



Spokane County

WASHINGTON

BARKER ROAD SEWER ASSISTANCE PROGRAM

POLICY AND PROCEDURES MANUAL



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POLICIES AND PROCEDURES

I. INTRODUCTION

Upon availability of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds, the Barker Road Sewer Assistance Program provides assessment grants and side-sewer connection assistance to eligible low and very low-income homeowners. The objective of the program is to:

- Relieve economic hardship resulting from the cost of developing infrastructure for lower income homeowners-occupants
- Promote public health and safety by eliminating on-site sewage disposal systems
- Protect the Spokane Valley - Rathdrum Prairie Aquifer and the Spokane River
- Enhance existing housing stock and neighborhoods

The purpose of this manual is to set forth the policies and procedures to be used in the Barker Road Sewer Assistance Program. This manual describes the application process, the procedures used to implement payment of assessment charges and the side sewer connection process.

This manual does not address every possible circumstance related to the program but attempts to provide a consistent approach to questions relating to eligibility and implementation. This document is subject to modification and update without notice. Efforts will be made to treat all homeowners consistently and equally. All administrative decisions will be documented and will guide future decision-making and policy manual revisions.

II. THE BARKER ROAD SEWER ASSISTANCE PROGRAM

A. Administrative Responsibilities

Spokane County is the Grantee of Community Development Block Grant funds from the federal Department of Housing and Urban Development (HUD). Spokane Valley through resolution and approval, entered into an agreement with the Spokane County, Board of County Commissioners (BOCC) to implement the Barker Road Sewer Program as a CDBG Project, using annual CDBG funds set-aside for Spokane Valley infrastructure projects. The BOCC has delegated the responsibility for administration of the Program to the Community Services, Housing and Community Development Department.

B. Sewer Project Formation

Sewer construction projects are formed through action of the BOCC. The Spokane County Environmental Services Department is the Department with oversight responsibilities for constructing sewer projects. Questions related to the construction of sewer should be directed to the Environmental Services Department.

The Housing and Community Development Division(HCD) cooperates with the Environmental Services Department by providing financial assistance to qualified (low-income) households affected by the sewer construction. HCD also provides technical assistance and monitoring necessary to ensure that CDBG funds are spent in a manner that complies with applicable federal laws and regulations.

C. Outreach to Area Residents

Spokane County's Environmental Services Division, provides a variety of written notices to all property owners of record during the formation and development of sewer construction projects. The Barker Road Sewer Assistance Program is included and referenced for those who need financial assistance.

The Housing and Community Development Division hosts a dedicated phone line and information page on the Department website for those who are interested in applying for the Program.

D. Application Process

The Environmental Services consultant mails an outreach letter to establish stub locations for side sewer installation after the sewer system is constructed. Every owner/address of record, within the legal boundaries of the sewer project, is sent the outreach letter. The letter also provides a County information page website link and an information phone line for residents to receive information about when and how to apply.

HCD reviews applications, whether online or hard copy, and necessary documentation to determine eligibility. Eligible applicants will be informed of their responsibilities as well as the financial assistance they are eligible for; an assessment grant and/or a side sewer connection loan. To proceed, eligible applicants will be required to enter into an Agreement with Spokane County's Barker Road Sewer Assistance Program which lays out the Program's terms.

Ineligible households are sent a Denial Letter informing them that they are not eligible for assistance and why. Denied applicants may contact HCD if they have questions or concerns regarding the finding of ineligibility. They may reapply to the Program during the period of eligibility, in the event of a permanent change of circumstances, such as household size or income fluctuation. Temporary changes in household circumstances will not be considered permanent and would not change the denial of assistance determination.

III. ELIGIBILITY REQUIREMENTS

A. Residency/Property Ownership

Subject to availability of CDBG funds, the Program will pay assessment fees and provide loans for side-sewer connection costs for eligible owner-occupants. To receive financial assistance, the applicant must meet the following qualifications:

- The residential property being connected to the centralized sewer is the **applicant's primary and permanent residence**. Permanent residency means all claimed household members live more than 50% of the time in the residence. At the time of application and throughout the time assistance is provided, **the applicant(s) owns and resides in the assisted residential property**.
- The residence may not be for sale or subject to foreclosure, forfeiture, or any other action that could result in the applicant losing title of the property. Applicants, who sell their

home prior to the HCD payment of the homeowner's assessment fee, and/or prior to the completion of the side-sewer connection, will be deemed ineligible.

