



CITY OF MICHIGAN CITY
HOMEOWNER REHABILITATION PROGRAM
EMERGENCY HOME REPAIR PROGRAM
POLICIES AND PROCEDURES



**Policies and Procedures are based on program General Specifications -
Rehabilitation of Residential Structures - City of Michigan City RECAP Program**

I. General Purpose and Objectives

The City of Michigan City Housing Rehabilitation Program is funded by the Community Development Block Grant (CDBG). These funds are awarded to the City of Michigan City by the U.S. Department of Housing and Urban Development (HUD). The Michigan City Housing Rehabilitation Program also includes an Emergency Home Repair Program for projects (under \$25,000) excluding Change Orders. The Community Development Block Grant Office administers the program on behalf of the City of Michigan City Planning and Inspection Department for owner-occupied residences within the City of Michigan City boundaries.

The City of Michigan City endeavors to preserve existing affordable housing, to assist very low, low, and moderate-income homeowners in bringing their single-family owner-occupied dwellings up to an acceptable standard, and to enhance and revitalize eligible neighborhoods Citywide, particularly in the older neighborhoods, Eastport and Westside neighborhoods also identified as target areas.

II. Eligibility

Applicants must submit all information requested in the application that applies to his/her household and complete all verification forms. The submission of an application includes permission to allow verifying the information including credit information. Applicants shall provide complete and accurate information regarding their household composition, household income and housing situation. **Failure to disclose information which may affect eligibility requirements may constitute fraud and result in denial of the application.** Applicants shall be required to make full restitution to the City in the event Housing Rehabilitation services are provided to applicants who provided inaccurate or incomplete information in order to meet eligibility requirements. Requests for further services will be denied unless restitution is made in full. Application submittal does not guarantee approval. If an applicant has received CDBG funds in the past they are not eligible for this program. Final approvals are based upon a preliminary property inspection and project cost estimate in order to determine feasibility.

A. Income Qualifications

This program is designed to assist very low, low, and moderate-income homeowners as defined by the HUD income guidelines, and are revised annually. (See Attachment A)

Income of all household residents, age 18 and older, will be included in income determination. Also included is unearned income for minors 17 and under. Family size will be determined by the number of family members living in the home on a regular basis.

Income level may be established in any reasonable manner, including but not limited to, IRS 1040 and/or W-2 forms, an employment pay stub, a Social Security/SSDI benefits, Veteran's benefits, a court order for child support or spousal support, verification of employment, bank statements, etc. **The City reserves the right to re-verify income at any time before the contract closing.**

Household assets (total combined for all household members) may not be in excess of \$50,000. This does not include retirement accounts or the value of the house.

Applicant(s) must provide all necessary documentation at time of application. Failure to provide all required documentation at time of application or within 30 days will result in the application being denied.

B. Additional Homeowner Requirements

1. Title to the property must be in applicant's name and must be their primary residence for a least one year. Title may not be shared with anyone other than regular household members. Abstract of judgments, liens, etc. must be cleared except for a purchase mortgage. Title research may be used to verify this requirement.

For inherited property, the necessary legal documents must be filed for record, which name the applicant as the sole deed holder.

2. Applicant must exhibit the ability and willingness to pay creditors.
3. Applicant must not be delinquent on any federal debts (ex. Student loans).
4. Mortgage payments must be current.
5. Owner must agree that the property will be his/her primary place of residence for at least five (5) years; it could be up to Fifteen (15) years depending on loan/grant amount from the date of the loan/grant.
6. Property taxes and other debts to the City of Michigan City must be current. (If taxes are not current, the homeowner must be enlisted in a payment program with LaPorte County).

7. **Lifetime Benefit:** In the event of a deficient workmanship due to no fault of the homeowner and when additional repair work is required to correct original repair failures and/or contractor negligence the program applicant must not have exhausted the lifetime program caps of three (3) repairs or maximum total expenditures of \$40,000, whichever comes first, is available for any one structure and/or household. Further assistance is available for any homeowner who is at or below 30% AMI for a fourth (4) and/or fifth (5) repair for a lifetime maximum of \$45,000.
8. The applicant and other household members may be required to participate in City- sponsored homeowner education courses. These classes are held periodically and educate homeowners on property maintenance and financial budgeting.

