

COMMERCIAL FACADE IMPROVEMENT PROGRAM



POLICIES & PROCEDURES

SUMMER 2016



Town of East Hartford
740 Main Street
East Hartford, CT 06108

Development Office: (860) 291-7300
Grants Administration Office: (860) 291-7364

I. INTRODUCTION

The Commercial Facade Improvement Program is periodically funded through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) program. The Town of East Hartford has allocated funds to improve facades for commercial properties. In order to receive assistance, facades must be directly visible from the public right-of-way. Properties must be in a designated low and moderate income area, based on current census tract/block group data at the time assistance is granted.

The objective of the program is to revitalize East Hartford's commercial districts by improving the appearance of the facades of commercial properties. (See Section V, Eligibility, for eligible areas.) The program will provide a direct benefit to business and property owners who participate, helping to improve the appearance of their buildings. It will also provide a benefit to all East Hartford residents and visitors, as it will help to liven up the overall appearance of the town's most visible corridors. The program may be used to preserve historic architecture or to help a building's appearance better fit the character of nearby properties.

Please note that all rehabilitation projects are subject to the approval of Town departments, committees, and commissions all of which are obligated to abide by Town ordinances and regulations. The owner shall comply with the Building Code, Property Maintenance Code, and the Federal Labor Standards Provisions (applicable in projects with higher levels of funding).

II. PROJECT GOALS

Specific goals of the program are as follows:

1. Beautification of the town's commercial corridors in order to encourage the patronage of local businesses
2. Elimination of blight, which negatively impacts the patronage of businesses and hinders reinvestment potential
3. Prevention of further deterioration of commercial properties and restoration of their historic features
4. Retention of existing businesses and attraction of additional businesses to locate in East Hartford due to its attractive and well-maintained business corridors
5. Elimination of conditions that are detrimental to the health, safety, and welfare of the community
6. Pro-active rehabilitation and preservation of structures with unique historic, architectural, and/or aesthetic value
7. Enhancement of employment opportunities to benefit low and moderate income residents of our community

III. FINANCIAL ASSISTANCE

- The Town's financial contribution will be in the form of a deferred 0% interest loan. Loans are payable over a five year period and will be forgiven at 20% annually, provided the property owners remain current with all local taxes, and maintain the property in strict compliance with all applicable state and local laws, codes, and regulations.
- If at any time the property is found to be in violation of any applicable law, code, or regulation and the owners fail to remedy the problems, they shall be required to repay the balance of the deferred loan thus outstanding.
- The Town's ability to contribute is contingent upon the availability of CDBG funds. When funding is available, the Town will fund 100% of eligible projects up to \$2,000. The owner will be required to contribute 25% towards the cost of a project beyond the initial \$2,000. The Town will contribute no more than \$50,000 total towards any project (e.g. for a \$66,000 project, the Town will contribute the initial \$2,000 plus \$48,000 with an owner contribution of \$16,000). Owners will be responsible for the entirety of any additional costs for projects exceeding a total of \$66,000. The owner's financial contribution is placed into escrow before contracts are signed.

IV. TECHNICAL ASSISTANCE

For most selected projects, the Town of East Hartford will contract with an architect to write work specifications. The owner must submit a \$1,000 deposit in order for the architect to begin work. This money will be held in escrow and counted as part of the owner's contribution towards the project. Architectural services charges will count towards the overall cost of the project. If a project does not proceed past the architectural stage, the deposit will not be refunded. Certain projects, such as those limited to signage, may not need the services of an architect. The architect will write specifications only for improvements eligible to be funded under this program.

The owner will receive a copy of the draft specifications and will be given the opportunity to review and approve work specifications. Upon review and approval by the owner, the architect will issue final work specifications which will be used to solicit bids or quotes. Projects under \$5,000 do not require bidding and only require a quote. Projects ranging between \$5,000 and less than \$10,000 require three quotes.

If the project involves a mixed-use property (including both commercial and residential uses) constructed prior to 1978, and paint will be disturbed in residential units or common areas serving residential units, a certified lead paint consultant is needed to determine if lead-based paint exists in residential areas undergoing rehabilitation and to perform a risk assessment. The owner is responsible for all costs associated with this consultant. These costs are considered separate from the cost of facade improvement; no town funds will be contributed towards them. If lead-based paint does exist, the consultant's report will be used in the bidding process, and the consultant must ensure that the lead paint has been removed at the end of the project, also at the owner's expense.

