

# Georgia CDBG-DR Homeowner Rehabilitation & Reconstruction Program (HRRP) Manual

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**DISCLAIMER – This Guide ONLY applies to CDBG-DR awards and is not applicable to any other DCA housing rehabilitation or reconstruction program. This document is subject to further review and modifications as is deemed appropriate.**

## DEFINITIONS

**Act of Donation:** A form of property transfer without exchange or payment.

**Applicant:** Owner-occupants of an eligible storm-damaged property who apply for the HRRP.

**Case Management:** Assistance given by case managers to support applicants with the completion of HRRP applications, understanding housing options, and resulting in a clear and transparent determination of eligibility. The case managers will consider all special circumstances of the applicant’s needs to decrease their barriers to participate in the program, where possible.

**Change Orders:** Modifications to the Scope of Work required due to unforeseen circumstances.

**Construction Manager (CM):** A person with extensive knowledge in building trades including electrical, carpentry, plumbing and/or general construction that oversees day-to-day operations from pre-construction through the project punch list.

**Damage Assessment:** An inspection of the housing unit to document damage from the event. The assessment by an experienced inspector is required to specifically and clearly document storm-related property damage via photographic evidence and detailed narratives. Damage assessments must include final cost of repair estimates according to local and state codes, an assessment of the cost-effectiveness of each recommended activity (rehabilitation or reconstruction), mold remediation, and assistance needed to bring the home up to code at completion.

**Decent, Safe, Sanitary (DSS):** Property that is compliant with local building codes and meets HUD’s decent, safe, and sanitary standards.

**Deferred Payment Loan (DPL):** A loan that carries 0% interest and no monthly payments during the ownership requirement period of five (5) years. The loan is forgiven incrementally at a rate of 20% per year and is completely forgiven at the end of the five (5) year period.

**Demolition:** Clearance and proper disposal of buildings and/or improvements.

**Duplication of Benefits (DOB):** A duplication of benefit is the receipt of funding from multiple sources for the same purpose. 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 the loss resulting from a major disaster as to which he/she has already received financial assistance under any other program, from insurance or any other sources.

**Elevation Standards:** Standards that apply to reconstruction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in the Federal Emergency Management Agency (FEMA) data source identified in 24 CFR 55.2(b)(1). All structures designed principally for residential use and located in the 100-year floodplain that receive assistance must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation.

**Environmental Review:** The process of reviewing a project and the potential impacts on the people and natural environment within a designated project area to determine whether it meets federal, state, and local environmental standards. All processes and procedures set forth by the National Environmental Policy Act (NEPA) will be followed.

**FEMA-Designated High-Risk Area:** Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in the 100-year flood zones.

**Family:** A household composed of two or more related persons. 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 with the person at the time of his or her death.

**Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994:** The Flood Disaster Protection Act of 1973 made the purchase of flood insurance mandatory for the protection of property located in Special Flood Hazard Areas. Section 582(a) of The National Flood Insurance Reform Act of 1994 makes a person ineligible for Federal disaster relief assistance for repair, replacement, or restoration for damage to personal, residential, or commercial property if that person at any time has received flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and subsequently failed to obtain and maintain the flood insurance on such property.

**Floodways:** According to 24 CFR 55.2 (b)(5), a floodway means that portion of the floodplain which is effective in carrying flow, where the flood hazard is generally the greatest, and where water depths and velocities are the highest. The term "floodway" as used here is consistent with "regulatory floodways" as identified by FEMA.

**General Contractor (GC):** The main contractor on a construction project. The GC must ensure that the project is completed in compliance with the State Minimum Standard Codes, as well as in compliance with the law.

**Green Building Standards:** Rating systems aimed at mitigating the impact of buildings on the natural environment through sustainable design. All reconstruction projects must meet an industry-recognized standard that has achieved certification under at least one of the following programs: ENERGY STAR® (certified homes), Enterprise Green Communities, LEED, ICC-700 National Green Building Standard,

Environmental Protection Agency (EPA) Indoor Air Plus (ENERGY STAR a prerequisite), or any other equivalent comprehensive green building program acceptable to HUD.

