



CDBG-DR Private Sewer Repair Program Policy/Procedure

City of Detroit

Housing & Revitalization Department

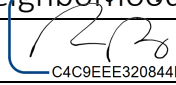
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Section 1: General Information

1.1 Purpose:

The U.S. Department of Housing and Urban Development (HUD) has allocated the City of Detroit, through its Housing and Revitalization Department (HRD) Community Development Block Grant – Disaster Recovery (CDBG-DR) funding to support long-term recovery efforts following storm events from the 2021 Presidential Major Disaster Declaration. These funds were allocated through the publication of the Federal Register, Vol. 87, No. 100, May 24, 2022, and 6368-N-01 January 18, 2023, for the total allocation under Pub. L 117-43 and 117-180. The allocation was made available through the Disaster Relief Supplemental Appropriations Act Public Law 117-43. CDBG-DR funding is designed to address needs that remain after all other federal assistance has been exhausted.

1.2 ROLES & RESPONSIBILITIES

PRSP Program Director (HRD): HRD PSRP Program Director will track the program’s budget and approve final payments for the Detroit Water and Sewerage Department DWSD and contractors. Manages processes and procedures for quality assurance along with federal guidelines and compliance as pertaining to CDBG-DR PSRP.

PSRP Program Manager (HRD): Manages HRD PSRP Intake Staff. Serves as point of contact for all CDBG-DR PSRP program inquiries. Interprets and explains information such as eligibility requirements, program processes and resource details. Manages complaints related to construction overseen by HRD. For a List of Procedures and workflow please refer to Attachment Q

PSRP Application Intake Staff (HRD): Intake staff will be responsible for applicant intake, eligibility, and duplication of benefits review. They will compile, record, and evaluate personal and financial data to verify completeness and accuracy, and to determine eligibility status. Manages all PSRP program documents, such as CDBG-DR correspondence, or program related materials. Including ensuring each household served has a complete file using the file checklist in the designated system of record. Review payment requests, track when projects are complete, and ensure final financial reconciliation, ensure payment requests packets are eligible for processing. For a List of Procedures and workflow please refer to Attachment Q

Housing Compliance Inspector (HRD): Manages the construction activities overseen by HRD. Construction management will include initial inspections, writing specifications, overseeing contractors’ work. These positions report to the Chief Housing Compliance Inspector.

PSRP Project Manager (DWSD): Manages all DWSD PSRP staff. Program Design & Setup, Human Resources, Monitoring & Compliance/ Audit, Handle escalated exceptions and complaints related to construction of sewer lateral lines.

Office Support Specialist (OSS): OSS are responsible for data entry and maintain Smartsheet records. Handle customer services inbox/calls.

Superintendent Inspectors (DWSD): Provide in-field approval and examine contract work for sewer later tie-in only. Overseeing contractor performance, change orders, final inspection in coordination with BSEED. Complete Pre-Construction Inspection, Complete Pre-Inspection Checklist in Smartsheet, take pictures and make recommendations for next steps.

1.3 Scope:

Private Sewer Repair Program primary objectives are to directly serve income eligible homeowners impacted by the disaster, either directly or indirectly in most impacted neighborhoods by assisting with eligible home repairs. The City of Detroit is offering residential homeowners (owner/occupied and landlords of residential houses and duplexes) who have property within one of the identified neighborhoods, an opportunity to apply to the Private Sewer Repair Program. The maximum amount assistance per household may not exceed \$40,000 (except in instances where the city may find it necessary to provide an exception on a case-by-case basis). Assistance through this program is provided in the form of a grant to eligible homeowners and a forgivable loan to land landlords. All homeowner applicants must have a household income at or below 80% AMI. All landlords must be renting to a household at or below 80% AMI (if two to four units, 51% or more units must be rented to a LMI household) for the City of Detroit as published annually by the U.S. Department of Housing and Urban Development (HUD). FY 2024 Income Limits:

https://www.huduser.gov/portal/datasets/il/il2024/select_Geography.odn

1.4 National Objective and Activities for CDBG-DR Private Sewer Repair Program (PSRP)

National Objective: The Community Development Block Grant Disaster Recovery (CDBG-DR) program's Private Sewer Repair Program (PSRP) is designed to meet the following national objective: Benefit to Low- and Moderate-Income (LMI) Persons – 24 CFR 570.208(a)(3)

Activity: Housing Rehabilitation

1.5 Program Complaints & Appeals Procedures

HRD defines a complaint as an expression of dissatisfaction from the client (homeowner/tenant)

regarding the workmanship or professionalism provided by a Housing and Revitalization Department (HRD) staff, contractor, their employees and/or representatives. While HRD works hard to prevent client dissatisfaction, HRD views complaints as an opportunity to learn and improve for the future, as well as a chance to address future issues for the organization. The procedures in this section are related to construction complaints (pre, during, post construction). Customer complaints may be received verbally, by phone, in writing or via email. All complaints are tracked and recorded in the HRD files.

Construction Complaints

Complaint Documentation:

New complaints from residents should be documented in the CDBG-DR Complaint Tracking Form.

- 1 The Intake Specialist will provide residents with contact methods after conditional approval and provide the CDBG-DR Complaint Tracking Form.
- 2 If residents contact the Intake Specialist directly, all details of the complaint should be documented in the CDBG-DR Complaint Tracking Form.
- 3 The form should be emailed to the assigned DWSD Inspector and/or Plumbing Contractor, with the PSRP DR Program Director, DWSD Project Manager, and Chief Compliance Inspector (CCI) copied.
- 4 If there is a language barrier, copy the PSRP DR Program Director.
- 5 Include all details of the complaint, including the complainant's contact information.
- 6 The CDBG-DR PSRP Program Manager should manage the Issue Tracking Form until the issue is resolved.
- 7 If the complaint places any household member in immediate danger, follow the email with a text message to the CDBG-DR Program Director and DWSD Project Manager.
- 8 Immediate danger may include:
 - Active exposure to hazards (e.g., improper asbestos containment, dust/trash at the time of re-occupancy, sewage and water backup).
 - Unsound structures (e.g., trip hazards, exposed holes).
- 9 Complaint Documentation Management:
 - Upload any pictures received into the system of record.
 - Create a folder labeled "Complaint."
- 10 If a folder already exists, create a sub-folder labeled with the date of the new complaint.

Investigate

Initiate Investigation:

- 1 Upon receiving a new complaint, the DWSD Project Manager will initiate the investigative process.
- 2 DWSD Project Manager Schedule a site visit to review the complaints outlined in the email.
- 3 Document complaints with additional images, if necessary.
- 4 Coordinate with CRIO LAP representative for interpreter services if there is a language barrier.
- 5 Notify the Plumbing Contractor and CDBG-DR Program Director of the complaint via email and request a timeline for resolution.

- 6 Copy the DWSD Lead Inspector or Chief of Housing Inspections.
- 7 Update the homeowner on the next steps and expectations to address the complaint.
- 8 The DWSD Project Manager will update the Issue Tracking Form until the issue is resolved, with the CDBG-DR Program Manager and Intake Specialist monitoring updates and keeping the resident informed.

Escalate

Determine Resolution or Escalate:

- 1 If a resolution cannot be achieved, escalate the complaint to the CDBG-DR Program Manager and/or Chief of Housing Repair & Neighborhood Services.
- 2 Escalation should occur if:
 - The complaint poses immediate danger (e.g., asbestos hazards, sewage backup, unsound structures).
 - The contractor fails to resolve the complaint.

Monitor

Continuous Monitoring:

- 1 The DWSD Project Manager will monitor the complaint until project closeout.
- 2 Monitoring includes progress updates from the DWSD Inspector, regular communication with the complainant, remaining copied on project communications, and random site visits to determine progress towards the agreed resolution.
- 3 For warranty claims within the 12-month warranty period, applicants should contact the assigned DWSD Inspector, HCI, Project Manager, or contractor to investigate.

Non-Construction Complaints

Complaint Recording:

Stage One:

- 1 All complaints related to PSRP will be recorded in writing by the CDBG-DR Program Manager, Director, or designee in a complaint log (via Smartsheet Resident Issue tracking Form).
- 2 The log will track the assignment of the complaint, dates of correspondence, stage of the complaint, and dates of resolution.
- 3 During Stage One, the complaint will be resolved by the responsible person, if possible and appropriate.

