as approved by the participating jurisdiction; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest. For purposes of the insular areas, homeownership includes leases of 40 years or more. For purposes of housing located on trust or restricted Indian lands, homeownership includes leases of 50 years. The participating jurisdiction must determine whether or not ownership or membership in a cooperative or mutual housing project constitutes homeownership under State law.

Household: One or more persons occupying a housing unit.

Housing includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities and student dormitories.

Housing Expense Ratio is the percentage of a person's gross monthly income that it takes to pay a mortgage loan payment plus interest, property taxes and insurance. Lenders use this ratio to decide whether or a not to make mortgage loans.

Low Income: A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families is considered low

income. HUD may establish income ceilings higher or lower than 80 percent of the median for the area median on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Low- and moderate-income household means a household having an income equal to or less than the Section 8 low-income limit established by HUD (80% of the median family income).

Low- and moderate-income person means a member of a family having an income equal to or less than the Section 8 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

Mixed-Income: Refers to a resident mix that includes families with various income levels within one development. Mixed-income developments may combine public housing families with other residents in order to decrease the economic and social isolation of these families.

Moderate Income: Households whose incomes do not exceed between 81-95% of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 81-95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.

Program Income: Gross income received by the recipient or a subrecipient directly generated from the use of federal funds or matching contributions.

Property Inspection: The examination of a house by a licensed inspector to see if its structure is sound and if its mechanical systems, such as plumbing and heating, are working.

Rehabilitation means the labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

Second Mortgage: A mortgage that has rights that are subordinate to the rights of the first mortgage holder.

Specifications: A detailed description of the size, shape, materials and other details of a building or remodeling project.

Substantial rehabilitation means rehabilitation that involves costs in excess of 75 percent of the value of the building after rehabilitation.

Total Monthly Debt: The total amount of credit card, car loan and other debt payments a person must pay each month, which is used to calculate a person's debt-to-income ratios.

Transitional housing means a project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve

deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

Underwriting: The process of analyzing a borrower's finances and credit in order to decide whether or not to make a loan. The underwriter is the person who has authority to approve a loan.

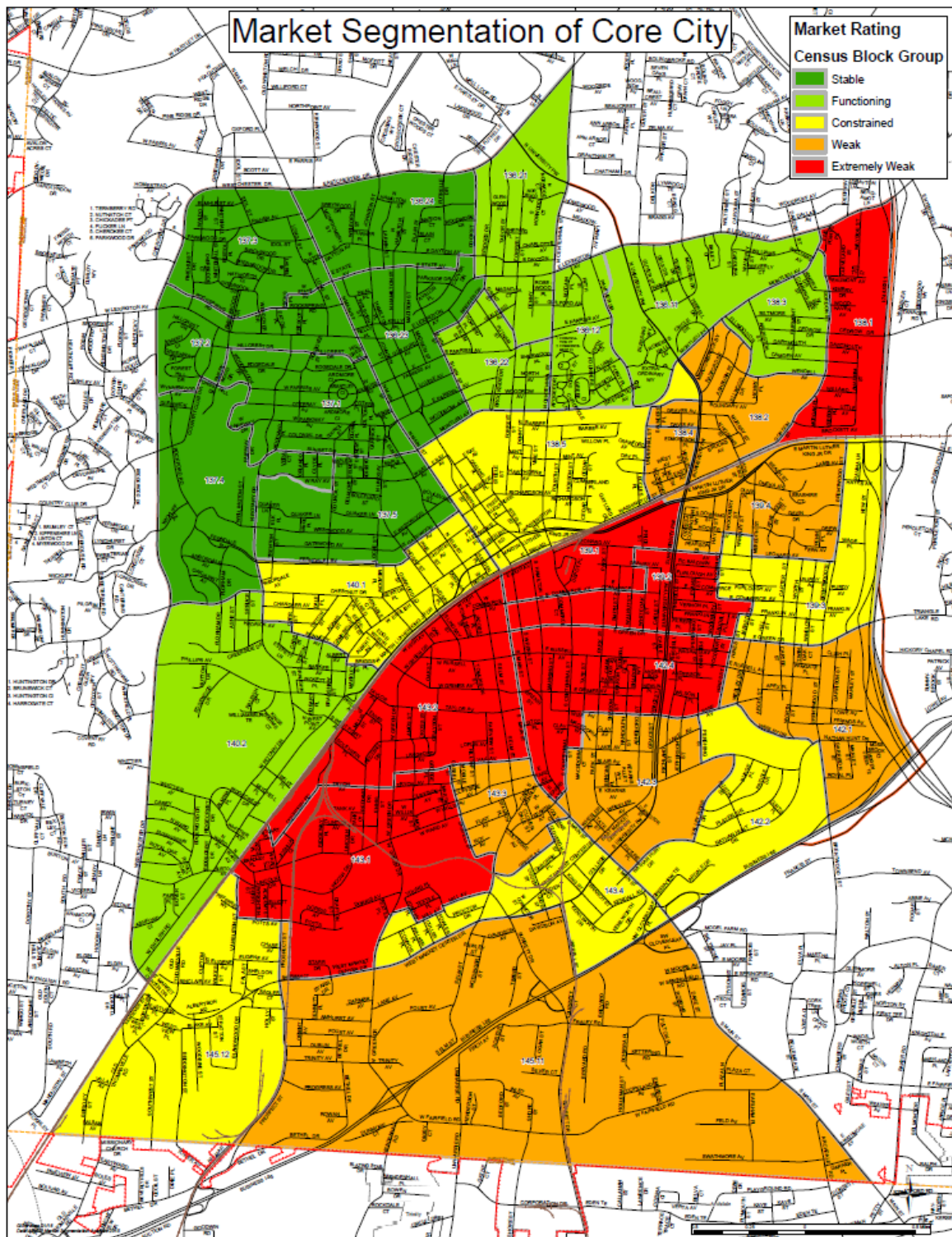
U.S. Department of Housing and Urban Development (HUD): A federal government agency responsible for managing many of the nation's housing programs and for protecting the rights of homebuyers, homeowners, sellers and renters.