**Grant Execution Date:** Date the Subrecipient Agreement is executed by the Georgia Department of Community Affairs.

**Habitable:** A unit that is structurally sound, weathertight and in good repair.

**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 household income.

**Increased Cost of Compliance (ICC):** Structures damaged by a flood may be required to meet certain building requirements to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the National Flood Insurance Program (NFIP) includes Increased Cost of Compliance coverage for all new and renewed Standard Flood Insurance Policies. ICC is a potential source of Duplication of Benefits.

**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. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD 1780-CPD). 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 an application is submitted and deemed complete.

- 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

**Major/Severe Damage:** \$8,000 or more of FEMA inspected real property damage or 1 foot or more of floodwater on the first floor.

**Mobile/Manufactured Housing Unit (MHU):** A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

**Modular Housing:** A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

**Most Impacted and Distressed (MID) Areas:** Areas of most impact as determined by HUD using the best available data to calculate the amount of disaster damage. The zip codes designated as MIDs are: 31520, 31548, and 31705.

**National Flood Insurance Program (NFIP):** Insurance program aimed at reducing the impact of flooding on private and public structures.

**Pre-Qualified Contractors:** A qualified pool of contractors developed by the subrecipient that meet the state and federal procurement requirements and possess controls that will ensure the quality construction standards of the CDBG-DR Program.

**Reconstruction:** Demolition and re-building of a stick-built or modular housing unit on the same lot in the same footprint and manner. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be exceeded; however, the number of rooms in a unit may be increased or decreased.

**Rehabilitation:** Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

**Replacement:** Demolition, removal, and replacement of a damaged MHU with a new MHU in the same footprint or at a new location, if the original damaged unit was on leased land and the MHU owner must relocate to a new property. Relocation of a new MHU will require additional environmental review.

**Request for Reasonable Accommodations (Disability):** A request made by the applicant for reasonable accommodations to ensure household members are able to access and use their housing unit. The applicant may request reasonable accommodations if the applicant or a member of the household is an individual with a disability. The Georgia HRRP defines disability, for purposes of the Program, consistent with federal law under the Social Security Act, as amended, 42 U.S.C. §423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §12102(1)-(3), and in accordance with HUD regulations at 24 CFR §§5.403 and 891.505.

**Scope of Work Estimate (SWE):** A documented detailed estimate of the damages observed during an onsite visit to a homeowner's property that quantifies the materials and labor necessary to repair observed damages.

**Stick Built Housing Unit:** Units that are assembled on-site using traditional building materials that meet or exceed all applicable State and local building codes and erected on a slab or permanent foundation.

**Subcontractor:** A company or person who is hired by a general contractor to perform a specific task as part of the overall project.

**Subrecipient:** Cities, Counties, Indian Tribes, local governmental agencies, private non-profits (including faith-based organizations), or for-profit entities authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications. Any firm, individual or contractor procured by a Subrecipient to carry out program functions will perform all of the Subrecipient responsibilities and tasks contained within this document.



**Subrogation Agreement:** An agreement executed by the beneficiary (applicant) agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

**Substantial Improvement:** As defined in 24 CFR 55.2(b) (10) and as applicable to the HRRP, substantial improvement includes any repair, reconstruction, modernization or improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure either before the improvement or repair is started, or if the structure has been damaged and was being restored before the damage occurred. Substantial improvement determinations are made by local code enforcement, permitting, building and/or floodplain officials.

**Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 (URA):** An act passed to ensure uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary acquisition or multifamily damaged/occupied activities that require the relocation of the tenants.

**Vendor:** Federal regulations outline five characteristics that are indicative of a vendor relationship. (OMB Circ. A-133 § 210). A vendor often: 1. Provides goods or services commercially to both government and non-government entities. 2. Provides similar goods or services to many different purchasers; 3. Operates in a competitive environment; 4. Provides goods or services that are ancillary to the operation of the federal program; and 5. Is not subject to compliance requirements of the federal program.

