



KINGSPORT ALLIANCE FOR HOUSING REVITALIZATION (KAHR)

POLICY & PROCEDURE

JANUARY 8, 2021
CITY OF KINGSPORT, TN
415 Broad Street, Kingsport, TN 37660
www.kingsporttn.gov
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The Kingsport Alliance for Housing Revitalization (KAHR)

PROGRAM OVERVIEW

1.1 PURPOSE

This manual presents a summary of the design and operating procedures for the Kingsport Alliance for Housing Revitalization (KAHR), funded by the Department of Housing and Urban Development with the Community Development Block Grant. The program works to correct substandard housing for low-moderate income property owners up to 80% area median income.

Dwellings must be an owner-occupied, single-family residence and be located within the city limits of Kingsport. Minor rehabilitation must correct building code deficiencies in the eligible units and make them safe, sound and sanitary. The Emergency Repair Program waives the requirement to correct building code deficiencies.

1.2 AUTHORITY

Administrative authority for implementation of the programs will rest with the Department of Development Services. Staff approves rehabilitation contracts in addition to contractual addenda and change orders, as needed, for project completion.

Community Development Staff will have the responsibility for approval of homeowner eligibility, final determination of the amount of assistance to be made available to an individual homeowner and final approval of selection of homeowners to be assisted, in accordance with the implementing procedures.

These policies and procedures are intended to comply with regulations enacted by HUD at 24 C.F.R. 570, and should be interpreted and implemented in a way that is not in conflict with those HUD regulations.

1.3 PROGRAM RESOURCES

Funding for rehabilitation activities comes from a U.S. Department of Housing and Urban Development Community Development Block Grant.

1.4 APPLICABLE LAWS

The City of Kingsport, contractors, subcontractors, vendors and applicants for rehabilitation assistance are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance. (See Appendix A of the Housing Rehabilitation Program Policies and Procedures Manual for a listing of applicable law.)

APPLICANT ELIGIBILITY REQUIREMENTS

The following criteria applies to all Kingsport Area Alliance for Housing Revitalization Programs

2.1 ELIGIBILITY CRITERIA

The applicant must satisfy the following criteria to be eligible for program assistance:

1. Applicants must complete an application and provide all requested information. Applications will be accepted on an on-going basis and repairs done on a first come, first-served basis as long as CDBG funds budgeted for home repairs are available. Applications with emergency repair needs will take precedence in regards to need and funding.
2. The applicant must be the owner of the property to be repaired and have resided in the dwelling for not less than one year at the time of application.
3. The applicant(s) and household must meet program income limits. Total family or household annual gross income determines program eligibility. **Annual gross income shall be at or below 80%** of the area median income for household composition as determined by HUD. Annual income and asset income are calculated using HUD income calculations.
4. The applicant must be a U.S. citizen or a legal resident alien.
5. The applicant must provide proof of Homeowners Insurance policy, if applicant cannot provide homeowners insurance due to cancelation of policy, homeowners will be encouraged to re-instate their homeowners insurance after repair is complete. This requirement is determined on a case by case basis at the discretion of Community Development Staff.
6. The applicant(s) must hold the property in fee simple. If title is held in another way (for example, a life estate or joint tenancy), all persons with an ownership interest in the property must agree to the request for assistance and be available to sign necessary contracts and instruments.
 - a. If the applicant(s) inherited the property, a title search must show that the applicant(s) own the entire record interest in the property. Applicants should be prepared to provide copies of death certificates and wills.
7. The applicant must voluntarily apply for assistance. Participation in Kingsport Alliance for Housing Revitalization Program is voluntary on behalf of the applicant and City. This relationship may be terminated by the client or the City.
8. The applicant must not have received repair assistance from the City of Kingsport within the previous five years. Total assistance, including the assistance being applied for and previous rehabilitation or repair assistance, may not exceed \$25,000 per applicant.

9. The applicant must demonstrate the ability to maintain the dwelling with regard to ongoing maintenance and repairs, safety hazards and health/cleanliness issues.
10. The applicant acknowledges resources (family/friends or other arrangements) are readily available if temporary relocation is necessary during the construction phase of the repair project.
11. There must be no recorded judgments or liens against the applicant(s) or the home, unless the Community Development Staff determines that the judgment or lien is one that is unlikely to interfere with the Program's ability to protect its interest in the property through foreclosure. A property that is subject to a reverse mortgage would be ineligible for program assistance. Note: This requirement does not apply to emergency repair.

ELIGIBILITY REQUIREMENTS – PROPERTY

The following criteria applies to all Kingsport Alliance for Housing Revitalization (KAHR) Program

3.1 DEFINITIONS

Three terms – “dwelling,” “single family” and “substandard” – are used in determining if a property is eligible for city housing rehabilitation funding assistance. For the purposes of the KAHR Program, the terms are defined as follows:

1. DWELLING - Housing structure which is used entirely for residential purposes.
2. SINGLE FAMILY - Designated for single-family use, although more than one family may be residing therein, if every resident has access to all parts of the structure.
3. SUBSTANDARD - Failing to meet safety standards or the minimum housing requirements as set forth in the International Property Maintenance Code as adopted by the City of Kingsport.

3.2 ELIGIBILITY CRITERIA - PROPERTY

1. The dwelling unit must be located within the city limits of Kingsport.
2. The dwelling unit must be in need of immediate and necessary repairs to correct situations which pose a threat to the health and safety of those who reside in the home. Eligible emergency repairs include, but are not limited to electrical, roofing, plumbing and HVAC repairs. Foundation repair or replacement is not eligible.
3. The dwelling unit must not have received funds from the Community Development Department for housing rehabilitation or emergency repairs within the last five years.
4. Permanent structures only; no mobile homes, travel trailers, etc. Modular and Double-Wide homes on a permanent foundation are eligible.
5. The applicant’s property must not have a history of being used for illegal activity or any other activity which impairs the physical or social environment of the unit or the neighborhood.
6. The property must be serviced by or accessible to a City-approved water supply, gas, sanitary sewer (or have an approved septic system) and electrical system.
7. The property must comply with and meet all environmental regulations, including, but not limited to, historical, floodplain, noise and lead. Properties located in the 100 year floodplain are ineligible unless they are currently covered by flood insurance.
8. Accessory structures (as defined by City of Kingsport code) are not eligible for the program. If an accessory structure must be torn down as part of a reconstruction, it will not be rebuilt.