Stage Two: Review and Resolution:

If the complainant is unsatisfied with the resolution at Stage One, they can request a review by the CDBG-DR PSRP Manager, Chief of Home Repair (Stage Two).

Appeal Process: Appeal Evaluation:

The complainant may appeal against the decision made in Stage Two to the HRD Director or designee within 30 days of receiving a formal notification of denial.

The Director or designee will provide a written response within 30 business days of receipt of the appeal.

The appeal evaluation will consider:

- Factual and objective grounds of the denial.
- Validity of the denial based on PSRP Policy and Procedure Manual.
- Validity of the evidence supporting the denial.
- Consistency in discretionary matters.

The written response will include:

- Final decision.
- Brief statement of reasons for the final decision.

Processing Resumption:

If the denial is overturned as a result of the appeal, processing will resume, and the applicant will be notified of the next step in the process.

1.6 Conflict of Interest

Please refer to the [Conflict of Interest Standard of Conduct for HUD Funded Programs](#).

Procurement

In the procurement of labor, supplies, equipment, construction and services under the Program from any subcontractors, rehabilitation contractors or professional service providers, the conflict-of-interest provisions in 2 CFR 200.318(c)(1) shall be adhered to, as applicable.

PSRP Beneficiaries

The following persons should not receive a personal or financial benefit or benefit either for themselves or those with whom they have family or business ties from an activity under the Program:

- An employee, agent, consultant, officer, or elected official or appointed official of a contractor, other subcontractors or the City;
- Anyone who exercises or has exercised any functions or responsibilities with respect to Program activities or who is able to participate in a decision-making process or gain inside information on Program activities during their tenure or for one (1) year thereafter.
- Any applicant or someone with whom they have family or business ties who is an employee, consultant or agent of the City shall identify his or her affiliation.

1.7 Waiver of Policy/Policy Exceptions

These policies and procedures shall be implemented in a uniform and consistent manner. Alternatively, policy exceptions may be made on a case-by-case basis for extenuating circumstances with justification, if such exceptions do not negatively impact the overall outcome of the program or unintentionally negatively affect other applicants or provide an undue advantage or benefit. Requests for policy waivers will only be considered for HRD internal policies; and will not violate HUD Regulations.

Requests for policy exceptions/waivers shall be submitted in writing to the CDBG-DR Private Sewer Repair Program email PSRP@detroitmi.gov , and shall contain the following:

1. State the specific policy provision for which the waiver is requested.
2. Clearly describe the specific circumstances and facts on which the request for waiver is based.
3. State the reasons why the waiver is felt to be warranted in the circumstance.

HRD reserves the right to amend, without notice, these policies & procedures as circumstances and experience dictates.

Exceptions

Upon the written request of the City to HUD after public disclosure of the conflict is made, HUD may grant an exception to the conflict of provisions pursuant to the provisions of 24 CFR 570.611(d) on a case-by-case basis when it determines that such an exception will serve to further the purposes of the Private Sewer Repair Program (PSRP) regulations and the effective and efficient administration of the Program. HRD must provide the following to HUD:

- A statement of the nature of the conflict, along with proof of public disclosure of the conflict and a description of how the public disclosure was made; and
- The opinion of the City's attorney is that the interest for which the exception is sought would not violate State or local law.

The following are conditions under which an exception shall apply:

- A significant cost benefit or an essential degree of expertise that would otherwise not be available
 - An opportunity was provided for open competitive bidding or negotiation
 - The affected person is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries, and the exception will permit the same interests or benefits to the individual as received by the group or class
 - The affected person has withdrawn from his or her functions or responsibilities, or the decision-making process
 - The interest or benefit was not present before the affected person was in a position of authority
 - Undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict, and
 - Any other considerations
-
- City of Detroit employees employed outside of HRD or elected officials that have no direct involvement with the CDBG-DR PSRP, are not considered subject to the Conflict-of-Interest policy. Applicants will identify on their application if they are City employees, and they will be asked to sign an affidavit certifying there are no known conflicts prior to being considered for funding.

Section 2: Program Guidelines:

2.1 CDBG-DR PSRP Eligibility

Determination of eligibility for a CDBG-DR PSRP grant in accordance with these requirements shall be made by HRD staff.

Basic Eligibility

All applicants for CDBG-DR PSRP assistance must meet the following requirements:

- Households applying must be at or below 80% of the Area Median Income (AMI) as determined annually by HUD.
- Applicant must be an owner occupant or Tenant with consent of property owner (landlords)
- Applicants must live in a single-family residential structure (1-4 units).
- The property must be in one of the cities designated 97 most impacted neighborhoods in the following City Council districts:
 - District 1: Grandmont #1, Crary/St. Marys, Cadillac Community, Evergreen-Outer Drive, Hubbel-Lyndon
 - District 2: Greenfield, Martin Park, Pilgrim Village, Dexter-Fenkell, Bethune Community
 - District 3: Regent Park, Conant Gardens, Krainz Woods, Pulaski, Airport Sub, Hawthorne Park, Von Steuben, Grant, Mount Olivet, Cadillac Heights, Pershing, Franklin, Conner Creek, Sherwood
 - District 4: Cornerstone Village, Morningside, Chandler Park, Fox Creek, Riverbend, West End, LaSalle College Park, East English Village, Yorkshire Woods, Denby, Mapleridge, East Canfield, Eden Gardens, Wade, Ravendale, Gratiot-Findlay, Outer Drive-Hayes, Moross Morang, Chandler Park-Chalmers, Fox Creek
 - District 5: Arden Park, Islandview, Petosky-Otsego, Boston Edison, McDougall-Hunt, Pingree Park, East Village, NW Goldberg, Forest Park, Eastern Market, Gratiot Town/Kettering, Poletown East, Jamison, LaSalle Gardens, Wildemere Park, Medbury Park, Milwaukee Junction, Historic Atkinson, North End, Dexter-Linwood, Gratiot Woods, Gratiot Grand, Greektown
 - District 6: Midwest, Chadsey-Condon, Claytown, North Corktown, Michigan-Martin, Corktown, Core City
 - District 7: Aviation Sub, Garden View, Plymouth-I96, Plymouth-Hubbell, Paveway, We Care Community, Fiskhorn, Joy Schaefer, Warrendale, Warren Ave Community, Barton-McFarland, Franklin Park, Oakman Blvd Community, Nardin Park, Russell Woods, Joy Community, Southfield Plymouth, Pride Area Community, Happy Homes, Northwest Community, Littlefield Community, Grand River-I96, Davison-Schoolcraft, Chalfonte
- The property cannot be in a floodplain.
- Applicants must be able to demonstrate that there is no duplication of benefits.
- Households must be able to demonstrate impact (tie-back) from the June 25-26, 2021, flood event. Homeowners should provide proof of 1 or more of the following:
 - Home Insurance Claim

- FEMA Claim
 - In the event resident cannot access FEMA Claim documents, PSRP Intake Specialist can access shared FEMA Claims database to determine eligibility. A snapshot of listing from the database will be added to the Neighborly file under “Proof of Flood Event June 2021” Claims are checked for all applicants and if unable to find a claim, it will be documented in the Audit Case Log Notes
- SBA Claim
 - In the event the resident cannot access SBA Claim Documents, PSRP Intake Specialist can access shared SBA database to determine eligibility. A snapshot of listing from the database will be added to the Neighborly file under “Proof of Flood Event June 2021” Claims are checked for all applicants and if unable to find a claim, it will be documented in the Audit Case Log Notes
- DWSD Water in Basement Claim
 - In the event the resident can not access DWSD Water Claim documents; PSRP Intake Specialist can access shared DWSD Basement Claim database to determine eligibility. A snapshot of listing from the database will be added to the Neighborly file under “Proof of Flood Event June 2021” Claims are checked for all applicants and if unable to find a claim, it will be documented in the Audit Case Log Notes
- Invoices from work completed by a licensed contractor/business.
- Time Stamped Photos
- Claims must be between June 2021 - September 2021
- Other proof can be submitted and reviewed by program staff. Applicants may be required to confirm impact of the Flood Event on June 25-26, 2021 through a signed affidavit.

2.2 Landlord – Tenant

The Landlord – Non-Owner Occupant Tenant program provides financial assistance to property owners (landlords) who rent to eligible low- and moderate-income (LMI) tenants. Assistance is given in the form of a 5-year forgivable loan, with specific conditions and recapture provisions to ensure compliance with program requirements.