- The residence must be a permanent dwelling. It cannot be a mobile or manufactured home, unless it is fixed upon a permanent foundation or has gone through the title elimination process, changing the "mobile" classification to a "real property" classification.

B. Voluntary Participation

Applicants must properly complete, sign and submit a current Application online. Accommodations will be made for those with no internet access. If you are unable to access the application online, call (509) 477-4508. Documentation of all household income, assets, residents, and property ownership must be submitted.

Funds are tied to the construction timeline and required connection time limits. Only one application may be submitted per household and must include all income of residents within the household. Applicants must provide necessary documentation of income and assets from employers, the Internal Revenue Service, federal, state and local agencies such as Social Security Administration, Employment Security, Division of Health and Human Services, banks, credit unions, court documents, and/or other entities. A document checklist is provided with applications.

Applicants must regularly and promptly (within 10 days) notify the County of any change in circumstances affecting eligibility requirements, including but not limited to ownership, residency, income, or family size.

Participation in the Barker Road Sewer Assistance Program is voluntary. No household will be considered displaced despite inconvenience or limited access due to sewer construction or side-sewer connection to the central sewer system.

An applicant will not be assisted if they fail to complete the steps necessary to:

- Be approved for assistance
- Be connected to the central sewer system prior to the end of the deadline established by the Spokane County Environmental Services Department.
- Sign a Deed of Trust, for the zero-interest loan, within two weeks of completing the connection

SPECIAL NOTE: Applicants that receive any type of assistance after being declared eligible based on any information, omission, or documentation which is insufficient, incorrect, falsified, misleading, or erroneous, must reimburse in cash, to Spokane County, an amount equal to the total assistance provided. Failure to repay these amounts may result in Spokane County Prosecutor collection action and/or civil or criminal prosecution.

C. Confidentiality/Release of Information

Each applicant and their application materials (contained in an application file) will be treated, to the maximum extent practicable, with confidentiality. No documents provided by the applicant will be available for public review. Inquiries by others, regarding specific eligibility will be dealt

with through, and in accordance with County policy regarding Freedom of Information Act Inquiries.

Persons acting in a fiduciary capacity for the applicant must provide written documentation of their legal status to act on behalf of that applicant. Acceptable fiduciary roles will include court-established guardianship of person and property (finances) or an unlimited power of attorney, which explicitly cites the power to enter into contracts and take action upon the assisted property.

In extraordinary circumstances when homeowners, after several contacts by HCD staff, exhibit obvious signs of diminished capacity or a lack of understanding of how to participate in the Program, HCD may seek assistance from an organization or individual who (which) traditionally assists persons with the problem evidenced. Notification of the supporting organization will only be completed after staff has explained the program to the homeowner and the homeowner appears to need assistance with the process. With or without consent, if a contact discloses a serious safety or health issue regarding implementation of the sewer connection, contact will be made with an appropriate agency as indicated by the disclosed information.

D. Applicant Household Income Requirements

Anticipated Gross Annual Income is summarized in the Definitions section of this manual. It is based, in part, upon the definition used in the Housing and Urban Development (HUD) Part 5 Definition of Income. See 24 CFR Part 5.609 for further guidance.

For Assessment Assistance (General Facilities Charge & Capital Facilities Rate) the total anticipated gross annual income for all household members, age 18 and older, and cannot exceed HUD established limits for households at 50% of the Spokane Area Median Family Income. Income thresholds and area MFI are subject to annual changes, as set forth by HUD.

For side-sewer connection assistance (loans) the total anticipated gross annual income for all household members, age 18 and older, and cannot exceed HUD established limits for households at 80% of the Spokane Area Median Family Income (MFI).

Funds deposited into checking or savings accounts may be considered documentation of income amounts. If bank statements identify deposit amounts exceeding the income level reported by the applicant, program staff may ask for documentation to support the deposits in question. Special circumstances, if documented, may justify exclusion of certain deposits, such as funds received from one-time sale of personal property, scholarships or grants for college tuition and books, or a tax return. See 24 CFR 5.609(c) for an extensive table of income exclusions.