TERMS, CONDITIONS AND CONSIDERATIONS FOR ASSISTANCE

The following criteria applies to all the Kingsport Alliance for Housing Revitalization (KAHR) Programs

4.1 DETERMINATION OF THE AMOUNT OF THE GRANT

The amount of rehabilitation assistance that an applicant may receive will not exceed the lesser of:

1. Amount necessary to correct deficiencies identified by Community Development Staff or a certified codes inspector; or
2. Maximum of \$25,000 exclusive of soft costs (e.g., lead paint assessments and clearances and cost of lead treatment); or
3. Assessed value of the dwelling.

If the Board of Mayor and Aldermen feels the community would be better served by saving certain housing stock because of architectural or historical significance, consideration will be given to waiving the \$25,000 cap. A waiver would require favorable recommendations from the Community Development Advisory Committee and the City Manager, approval of the Board of Mayor and Aldermen.

4.2 STRUCTURE OF FINANCIAL ASSISTANCE

Program funds will be used to make forgivable loans for projects that exceed \$10,000, with a minimum compliance period of five (5) years from date of final acceptance by the owner. However, the following applies:

1. To prevent owners from simply selling the property and profiting from the improvements funded by the City of Kingsport, owners must repay the program if they sell the property or convert it to rental property within the compliance period. Part of the owner's obligation is forgiven each year they live on the property.
2. Repayment of the rehabilitation grant is forgiven over a 5 year period on a pro-rata, monthly basis beginning one year after the date of signing the Certificate of Completion and Final Payment. The forgivable amount becomes fixed at the end of the month immediately preceding the date of the event that causes the remaining principal balance to become due and payable. A Schedule showing the remaining principal balance at the beginning of each month, starting with the thirteenth month after the date of signing the Certificate of Completion and Final Payment, will be attached to the Grant Note.
3. A lien is placed against the property and is activated if the owner attempts to sell within the five-year compliance period. Soft costs (e.g., inspections) are not included in the Deed of Trust; however, hard costs and project lead treatment costs are included.
4. Loans must be repaid, in whole or in part if the property is sold during the compliance period, or if the dwelling is converted to rental property, or if the dwelling is abandoned. If the homeowner dies during the compliance period, the heirs may occupy the dwelling, rent it or

leave it vacant without triggering the repayment clause. However, if the heirs sell the property, or if the property is sold by any actions of a court to settle outstanding claims or settle the estate, the loan must be repaid to the City of Kingsport. The purpose of the Kingsport Alliance for Housing Revitalization Program is to assist the homeowner and avoid real estate speculation.

4.3 SECURING THE LOAN

Minor Repair/Rehabilitation: For minor rehabilitation, the homeowner(s) will execute a Deed of Trust and Promissory Note promising to repay to the City the costs of the rehabilitation over a term of five (5) years. Soft costs do not need to be repaid and should not be included in the Note. The promissory note will provide that the debt will be forgiven at a rate of one-fifth per year, provided that the homeowner(s) continue to reside in the property. Rehabilitation projects that are expected to cost less than \$10,000 in total do not need to be secured by a Deed of Trust and Note.

Emergency Repair: Emergency Repair projects less than \$10,000 in total do not need to be secured by a Deed of Trust or Note.

Once the Note has expired, at the request of the Homeowner a Release Deed shall be prepared by the Community Development Staff and recorded in the Sullivan County Register of Deeds office in Blountville, Tennessee. A copy of the recorded Release Deed shall then be mailed to the homeowner.

4.4 OTHER GRANT CONDITIONS

Specific terms and conditions are incorporated in the grant application and the contract documents. The applicant agrees to comply with all terms in the grant application and the contract documents, and, additionally, to:

1. Allow inspection of the property by the City whenever the City determines that such inspection is necessary.
2. Furnish complete, truthful and proper documentation and information as needed to determine eligibility for receipt of repair assistance.
3. Permit the contractor to use, at no cost, reasonable existing utilities such as gas, water and electricity which are necessary to the performance and completion of the work.
4. Cooperate fully with the City and the contractor to ensure that the repair work will be carried out promptly.
5. Defend, indemnify and hold harmless the City, its officials, employees and assigns, from all claims, demands, damages, actions, expenses, attorney's fees and causes of action that may arise from an act of God or nature during the rehabilitation of the property.
6. Agree to maintain the property in a clean, neat and sanitary condition.
7. Abide by Lead-based Paint requirements outlined in application for assistance, if applicable.
8. Have alternative housing during the time period of the rehabilitation project when the removal of lead-based paint hazards is necessary

APPLICATIONS AND AWARD OF FUNDING

The following criteria applies to all The Kingsport Alliance for Housing Revitalization (KAHR)

The KAHR Program awards funding based on financial need of the household and the condition of the dwelling.

The application is considered incomplete until all statements pertaining to income, benefits, assets, homeowner's insurance and employment have been verified by the Community Development Department. The homeowner will be notified by the department when the application is complete.

Applications will be accepted on a first-come, first-served basis as long as sufficient funds to cover the cost of additional projects remain uncommitted. Applications with emergency repair needs will take precedence in regards to funding.

5.1 INTAKE/PRELIMINARY APPLICATION PROCESS

1. The interested Homeowner contacts the Community Development Office to discuss needed repairs. If the repairs meet the criteria for one of the programs, an Application and Checklist will be mailed, emailed or faxed to the homeowner.
2. Once the applicant has assembled all of the necessary documentation, an appointment will be scheduled for them to come into the office and complete the application with the Community Development Staff.
3. The application must be filled out completely (no questions can be left unanswered).
4. The application must be signed by all household members 18 years or older.

The applicant will have thirty (30) days to submit all required information. If not received within the thirty (30) days, the application will be closed and filed as ineligible.

1. Upon receipt of the application and supporting documentation, it will be reviewed by the Community Development Staff for eligibility.
2. If the information given meets the income limits and other criteria, the applicant will be placed on the waiting list.
3. If the application does not meet the program guidelines, the applicant will be notified in writing within thirty (30) days.
4. When an applicant's name comes up on the waiting list, they will receive a phone call and letter or email to call the Community Development Staff for an appointment to start the acceptance process.

Any intentionally falsified information will cause the application to be rejected and the homeowner to be deemed ineligible to apply for assistance.

Failure to disclose information that may affect eligibility requirements shall also constitute fraud. Homeowners shall be required to make full restitution to the City in the event the rehabilitation services are provided to homeowners who provide inaccurate or incomplete information in order to meet eligibility requirements.