Key Provisions

Recapture Provision - 5 Year Forgivable Loan

Forgivable Loan Terms: The assistance provided is structured as a 60-month deferred payment loan. The loan will be secured through a mortgage and note on the assisted property.

Repayment Conditions: If the property owner fails to meet program requirements or sells or transfers the property within the 5-year loan period, repayments will be due on a descending scale.

Loan Forgiveness: If all program requirements are met for the entire 5-year period, the loan will be fully forgiven.

Eligibility and Application Limits

Property Types: Landlords can apply for up to 4 single family homes¹, which may include an eligible primary residence. Duplexes are counted as two single-family homes.

Income Requirements: At least 51% of the tenants must be low- to moderate-income, with incomes at or below 80% of the area median income (AMI). For duplexes, at least one home within the duplex must be rented to an LMI household.

- Tenant Income Documentation: Landlords must provide a signed lease and income eligibility documentation for LMI tenants.

Primary Residence Exception: Landlords who occupy one single-family home within a Duplex and meet LMI criteria need to provide tenant information for income verification. If the single-family home is vacant, fair market rent will be used to determine eligibility.

Tenants: Tenants applying for this program must be low- to moderate-income, with incomes at or below 80% of the area median income (AMI) and receive permission from Landlord for all eligible repairs to property. Landlord must follow guidelines listed prior.

Change in Residency

New Tenant Information: If there is a change in tenancy from the time of application, landlords must provide updated tenant information.

Vacancy Protocol: If units are vacated during the 5-year period, landlords must continue to market the units to LMI tenants and provide documentation of these efforts to HRD annually. HRD may conduct annual reviews, requiring landlords to provide marketing materials and other relevant documents.

Requirement for all rental properties:

City Registration: [The property must be registered with the City of Detroit Buildings, Safety, Engineering and Environmental Department \(BSEED\).](#)

¹ Single family home is a unit intended for one family to live in at a time.

2.3 Land Contracts

Individual(s) purchasing single family homes by a land contract will be considered as owner-occupant(s) provided that the following conditions are met:

- The single-family home must be the principal residence of the individual(s).
- There must be a written land contract properly recorded in the Wayne County Register of Deeds Office.
- The individual(s) must have made payments for at least six consecutive months or for 10% or more of the contract amount.
- Title holders must give consent to home repairs and participation in the Program.
- If all the above conditions have not been met, the individual(s) will be treated as tenants on a rental property and rental property program requirements will apply.

2.4 Ineligible Properties

- Commercial property

- Multi-family properties with more than 4 units
- Public housing units
- Project-based housing vouchers
- Zero-bedroom housing units
- 1-to-4-unit single family homes where all units are vacant
- Properties owned by a bank or the Treasurer's Office through the foreclosure process.
- Properties in which the owner is unable to show a clear title.

2.5 Eligible Repairs

Eligible work is subject to available funding and must meet the requirements listed in the application and the property must be in one of the target neighborhoods.

Eligible Repairs

- Clean and Inspect sewer lateral service line with CCTV
- Disconnect downspouts and install extensions at least three feet from foundation
- Repair or replace private lateral sewer and install cleanout
- Install sump pump on properties where diversion is possible
- Install backwater valve and sump pump with sump pump overflow
- Funding will be used to clean/sanitize basements, replace furnaces (or Boiler) or hot water heaters for homeowners that have been damaged by the flood:
 - Relating to the Green Building Standards - For rehabilitation of non-substantially damaged residential buildings, CDBG- DR PSRP will follow guidelines specified in HUD CPD Green Building Retrofit Checklist (Attachment N)
 - Domestic Hot Water Systems When replacing domestic water heating system(s), ensure the system(s) meet or exceed the efficiency requirements of ENERGY STAR for Homes' Reference Design. Insulate pipes with at least R-4.
 - Inspect the interior of the building for evidence of moisture problems. Document the extent and location of the problems and implement the proposed repairs according to the Moisture section of the EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.
 - Mold Prevention: Water Heaters Provide adequate drainage for water heaters that includes drains or catch pans with drains piped to the exterior of the dwelling.

Procedure for the clean/sanitize basements, replace furnaces (or Boiler) or hot water heaters within Private Sewer Repair Program:

1. Information residents provide on the Application in Neighborly will be used to identify homes needing these repairs.
2. PSRP Intake Specialist during application process will review information to assess if the

resident needs repairs.

3. If resident selects “Yes”, PSRP Intake Specialist will coordinate with HRD Inspector and Contractor appointment after lateral repair or replacement, cleanout, installation of backwater valve and downspout extensions (if applicable). Attachment U

4. If “No”, PSRP Intake Specialist will proceed with PSRP Application process.

Please Note: Basement Sanitization and HVAC services will begin only after the PSRP Program has certified and procured contractors, and after the home’s private sewer lateral repair or replacement has been completed on approved homes.

Once this phase begins, all approved applicants will be notified via email (with communication tracked in the Neighborly audit log). Residents who previously selected “No” or did not select an answer will be asked to confirm that they do or do not need these services. Residents who selected “Yes” will proceed in accordance with the procedures outlined in Attachment U.

If a resident chooses to change their response from “No” or “Blank” to “Yes,” they will then follow the procedures outlined in Attachment U. Changes will be notified in Audit log.

Ineligible Repairs

This program does not cover:

- No replacement or repair of other private plumbing.
- No repairs to basement foundation or floor, such as pre-existing cracks, gaps and failing seals.
- No reimbursement for additional or alternative power for sump pumps.
- No reimbursement for existing backwater valve and/or sump pump.
- No replacement of an existing backwater valve or sump pump.
- No addition of another sump pump and/or backwater valve.
- No plumbing repairs on the private property including inside the house and the water service line.
- No homeowners in neighborhoods outside of the target areas will be eligible due both to funding capacity and based on historic basement backup data.
- If you have a finished basement with flooring other than cement, this program will only cover repatching the cement floor – the City will not subsidize the cost for restoring any tile, wood, carpeting, other materials, and/or fixtures.
- Furnaces and Hot Water Tanks will be ineligible for repairs due to the following:
 - If damage to the Furnaces and Hot Water Tanks is found due to negligence and not related to flooding event.
 - If repairs were made due to the flooding event but not by a licensed or certified plumber and further damage occurred.
 - If you received federal benefits for repairs and replacements which were expended (duplication of benefits)
 - Other items may be deemed ineligible based on information received after staff review.

2.6 Application Selection & Prioritization

Applicants who meet the eligibility requirements for the PSRP will be prioritized based on the following criteria to ensure that the most urgent needs are addressed first. These will all be identified in Neighborly as Approved with High Priority:

Impact from Additional Flood Events:

Prioritization of Impacted Households: Households that have been impacted by specific flood events, namely those in August 2014 and both July and August 2021, will be given higher priority over other applicants.

Proof of Impact:

Applicants must provide proof of FEMA claims from the August 2014 and both July and August 2021 flood events to qualify for this prioritization. They will be coded in Neighborly as Approved with High Priority. They will be submitted upon approval to DWSD via Smartsheets on Fridays with other approved applicants as Approved with High Priority.

Households needing private lateral sewer repairs or replacement only:

The properties located in neighborhoods in the most impacted City Council districts will be coded in Neighborly as Approved Priority 2. They will be submitted upon approval to DWSD via Smartsheets on Fridays with other approved applicants as Approved Priority 2:

- District 4: Cornerstone Village, Morningside, Chandler Park, Fox Creek, Riverbend, West End
- District 6: Midwest, Chadsey-Condon, Claytown, North Corktown, Michigan Martin
- District 7: Aviation Sub, Garden View, Plymouth-196, Plymouth-Hubell, Paveway, We Care Community, Fiskhorn, Joy Schaefer, Warrendale, Warren Ave Community, Barton-McFarland

Households outside of the prioritizations will be considered next and listed as Approved in Neighborly and in Smartsheets list submitted to DWSD on Fridays.

Determination of Private Lateral Sewer Repair:

The need for private lateral sewer repair or replacement will be determined by the Detroit Water and Sewerage Department (DWSD) and/or a licensed plumbing contractor. This determination involves inspecting the sewer lateral service line using Closed-Circuit Television (CCTV).

2.7 Income Verification and Qualification

Eligible applicants must have household income at or below 50% of the Area Median Income (AMI) for the City of Detroit as published annually by HUD. Household income shall be calculated based on the current annual gross income (AGI) as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes. An applicant's income shall be assessed utilizing the most current tax returns (e.g., IRS Form 1040, 1040A, 1040EZ, or IRS form 8879) for all household members required to file taxes. All tax returns must be signed by the filer or tax transcripts from IRS. Please note that prior to July 1, 2025, the HUD Part 5 (Section 8) income determination method was utilized.

