



Office of Community Development
59 Statehouse Station
Augusta, Maine 04333

POLICY STATEMENT #1

Subject: ***Housing Assistance Program Policies***

Revised: **02/14**

Introduction

This policy statement outlines procedures and requirements for CDBG funded Housing activities. This includes replacement housing, rehabilitation cost and age limits, and housing quality standards.

Housing

Grantees may choose to replace rather than rehabilitate housing units in certain limited circumstances. Grantees must apply to OCD for prior written approval before undertaking replacements. Grantees **may not** use CDBG funds for rehabilitation in the following circumstances:

1. 75% Rehabilitation Cost Limit

Projects are ineligible for rehabilitation if the estimated cost of rehabilitation is 75% or more of the value of the property after rehabilitation or the total estimated cost of replacement after rehabilitation.

2. Pre-1976 Mobile Homes

CDBG funds cannot be used to rehabilitate a mobile home manufactured prior to June 15, 1976

Under Maine State CDBG Policy, low and moderate income owned and occupied housing may be replaced on the original site rather than rehabilitated in the following circumstances:

1. The grantee determines that replacement housing is necessary because the unit cannot be rehabilitated in a cost effective manner after the rehabilitation process has begun. The rehabilitation process is considered to have begun on the date of the initial inspection by the local rehabilitation technician after program approval of the owner's application.
2. The grantee determines that replacement housing is necessary as part of a neighborhood revitalization effort. This occurs when the grantee determines that the housing unit(s) is not suitable for rehabilitation and demonstrates to OCD that the cost of substantial rehabilitation is significantly less than the cost of new construction and less than the fair market value of the property after substantial rehabilitation. A neighborhood revitalization project includes activities

of size and scope sufficient to have an impact on the decline of a geographic area within the jurisdiction of a unit of general local government designated in comprehensive plans, ordinances, or other local documents, endorsed by the general citizenry, as a neighborhood.

If one or more of the above conditions is met, grantees must prepare and submit to the OCD the following documentation:

1. a Request for Replacement Housing form with photos of the existing property sufficient to demonstrate the need for replacement.
2. documentation (including a HUD Section 8 MHQS inspection form) that the housing unit is unsuitable for rehabilitation.
3. a detailed analysis comparing the rehabilitation cost versus the replacement cost, including contractor estimates. If a mobile home is being proposed as a replacement unit, also submit detailed specifications and costs for all site work, slab and anchoring.
4. documentation that the estimated cost of the replacement housing is at least 20% less than the estimated cost, including land, of providing alternate housing elsewhere in the immediate locality.
5. documentation that the cost of the replacement housing is less than the fair market value of the property (land and building) if the replacement activity were to be completed. This must be determined by obtaining a certified appraisal of the projected value of the property, including replacement costs, prior to starting the replacement process.
6. Documentation for the removal and proper disposition of the existing unit.
7. documentation that this activity is part of neighborhood revitalization project (when applicable).
8. documentation showing compliance with Federal, State and Local statutes, regulations, codes and permits regarding the Environmental Review Record for this activity.
9. Documentation of the sources of actual cash contributions to this activity.

Replacement housing may be accomplished by new construction or by moving an existing housing unit, including manufactured housing, to the site.

NOTE: “**Manufactured Housing**” is defined as a unit that the manufacturer certifies is constructed in compliance with the current applicable HUD regulations and the Maine Manufactured Housing Act and Rules. This means structures, transportable in one or more sections, which are not constructed on a permanent chassis and are designed to be used as a dwelling unit on a foundation when connected to required utilities, including plumbing, heating, air-conditioning and electrical systems, which enter the first stage of production after December 31, 1992.

Manufactured Housing as Replacement Housing

In cases where the municipality documents to OCD that all other means for completing replacement housing activities have been exhausted and are not feasible, permission may be given to use

manufactured housing built on a permanent chassis (also known as mobile homes or trailers) as replacement housing. In these cases, the following additional conditions must be met:

1. The hitch and tongue must be removed and disposed of (or sold) by the municipality.
2. The wheels and axles must be removed and disposed of (or sold) by the municipality.
3. The unit must be anchored in accordance with the provisions set forth by the Maine Manufactured Housing Board as attached.
4. The municipality must file a UCC and/or mortgage/sale agreement with the county registry of deeds.
5. The unit must have been built after December 31, 1992.
6. The municipality must document, to the satisfaction of OCD, a tracking system to ensure that the unit cannot be moved outside of municipality limits unless all program funds are reimbursed allowing the municipality to create and/or rehabilitate another LMI housing unit.

Housing Quality Standards

Units rehabilitated with CDBG funds must, at a minimum, meet HUD Section 8 Housing Quality Standards. This applies in all cases except correcting substandard sewer systems, providing sewer hookups or providing potable water or when addressing emergency issues (with OCD permission).