Homeowners who apply for this assistance do so voluntarily and with the understanding that they are not being displaced under HUD's Acquisition, Relocation and Displacement Policy. They may be required to find alternative housing during the time period of the rehabilitation project.

In some cases, a rehab project may not include the disturbance of lead paint surfaces; however, the City may still deem it in the best interests of the homeowner to find alternative housing with a family member or friend in order that the contractor may expedite the project.

This program does not fund the expense of temporary housing for applicants and their families.

5.2 ENVIRONMENTAL REVIEW

An Environmental Review must be completed for each rehab/reconstruction project. **See Environmental Review checklist and methods of documentation.**

5.3 LEAD BASED PAINT REVIEW

A Lead Based Paint Review must be completed for each rehab/reconstruction project. **See Lead Based Paint Review checklist and methods of documentation.**

EMERGENCY REPAIR PROGRAM SPECIFICATIONS

6.1 INSPECTION

The determination of an emergency shall be at the discretion of the Community Development Staff. Acceptable repairs for existing structures shall be defined as:

1. Water leaks that are flooding the structure
2. Lack of water to the unit
3. Nonfunctioning water heater
4. Inoperable toilets
5. Inoperable lavatories
6. Broken sewer lines/water supply lines
7. No vented heat
8. No functioning air conditioning
9. Hazardous and electrical malfunctions that are imminent danger to the structure
10. Deteriorated roofs, guttering that affect other systems and pose imminent danger to the occupants
11. Collapsed floors and major structural hazards

This definition also covers repair situations created by accidents or natural disasters that are imminent danger to the structure and are creating an imminent threat to public health and safety and the surrounding neighborhood. These are only a few examples of potential conditions, which may exist. The examples demonstrated are not all inclusive; staff must evaluate each request on a case-by-case basis.

The City is responsible for determining if the repairs requested fit the criteria for the Emergency Repair Program. When the Community Development Department is contacted by a homeowner, Community Development Staff will:

1. Assist the homeowner with the application process;
2. Inspect the property and prepare an inspection report;
3. Make an expedited decision whether the threat posed is immediate and repairs requested are necessary for protecting the health and safety of the household;
4. Consult with and advise the owner of the scope of work recommended and the availability of emergency repair assistance;
5. Solicit bids from appropriate contractors;
6. Facilitate the contract between the homeowner and the contractor;
7. Inspect the repair work as it is being done and when it is completed.

6.2 INTAKE/APPLICATION PROCESS

When the City receives a call from a resident inquiring about a potential emergency repair, the Community Development Staff will send a checklist of information and documents needed. An appointment will be set for the applicant to bring in the requested information, and an application will be completed. When repairs meet the above criteria, the following approval process will apply:

1. Verify ownership of home
2. Verify income of all occupants
3. Verify Homeowners Insurance, if applicant cannot provide homeowners insurance due to cancelation of policy, homeowners will be encouraged to re-instate their homeowners insurance after repair is complete. This requirement is determined on a case by case basis at the discretion of Community Development Staff.

6.3 ENVIROMENTAL

Under 24 CFR 58.34(a)(10), "Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration" may be classified as exempt from environmental review.

6.4 LEAD-BASED REQUIREMENTS

Under 24 C.F.R. 35.115(a)(9), "For emergency actions immediately necessary to safeguard against imminent danger to human life, health or safety, or to protect property from further structural damage (such as when a property has been damaged by a natural disaster, fire, or structural collapse), occupants shall be protected from exposure to lead in dust and debris generated by such emergency actions to the extent practicable," but the requirements of subparts B through R of that part shall not apply. This exemption applies only to repairs necessary to respond to the emergency. The requirements of subparts B through R of this part shall apply to any work undertaken subsequent to, or above and beyond, such emergency actions."

6.5 POLICY STATEMENT REGARDING THE EMERGENCY REPAIR PROGRAM

The maximum allowable Emergency Repair grant is \$10,000. The Community Development Staff can authorize a larger grant if the maximum allowable repair cannot remove the threat to life, health or safety of the family.

6.6 VOLUNTEER LABOR

The Kingsport Alliance for Housing Revitalization (KAHR) program in cooperation with First Broad Street UMC and Appalachia Service Project, utilizes volunteer labor to effect emergency and minor repairs to deteriorating, low and moderate income housing. Grant funds are used to purchase materials. If Community Development Staff determine a home repair project cannot be completed by the volunteer group or no volunteer labor is available, the Community Development Staff will follow procurement procedures.

6.7 CONTRACTOR CRITERIA FOR EMERGENCY REPAIRS

Contractors should obtain required permits and inspections per the City of Kingsport code. Any work performed other than paint, flooring or other cosmetic changes require permits. Roof, vinyl and window replacements require permits. There are some exemptions for trade work pertaining to maintenance

items as well, Contractors should contact the Building Department and Inspectors to assist with this determination.

6.8 MAINTENANCE OF LIST AND SELECTION OF EMERGENCY REPAIRS CONTRACTORS

At least once a year, the City of Kingsport will advertise in a local and/or regional newspaper for contractors who wish to participate in the Kingsport Alliance for Housing Revitalization Program. The City will also recruit additional contractors on an ongoing basis. Contractors who indicate a desire to participate in the program will be placed on a list by trade maintained by the Community Development Department.

The Community Development Staff will maintain a list of contractors who are qualified under this section. The list will include the contractors' trades or specialties. Any additions of qualified contractors to the lists will be placed on the appropriate trade list.

All responding contractors will be subject to staff review of qualifications.

No contractor appearing on the debarred contractor list will be approved to perform work as a qualified contractor for emergency repairs.

6.9 BIDS & QUOTES

When a repair need arises, the Community Development Staff will complete the following tasks:

1. Review list of contractors and contact a minimum of 3 contractors with the necessary trade or specialty.
2. Provided each contractor with the same description of the repair to be performed
3. Invite each contractor to provide a quote for performing the repair **AND** include a deadline for submitting the quotes.
4. Create a tabulation sheet of all quotes received
5. Notify the qualified contractor with the lowest reasonable responsive bid of awarded the project. If that contractor is unable to commit to completing the work in the designated timeframe, the City will proceed with next lowest bidder until an available contractor is selected.

If quotes are taken over the telephone, they are to be confirmed in writing.

The lowest quote from an eligible contractor will generally prevail unless it exceeds the \$15,000 repair cap, or if, in the City's judgment, the low bid is not responsive to bid specifications.