Adults with dependent minor children with different last names will be asked to provide documentation of child support payments by non-custodial parents. Child support payments will be verified even in the event that there is no marriage or divorce decree, legal parental responsibility document, or court-established payment schedule. All persons reporting dependents will be asked to provide either a legal document supporting dependency or a photocopy of the dependent's birth certificate.

If the household size reported on the application form differs from the total number of dependents reported on IRS forms, documentation of the existence and residency of all persons must be provided. Such documentation includes copies of birth certificates accompanied with

corresponding third-party piece of mail addressed to that individual, at the residence. See “occupancy” as defined in the Definitions portion of this document.

E. Self-Employed Persons & Home-Based Businesses

A primary concern of the Program is to ensure that lower income families do not lose their home or its affordability due to the costs of sewer construction. The program does not provide assistance to businesses. Rental properties are considered businesses by the Program.

If the applicant is self-employed and/or uses the home as a place of business, income may be verified by an income tax return, bank statements, certified financial statements, and/or other records. However, for purposes of determining income eligibility in this program, certain common types of Internal Revenue Service business income deductions are not considered reductions in income. For the purpose of determining an applicant household’s earned income, the following business income deductions will be added back into income:

- Depreciation taken on the assisted property.
- Deduction of standard household costs such as homeowner’s insurance, mortgage costs, standard utilities, residential property tax or other common expenses which are associated with maintaining a residence and are expected to be paid as normal homeownership expenses.
- Wages paid to household members.

If tax records document that a majority of the home (over 50%) is used for business purposes, assistance will not be provided. Rental properties are considered businesses by the Program.

Withdrawals of cash or assets from the business are considered income. Deductions of expenditures for business expansion or amortization of capital indebtedness are not allowed as deductions from business income.

Each income source in a household is independently reviewed. A business loss cannot reduce the amount of income obtained from another, independent source.

F. Re-Determinations

Special circumstances such as permanent changes in the number of household occupants or documented, permanent, irreversible loss of household income qualify for a re-determination, if the sewer program is still open and the request meets timelines. Permanent income changes will be based on current monthly income projected over twelve months.

Applicants will be asked to provide a copy of their most recent income tax return to assure the household income has not changed prior to connection assistance loans.

G. Extensive Sewer Assistance Application

If a determination of eligibility cannot be made, based solely upon the initial application for assistance, more information will be required on an extensive application. An extensive application will include release of information forms for deposit verifications, employment history, and credit history.

H. Applicant Assets

Assessment Grants

For the purposes of determining eligibility for sewer assessments (GFC and/or CFR) an otherwise eligible household is not considered low income if it has liquid assets in an amount greater than the HUD established MFI for a family of four (\$71,700 in 2020). The Spokane Area MFI is adjusted annually by HUD and asset thresholds will be adjusted accordingly. Assets are defined in the Definitions portion of this document.

Loaned Connection Assistance

Asset amounts are not considered when determining incomes for side-sewer connection assistance, except when determining income from assets. “Assets” and “Income from Assets” are defined in the Definitions.

I. Time Lines

Prior to construction, each household is mailed information regarding the scheduled construction. The sewer construction is expected to be completed during the summer of 2020.

Applications for sewer assistance become available in July 2020; however, the use of funds will occur in 2021. Applicants are encouraged to wait to apply if their 2020 income tax returns will be a more accurate reflection of household income. As time passes, review of applicant incomes will be conducted to assure continued eligibility.

Applications for assessment assistance should be approved prior to the billing due date set by the Environmental Services Department. If the application is received after the interest free payment period, applicants will be responsible for any late fees or penalties prior to receiving the assessment grant. Side sewer connection applications will continue to be accepted through 2021 with required paperwork and connection completed before September 30, 2022.

IV. ASSESSMENT ASSISTANCE GRANTS

A. Grant Provisions

For the purposes of the Barker Road Sewer Assistance Program the term assessment is used to include general facilities charge (GFC) and capital facility rate (CFR).

Assessment assistance is provided to owner-occupied households which are determined to be 50% or less of the Spokane Area Median Family Income and do not have liquid assets in an amount greater than the HUD established MFI for a family of four.