New Housing Construction

New housing construction is a separate activity allowable only when submitted in the original Housing Assistance application dealing with the replacement of housing necessary for a community to achieve its community development goals. In all cases, new construction must be undertaken by **one of the following entities**:

1. local development company
2. Small Business Investment Company
3. neighborhood-based non-profit organization

Last Resort Housing

This form of replacement housing is limited to new construction or other replacement measures for displacees of a CDBG project, subject to the Uniform Act, in which the project is prevented from proceeding because comparable replacement housing is not otherwise available.

Summary

The final outcome of the replacement housing, new construction and last resort processes described above must be a housing unit that meets all HUD Section 8 housing standards, as well as all applicable State and local codes, including energy standards. Caution should be taken to obtain all building and land use permits and to satisfy other applicable requirements.

The grantee must take steps to assure that any of the above activities are consistent with all applicable local program guidelines regarding grants and loans in the CDBG program. Provisions

requiring repayment, usually on a diminishing scale over a period of time, of the CDBG funds invested in the project, upon sale of the replacement, new construction and last resort housing units **MUST** be included in the grant/loan documents. As in the case of traditional housing rehabilitation, the intent of the repayment requirement is assurance that program recipients do not receive an undue profit from any increase in property value resulting from CDBG assistance.

The grantee must also be aware of the potential obligations of a displacing agency as outlined in their Anti-Displacement Plan. During the process of providing housing through the above methods, it may be necessary to issue temporary relocation payments if the CDBG beneficiaries become displaced. These payments can cover many different accrued costs. Please check the Acquisition/Relocation Handbook and with your assigned Project Development Specialist prior to beginning any of these activities.

OFFICE OF COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

REPLACEMENT HOUSING REQUEST NOTIFICATION

Date: _____

Grantee: _____

Grant Year: _____

Contract No.: _____

Name of Homeowner: _____

Street Address: _____

Date of Application Approval: _____

Date of Initial Inspection: _____

Name of Inspector: _____

Documentation Attached: _____ YES _____ NO

Cost of Replacement Housing: \$_____

CDBG funds for Replacement Activities: \$_____

Cost of Rehabilitation: \$_____

Description of Housing Replacement Project: _____

Signature of CDBG Representative: _____

Date: _____

Prior to the commencement of any replacement housing activities, the grantee must submit this form for each unit to be replaced pursuant to the OCD Policy Statement #1. All necessary documentation should be attached to this submission for review by the OCD. No replacement activity may occur prior to receiving written permission from the OCD.

Maine Community Development Block Grant Program Standards for Installing a “Mobile Home” as a Replacement Housing Unit

The following standards are consistent with the Maine Manufactured Housing Board policies and must be used by CDBG grantees when replacing housing units with “mobile homes”.

1. Mobile homes must be installed on a foundation system as outlined below and with the attached diagram.
2. Each site shall be evaluated to determine if it is suitable for the intended use and if hazards, such as flood erosion or sediment deposition exist that might impair the use or utility of the site. If, during preparation of the site, unforeseen adverse factors are encountered, corrective work shall be taken to properly site the mobile home. Final grade shall be sloped away from the unit, well and septic, but so as not to cause erosion.
3. Soil conditions shall be suitable for placement and support of the foundation system and loads imposed to support the mobile home.
4. Mobile homes shall be installed with an anchoring system properly designed and constructed to resist sliding and overturning of the home. See attached material.
5. A minimum clearance of 12 inches shall be maintained beneath the lowest member of the main frame (I-beam or channel beam) of the home.
6. When the mobile home is installed on a basement or split entry type foundation over a habitable lower-level area, or when more than one-fourth of the area of the mobile home is installed so that the bottom of the main frame members are more than 3 feet above ground, the foundation system shall be designed by a registered professional architect or engineer.
7. The CDBG Program requires the removal of certain transportation components (hitch, tongue, wheels and axles) unless they are designed not to be removed in accordance with HUD’s and the manufacturer’s instruction.
8. Provisions shall be made to minimize condensation in under floor areas through ventilation openings or other suitable means. If combustion air for heat appliance(s) is taken from within the under floors areas, ventilation shall be adequate to assure proper operation of the appliance(s). This requirement shall take precedence over the provisions of ventilation-only requirements. A minimum of four ventilation openings shall be provided from the under floor space to the exterior. One shall be placed at or near each corner as high as practicable. The total net free area of ventilation shall be calculated by dividing the total crawl space area in square feet by 600. Openings shall provide cross-ventilation on at least two opposite sides. The openings shall be covered with corrosion resistant wire mesh not less than 1/8 inch and not more than ½ inch in any dimension or with openings designed to retard entry of dry vegetation, waste material, or rodents. Intake air for ventilation purposes shall not be drawn from under floor spaces of the home. Moisture producing devices, such as dryers, shall be vented to the atmosphere in such a manner to insure that moisture-laden air is carried beyond the perimeter of the home.