6.10 LICENSURE

Contractors doing work for the Emergency Repair Program will not be required to hold a General Contractor license, but will be required to hold any licensure applicable to their specialty (i.e. licensed plumber or electrician). All required licenses must be current.

No Contractor can be engaged to perform repairs unless:

1. The Contractor holds a valid business license; and
2. If required by local or state law, the Contractor holds a valid license to perform the required work.
3. The Contractor has a policy of general liability insurance in the amount of One Million Dollars (\$1,000,000); automobile liability insurance in the amount of One Million Dollars (\$1,000,000); and workers compensation insurance, if and as required by state law.

6.11 INELIGIBLE CONTRACTORS

The City or Community Development Staff may determine a contractor is ineligible to bid on projects if:

1. The contractor does not have a valid Tennessee license if required for the work to be done; or
2. The contractor is listed on the Federal or State debarred list or is on the City's ineligible list for failure to complete warranty repairs; or
3. There is documented proof that the contractor has not paid material suppliers; or
4. The contractor has not completed projects within the allotted time frame; or
5. There exist complaints by homeowners about quality of the contractor's work and performance.

6.12 EMERGENCY REPAIR CONTRACT SIGNING PROCEDURES

Before signing a contract for a repair, the Community Development Staff and/or Inspector will schedule a "preconstruction" conference at the property with the homeowner and contractor in attendance. The Community Development Staff and/or Inspector will go through the line items on the work write-up and discuss with both parties each item and what construction is required and where it will be applied. This conference is required to ensure a thorough understanding by the Homeowner.

The contractor must begin work no later than ten (10) business days from date of contract and complete the work within thirty (30) business days, unless otherwise specified in the contract or in writing by the City.

The homeowner and contractor will be contacted by the Community Development Staff to schedule an appointment to sign documents. Documents requiring a signature are:

1. Homeowner/contractor agreement
2. General Information for Participants
3. Homeowner Receipt of Lead Base Paint Inspection/Risk Assessment
4. Right of Rescission (two copies), only if project costs exceed \$10,000
5. Non-Kickback Certification
6. Notice to Proceed
7. Deed of Trust (if applicable), only if project costs exceed \$10,000
8. Promissory Note (if applicable), only if project costs exceed \$10,000
9. Certification of Eligibility to Participate (Contractor)
10. Any other document or certification required by federal, state or local law.

MINOR REPAIR PROGRAM SPECIFICATIONS

The Kingsport Alliance for Housing Revitalization Program, for minor repairs, is designed to assist low-moderate income homeowners in Kingsport whose homes exhibit exterior and interior substandard deficiencies that make the dwelling unsafe, unsanitary or in need of renewal as determined by staff.

Acceptable repairs shall be defined as:

1. Vinyl siding
2. Painting
3. Storm windows
4. Replacement windows
5. Glass
6. Entry doors
7. Storm door
8. Roofing
9. Electrical and heat systems
10. Plumbing

The list is not meant to be all inclusive, and each property will have different needs as determined by the Inspector.

7.1 ADMINISTRATIVE PROCESS

1. The date of the application completion and eligibility will determine the order of assistance (a waiting list will be maintained on a first-come, first-serve basis).
2. If funding is sufficient to complete a large number of rehabs, applicants may be solicited at a public meeting.
3. Once applications have been completed and information verified, if necessary, a selection/scoring process may be utilized based upon funding and the following factors:
 - a. Number of people in the household
 - b. Number of people 62+ years old
 - c. Number of handicapped
 - d. Female-headed household
 - e. Number of children under 18
 - f. Condition of the home (determined by Codes Enforcement)
 - g. Income level
4. Once all of these factors have been taken into consideration and scores assigned, the family with the highest score will be first on the list, and the lowest score will be last.
5. The maximum allowable grant shall be up to \$25,000, unless otherwise approved by Community Development Staff and Planning Manager.
6. Repairs must conform to the current building and property maintenance codes of the City of Kingsport and to any rehabilitation standards issued by HUD.
7. Reasonable and necessary related soft-costs will be paid by the City. These costs include, but are not limited to:
 - a. Architectural, engineering or related professional services (inspection, work write-ups);
 - b. Costs related to lead-based paint hazards.

8. Staff will provide counseling and assistance to the Homeowner in order to facilitate the rehabilitation, including the following:
 - a. Information on the program;
 - b. Information regarding potential lead-based paint hazards;
 - c. Soliciting bids for rehabilitation;
 - d. Fair Housing information;
 - e. Assistance in contractual compliance between the homeowner and contractor; and,
 - f. Inspection of rehabilitation of dwelling.
9. Please use checklists for Contract Signing and Project Closeout.

7.2 INSPECTIONS

Property Inspections - After conditional approval, at the earliest convenient time, the Community Development Staff and/or Inspector will perform the property inspection and complete the lead-based paint inspection (applicable only for properties built prior to 1978). The purpose of the inspection is to identify all local building code, Housing Quality Standards, and environmental review violations and determine actions necessary to bring the property into compliance.

1. If the project is not deemed feasible because the cost estimate exceeds the maximum allowable grant amount for the project, the Homeowner will be notified by the CDBG Staff within seven (7) business days.
2. Upon completion of the write-up, the Community Development Staff and/or Inspector will schedule an appointment with the Homeowner to explain the specification notes, guidelines and the bidding process.
3. Once a project is complete, all Punch List items must be addressed to the satisfaction of the Community Development Staff and/or Inspector and the homeowner.

Lead Based Paint Requirements – If the repair cannot be accomplished without disturbing any painted surface on any portion of the home’s exterior, for properties built prior to 1978, the surfaces to be disturbed will be either be tested in order to detect the presence of lead-based paint or presumed to have lead-based paint present.

1. If tested, it will be by a certified lead-based paint Inspector or risk assessor to determine the presence or absence of lead-based paint.
2. If lead-based paint exceeding the acceptable limit is found, then the surfaces disturbed will be repaired utilizing safe work practices. A “Notice of Lead Hazard Evaluation” will be provided to the Homeowner. This notice will summarize the nature, scope, and results of the evaluation
3. The lead-based paint hazard reduction work will be performed by a contractor who is certified and licensed in utilizing safe work practices.
4. After the hazard reduction work is completed, a clearance examination of the work site will be performed by a certified risk assessor to determine if the affected dwelling is safe for occupancy. This involves a visual assessment, analysis of dust samples and preparation of a clearance report. A “Notice of Lead-Based Paint Hazard Reduction Activity” will be provided to the Homeowner. The contractor must also obtain a final inspection from the City before payment can be made.