Household income shall be determined by totaling all income received by the applicant, spouse and other household members aged 18 or older at the time of Program application. If the

applicant has not filed taxes in the last two current years, the following sources of income will be considered in determining gross household earnings:

- Gross salary from employment
- Periodic payment from annuity, pensions, disability payments, benefits, etc.
- Payment in lieu of wages, unemployment compensation, workman's compensation
- Payments from the State of Michigan Department of Health & Human Services
- Social Security/Social Security Disability payments
- Periodic allowances, child support, alimony
- Interest and dividends from savings, stocks
- Net income from the operation of a business
- Income received from rental units.

Documentation for other less common types of income will be assessed by the Program based on the type of income reported. Household occupants over the age of 18 without income are required to sign an Affidavit of Nonemployment Income (Attachment A) and submit as required supporting documentation.

The annual gross income eligibility checklist will be used to determine sources of income and must be signed and dated. HRD staff will use the income calculator embedded in Neighborly System to determine and certify the annual gross household income of the applicants.

2.8 Program Limits

Properties are limited to one-time use of this funding. The maximum assistance per household shall not exceed \$40,000 (except in instances where the City may find it necessary to provide an exception on a case-by-case basis.) Requests for repairs that exceed the stated program limits must be approved by the HRD Disaster Recovery Program Director by adding them to the shared smartsheet list for review. HRD may defer to DWSD Engineers who are subject matter experts to determine if exception is reasonable. Some but not all cases may automatically exceed limit based on the following:

- Back pitched
- Collapsed
- Deep belly
- Offset tap
- Severe root ball (not able to be cleared with jetting)
- BSEED presented code issues with water flow and Converted 6" to 4" laterals
- Excessive trees in yard
- Length of the lateral

Homes that exceed cap are maintained in the spreadsheet for HRD monitoring and review:

<https://app.smartsheet.com/sheets/5CxHRxm6j4fHrrJQRcrF9R7jwHChGmPm9Jp2rM1>

Please Note: 04.13.2026 HRD will upload and review documentation of homes exceeding cap in System of Record, Neighborly.

2.9 Application Process

The following process details the application process HRD staff and City of Detroit residents will follow within the CDBG-PSRP program.

1. Applicants must complete and submit a complete application package prior to staff review.
2. Once the application is completed by the resident, the PSRP Program manager will check neighborhood, flood plain, income, housing structure, and prior benefits for eligibility.
3. Once deemed eligible, the PRSP Program Manager will assign applicant to an Intake Specialist to assist with further application submission and eligibility.
4. The assigned Program Staff will be in contact with the applicant within five (5) days from the date of submission.
5. Intake Specialist will provide residents with any additional forms needed to complete application if applicable.
6. The Intake Specialist will provide resident with an in-person location to complete application and provide documentation if needed.

Applications may be rejected for any of the following reasons:

- Causing undue delay in the project's process by not submitting required documents. An undue delay is a period of more than 5 days after the Program Manager provides written notice to the applicant.
- Ineligible documentation.
- Submission of fraudulent documents.
- Excessive debris, disrepair or hoarding in the home that inhibits the Compliance Inspector from completing the inspections.
- Illegal utility hook-ups.
- Home is in a FEMA identified Special Flood Hazard Area
- Unable to provide impact (tie-back from the June 25-26, 2021, flood event)
- Program funding has been depleted.
- Any other reason as documented in writing by the HRD PSRP Program Manager.

Full Application Requirements

1. Completed CDBG-DR PSRP Application (Attachment B)
2. Proof of residency
 - a. Photo identification for each member of the household 18 and over:
 - i. Current driver's license, State ID card or City of Detroit ID card
3. Proof of ownership
 - a. Must show ownership for at least six (6) months at the time of application:

- i. Recorded Warranty Deed, Quit Claim Deed or Land Contract (Warranty Deeds should accompany all recorded Quit Claim Deeds when applicable)
 - ii. Death and Marriage Certificates must be provided, if applicable
 - iii. Probate documents or Divorce Decree must be provided, if applicable
 1. In the event of Spouse Separation: Legal Separation and documentation showing no financial ties to home and established residence elsewhere.
4. Proof of Current Property Taxes
 - a. Applicants must provide one of the following:
 - i. A current, paid property tax bill (city or county); or
 - ii. Evidence of a property tax payment; or
 - iii. Documentation showing enrollment in a property tax payment plan or tax relief program; or
 - iv. Proof they are actively addressing delinquent taxes by making at least a 10% payment toward the outstanding balance.
 1. For option (iv.), the Intake Specialist must upload the payment receipt or transaction record into Neighborly to demonstrate the resident's intent to resolve the delinquency. (See Attachment T for further guidance.)
5. Proof of Occupancy
 - a. Copy of current utility bill or Copy of merchant's statement.
 - b. Credit card bills, delivery notices or other first-class mail addressed and received within the last 2 weeks.
6. Proof of Fire or Hazard Insurance (or waiver) (Attachment C)
 - a. Copy of current fire hazard home insurance policy
7. Birth Certificates, or guardianship papers, for each dependent residing in the house
 - a. Religious, hospital or physician's certificate showing date of birth or
 - b. Adoption record or
 - c. Previously verified school records or
 - d. Affidavit from a parent
8. Proof of Income, for each member of the household 18 years and over
 - a. Current annual gross income (AGI) as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes. An applicant's income shall be assessed utilizing the most current tax returns (e.g., IRS Form 1040, 1040A, 1040EZ, or IRS form 8879) for all household members required to file taxes. All tax returns must be signed by the filer or tax transcripts submitted.
 - b. If the applicant has not filed taxes in the last two current years, the following sources of income will be considered in determining gross household earnings:

- Gross salary from employment
- Periodic payment from annuity, pensions, disability payments, benefits, etc.
- Payment in lieu of wages, unemployment compensations, workman's compensation
- Payments from the State of Michigan Department of Health & Human Services
- Social Security/Social Security Disability payments
- Periodic allowances, child support, alimony
- Interest and dividends from savings, stocks
- Net income from the operation of a business
- Income received from rental units.

9. Duplication of Benefits Certification Form (Attachment D)

10. Proof and tie-back to June 25-26, 2021, Flood Disaster showing impact to home

11. PSRP FAQ Construction Consent Form (beginning December 2025) Attachment V

Applicants must provide legible copies of the documents listed above. An incomplete application will not be accepted. Applications can be completed online or in person at one of the designated City of Detroit CDBG-DR PSRP locations. Locations will be communicated to residents through email.

Supporting Documentation can be provided online through Neighborly or in person at one of the designated City of Detroit CDBG-DR PSRP locations.

Use of Prior Application (Basement Backup Protection Program)

Prior applications may be considered if they are within the designated targeted areas. This program is not intended to be a first-come-first-served program and therefore persons who have already applied under prior funding amounts through the Basement Backup Protection Program (BBPP).

Prior applications will need to be reviewed to ascertain whether they qualify under the new program guidelines. As this program is not a continuation of other programs, applicants must be re-qualified.

PSRP Program Files

1. HRD staff will maintain each applicant's information online utilizing Neighborly.
2. The file shall be organized within Neighborly's online system.
3. HRD will only keep hard files when originals are needed.

Duplication of Benefits

CDBG-DR funds are one of multiple federal sources of disaster recovery assistance. Because CDBG-DR funds are typically the last source of federal funding, they are often applied after other sources have already been received. When CDBG-DR funds are used for the same purpose, scope, or activity as other sources of funds, a duplication of benefits (DOB) may occur. CDBG-DR assistance may only pay for eligible activities to address unmet needs and cannot duplicate prior assistance for the same

activity.

Basic DOB Verification

- The total DOB is calculated by subtracting non-duplicative exclusions from total assistance. To calculate the maximum CDBG–DR award, the City must:
- Identify the applicant’s total need.
- Identify total assistance received.
- Subtract exclusions (amounts not duplicative).
- Subtract the DOB from the total need to determine the maximum award.
- Please refer to the HRD CDBG-DR Duplication of Benefits Policy for a detailed example of this framework.

