

Advisory Committee of Racial Justice, Economic Justice, and Inclusion

**Tuesday, Oct. 12, 2021
Council Chambers & Via Zoom
5:30 P.M.**

1. Call to Order
2. Minutes Approval: September 7, 2021
3. CDBG Policy Review: Residential Rehabilitation Loan Program
4. Proposed Ordinance Review: Ending the Sale of Flavored Tobacco
5. Other business
6. Adjourn

Upcoming Meeting Schedule (subject to change):

- November 2, 2021
- December 14, 2021
- January 11, 2022
- February 15, 2022

Meetings start at 5:30pm. Check www.bangormaine.gov/calendar for updates.

There are a variety of options to watch meetings on local TV and online, including streaming videos after they happen. For more information on how the public may access and attend the City of Bangor's Public Meetings, please go here: <https://www.bangormaine.gov/video>

**Advisory Committee of Racial Justice,
Economic Justice, and Inclusion**

**Minutes for the Tuesday, Sept. 21, 2021 Meeting
Council Chambers & Via Zoom
5:30 P.M.**

Members Present: Chair Dina Yacoubagha, Vice-Chair David Patrick, Amy Tidd, Cara Pelletier, Hannah Young, Joseph Leonard, Matt Dexter, Bangor High School Student Isabel Kidwell, Assistant City Manager Courtney O'Donnell, Superintendent of Bangor Schools James Tager

Members not present: Desiree Vargas and Liana Fellis

Guests: Director of Guidance at Bangor High School Dr. Adam Leach

1. Call to Order

Chairwoman Yacoubagha called the meeting to order with a roll call.

2. Minutes Approval & Discussion

There were no questions or comments regarding the previous meeting. Member Dexter motioned to approve; Member Patrick seconded the motion.

3. Introduction: Jim Tager, Bangor Schools Superintendent

Mr. Tager highlighted four purposes for the DEI Committee at Bangor High.

- Students will participate in an anonymous survey through Johns Hopkins called the 360 Survey.
- Mentoring is critical and Bangor High has a goal of 500 participants.
- Examining the hiring practices and look for a more diverse work force.
- Focus on the core curriculum so that all students are represented.

Mr. Tager generously fielded questions about these four points.

- The 360 Survey allows for everyone to have a voice that is protected because of the anonymity it provides. If feedback is successful this same survey can be implemented in the middle schools and eventually the elementary schools.
- By providing a voice the schools and the community will learn where the deficiencies are and pick up patterns with the intention to include alumni, parents, and marginalized communities. The ultimate goal for all involved is to learn and grow in partnership.

4. Bangor High School Update: Adam Leach

- Mr. Leach was asked to find a word for the year and he chose “partnership.” With the challenges faced by the schools and the community involving racism, economic injustices and inclusion, working together in partnership is key.
- By beginning with educating students in the school. Bangor High has implemented an Advisory period to the schedule for all students. This is a non-academic period to target social and emotional needs and learning how to support these needs. Some of the more important issues to be addressed are LGBTQ, Race, Inequality, Mental Health and Human Rights education. Emphasizing the “partnership” goal by promoting dignity and respect for all.
- Chair Yacoubagha suggested reaching out to the Maine Immigrants’ Rights Coalition (MIRC) based in Portland as another resource.
- Knowing that there could be an influx 50-75 students of immigrant families from Afghanistan Member Pelletier suggested community families as “buddies” to help navigate the new culture and get settled in a new country.
- Member Young stated that Catholic Charities is working extensively to help rehome and acclimate refugees.

5. Discussion on Racially Motivated Crime in Bangor

- The discussion was led by Chairwoman Yacoubagha who expressed shock for the actual crime and commended the family for their courage to come forward, the Police for their work, and the City of Bangor for its response to the crime.
- Member Leonard expressed how very disturbed and emotional this incident was for him and commended the City and the community for its response to the incident. Member Leonard emphasized the continuous fight for Human Rights must continue.
- Member Kidwell recommended a possible ongoing discussion and/or project that would dissuade white supremacy and hate from taking hold in the Bangor community.
- Chair Yacoubagha liked Member Kidwell’s idea and suggested having a guest speaker at each meeting could help build the advisory committee’s knowledge base and find proactive action steps like the ones the Bangor High School has taken. There will be more discussion on this in future meetings.

6. City of Bangor Bathroom Policy Discussion

- Member Pellitier made a revision to the statement that was put forward. People need equitable access when visiting the City of Bangor City Hall.
- Assistant City Manager Ms. O’Donnell stated this discussion and feedback is the starting point for the City to write and present to Council in the future. Responding

to a question about the State having already passed legislation. Ms. O'Donnell clarified that this was to educate and assure the staff within the City were educated and aware and to ensure that people were treated fairly.

7. Meeting Schedule Discussion

- Generally, second Tuesday of every month following City Council meetings. Dates were shared and distributed in a packet to the Members.

8. Other business

- CBGB Policy to be discussed at next meeting

9. Adjourn

- Meeting was adjourned at approximately 6:41 p.m.

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CITY OF BANGOR

Memo

To: Advisory Committee on Racial Equity, Inclusion, and Human Rights
From: Tyler Collins Community & Economic Development Officer
Date: October 7, 2021
Re: Residential Rehabilitation Loan Policy

The purpose of the Housing Rehabilitation Program is to foster and maintain affordable, decent, and safe housing within the City. This is accomplished by assisting income eligible citizens with low-interest or deferred loans to perform necessary improvements to their homes which will promote long-term neighborhood sustainability. The program is funded by the City through its allocation of federal Community Development Block Grant funds received annually from the U.S. Department of Housing and Urban Development.

Changes to the Residential Rehabilitation Loan Program are being made to simplify the document, align our guidelines with HUD requirements, and clear up some of the inconsistencies or unspecified areas.

We are asking the Advisory Committee on Racial Equity, Inclusion, and Human Rights to review the draft policy and provide feedback on how the policy could be improved. Ultimately our goal is to ensure the program is successful by making the guidelines easily accessible to those that can benefit from it and to make the guidelines as straightforward as possible.

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CITY OF BANGOR

COMMUNITY DEVELOPMENT BLOCK GRANT

RESIDENTIAL REHABILITATION LOAN PROGRAM POLICIES & PROCEDURES

Adopted by Bangor City Council
Order Number:
Date: 2021

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Section 1

Program Overview

1.1 Introduction

The City of Bangor, Maine receives a yearly Community Development Block Grant (CDBG) as an entitlement grantee from the US Department of Housing and Urban Development (HUD). The City contractually agrees to implement the program in accordance with Title 1 of the Housing and Community Development Act of 1974 and the related CDBG program regulations in 24 CFR 570. One aspect of the City's CDBG program is the Housing Rehabilitation Program. This policies and procedures manual will address the Housing Rehabilitation Program.

The primary objective of the Rehabilitation Program is to create safe, decent and affordable housing while enhancing the community by preventing the decline and deterioration of older neighborhoods. Low interest loans are offered to eligible property owners, both investors and owner-occupiers, who are looking to improve their properties with general home improvements, make emergency repairs, and perform energy efficiency upgrades. These loans enable the rehabilitation of properties to meet HUD Housing Quality Standards (HQS), to address life safety code related issues, and to address eligible emergencies. The purpose of these loan programs is to provide permanent financing in conjunction with other Federal, State, and/or City programs or other lending institutions.

1.2 Single Family Traditional Rehabilitation Assistance

Single family traditional rehabilitation loans provide funding for the rehabilitation of owner-occupied single-family residential structures in accordance with the City's building code standards and HUD HQS. Loans may be made to qualified applicants whose income is equal to or less than 80% of the Area Median Income (AMI) as determined by HUD. The rehabilitation tasks may include building exteriors, upgrading building interiors, mechanical systems, energy efficiency upgrades, ADA compliance, removal of hazardous materials (lead paint and asbestos), and structural repairs. Applicants must show proof of ability to cover at least 25% of the total project cost. Matching funds can come from a participating lending institution, owner equity and/or insurance company.

1.3 Single Family Deferred Rehabilitation Assistance

Single family deferred rehabilitation loans provide funding for the rehabilitation of owner-occupied single-family residential structures in accordance with the City's building code standards and HUD HQS. Deferred loans may only be made to eligible applicants who gross income is less than 50% of the AMI as established by HUD. Repayment of the deferred loan (principal plus interest) shall not be

required for the term of the loan, but will become due upon any transfer of the property. There is no match requirement for Single Family Deferred Rehabilitation Assistance.

1.4 Emergency Rehabilitation Assistance

Emergency rehabilitation assistance loans are available for immediate assistance to eligible owner-occupied buildings (1-4 units) for emergency situations that present life safety issues as determined by the City's electrical inspectors, building inspectors, plumbing inspectors, water and sewer department, and/or fire inspectors (malfunctioning furnaces, water leaks, etc.). Only the critical issue(s) shall be addressed. Loans may be made to qualified applicants whose income is equal to or less than 80% of the AMI as established by HUD.

1.5 Investor Rehabilitation Assistance

Investor rehabilitation assistance loans are available to eligible owners (including non-profit) of eligible multi-unit (2-7 units) rental properties, properties with accessory dwelling units, and residential portions of mixed-use properties provided that the owner commits at least 51% of assisted units to low- to moderate-income (LMI) tenants. For properties with only two units, at least one unit shall be dedicated to LMI tenants. Applicants must show proof of ability to cover at least 25% of the total project cost. Matching funds can come from a participating lending institution, owner equity and/or insurance company.

