



**Habitat for Humanity
of
Catawba Valley**

Habitat Repairs! Policy

PRIORITIES AND POLICY STATEMENTS

Priorities and Commitments

Habitat for Humanity of Catawba Valley (HFHCV) Habitat Repairs! will serve homeowners whose income falls at or below 75% of the AMI, who are willing to partner with HFHCV, and who have a need for help accessing repairs. Priority is given to the critical nature of required repairs, to severity of applicant's financial need, to the elderly, the disabled, single parent families, and households with at least one minor child. The program is particularly designed to serve those homeowners who are most in need and who are unable to access services elsewhere.

HFHCV's Habitat Repairs! has a responsibility to the community to preserve housing and neighborhoods. It also has a responsibility to the donors and other funding sources to find the best use of available funds.

Referrals, Project Cost, and Board Authority

When a completed application is received, all information will be processed and verified by the homeowner services staff. Staff will review the property record to confirm ownership, location, building value, and status of any loans on the property. Referrals to other repair programs will be made as they are appropriate.

After the homeowner services staff confirms that the property and homeowner criteria are met, the construction staff will do an inspection of the house to determine the scope and cost of the repair project. The usual maximum project cost will be \$6,000 Habitat out-of-pocket costs and/or \$15,000 total costs. With special approval, project costs may go above that amount only when it is required to keep the occupants of the home dry, safe, and warm. If the project meets program funding requirements, then staff will prepare a home repair contract that details the scope of work, the homeowner price and payment arrangements, and the sweat equity requirements. After the contract is signed, the repair work will be done. The project will be considered complete upon signed Certificate of Completion. A limited, one year warranty will be provided.

The number of houses to be repaired each fiscal year will be based on the affiliate budget and types of available restricted funding. The Board authorizes the homeowner services staff to process and conduct due diligence for all applications, to decline all applicants who do not meet the policy criteria, and to accept applicants who do meet the policy criteria.

Compliance and Non-Discrimination

HFHCV is required to comply with the Fair Housing Act and all Fair Housing Laws, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Privacy Act, the Americans with Disabilities Act and any other applicable federal, state, or local regulations and laws pertaining to Mortgage Lending and related HFHCV affiliate policies. All selection policies and criteria are subject to immediate change and implementation not requiring Homeowner Selection Committee or Board approval to maintain compliance. The homeowner services staff will notify other staff members, Homeowner Selection Committee, and Board members of any changes. HFHCV makes every effort to base the affiliate policy on recommendations from Habitat for Humanity International (HFHI).

The integrity of HFHCV depends upon the consistent execution of all policies by administration, homeowner services staff, the Homeowner Selection Committee, and the Board, who will faithfully conduct its activities in accordance with the law in a fair, objective, non-discriminatory manner.

An applicant must be 18 years of age or older and have the legal capacity to enter into a binding contract. In selecting Habitat Repairs! homeowners, HFHCV does not discriminate on the basis of race, color, religion, national origin, gender, disability, familial status, marital status, sexual orientation, age (unless considered a minor), or because all or part of income is derived from any public assistance program.

Confidentiality

HFHCV shall follow a strict code of confidentiality in its homeowner selection practices. All information collected for the purposes of homeowner selection will be used for the sole purpose of evaluating an application and will be kept in the strictest confidence within the HFHCV staff, administration, Homeowner Selection Committee, and the Board except as authorized by the applicant. HFHCV staff, administration, Homeowner Selection Committee members, and the Board shall not discuss a potential Habitat Repairs! application with anyone other than the applicant, members of the Homeowner Selection Committee, HFHCV staff, administration, homeowner services volunteers, or members of the Board.

SELECTION CRITERIA

To qualify for HFHCV Habitat Repairs!, applications must meet three main criteria: Need for Repairs, Ability to Pay, and Willingness to Partner. All decisions will be based upon these criteria. Information that is not reasonably relevant to one of the criteria shall neither be sought, nor considered, during the selection process.

Selection criteria will be as listed below except in cases where funding sources carry different selection requirements, at which times selection criteria will match funding requirements as necessary.

NEED FOR REPAIRS

Financial need is defined by income guidelines. Other factors used to determine need are the severity and critical nature of required repairs, and the needs of the elderly, the disabled, single parent families, and families with at least one minor child.

In the U.S., the HFHI “Repair” category has three sub-categories: *Home Preservation*, *Weatherization*, and *Critical Home Repairs*. If an applicant’s home needs any of these types of repair, then repair need is established for this program.

Home Preservation - Exterior work that includes painting, patching, minor repair, landscaping, ramps, and other accommodations for accessibility, and repair or replacement of exterior building materials for maintaining good or sound condition.

Weatherization - Work done to improve the energy efficiency and indoor air quality of a structure. The scope of work of a weatherization project may be defined by a comprehensive energy audit. Testing of the home may be done upon completion. A homeowner education component may be included.