Procedure for the Private Sewer Repair Program

- Pre-DOB Review
During intake, an initial DOB review is conducted to determine prior assistance received and ensure exclusions are applied.
- Intake Specialists review FEMA claims, DWSD, SBA, BBPP, and other assistance and record findings in Attachment D.
- If funds were used for the same purpose, scope, or activity as the CDBG-DR funded Private Sewer Repair Program, they must be considered when calculating DOB.
- If funds were provided for a different purpose or scope outside of the PSRP activity (e.g., unrelated general repairs, personal property, or other recovery needs), they will not be counted as DOB and will be excluded.
- Verification of Assistance
Once services are rendered by DWSD and contractors, DOB calculations are finalized to determine the unmet need and maximum award. These calculations are then uploaded into Neighborly. (Attachment Q)

Applicant Documentation

Applicants are required to disclose the amount and purpose of assistance received from the following sources:

- Private Insurance (must file a claim if coverage exists)
- National Flood Insurance Program (NFIP)
- SBA Grants/Loans
- Other Federal, State, or Local Government Assistance
- Other private or charitable assistance
- DWSD ARPA Basement Backup Protection Program
- Applicants are requested to provide receipts for amounts expended. These receipts are uploaded to Neighborly.
 - If receipts are not available, the Intake Specialist will document the reported use of funds on Attachment D, and the resident will be required to certify, by signing, that all information provided is true and accurate at the time of application. Attachment D has been updated 4.13.2026 to the following on page 2:

1. Were Receipts available Upon Request? Yes _____ or

No _____

2. If No, please document Use of Funds on Chart, If Yes, please document Use of Funds on Chart and attach receipts to Neighborly Case File
 3. Receipts are not available and funds completely expended; resident please initial here to certify statement is true:
_____ OR
 4. Receipts are not available, but some funds are still available for use, resident initial here to certify statement is true: _____
place the amount available in above Chart Notes.
- Please note: Applications prior to 4.13.2026 maintained in the system of record (Neighborly audit log) will include note indicating that receipts were requested but were not available based on the resident's records. If receipts are provided, they will be included in the file. All funds received and their use are documented on Attachment D and certified as accurate by the resident.

Using HUD, FEMA, and Grantee Computer Matching Agreement

To verify residents who have received assistance from HUD FEMA Program Director and Program Manager will cross reference eligible addresses on list available through HUD, FEMA and Grantee Computer Matching Agreement:

1. CDBG-DR Program Manager will use file A00003 to verify individuals FEMA Registration number and Funded Amount because of the associated disaster
2. CDBG-DR Program Manager will use file A000Y3 to verify individual households who filed NFIP claims
3. CDBG-DR Program Manager will use file A000N3 to verify individual households who did not file NFIP claims because of the associated disaster.
4. SBA Matching File: To verify if a recipient has received an SBA Loan.
5. Once these three files have been reviewed for each household the CDBG-DR Program Manager will notate in in Neighborly Case Audit log. Please note approved applications starting 04/13/2026 will have Intake Specialist Check 1 signed off and QAQC 1 signed off.

Applicant Notified with Conditional Approval

- a. 1. Applicants will be notified by HRD that their application was approved for eligible services once all required documents have been submitted by CDBG-DR PSRP Intake Staff.
- b. 2. HRD staff will contact the resident by phone, which will be documented in the system of record (Neighborly audit log). The resident will also receive an email via Smartsheet automation, including the Conditional Approval Letter.
- c. Please note: All letters are automatically sent by email through Smartsheet once the file is submitted to DWSD. Beginning November 2025, approved applicants will be contacted through the Neighborly system, and actions will be recorded in the

- Neighborly audit log.
- d. 3. A physical letter will be provided to them onsite by Detroit Water and Sewerage Department.
 - e. 4. Once they notify resident of their approval, Intake staff will notify Tier 2 Environmental Review Staff.
 - f. 5. Once Tier 2 Environmental review is conducted and approved, the Intake specialist will be notified.
 - g. 6. Intake Staff will notify DWSD of Conditional Approval and completion of Tier 2 Environmental Review completion. If applicant fails Tier 2 Environmental Review, Intake Specialist will notify resident of denial and provide general resources for assistance.

2.10 Outreach Activities

It is imperative that residents of Detroit are aware of the availability of funds to assist them with lead hazard reduction activities. To effectively communicate with the highest priority residents, a multi-pronged outreach plan has been developed and will be undertaken with the assistance of multiple agencies.

HRD will work with the Department of Civil Rights Inclusion and Opportunity (CRIO) to ensure that materials are available in other primary languages spoken in Detroit, such as Spanish and Arabic, and in other formats, as needed. In addition to providing materials in other languages, the City's CRIO Department will also provide access to interpreters as needed.

Two primary sources will be used for client recruitment and education: resident engagement via local community events/initiatives and referrals from community partners.

HRD staff will work BSEED staff as they enforce the citywide rental ordinance by distributing materials and/or attending meetings to provide a resource to landlords in need of assistance in bringing their properties into lead-based paint hazard related compliance.

HRD staff will identify other opportunities where the program can be presented to residents. These opportunities include events such as health fairs, back to school events, healthy housing workshops, homeownership events, and meetings of block club and parent groups. In addition, program one-pagers and other program materials have been distributed to elected officials, district managers, City departments (i.e. Department of Neighborhoods), community centers, churches and others to inform as many households as possible about the opportunity for lead hazard reduction grant funds. The fliers are available in English, Spanish and Arabic, and other languages can be made available as needed.

HRD will also rely on partners in the community to help with outreach. Specifically, HRD will establish relationships with up to five non-profit community groups to assist with program outreach and intake of applications. The groups will be in, or at least serve, the target areas. HRD will formalize these partnerships with a contract that will provide a fee to groups for the various work items. Upon approval of each contract, HRD will provide extensive training on program policies and procedures, application intake, and expectations. Each awarded organization will be required to provide a monthly report on progress, intake agencies will be required to produce approximately 5 completed applications per month, whereas outreach agencies will be expected to lead

engagement efforts including but not limited to event planning, door-to-door canvassing and direct mailings.

Affirmative Marketing Plan

The City of Detroit is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the disaster funding will include the following:

- A. The goal is to ensure that, eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," gender groups, and/or other populations least likely to apply, are:
 - a. Given the opportunity to rehabilitate their primary residence, which sustained damage due to disasters and/or its after-effects.
- B. Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities. Emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.
- C. In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market the CDBG-DR Program as follows:
 - Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
 - Include flyers in utility and tax bills advertising the Program.
 - Reach out to public or non-profit organizations and hold/attend community meetings.
 - Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.
- D. Applications and forms will be offered in English and other languages prevailing in the region. In addition, every effort will be made to assist such applicants in the application process.
- E. In addition, measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
- F. Applications and forms will be offered in English and other languages prevailing in the region, in accordance with Title VI of the Civil Rights Act of 1964. In addition, every effort will be made to assist such applicants in the application process.
- G. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.
- H. The subrecipient will be required to use the Fair Housing logo in Program advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law.
- I. Multifamily rental programs must develop an Affirmative Marketing Plan for each development receiving CDBG-DR funding. The plan, pursuant to federal regulations, will outline strategies to

inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in soliciting applications, and a description of records that will be maintained and made available for review. Notice to Public Housing Authorities in the region to inform households on DHAP that permanent housing is available should be part of the Plan.

- J. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the Needs Assessment. Evaluation should be an ongoing process and begin no later than one month after the program begins accepting applications. The DR grantee should review these reports before the subrecipient begins qualifying applicants, and periodically thereafter.

Section 3 Control Funding Process

3.1 Referral Form

HRD CDBG-DR PSRP has partnered with organizations, community groups and Departments within the City of Detroit which have access to the CDBG-DR PSRP Prescreen form which will serve as a referral form that provides preliminary information that will help determine if the applicant will be eligible for the CDBG-DR PSRP services.

3.2 PSRP Files

HRD staff will maintain an electronic file for each resident via Neighborly. HRD will only keep hard copy documents of residents who are unable to submit documents electronically until uploaded electronically by PRSP staff. Copies will be destroyed by program staff once uploaded. Program files will be stored electronically using the City's cloud-based storage system and are only shared to the staff working within the program.

3.3 Environmental Review

Tier-2 Environmental Review

Prior to the release of funding for HUD, a Tier-1 Environmental Review must be completed by the Environmental Compliance Division. A Tier-1 review includes all items on the statutory checklist that can be reviewed at the City level.

