

Q & A Whole-Home Repairs Webex

- **Section II – Eligibility**

- **Section A – Eligible Applicants**

- What are the three criteria to be eligible for the grant?
 - Can a subgrantee be a for-profit entity? For example, can we put out an RFP to solicit banks and credit unions to manage the loans to landlord's requirement?

ANSWER: An eligible applicant for direct funding from DCED under the Whole-Home Repairs Program shall be a county government, a nonprofit organization, or a governmental entity, such as a municipal authority, selected by a county as follows:

- For a county of the first class, the eligible applicant shall be determined by the mayor and approved by city council.
- For a county of the second class, the eligible applicant shall be determined by the county executive.
- For any county other than a county of the first or second class, the eligible applicant shall be determined by the county government.

- Can the county select more than 1 subgrantees? For example, 1 subgrantee to handle the loans and 1 subgrantee to handle workforce development?
 - We probably all have non-profits in our area that could help with this program due to their extensive expertise in this area, but do we still need to put out an RFP to choose them?
 - Can the Grantee designate a Sub-Grantee, or does it have to be put out to bid? For instance, the community action agency administers the state weatherization program. Couldn't the agency be designated a Sub-Grantee based upon the programs they are administering?

ANSWER: Yes, there can be multiple subgrantees.

When selecting a subgrantee: If the initial grant is awarded to a political subdivision or other entity for which open and competitive bidding procedures have been established by law, the grantee shall comply with those procedure when selecting a subgrantee if they are applicable to the project being funded with the grant funds. Otherwise, the Grantee shall comply with open and competitive bidding procedures in awarding any and all grants, subgrants, contracts, subcontracts or other agreements in excess of \$10,000.00 for construction, reconstruction, demolition, alteration and/or repair, for acquisition of machinery and equipment, or for engagement of the services of a professional consultant, when said grants, subgrants, contracts, subcontracts or other agreements are funded in whole or at least 50% in part with funds made available under this Contract. Open and competitive bidding procedures require the Grantee to obtain a minimum of three arm's length bids from vendors capable of providing the goods and/or performing the services requested. Arm's length transactions occur when the parties to the transaction are not related to one another, and each party is acting in its own self-interest. The Grantor may require the Grantee to submit proof of compliance with said procedures, and failure to provide such proof to the satisfaction of the Grantor may result in termination of the Contract and repayment of all or a portion of the funds available under this Contract. Upon written request and for good cause shown, the Grantor may, at the Grantor's sole discretion, permit the Grantee to use an alternative procedure for solicitation of bids not inconsistent with law.

- Regarding commitment of grant funds, does this mean committed to a subgrantee or does this mean committed to contractors, homeowners, or landlords?

ANSWER: By applying to DCED as outlined under Section V of these guidelines, an eligible applicant agrees to commit funding to eligible projects outlined under Section II (B) which should include loan/grants, administrative costs, and investment in workforce development programs.

- Do the contractors have to be a part of the weatherization list from DCED for the repair's element of the program?

ANSWER: It will be the responsibility of the counties to determine which contractors they use. The contractor for the home repairs portion of the program will need to be a licensed contractor and all permitting laws must be followed.

- Do the subgrantees need to be named in the resolution to apply for the funding?

ANSWER: The resolution does not need to include the subgrantees, only the county designated applicant, if applicable. However, the application requires a Project Plan which provides details and should name any known anticipated subgrantees at that time. If a subgrantee is designated after the award is issued, the applicant is required by law to notify the WHR office as soon the subgrantee is designated so that the public list of grantees and subgrantees can be kept current.

- For other federally funded rehab requirements, homeowners are required to provide proof they are up to date on taxes and have homeowner insurance. Are these provisions allowable for local design?

ANSWER: Programs funded through WHRP must meet all applicable state and local building, housing, property maintenance, fire, health or other public safety ordinances, laws or codes related to the use or maintenance of real property and all applicable state and local tax laws.

- Is it required to serve landlords through the program? The administrative requirements on tracking loan forgiveness are not in alignment with other programs so they require a whole different compliance framework. Is it allowable to only target homeowners and grants?

ANSWER: The legislation requires that all intended uses of the WHR Program (grant/loan, administration, and investment in workforce development programs) be met with the County's allocation of WHR funds. Grant/Loan is one of the three core components of the program and providing either a grant and/or a loan would satisfy the intended use requirement.

○ **Section B - Uses of Funds**

- Is it a grant to the homeowner and a loan to the landlord? Or are both loans?

ANSWER: It is a grant to the homeowner and loan to the landlord.

- Are there different income guidelines for homeowners vs. tenants of landlords?