The City of Kingsport provides an Inspector and other housing specialist services, unless The City of Kingsport, is unable to provide such services for a particular project. In such case, the CDBG Staff shall retain another qualified individual to perform such services.

7.3 CONTRACTOR CRITERIA

1. Any properly licensed contractor can bid on minor rehabilitation projects. Contracts will be signed with qualified contractors that have:
 - a. Post-consumer satisfaction, as evidenced by references;
 - b. Acceptable workmanlike skills evidenced through verifiable references of previous rehabilitation or new construction;
 - c. Ability to obtain and carry commercial general liability with at least One Million Dollars (\$1,000,000), along with any employer's liability (workmen's compensation) as required by the state of Tennessee and auto liability insurance of at least One Million Dollars (\$1,000,000) for the duration of a contract – insurance certification is required;
 - d. Ability to guarantee work performed for a period of one year from date of grant settlement;
 - e. Ability to provide a \$1,000 security bond to the City to ensure performance of the work.
2. No contractor appearing on the debarred contractor list will be approved to perform work.
3. Once an eligible contractor has been identified as low-bidder, then CDBG staff will work to qualify the company on the items above.
4. The Community Development Staff will work with Codes Enforcement to make sure that all permits have been secured for the project.

7.4 INELIGIBLE CONTRACTORS

The City may determine a contractor is ineligible to bid on projects if:

1. The contractor does not have a valid Tennessee license if required for the work to be done; or
2. The contractor is listed on the Federal or State debarred list or is on the City's ineligible list for failure to complete warranty repairs; or
3. There is documented proof that the contractor has not paid material suppliers; or
4. The contractor has not completed projects within the allotted time frame; or
5. There exist valid complaints by homeowners about quality of the contractor's work and performance.

7.5 OPEN SOLICITATION CONTRACTOR PROCUREMENT AND COMPETITIVE BID POLICY

For projects expected to cost less than \$50,000, qualified contractors will be contacted on an as needed basis using the Community Development Qualified Contractor List. Community Development staff will attempt to acquire a minimum of three (3) bids. If three (3) bids cannot be obtained, the Community Development Staff should document an explanation.

Any interested contractor may be added to the Qualified Contractor List at any time, if the contractor meets the requirement and qualifications in effect during the current year.

The Community Development Staff will email to contractors a scanned copy of the work write-up which will denote the date/time of the bid opening.

The City need not include any contractor with outstanding warranty items.

The Homeowner(s) will receive a copy of the work write-up during the pre-bid visit to the home.

If the homeowner(s) has questions, the Community Development Staff and/or Inspector will be consulted regarding the scope of the work prior to the date of bid opening.

The Invitation to Bid must advise the contractor that bid proposals will be accepted in person or by mail or overnight delivery.

Each individual bid shall be in a sealed envelope listing the homeowner's name and address on the front of the envelope.

Contractor shall provide business name, license number with classification and expiration date. Information must also be included for any subcontractors.

Contractors and subcontractors must be in good standing with the State of Tennessee Board of Licensing.

Staff must designate a specific location for return of bid documents. No response within the required time will be regarded as a NO BID.

IF projects exceed \$50,000, the Community Development Staff should consult with the Procurement Manager and after public advertising and a formal sealed bidding or request for proposals process, as defined in the City of Kingsport's Procurement Policy and Procedure Manual.

NO BIDS WILL BE ACCEPTED IF SUBMITTED ANYTIME AFTER THE SPECIFIED DUE DATE/TIME AND DESIGNATED LOCATION.

All present during bid opening must sign in. The Community Development Staff and/or Inspector are responsible for reviewing all bids and determining reasonableness of each bid line item prior to bid award and confirming that funding is available for the entire project.

Bids may be rejected for any of the following reasons:

1. The total price exceeds the maximum grant amount approvable by the City;
2. The prices quoted are considered too high or too low (a 15% variance either way will be allowed);
3. Not all work items are bid upon; and/or the contractor or contractor's representative failed to visit and inspect the property;
4. The contractor is ineligible.

The project will be awarded to the qualified contractor with the lowest reasonable responsive bid. Time being of the essence, the bid may be awarded to the next lowest bidder should the contractor with the low bid have been awarded or hold contract for other uncompleted jobs through the City;

Should all bids for the minor rehabilitation exceed the \$25,000.00 grant allowance, the City may elect to negotiate a lower cost with the lowest qualified bidder by reasonably modifying or deleting one or more

repair items if feasible. The City must be able to certify the condition of the property will still meet minimum standards after such modification or deletions.

7.6 MINOR REPAIR CONTRACT SIGNING PROCEDURES

Before signing a contract for a substantial rehab, the Community Development Staff and/or Inspector will schedule a “preconstruction” conference at the property with the homeowner and contractor in attendance. The Inspector will go through the line items on the work write-up and discuss with both parties each item and what construction is required and where it will be applied. This conference is required to ensure a thorough understanding by the Homeowner.

The homeowner and contractor will be contacted by the Community Development Specialist to schedule an appointment to sign documents. Documents requiring a signature are:

1. Homeowner/contractor agreement
2. General Information for Participants
3. Homeowner Receipt of Lead Base Paint Inspection/Risk Assessment
4. Right of Rescission (two copies), only if project costs exceed \$10,000
5. Non-Kickback Certification
6. Notice to Proceed
7. Deed of Trust (if applicable), only if project costs exceed \$10,000
8. Promissory Note (if applicable), only if project costs exceed \$10,000
9. Certification of Eligibility to Participate (Contractor)
10. Any other document or certification required by federal, state or local law.

7.7 WORK MONITORING

The Community Development Staff and/or Inspector will monitor the progress of the construction project. All licensed trade work shall be inspected by the City of Kingsport Building Code Enforcement. Unless otherwise provided in the contract, the contractor must begin work no later than fifteen (15) business days from the date of the contract and must complete the work within sixty (60) business days, unless given an extension by the City. The Community Development Staff and/or Inspector will visit the job site as necessary.

7.8 CHANGE ORDERS

All Change orders to the work write-up specifications are to be approved by the Community Development Staff prior to the work being completed.

A change order form will be prepared by the Community Development Staff and requires signatures from the Inspector or Community Development Staff, Homeowner and contractor.

Additional work contracted between Homeowner and contractor during job progress is prohibited without City approval.

All change orders, together with contracted amount for “hard costs,” may not exceed the \$50,000 limit for the minor rehabilitation.