A lead hazard information booklet, “Protect Your Family From Lead in Your Home” will be made available with the application. All owners with any residential use on their property are responsible for reading this booklet and indicating that they have done so by signing the provided form and submitting it with their application.

V. ELIGIBILITY

In order for an application to be accepted into the program, the following basic criteria must be met:

- Property must be located on a major thoroughfare (defined as on Main Street, Ellington Road, Burnside Avenue, Tolland Street, Connecticut Boulevard, Pitkin Street, Roberts Street, or Silver Lane);
- Property must be in a low and moderate income census tract/block group;
- Property must be of commercial, industrial, or mixed use (which includes commercial);
- Owners may not owe any delinquent taxes (including Town, State or Federal taxes) either for the building to be rehabilitated or for any other piece of real or personal property that they own;
- Owners may not have any liens due to the Town of East Hartford;
- Owner must have clear title to the property; no lis pendens (notice of pending action concerning title to or interest in property) may appear on the land records;
- Only one mortgage or lien may exist on the property. The Town will not take lower than second position;
- Any outstanding building code, zoning, or property maintenance citations related to the property to be rehabilitated must be addressed at the time of the rehabilitation; and
- Only the property owner may apply. Interested tenants must work with their property owners in order to submit an application. In the case of multiple owners, a single representative must be designated in writing to act on behalf of the owners in all matters regarding the specified rehabilitation project.

VI. ELIGIBLE IMPROVEMENTS

Eligible improvements include, but are not limited to:

1. Removal of elements which cover original architectural details and design;
2. Addition or replacement of signs or awnings (Signs must be affixed to the facade and comply with all sign regulations. The Town reserves the right to approve the design of any signs or awnings paid for through this program. Preference may be given to businesses with long-term leases.);
3. Painting, cleaning, and repointing of masonry;
4. Replacement of elements including but not limited to exterior doors, windows, stairs, porches, and/or railings that are directly visible from the public right of way;
5. Exterior lighting;
6. Overall replacement of architectural elements which have structural problems;
7. Correction of exterior building code violations;
8. Other permanent items having significant visual impact;

All work shall be conducted in compliance with “The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.”

VII. INELIGIBLE REPAIRS

The program will NOT cover the following:

- Physical or visual removal of architecturally important features;
- Installation of aluminum or vinyl siding;
- Major structural renovations;
- General maintenance work, not contributing to the overall visual impact of the building.
- Temporary features, including landscaping
- HVAC repair or improvements
- Plumbing repair or improvements
- Parking lot resurfacing
- Interior repairs

Program funds also may not be used for working capital, debt refinancing, or legal fees.

VIII. CRITERIA FOR PROJECT SELECTION

Projects will be selected to receive loans based on the following criteria:

1. **Visual impact:** the aesthetic appeal that a project will have based on its view from the public right of way; size, location, and current condition of the building are taken into consideration; preference is given to businesses located in the downtown area (Main Street between the railroad overpass and the I-84 overpass);
2. **Cost/Benefit Value:** the relationship between the estimated cost of a project and the overall benefit it will provide to the town;
3. **Historic preservation:** special priority consideration is given to projects which will help preserve the historic integrity of buildings or that make an effort to compliment to the historic character of nearby properties;
4. **Project readiness:** the ability of the project to move forward in a timely fashion;

The Town will rate proposals on a rubric based on these criteria. Projects must be determined to be sufficient in order to move forward regardless of whether or not it is competing against other proposals. The project receiving the highest ranking in a submission period will be selected to go forward. Other qualifying projects may be deferred until a later time.

IX. THE PROCESS

A. APPLICATION:

1. The Development Department will open a submission period for applications, listing deadlines on its webpage. Owners begin by submitting an initial application to the Development Department.
2. The owner must participate in a preliminary meeting with representatives of the Development Department, Building Department, and Grants Administration Office to discuss their ideas for their building. The owner is encouraged to submit a more detailed proposal based on the result of this meeting before the posted deadline.
3. Town staff verifies tax and land records to ensure that the owner is in compliance with applicable laws and regulations.
4. Following the submission deadline, the Development Department may review the application with the Economic Development Commission for their advisory recommendation. The Development Department and Grants Administration Office will rate projects based on the criteria above and have the final authority to select which will go forward.