ANSWER: Yes. A homeowners household income cannot exceed 80% of the area median income. Please reach out to the WHR Program resource (email) account for specific income information on a per county basis. A landlord is eligible if they meet the definition of a “small landlord” and offer an “affordable unit” as defined by the program guidelines. Affordable units are units where rents are affordable at or below 60% of area rent level and the tenant's median income is at or below 60%, adjusted for household size, as defined annually by the Pennsylvania Housing Finance Agency’s PennHOMES countywide limits.

- Can this be used for general home improvement such as update bathrooms and kitchens or is it for health-safety and energy improvements only?
- At the county level, can providers narrow the scope outlined in the Program Guidelines whereby the County tailors a program model that it feels is best for the needs of the local community? For example, offer the program only to homeowners or create a priority process to utilize the County’s consolidate plan to address the elderly population, prioritize homes deferred under the Weatherization Assistance Program, or invite municipalities to recommend blighted homes for consideration

ANSWER: Eligible uses for home-repair must address habitability or safety concerns, improve energy or water efficiency, or to make units accessible for individuals with disabilities. The scope of the work will be determined by the grantee or subgrantee. We encourage each county to implement this program in a manner that is best suited to their county needs.

- What is “Water Efficiency”, can we provide funds for a new public water service hook-up including tap in fees and municipal fees and or drill a new well for the homeowner?
- Regarding “Energy Efficiency”, does this include installing new HVAC systems including central air?
- Regarding “Accessibility”, it says “Main Level bathroom / bedroom addition”, does this include adding square feet to the property (actual addition)?
- Can small landlords use the funds to purchase appliances?
- In the case of the potential larger accessibility modifications, are design professional fees eligible to be paid for under the program?
- Is the administering agency responsible for conducting an audit / walk through of the home to identify habitability concerns and allowable measures (“Use of Funds”) and create a scope of work?

ANSWER: It will be the responsibility of the grantee/subgrantee to determine and approve the scope of the work necessary while using the WHR Program guidelines as guidance. It will be the responsibility of the administering agency to audit the project for program compliance.

- These funds may trigger a single audit, can program funds be allocated in the budget for this cost? Or is this cost strictly considered administration?

ANSWER: Strictly an administration cost and would fall within the 4% allowed for such costs.

- As a homeowner, do I need to go through a county office to get a grant?

ANSWER: Yes. Once grants are awarded, the grantee/subgrantee and their contacts for each county participating will be published on our website.

- Do you have a suggested county office to contact?
- How will the individual know how to apply and where?

ANSWER: The WHR Program office will not know the applicant until the application is received. Once the grant has been awarded, the contact for each grantee/subgrantee will be published on our website. Additionally, as additional subgrantees are determined, the list will be updated frequently so that the public is aware of the appropriate contacts.

- How is 15-year monitoring going to occur and will the state do that? The grantee/subgrantee must monitor and develop best practices to do that efficiently?
- What kind of ongoing support is available for tracking landlords for the 15 years?

ANSWER: It will be the responsibility of the grantee or subgrantee to administer the program requirements. Any specific questions regarding best practices involving the loan forgiveness criteria can be directed to the WHR Program resource (email) account.

- If the owner needs to pay back the loan, how much interest rate should apply for the loan? Should each county make their own decision?

ANSWER: It will be the responsibility of the grantee or subgrantee to develop a loan agreement for their WHR program. Any specific questions regarding specific best practices involving the terms of the loan can be directed to the WHR Program resource (email) account.

- Who is going to monitor the loan for 15 years? Will the landlord have a lien placed on the property, so you can track if the home is sold?

ANSWER: It will be the responsibility of the grantee/subgrantee to monitor the loan through its maturity/forgiveness. The WHR program requires a mortgage on the project property for landlord loans. The grantee/subgrantee will have control in recapturing funds (in their entirety) before releasing the mortgage if it's requested by the owner prior to the 15-yr. forgiveness period expiration.

- May we provide loans to landlords with payment due upon sale with no forgiveness?
- Can you confirm that loan forgiveness cannot be amortized under any conditions (i.e., forgiven over the 15-year loan term)?
- How is program income handled for landlords that do not meet the forgiveness requirements?

ANSWER: The loan will be required to be forgiven at 15-years if all forgiveness criteria are met. At any time prior to the forgiveness period, the landlord sells the property, the loan, in its entirety, will need to be recaptured at that time. If the landlord does not meet the forgiveness requirements at 15 yrs. or anytime throughout the loan lifecycle, the loan will need to be recaptured in its entirety at that time.

- How are you going to prevent landlord fraud? For example, landlords transferring properties to family members or friends, so they fit the guidelines of only having 15 units or less.

It will be the responsibility of the grantee or subgrantee to develop and implement policies and procedures to ensure the program requirements are being met.