The City may make an exception to exceeding the limit if additional funding is required to make any repair that was unforeseen in the scope of work write-up and deemed necessary due to health/safety

hazard or other serious code violation or if funding could resolve dispute between homeowner and contractor.

The Inspector will approve materials on the job site to assure compliance with specifications.

In the event of a dispute between the homeowner and contractor concerning satisfactory completion of the job, the Inspector will work with both parties to negotiate a resolution and render a decision. Should either party wish to appeal the Inspector's decision, they may request a hearing with the Community Development Specialist for a final determination.

7.9 MINOR REPAIR PROGRAM CLOSEOUT PROCEDURES

1. The Community Development Staff and/or Inspector will review with the Homeowner all completed Repairs on work write-ups and execute "Certificate of Final Inspection."
2. The Community Development Staff will obtain from the contractor all final inspection "green tags," manufacturer's/supplier's warranties, certifications required on work write-up, final invoice and release of liens (if applicable) .
3. The Staff will fill in the Certification of Final Inspection and acquire Contractor's Final Invoice as applicable for the specific project. The Community Development Staff and/or Inspector verifies that the necessary portion of work has been completed and that the quality of workmanship is satisfactory.
4. Upon approval by the Inspector, the payment request will be prepared by the Community Development Staff. The Contractor shall receive payment for completed contract within thirty (30) business days after final inspection.
5. Payment of work performed for the substantial rehab program shall be made payable to the contractor, in one lump sum, unless, otherwise authorized by Community Development Staff. Payment is subject to final approval by the Homeowner and the City before releasing check to the contractor. Exceptions to this are applicable when either of the following circumstances exists:
 - a. The City has found all work to be acceptable and the Homeowner refuses to sign an "Application for Payment" without a valid reason, or lacks understanding of work acceptability.
 - b. The homeowner has left the city, cannot be located and failed to notify the City of whereabouts.

R.A.M.P PROGRAM - Ramp Access Made Possible

The Kingsport Alliance for Housing Revitalization (KAHR) offers the R.A.M.P program and utilizes volunteer labor by First Broad Street UMC, volunteers donate their time to assemble the wheelchair access ramps at the homes of seniors. This program is available to seniors 62 and older and at or below 80% AMI.

Some of the benefits of free ramps installed for the elderly include:

- Seniors taking more trips to get medical care such as doctor's visits and dialysis treatments
- Seniors having increased mobility and more choice in daily activities
- Seniors reconnecting with their friends and communities
- Seniors accessing social service programs
- Seniors being supported to age in place and stay in their own communities rather than having to make a decision of moving into costly assisted living facilities
- Ramps are crucial in the case of emergencies so that elderly and emergency first responders are able to enter and exit the home quickly and safely
- Interaction between volunteers and seniors promotes socialization and communication.

The Kingsport Alliance for Housing Rehabilitation utilizes CDBG funds in order to purchase the materials needed to build free ramps.

Permits are not required for residential ramps, however, ramps must be ADA compliant and inspected by Community Development Staff.

Contractors are not utilized for this program.

Work completed by volunteers is not warranted by the City of Kingsport or volunteer labor program.

WORK MONITORING

The Community Development Staff will monitor the progress of the rehabilitation project. All licensed trade work shall be inspected by the City of Kingsport Code Official. The contractor must begin work in timely manner and in accordance with contract, unless otherwise specified in the contract or in writing by the City.

Once required inspections are complete, no further inspections will be made by the City unless the Homeowner reports needed repairs or problems within the one-year warranty period. HUD may inspect the properties during any CDBG program monitoring visit for compliance purposes only.

9.1 WARRANTY FOLLOW-UP PROCEDURES FOR BOTH MINOR REPAIR AND THE EMERGENCY REPAIR PROGRAMS

All rehabilitation or repair work done by the Contractor shall be warranted for one year from the date the homeowner signs the Certificate of Completion and Final Inspection indicating acceptance of the rehabilitation work as meeting the terms and conditions of the contract.

The Homeowner's failure to maintain the property is not considered a warranty problem.

If homeowner is experiencing problems with the workmanship and/or materials are not holding up according to warranties, an inspection will be performed and the contractor will be notified, in writing, if necessary, and requested to make repairs. A follow-up call or re-inspection will be made by the Inspector to ensure the contractor has made the requested repairs.

Should the homeowner notify the Community Development Department of a warranty claim, Community Development Staff will:

1. Review rehabilitation project documents to determine if the complaint might be related to the work done;
2. Conduct an on-site inspection accompanied by the contractor or a designee to investigate the request for warranty work;
3. If an on-site inspection determines the requested repair is under warranty, the contractor will have 10 working days to resolve the warranty issue. Another inspection by the City will determine if the terms of the warranty have been satisfied.
4. If the complaint is not resolved within 10 days, a second notice will be issued to the contractor giving an additional five working days to resolve the warranty issue. If the complaint remains unaddressed or resolved unsatisfactorily, the contractor may be ruled ineligible for further participation in the Kingsport Alliance for Housing Revitalization Program;
5. A contractor ruled ineligible will be notified by mail. The contractor may appeal the ruling within 15 working days of receiving notification. The appeal must be in writing, addressed to the Community Development Department, City of Kingsport.
6. When an appeal is received, the Community Development Staff will investigate, and then present findings to City of Kingsport Planning Manager. Resulting in either restore the contractor's eligibility for program participation or sustain the earlier decision. The Community Development Staff reserves the right to report a contractor who fails to honor his contractual

obligations to the U.S. Department of Housing and Urban Development with a recommendation for disbarment;

7. Before the Community Development Department will consider restoring eligibility, a contractor will be required to reimburse the City for any expense incurred to have another contractor satisfy the ineligible contractor's warranty work.

GRIEVANCE PROCEDURE

10.1 GRIEVANCE PROCESS

Disputes between the homeowner, the City of Kingsport and contractor may arise from time to time during the rehabilitation project. In those instances where a mutually satisfactory agreement cannot be reached between the parties, the Grievance Procedure will be followed. The Grievance Procedure will be made a part of the contract between the homeowner and the contractor.

If there is a dispute:

1. The grievance by the homeowner or contractor is to be filed with the Community Development Office in writing.
2. The Community Development Staff will meet with the homeowner and contractor and attempt to negotiate a solution.
3. If the Community Development Staff are unable to negotiate a solution, contact the City of Kingsport, Planning Manager for assistance. Should the matter require further assistance the Planning Manager will escalate the issue to Assistant City Manager. The Assistant City Manager will then determine if the issue should be escalated to the City Manager.

