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2022 Recipients' Workshop - Neighborhood Revitalization



Congratulations

You've won a CDBG Award – Now What?

Topics we'll discuss today:

- Key Players and their roles
- Minimum Property Standards and Building Codes
- Housing Inspections
- Work Write-ups, Cost Estimates, Scope of Work
- Bidding Procedures
- Elements of a Construction Contract
- Oversight of the work
- Program Monitoring by DCA

The Players and their roles

- The Program Director
 - Overall program oversight
- The Rehabilitation Advisor
 - Construction and contract management
 - Develop specs and cost estimates
 - Inspect and approve work
- The General Contractor
 - Performs all construction work

Minimum Property Standards and Building Codes

- Georgia Building Codes
 - The State of Georgia currently follows the International Residential Code for One and Two Family Dwellings, 2018 edition with Georgia Amendments
 - GA amendments 2020, 2022

One of several State Mandatory codes

“...shall apply to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal and demolition of detached one- and two-family dwellings”

Minimum Property Standards and Building Codes

Minimum Property Standards (MPS) –Defined:

- A set of standards, created or adopted by the local governing body, that sets forth minimal conditions specific to property, structures, or environs within the community and describe what is “decent, safe, and sanitary”
- May function as a base line of materials used, material properties, structural design
 - Grade of lumber, PSI rating of concrete, durability of roof shingles, etc.
- May exceed Georgia building codes but may not hold a lower standard

Homeowner Application Process

Application form must include:

- All household members names
- Birthdates
- Social Security Numbers
- Income
- Race and Ethnicity (Head of Household)
- Disability (any member of the household)
- Assets (other property owned, bank statements, etc.)
- Proof of lawful presence. See Rehab Manual “Exhibit L”

Homeowner Application Process

Income Eligibility and Documentation

- Application must include an Annualized Income Worksheet *or* printout from the HUD tool
 - Who earns income in the household
 - Source(s) of income (Wages, Pensions, Soc. Sec., Etc.)
 - Methodology by which annualized income is derived
 - Income documentation (copies in file)
 - Number in household
 - Income limits for the jurisdiction (updated annually)
 - Signature of staff completing form

Homeowner Application Process

Determination of Eligibility

- Income eligibility
- Lawful presence
- Clear title (life estate in some cases)
- Property liens
- Financial participation amount
 - Reserve funds asap!
- Final determination of eligibility

Property Inspection

Who performs a general home inspection?

- Rehab Advisor
- City or county building inspector
- Experienced builder or general contractor – Can not bid on work!
- Engineer or architect
- A Certified Home Inspector
 - The Rehab inspection is NOT like a pre-purchase inspection!

Property Inspection

- Inspector MUST have a working knowledge of Ga. Building Codes and local MPS
- Ensure adequate access to ALL areas of the unit – owner prep for inspection makes things easier
- Do a walk around to get the feeling of the structure
- Take photographs of all four exterior elevations

Property Inspection

What is inspected?

- Basically ... *everything*
- Health and safety issues take first priority
- ADA issues
- Code and MPS violations
- Structural issues
- Incipient problems
- Site and topographical issues

Property Inspection

- Take lots of photographs of interior rooms – with notations
- Depending upon extent of work required, a floor plan drawing is a good idea
 - Be sure that each room identifier (Bedroom 1; Bedroom 2; Bathroom 1; Living Room; Den, etc.) is consistent between the floor plan drawing and the WWU
- Take accurate interior and exterior measurements
- If you have the capability, do a CAD drawing of the structure, or do a *good quality* scaled pencil drawing
- Make copious notes, memory joggers, dimensions, and material attributes (e.g. color, material, texture, etc.)