5. If the owner is utilizing the town's architectural services (recommended for all projects other than exclusive signage projects), he or she will provide a \$1,000 deposit to the Town of East Hartford. This money will be held in escrow and used towards the cost of the project. If architectural services are utilized and the owner and the Town do not come to an agreement for the project to complete the project, the money will not be refunded. If the owner and the Town come to an agreement, this money will count towards the owner's contribution to the project.
6. Representatives from the Development Office and the architect meet with the owner to determine project scope and estimated cost

B. DESIGN & REVIEW

If the owner submits a deposit for architectural services, the Town of East Hartford will contract with an architect to prepare a design, write the work specifications, and oversee the rehabilitation (see Section IV, Technical Assistance, above).

The owner is provided a copy of the specifications for review and approval.

The applicant must receive all necessary approvals and permits from the appropriate Town commissions and departments.

See Section IV, Technical Assistance, above for information regarding when the services of a lead paint consultant are required. The owner will be responsible for all costs pertaining to these services. If lead based paint is found to be present, federal requirements for lead-based hazard control are included in the bid documents for the project.

C. BID DOCUMENTS AND CONTRACTOR INSPECTION OF WORK

The project will be bid through the Town of East Hartford Purchasing Department. Legal notices are placed in a newspaper having a general local circulation, for example the Hartford Courant or the Journal Inquirer.

Bid documents are prepared listing rehabilitation items in priority order (as determined by the architect).

The Town and the owner will hold a walk-through as an opportunity for all prospective bidders to examine the project site, clarify work specification items and any issues with the architect, and to establish an appropriate bid price. The Assistant Grants Administrator and Economic Development Coordinator will be present. The appointed date and time of the walk-through will be noted in the Invitation to Bid.

Bid bonds and/or performance bonds may be required as determined by the Town of East Hartford.

Prior to official award of the contract, the lowest responsible bidder MUST provide the following:

1. Evidence of a valid State of Connecticut Consumer Protection Number
2. Certificate of insurance naming the Town of East Hartford and owner(s) as additionally insured for the duration of the project; and
3. Evidence of EPA certification to conduct lead-based paint activities and renovations, if applicable.

It is the owner's responsibility to correct any non-code compliant items identified as being in need of repair or replacement but which cannot be supported with loan funds. Liability for uncorrected items shall rest with the owner.

D. BID OPENING

Only sealed bids are accepted by the Purchasing Department. At the bid opening, The Purchasing Agent will open, record, and review the bids in the presence of anyone who wishes to attend, including any of the following:

1. Property owner
2. Bidding contractors who wish to be present
3. Witnesses

The lowest responsible bidder is awarded the project with the approval of the architect. If the owner wishes to select a contractor other than the lowest responsible bidder, the owner will be responsible for paying the difference in price between the lowest responsible bidder and the bid from the contractor of choice.

The Town of East Hartford, in conjunction with the owner, reserves the right to reject any and all bids that are not in the best interest of the Town or the owner.

Contracts may not be awarded if the lowest bid exceeds 20% of the initial cost estimate for the project. Final distribution of the loan amount and owner contribution is based on lowest responsible bid received.

E. CONTRACTS AND AGREEMENTS

The owner will be required to sign the following contracts/agreements to secure rehabilitation funds from the Town of East Hartford.

1. Owner/Town Agreement: This agreement states the Town's commitment of funds and outlines the owner's responsibilities for participation in the program including his or her agreement not to displace any residential tenant residing at the property to be rehabilitated, or to increase any tenant's rent for a period of three years unless in accordance with the Residential Rent Stabilization clause contained therein.

2. Owner/Contractor Agreement: This document is an agreement between the owner and the contractor who will be performing the rehabilitation work. The Town of East Hartford is not a party to this agreement.
3. Open-End Construction Mortgage Deed and Open-End Construction Mortgage Note (Mortgage Deed/Note) and Declaration of Restriction: The 0% interest deferred loan is secured by a mortgage on the owner's property. The Note gives the Town of East Hartford an interest in the property in order to secure payment of said loan and performance of conditions as detailed in the Owner/Town Agreement.

Upon sale or transfer of all or any part of the ownership of the property (including foreclosure, voluntary transfer or conveyance, quit claim, or the death of the original signatories of the mortgage deed/note), the owner must pay the remaining portion of funded debt. The owner has the option to pay off the loan at any time without penalty. Any principal balance on the loan must be paid in full at the time of sale.