If these steps are unsuccessful, all claims or disputes between the owners and contractor arising out of or related to the work shall be decided by arbitration in accordance with the construction industry arbitration rules of the American Arbitration Association then obtaining, unless the parties mutually agree otherwise.

If the arbitrator's award is in a sum which is less than that which was offered in settlement by the contractor, the arbitrator may award costs and attorney's fees in favor of the contractor. If the award of the arbitrator is in a sum greater than that which was offered in settlement by the owners, the arbitrator may award costs and attorney's fees in favor of the owner.

The contract and the rehabilitation specifications, along with the housing code compliance inspection, provide the basic documentation by which the relative merits of any dispute will be judged.

MISCELLANEOUS

11.1 CONFLICT OF INTEREST OF PUBLIC OFFICIALS

No elected or appointed Federal, State and local official, member of the Kingsport Board of Mayor and Aldermen, or any other public official or employee who exercises any functions or responsibilities in conjunction with the administration of Kingsport Alliance for Housing Revitalization Program shall have any interest, direct or indirect, in the proceeds or benefits of the rehabilitation grant program. In those cases where the interest may not be direct or indirect and the conflict of interest is only “apparent”, the Community Development Staff must contact the City of Kingsport’s Procurement and Legal Departments for clarification before proceeding. The City of Kingsport will not routinely consider requesting an exemption to the conflict of interest provisions from HUD.

11.2 KICKBACKS AND DISCOUNTS

No member of the Kingsport Board of Mayor and Aldermen or any City of Kingsport employee shall receive kickbacks or discounts from either contractors or property owners in return for special favors in regard to the Kingsport Alliance for Housing Revitalization.

APPENDIX A - Applicable Laws

1. Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128 and 24 CFR 92.358)
2. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)(42 U.S.C. 4201-4655), (46 CFR Part 24, and 24 CFR 92.353)
3. Debarment and Suspension provisions as required by 24 CFR Part 24 and 24 CFR 92.357.
4. National Environment Policy Act of 1969 (NEPA), 24 CFR Parts 50 and 58, and 24 CFR 92-352.
5. Equal Opportunity Provisions and Fair Housing, 42 CFR 92.350.
6. Affirmative Marketing, 24 CFR 92.351.
7. Lead-based Paint Poisoning Prevention Act, 24 CFR 92.355.
8. Conflict of Interest Provisions, 24 CFR 85.36 and OMB Circular A-110, and 24 CFR 92.356.
9. Davis-Bacon Act and Contract Work Hours and Safety Standards Act, and 24 CFR 92.354.
10. Intergovernmental Review of Federal Programs, Executive Order 112372 and 24 CFR 92.359.
11. Drug-Free Workplace, 24 CFR part 24, subpart F.
12. Standard Equal Opportunity Construction Contract Specifications.
13. Certification on Non-segregated Facilities for Contracts over \$10,000.
14. Title VI of Civil Rights Act of 1964 Provisions.
15. Section 109 of Housing and Community Development Act of 1974 Provisions.
16. Section 3 Compliance Provisions.
17. Age Discrimination Act of 1975 Provisions.
18. Section 504 - Affirmative Action for Handicapped Provisions.
19. And any other Federal requirements as set forth in 24 CFR Part 92, HOME Investment Partnerships Program.

APPENDIX B – Income Eligibility

A. ANNUAL INCOME (GROSS INCOME)

The Kingsport Alliance for Housing Revitalization Program uses the income definitions of the HUD Section 8 program in determining the annual income (gross income) used to classify a household for purposes of eligibility. Annual income means all amounts, monetary or not, which:

1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member;
2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date. In other words, it is the household's future or expected ability to pay rather than its past earnings that is used to determine program eligibility. If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period; and
3. Are not specifically excluded in paragraph G (Income Exclusions) below.
4. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.
5. MONTHLY GROSS INCOME – Monthly gross income is Annual Gross Income divided by 12 months.

B. ASSETS

In general terms, an asset is a cash or non-cash item that can be converted to cash. There is no asset limitation for participation in the Kingsport Alliance for Housing Revitalization Program. Income from assets is, however, recognized as part of Annual Gross Income. Assets have both a market value and a cash value.

1. MARKET VALUE - The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.
2. CASH VALUE - The cash value of an asset is the market value less reasonable expenses required to convert the asset to cash, including:
 - a. Penalties or fees for converting financial holding. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or
 - b. Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.

- c. Under Section 8 rules, only the cash value (rather than market value) of an item is counted as an asset.

C. INCOME FROM ASSETS

The income counted is the actual income generated by the asset (e.g., interest on a savings or checking account). The income is counted even if the household elects not to receive it. For example, although a household may elect to reinvest the interest or dividends from an asset, the interest or dividends is still counted as income.

1. The income from assets included in Annual Gross Income is the income anticipated to be received during the coming 12 months.
 - a. To obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account; or
 - b. If the value of the account is not anticipated to change in the near future and interest rates have been stable, a copy of the IRS 1099 form showing past interest earned can be used.
 - c. Checking account balances (as well as savings account balances) are considered an asset. This recognizes that some households keep assets in their checking accounts, and is not intended to count monthly income as an asset. The City uses the average monthly balance over a 6-month period as the cash value of the checking account.
2. Assets above and below \$5,000 are treated differently.
 - a. If the family's assets are \$5,000 or less, actual income from assets (e.g., interest on checking account) is counted as annual income.
 - b. If the family's assets are greater than \$5,000, income from assets is computed as the greater of:
 - i. actual income from assets, or
 - ii. Imputed income from assets based on a passbook rate applied to the cash value of all assets.
3. Applicants who dispose of assets for less than fair market value (i.e., value on the open market in an "arm's length" transaction) have, in essence, voluntarily reduced their ability to afford housing. Section 8 rules require, therefore, that any asset disposed of for less than fair market value during the two years preceding the income determination be counted as if the household still owned the asset.
 - a. The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset.
 - b. Each applicant must certify whether an asset has been disposed of for less fair market value. Not included in this calculation are assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation.

- c. These procedures are followed to eliminate the need for assets limitation and to penalize people who give away assets for the purpose of receiving assistance or paying a lower rent.

D. ASSETS INCLUDE

1. Amounts in savings accounts and six-month average balance of checking accounts.
2. Stocks, bonds, savings certificates, money market funds and other investments accounts.
3. Equity in real property or other capital investments. Equity if the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset. The equity of the principal residence is not included as an asset by the Kingsport Alliance for Housing Revitalization.
4. The cash value of trusts that are available to the household.
5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in penalty.
6. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
7. Assets which, although owned by more than one person, allow unrestricted access by the applicant.
8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Cash value of life insurance policies.
11. Assets disposed of for less than fair market value during two years preceding certification or recertification.