After the completion of the Tier-1 Environmental Review, HRD must submit a Request for Release of Funds (RROF). The RROF certifies that the Environmental Review complies with NEPA and Part 58. The RROF also lets the public know that a federally funded project is being proposed, announces the environmental findings, and allows the public a voice in the environmental review process.

The nature of a single-family rehabilitation program makes it impossible to review each project address prior to requesting the release of funds. Therefore, as specific addresses are identified a

more specific, Tier-2, Environmental Review is completed.

The Environmental Compliance Specialist will prepare a site-specific review (Tier II) evaluating the environmental factors not addressed in the Tier I, i.e., Historic Preservation, Explosive and Flammable Operations, Airport Clear Zones, and Flood Insurance.

No rehabilitation work can proceed prior to receiving a signed Tier II report from the Environmental Compliance Team.

The replacement of the sewer line is also an exempt activity if it adheres to the following guideline: Replacement of sewer lines if it occurs within the dimensions of the original trench and permanent impacts upon surface treatments or landscape features are avoided.

All sewer line replacements must occur within the existing trench and any landscaping must be returned to its existing condition or replaced in-kind. Any work that does not follow this guidance is subject to Section 106 review and will require further review before the work is conducted.

Additionally, in the event of an unanticipated discovery of archaeological artifacts or human remains during trench excavation, the unanticipated discoveries plan (Attachment H) must be followed, which includes notifying Tiffany Ciavattone and Penny Dwoinen.

HISTORIC PROPERTIES

The Program Analyst assigned to a project involving a Historic Property is responsible for contacting the Preservation Specialist regarding the work specifications prior to the work being bid out, and when a change order is requested. All work specifications must be approved by the Preservation Specialist prior to being completed.

The Program Analyst is also responsible for providing the Preservation Specialist with the following additional photographs: images showing an overview of all elevations of the house including the garage, if present and detailed views of specific work items listed in the submitted specifications. Upon completion of the rehabilitation, the Program Analyst will submit photos of the completed work to the Preservation Specialist. The photos will be the same views as those detailed above.

The Program Analyst is responsible for obtaining the following approval letters from the Preservation Specialist:

Conditional No Adverse Effect (CNAE) Letter – This letter provides the required approval of the specifications for the project.

Work Completed No Adverse Effect Letter (NAE) – This letter provides the required approval of the completed work and closes the Section 106 review for the project.

The following actions will constitute an Adverse Effect (36 CFR 800.5) and will disqualify the project from HUD funding:

- Any rehabilitation work done prior to the Preservation Specialist's Conditional Approval of specifications/change orders.

- Any rehabilitation work completed does not meet the *Secretary of the Interior's Standards of Rehabilitation*.
- Photos of the completed work are not submitted to the Preservation Specialist for approval.

The Preservation Specialist shall conduct a quarterly audit of the Single-Family Housing Rehabilitation Programs in January, April, July, and October of each year. The Program Manager of PSRP Disaster Recovery shall supply project tracking reports and/or project files to the Preservation Specialist to complete the audit. The results of the audit will be provided in a short letter report to the Program Manager. If the audit identifies any concerns or issues, the PSRP Disaster Recovery, Preservation Specialist and Environmental Review Officer shall meet to resolve these.

3.2 Supervision of Contractors.

DWSD staff will follow its internal, written policies that govern contractor performance. Work performed by the plumbing contractors is overseen by DWSD Superintendent Inspectors. DWSD Superintendent Inspectors are responsible for ensuring work specifications are completed accurately and satisfactorily and that the products installed are acceptable. The DWSD Superintendent Inspectors, as well as an inspector from BSEED, perform final inspections prior to payment.

Regular monitoring of the work will be performed by the DWSD Superintendent Inspector to determine compliance with Performance Standards and the Construction Schedule.

The Housing Compliance Inspector will be responsible for initial inspections, writing specifications, overseeing contractors' work with furnace, hot water tank, and mold remediation process.

3.3 Construction and Lead Safe Housing Rule

All activities must comply with HUD's Lead Safe Housing Rule (24 CFR Part 35) to protect residents, especially children, from lead-based paint hazards. The DWSD Inspector or Contractor can conduct a Lead Safe Housing Requirement Screening on Exemption or Limited Exemption provided in Attachment K.

If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead-based paint. If present, the removal of lead-based paint will be considered in the costs of rehabilitation under the Abatement cap as described in the General Guidelines. Lead paint inspection provides two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation and (2) the health risks to residents, particularly children, may be severe so any presence of lead-based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.

A pre-construction conference between the assisted homeowner, contractor, and the City of Detroit will be conducted to ensure that all parties agree about the work to be completed. The pre-construction conference will consist of two parts: The first part deals with basic contract and procedural issues: begin and end dates of the contract; terms of the contract; payment schedules and procedures; inspection procedures and requirements; responsibilities of the contractor and the assisted homeowner; change order procedures; payment requests and procedures (escrow

account); lead-based paint requirements; role of the subrecipient; complaint and conflict resolution procedures; and other programmatic procedures. The second part will consist of a walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding cleaning up by the homeowner prior to the work, and the contractor after the work.

Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) which will be used as required and as appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. Additional codes and standards requirements are detailed in the General Guidelines.

Pre-Construction Requirements

Inspection and Risk Assessment:

- Prior to any work that might disturb painted surfaces, a certified risk assessor or inspector must evaluate the property for the presence of lead-based paint.

Exemption

- If lead-based paint is detected, a risk assessment must be performed to identify potential hazards.

Resident Notification:

- Residents must be informed of the findings from the inspection and risk assessment.
- Provide the EPA's "Renovate Right" pamphlet to residents, detailing the dangers of lead-based paint and how to protect themselves.

Documentation:

- Maintain records of inspections, risk assessments, and notifications to residents in the project file.

During Construction

Work Practices:

Use lead-safe work practices as outlined in 24 CFR Part 35, Subpart R. This includes:

- Containing the work area to prevent the spread of dust and debris.
- Using protective coverings and barriers.
- Employing methods such as wet sanding or wet scraping to minimize dust.
- Prohibiting certain high-risk practices like open flame burning or torching of lead-based paint.
- Worker Protection:
 - Ensure that workers are trained in lead-safe practices and equipped with appropriate personal protective equipment (PPE).
- Resident Safety:
 - Temporarily relocates residents if the lead hazard reduction activities pose a significant risk. Follow HUD guidelines for temporary relocation assistance.

Post-Construction

Clearance Examination:

- After completing the work, a certified risk assessor or inspector must conduct a clearance examination.
- This includes visual inspection and dust wipe sampling to ensure no lead-based hazards remain.

Resident Notification:

- Inform residents of the results of the clearance examination.
- Provide a copy of the clearance report to the residents.

Documentation:

- Maintain records of clearance examinations and resident notifications in the project file.
- Submit all relevant documentation to the CDBG-DR Program Manager.

Emergency Repairs

Immediate Hazard Mitigation:

- If emergency sewer repairs disturb painted surfaces, implement immediate hazard controls to protect residents from lead exposure.
- Follow the same procedures for work practices and post-construction clearance as outlined above.

Resident Communication:

- Communicate promptly with residents about the emergency work and safety measures taken.
- Provide follow-up information and results of any subsequent clearance examinations.
- Enforcement and Monitoring

Compliance Monitoring:

- The CDBG-DR Program Manager and DWSD Project Manager will monitor compliance with this policy.
- Conduct periodic reviews of project files and site visits to ensure adherence to lead-safe practices.

Non-Compliance Consequences:

- Contractors and workers failing to comply with this policy will be subject to corrective actions, which may include retraining, suspension, or termination of contracts.

Continuous Improvement:

- Regularly review and update this policy to incorporate changes in regulations and best practices.

3.4 Building Permits

Within ten days of the contract execution, the Contractor will submit to DWSD the Building Permit issued by BSEED. After completion of work, the Contractor must request and pass a final inspection from BSEED. DWSD is responsible for providing a copy of permits for case files.

3.5 Change Orders

In the event unforeseen items or field condition are encountered by a Plumbing Contractor at the time of construction, the Plumbing Contractor issues a Change Order Request (COR) to the PSRP team.

The DWSD PSRP Team will review and provide a response to the Plumbing Contractor's Change

Order Request (COR) within 24-48 hours of receipt. A Change Order (CO) must be used to amend the Contract Price and/or change in the previously identified scope of work. DWSD Program Manager must notify the HRD about any change order request.