4. Waiver of Mechanics' Lien: The contractor and all subcontractors waive and release all claims of lien which they may have on the assisted property pursuant to the laws of the State of Connecticut, by virtue of services rendered, work performed or materials furnished.
5. Rent Regulatory Agreement: The owner agrees that the rent being charged to current residential tenants will not be increased from the date of contract signing for a period of one year nor will any other terms or conditions of occupancy be altered. Upon contract signing, the owner must execute a Rent Regulatory Agreement for a period of three years. Increases to any dwelling unit shall not exceed the HUD Fair Market Rents in effect at the time the rent increase is enacted.

In the event the owner does increase the rent in violation of the Rent Regulatory Agreement, he/she shall be required to repay all proceeds of such increases to the tenant(s).

To assure compliance with the Rent Regulatory Agreement, Tenants residing at a property that has received financial assistance from the Town of East Hartford will verify that their rents are in keeping with current HUD-published Fair Market Rents by completing questionnaires before and after the project. Information provided may be verified periodically by the Assistant Grants Administrator. The current HUD Fair Market Rent schedule will be the basis for the Rent Regulatory Agreement. This schedule changes periodically and is available from the Grants Administration Office.

6. Notice of Cancellation: The owner may cancel the entire transaction without any penalty or obligation within three business days of the contract signing date.

F. UNAUTHORIZED WORK AND CHANGE ORDERS

The owner agrees that no rehabilitation, alterations, improvements, demolition, or construction work of any kind, other than that contained in the specifications for the rehabilitation project, will be undertaken after the date of contract signing until the Architect's Final Inspection Report. This includes work done by either the owner or by another contractor. Any violation of this provision will render the Owner/Town Agreement null and void. The Town's loan will be withdrawn and any and all expenses incurred will be the sole responsibility of the owner.

Any change orders must be approved, in writing and in advance by the owner, architect, and the Grants Administration Office. Changes to the scope of work which increase the contract amount will be supported by the loan only up to the maximum amount previously agreed upon. The owner will be financially responsible for work above and beyond this threshold.

G. INSPECTIONS

All rehabilitation work is subject to inspections by the architect and by Town staff, including, but not limited to, building inspectors.

H. PAYMENTS

All project funds will be retained in an account administered by the Town of East Hartford. The Town will make payments to the contractor by check upon satisfactory completion of the work.

I. AFTER PROJECT COMPLETION

- Warranties/Guarantees: All original warranties and guarantees provided by the contractor will be given to the owner at project end. The Town requires the contractor to warranty the workmanship for at least one year.
- Disposition of Funds: All project funds are disbursed through the Grants Administration Office. The Assistant Grants Administrator completes a form detailing payments made on all aspects of the project.
- Release List: The loan is a 0% interest, deferred five year, forgivable loan. At the end of the five-year period, assuming compliance with all obligations hereunder and under the mortgage note, the Grants Administration Office will execute a release for the open-end construction mortgage deed including its attachments of Note and Declaration of Restriction. Said release will be filed with the Town Clerk's office and recorded on the land records. The owner will be notified regarding release of legal documents.

X. ADDITIONAL INFORMATION

A. SUBORDINATION AGREEMENTS & FORECLOSURE POLICY

At some time, but no more frequently than every two years during the mortgage deed/declaration of restriction period, the owner may wish to refinance an existing mortgage on his or her property. The Town of East Hartford may consider issuing a subordination agreement to the owner if the loan does not endanger the Town's equity position. As such, the Town will not subordinate to a loan that will require the Town to take less than second position. Other mortgages, construction loans, debt consolidations, line-of-credit home equity loans, or similar financial arrangements cannot be placed on the land records ahead of the Town's mortgage. The owner has the option to pay off the loan at any time without penalties.

Written requests must be submitted to the Town of East Hartford, Grants Administration Office, 740 Main Street, East Hartford, CT 06108 and must contain the following information:

- Owner's reason for refinancing;
- Written confirmation from the finance company indicating that the Town of East Hartford's mortgage will remain in no less than second position;
- The amount of the new mortgage; and
- The correct, full name of the bank or mortgage company.

