



CITY OF CORTLAND
OFFICE OF COMMUNITY DEVELOPMENT
THOMA DEVELOPMENT CONSULTANTS

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www.cortland.org

MEMORANDUM

TO: Mayor Susan Feiszli and Members of the Common Council

FROM: Bernie Thoma

RE: Water lateral assistance for low-to-moderate income owner-occupied properties on newly paved city streets

DATE: August 12, 2010

As you may have seen in emails that have gone back and forth, we provided information to Bryan Gazda about a Program we developed and administered during Ron Walsh's tenure as Mayor to assist low-to-moderate income, owner-occupied property owners with the cost of replacing their water laterals. We used program income that is still available for this use. Unfortunately, however, we had to and still have to limit the assistance to those households that meet the low-to-moderate income limits due to the source of funding and need to meet a "national objective".

I am attaching a couple memos that went to the Council members in 1997 and 1998 when the program was first developed, a memo from 2001 to the Council about re-appropriating money for this purpose, a letter that was sent out to the property owners on various streets in 2005 (the last year the program was offered), and the previous guidelines that were used. You will notice that in each piece, there are income limits based on family/household size. HUD changes those income limits periodically and we can use the most current. The last item attached to this memo is a proposed letter Linda Armstrong put together similar to previous letters, but with the most current income limits.

Mayor Feiszli has asked us to attend the Council meeting August 17th to answer any questions you may have on this program, changing funding limits, etc. Linda will be attending. If you have any questions prior to the 17th, you can give her a call at 753-1433.

Attachments

Cc: Ronald T. Walsh, Corporation Counsel

MEMORANDUM

TO: Mayor Walsh and Members of the Common Council

FROM: Bernard Thoma

RE: Water Lateral Replacement Assistance Program

DATE: November 13, 1997

As you know, the City repaved several streets this summer. In tandem with the repaving effort, the Water Board attempted to replace or have replaced as many iron pipe water lateral services as possible. Since replacement was voluntary, the Board had little leverage to require replacement unless the service was leaking or other problems were apparent requiring replacement. It was the Board's hope that by replacing the iron services, they could avoid opening a newly paved road in the future should one of the old, iron pipe services fail.

While the majority of owners replaced their services, many cited the cost as a deterrent. Doug Withey contacted me in the late summer to discuss the possibility of using Community Development funds to assist in the replacement effort. The use of Community Development funds for this purpose is an eligible activity *under certain conditions*. At the time Doug first contacted this office, however, most of the replacements had been undertaken. Therefore, we did not feel it was appropriate to offer assistance for only those remaining laterals to be replaced. After discussions with Andy and Doug, we decided that the Water Board would continue with the project, and we would survey the homeowners whose laterals had been replaced after the fact to determine the number that would be eligible for assistance, should a program be offered.

Armed with that information we decided we would then approach the Council to determine if the City wanted to adopt a program to assist with previous, and perhaps, future replacements. From our survey, there are three homeowners who meet all requirements for assistance (pursuant to our proposed requirements noted below) whose laterals were replaced this summer. The total of the three replacements is \$2,311.25. One additional household is eligible by income, but taxes are in arrears.

Following is the program which we are proposing subject to the Council's approval:

1. Community Development Program Income can be used to assist income eligible, owner occupants only. Income eligibility is based on the number of people in the household. The maximum gross annual income allowed to receive assistance is as follows:

1 person	2 person	3 person	4 person	5 person	6 person	7 person
\$22,250	\$25,400	\$28,600	\$31,750	\$34,300	\$36,850	\$39,400

These income limits are established by the U.S. Department of housing and Urban Development for Cortland County. Owner occupants with incomes in excess of the above would not be eligible for Community Development assistance, and there is no local flexibility for the income issue.

2. We propose that no assistance be provided to owners of income producing properties.

3. The entire cost of the replacement can be paid for with CD dollars. The assistance would be provided as a deferred payment loan (dpl) similar to the City's Rehabilitation and Homeownership Programs. This means that the assistance would not require a monthly repayment, no interest would accrue, and repayment would only be required if the owner sold the home, or it was no longer the principal residence. The owner would receive credit for each month they reside in the house following execution of an agreement. After five years, the dpl would be completely forgiven. We would tag the owners' tax records which would trigger a call to our office in the event a tax search was requested prior to sale of the subject property..

4. We have drafted an agreement for the assistance which will be sent to Jim Baranello for review and approval if you approve this program. A copy is attached for your review.

5. We can provide administrative services under the existing Comprehensive contract with the City. We have developed an application for assistance and have determined eligibility of this year's replacements. We can undertake the intake and qualification processes if you approve this program for future years. Although our office will provide administrative services, the Common Council should set clear guidelines for us to enforce.