Plumbing Contractors must restore all utility lines to full operation and temporarily restore all disturbed work areas until the DWSD PSRP Team provides approval or denial of the COR. Plumbing Contractors shall restore all disturbed work areas to pre-existing conditions regardless of COR approval/denial.

3.6 Project Closeout

Plumbing Contractor completes restoration and requests BSEED Final Inspection. Inspections are scheduled by using the City's automated inspection request hotline (313) 224-3202 or BSEED's website. BSEED completes Final Inspection, and completion photos with Homeowner Acceptance sign off (Smartsheet/Copy in Case file). Inspector/Contractor/Homeowner confirms completion of work; update Smartsheet with date/time of inspection.

Upon receipt of an approved final inspection request form, the Plumbing Contractor shall submit the final payment package in Smartsheet. Office Support Staff (OSS) ensures all documents are in order using checklist (CoA, invoice, etc.) This payment package will include a Documentation Checklist (Attachment E) with all pertinent documents arranged in the same sequence as listed on the checklist.

A project will be considered closed once the following is completed:

- Customer Feedback – Optional Survey provided to homeowners regarding their satisfaction with repair process and outcomes.
- Budget Utilization – Percentage of allocated budget used for project compared to total budget.
- Timeline Adherence – Measure of how closely the project timeline adhered to the planned schedule.
- Quality Assurance - Assessment on the quality of repairs conducted, ensuring they meet specified standards and regulation (BSEED Inspection Report)

Procedures for Processing Contractor Payments:

- 1 Payment requests will be processed by the CDBG-DR PSRP Staff approximately 5 business days from receipt from DWSD.
- 2 Payments will be processed according to the following procedures:
- 3 No payment packages can be submitted until a property passes a final inspection. The Superintendent Inspector is responsible for ensuring the Contractor addresses any deficiencies noted in the final inspection.
- 4 CDBG-DR PSRP Staff will review the payment request package for completeness.
- 5 CDBG-DR PSRP Staff will enter payment package into DocuSign approval workflow.
- 6 If payment packages are entered by CDBG-DR PSRP Application intake staff, they will forward payment package to CDBG-DR PSRP Program Manager and Director for review and for approval.

- 7 Once the CDBG-DR PSRP Program Staff has been reviewed, the payment package will move forward to the Office of Departmental Financial Services (ODFS) for processing.
- 8 ODFS will issue an ACH payment within 30 days of receipt of the payment package.
- 9 CDBG-DR PSRP Intake Staff or Program Manager will contact the contractor via email with an authorization to upload invoice into supplier portal.
- 10 Payments are processed on Wednesdays at 4:00 p.m., payments submitted to ODFS after this deadline will be processed the following week. In most cases, an ACH payment will be issued within 30 days of the invoice date. All other items detailed in HRD/ DWSD MOU.

3.7 Closing the Project

PSRP Program Manager will ensure PSRP Intake Staff will follow the steps below in closing out a project:

- 1 CDBG-DR PSRP Intake Staff are responsible for ensuring the file is complete with all documentation including those obtained from the Superintendent Inspector.
- 2 CDBG-DR PSRP Intake Staff ensure all information entered in the monitoring file is accurate and complete.
- 3 CDBG-DR PSRP Intake Staff closes out record with final date in the monitoring file.
- 4 Once these tasks have been completed and there are no outstanding issues or problems, the project is closed out and filed in shared files.

3.8 Record Retention

All official records on programs and individual activities are maintained for a 5 (five) year period, starting once the national objective has been met and recorded, or beyond the end of the affordability period for each housing activity, whichever is longer. Refer to HRD Policy

3.9 Unit Monitoring for Landlord Units

Each year during the five-year lien period, HRD PSRP staff will send a self-certification form (12 months from the execution of the mortgage and note) to the occupants of rental housing assisted with CDBG-DR PSRP funds requesting information about their income, number of people in the household and rental rate. If, based on the information returned, occupants are considered low-income, the monitoring is complete.

However, if, based on the returned survey, the occupants are over income, the property owner will be required to provide documentation showing the unit(s) was affirmatively marketed to low- to moderate-income families with children under six years of age and were unable to find a qualified low-income tenant to fill the vacancy.

If it is determined that the property owner did not fulfill their obligation to rent the assisted unit(s) to low-income families, the amount of the lien will be due immediately to HRD. The amount due will be based on the pro-rated amount.

3.10 Fair Market Rental Rates

Rental rates in tenant occupied units assisted with CDBG-DR PSRP grant funds must not exceed the HUD Fair Market Rental Rate, found here: <https://www.huduser.gov/portal/datasets/fmr.html>. HUD Fair Market Rental Rates change annually, and the Lead Hazard Reduction Program will use

the most current approved rental rates.

Landlords will not be permitted to raise rents during the five-year affordability period, unless there is a change in occupancy. As long as the tenant in the property at the time of assistance stays in the home, the rental rate established at the time of assistance will remain the rental rate until the end of the five-year affordability period or the tenant vacates the property.

When there is a change of occupancy, the property owner may not raise the rent more than 5%, not to exceed the current HUD Fair Market Rental Rate. Non-Discrimination policy Section 109 of the Housing and Community Development Act of 1974 requires that no one shall, on the grounds of race, color, national origin, sex, age, or handicapped status, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with Community Development funds. In addition, any property owner, as a condition of obtaining a PSRP grant, must comply with all applicable requirements imposed by or pursuant to regulations affecting Title VI of the Civil Rights Act of 1964 and Title VIII of the Civil Rights Act of 1968 regarding the sale, lease, use or occupancy of his/her property.

The City of Detroit reaffirms its policy to allow all individuals the opportunity to participate in Federal financially assisted services and adopts the following provision:

“No person in the United States shall, on the grounds 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.” In applying this policy, the City of Detroit and its sub-recipients of Federal funds shall not: Deny any individual with any services, opportunity, or other benefit for which such individual is otherwise qualified.

Provide any individual with any service, or other benefit, which is inferior (in quantity or quality) to, or which is provided in a different manner from that which is provided to others.

Subject any individual to segregated or disparate treatment in any manner related to such individual's receipt of services or benefits.

Restrict an individual in any way from the enjoyment of services, facilities or any other advantage, privilege or other benefit provided to others. Adopt or use methods of administration, which would limit participation by any group of recipients or subject any individual to discrimination.

Address any individual in a manner that denotes inferiority because of race, color, or national origin. Permit discriminatory activity in a facility built in whole or in part with Federal funds.

Deny any segment of the population the opportunity to participate in the operations of a planning or advisory body that is an integral part of a federally funded program. Fail to provide information in a language other than English to potential or actual beneficiaries who are of limited English-speaking ability, when requested and as appropriate.

Subject an individual to discriminatory employment practices under any federally funded program whose objective is to provide employment. Locate a facility in any way which would limit or impede access to a Federally funded service or benefit.

The City of Detroit will actively pursue the prevention of any Title VI deficiencies or violations and will take the necessary steps to ensure compliance. If irregularities occur in the administration of the program's operation, procedures will be promptly implemented to resolve Title VI issues all within a period not to exceed 90 days.

The City of Detroit has designated a Title VI Coordinator who will be responsible for initiating and monitoring Title VI activities and other required matters, ensuring that the City of Detroit complies with the Title VI regulations and pursues prevention of Title VI deficiencies or violations.

Inquiries concerning the City of Detroit and Title VI may be directed to: Title VI Coordinator, Coleman A. Young Municipal Center, 2 Woodward Avenue, Suite 1240, Detroit, MI 48226; or phone: 313.224.9521.

Language Assistance

As a recipient of federal funds, the City is required by Federal law to plan for and provide LEP individuals with meaningful access to City services, programs, and activities. In accordance with the Title VI non-discrimination laws regarding providing appropriate access to services and activities, the Limited English Proficiency Plan was implemented to define how the City of Detroit will accommodate LEP individuals. Upon request, the Civil Rights, Inclusion & Opportunity Department will provide interpretation and documentation translation services.