If a subordination agreement from the Town is issued, it will be issued only once during a two-year period. Up to ten business days are required to process a request for a subordination agreement.

B. PROPERTY FIRE/HAZARD/LIABILITY INSURANCE

The owner is required to obtain and maintain Property Fire/Hazard/Liability Insurance on the property.

C. BID ADDENDA

Bid addenda are changes in the scope of work prior to the submission of bids and prior to the start of the rehabilitation work.

If an addendum reduces the amount of work or eliminates items to be done, the bid will be awarded after a comparison of each total bid minus the items to be reduced or eliminated is made. The award will be made to the lowest responsible bidder unless the owner has selected otherwise. The owner is responsible for paying the difference between the lowest responsible bid and the bid from the contractor of choice.

D. ADD/ALTERNATES

Additions or alternates to work specifications are optional aspects of the scope of work. These are included with bid documents. Separate and individual prices for these options are required to be entered on a Bid Form. Bid awards are selected from the base bid submitted and do not include the Add/Alternate prices. The owner's loan amount is also derived exclusively from the base bid. Add/Alternate options, if determined by the Town to be necessary after contract execution, are covered by the program.

E. CREDIT FOR BID ALLOWANCES

In some instances, a contractor may submit a credit in his/her final invoice. Credits may occur if an allowance for materials was included in the bid specifications and that full allowance was not necessary for the project. Verified by the architect, the contractor provides a written statement confirming measure of materials used as well as final cost. If the contractor spends less than the allowance permissible in the bid specifications, a credit may be issued to the owner's escrow account.

F. HISTORIC PRESERVATION REQUIREMENTS

If a property is historically significant and is eligible for rehabilitation work, the work must be done in accordance with "The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings." The purpose is to avoid any significant alteration of a building (such as application of vinyl siding or vinyl windows) that may change its overall appearance and historic character.

XI. STATEMENT OF NONDISCRIMINATION

Projects funded by the Community Development Block Grant are obligated to comply with Section 109 of the Housing and Community Development Act of 1974, as amended. The Act requires that no person in the United States shall, on the grounds of race, color, national origin, sex, religion or handicapped conditions be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with community development funds. In addition, owners applying for assistance from this program must be in compliance with Fair Housing Laws and Title VIII of the US 1968 Civil Rights Act. These prohibit discrimination against individuals based on their race, color, creed, sex, religion, handicapped condition, or national origin with respect to the leasing and occupancy of the property belonging to the owner.

XII. GLOSSARY OF TERMS

- **Development Office:** The Development Department coordinates planning and zoning, revitalization efforts, and the capital planning activities of the town with the view of conserving desirable existing values and achieving economically, socially, and aesthetically desirable development in the town. The office is staffed by the Development Director, the Town Planner, and the Economic Development Coordinator.
- **Grants Administration Office:** This office is located on the lower level of East Hartford's Town Hall. The office may be reached directly at (860) 291-7364. TDD/TDY users call Relay Connecticut 1-800-842-9710 or 7-1-1. The office seeks to expand grant-related services beyond those encompassed by CDBG. This enables the Town of East Hartford to accomplish a greater number of objectives with dollars other than local taxes. The office is staffed by the Grants/Lease Manager, the Assistant Grants Administrator and the Housing Planning Analyst.
- **HUD:** United States Department of Housing and Urban Development. This is the federal agency that oversees the CDBG Program. The Hartford Area field office is located at 20 Church Street, One Corporate Center, 10th Floor, Hartford, CT 06103-3220.
- **CDBG:** Community Development Block Grant. This is an entitlement grant received by the Town from HUD. Examples of the types of projects funded include, but are not limited to, the following:
 - Housing Rehabilitation
 - Commercial Facade Rehabilitation
 - Public Facility Improvements
 - Social Service Activities
- **Open-End Construction Mortgage Deed:** A written instrument describing the property which provides the security for payment of the loan upon sale, lease, or other transfer of any kind or nature of the property
- **Open-End Construction Mortgage Note:** A note which grants the Town of East Hartford an interest in the property in order to secure payment of the loan
- **Declaration of Restriction:** A document filed in East Hartford's land records which restricts property ownership to the current owner
- **Fair Market Rent Schedule:** Affordable rental rates determined by HUD to be fair monthly rates for residential rental property in the Hartford area. The amounts are based on the number of bedrooms and include heat and hot water.