1.6 Manufactured Home Assistance

Manufactured home assistance rehabilitation loans shall only be made on manufactured homes built after July 15th, 1976. Loans will be made to eligible homeowners to bring the property up to HQS and the City's building code standards. Eligible activities include roofing, primary entrance stairs or ramps, windows, doors, and skirting. The property may be either located in a mobile home park or on privately owned land within the City of Bangor. Manufactured homes are not eligible for deferred loans, grants, or investor loans.

1.7 Loan Amounts and Terms

Assistance shall be provided in the form of a secured mortgage or Uniform Commercial Code lien, and recorded with the Registry of Deeds and/or the State of Maine. The total investment of City funds cannot exceed 75% of the project cost for any investor property or the maximum loan amount.

	Interest Rate	Maximum Term	Maximum Amount
Single Family Traditional Loan	3%	20-year	\$50,000 maximum
Single Family Deferred Loan	3%	20-year	\$50,000 maximum
Investor Loan	rate set at closing	20 year	\$25,000 first unit, \$20,000 additional units

Emergency Loan	3%	10-year	\$15,000 maximum
Mobile Home Loan	3%	10-year	\$10,000 maximum

The interest rates, terms, and conditions can be changed or adjusted by the City Council's Business & Economic Development Committee as necessary for feasibility and affordability.

Loans exceeding \$100,000 will require approval from City Council.

Section 2

Definitions

AREA MEDIAN INCOME

The median income for the Bangor Metro area as established annually by United States Department of Housing and Urban Development (HUD), meaning that half the area population earns more and half the area population earns less than the annual established area income.

B&ED COMMITTEE

The City of Bangor Business & Economic Development Committee is comprised of five (5) City Councilors and is the decision-making authority of the Community Development Department.

CDD

The Community Development Department of the City of Bangor.

DEBT SERVICE RATIO

The measurement of a borrower's ability to pay back the loan by dividing the net operating income by its total expenses or debt service. The debt service ratio should not be less than 1.2%.

DEVELOPMENT AGREEMENT

A voluntary contract between a local jurisdiction and a person who owns or controls property within the jurisdiction, detailing the obligations of both parties and specifying the standards and conditions that will govern development of the property.

FAIR MARKET RENT

An annually published rent level prescribed by the US Department of Housing and Urban Development based on a specified number of bedrooms.

HARDSHIP

The inability of the owner to provide funding for routine maintenance or repairs on their property.

HOUSEHOLD INCOME

1. For computing income to determine eligibility, Community Development staff will calculate income by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time of assistance is requested. Estimated annual income shall include income from all family or household members.
2. A household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements. An exception to calculating household income will be for boarders of the applicant. A boarder is an adult who pays the market rate to rent a room and shares kitchen facilities with the applicant. The applicant must produce verification of rental income such as canceled checks and show rental income on a federal income tax form. The gross income of the boarder will not be included in calculating the applicant's household income. Instead, staff will add to household income the amount of rent paid by the boarder or the HUD Fair Market Rent for a 0-bedroom unit, whichever is greater. The boarder will not be counted as a household member when calculating family size.
3. Income of all adult members of the household is considered for computing total household income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support, alimony, Social Security benefits, SSI retirement, pension or annuity, TANF, unemployment benefits, worker's compensation and disability or benefits from any source.

INVESTOR

An absentee owner who may receive rehabilitation assistance to improve housing conditions for low- and/or moderate-income tenants.

MANUFACTURED HOMES

Homes built to the Manufactured Home Construction and Safety Standards (HUD Codes) effective July 15, 1976, constructed on a permanent chassis for transportability, and that are tagged with a certification label.

MIXED-USE

A property used in some part for residential purposes and in some part for non-residential purposes.

OWNER-OCCUPIED

An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.

REHABILITATION COSTS

The total of contractor estimates from eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Housing Rehabilitation Coordinator.

RESIDENTIAL PROPERTY

A property used entirely for residential purposes (household living space).

SELF-HELP

The use of one's own efforts and resources to achieve things without relying on others.

SINGLE FAMILY TRADITIONAL LOAN

A payable loan due the first of every month. Interest shall be computed as if each full calendar year consisted of 360 days and each full calendar month consisted of 30 days, for actual number of days elapsed payable in full when the home is sold or term has expired, whichever is first.

SINGLE FAMILY DEFERRED LOAN

A loan with no monthly payments, but upon the sale or transfer of the property loan proceeds plus interest will be due to the City. Interest shall be computed as if each full calendar year consisted of 360 days and each full calendar month consisted of 30 days, for actual number of days elapsed until the home is sold or twenty years, whichever is first. Deferred loans shall not be made on mobile homes.

SINGLE FAMILY PROPERTY

A property which has one residential unit.

TENANT

A person(s) who occupies, rents, or leases a unit within a dwelling unit from a landlord.

PRIVATELY OWNED PROPERTY

Existing land with buildings thereon, for the use of occupying, in the owner's name.

Section 3

Program Eligibility Requirements

3.1 General Program Requirements

THE FOLLOWING PROVISIONS APPLY TO ALL FUNDING RECEIVED THROUGH THE CITY OF BANGOR RESIDENTIAL REHABILITATION LOAN PROGRAM.

No monies will be disbursed to reimburse the borrower for improvements made to the property which were either started prior to the approval or additional rehabilitation not approved by the CDD. No monies will be disbursed to pay for the labor of approved activities of the borrower or any member of the borrower's family.

Prior to loan closing, the borrower and any outside participating lenders agree to permit disbursement of funds upon certification by the City that the work for which payment is requested has been performed in accordance with the terms of the loan.

Funding from the City of Bangor Housing Rehabilitation Program may be used to correct code violations, upgrading building interior and exteriors, mechanical systems, energy efficiency upgrades, ADA compliance, and removal of hazardous materials. Investors who own more than one property must agree to a code enforcement inspection for all their properties and will agree to maintain all buildings so that they are free of code violations. Prior to loan approval, applicants may be required to enter a work agreement with the Code Department for any violations found during inspections.

The applicant must be current on all taxes and utilities owed to the City and have no outstanding Code violations to be eligible for a loan or grant under this program.

All applicants shall provide personal and/or business tax returns and personal

financial information to determine financial capacity as deemed necessary by the CDD, as well as maintain insurance on the property (and provide proof of insurance) for the duration of the loan.

Each recipient of a loan, through this program, must be willing to rehabilitate the property in accordance with City Building Codes and HUD HQS, including having the property inspected by a Licensed Lead Inspector and to comply with the Lead Paint regulations in properties built prior to 1978.

If CDD determines that exterior rehabilitation is needed, it must be included in the project. Peeling and chipping paint must be corrected and maintained.

Family income is determined by the total combined gross income for all persons over the age of 18 who reside in the home. Family size is the total number of persons, regardless of age, who reside in the home. See Appendix A for further detail.

3.2 Specific Program Requirements

IN ADDITION TO PROVISIONS IN SECTION 3.1, THE FOLLOWING PROVISIONS APPLY TO EACH SPECIFIC ASSISTANCE OPPORTUNITY.

Single Family Traditional Rehabilitation Assistance

To be eligible for a Single-Family Traditional Rehabilitation Assistance loan, the gross income of all persons 18 years or older in the household must be equal to or less than 80% of the AMI as determined by HUD.

All applicants must provide proof of ownership with evidence that they have lived in the property for at least six (6) months prior to the application. However, special circumstances to waive the minimum six (6) month occupancy requirement prior to application may include a danger to life and safety, health and wellbeing of the occupants, structural issues, hardship, or a non-owner-occupied investment property.

If the project involves the rehabilitation of an owner-occupied single-family building or structure, the maximum loan amount will be \$50,000.

The maximum loan for rehabilitation projects involving either interior or exterior rehabilitation will be the lower amount which does not exceed:

1. Actual cost of rehabilitation;
2. The loan amount, when added to any outstanding indebtedness related to the property, creates a total outstanding indebtedness which exceeds the sum of the as-is value of the property; and

3. The applicant's ability to repay.

Single Family Deferred Assistance

To be eligible for Single Family Deferred Assistance, the gross income of all persons 18 years or older in the household must be equal to or less than 50% of the AMI as determined by HUD.

Emergency Rehabilitation Assistance

Emergency Rehabilitation Assistance loans are available for immediate assistance to eligible owner-occupied buildings (1-4 units) for emergency situations that present life safety issues as determined by the City's electrical inspectors, building inspectors, plumbing inspectors, water and/or sewer department, and/or fire inspectors. Only the critical issue(s) shall be addressed. Loans may be made to qualified applicants whose income is equal to or less than 80% of the AMI as established by HUD. Applicants with incomes 50% or less of the AMI shall be eligible for deferred loans.

Emergency loans are permissible upon determination by the City's Code Enforcement Officer that a life safety issue is present and when property owners prove inability to complete necessary repairs with owner financing and/or an ability to obtain financing from any other eligible lending source.

Emergency loans do not require a match.