Critical Home Repairs – Potentially extensive interior or exterior work performed to address health and safety issues, issues of habitability, or code violations. Critical home repair includes such activities as repair or replacement of home materials or components (such as the roof); a reconfiguration of space; a modification for accessibility; and/or the repair, installation, or extension of plumbing, mechanical or electrical systems.

While this program does place a priority on responding to critical and urgent repair needs, it must be pointed out that this program is not designed to meet emergency needs. However, in the event that a need for emergency repairs is discovered in the normal course of doing a site visit for the selection process, the Habitat Repairs! Supervisor may ask the homeowner(s) to sign a limited contract in order to allow HFHCV to respond more quickly.

ABILITY TO PAY

Income and Financial Requirements

- An application will be considered whose combined gross income for the applicant homeowner(s) falls at or below 75% of the HUD Area Median Income for Catawba County. **In rare cases where the resident(s) are members of the homeowner’s family, the resident(s) must also apply and meet the same income criteria.**
 - Income of the entire household of the property in question must be disclosed on the application and generally will not exceed 80% of HUD Area Median Income or 200% of Federal Poverty Level depending upon funding source.
 - Executive Director and homeowner services staff together may consider acceptance of households with higher income on a case by case basis when there is need and when funding allows. (*E.g.*, in the case of a homeowner whose household income is thrown over the limit by a temporary resident of the home.)
 - All income documentation must be current as of six (6) months from the date of application.
- Applicant’s home must not be in danger of a foreclosure process. A mortgage statement or a Certificate of Satisfaction for all existing liens will be required from applicant(s) to demonstrate that there is no indication of impending foreclosure.

- The value of property, including lot, per the Tax Assessment Office, will not normally exceed \$148,000.
- Additional property holdings by the homeowner will be considered as assets in determination of need.
- Any income from additional property holdings will be calculated toward qualifying income.

WILLINGNESS TO PARTNER

Homeowner Requirements

At least one applicant must be an owner of the property. At least one applicant must be a resident of the property. Homeowners/residents will make payments as listed in the Home Repair Contract.

Eight sweat equity hours will be required for all projects with costs up to \$4,000. Sixteen sweat equity hours will be required for all projects with costs between \$4,000 and \$8,000. A range of sweat equity opportunities will be available. Details will be discussed with the homeowner and included in the Home Repair Contract.

Homeowners will be required to complete sweat equity as listed. HFHCV at its sole discretion may adjust the sweat equity arrangement, depending on health of homeowner and/or when sub-contractor labor is involved. Amended expectations will be part of the signed contract.

Homeowners must not be delinquent with any commitments made in a previous HFHCV Limited Contract.

Appropriate accommodations and modifications will be made for households with disabilities in accordance with the Americans with Disabilities Act (ADA). Documented proof of the need for accommodations may be required. This proof may take the form of disability income, doctor's statement, or other clear indication of need.

The applicant must be able to understand the program guidelines and requirements. The head of household must be able to understand legal documents or have another responsible adult acting as attorney-in-fact for the applicant.

Property Requirements

- All properties must be located within Catawba County limits.
- Repairs will not be done on rental properties.
- All properties must be owner-occupied, with the following possible exceptions:
 - Living trusts, revocable trusts, life estates, and other kinds of claims on the property will be considered on a case-by-case basis.

- The home must be the permanent residence of the applicant(s), unless they were displaced due to the need for repairs within the 18 months prior to the application, and the applicant will return to the home when repairs are complete.
- HFHCV will consider acceptance on a case by case basis if the home is occupied by family members other than the homeowner/applicant.
- Deed/Title must show ownership for a minimum of one (1) year. There must be a likelihood that the applicant will be staying in the home long term.
 - Exception: Homeowners who have owned their home for less than one year may be accepted on a case by case basis for limited work if it is required for accessibility needs, *e.g.*, grab bars and ramps.
- Property may be a single-family, stick-built, mobile or manufactured home.
 - HFHCV may repair owner-occupied duplexes, townhouses, condos, or multi-family homes on a case-by-case basis as long as it does not interfere with HOA restrictions.
 - When the owner holds the title (not rent-to-own) on a mobile or manufactured home, HFHCV may do limited repairs on a case-by-case basis, such as ramps, steps, roofs, HVAC repair or replacement, or plumbing, to the extent that those repairs are within HFHCV's capacity.

SELECTION DECISIONS

For a decision to be made regarding an application to the Habitat Repairs! program, a minimum of two homeowner services staff members must review the application to determine whether or not it meets the policy criteria. Depending on this decision, a Home Repair Contract may be presented to the applicant, or the denial letter may be sent.