Spokane County Environmental services will determine the amount of each GFC and/or CFR. One GFC or CFR amount will be charged for each Equivalent Residential Unit (ERU). HCD will only pay one assessment charge for each qualified household. Assessment grants are not required to be repaid.

Assessment payments will be made directly to the Environmental Services Division during the 30-day, interest-free period. The Environmental Services Division will apply the funds to each eligible property owner's account accordingly. Therefore, timely submission of applications is necessary to get the assessment grant opportunity without homeowners paying penalties or fees.

B. Compliance Requirements

Once approved and prior to the payment of the assessment, the homeowner will receive a *Certificate of Compliance*. It must be signed and returned within two weeks of mailing. Department staff will check county records to determine if the homeowner being assisted is still the owner of record and current with property taxes. If more than six (6) months has passed since the initial approval of the application, a homeowner may be required to submit up-to-date documentation.

Homeowners, who do not complete the application process in a timely manner, owe interest or penalties because the 30-day, interest-free prepayment period has passed, or owe delinquent property taxes will be responsible for personally paying any interest or penalties due. Interest, penalties or delinquent property taxes must be paid prior to the HCD granting assistance.

C. Verification

Homeowners may receive assessment (GFC or CFR) bills from the Environmental Services Department and should verify payment of the bill by contacting HCD. The Department does not provide written confirmation of payment to each individual homeowner.

V. SEWER CONNECTION ASSISTANCE

A. Loaned Assistance-General Policies

Assistance with the costs of connecting a residence to the centralized sewage collection and treatment system may be provided to eligible owner-occupant households who have an income at 80% or less of the Spokane Area Median (MFI) Family Income.

A Promissory Note and *Deed of Trust* must be signed and recorded, and *Certificate of Compliance* must be signed, prior to any payment being made by the County to the contractor.

Connection assistance is provided in the form of a loan in an amount not to exceed \$4,500. A Deed of Trust on the assisted residence secures the loan. No interest is charged on the principle amount and the entire loan is deferred until the property is either refinanced or ownership changes. In the event of a change of ownership or refinancing, the loan becomes immediately due and payable in full. \$65 will be added to the loan amount for document recording fee to the assessor's office.

B. Homeowner Responsibilities After Notification of Eligibility

1. Homeowner Participation Agreement for Assistance

Each eligible household must sign and return a *Homeowner Participation Agreement*, which sets forth certain homeowner conditions of participation in the Program.

As an additional condition for participation in the program, homeowners must grant the County the permission to conduct a site inspection.

2. Homeowner Instructions

This section includes various program requirements and suggestions, which assist the owner in understanding their responsibilities under the Program. The instructions explain that a minimum of two bids for the cost of connecting the applicant's home to the central sewer must be obtained from different licensed and bonded contractors. The instructions also explain that the homeowner is the sole entity to enter into an agreement with a contractor and it is the homeowner's responsibility to ensure that work is comprehensive, permitted, completed by a licensed and bonded sewer contractor, to standard quality, and meets the scope and expectations of the homeowner. Contractors must be registered in System for Award Maintenance SAM.gov. HCD must approve the chosen contractor to assure they are registered prior to the homeowner entering into a contract and before any work is performed.

The homeowner is ultimately responsible for payment to the contractor until all necessary Program requirements have been completed. The homeowner is responsible for ensuring that the site is restored, and the work is inspected. After inspection, the contractor will bill for the side sewer installation. Homeowners must, within seven (7) days submit the contractor invoice, permits, and payment release form when the work has been completed to the homeowners' satisfaction. HCD pays the contractor directly after deed of trust is executed.

Delays in the payment process may result in additional charges by the contractor, which will not be paid by the Housing and Community Development Department.

3. Contractor Bids

Homeowners must obtain a minimum of two written price quotations with itemized work proposals from contractors. The homeowner should verify that contractors are licensed and bonded to do sewer connections in the State of Washington. Copies of contractor bids will be forwarded to HCD for review and final approval of costs. HCD will verify registration in SAM.

Price quotes should include (and be limited to) all reasonable and necessary expenses associated with elimination of on-site sewage disposal and connection of existing building drains to the side sewer stub. This may include inside plumbing necessary to eliminate dry wells and cesspools. Reasonable costs associated with restoration of the work site, permit fees and sales taxes are also eligible expenses.