## ACRONYMS

**AMI:** Area Median Income

**CDBG-DR:** Community Development Block Grant Disaster Recovery Program

**CFR:** Code of Federal Regulations

**DCA:** Georgia Department of Community Affairs

**DRGR:** Disaster Recovery and Grant Reporting System

**FEMA:** U.S. Federal Emergency Management Agency

**FMR:** Fair Market Rent

**HCD Act:** Housing and Community Development Act of 1974

**HUD:** Department of Housing and Urban Development

**HRRP:** Georgia Homeowner Rehabilitation and Reconstruction Program

**LMI:** Low and Moderate Income

**MHUs:** Mobile/Manufactured Housing Units.

**MIDs:** Most Impacted and Distressed areas

**NCOMP:** Non-compliant with Federal flood insurance requirements

**NEPA:** National Environmental Policy Act

**PRWORA:** Personal Responsibility and Work Opportunity Reconciliation Act

**RFP:** Request for Proposal

**SBA:** U.S. Small Business Administration

**SFHA:** Special Flood Hazard Area

**SRA:** Subrecipient Agreement

**URA:** Uniform Relocation Act of 1970 as amended

## PART 1: ACTIVATING THE SUBRECIPIENT HRRP AWARD

### 1.1 Written Agreement with DCA

DCA must enter into a written Subrecipient Agreement (SRA) with each Subrecipient. The SRA outlines all subrecipient responsibilities, timelines, and all applicable CDBG-DR regulations, state laws, and program requirements that must be followed.

The Subrecipient must have their Chief Elected Official examine the document closely prior to signing and dating the agreement. **Two originals must be signed and mailed to the address listed below within 30 days of receipt.** DCA will execute both copies and mail one original to the Subrecipient.

Georgia Department of Community Affairs  
Attn: Tommy Lowmon  
60 Executive Park South, N.E.  
Atlanta, Georgia 30329-2231

### 1.2 New Grant Award Package

#### 1.2.a Authorized Signature Card

An Authorized Signature Card allows individuals designated by the Subrecipient to request payment of funds on behalf of the Subrecipient. The Authorized Signature Card must authorize at least one signatory, but no more than four. At least one of the signatories must be an employee of the Subrecipient or an authorized official. The subrecipient must designate whether one or two signatures will be required on an individual draw request. If the Certifying Representative designates him/herself for authorization of the draw request, then two authorized signatures are required. An employee of a vendor hired by the Subrecipient may not be designated in lieu of an employee of the Subrecipient.

The Subrecipient's Authorizing Official must also sign the Authorized Signature Card to certify that the individuals named above are indeed authorized to request payment and that the signatures on the card are their own. No erasures or corrections may appear on the Authorized Signature Card.

The Authorized Signature Card must be received and on-file prior to processing draw requests. If signatories change during the grant period, a new Authorized Signature Card must be completed and re-submitted prior to the submission of any future draw requests. All signatures on the draw requests must match the signatory authorizations on file at DCA.

Completion of this form is required on behalf of the Authorized Official of the Recipient. If no individual(s) is designated on the form, the Authorizing Official will be required to sign all documents submitted by the Subrecipient.

### 1.2.b Vendor Management Bank Account Form

The State Accounting Office Policy requires all vendors to establish ACH payments. CDBG-DR subrecipients are required to establish a separate bank account for deposit of CDBG-DR funds only. The Subrecipient must follow the instructions included with the Vendor Management Bank Account form. A sample Bank Letter will be included and the Subrecipient is responsible for ensuring that a similar format is followed and included with the completed form.

### 1.2.c Civil Rights Compliance Certification

This form is required to verify the Subrecipient's compliance with Civil Rights Requirements. The form must be signed by the Subrecipient's Chief Elected Official.

### 1.2.d Acknowledgement of Subrecipient Language Access Plan Requirement

This form is required to verify the Subrecipient's responsibility to create a Language Access Plan. A guidance document, that outlines the creation and standards of a Language Access Plan, will be included.

### 1.2.e W-9

This form is to be completed with the Subrecipient's Tax Identification Number. Additional instructions, if necessary, can be found at [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## PART 2: PROGRAM OVERVIEW

The Georgia Homeowner Rehabilitation and Reconstruction Program Policy Manual for single-family homes establishes policies for the Georgia Homeowner Rehabilitation and Reconstruction Program (HRRP). The HRRP is offered under Georgia's Community Development Block Grant Disaster Recovery (CDBG-DR) Program which aids persons impacted by two January 2017 Tornado events and Hurricane Irma occurring in September 2017. These disaster events are known as DR-4294, DR-4297, and DR-4338, respectively. The HRRP helps with housing repair and reconstruction and is designated to assist owner-occupied properties within the zip codes of 31520, 31548, and 31705. Further information related to Georgia's CDBG-DR programs and method of distribution can be found in the state's HUD Approved Action Plan located on the Georgia Department of Community Affairs (DCA) website.