3.11 OWNER MISCONDUCT

If the property owner and/or tenant, and/or anyone related to or associated with the property owner and/or tenant, engages in conduct which either prevents or unduly interferes with the Contractor's performance activities as agreed to in the work specifications, and/or causes the destruction of work that has been completed, the Contractor may submit evidence of the property owner/tenant's alleged misconduct, in writing, and request the DWSD and PSRP Program Manager/Director to conduct an inquiry. Within fifteen (15) business days of request, the DWSD and PSRP Program Manager/Director shall notify the Contractor and the property owner and/or tenant, in writing, of the results of its inquiry. If HRD determines that the property owner/tenant has violated this policy, the Contractor may terminate the contract with ten (10) days written notice to HRD and the property owner and/or tenant. The Contractor shall be compensated for all work completed on the project approved by HRD. If HRD determines that the property owner/tenant's conduct is not in violation of this policy, any subsequent contract termination by the Contractor on the basis of the property owner and/or tenant's misconduct will be considered a violation of the policy. Failure of HRD to render a decision within fifteen (15) days after receipt of the Contractor's request for an inquiry shall be deemed a determination that the property owner and/or tenant is guilty of the alleged misconduct.

3.12 Other Repair Work

No work, of any kind, other than that contained in the approved work specifications included in the signed contract, or included in an approved change order, will be covered by the CDBG-DR PSRP nor should any additional work be undertaken, either by the owner/occupant, the HRD hired contractor or another contractor, during this project.

3.13 Reporting

Report	Frequency	Other
Quarterly Progress Report, narrative, unit work	Quarterly	
SF 425 – Federal Financial Report	Quarterly	
Section 3 (HUD-60002)	Yearly	
Race and Ethnicity Form (HUD-27061)	Yearly	
Final Report	90 days after end of POP	Period of Performance (POP)
CAPER	Yearly	

The CDBG-DR PSRP will establish procedures for contractor to periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between the grantee and the contractor as outlined in the City of Detroit [Section 3 Guidelines](#).

The CDBG-DR PSRP will collect data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance. The reporting requirements will include, but not be limited to the following:

For each program activity requiring a direct application by an individual or non-institutional entity:

- Applicant household’s income
- Household’s income as a percentage of area median family income as defined by HUD
- The race and ethnicity of the head of household
- The household’s familial status
- The presence or non-presence of a household member with a disability

Accounting for Reporting Metrics:

- # Replaced hot water heaters
- # of Properties
- Benefit Report Type: Direct Benefit - HH - Renter/Owner
- Housing Units: Housing Units - Single/Multi Family
- # of Households
- # Owner Households
- # Renter Households

3.14 Release of Lien Restriction

By agreeing to be a part of the CDBG-DR PSRP, the property owner agrees to have a lien placed on their property to protect HUD’s investment. A five-year lien will be placed on rental units. The lien is prorated on a monthly basis and forgiven over the period of the lien. Payback of the outstanding balance only occurs if the property owner does not meet the terms of the lien – (a) if the house is sold during the affordability period, or (b) the property is not occupied by a low- to moderate-income household and has not been affirmatively marketed to such households. The mortgage lien document recorded with the Register of Deeds outlines the terms and conditions of this program. After the expiration of the affordability period, the owner can request that HRD discharge the property lien.

Section 4: Systems of Records and Management

4.1 Management

Neighborly

Prior to February 1, 2025: System Used: Smartsheet.

Process: Applications were completed by residents and/or staff directly in Smartsheet. All supporting documents were uploaded and stored in Smartsheet. CDBG-DR PSRP Previous Smartsheet System of Record:

<https://app.smartsheet.com/workspaces/q9pgWXV58hwVMqjvrWF7mR8RWwpfWQCfprC7CXc1>

Resident Case Files Previous System of Record:

<https://app.smartsheet.com/workspaces/q9pgWXV58hwVMqjvrWF7mR8RWwpfWQCfprC7CXc1>

On and After February 1, 2025: System Used: Neighborly Portal.

Process: Residents and staff complete applications online through the Neighborly portal.

All application documents (eligibility, income verification, property records, etc.) are uploaded and stored within Neighborly. Neighborly serves as the official system of record for application intake and document storage.

Post-Approval Resident Workflow

Once an applicant is determined eligible and approved:

- Intake staff enter the resident’s contact information into Smartsheet using the designated internal form.
- The submitted form automatically notifies Detroit Water and Sewerage Department (DWSD) of the approved applicant for scheduling.

DWSD Scheduling & Contractor Management

DWSD receives the resident contact info via Smartsheet. Please review Attachment P, page 101 – 103 for step-by-step construction process.

- DWSD staff:
 - Contact residents to schedule inspections and repair/replacement services.
 - HRD monitors and oversight of project from start to completion via smartsheet:
<https://app.smartsheet.com/sheets/v6WXFF6jqW4HFPJ4jcVrvc7JrPwWCPp88p4MpPq1?view=grid>
 - Utilize Smartsheet to track:
 - Contractor appointments.
 - Scope before work
 - Work completion status.
 - Invoice processing steps.

Contractor Invoice Submission

- Contractors complete work as scheduled.
- Contractors upload invoices and supporting documents (before/after photos, reports) via the Box link provided by DWSD. Please refer to Attachment P

DWSD Invoice Review & Approval

- DWSD Program Manager:
 - Reviews contractor invoices stored in Box.
 - Verifies supporting documentation (photos, reports, inspection notes).
 - Approves the invoice in Box once requirements are satisfied.
 - DWSD Program Manager/Office Staff:
 - Update the Smartsheet system to mark the job and invoice package complete.
 - <https://app.smartsheet.com/sheets/xpVM64VXFV2gCqMC8V8346XmP8fWrpX2cVrqJr5>
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HRD Invoice Submission & Reimbursement

- After DWSD marks completion:
 - HRD Program Director and HRD Program Manager review the approved invoice package.
 - HRD submits the invoice package for reimbursement approval through DocuSign.
 - Once reimbursement is approved, funds are processed according to HRD's finance procedures.

Audit Trail & Recordkeeping

Neighborly: Repository for applications and resident documents (effective February 1, 2025).

Smartsheet: Workflow tool for inspection scheduling, contractor management, and invoice tracking.

Box: Storage for contractor invoices and supporting work documentation.

DocuSign: Used for reimbursement approval routing. Signed files held: [PSRP Invoice Folder](#)

Retention: All records must be maintained in accordance with HUD/City of Detroit retention requirements.

Attachments:

Attachment A: Affidavit of Non-Employment Income

Attachment B: PSRP Application:

<https://portal.neighborlysoftware.com/cityofdetroitmi/participant>

Attachment C –Home Insurance Requirement Waiver

Attachment D – Duplication of Benefits Certification Form
Attachment E – Payment Documentation Checklist (Contractor Payment Package)
Attachment F – PSRP Process Map
Attachment G – Home Warranty Document
Attachment H – Detroit Unanticipated Discoveries Plan
Attachment I – DWSD General Release from Liability
Attachment J – Complaint or Resident Issue Tracker/ Contractor:
<https://app.smartsheet.com/b/form/6a96566e3fde4a16a38bbc62b9336ce2>
Attachment K – Lead Safe Housing Requirements Screening on Exemption or Limited Exemption
Attachment L – Resident Conditional Approval Letter
Attachment M – Program Guide
Attachment N – CPD- Green Building Retrofit Checklist
Attachment O – Program Manager and Intake Specialist Workflow
Attachment P – DWSD Construction and Personnel Guide
Attachment Q – DOB Calculation Sheet
Attachment R – Update Summary
Attachment S – Distribution & Training Plan
Attachment T – Property Tax
Attachment U – Coordinating Basement Sanitization and HVAC
Attachment V – PSRP FAQ Construction Form
Attachment W – Neighborly SOP: [Neighborly SOP for PSRP](#)

DEFINITIONS

CDBG – Community Development Block Grant

CDBG-DR – Community Development Block Grant – Disaster Recovery

Duplication of Benefits – The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source.

Family – A household composed of two or more related people. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or wellbeing, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two (2) or more

families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low to moderate income objective is based on the LMI of households.

HRD – Housing & Revitalization Department

Low to Moderate Income (LMI) National Objective – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Household income shall be calculated based on the current annual gross income (AGI) as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes. An applicant's income shall be assessed utilizing the most current tax returns (e.g., IRS Form 1040, 1040A, 1040EZ, or IRS form 8879) for all household members required to file taxes. All tax returns must be signed the filer or applicant can provide Tax Transcripts from the IRS. Please note that prior to July 1, 2025, the HUD Part 5 (Section 8) income determination method was utilized. The most current income limits, published annually by HUD, shall be used by the subrecipient to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size
- Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size
- Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size PSRP – Private Sewer Repair Program

OCFO – Office of Chief Financial Officer

OCP – Office of Procurement

ODG – Office of Development and Grants