Program funds cannot be used to add new or ancillary landscaping, plumbing or other appurtenances, remodel a home, and/or to pay other costs that are not directly necessary to eliminate the on-site sewage disposal system and reasonably restore the construction site.

4. Authorization to Proceed

An eligible homeowner will be sent an Authorization to Proceed, which states that bids are acceptable and that their selected contractor will be paid upon completion of the work in an amount equal to the selected bid (up to \$4,500). If the homeowner has not listed a specific contractor on the Homeowner Agreement and the homeowner does not state a preference, HCD will notify the homeowner that the low bidder is the approved contractor.

5. Release of Payment to Contractor

After all work is completed and inspected and the homeowner accepts the construction and site restoration work, they will sign a Release of Payment and send it, within 7 days, to the Department with original contractor billings, and photocopies of permits. Homeowners are instructed to sign this form only if work has been completed to their and the inspector's satisfaction. Without this returned form, payment will not be sent to a contractor.

Payment will not be made for any work, which has not successfully met the inspection requirements of Spokane County Environmental Services Department. All work must be inspected prior to the homeowner's submittal of the bill.

6. Disputes Between the Owner and Contractor

Resolution of any dispute regarding construction standards, quality of work, or construction outcomes is the sole responsibility of the homeowner and must be settled between the homeowner and contractor before payment can be made. The homeowner is responsible for payment to the contractor until the dispute is settled.

7. Deed of Trust and Promissory Note

Once the signed release, contractor billing and copy of the permit are received, HCD will contact the homeowner to arrange a time to execute the Promissory Note and Deed of Trust at the HCD office. The homeowner is expected to cooperate in scheduling an appointment and signing these documents within two (2) weeks of submitting the contractor's invoice to HCD. Accommodations will be made for those who are home-bound.

Documents are read and signed by the homeowner (applicant) and notarized. The Deed of Trust is filed with the Spokane County Auditor. A copy of the recorded deed will be mailed to the homeowner.

The Deed of Trust and Promissory Note will be kept on file at HCD until such time that the deed is reconveyed as a result of loan payoff.

C. CONSTRUCTION GENERAL POLICIES

1. Permits and Inspections

All work financed through the Program is subject to applicable codes and regulations including those of the Spokane County Environmental Services, Spokane County Regional Health District, and City of Spokane Valley. Proper permits and inspections are required for side-sewer connections. If any inside plumbing is necessary, permits and inspections are required from the appropriate building permit departments.

2. Change Orders

Payment of change orders by HCD will be made the following circumstances exist:

- additional work is required that could not be foreseen at the time of the initial price quotation, and

- the additional work is necessary in order to properly complete the side-sewer connection, in accordance with applicable regulations and specifications

HCD must authorize all changes (any item or cost which differs from the original bid), prior to the beginning of the altered work. The homeowner, in concert with the contractor will be asked to complete a Change Order Payment Form to document the actual need for, and extent of the revised scope of work. Authorization to proceed with changed work can be provided by HCD staff by telephone. The contractor must notify the homeowner, and request preliminary approval prior to proceeding with additional work.

Completion of a Change Order Payment Form is not required prior to proceeding with additional unforeseen work. However, completion, approval and execution of the form by all parties are required prior to payment of the added cost by the County under the Program.

It is the homeowner's responsibility to notify the contractor of the above requirements (see Participation Agreement).

If a change order payment request is denied by the County, the contractor will not be paid by the County for work completed per the unauthorized change order.

Payment of unforeseen costs within this Change Order Policy is subject to the same funding limitations as other connection costs approved through the Program.

3. Site Restoration

Homeowners should be made aware of the limitations on contractor responsibilities concerning impacts of sewer construction work on their property. It is the homeowner's responsibility to ensure that their standards are agreed upon and included in the bid, prior to the beginning of construction. Spokane County assumes no liability for damages caused by contractors performing side sewer connections.

VI. APPLICANT FILES AND OTHER PROGRAM RECORDS

The Spokane County, HCD will maintain a record of responses to mailings, telephone contacts and interviews, income, ownership/residency, assets, and household size documentation, citizen comments and a log listing telephone contacts and/or site visits.