- How are you going to track that the landlord is providing the rental unit to low-income tenants for 15 years?

ANSWER: The grantee or subgrantee will be required to establish processes and procedures to track this information. It's also important to note that the Landlord will need to comply with the monitoring rules established by the grantee to ensure loan forgiveness at 15 years.

- If the tenants reject to sign the 3-year lease, what should the landlord do?

ANSWER: If the tenant decides to decline, they will need to do so in writing. A one-year extension with two one-year options is another creative solution, but ultimately, if it's been offered and rejected in writing, the criteria for forgiveness has been met.

- Is the admin fee on the total grant or on dollars spent?

ANSWER: For the first round of funding, the 4% will be available on the total grant award. This policy is subject to review/change for future funding rounds.

- What was the rationale for 4% administrative fee? The cost of doing business and adding staff has increased.

ANSWER: It legislatively driven, the program allows for up to 4% of the grant award to be allocated for administrative costs.

- Once we submit a total project budget in our application and submit, it is ok if we over-spend / under-spend in certain areas without needing DCED's prior approval?

ANSWER: Any changes to the project plan/scope will be required to be reported to WHR office for approval.

- How do we limit EOOH rehabilitation projects to \$50,000? In my experience, an average Whole-Home rehabilitation project is currently more than \$61,000. Will there be local discretion to limit the project's Scope of Work?

ANSWER: The grantee or subgrantee will have the discretion to limit the scope of a project to fit the max \$50,000 or pull from other non-WHRP funding sources as a match in the project. Please note that any outside funded sources into a project may trigger Davis-Bacon.

- 4 of the guidelines, "habitability concerns" - free from defective conditions or health and safety hazards, including asbestos, mold, pests, or lead. If I am reading this correctly, any home built prior to 1978 would need to be tested for lead under this program. Is that a correct read of the program?

ANSWER: Funds can be used to test, remediate, and address lead issues but only if it's related to the Habitability concern of the property. It's not required that all homes receiving WHR funds be lead tested.

- Where would the returned funding go?
- Will DCED recapture funds not committed by the 2024 date so they can be redistributed to counties that could commit the funds by the deadline?

ANSWER: Any funds not committed before December 31, 2024, will be recaptured, and redistributed to all counties who participated in the program. Funds must be committed prior to December 31, 2024. To accomplish this, the WHR Program staff will begin working with the counties throughout 2024 to determine what funds may not be used and redistribute them in a manner that gives other counties sufficient time to commit the funds before the expiration date.

○ **Section C – Other Requirements**

- HOME and CDBG-funded home rehabilitation only requires state prevailing wages. While this may not trigger Davis-Bacon, will it trigger State prevailing?
- Although the presentation stated that ARPA funds do not need to follow Davis Bacon. With this being federal dollars under UG 200, any construction work over \$2000 has to follow Davis Bacon--so this will be additional monitoring to be done by programs. How do we navigate both rules?

ANSWER: It's the understanding of the WHR Program office that funds through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) do not trigger Davis-Bacon. However, the grantee or subgrantee should follow the following DCED guidance:

The Grantee (or subgrantee) will comply with the PA Prevailing Wage Act of 1961, as amended (43 P.S. 165-1 through 165-17) in those instances in which the federal Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) either is not applicable or an exception would apply to projects undertaken by the Grantee.

- For other federally funded rehab requirements, homeowners are required to provide proof they are up to date on taxes and have homeowner insurance. Are these provisions allowable for local design?

ANSWER: Projects funded through the WHR Program must comply with all applicable state and local building, housing, property maintenance, fire, health or other public safety ordinances, laws or codes related to the use or maintenance of real property and all applicable state and local tax laws.

- **Section III – Definitions**

- Can you please define what is considered a "small landlord"?

ANSWER: "Small landlords" – A person who meets all the following criteria:

1. The person is a landlord.
2. The person has an ownership stake in no more than five properties and no more than 15 rental units.
3. The person rents those properties or units described immediately above for use as a primary residence for a fee, regardless of the length or form of the lease

- Can funds be used for mobile homeowners on rented lots?

ANSWER: By the definition listed in the guidelines, yes, a mobile home would qualify for these funds. See definition below:

"Homeowner" – A person who is any of the following:

1. An owner of record evidenced by a publicly recorded deed.
2. An owner-occupant of a manufactured home who leases a space in a manufactured home community.
3. An equitable owner who can demonstrate an ownership interest in a property as provided by law, including: (i) A person who has inherited an interest in a property; (ii) A person who has entered a contract to purchase a property; (iii) A person who was the owner of record before a fraudulent conveyance of the property; (iv) A person who is a trust beneficiary and a person holding a partial ownership interest in a property such as tenancy by the entirety, joint tenancy, tenancy in common and life estate

- **Section IV – Program Requirements**

- The grant is directly to the homeowner, so is it their responsibility to secure a contractor, get the work done, and the county will be required to ensure the work is done up to standard and within the program requirements?