6. We suggest the Council require that all taxes (City, County and school) be current as a condition for assistance.

7. If owners have already paid for or made arrangements to pay for replacement of their services, you need to decide if you will make this assistance available retroactively, assuming an applicant is income eligible.

8. If assistance is approved for this year, does this Council want to continue this program in future years, or decide on the program for year to year. If you want to set up the program for future years, the Council should consider capping the amount of assistance that can be provided each year. If you establish a maximum to be allowed each year, you then need to establish a lottery type system if the need exceeds the available funds, or other system of determining who receives how much assistance.

Linda Armstrong will be attending your next Council meeting to discuss this program. If you have any questions, concerns or suggestions prior to the meeting, please contact her at 753-1433.

cc: Andy Damiano
Bill Wood
Doug Withey

MEMO

TO: Denise Bushnell, Kathleen Hennessey, and Butch Hyde
FROM: Andy Damiano and Bernie Thoma
RE: Amended Water Lateral Assistance Program
DATE: May 5, 1998

Following our May 4th meeting, Andy spoke with Doug Withey concerning the Water Board's establishing a payment plan to be used in lieu of or in addition to the Water Lateral Replacement Assistance Program now in place. As we expected, the Board does not want to extend the payments any further than the 12 - 18 months now allowed. They will continue to work with all property owners who are having difficulty making payments, but feel to establish and advertise a formal program will create more problems than it will solve. Accordingly, after discussion, we are recommending that the City continue to provide assistance under a Water Lateral Replacement Program with certain changes. We have outlined below our suggested guidelines for the Program

AMENDED GUIDELINES

1. Assistance restricted to services targeted for replacement on streets to be repaved by City in accordance with original intent of the City;
2. Participants must be income eligible in accordance with HUD definition of low-to-moderate in income. We will not count assets when determining eligibility, as we do in the Rehabilitation Program. We will request income verification by way of current pay stubs, etc. and latest year's tax returns in determining eligibility;
3. Assistance restricted to owner-occupied properties. This will include owner-occupied multi-family properties. In the event that there is more than one service for a multi-family property, the City's assistance will be limited to the owner's unit. Additionally, the City's assistance for the cost of the backflow device will be limited to the cost for a single family device;

4. The City's initial appropriation will be a total of \$15,000. This will include the \$3800 uncommitted in the pilot program;

5. City's assistance will be based on a sliding scale according to income (based on family size) with caps on the amount of assistance to be provided as follows:

<u>Median Income</u>	<u>Assistance</u>	<u>Maximum</u>
71% - 80%	50% of cost	up to \$500
61% - 70%	75% of cost	up to \$600
60% and below	100% of cost	up to \$750

The average cost of replacement to date is approximately \$763. Under the above scenario, the lowest income owners would pay a minimal amount if their replacement was average; those in the 61% to 70% range would pay \$163 and those in the 71% to 80% would pay \$263. Obviously, each owner would pay more if the cost to replace their service exceeds the average, but could also pay less if their service replacement is less. Doug tells us the majority of the service replacements completed on Pine and Cannone range from \$591 to \$803.

7. All assistance would be in the form of a deferred payment loan with a five year residency requirement.

If this meets with your approval we will plan to present it to the full Council at the May 18th meeting. Please contact Linda to discuss at 753-1433 prior to May 13th.

cc: Mayor Walsh

MEMO

TO: Mayor Bruce Tytler and Andrew Damiano, Finance Director
FROM: Bernie Thoma
DATE: May 3, 2001
SUBJECT: Water Lateral Replacement Program

It is my understanding that the City is interested in continuing the Water Lateral Assistance Replacement Program again this year. Since there is no program income budget similar to the miscellaneous revenue budget, we do not need Council action to continue the program pursuant to Linda's discussion with Andy. When the program was first developed in 1997, \$10,000 was appropriated and then each subsequent year the Council directed us to appropriate enough funds to bring the balance back up to \$10,000. Unless I hear differently from you, I will assume that we would like to place a cap of \$10,000 on expenditures for the 2001 year.

To date, we have not expended in excess of \$10,000 in any one year of the program. When the program was first developed there was no cap on the amount the City would provide to each individual. Sometime in 1998 we revised the guidelines so that only iron laterals on streets that were being repaved could be replaced with the City's financial assistance. Additionally, we developed a sliding scale based on income and capped the City's assistance at \$750. These changes have significantly reduced the amount expended each year and I do not expect we will expend more than \$10,000 on the streets that the City has targeted for repaving this year.