A. Applicant Files

The applicant's file will contain the following:

- An original, signed application form,
- Copies of all documentation submitted by the applicant to support household size, ownership, residency, and income. Such documentation may include tax returns, W-2

forms, payroll information, bank statements, wills, statutory warranty deeds, court orders for child support, etc.,

- A copy of the PADEL data screen listing the official owner of record, site address, parcel number, assessed value, property tax status, and other property information,
- Anticipated household income using HUD income calculator worksheet,
- Copies of all correspondence from HCD to the applicant and originals to HCD from the applicant including:
 - Requests for Additional Documentation
 - Notice of Eligibility
 - Homeowner Participation Agreement
 - Contractor Bids
 - Letter to Proceed with Construction
 - Release of Payment to the Contractor
 - Change Order Forms
- A File Log, which will contain notations of staff actions, including computations of income, telephone contacts, date of deed signing, etc.
- Copies of the Promissory Note, Deed of Trust, financial records and all other documents considered relevant to the program.

B. Program Files

Copies of sewer project CFR rolls and an affidavit of mailing which documents the names of owners and addresses of properties that receive program outreach materials will be filed in the Spokane County Environmental Services files. These records will be maintained for seven years after the close of the Program.

Copies of various financial records of disbursement of funds to contractors will be maintained in the HCD financial records for no less than seven years after the close of the Program Year in which payment was issued.

Original, recorded Deeds of Trust are filed in a secure location, and will be maintained up to the satisfaction of the loan terms. The log and client records will be maintained until the loan is repaid and for two years thereafter.

C. Program Files Maintenance & Reconciliation

Annual Review

In January 2021 and January 2022, all program application files will be reviewed. The reviewer will examine documents to determine if:

- applicants have not responded to requests for documentation
- applicants that have been approved for connection assistance (and the trunk line is available for connection), have not proceeded with completion of a sewer connection
- after three attempts at delivery of correspondence and/or telephone contact, no contact has been achieved

A form letter will be sent to applicants who fit into the above categories, notifying them that the requested action must be completed before the mandatory connection deadline date established by

the Environmental Services Division. Applicants will be notified in the letter that non-response will result in closure of the file and denial of assistance.

Ineligible Applicants

Files containing ineligible applications will be marked as ineligible/closed and kept with active participants until the closing date of the Program.

Closed Files

Closed files which did not result in the granting or loaning of assistance, will be maintained in archived sections for two years from the date of application.

Closed files, which include or document issuance of a Deed of Trust and/or Promissory Note and/or Loan Agreement, will generally be stored and available. Such files may be archived only if allowed under County policy. After reconveyance of the deed, the file is considered closed and will be treated accordingly.

VII. COMPLIANCE WITH STATE AND FEDERAL REGULATIONS

In identifying and qualifying homeowners, and in all administrative phases of the Program, Spokane County will comply with all applicable state and federal laws and regulations including, but not limited, to the following:

The eligible activity and benefit to very low and low-income person's requirements of the Housing and Community Development Act of 1974, as amended and subsequent implementing regulations and HUD instructions.

The eligible cost, procurement and conduct of public employee's requirements of 2 CFR Part 200. of the Code of Federal Regulations.

The nondiscrimination and affirmative action requirements of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974 and the Age Discrimination Act of 1975.

Davis-Bacon and Related Acts and environmental review requirements referenced in 24 CFR Part 570.200.

The Program eligibility criteria pursuant to 24CFR Part 570. Subpart C 570.202 (a and b).

The Program will be reviewed with respect to potential impacts on the social, economic and physical environment. Review findings are contained in each year's Environmental Review Record, which is available for public review and comment annually.

The centralized sewage collection and treatment system construction program is subject to federal labor standards requirements whenever CDBG funds are used to pay an assessment. Documentation of compliance with the Davis Bacon Act, Copeland Act, CWSSA, and other labor standards are maintained in County files at the Environmental Services Department.

VIII. GRIEVANCE PROCEDURE

A. Applicable Appeal Issues

Any decision regarding determination of eligibility or other program activities made by HCD staff may be appealed by an applicant to the Department Director or designee. The procedure for appealing a decision is outlined on the *Denial Letter*. Appeals of administrative decisions will be formally reviewed by the Department Manager, if one or more of the following circumstances or conditions exist:

- The policies and procedures contained in this manual have not been carried out by County staff.
- Applicable laws and regulations have not been followed by County staff.
- There are reasonable questions or mitigating circumstances, not adequately covered in this manual, which the appellant wants considered as part of the application or determination.