Property Inspection


Lead Based Paint (LPB)

- Lead Hazard Evaluation is REQUIRED for Housing units built before 1978
 - Evaluation must be performed by a Georgia EPD Certified Lead Inspector and/or Risk Assessor
 - Inspection – verifies presence of LBP
 - Risk Assessment – identifies LBP hazards
 - All lead hazards must be remediated
 - Contractor must be Georgia RRP certified for lead work
 - Once work is complete, the unit must pass Clearance
 - Usually performed by the initial Lead Inspector/Risk Assessor




Property Inspection


Lead Based Paint (LPB)


- o Required Notices to Owner/Occupants
- o Signed Receipt must be in file




Protect Your Family From Lead in Your Home

 United States Environmental Protection Agency

 United States Consumer Product Safety Commission

 United States Department of Housing and Urban Development

September 2013



Proteja a su familia contra el plomo en el hogar

 Agencia de Protección Ambiental de los Estados Unidos (EPA)

 Comisión de Seguridad de Productos del Consumidor de Estados Unidos (CPSC)

 Departamento de la Vivienda y de Desarrollo Urbano de los Estados Unidos (HUD)

Septiembre de 2013

Property Inspection

Lead Based Paint (LPB)

- Required Disclosures to Owner/Occupants
 - LBP Pamphlet – given within 60 days of starting work (recommended at initial inspection and again at contract signing)
 - Copy of Inspection/Risk Assessment report
 - Copy of lead renovation contract
 - Copy of Clearance report
- Signed Receipt for all disclosures must be in your local file

Work Write-ups, Scope of Work, and Cost Estimates

What is a Work Write-up?

A Work Write-up (*WWU*) or Scope of Work is a document that provides the home owner, contractor and program director a complete description of what work will be performed to meet the program property standards

The *WWU* should be created by your Rehab Advisor (or *qualified* inspector) based on the unit inspection

Work Write-ups, Scope of Work, and Cost Estimates

A WWU should accurately describe:

- Each work task to be done
- Location of each task (e.g. inside closet door, bedroom #2, living room – as defined in the floor plan)
- An estimate of area involved (e.g. square yards, linear feet, squares, etc.)
- A WWU should be printed in a good, clear, easy to understand format
- List and number each item separately, including a cost line so the work is *itemized*

Work Write-ups, Scope of Work, and Cost Estimates

A WWU should include good work SPECIFICATIONS:

- Include what work is to be done including specific materials you expect to be used:
- “Field measure, order and install a vinyl, double hung, double glazed, one-over-one window and jamb, including screen, caulk, interior casing and exterior trim”
 - **NOT:** “Replace Windows”

Work Write-ups, Scope of Work, and Cost Estimates

A WWU should include good work SPECIFICATIONS:

- If you specify a brand name “Delta lavatory faucet” avoid “or equal”
 - Use the term “*pre-approved equal*” so you are sure the quality of the alternate is what you expect
- Never leave the choice of materials up to the contractor

Work Write-ups, Scope of Work, and Cost Estimates

More on Specifications

- The home owner should have input in the Specifications
- It's advisable to have the home owner sign or initial any sample:
 - Color chips
 - Carpet or vinyl flooring
 - Counter top sample
 - Roof shingles

Lack of attribute specifications is a major cause of contractual disputes

Work Write-ups, Scope of Work, and Cost Estimates

Cost Estimates

- A Cost Estimate is the same document as the WWU with the *estimated itemized costs filled in by the Rehab Advisor* based on the local cost index. This document is used to gauge reasonableness of bids received
- NEVER let a potential contractor do the Cost Estimate
- Cost Estimates should never be shown to anyone (except staff) - even after job completion

Work Write-ups, Scope of Work, and Cost Estimates

Cost Estimates

- Given the nature of materials pricing due to the pandemic and aftermath, it is CRITICAL that rehab advisors update materials costs to reflect current prices.
 - Check suppliers to obtain average costs for materials

Bidding and Procurement

- **Develop contractor Pool**
 - Advertise your program on community website, local papers
 - Post ads at locations frequented by contractors
 - City or county building permits offices
 - Social Media
 - Other local communities using grant monies
 - Create a list of pre-screened contractors and share with other agencies
 - Publish “Invitation to Bid” in newspapers, community websites, etc.