Investor Rehabilitation Assistance

Investor Rehabilitation Assistance loans are available to eligible owners of multi-unit (2-7 units) rental properties, properties with accessory dwelling units, and residential portions of mixed-use properties. The property may be an owner-occupied or investor-owned year-round residential structure or mixed-use structure with a residential component. Rehabilitation work funded by the City shall only cover the residential portion of the property. 51% of the total units must be occupied by tenants, including the owner's unit if applicable, who are at or below 80% of the median income for Bangor as determined by HUD (i.e. LMI tenants). All tenants shall self-certify income annually for a period of not less than four years. The property must meet a debt service ratio of no less than 1.2x as determined by a proforma analysis based on current or estimated values.

For properties with only two units, at least one unit shall be dedicated to LMI tenants. All vacant units at the time of application shall be rented to low income households.

Applicants must commit to and show proof of a 75/25 matching amount. Matching funds may be secured in part or total from a participating lending institution, owner financing, owner equity and/or insurance company. Other sources of matching funds are eligible upon acceptance for the CDD staff.

For projects that are multi-family (2-7 units) the maximum loan is \$25,000 for the first unit and \$20,000 for each additional unit.

Investor Rehabilitation Loans shall not be made on Mobile Homes.

Investor applicant must show previous rehabilitation history to demonstrate a record of compliance with the City of Bangor's codes, ordinance, and policies, and any other local, state or federal rules and regulation that apply. Isolated violations will not be considered as a failure if addressed in a cooperative manner. All applicants owning multiple properties within the City of Bangor shall be subject to Code Enforcement inspections on ALL properties. If violations in other buildings are found, the applicant will execute a work agreement with the Code Department to remedy all critical life safety violations prior to the loan approval.

In structures containing rental units not receiving HUD Section 8 rental assistance, the borrower must enter into a Rent Regulatory Agreement pertaining to those units assisted under the program. The Rent Regulatory Agreement assures the low-income tenant a fair market rent for a period of four years, thus avoiding displacement due to the cost of property improvements. Fair market rents are determined by HUD. See Appendix B.

Each year, on the anniversary of the loan, and for each rental unit on the property, the loan recipient must submit name of tenants, units in which they reside, current rental rates, utility types, and who pays the utilities. Additionally, each tenant must submit an updated self-certification income form.

The unit rent shall not increase for one year after loan closing. After the first year an annual increase of a maximum of 5% of the monthly contract rent is permitted. Then, in addition to the 5% increase, rents may be increased if additional debt service is incurred because of improvements to the property, and/or there are increases in property taxes and owner-paid utility costs. Any increase in rent shall be pro-rated between all the units.

The Rent Regulatory Agreement is meant to prevent tenants from having to move due to excessive rent increases, but allows reasonable increases for the owners to recover their operating costs. The Fair Market Rents as published in the Federal Register by HUD for the Bangor area are used as rental comparisons. The owners retain all other rights under Maine law pertaining to landlord/tenant relations. This Rent Regulatory Agreement is effective for four years.

The applicant must provide proof of ownership of the property to be rehabilitated.

Manufactured Home Assistance

Manufactured Home Assistance Rehabilitation loans shall only be made on manufactured homes built after July 15th, 1976. Loans will be made to eligible homeowners to bring the property up to HQS and the City's Code. Eligible activities include roofing, primary entrance stairs or ramps, windows, doors, and skirting. The property may be either located in a mobile home park or on privately owned land within the City of Bangor.

Manufactured Homes are not eligible for Deferred Loans, Grants or Investor Loans.

3.3 Allowable Improvements

Allowable improvements are defined as necessary items that improve the basic livability, safety, or utility of the residence. Any violations of state, federal or local codes relating to minimum standards for residential housing must be corrected. Examples of allowable improvements include, but are not limited to:

1. Repair or replacement of inadequate heating, electrical, or plumbing systems;
2. Insulation, paint, siding, roofing, floors, ceilings, walls, and windows;
3. Removal of asbestos, lead paint or other hazardous substances;
4. Accessibility improvements;
5. Improvements to an existing garage if the improvements substantially improve the basic livability or energy efficiency of the residential structure or when done in conjunction with other rehabilitation eligible work; and
6. Energy efficiency improvements.

Eligible improvements may include landscaping, walkways, driveways, and garages when done in conjunction with other eligible rehabilitation work to maintain homeowner insurance coverage, or if directly affected by the eligible rehabilitation work.

Mixed use properties are eligible, provided that 51% of the residential units are or will be designated for low income tenants. Only the residential portion of the property is eligible to be rehabilitated. Renovation of non-residential space is not eligible for funding through the Residential Rehabilitation Loan Program.

3.4 Prohibited improvements

Improvements, rehabilitation, or purchases that are not allowable under this Residential Rehabilitation Loan Program include, but are not limited to:

1. Any new construction;
2. Paving of walkways or driveways and/or landscaping not directly affected by the rehabilitation project;
3. Fireplaces, generators, heating fuel, and heat pumps;
4. Appliances not included in HUD's Housing Quality Standards;
5. Hot tubs, whirlpool baths or saunas;
6. Purchase and installation of furnishings; and
7. Fences.

3.5 Contractor Eligibility

To be eligible to work under the City of Bangor Residential Rehabilitation Assistance Program, the following contractor standards apply:

1. Insurance - The contractor and all subcontractors shall carry Worker's Compensation Insurance for all their employees in accordance with the Worker's Compensation laws of the State of Maine. The contractor and subcontractors shall carry Manufacturer's and Contractor's Public Liability Insurance with a minimum aggregate of one million dollars for personal injury or death, and for property damage with \$500,000 for each occurrence. The City of Bangor will be listed on all policies as a loss payee. The CDD may require bonding for contracts exceeding \$100,000. The CDD will require evidence of insurance prior to signing a construction contract.
2. License and Qualifications – the contractor shall have in effect a license if required by the City of Bangor or State of Maine. The contractor must have completed a Department of Environmental Protection approved lead-smart renovator's course if pertinent to the work being performed.
3. Credit – The City may require a list of credit references, names of suppliers, name of bank where contractor does business, and/or names and addresses of recent home improvement customers.
4. Debarment - The contractors past or current entity name shall not appear on the federal debarment list. CDD staff shall conduct a search of the contractor(s) prior to each award of bid.
5. Skill and Equipment – No approval of a contract shall be given unless the construction contractor can satisfactorily demonstrate that they and/or their subcontractor(s) have the necessary skills, equipment, and licensing (if

applicable), to perform the work in an efficient and expedient manner. The contractor may provide previous project references or photographic evidence as to their skill level.

3.6 Ineligible Contractors

If a contractor fails to comply with the eligibility standards set forth in this section or commits one or more of the violations listed below, the CDD shall remove the contractor from the list of eligible contractors and shall designate the contractor to be ineligible for future work under this program.

The applicant will not award any rehabilitation work, including other services, materials, equipment, or supplies to be paid for, in whole or in part, with the proceeds of the loan to any contractor or subcontractor whom the CDD has designated as ineligible. The CDD shall designate a contractor to be ineligible if it finds that the contractor has:

1. Committed one or more material violations of its obligations under a rehabilitation contract and has failed to cure all such violations promptly after 10 days written notice by the applicant or the CDD.
2. Engaged in a pattern of delay performance or failed to complete the work under a rehabilitation contract and has received written notice of such delay.
3. Failed to communicate in a courteous, prompt, and professional manner and such failure continued after written notice by the loan recipient or CDD staff.
4. Committed fraud and other illegal acts against the applicant or the City of Bangor, including but not limited to kickbacks and collusion.
5. Failed to pay subcontractors or suppliers on a timely basis, allowed a lien to be placed on the loan recipient's property, or otherwise failed to maintain good credit, and such failure continued after written notice from the loan recipient or CDD staff.
6. Threatened, intimidated, or harassed the applicant or City staff.

Once the CDD has designated a contractor to be ineligible, the Contractor shall remain ineligible for a minimum of two years and shall remain ineligible thereafter until the CDD determines, in its sole discretion, that the contractor has taken all necessary steps to ensure that no further violation will occur, provided that in the case of violations of 4 through 6 above the Contractor shall remain permanently ineligible.

3.7 Self-Help

A property owner may complete some or all the tasks required to rehabilitate the property if they have the degree of skill required to perform the work involved. Self-help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general clean up, demolition, cartage and disposal of debris, and for work that involves minimal use of materials and equipment.

1. Materials and Workmanship – The CDD will require information regarding the cost of materials for any self-help work prior to approval of the loan. The CDD may require evidence of workmanship on previous projects before accepting the owner's intentions to do their own work. The amount of the loan may include funds to pay for the materials to be installed and the rental of equipment necessary to perform the work.
2. Schedule – The Rehabilitation Coordinator and owner will establish a schedule of work items and projected completion date prior to loan closing.
3. Qualification – The owner must have completed a Department of Environmental Protection approved lead-smart renovator's course if pertinent to the work being performed.
4. Warranty – Workmanship performed by the owner shall not be warrantied, only material found to be faulty or defective shall be warrantied for a period of one year from project completion by the CDD.

Section 4

Administrative Requirements

4.1 Loan Approval

No more than one loan will be processed at one time on behalf of an applicant in which the same individual(s) or corporation has a substantial interest. The number of loans per property is not restricted, except that portions or components of structures previously rehabilitated are ineligible for assistance. Loan processing will be considered complete when an application is denied or when a properly executed loan agreement and promissory note is done in accordance with these guidelines.