B. Timelines

Any appeal must be filed within thirty days of the postmark on the letter containing the decision that is being appealed. Appeals shall be initiated by the appellant in writing. Requests for reconsideration must be requested by the same person who submitted the application for assistance.

C. Grievances and Other Written Comments

Grievances and other written comments in regard to HCD and its performance are public records. This information may be reported to HUD in the CDBG Program's Consolidated Annual Performance Report (CAPER).

IX. PROGRAM DEFINITIONS

Assessment

In the case of a sewer project, the assessment is the amount charged by a unit of local government to recover costs of capital improvements, which directly benefit the homeowner.

Assessment assistance is an eligible CDBG activity under "Special assessments" contained in 24CFR 570 Part Subpart C 570.200 (c).

Assessment assistance is limited to payment of one assessment per assisted household. Interest accrued on an unpaid assessment balance is not considered a part of the assessment and cannot be paid by the Barker Road Sewer Assistance Program.

Assets

Net household assets, for purposes of the Program and developed from 24 CFR 5.609, means total liquid assets such as cash, savings and checking accounts, and the cash value of other assets. The cash value of other assets is the value after deducting reasonable costs that would be incurred in disposing of real property, stocks, retirement plans, money market funds, bonds, businesses or

corporations, and other forms of capital investments, excluding interests in Indian trust land and the equity in the homeowner's primary residence. The value of necessary items of personal property such as furniture and automobiles shall be excluded. In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining Annual Income.

Base Period

The time period for income eligibility determination shall be the upcoming twelve (12) months, with anticipated income amounts calculated based upon the previous tax year, year-to-date figures on wage statements, or any other documentation that most accurately reflects the anticipated annual income.

Capital Facilities Rate (CFR)

Is a term and charge procedure, which replaces "assessments" in sewer construction projects, created after 1997. The CFR is computed and defined by Spokane County and has many of the same attributes (and meets federal CDBG special assessment definition) as an assessment but may be charged (at the homeowners request) on a monthly basis during an amortization period, rather than annually. General Facility Charges (GFC) are included in CFR.

Equivalent Residential Unit (ERU)

Each single-family residence, mobile home (where two or less occupy the same parcel) and duplex dwelling unit is deemed to represent one ERU, unless they have individual parcel numbers for each unit.

Home is for Sale

The property is available for purchase (trade, contractual sale or change of title) and considered acquirable by reason of "for sale" signs at the site, listings in real estate industry marketing materials, advertisements in the newspaper, public declaration of availability for a stated price or exchange value, or the property is subject to foreclosure, forfeiture, or any other action that could result in the applicant losing title of the property.

Household

Generally, all persons who occupy the same housing unit, as their primary residence, shall comprise a household. Listed below are some exceptions and other pertinent information.

- Foster children are not considered in the number of persons if the head of household receives funds to care for the children. Funds received for care of foster children are not included as income.
- Live-in health care workers, nannies or other household help (paid for a service provided) are not considered as a member of the assisted household.
- Adult dependents, minor non-dependents, or other residents (grandchildren, partners, friends, etc.) may be considered a member of a household only if their income is considered as contributing to household income and permanent residency in the household can be documented. Dependents included as household members must be either declared as such on an IRS Tax Return or be documented as permanent residents. When no other documentation is available, acceptable documentation of residency (residency and

household membership) must include at least two of the following items. Additional documentation proving dependency may be requested or accepted, on a case-by-case basis.

- Washington State Driver's License or Washington State Identification card with the site address
 - Voter's Registration Card with site address
 - Official mail (e.g.: school district, federal, state or local government department) addressed to the dependent at the site address.
- Renters/boarders or medical caregivers who share the residence are generally not considered part of a household. If rent is paid for use of part of the home, the "renter" is not considered part of the household and their (the renter's) total gross income is not considered part of the total household income. However, rent amounts received by the homeowner are counted as household income.