The bigger the “pool” the better the prices

Bidding and Procurement

- **Contractors:** *Due diligence to qualify contractors is CRITICAL!*
 - Review data on Principle owner
 - Review financial references
 - Obtain proof of insurance – liability and Workman's Comp.
 - Obtain Tax ID number
 - Research other business names the principle owner may have owned
 - Check HUD debarment list.... *Mandatory*
 - Check references
- **MUST HAVE CURRENT STATE LICENSE!**
 - **Residential Basic at a minimum**

Bidding and Procurement

Preferred method:

“Open, Free, and Competitive Bid”

Prepare a “Bid Package” to include:

- A “Contractors Bid Packet” (See Form 6)
- Address of property and Owners name
- “General Conditions” and “Special Conditions” (See Exhibit “F2a” & “F2b”)
- “Bid and Proposal Form” (Exhibit “F2d”)
- Complete Scope of Work

Bidding and Procurement

“Open, Free, and Competitive” Bidding

Prepare a “Bid Package” to include (cont.):

- Scale drawings (Exhibit “F2f”)
- Date, time, and location of bid opening if appropriate
- Terms and Conditions of Rehabilitation Assistance
- Draw Schedule

Follow bid advertisement and opening process outlined in the “Guidelines for CDBG Residential Rehabilitation” Manual

Bidding and Procurement

“Negotiated Bid”

- Home owner may select contractor of their choice so long as the contractor *meets all program eligibility requirements*
- Negotiated contractors bid must be within 10% of cost estimate or be negotiated to within that amount

OR

- Home owner agrees to pay the amount over the 10% limit

Bidding and Procurement

Evaluating Bids:

- Check the math to make sure itemized costs add to the bid total
- The contract should go to the lowest *responsible* bidder
- Be aware of “Low Ball” bids
- Bids in excess of 10% above OR below cost estimate can be considered non-responsive..... HOWEVER

Bidding and Procurement

Evaluating Competitive Bids:

The rehab advisor may **NEGOTIATE** with the lowest responsible bidder in order to get the cost within the 10% margin of the cost estimate.

Successful negotiation saves time by avoiding the need to rebid the project

Bidding and Procurement

Evaluating Bids (cont.):

- Home owner ultimately makes final decision - with input from program staff
- Any bid in excess of 20% above the cost estimate *included in the original CDBG application* must have DCA approval prior to contract award
- Once the winning bid is determined:
 - Successful bidder notified
 - Unsuccessful bidders notified

Awarding the Contract

The Contract:

- The “Guidelines for CDBG Residential Rehabilitation” contains a good section on the elements of a Construction Contract
- Exhibits “F1”, “F2a”, and F2b” provide an outline
- A “Notice to Commence” or “Notice to Proceed” must be issued prior to starting work (Form 10)
- A sample of a “General Contractor Invoice” (Form 11) more frequently called a “Request for Draw” should be included. Expect the contractor to use this format.

Awarding the Contract

The Contract:

- Include the “Draw Schedule” in the contract
- Should never exceed three payments and each payment should include 10% *retainage* and final payment until “punch list” is satisfactorily completed and construction is done
- Contractor must include a “Release and Waiver of Claim for Subcontractor or Material Supplier” (Form 12). This is more commonly referred to as a “Mechanics Lien” AND
- General Contractor Release of Liens (Form 11)
- Owner must sign satisfaction statement prior to each payment to the contractor
- Construction contract should include provision for Liquidated Damages –Ensures Timeliness

Contract Oversight

- Inspect work on a regular basis to ensure specifications are met
- Inspection (and *documentation* thereof) is required prior to making payments to the contractor
- Never vary from the “Scope of Work” without a Change Order
- Change Orders must be signed by all parties
 - Includes changes in scope of work and/or timeframe for completion – avoid Liquidated Damages

Final Payment

- Final Inspection completed only after all punch list items are satisfactorily completed
- Local Building Inspector has signed off on all applicable permitted work (Electric, HVAC, Plumbing, Etc.)