Disqualification and Reapplication

- Applications should be returned fully completed, signed, and with all documentation included. The application may be denied if this condition is not met.
- Any application can be denied if HFHCV does not have the capacity to take on the nature or scope of repair work required. In this case, written documentation from the construction staff must be provided for the file before denial.
- If at any time during the entire Habitat Repairs! application process, information is discovered or documented to disqualify an application, the application will automatically be denied and the homeowner will be required to re-apply.
- Homeowners who have already received repairs through the Habitat Repairs! program may reapply for additional repairs any time after they have completed payment on their previous HFHCV repairs.
 - Note: Subsequent applications for additional repairs will have a lower priority, and therefore will likely have more wait time before repairs are completed.

- Exception: Any false or fraudulent information will automatically disqualify any applicant indefinitely from the Habitat Repairs! program.

PRICING GUIDELINES

Purpose

The Habitat Repairs! Pricing Policy has been developed to ensure all homeowners receive a uniform pricing structure for HFHCV repair services.

Pricing will be according to this policy unless the funding source for the project requires HFHCV to have different payment arrangements, in which case payments will be as required by the funding source.

Every effort will be made to create payment arrangements that both empower homeowners through their investment, and that maintain the sustainability of the repair program by keeping it attractive to funding sources through its commitment to Habitat's "hand up, not hand out" model.

Homeowner payments and sweat equity are evidence of the homeowners' partnership with HFHCV. Payments create a way for homeowners to participate in the Habitat ministry and mission by "paying it forward".

Determining Project Cost

The project cost of repair jobs will include the following components:

1. Cost of purchased building materials
2. Cost of professional services and contracted labor
3. Direct costs (including, but not limited to permits, professional fees, landfill expenses, equipment rental, and general supplies)
4. An administrative fee equal to 10% of total project cost

Project Subsidy

Each homeowner's price (total of all payments) will be based on a percentage of their monthly gross income. The remainder of the project cost will be considered the amount of that homeowner's subsidy, and will be covered by HFHCV and its funding sources.

Terms of Payment and Payment Amount

There will be no loans made in payment for repairs.

Payments will always be set so as to be affordable for the homeowner, and will be based on the homeowner's income, not the cost of the project. Homeowner price will always be less than the project cost.

The homeowner's total price for repairs will be a maximum of 20% of the gross monthly income of all homeowner applicants. In cases in which the resident is a family member of the homeowner, the price may be based on the same percentage of the resident's income instead of, or in addition to, the homeowner's income. The price will be adjusted as necessary to ensure the homeowner's and/or resident's ability to pay for their household's other required expenses.

This amount will be split into two payments that will each represent half of the total. The first payment will be due one week before work is scheduled to begin on the home, and the final payment will be due within 30 days of completion of the work.

Method of Payment

Payments will be made by cashier's check or money order to a post office box held by HFHCV.

Delinquency Procedures

If the first payment is not made by the time work is to begin, the homeowner services staff will make a call to the homeowner, urging payment and making sure that there are no misunderstandings or problems with the plan for repairs. In the event of non-payment, repairs may be postponed or discontinued.

If the second payment is not received within 30 days of the completion of work, a phone call reminder will be made. When an account becomes 60 days past due, HFHCV's financial office will send a notice requesting that the homeowner bring the account current.

If there is no payment fifteen days after the notice is sent, the homeowner services staff will follow up on the delinquency notice with a phone call. If the homeowner is willing but unable to pay, an alternate payment arrangement may be made.

If the homeowner is unwilling to pay, then HFHCV may file a mechanic's lien when the account becomes 90 days past due.

Recapture Agreement

Upon completion of the work, the homeowner(s) will sign a recapture agreement indicating willingness to repay the amount of their subsidy for repair costs if the home is no longer their principal residence, or if it is transferred, within five years from the date of assistance. If the resident is not a homeowner, the resident may also be asked to sign the recapture agreement.

Upon recapture, HFHCV will collect the full cost of the subsidy for repairs, decreased by 20% each year on the anniversary of the signing of the agreement, such that, at the end of the fifth year after signing, the funds will be entirely forgiven, and the agreement will be deemed null and void.

CONSTRUCTION CRITERIA

SCOPE AND COST OF WORK

HFHCV construction staff will do a home inspection in order to create the scope of work.

The repairs included in the scope of work will meet the following criteria:

- Repairs will be based on what is necessary to keep the occupants of the home safe, dry, and warm. Both urgency and habitability will be priorities in determining what will be done.
- Repairs will be those for which there is funding.
- Repairs will be ones that the homeowner wants, with the dual understanding that the construction staff may need to educate the homeowner regarding the critical nature of various repairs, and that some repairs (*e.g.*, weatherization) may be required by funding sources in order to receive other repairs.