Approval of the loan will be contingent upon:

1. The B&ED Committee's affirmative vote;
2. The applicant's ability to secure and/or provide a matching source from an institutional lender, owner financing, owner equity, insurance company and/or any other form acceptable to CDD, if an investor property;

3. An agreement to repay the interest-bearing loan; and
4. Verification that all property taxes, water/sewer fees, and all other city assessments are current.

4.2 Loan Review by Business & Economic Development Committee

Verifications and eligibility determination are completed by the CDD staff. Eligible loans will be presented with a staff recommendation to the B&ED Committee. The B&ED Committee will be responsible for approving or denying the loan request. The actions of the Committee shall be governed by the following:

1. A majority of the committee's members must be present to constitute a quorum. At least (3) votes on the prevailing side are required to constitute a valid vote on any loan application.
2. The BED Committee has the authority to adjust the terms, rates, and the match requirement ratios to make the loan meet national objectives and/or affordability.

The Business & Economic Development Committee reserves the right to simultaneously review applications from multiple properties owned by any one property owner or corporation in which the same individual(s) has a substantial interest. If there are economic reasons presented to justify joint bidding and development, these same properties shall be eligible for the same bid.

4.3 Review Criteria and Underwriting

The Housing Rehabilitation Coordinator will review all completed applications for assistance to confirm eligibility and feasibility of the rehabilitation project and to ensure that the required criteria are met.

After staff determines the project is eligible and feasible, a recommendation will be made to the B&ED Committee. In reviewing loan requests, city staff and the B&ED Committee shall be guided by, at a minimum, the following loan considerations:

1. Underwriting for Single Family Assistance Loans will include reviewing:
 - the applicant's ability to repay the debt;
 - the applicant's credit history and reputation;
 - that the applicant's property taxes and all other city assessments are current;
 - the applicant's collateral coverage must be adequate; and
 - the applicant's ability to commit matching funds.
2. Underwriting for Investor Assistance Loans will include reviewing:
 - the applicant's ability to repay the debt;

- the applicant's credit history and reputation;
- that the applicant's property taxes and all other city assessments are current;
- the applicant's collateral coverage must be adequate;
- the applicant's ability to commit matching funds;
- proof of ownership;
- annual insurance costs;
- annual property tax amount;
- mortgage payment schedule for all existing loans and proof all are current;
- annual utility costs;
- current appraised value;
- recent financial statement;
- recent income statement;
- demonstrated previous rehabilitation work;
- pro-forma analysis;

The loan underwriting pro-forma analysis will also include a vacancy factor (5-10%), property maintenance costs (8-10%), property management expenses (3-10%), a reserve for replacement (3% minimum), and owner's return on investment (5-15%). The project pro-forma analysis must clearly exhibit uncommitted funds sufficient to fully support the total rehabilitation cost. All operating expenses are to be included in the pro-forma analysis. The Debt Service Ratio of the property shall not be less than 1.2x coverage.

4.4 Applications

Application forms for the Residential Rehabilitation Loans are available from the Community Development Division, City of Bangor, Second Floor, 73 Harlow Street, Bangor, ME, 04401. Completed applications are to be submitted to the Community Development Division (CDD) for processing. The City will make available the services of CDD staff who will be responsible for the administration, management, and monitoring of CDBG assisted activities under this program.

Information about the programs is also available on the website
www.bangormaine.gov

Copies of all income sources (i.e. check stubs, statements, W-2 forms and State and Federal Income tax returns) shall be provided by the applicant. A certified financial statement or other documentation from an accountant or other acceptable source may be required of a corporation, partnership or other business enterprise. Written verification may be required from income sources.

CDD shall verify title by checking the records at the Penobscot County Registry of Deeds.

Applications shall be processed on a first-come, first-served basis, except Emergency Loan Applications which will have priority over other rehabilitation applications. Community Development staff shall use the receipt date of a

complete application to establish the order of priority. Current wages, household income determination, fair market rent amounts and unit vacancy from the application date shall be used to determine eligibility and terms.

The Terms and Conditions of the Residential Rehabilitation Loan Program are set forth in the “Rehabilitation Agreement” (see Appendix C). It provides the applicant with an understanding of all requirements by which the applicant must comply to secure and maintain a rehabilitation loan.

4.5 Environmental Review

Community Development Block Grant (CDBG) regulations require the preparation of a project Environmental Review Record (ERR) and environmental clearance before funds are expended or costs incurred. The ERR contains all the environmental review documents, public notices, and written determinations or environment findings required by 24 CFR Part 58. The environmental review process covers all phases of a project, whether the project is funded in whole or in part with CDBG funds. No project or activity will be initiated until CDD completes an environmental review and all necessary approvals have been secured.

Federal regulations require that CDD determine if project activities will cause adverse impacts to the human environment. The human environment is defined as the natural and physical environment and the relationship of people with that environment. The overall governing legislation is the National Environmental Policy Act (NEPA). CDD must also determine whether the project meets other applicable statutory and regulatory requirements such as those of the Advisory Council on Historic Preservation and the Environmental Protection Agency.

CDD will review the checklist (if applicable) and use it as the basis for developing an ERR. The time required for completion of the ERR can vary from three weeks to three months. If the initial Environmental Assessment determines that an Environmental Impact Statement (EIS) is necessary, the subrecipient will be required to make appropriate budget modifications to assure the costs of the EIS is paid from project funds. After completing the ERR, CDD will publish a notice (if required) of a Combined/Concurrent Notice of Finding of No Significant Environmental Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOI/RROF). After the release of the funds by HUD, CDD will provide the Subrecipient a written notice to proceed with the project. Subrecipients shall NOT implement any project activities or incur any project costs until receipt of the notice to proceed with the project.

Subrecipients shall retain a copy of the Environmental Assessment Checklist (if applicable) and CDD's written notice to proceed.

4.6 Inspections

If it appears that the applicant and property are eligible for a loan, an initial inspection will be scheduled with the applicant and the Rehabilitation Coordinator. Rehabilitation requirements will be determined during the initial inspection.

An inspection report shall be prepared by the Rehabilitation Coordinator and mailed to the applicant. The inspection report shall list the rehabilitation requirements to bring it into compliance. Once the owner has reviewed the inspection report, the Rehabilitation Coordinator creates technical specifications for contractor bidding.

The CDD shall have the right to inspect all rehabilitation work financed in whole or in part with the proceeds of the loan. The CDD will inform the owner and/or contractor of any noncompliance with respect to the rehabilitation work and the corrective action needed. The CDD will verify that all work has been done according to the specifications. No payment shall be made until the work is acceptable. The owner and contractor will take all steps necessary to assure that the CDD is permitted to examine and inspect the rehabilitation work.

4.7 Bid Process

The CDD staff shall do their due diligence to obtain a minimum of three (3) proposals for the rehabilitation work. A mandatory pre-bid walk through of the property with the owner, contractor, and Housing Rehabilitation Coordinator shall be required. Contractors will provide a detailed cost breakdown of material and labor for each job specification for the overall project bid. The CDD may require that information pertinent to materials be submitted for approval.

Competitive proposals shall be solicited from a CDD list of pre-qualified, eligible general contractors. The bids are presented to the applicant and the applicant chooses the proposal of their choice. The applicant is not bound to contract with the lowest qualified bidder; however, in the event of choosing a higher bid the applicant must provide private funding for the difference in cost.

4.8 Cost Reasonableness

Cost reasonableness of the contractor's proposals shall be determined by the Housing Rehabilitation Contractor. Determination shall be based on a cost analysis of current market values of materials and labor, as well as experience of the Housing Rehabilitation Coordinator, square foot cost, previous similar pricing, additional resources, and the affordability of the applicant to repay the loan. Should the project be determined not feasible, the Coordinator must document in the file and either request proposals a second time or sole-source the project with approval of the owner and CDD Director.

4.9 Construction Contract

The owner and contractor will execute a contract agreement at the time of loan closing which is acceptable to the CDD. Assurance will be required of the contractor and owner that the rehabilitation work will be carried out efficiently and within a reasonable period. The contractor shall secure all necessary permits prior to the start of work at their own expense. No change to the rehabilitation contract work shall be allowed unless approved by the CDD, owner, and contractor.

Any additional work above and beyond the scope of work within the executed contract shall be reviewed by the owner, contractor, and CDD staff. For changes up to \$2,000, approval may be made by the CDD Director. For changes exceeding \$2,000, approval from the B&ED Committee shall be required.

The contractor will provide a written estimate of materials and labor to the owner and Rehabilitation Coordinator. Any approval of changes involving cost will be supported through the execution of a change order between the contractor and owner. Disbursement of change order items may be paid upon receipt of invoices and inspection by the CDD.

4.10 Termination of Contract

The CDD may terminate the rehabilitation contract, in whole or in part, whenever the CDD determines that such termination is in the best interest of the CDD or the applicant, without showing cause, and upon giving thirty (30) days written notice to the contractor. The CDD will pay all invoices for services up to the date of termination. The contractor will not be reimbursed for any profits that may have been anticipated but have not been earned up to the date of termination.

When the contractor has not performed or has unsatisfactorily performed the rehabilitation contract, the CDD may terminate the rehabilitation contract for default. Upon termination for default, payment may be withheld at the discretion of the CDD. Failure on the part of the contractor to fulfill contractual obligations shall be considered just cause for termination of the rehabilitation contract.

4.11 Loan Closing

A loan closing shall be completed prior to contractors starting work and shall include, but not be limited to, a mortgage instrument to be recorded at the Penobscot Registry of Deeds and/or State of Maine, Division of Corporations, and a promissory note in the full amount of the City's loan.