C. Property Eligibility

1. Must be an owner occupied single family dwelling located within Michigan City - city limits.
2. Must be covered by approved homeowner's insurance, in an amount at least equal to the value of the rehabilitation loan.
In circumstances where insurance has been denied due to the condition of the property, and the applicant can provide proof of denial, the applicant will be required to obtain a homeowner's insurance policy quote from any reputable insurance agency. Applicant should inform the agent that the structure would be rehabilitated to meet all current Building, Electrical, Plumbing, and Fire-Safety codes. Applicant must provide proof of insurance coverage no later than one month after the work is completed on the house. Insurance must be kept current for the length of the loan/grant affordability period. Exceptions include loss of insurance policy due to unacceptable or severely damaged roof conditions.
3. Applicants will be required to clean up any accumulation of personal items, old furniture, or other property that may impede the ability of the contractor to complete the work. The property may not have existing code violations (such as high weeds, trash, debris, junk vehicles, open storage, etc.). Any liens placed on properties for correcting code violations must be paid in full by the time the application is submitted. The CDBG Administrator reserves the right to cancel the project if code violations occur and are not corrected before the project is ready to receive bids.
4. Property must be economically feasible for rehabilitation. If costs for repair exceed the program limits, or a home is in such disrepair that the costs are not justifiable, the property may not be eligible for the housing rehabilitation program.
5. In the event the applicant does not have clear title, or the property is not economically feasible for rehabilitation, the City may refer the applicant to other area agencies that provide housing rehabilitation services.
6. Mobile and manufactured homes are eligible for the program.

7. Applicant is not eligible for rehabilitation assistance if applicant is purchasing a home under a "contract for deed", "land contract" (or like contract), where applicant does not gain possession of the property deed until all contract agreements have been met.
8. Applicant is not eligible for rehabilitation assistance if applicant has a reverse mortgage on the home.

D. Additional Administrative Requirements

All Program participants shall be required to execute a contract with the City of Michigan City detailing the conditions and agreements governing the provision of the rehabilitation work. Additional paperwork will be necessary to ensure compliance with funding and other local, state or federal guidelines. Completion of all relevant documentation and agreements shall be required as a condition of acceptance of any given project.

It is not the intention of the program to eliminate further maintenance costs to a property owner and/or make general property improvements to the structure. Property owners must recognize periodic maintenance is unavoidable.

III. Eligible Costs – Emergency Home Repair

- A. Roofs
- B. Furnaces
- C. Air Conditioning
- D. Water Heater
- E. Plumbing

ATTACHMENT A
2023 INCOME GUIDELINES
Effective 10/01/2018

MAXIMUM INCOMES 2018 (YEARLY) FOR RESIDENTIAL EXTERIOR COMMUNITY APPEAL PROGRAM (RECAP). To qualify, your household income must be at or below the amount of your household size.

Household Size	MAXIMUM income for eligibility (yearly)
1	\$45,450
2	\$51,950
3	\$58,450
4	\$61,900
5	\$70,100
6	\$75,300
7	\$80,550
8	\$85,700

Income includes:

- ▶ All working income that has been received for the last 12 months and is expected to continue.
- ▶ All non-working income that is verifiable and expected to continue for at least 3 years (e.g., child support, SSI disability or retirement benefits.)

ATTACHMENT B

Emergency Bid Form

Project Site: _____

Bid Due Date: _____

BID FORM
CITY OF MICHIGAN CITY, INDIANA
EMERGENCY REPAIR PROGRAM

This Bid shall include the following activities:

All work shall be completed in accordance with the City of Michigan City RECAP Program's "General Specifications, Rehabilitation of Residential Structures" and the City of Michigan City Building Code.

The undersigned, having become thoroughly familiar with the scope of work and having fully inspected the site in all particulars, hereby proposes and agrees to fully perform the Work within the time requested and in strict accordance with applicable requirements, including furnishing of any and all labor and materials, and to do all work required to construct and complete said Work in accordance with this Bid Form and the City of Michigan City RECAP Program's "General Specifications, Rehabilitation of Residential Structures."

All labor, materials, services, and equipment necessary for the completion of the Work, as described within this document, shall be completed at a rate of:

_____ Dollars (\$_____)

If awarded the Contract, the Bidder agrees to present the following documents to the City prior to the issuance of the Notice to Proceed: Valid certificates covering Property Damage, Liability, and Worker's Compensation insurance, and a copy of Contractor License, Completion of this project will require _____ calendar days. This proposal is valid for a period of 60 days.

Bid Form Continued on Next Page

Contractor: _____

Signature: _____

Title: _____

Printed Name: _____

Date: _____

Contact Address: _____

Telephone: _____

Fax: _____

Email: _____