I have listed below some brief statistics for your information:

<u>Year</u>	<u>Number of Water Laterals</u>	<u>Total Disbursed</u>
1997	6	\$ 4,666.50
1998	9	\$ 5,798.44
1999	4	\$ 2,512.50
2000	<u>3</u>	<u>\$ 2,100.00</u>
	22	\$15,077.44

Since the program was first developed in 1997, one water lateral "deferred loan" was repaid on a prorated basis in accordance with program guidelines when the owner sold the property. Also, one was converted a no interest direct loan to be repaid over two years when a property was conveyed to a grandchild and no sale proceeds were available for repayment of the assistance in accordance with program guidelines.

The number of properties needing assistance is generally reflective of the street being repaved. For instance, there were very few households requiring assistance on Floral Avenue while households on Harmon and Garfield required more assistance. Additionally, some areas of the City seem to have more copper laterals than others.

As indicated above, we will appropriate \$10,000 for this program without any further action by the City. Please advise if you feel this needs to go to the Council or if you want to change the amount appropriated. If you have any questions with respect to the program in general or any of the information contained in this memo, please give Linda a call at 753-1433.

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April, 2005

Dear Property Owner:

As advised by the City's Water Department, your street has been targeted for repaving this year.

As part of the repaving process, the Water Department strongly encourages property owners to replace outdated, iron laterals with copper services. While this is normally the property owners financial responsibility, the City has adopted a program to assist income eligible property owners who both own and occupy their home.

To be eligible for assistance, (1) properties must be owner-occupied (including multi-family properties), (2) school and property taxes must be current, and (3) households must be income eligible. Income eligibility is based on the number of persons in your household and the gross annual income of that household. To determine if you may be eligible for assistance, you should reference the chart below. The number of persons is listed on the top line and the maximum amount of gross annual income you can receive is listed below the number of persons in the household. If your gross annual income is below the amount listed for the size of your household, you should contact Linda Armstrong of my staff for a program package. She can be reached at 753-1433.

	Family/Household Size: Number of Persons							
Maximum Income	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
	\$27,950	31,950	35,950	39,900	43,100	46,300	49,500	52,700

You are welcome to call if you have any questions.

Sincerely,

Bernard Thoma

City of Cortland WATER LATERAL REPLACEMENT ASSISTANCE PROGRAM

The City of Cortland's Water Lateral Replacement Assistance Program (the "Program") provides funds to certain income eligible property owners to assist in the cost of replacing outdated, iron pipe water laterals in the City. At the request of the Cortland Water Board, the City's Common Council appropriated Community Development dollars to encourage the replacement of outdated water laterals on streets undergoing repavement or reconstruction. The intent of this Program is to reduce the number of street openings required as a result of leaking, aged water pipes. By providing all or a portion of the cost of replacing an aged water lateral, the City is hoping to maximize the number of homeowners voluntarily replacing an outdated service.

The City has issued the following guidelines for the Program:

1. Assistance is restricted to services targeted for replacement on streets to be repaved or reconstructed by the City.
2. Participants must be low-to-moderate in income in accordance with the U.S. Department of Housing and Urban Development's (HUD) definition. Low-to-moderate income is defined by HUD as having a gross annual household income which does not exceed 80% of the median annual household income in Cortland County as adjusted for family size.

Households should reference the following chart to determine if they are income eligible. Determine the total persons in your household and look at the dollar amount below that number. If your household's annual gross income is greater than the dollar amount noted on the chart, you are not eligible for assistance. If your household's annual gross income is less than the dollar amount noted on the chart, you are eligible for assistance. The amount of assistance which will be provided will vary depending on actual income and the cost of the service replacement as discussed in Number 6 below.

FAMILY SIZE (PERSONS)

	1	2	3	4	5	6	7	8
MAXIMUM GROSS INCOME	\$27,950	31,950	35,950	39,900	43,100	46,300	49,500	52,700

Gross annual household income is the total amount of income received from all sources for all persons in the household (with the exception of part-time wages earned by persons under 18 years of age). It includes wages and salaries for all household members 18 years of age or older; social security, SSI, SSD, or comparable; workers compensation; unemployment compensation; pensions and annuities; interest and dividends; child support; alimony; net business or rental income; income from partnerships, corporations, or trusts; etc.

3. Only property owners who actually own and reside in their home are eligible for assistance (owner-occupied properties).

4. Owner-occupied multi-family properties are eligible for assistance. However, net rental income will be counted towards the income amount and assistance for the backflow device will be limited to the cost for a single-family home's device. Additionally, in the event there is more than one service, or the service branches for a second or third unit, the assistance will be limited to the cost associated with the owner's service.