E. ASSETS DO NOT INCLUDE

Necessary personal property, except personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.

1. Interest in Indian Trust lands.
2. Assets that are part of an active business or farming operation. NOTE: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's main occupation.
3. Assets which are not accessible to the family and which provide no income to the family.
4. Vehicles especially equipped for the handicapped.
5. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

F. INCOME INCLUSIONS - The following are used to determine the annual income (gross income) of an applicant's household for purposes of eligibility:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The net income for operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net

income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (B)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, Annual Income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook saving rate, as determined by HUD.
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment or prospective monthly amounts for the delayed start of a periodic amount (except Supplemental Security Income (SSI) or Social Security).
5. Payments in lieu of earnings, such as unemployment, workers compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designed for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from on application of the percentage.
7. Periodic and determinable allowance, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
8. All regular pay, special pay and allowances of a member of the Armed Forces.

G. INCOME EXCLUSIONS - The following are excluded from a household's income for purposes of determining eligibility:

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (C)(5) above);
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

5. Income of a live-in aide;
6. The full amount of student financial assistance paid directly to the student or to the educational institution;
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. Amounts received:
 - a. Under training programs funded by HUD;
 - b. By a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - c. By a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) which are made solely to allow participation in a specific program;
 - d. From incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded must be received under employment training programs with clearly defined goal and objectives, and are excluded on for the period during which the family member participates in the employment training program.
9. Temporary, nonrecurring or sporadic income (including gifts);
10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
11. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
12. Adoption assistance payments in excess of \$480 per adopted child;
13. For public housing only, the earnings and benefits to any family member resulting from the participation in a program provided employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act, or any comparable federal, state, or local law during the exclusion period.
14. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment or in prospective monthly amounts.
15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on a dwelling unit.
16. Amounts paid by a state agency to a family with a developmentally disabled family members living at home to offset the cost of services and equipment needed to keep the developmentally disabled family members at home; or
17. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions apply.
 - a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;

- b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA; Retired Senior Volunteer Program, Foster Grandparents, Program, youthful offenders incarceration alternatives, senior companions);
- c. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a))
- d. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
- e. Payments or allowances made under the department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- f. Payments received under programs funded in whole or in part under the Job Training Partnership Act;
- g. Income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
- h. The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commissioner or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
- i. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- j. Payment received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f));
- k. Any earned income tax credit to the extent it exceeds income tax liability;
- l. Payments received after Jan. 1, 1989, from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the In Re Agent Orange product liability litigation MDL No. 381 (E.D.N.Y.);
- m. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- n. Payments received under the Maine Indian Claims Settlement Act of 1980.

H. TIMING OF INCOME CERTIFICATIONS

All households receiving assistance from the Kingsport Alliance for Housing Revitalization must be income eligible. Income certification must be completed before assistance begins. A preliminary determination of eligibility may be made much earlier in the process.

1. Income verification must be dated no earlier than six months prior to eligibility.
2. The City of Kingsport Community Development Staff calculates the annual income of the household by projecting the prevailing rate of income of the family at the time the CD Staff determines that the family is income eligible. The CD Staff are not required to reexamine the family's income at the time the assistance is provided, unless more than six months has elapsed since the CD Staff determined that the family qualified as income eligible.

I. INCOME VERIFICATION

The Community Development Staff will verify and retain documentation of all information collected to determine a household's income. Under the Section 8 Program, there are three forms of verification which are acceptable: third-party, review of documents, and applicant certification.

1. **THIRD-PARTY VERIFICATION** - Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person and date of the call. a. To conduct third party verifications, the CD Staff will obtain a written release from the household that authorized the third party to release required information.
2. **REVIEW OF DOCUMENTS** - Documents provided by the applicant (such as pay stubs, IRS returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third-party verifications. Copies of documents should be retained in project files.
3. **APPLICANT CERIFICATION** - When no other form of verification is possible, a certification by the applicant may be used. For example, it may be necessary to use an applicant certification for an applicant whose income comes from "odd jobs" paid for in cash.

In some cases, the Community Development Staff may supplement applicant certification by reviewing the applicant's income tax return from the previous year to determine if the current year's income is consistent with activity for the previous year.

J. CALCULATION METHODOLOGIES

1. Applicants must report how their pay is calculated - hourly, weekly, bimonthly (24 pay periods a year), every two weeks (26 pay periods a year), monthly or other – and how much they are paid for that period. This information will be used to calculate annual gross income.
2. Applicants must indicate whether overtime is sporadic or a predictable component of an applicant's income.
3. Annual salaries are counted as Annual Income regardless of the payment method. For instance a teacher receives an annual salary whether paid on a 9 or 12- month period.

K. DETERMINING WHOSE INCOME TO COUNT

Under the Section 8 definition of income, the following income is not counted:

1. **INCOME OF LIVE-IN AIDES** - If a household includes a paid live-in aide (whether paid by the family or social service program), the income of the live-in aide, regardless of its source, is not counted. (Except under unusual circumstances, a related person can never be considered a live-in aide).
2. **INCOME ATTRIBUTABLE TO THE CARE OF FOSTER CHILDREN** - Foster children are not counted as family members when determining family size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included; and

3. **EARNED INCOME OF MINORS** - Earned income of minors (age 17 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted.
4. **TEMPORARILY ABSENT FAMILY MEMBERS** - The income of temporarily absent family members is counted in Annual Income - regardless of the amount the absent family member contributes to the household. For example, a construction worker earns \$600/week at a temporary job on the other side of the State. He keeps \$200/week for expenses and send \$400/week home to his family. The entire \$600/week is counted in the family's income.
5. **ADULT STUDENTS LIVING AWAY FROM HOME** - If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the family, the student's income must be counted in the family's income.
6. **PERMANENTLY ABSENT FAMILY MEMBER** - If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of the household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

APPENDIX C – Program Income Limits

To receive funding from the Kingsport Area Home Program, the household’s annual gross income may not exceed 80 percent of the median income in the Kingsport-Bristol-Bristol, TN-VA MSA.

These numbers are determined by HUD and are subject to change. A link to current income limits is provided on the City website’s Community Development Department home page:

<https://www.kingsporttn.gov/city-services/community-development/>