Contract Oversight

- Final Payment (cont.)
 - Sub-Contractors/Material Suppliers Release of Liens (See form 12) submitted
 - Final Invoice and General Release of Liens including 1 year warranty of work – (See form 11)
 - Satisfaction Statement signed by owner
 - Once all of the above is completed, final payment can be made (See Form 27 – Certificate of Final Payment)

Grievance and Arbitration

- Establish a clearly defined Grievance and Arbitration procedure in your Policies and Procedures Statement
 - Good P&P is the best way to avoid disputes
- Include reference to the Policies and Procedures in the Contract between the home owner and contractor
 - 90% of all grievances can be resolved at this level

Grievance and Arbitration

- If all local remedies are exhausted without satisfactory resolution, a grievance may be submitted to DCA for final arbitration.
- Special Condition requires all Neighborhood Revitalization and Multi-Activity grant recipients to submit a final draft version of their Policies and Procedures Statement to DCA for review and approval **prior to official adoption by the local government.**

Property Close out

- Certificate of Final Inspection (original) delivered to the owner
- All manufacturers warranty's on installed mechanical equipment Delivered to Owner (copies retained by grantee)
- Repayment Agreement/Deed to Secure Debt is filed with the County with evidence of recorded lien provided in the case file

See Manual for additional details

Grant Amendments - Again

In addition to the required items to be submitted (outlined in a previous session), amendment requests for Housing and Multi-Activity awards must also provide:

- If a unit originally proposed in the application will exceed the cost estimated in the original application by 20% or more
- a unit by unit status report (complete, in progress, drop out, over income, ineligible, etc.) – Use the submitted Financial Plan as the template
- Cost estimates and photos for newly proposed units
 - Feasibility Test forms, if applicable
- For a Multi-activity, please provide the current status of all other activities

Change in proposed activity (e.g., rehab to recon) for an individual unit triggers this provision

Any Questions at this point?

DCA Monitoring for Compliance

All awards will be monitored for compliance with federal and state regulations

- Monitoring visits are usually scheduled in advance, however, may be subject to review without notice
- the Local Government is responsible for organization and maintenance of all records – all records must be kept on site
- A Contractual obligation between a recipient and a third party (i.e. Consultant) does not absolve the recipient of ultimate accountability for all aspects of the grant

DCA Monitoring for Compliance

File Organization

- Financial Files
 - Drawdown requests
 - Payments to contractor(s)
 - Copies of bank statements
 - Quarterly Reports with signatures
 - Documentation of leverage(copies of invoices & checks)
 - All appropriate signatures and documentation of meeting a National Objective

DCA Monitoring for Compliance

File Organization (cont.)

- Homeowner Files
 - Application for assistance
 - Documentation of income
 - Proof of lawful presence
 - Signed income calculation form
 - Annual Income Limits used
 - Contractor Clearance
 - Detailed work-write up and cost estimate
 - Contract for rehab or re-construction
 - Including all Change Orders
 - Release of Liens

DCA Monitoring for Compliance

File Organization (cont.)

- Homeowner Files
 - Signed Inspection Reports
 - Signed Homeowner Satisfaction Statement
 - Homeowner Contribution (copies of check, receipts for cash, etc.)
 - LBP documentation (if applicable)
 - Executed Deed to Secure Debt – with evidence of filing at courthouse
 - DCA permission to exceed 20% of original cost estimate (if applicable)

Things to consider....

- Revitalization Area Strategy (RAS Designation)
 - Designation for 3 years.
 - Can receive up to 20 points on CDBG Application that are proposed within the designated RAS area.
 - Apply for CDBG Annually, if current CDBG project meets timeliness criteria
- Georgia Initiative for Community Housing(GICH)
 - Designation for 3 years or longer...
 - Technical Assistance with developing a housing plan for your community
 - If designated, local Government can apply annually for CDBG for 3 years while participating in program and longer if local Government meet certification requirements every 2 years.
 - For more information on how to apply for GICH, please contact Dr. Jermaine Durham at Jermaine.Durham@uga.edu or (912)687-5522.

Questions?

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