ANSWER: Homeowners or the grantee/subgrantee can initiate the selection process, but the grantee/subgrantee will be required to ensure that all contractors are licensed and that all local permitting rules are enforced. There could also be a scenario where the grantee/subgrantee engages in a bidding process where all home repair work performed under the total grant would be awarded to a single general contractor.

- Do the counties know that they have to create a program on their end?

ANSWER: Yes

- Does a structure need to meet UCC/IPMC Code once complete? If we want to partner with other funds that will finish the work that will bring it to code, is that allowable

ANSWER: Specific projects funded through the WHR Program must comply with all applicable state and local building, housing, property maintenance, fire, health or other public safety ordinances, laws or codes related to the use or maintenance of real property and all applicable state and local tax laws.

- Are provisions going to be in place to make sure that this program will be equitable?

ANSWER: No assistance shall be awarded to an applicant under this program unless the applicant certifies that the applicant shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with grant funds must contain the Commonwealth's official nondiscrimination clause.

- **Section V – Application Procedures**

- County resolution process takes a while, especially given the time of year. Can that be submitted later but the application still be considered complete?

ANSWER: All applications and required supplemental information, including the county resolution, must be received by 5 pm on January 31, 2023.

- Do we have better chance for funding if it were to be submitted earlier?

ANSWER: Funding is predetermined and allocated to each county based on criteria as defined in Section 135-C. of the Whole-Home Repairs Program and the allocation list is available on the program's website.

- **Section VII – Procedures for Accessing Funds**

- Are the funds allocated as a grant upfront or will it be reimbursement--which causes a cash flow issue for some agencies?

ANSWER: Upon execution of the grant contract, the applicant will receive an advanced payment request form and instructions for requesting 100% of the grant award up-front. It's the goal of the WHR Program office to have the funds to the grantee within 60-90 days of the application submission.

- **General Inquires**

- What is the timeline for responding to WHR questions?

ANSWER: Responses are remitted in the order they are received and as quickly as possible.

- Is there currently a posted deadline to spend and/or allocate the funds?

ANSWER: Funds must be committed no later than December 31, 2024, and expended no later than December 31, 2026.

- Will DCED cap the amount of funds allocated to each County initially based on certain demographic criteria and then, if some counties do not have an applicant, reallocate the excess among interested counties? Trying to gauge if applying early provides a benefit.

ANSWER: Funding is already allocated to each county based on criteria as defined in Section 135-C. of the Whole-Home Repairs Program and the allocation list is available on the program's website.

- Is this going to be an ongoing program?

ANSWER: That is the anticipated goal.

- How are the funds allocated the same as CDBG per community entitlements and non-entitlements?

ANSWER: Each county will receive an allocation (no less than \$200,000) based on calculations using a variety of metrics, including but not limited to the U.S. Census Bureau's Median Income by Household Size, Number of Households by Household size, Year of Structure Built and the Number of Households with Conditions and HUD's 80% Income Limits by Household Size by County.

- Will invoices be submitted directly to DCED for approval? Will draws be made on IDIS?

ANSWER: Upon full execution of the grant contract, the applicant will receive an advanced payment request form and instructions for requesting 100% of the funds at one time. It's the goal of the WHR Program office to have the funds to the grantee within 60-90 days of the application submission. The processing/paying of invoices to contractors will be determined locally by the grantee/subgrantee.

- Does the \$50K grant for homeowners have to go to the homeowner directly or can the county's non-profit applicant award/designate the funds for an existing, PHARE-funded in-house repair program where the non-profit's own repair crew completes the construction?

ANSWER: Defer to the grantee for the general administration of the program.

- Under Other Requirements, items 7-10 are not included in the guidelines on the website. Will they be added? (See Webinar presentation)

ANSWER: The WHR Program office has made the information available through this Q/A and will work to update the website where it's appropriate.

- We have many homes we can rehabilitate, but what if we don't get any landlords interested in a loan and/or people interested in a training program?

ANSWER: As previously noted, there are three main “buckets” of the program that must be used. The grantee must use the funds to make a grant **and/or** a loan, admin costs, and invest in a workforce development program as defined by the guidelines. The WHR Program legislation does not define any specific dollar amount or percentage that must be allocated to any of these three areas, but all three uses must be part of the grant expenditure at some level.



Any additional questions should be directed to:

RA-DCWHOLHOMEREPPROG@pa.gov