4.12 Amended Loans

If unforeseen project costs exceed the original rehabilitation estimates plus any project contingency, the CDD may increase the loan by \$2,000 without approval of the BED committee. Change orders exceeding the loan amount and the \$2,000 amendment shall require approval of the B&ED committee.

4.13 Cancellation

A loan approval shall be valid for six (6) months. If there has been no loan closing or commencement of work within six months, it will be necessary for such a loan to be reconsidered by the B&ED committee with new current financial information and application.

The applicant shall have four business days from the closing date in which to exercise their right to cancel of the loan.

4.14 Records Retention

24 CFR Part 570 Section 200.333 requires that record retention for recipients (the City of Bangor) shall be a period of four (4) years from the date of execution of the closeout agreement for a grant. Records for individual activities subject to the reversion of assets provisions as 570.503(b)(7) or the change of use provisions at 570.505 must be maintained for three (3) years after those provisions no longer apply to the activity; and records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained for three (3) years after the receivables or liabilities have been satisfied.

4.15 Disbursement of Funds

After receiving appropriate invoices and inspecting the rehabilitation work, progress payments shall be authorized and payable directly to the contractor by the CDD. Unutilized funds may be applied to reduce the principal and interest of the City and private funds to maintain the 75% City and 25 % private participation.

4.16 Lead Safe Practices

All homes built prior to 1978 will be subject to HUD's standards for lead safety for renovation, repair, and painting. All recipients of a rehabilitation loan from the City of Bangor will be supplied with lead hazard information including HUD's *Renovate Right* pamphlet and *Protect Your Family from Lead in Your Home*. Clearance testing of the construction area will be performed to confirm the presence or absence of lead hazards after the work is completed. The contractor, owner, and Rehabilitation Coordinator will work closely together to minimize the need to displace occupants of a dwelling unit, as well as ensure no residents of the property are affected by lead hazards

If children under the age of 6 are present, temporary relocation may be necessary to perform the work. An owner or occupant may be required to temporarily move from their home. If lead based paint is found or presumed to be present, various measures will be performed. Grant funds may be available to assist with relocation expenses (see section 5.5).

Section 5

Other Programmatic Requirements

5.1 Bonus, Commission or Fee

No applicant shall pay any bonus, commission, or fee for obtaining approval of the grant application, or for any other approval or concurrence as may be required by the City, pursuant to the provisions of this Program.

5.2 Disclosure of Information

The City is a municipality and therefore subject to the Maine Freedom of Access Act, 1 M.R.S.A. 401 et seq. Further, the Freedom of Information Act of 1966 (5 U.S.C. § 552) FOIA and the Privacy Act of 1974 (5 U.S.C. § 552a), as implemented by USDA's regulations (7 CFR §1, Subpart A) also governs that certain information may be released and the city cannot withhold certain information from being released to the public in connection with this program.

5.3 Conflict of Interest

No person who is:

- an employee, agent, consultant, officer, appointed official of the City, or of any designated public agencies, or of subrecipients that are receiving funds with respect to the program, or anyone who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted; or
- in a position to participate in a decision-making process or gain inside information regarding eligible activities under this program; or
- an elected City official, director of any municipal department, an employee of the City's CDBG Staff, Planning Board, or Board of Appeals, nor any member of their family,

may obtain a financial interest or benefit, directly or indirectly, from a CDBG assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG assisted activity, or with respect to the proceeds of the CDBG assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure and for one year thereafter with the program assisted under this grant; and the Subrecipient shall take appropriate steps to assure compliance.

5.4 Housing and Community Development Act of 1974, Equal Opportunity Policy, Age Discrimination, and Section 504 of the Rehabilitation Act of 1973

Section 109, Title I of the Housing and Community Development Act of 1974, provides that no person shall, on the grounds race, color, national origin, or sex, 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 funds made available under this program.

The City shall not discriminate based upon sex, age, race, creed, color, religion, national origin, marital status, ancestry or physical handicap in either the awarding of a contract for rehabilitation of property assisted by a Program grant, or in accepting applications and processing Program grants.

The City of Bangor complies with the provisions of the Age Discrimination Act of 1975, prohibiting against discrimination based on age, or with respect to an otherwise qualified handicapped individual, as provided in Section 504 of the Rehabilitation Act of 1973.

The City complies with Title VI of the Civil Rights Act of 1964, which provides that no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

5.5 Temporary Relocation

Based on the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and under unusual circumstances, temporary relocation of occupants may be necessary due to rehabilitation activities, such as, lead-based paint reduction activities, utility service interruption, or an emergency, and is permissible.

The CDD will coordinate with both the borrower and the contractor to minimize the relocation time. A relocation expense is eligible if the owner first obtains approval for the expense by program staff before incurring the cost. After obtaining approval, the applicant is required to pay for the expense first and then submit eligible paid receipts to program staff for reimbursement. CDD staff have the right to approve or deny each reimbursement request, to determine whether a need exists, and the amount of reimbursement to be paid. Applicants will be reimbursed for eligible expenses by check, up to the stated limit of \$3,000, within 30 days of each paid receipt submission.

Eligible Relocation Expenses

- costs for temporary living quarters, such as hotel, motel, apartment or a short-term lease. If the family uses a pre-paid temporary housing unit, no funds will be dispersed directly to the family for rent. Only household members identified on the CDD application are eligible for reimbursement;
- costs for commercial storage. Locks purchased to secure the commercial storage unit are ineligible;
- costs for professional moving assistance and boxes.
- payments to relatives and/or friends for moving assistance are ineligible;
- costs for commercial rental moving truck. Gasoline expenses are ineligible.

Ineligible Relocation Expenses

- paid receipts not on business letterhead and any receipts program staff deny;
- packing, cleaning of existing house, and/or cleaning of rental upon departure of displaced homeowner;
- persons who are not living in the household at the time of the application
- any damage to the hotel/motel;
- local and long-distance calls are not eligible for reimbursement;
- cable service will not be provided unless motel/hotel provides cable with the room as part of the room cost;
- any property missing from the hotel/motel during the temporary relocation;
- insuring property in a temporary unit or in storage. Locks purchased to secure temporary storage units;
- all food costs and gasoline expenses for personal automobile and/or commercial rental moving trucks;
- costs of transportation will be the sole responsibility of the family. The CDD will not pay for mileage reimbursements;
- routine daily maintenance of a rental unit and cleaning costs for a temporary unit upon exit;
- PO Box or mail transfers and all utilities while relocated including all utilities at the rehabilitated property;
- all paid receipts dated before the closing date;
- all paid receipts dated more than 30 days after the signed date of the Final Inspection Concurrence Warranty Information form;
- any paid receipts submitted after the \$3000 maximum has been paid; and
- payments to relatives and/or friends for moving assistance and/or temporary living quarters.

This relocation assistance policy does not pertain to emergency housing for citizens not in the City of Bangor. Relocation assistance is not available for hurricane/wind, water/flood, fire/smoke, or other natural or manmade related housing emergencies. All household belongings must be removed from the property by the owner so that the home is totally vacant before the repairs or reconstruction can begin.

The applicant must consult with CDD staff to determine if any animals or pets can remain on the site during the temporary relocation. Animals normally kept out of doors, such as small livestock or caged birds, may be left on the premises if arrangements can be made for their care. All expenses are the applicant's responsibility. Residents are encouraged to find safe, suitable lodging for pets during the temporary relocation. All expenses are the applicant's responsibility.

Relocation payments are not considered as income for federal or state income tax purposes. They do not affect eligibility for Social Security payments, welfare, or other related governmental assistance.

5.6 Program Marketing

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation, be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

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APPENDIX A

GROSS INCOME ELIGIBILITY GUIDELINES Low- and Moderate-Income Limits

Effective: 07.01.2021

# of Persons in Unit	RR Loan (80%) *	RR Deferred Loan (50%) **
1	\$40,750	\$25,450
2	\$46,550	\$29,100
3	\$52,350	\$32,750
4	\$58,150	\$36,350
5	\$62,850	\$39,300
6	\$67,500	\$42,200
7	\$72,150	\$45,100
8	\$76,800	\$48,000

These amounts are updated and changed annually by HUD.

* owners and tenants (low income)

** owner occupied dwellings only, 2 units or less (very low income)

APPENDIX B

FAIR MARKET RENTS

Effective 10.01.2021

Efficiency (Zero BR)	\$708
One Bedroom	\$826
Two Bedroom	\$1,057
Three Bedroom	\$1,315
Four Bedroom	\$1,729
Five Bedroom	\$1,988
Six Bedroom	\$2,247
Seven Bedroom	\$2,507

These amounts are updated and changed annually by HUD.

APPENDIX C

RESIDENTIAL REHABILITATION LOAN PROGRAM REHABILITATION AGREEMENT

(This signed form must accompany the loan application)

The applicant must agree to these Terms and Conditions to obtain a rehabilitation loan. These terms and conditions will be incorporated into the mortgage and/or other security instruments and the Promissory Note.

A. General

By program rule, the City is required to authorize only that work which is necessary to make your home safe. This is not a program that remodels homes for things that would be nice to have but are not necessary.

The documents containing all specific terms and conditions which an applicant must sign in order to close a Residential Rehabilitation Loan are the following: Rehabilitation Agreement, Terms and Conditions, Promissory Note, and Mortgage or other security instrument.