5. Both City/County property and school taxes must be current to be eligible for assistance.

6. The amount of assistance for which a household is eligible will be determined on a sliding scale in accordance with income (as adjusted for family size) with a cap on the amount of assistance as follows:

<u>Median Income</u>	<u>% of Assistance*</u>	or	<u>Maximum*</u>
71%-80%	50% of cost		\$500
61%-70%	75% of cost		\$600
60% and below	100% of cost		\$750

*whichever is less

For example: A household of three persons has an annual gross income of \$28,310, which is 63% of the County's median income for a three person household. The cost to replace the household's water lateral is \$750. That household would receive 75% of \$750 or \$600, whichever is less. In this case, 75% of \$750 is \$562.50. Therefore, assistance would be limited to \$562.50 and the household would be responsible for paying the difference of \$187.50 (\$750-\$562.50=\$187.50).

The amount of assistance for which a household is eligible will be determined by the City's Community Development Consultant after review of certain income information and tax returns.

7. All assistance will be in the form of a deferred payment loan with a five-year residency requirement. You will be required to sign a Deferred Payment Loan Agreement. This Agreement provides for no repayment of the funds paid the Water Board on your behalf as long as you continue to own and reside in the property for a period of five years.

This Agreement will require the repayment of funds under the following conditions:

1. If you move from the property prior to the expiration of five years from the date of the Agreement.
2. If the property is no longer your principal place of residence within five years of the date of the Agreement.

In the event you sell, move from, or no longer make the property your primary residence, you will be required to pay back a portion of the funds paid on your behalf. You will be granted a credit of 1/60th of the total cost for each month that you live in the house after the date of the Deferred Payment Loan Agreement. For example, if the City pays \$562.50 on your behalf and you sell the house twelve months following the date of the Agreement, you will be credited 20% ($12/60 = 20\%$) of the \$562.50 payment; 20% of the \$562.50 is \$112.50, \$562.50 less \$112.50 equals \$450. Accordingly, repayment to the City upon sale, etc. will be \$450.

If you live in the house and make it your primary residence for the full five years from the date of the Agreement, the cost of the water lateral replacement is completely forgiven.

September 29, 1999

Mr. Mary Davenport
11 Lansing Avenue
Cortland, NY 13045

Dear Mrs. Davenport:

Thank you for submitting the requested information for us to determine your eligibility under the City's Water Lateral Assistance Program. Based on your submittals, the City has determined you are eligible for a payment of 100% of the cost of your water lateral, up to a maximum of \$750.

Enclosed please find the Deferred Payment Loan Agreement for the City of Cortland's Water Lateral Replacement Assistance Program. Please review this carefully and sign it on Page 2. The agreement should be returned to our office, Thomas Development Consultants, 34 Tompkins Street, Cortland. Please keep a copy for your records. Once we receive the signed agreement and final bill, we will issue a check made payable to the Cortland Water Board. Pursuant to this agreement, the City will pay 100% of the final bill, or \$750, whichever is less. The difference between the final bill and the City's payment, if any, will be your responsibility. You should make arrangements with the Water Board for payment if there is a balance due. Please forward the final bill to us when you receive it.

As noted in the enclosed agreement, you will not be obligated to make any payment on this loan if you live in the house for five years from the date of the agreement. If you move from the property prior to the expiration of a five year period or it is no longer your principal place of residence, you will be required to pay a portion of the loan depending on the amount of time you live in the house after the execution of the enclosed agreement. If a payment is due on this loan it must be satisfied prior to the sale of the property. Your property taxes will be tagged so the City is aware of this obligation in the event of a sale.

If you have any questions with respect to the enclosed agreement or your obligation thereunder, please contact Linda Armstrong at 753-1433 before signing same.

Sincerely,

Bernard Thoma

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Enclosure

cc: Doug Withey, Cortland Water Board

August 4, 2010

Dear Property Owner;

As advised by the City's Water Department, your street has been targeted for repaving this year.

As part of the repaving process, the Water Department strongly encourages property owners to replace outdated, iron laterals with copper services. While this is normally the property owners' financial responsibility, the City has asked this office if Community Development funds could be used and are available for any type of assistance with the replacement process.

Community Development funds can be used to assist property owners that are **low-to-moderate in income only** with the replacement of their water services. Generally, to be eligible for assistance, (1) properties must be owner-occupied, (2) school and property taxes must be current, and (3) households must have **gross annual incomes** that do not exceed the limits listed below by household size. In an effort to determine if the City's Community Development funds can or should be allocated for this purpose, we are trying to get a handle on the number of households that might qualify by income for this type of assistance.

Please review the maximum income limits listed below the number of persons in your household in the chart below. If your household's gross, annual income is less than the maximum noted, please contact Tina, Annette or Linda in our office and leave your name and address. Our number is 753-1433. The information will be provided to the City and will be used only to determine if a program to assist **low-to-moderate income, owner-occupants** can be developed to assist with the cost of replacing water services during the repaving process.

Sincerely,

Bernard Thoma

Household Size (Number of persons)								
	1	2	3	4	5	6	7	8
Maximum Income	32,400	37,000	41,650	46,250	49,950	53,650	57,350	61,050