Household Income

Anticipated Gross Annual Income is based upon the definition used in the U. S. Housing and Urban Development, Part 5, Definition of Income. See 24 CFR Part 5.609 for additional guidance. In summary, the total earned and unearned income for all household members ages 18 and older, is annualized for the upcoming year. Anticipated Gross Annual Income includes but is not limited to salaries, wages, bonuses, business income, gratuities, dividends, interest, rental income, social security, veteran's retirement, pensions, child support, public assistance, unemployment compensation, disability benefits, or other payments made instead of earnings, alimony, real estate or other contract sales generating regular payments, and income from assets (see definition below).

Income that does not count in the above computation includes items such as one-time capital gain from the sale of a private residence (unless that sale provides regular annual or monthly income or the applicant is engaged in the business of selling such property), tax refunds, one-time insurance or legal settlements, funds paid for care of foster children, one-time non-reoccurring gifts, energy assistance payments, food stamps, publicly assisted housing rehabilitation or weatherization, student scholarships (grants or loans) for tuition and books, HUD Section 8 assistance and other lump sum payments not defined as "income" above. Certain veterans' or Native American settlements may be excluded from income. **However, some sources listed in this paragraph may be determined to be and counted as an "asset."** (See definition for assets.)

Income from Assets

When a family has net household assets in excess of \$50,000, annual income shall include the greater of the actual income derived from net household assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. For the purposes of this program, equity in the primary home is used in this computation. This program defines equity in your primary home as the current taxable value minus outstanding mortgages.

Income Verification

Income verification provides objective, acceptable documentation of the amounts paid to a household by any source. Acceptable forms of documentation may include individually, and/or in conjunction with collaborative documents: signed IRS returns, W-2 forms, payroll stubs, award letters from social security, public assistance, student assistance awards, public funding award letters, personal or business account information on banking statements, court documents

including child support or alimony or other legally mandated award of payments, or other document requested by HCD staff to substantiate household income.

Life Tenant

An applicant who has life tenancy or other legally established ownership for the term of a lifetime and is solely responsible for all costs incurred to maintain the household and residence, and the legal owner(s) of record is not a resident and is not included as a contributor to income or household size. The occupant (life tenant) may be considered the owner for the purposes of receiving assistance if: the owner(s) of record signs in conjunction with the life tenant all Program documents including application forms, participation agreements, Deeds of Trust, Promissory Note and/or other documents, and certifies that they will not receive undue financial gain from the assistance provided to the life tenant.

Moderate (Low Income), Very Low and Extremely Low Income

Annualized household income that is below the levels established by the US Department of Housing and Urban Development (HUD):

- *Moderate or Low Income* means that a household is at 80% or less of median family income (MFI)
- *Very-Low Income* means that a household is at 50% or less of the median family income (MFI)
- *Extremely-Low Income* means that a household is at 30% or less of the median family income (MFI)

Percentages of median family income refer to annual HUD guidelines established for the Spokane Metropolitan Statistical Area (MSA), adjusted by household size.

Occupancy

Documentation of occupancy must be a publicly recognized declaration of where a person lives. An address (the assisted property) on a Driver's License or WA State Identification Card, Voters Registration Card, US Internal Revenue Service correspondence and/or a mailing address for bank accounts or school district/student information are acceptable forms of documentation.

Owner/Occupant

The assisted property's owner(s) of record, who has applied for assistance, is included as a contributing member of household income, resides in the assisted unit, and is counted among the household size.

Ownership

To have property, to have legal title, and to have legal power over the disposition of that property. Ownership must be documented in one or more of the following legally recorded manners:

- Title
- Statutory Warranty Deed
- Tax Foreclosure Deed

- Will and Death Certificate for a spouse and a final decree or order of distribution from probate
- Divorce decree stating clear disposition of the property
- Real Estate Contract
- Community Property Agreement with statement of property disposition and Certified Death Certificate

Period of Assistance

A span of time which begins on the date when applications are made available to all parcels/addresses in the sewer project, and ends on September 30, 2022

Residence

A single-family residence that is used as the permanent, primary domicile (home) of **all** members of the applicant household. The residence must be zoned, appraised, and certified as a residential structure. Business or other type of use of the residence must be clearly incidental to the use of structure as a residence.

Trust as Owner

An applicant who resides in a home owned by a trust. The statement (policies) stated above, under the definition of **Life Tenant**, must hold true and be in effect. All members, executors or other parties covered under the Trust (in regard to the assisted property) must participate as signatories to all program requirements.