The City of Bangor views the documents executed at the loan closing as a contractual agreement between the Borrower and the City. To fulfill this agreement, the Borrower must:

1. Complete within six (6) months all rehabilitation work as described in the loan application submitted by the applicant and approved by the Business & Economic Development (B&ED) Committee.
2. Repay in full and in the manner prescribed, all loan money disbursed to the borrower by the City of Bangor through the Loan Program.
3. The borrower accepts ultimate responsibility for fulfillment of this agreement and further agrees that:
 - a. To furnish information on personal income and expenses for purposes of processing the loan, rent regulatory inspections and for any other necessary purposes associated with the loan;
 - b. To use the property as principal residence or rent to LMI (low to moderate income) tenants if investment property (a minimum of 51% of tenants must be LMI);

- c. All property taxes are paid up to date and no liens are placed on the property;
 - d. No rehabilitation work will be started until the Rehabilitation Coordinator notifies them that work can begin. Any work started prior to notification will not be reimbursed;
 - e. If any assistance provided is with deferred loan funds, they will be required to occupy the property. If any property, assisted with CDBG funds is sold or transferred, the balance of the loan will be payable in full. Loans are not transferable.
 - f. If assistance is provided to rehabilitate a multi-family property there will be restrictions on rent levels and tenants must self-certify their incomes annually;
 - g. If any tenant must be relocated because of rehabilitation work under this program the tenant will be provided a 30-day notice prior to a moving date;
 - h. Other verbal agreements or written contracts entered into for the completion of any rehabilitation activity is made solely between the Borrower and the respective contractor and/or supplier; and
 - i. To hold harmless the City of Bangor and its agents from all disputes or claims of any nature for damages which may arise from the performance of any rehabilitation activity.
4. Investment property rehabilitation work shall be completed within 12 months from the loan closing date.

B. Project Loan Note

At the time of loan closing, the applicant will be required to execute a promissory note and a mortgage for the full amount of the loan. From this point on, the applicant will be known as the "Borrower". The note or mortgage will provide for payment of the loan according to a repayment schedule. It will establish the time and place for delivery of payments, the amount, the maturity date, and it will provide for any loan security or additional stipulations.

C. Loan Cancellation Provisions

The City of Bangor, at its option, reserves the right to make due and payable the borrower's entire indebtedness if, after 60 days from the date of execution of the note, the Borrower has failed or refuses to commence rehabilitation improvement activities. Further, the City, at its option, may make due and payable the Borrower's entire indebtedness if after six (6) months (commencing on the date of the loan closing) the owner has not fully completed the rehabilitation activities. Other loan cancellation or acceleration provisions are contained in the Promissory Note.

D. Terms and Interest Rate

All permanent financing will carry a maximum term and interest rate for the full term of the note, except those conditions outlined in Section E below "Interest Penalty" as follows:

	Interest Rate	Maximum Term	Maximum Amount
Single Family Traditional Loan	3%	20-year	\$50,000 maximum
Single Family Deferred Loan	3%	20-year	\$50,000 maximum
Investor Loan	rate set at closing	20 year	\$25,000 first unit, \$20,000 additional units
Emergency Loan	3%	10-year	\$15,000 maximum
Mobile Home Loan	3%	10-year	\$10,000 maximum

Interest will begin accruing daily upon the first disbursement. Interest rates for any matching portion of the loan will be individually negotiated between the loan applicant and the respective lending institution providing the match. Terms and Interest Rates may be set and/or waived by the B&ED committee.

The interest rate for loans for the rehabilitation of investor owned properties will be fixed at the Federal Home Loan Bank of Boston amortized rate at the time of the loan closing. The Business and Economic Development Committee has the authority to adjust the terms, rates and the match requirements if needed to make a project financially feasible.

E. Loan payments, Late Charges and Interest Penalties

Repayment of a loan is a legal responsibility. If you receive an amortizing loan you will be required to make regular monthly payments. If you receive a deferred loan there will be no monthly payments. However, you will be obligated to pay the loan back with 3% interest should you sell or transfer the home.

Loan payments are payable to the Department of Community Development, without late charge, from the first to the tenth day of each month. The Borrower's first payment will be due no more than 45 days after loan closing. Payments made on or after the eleventh day of the month are considered delinquent and subject to the application of a late charge of five percent (5%) of the Borrower's monthly loan payment. If you have any questions concerning your monthly payment you should contact the City.

The Borrower's failure to make any monthly payment in full within thirty (30) days of the date when due, or the borrower's failure to make full payment of any late charge or interest penalty within thirty (30) days of the date assessed, shall constitute a default. Failure to make loan payments will put you at risk of foreclosure. Delinquent status of loans will be reported to major credit bureaus.

F. Loan Default

The entire principal balance and all accrued interest shall become immediately due and payable without notice or demand upon the foregoing events:

1. The Borrower's failure to make any monthly payment in full within 30 days of the date when due, or the borrower's failure to make full payment of any late charge or interest penalty within 29 days of the date assessed, shall constitute a default;
2. The commencement of any proceedings by or against the developer under any bankruptcy or insolvency laws;
3. The dissolution of, insolvency of, appointment of a receiver for, or assignment for the benefit of creditors of any property of, the developer;
4. Loss of, substantial damage to, destruction of, sale of, encumbrance upon (whether first or second position to this note and the mortgage securing this note), seizure of, levy against, attachment of, failure to pay any property taxes or other city utilities or insurance premiums on the project property;
5. Failure to maintain affordable rental charges, as required in Appendix B.

The applicant shall also be in default upon a determination by the Director of Community Development that the application has violated any part of the terms and conditions under which rehabilitation loans are made, and/or the rent regulatory agreement (if applicable).

G. Security

Rehabilitation Loans will require an acceptable security instrument. The cost of preparation and registration of the security document will be the borrower's responsibility to bear and will be payable to the city at the time of the loan closing.

H. Inspection

A Borrower agrees to permit inspection of the property, rehabilitation work and all contract agreements, materials, equipment, payrolls, and conditions of employment pertaining to the rehabilitation project by the City's Community Development Department and/or Code Enforcement personnel as deemed necessary for the residential rehabilitation loan program.

I. Municipal Codes and Conditions

The Borrower agrees to follow the procedures and conditions of all established and applicable municipal ordinances in the physical rehabilitation and maintenance of improved property. Work not meeting minimum standards and procedures established by code is unacceptable for disbursement of any loan funds. The Borrower agrees to code enforcement inspections for other properties owned by borrower located in the City of Bangor and to correct, if any, all critical life-safety code violations that may be reported.

J. Disbursement of Rehabilitation Loan funds

After receiving appropriate invoices and inspecting the rehabilitation work, progress payments shall be authorized by the Borrower and the CDD. Invoices received by the end of the day on Friday, will be processed for payment and the disbursement shall be available no later than the following Friday.

Repayment of the loan will begin 90 days after the loan closing.

The above is contingent upon approved rehabilitation activities being completed according to applicable municipal codes. No money will be disbursed to reimburse the Borrower for improvements made to the property which were not approved by the Rehabilitation Coordinator before they were commenced. Prior to loan closing, the Borrower and the participating lender (if applicable) are required to enter into an agreement to escrow all participating lender loan funds and to permit disbursement only upon certification by the City that the work and materials for which payment is requested has been performed and verified by the Rehabilitation Coordinator in accordance with the terms of the loan.

K. Use of funds

The funds must be used to carry out only approved rehabilitation activities. Any rehabilitation loan funds not expended upon completion of the approved rehabilitation activity must be returned to the City as a loan repayment to reduce principle and interest amount. This will **NOT** affect your interest rate or monthly payment. It may shorten the loan term only as well as the final pay off date.

L. Prepayment of Note

The Borrower may prepay any or all outstanding principal to the City at any time without penalty.

M. Transfer of Improved Property

Ownership or control of a property improved with rehabilitation loan funds cannot be transferred in any manner to another individual, partnership or corporation until the entire amount of the outstanding loan balance is repaid, in full, to the City.

N. Insurance

The Borrower is required to maintain hazard insurance on the improved property for the full term of the note and for an amount equal to the total value of all mortgages held on the property. Prior to disbursement of rehabilitation loan funds, the City shall be listed as a loss payee on the policy for the property.

O. Records

The Borrower agrees to keep such records as may be required by the City of Bangor with respect to the rehabilitation activities.

P. Contractor Minimum Standards

You must select a contractor from the City of Bangor's pre-qualified pool of contractors. This list can be provided to you. If you know of a contractor you would like to use for your project, that contractor may apply to become pre-qualified for the program and will have an opportunity to bid on the project if approved.

A pre-qualified contractor has demonstrated proof of workers compensation and liability insurance, lead paint certification, established trade credit, references, assurances that the company does not appear on a state or federal debarred list, knowledge of local codes and a willingness to sign and adhere to the Attorney General's standard construction contract. The City does not guarantee the work of the contractor, the contractor does.

The CDD will write the job specifications, send the project to bid and review the bids with you. There will be a minimum of three bids from pre-qualified contractors. If you choose a contractor whose bid is higher than another, you will be responsible for paying the difference between the lowest qualified bid and the bid you chose. Those funds will be required at the loan closing to be deposited into the escrow account.