Construction staff will determine the project cost. The usual cost for any one project will be no more than \$6,000 out-of-pocket HFHCV expenses and no more than \$15,000 total expenses, with the option to go above those amounts when necessary in order to keep the home's occupants dry, safe, and warm. To approve projects more costly than the amounts named above, funding decisions will be made jointly by the Executive Director, Office Manager, and Director of Construction.

In order to address the hazards associated with the improper removal of lead-based paint or lead-based paint hazards, Habitat Repairs! will conduct all repairs in such a way as to maintain compliance with the Lead-Based Paint Hazard Management Program (LHMP) established in North Carolina in 1998 under N.C. General Statute §130A-453.01 through 453.11 - Lead-Based Paint Hazard Management Program. Although HFHCV is a certified renovation firm, in most cases this will be done by hiring certified subcontractors to do the necessary work, thereby protecting volunteers from lead based paint exposure and avoiding the need for extensive training of volunteers that would enable them to do the work safely. If there's ever a question that HFHCV may not be able to do the work or see that the work is done correctly and safely, then the project will not be accepted.

ORDER OF REPAIRS

The Home Repair Manager will decide on the order that repairs will be done for accepted homeowners with the following priorities, in listed order:

1. Urgency of repair need
2. Efficiency of repair program, *e.g.*, desire to complete all repairs in a particular neighborhood at one time
3. Order applications were received

PROCUREMENT

General

HFHCV will follow the following procedures in procuring goods and services necessary to complete home repairs under the Habitat Repairs! program.

1. No source of supplies or labor shall be utilized that would be a conflict of interest with any HFHCV employee, the Board of Directors, or Habitat for Humanity International.
2. HFHCV will make reasonable effort to spread purchases and contracts evenly in the community.
3. HFHCV will attempt to purchase materials that are environmentally sound wherever feasible.
4. Materials available through in donations, federal surplus, etc. will be used whenever feasible.
5. All subcontractors will be fully licensed and qualified to perform the work set forth for them. Consideration of subcontractors will include integrity, experience, financial stability and ability to complete the job in a timely manner.
6. Any bid or proposal may be rejected for sound documented reasons.

Large Contracts and Purchases

Contracts and purchases over the Federal Micro Purchase amount (Currently \$3,000.00) shall conform to the following procedures.

1. HFHCV will prepare a bid proposal specifying the materials and or work to be performed.
2. Bids will be solicited broadly from the community, including businesses in the project area or owned by area residents, and from minority and women owned businesses.
3. Sealed bids will be obtained from at least two qualified subcontractors or suppliers and a firm bid price will generally be awarded to the lowest qualifying bidder based on the bid specifications.
4. If a firm bid price is not obtainable, then a competitive contract may be used with a qualifying subcontractor or supplier. Attempts will be made to solicit more than one competitive contract proposal.
5. Procurement by a noncompetitive proposal may be used when there is no other source, or there is an emergency that precludes the time it takes to secure competitive proposals.
6. Competitive proposal contracts will be awarded to the responsible firm that is most advantageous to HFHCV.

Small Contracts and Purchases

Contracts and purchases under the current Federal Micro Purchase amount (Currently \$3,000.00) shall conform to the following procedures.

1. Materials and equipment purchased from suppliers may be procured without competitive bids and will be awarded by HFHCV if the cost is deemed to be reasonable.
2. HFHCV will keep on file hourly rate quotes from each subcontractor and will utilize the one with the lowest rates when practical.
3. HFHCV will periodically obtain rate quotes on materials commonly used to assure that fair prices are being charged by suppliers utilized under these micro purchase procedures.
4. Emergency situations may require that the first available subcontractor or supplier may need to be used. Similarly, materials may be purchased from suppliers that are close to the project in order to save time and staff expenses.

HABITAT REPAIRS! DEFINITIONS

Certificate of Completion: Document signed by the homeowner that certifies that the scope of work as set forth in the contract has been completed in its entirety and to the homeowner's satisfaction.

Home Repair Contract or Homeowner Agreement: A written agreement signed by HFHCV and the homeowner. The contract documents the expectations of willingness to partner, the scope of work, payment, warranty, terms of acceptance, and cancellation. Any changes to the scope of work, sweat equity, or the homeowner price must be made as a written addendum to the contract and signed by both parties.

Contract Price or Homeowner Price: The total amount the homeowner will repay after applied subsidies.

Habitat Repairs! program: The program includes everything from initial inquiry, referrals, and selection process to scope and cost of work, repairs, and payments. The final decision to accept an applicant requires the approval of both the application and the project.

Habitat Repairs! project: Typically projects will be completed on individual residences. However, opportunities may arise to undertake repair work in other areas of service or community needs. Example: Ridgeview Library.

Project Cost: The total cost of materials, sub-contractors, and other job expenses for possible recapture, as listed in the Habitat Repairs! Pricing Policy.