Very Low-Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families.

Warranty: A guarantee by a seller or manufacturer that a product is what it claims to be, that it is in working order, and (in some cases) that the seller or maker will repair the product.

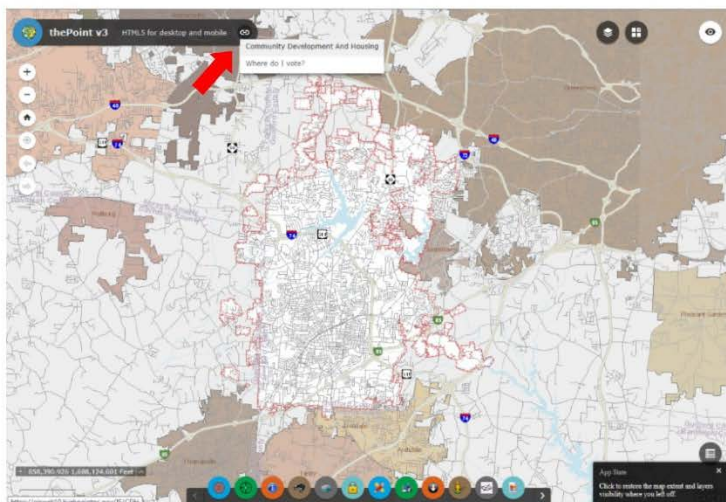
Zoning: A county or city law stating the types of use to which properties can be put in specific areas.

Appendix F: Market Segmentation Study Information

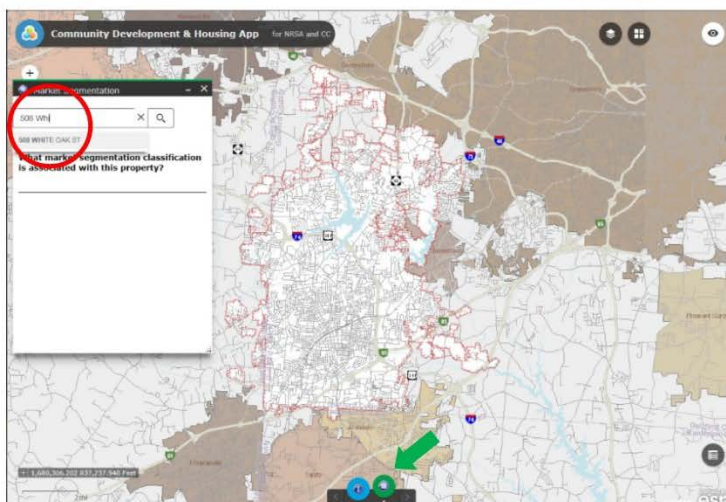


NOTE: The census tracts shown in RED above represent “Extremely Weak” housing markets.

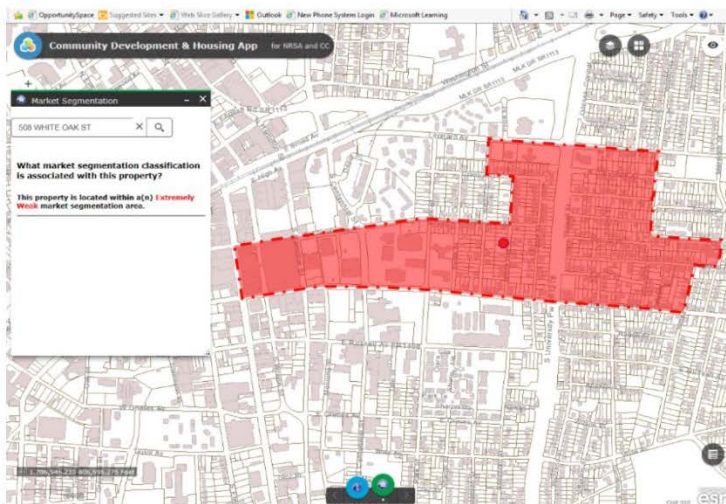
Search Instructions for Property Eligibility



- Type the following web address in your web browser: <http://gisweb10.highpointnc.gov/JS/thePoint/>
- If a pop-up window appears, choose “Ok”.
- Click on the “link chain” highlighted by the red arrow and click on “Community Development and Housing”



- A new pop-up window will appear
- Click on the green circle with the house at the bottom of the page (shown by the green arrow)
- In the pop-up box, start typing in the property address
- Choose the correct address when it appears (shown by the red circle)



- A red dot will show the location of the property.
- The market segmentation classification will be listed in the box on the left and its associated color will appear on the map. In this scenario, 508 White Oak is located in the Extremely Weak area and would be eligible for the Small Builders Incentive Program.