Q. Contracts, Permits and Licensed Technicians

The State of Maine requires many trade persons to be licensed. Common examples include plumbers, electrician and HVAC technicians. Contractors that disturb painted surfaces in pre-1978 homes must be trained as Lead-Smart Renovators. The contractor must provide proof of any required licensing or training. Verify that the contractor has obtained building permits to do the work. Some types of rehabilitation do not require permits. Building permits must be displayed at the job site and copies will be kept by the City.

The City requires the use of a standard construction contract based on the Maine Attorney General's model contract for home construction and repair. The City will provide the contract to you.

R. Lead Safe Practices

The City of Bangor is required to assure that rehabilitation work is performed using lead safe practices. Before obtaining a rehabilitation loan, homeowners with homes built prior to 1978 will need to agree to a lead paint assessment. This may delay work under your rehabilitation loan.

If children under the age of 6 are present, temporary relocation may be necessary to perform the work. You may be required to temporarily move from your home. If lead based paint is found or presumed to be present, various measures will be performed. Grant funds may be available to assist you with relocation expenses.

S. Points of agreement with respect to Federal, State and Local Regulations

The Borrower further agrees to abide by all terms and conditions of Federal Regulations, including:

1. Federal Labor Standards: The Borrower must abide by established minimum wage rates (Davis Bacon Act as supplemented by Department of Labor

regulations) contained in entitlement grant regulations for all commercial construction contracts awarded more than two thousand (\$2,000) dollars. This also applies to residential properties with more than eight (8) units.

2. Lead-Based Paint Hazards: Any rehabilitation loans made by the City of Bangor shall be subject to the current federal regulations contained in entitlement grant regulations 24 CFR Part 35 provisions providing for the elimination of lead-based paint hazards.
3. Fair Housing Act: The Borrower must not discriminate upon the basis of race, color, creed, or national origin in the sale, lease, rental or occupancy of an improved property and will comply with the Fair Housing Act of 1968 as amended.
4. Flood Hazard Insurance: If the property to be improved is in a designated flood hazard area, the applicant is required to carry flood plain insurance in accordance with the National Insurance Act of 1968 (as amended) and abide by the regulation of the Flood disaster Protection Act of 1973 as contained in Entitlement Grant Regulations 24 CFR 570.605.
5. Civil Rights Act of 1964: The Borrower must not discriminate upon the basis of race, color, creed, or national origin in the sale, lease, rental or occupancy of an improved property and will comply with Title VI of the Civil Rights Act of 1964 and the Civil Rights Act of 1968 and Section 109 of the Housing and Community Development Act of 1974, and in accordance therewith, no person in the United States shall, on the ground of race, color, national origin, religion, age or sex be excluded from participation in, be denied the benefits, or be subjected to discrimination under, any program of activity funded in whole or in part with the Community Development funds or any other federal financial assistance. The operating agency will immediately take any measure necessary to effectuate this agreement.
6. Interest of Certain Federal officials: No member of or Delegate to the congress of the United States, and no Federal Housing Commissioner shall be admitted to share any part of this Program or any benefit to arise from the same.
7. Interest of Members, Officers, or Employees or Operating Agency, Members of Local Governing Body or Other Public Officials: No member, officer or employee of the Department of Community and Economic Development (planning, community development, economic development or code enforcement) or its agents or assignees, no municipal officer of the City and no other members of any board or commission, elected or appointed official of Bangor or employee of the City of Bangor, who exercises any decisions-making functions or responsibilities regarding the Community Development Program, shall have any direct or indirect pecuniary interest in any contract subcontract or the proceeds thereof for work to be performed in connection with the program assisted under this agreement.
8. Bonus, Commission or Fee: The Borrower cannot pay any bonus, commission or fee for obtaining the City of Bangor's approval of the loan application, or any other approval or concurrence required by the City of Bangor or its designee to complete the rehabilitation work, financed in whole or in part with the rehabilitation loan.

T. Resolution of Disputes

The City uses a standard procedure for resolving disputes between the homeowner and the contractor, concerning the rehabilitation of a home. The Rehabilitation Coordinator is initially responsible for resolving disputes. If a dispute arises concerning the provisions of the signed contract or the performance by the parties, contact the Rehabilitation Coordinator immediately and describe your complaint. You must submit your complaint in writing. Failure to provide a written complaint may result in no action on part of the City. If the Rehabilitation Coordinator is unable to resolve your dispute the following process will be initiated.

Notice of Dispute – Within five business days of becoming aware of a dispute that is not resolved, the Rehabilitation Coordinator will notify the parties of the dispute and send it to the appropriate City agency.

Informal Conference – The Rehabilitation Coordinator will set up an informal conference to be held within fifteen days from the date the City becomes aware of the dispute. The Rehabilitation Coordinator will notify all parties of the date, time and place of the informal conference considering the schedule of all parties and the severity of the dispute. If the informal conference produces a resolution, the Rehabilitation Coordinator will prepare a document signed by all parties that plainly state the agreed upon resolution.

Binding Arbitration – A construction escrow agreement among the contractor, the homeowner and the City will contain a binding arbitration clause. If the informal conference does not produce a resolution, the City will issue a document stating that no resolution was reached and the parties will participate in a binding arbitration proceeding to be held as soon as possible after the informal conference. Unless the City, homeowner and the contractor otherwise agree, the arbitration shall be conducted in accordance with the construction industry arbitration rules of the American Arbitration Association.

U. Rehabilitation of Existing Homes is Not Always Easy

Existing homes, especially older ones, tend to settle or shift over time. Shifting overtime causes windows, doors, ceiling walls and floors to not be as “square” or level as they were when newly constructed. Homeowners should not expect that rehabilitation will result in a perfectly square, level or smooth result when the work is completed.

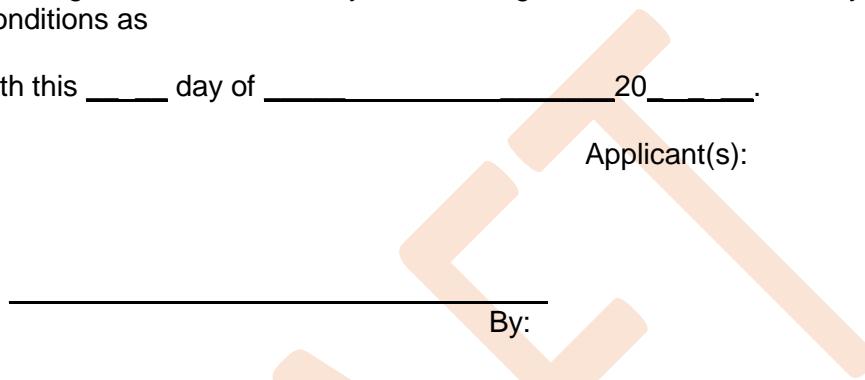
It can be stressful living in a home that is undergoing rehabilitation. The work can be noisy and disruptive. Many contractors have a backlog of work; thus, it may take several weeks to complete the work on your home.

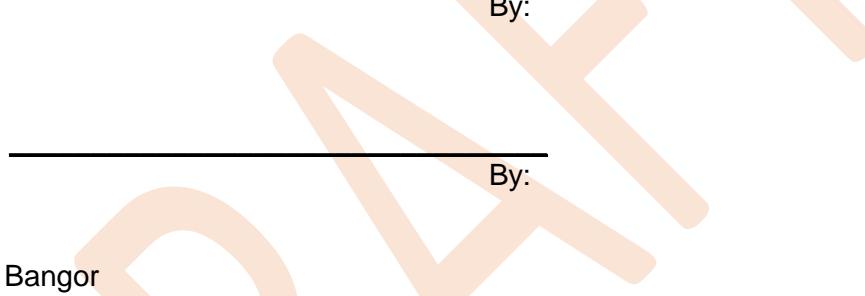
Use of utilities such as electricity will be required during the work. Homeowners may see an increase in electric and heating bills during rehabilitation. Utility bill are the responsibility of the homeowner, not the contractor.

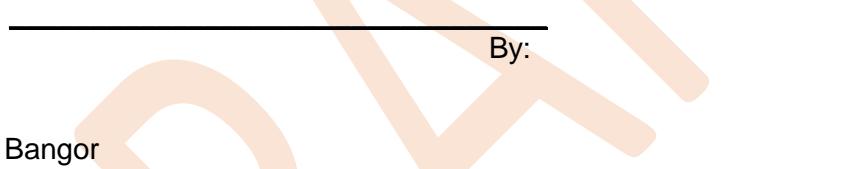
The homeowner is responsible for securing pictures on walls, items in cabinets or on shelves that may fall when work is being conducted. Houses always need maintenance. It is a good idea for the homeowner to save a little each month for future repairs and maintenance.