9. Skirting shall be of durable materials suitable for exterior exposure. Skirting shall be installed in accordance with the manufacturer's installation instructions. It shall be secured, as necessary, to assure stability, to minimize vibrations and susceptibility to wind damage and to compensate for possible frost heaves. Access opening(s) not less than 18 inches in any dimension and not less than 3 sq. ft. in area shall be provided and located so that any water supply and sewer drain connections located under the home are accessible for inspection. Such access panel(s) or door(s) shall not be fastened in a manner requiring the use of a special tool to remove or open same. On-site fabrication of skirting shall meet the objectives cited herein.
10. Each home shall be provided with water supply and sewer located and arranged to permit attachment to the home in a workmanlike manner and in compliance with all applicable codes.
11. All heating, cooling, fuel supply, electrical and entry steps/decks shall be installed in compliance with all applicable codes.

Concrete Slab and Anchoring System

The following procedures must be used when installing a mobile home as a replacement housing unit with CDBG funds. Slab and anchoring systems supplied by the unit manufacturer may be used with prior written approval by OCD.

These instructions will provide adequate structural support for homes in all but the most extreme winter temperature conditions. During extreme temperature conditions, foundations detailed in the attached may be subject to frost heave. Owners of installations in accordance with these instructions must understand that they accept responsibility for maintaining the unit in a level condition. Failure to maintain home in a level condition may void the manufacturer's warranty. Mechanics and grantees installing new homes should insure that homeowners understand the risks and their responsibility when homes are installed on sites constructed in accordance with this instruction.

General Requirements

1. Home sites shall not be constructed on mud, organic silt, on controlled fill or in any naturally occurring seasonal drainage swale (seasonal stream).
2. Site soil conditions shall be evaluated and shall be prepared as outlined below.
3. New homes shall be supported where required by the manufacturer's installation instructions. Used homes for which installation instructions are available shall be supported where required by those instructions. Used homes for which installation instructions are available shall be supported at locations indicated in SUPPORTED LOCATION DETAILS V-A and V-B. Footings shall consist of a concrete pad constructed in accordance with CONCRETE SLAB DETAIL IV-A.

Site Preparation Specifications

1. Compacted fill shall consist of gravel or sand which contains less than 5% (by weight) grains that will pass a #200 sieve. Gravel fill shall contain no rocks or boulders larger than 3" in diameter. Compacted fill shall contain no organic matter. Compacted fill shall not be frozen when placed or compacted.

2. Compacted fill shall be compacted in a maximum of 6" lifts. Each lift shall be compacted sufficiently so that when 1000 pounds is applied to a 3½" x 3½" block placed on top of fill, the block will not sink more than 3/8" into the fill.
3. Compacted fill shall be placed on undisturbed and unfrozen soil. The site shall be free topsoil and organic matter prior to the placement of fill.
4. Crushed rock shall consist of clean, washed rock and may range in size from pea gravel to ¾". All crushed rock shall be retained by a #4 sieve.
5. The perimeter of foundation sites shall be graded to prevent the flow of surface water under the home and to prevent the accumulation of surface water within 10 feet of the perimeter of the home.

Leveling

After the home is set, the home shall be leveled so that all doors and windows operate as intended and waste plumbing functions in a safe manner. Specifically, leveling shall be adequate to maintain plumbing trap seals and prevent the buildup of solid waste in drain piping. The floor should be not more than 3/8" out of level in any 8". The floor should be not more than 2" out of level along the entire length of the home.

Tie Downs

The tie downs shall be installed in accordance with the CONCRETE SLAB DETAIL IV-A on all CDBG-funded mobile homes used as replacement housing.

**OFFICE OF COMMUNITY DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

PERMISSION TO PROCEED WITH REPLACEMENT HOUSING

Date: _____

Grantee: _____

Grant Year: _____

Contract No.: _____

Name of Homeowner: _____

Based on the information submitted with the request for replacement housing for _____, it appears that the Town/City of _____ has satisfied the requirements for Replacement Housing as set forth in Policy Statement Number #1 contained in the CDBG Guide Book. As your community continues with this activity, please take care that the rights of the homeowner under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 are protected in case of any temporary or long-term displacement. Replacement housing activities are authorized contingent upon local completion of all Environmental Review requirements with clearance by the Office of Community Development and all applicable CDBG Program requirements.

Effective Date: _____

OCD Authorized Signature