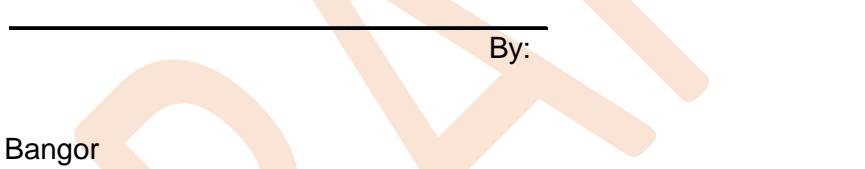
**IF YOU DO NOT UNDERSTAND ALL OF THE INFORMATION IN THIS
DOCUMENT, PLEASE CONTACT THE CITY FOR CLARIFICATION BEFORE
SIGNING.**

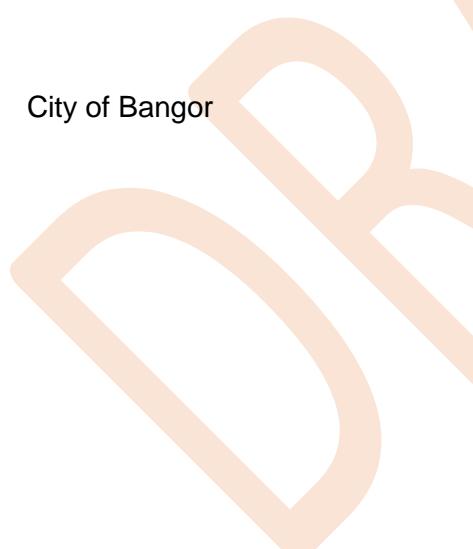
The undersigned certifies that they are in full agreement and will abide by these Terms and Conditions as

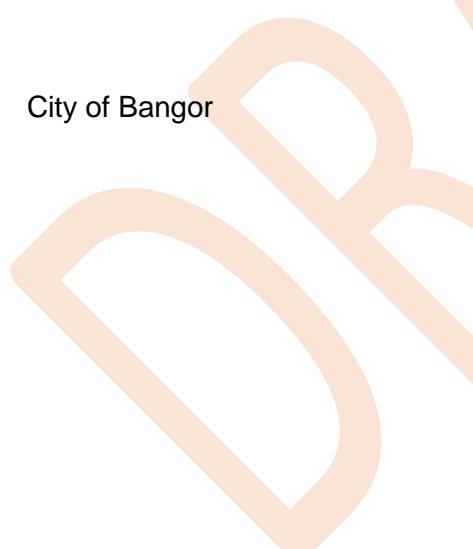
Set forth this _____ day of _____ 20 _____.


Applicant(s):


By:


By:


City of Bangor


By:


MEMO

To: Advisory Committee on Racial Equity, Inclusion, and Human Rights
From: Courtney O'Donnell, Assistant City Manager
RE: Proposed Ordinance Discussion: Ending Sale of Flavored Tobacco
Date: October 8, 2021

This item was brought before the Government Operations Committee for initial discussion on Sept. 8th. The Committee voted to move the item to full Council. All proposed ordinances require two readings at two separate Council meetings. The first reading was held on Sept. 27 and the Council voted to refer it back to Government Operations Committee meeting of Oct. 4 for additional discussion and public comment. The Council also asked that this Committee review the item for a potential recommendation/suggested changes. The item will go back before the Council at their Oct. 25th meeting.

The Government Operations Committee meetings of Sept. 8th and Oct. 4th can be found on our website at www.bangormaine.gov/video and links to the packets provided at those meetings are below.

When reviewing the proposed ordinance, it is important to keep in mind the Committee's mission as laid out in City Ordinance. "Review applicable ordinances, policies, and programs to ensure that they promote the goal of accepting, respecting, and valuing differences, including attributes such as age, race, gender, ethnicity, religion, sexual orientation, gender expression, sexual identity, ability, language, family circumstances and cultural backgrounds. These efforts will assist Bangor's community in developing diversity and inclusion." [Click here for full ordinance.](#)

There is expected to be members of the public who wish to address the Committee. Due to limited time, public comment will be limited to two minutes per person. Any recommendation to the Council by the Committee will need to be voted on (roll call if there is remote participation).

Helpful Links:

[9.8 Government Operations Committee.pdf \(bangormaine.gov\)](#)

[10.4 Government Operations Committee.pdf \(bangormaine.gov\)](#)



CITY COUNCIL ACTION

Council Meeting Date: September 27, 2021

Item No: 21-350

Responsible Dept: Legal

Action Requested: Ordinance

Map/Lot: N/A

Title, Ordinance

Amending the Code of the City of Bangor to Add Chapter 119 – Flavored Tobacco and Nicotine Products

Summary

This Ordinance amends the Code of the City of Bangor to ban the sale, display, marketing, and advertising of flavored tobacco products. Such ban applies to all retailers within the City of Bangor. The proposed ordinance imposes a fine between \$50 and \$100 for the first violation within a twenty-four month period and \$300 and \$1,000 for each subsequent offense within that twenty-four month period.

Committee Action

Committee: Government Operations

Meeting Date: September 8, 2021

Action: Recommend Passage

For: 5

Against: 0

Staff Comments & Approvals

City Manager

City Solicitor

Finance Director

Introduced for: First Reading and Referrals - Referred to the Government Operations Committee meeting of October 4, 2021 and Advisory Committee on Racial Equity, Inclusion and Human Rights meeting of October 12, 2021



CITY COUNCIL ORDINANCE

Date: September 27, 2021

Assigned to Councilor: Nichols

ORDINANCE, Amending the Code of the City of Bangor to Add Chapter 119 – Flavored Tobacco and Nicotine Products

WHEREAS, according to the Maine Center for Disease Control & Prevention, twenty-eight percent (28%) of Maine High School students report current use of e-cigarettes,

WHEREAS, seventy percent (70%) of teen e-cigarette users cite flavors as a reason that they use the product,

WHEREAS, fifty percent (50%) of high schoolers who smoke cigarettes use menthol cigarettes,

WHEREAS, eighty percent (80%) of youth who use any type of tobacco product started with a flavored product,

WHEREAS, according to the Flavors Hook Maine Kids Campaign, there are over fifteen thousand (15,000) flavored tobacco products on the market,

WHEREAS, according to the Centers for Disease Control and Prevention (“CDC”), e-cigarettes are not safe for youth or young adults and contain nicotine, which can harm adolescent brain development, and

WHEREAS, the CDC states that “cigarette smoking remains the leading cause of preventable death and disability in the United States,”

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BANGOR AS FOLLOWS, THAT

The Code of the City of Bangor is amended to add Chapter 119 as follows:

CHAPTER 119: FLAVORED TOBACCO AND NICOTINE PRODUCTS

§ 119-1 Definitions.

As used in this Chapter, the following terms have the following meanings:

ELECTRONIC SMOKING DEVICE

Any device that may be used to deliver any aerosolized or vaporized substance to the person inhaling from the device, including, but not limited to, an e-cigarette, e-cigar, e-pipe, vape pen, or e-hookah. Electronic smoking device includes any component, part, or accessory of the device, and also includes any substance that may be aerosolized or vaporized by such device, whether or not the substance contains

nicotine. Electronic smoking device does not include drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in the Federal Food, Drug, and Cosmetic Act.

FLAVORED TOBACCO PRODUCT

- A. Any tobacco product that imparts a taste or smell, other than the taste or smell of tobacco, either prior to, or during the consumption of, a tobacco product, including, but not limited to, any taste or smell relating to fruit, menthol, mint, wintergreen, chocolate, cocoa, vanilla, honey, or any candy, dessert, alcoholic beverage, herb, or spice, or
- B. Any tobacco product that is, within the City of Bangor and by a retailer, advertised, displayed, or packaged in such a way as to convey that it imparts a taste or smell, other than the taste or smell of tobacco, either prior to, or during the consumption of, a tobacco product, including, but not limited to, any taste or smell relating to fruit, menthol, mint, wintergreen, chocolate, cocoa, vanilla, honey, or any candy, dessert, alcoholic beverage, herb, or spice.

RETAILER

Any person or entity that sells tobacco products to consumers in the City of Bangor.

TOBACCO PRODUCT

- A. Any product containing, made of, or derived from tobacco or nicotine that is intended for human consumption or is likely to be consumed, whether inhaled, absorbed, or ingested by any other means, including, but not limited to, a cigarette, a cigar, pipe tobacco, chewing tobacco, snuff, or snus;
- B. Any electronic smoking device and any substance that may be aerosolized or vaporized by such device, whether or not the substance contains nicotine; or
- C. Any component, part, or accessory of A or B, whether or not any of these contains tobacco or nicotine, including, but not limited to, filters, rolling papers, blunt or hemp wraps, hookahs, flavor enhancers, or pipes.

Specifically excluded from this definition are drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in the Federal Food, Drug, and Cosmetic Act; and any product containing cannabis, as defined by Chapter 165, § 165-13, of this Code, unless these products contain, are made of, or are derived from tobacco or nicotine.

§ 119-2 Prohibited acts.

No retailer shall sell or offer for sale any flavored tobacco product, or display, market, or advertise for sale, within the City of Bangor, any flavored tobacco product.

§ 119-3 Enforcement, violations, and penalties.

The City Manager or the City Manager's designee(s) shall have the primary responsibility for enforcement of this chapter. If the City Manager or said designee(s) determine(s) that a violation of this chapter has occurred, the City Manager or said designee(s) shall issue a written warning giving notice to the retailer that a violation has occurred. Subsequent violations of this chapter shall be subject to the penalties set forth below.

Violations of this chapter shall be punishable by administrative fines, levied against the retailer, as follows:

1. A fine not less than \$50 nor more than \$100 for the first violation in a twenty-four month period;
2. A fine not less than \$300 nor more than \$1,000 for the second and each subsequent violation in a twenty-four month period.

§ 119-4 Effective date.

This chapter shall become effective on January 1, 2022.

§ 119-5 Severability.

If any part or provision of this chapter or the application thereof to any person or circumstances is held invalid, the remainder of the chapter, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this chapter are severable.

Additions are underlined, deletions struck through.