### 2.1 Scope

This Manual constitutes the primary guidance for the implementation of the HRRP options. The purpose of this Manual is to provide information regarding the implementation of the Georgia HRRP to all Subrecipients, employees, consultants, and contractors working on the Program. Subrecipients under HRRP are responsible for carrying out all program activities and complying with all CDBG-DR regulations as well as many other federal requirements. DCA will provide technical assistance, develop program policies, manage the funding and distribution process, monitor subrecipient compliance with program requirements, and report to HUD on the use of the funds.

The policies contained within this manual may be supplemented or modified to address changes to rules, regulations, or the changing unmet recovery needs of the applicant population. Periodically, DCA will issue policy revisions, bulletins, memoranda, design guidance or other written instructions which may modify the contents of this manual. In the event of a conflict with this manual, such guidance may serve to revise or modify the contents of this document.

The purpose of the Manual and other guidance is to establish baseline protocols for implementing all Federal and State requirements into the Program. DCA will retain final discretion to issue case-specific determinations regarding whether and how the policies in this manual should be implemented. Any determinations deviating from the procedures established in this manual or other guidance must be made in writing and preserved according to the record retention policy found in section 8.7 of this manual.

### 2.2 Summary of Program Activities

**Rehabilitation** is defined as non-emergency repair or renovation of a limited specified area or portion of a housing structure. Rehabilitation includes bringing repaired portions of properties into compliance with federal, state and local building codes and adhering to minimum property standards established by the program. The Minimum Property Standards are based on HUD's decent, safe and sanitary (DSS) Standards and the HUD Green Building Retrofit Checklist, where applicable. Rehabilitation will be limited to stick-built and modular structures that have been deemed feasible for repair or Mobile/Manufactured Home Units (MHUs) that are less than five years old and have less than \$15,000 worth of rehabilitation (hard and soft costs combined).

**Reconstruction** is defined as the demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot, and in the same footprint, with a new unit that complies with

the International Residential Codes (IRC) as required by State Minimum Standard Codes. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded, however, the number of rooms in a unit may be increased or decreased based on family size.

**Replacement** is defined as the demolition, removal and replacement of a damaged MHU with a new MHU in substantially the same footprint, or at a new location if the original damaged unit was on leased land and the MHU owner must relocate to a new property. Relocation of a new MHU will require additional environmental review. In such a case of relocating an MHU, the owner must find the new location and secure a lease agreement. Any replacement or relocation of an MHU must be cost reasonable.

**Temporary Relocation Assistance** is defined as an optional program activity designed to reduce the financial burden on owner-occupants when rehabilitation, replacement, elevation, or environmental remediation activities cause the owner-occupant to temporarily relocate. Assistance can include moving expenses, rent or reasonable hotel costs, and storage of belongings.

### 2.2.1 Eligible Repairs

All property improvements must be for unmet housing needs resulting from Disasters 4294, 4297 or 4338. For eligible units, the HRRP will fund additional repairs not directly caused by the storms but needed to meet current building codes or to make the property more resilient against future disasters. Eligible repairs include but not limited to:

- Roofs
- Interior and exterior walls
- Foundations
- Framing and structural support components
- Critical systems including HVAC, water heaters, water pumps, and related systems
- Interior flooring
- Doors/windows
- Electrical
- Plumbing
- Well/Septic Repairs (when necessary)
- Interior and exterior finishes
- Replacement of appliances (if applicable)
- Any necessary or required Americans with Disabilities Act (ADA) improvements including special tubs/showers, access ramps, special cabinets/counters
- Sidewalks/walkways providing access to the structure, which pose a health and/or safety hazard
- Any and all necessary site work required to complete the rehabilitation
- Construction material/waste removal and disposal
- Abatement activities for materials containing lead
- Abatement activities for any material containing asbestos

**Additional Parameters Include:**

- Cost-effective energy measures and improvements that meet local zoning and code, Decent Safe and Sanitary (DSS) standards, or required Housing Quality Standards (HQS).

- Improvements that add enhanced resilience, such as elevation of major electrical components, roof strapping and other measures.
- Lead-based paint testing, mitigation or stabilization, as needed.
- Asbestos testing, mitigation or encapsulation.
- Mold remediation if necessary.
- Section 106 adverse mitigation activities as required by the Georgia Historic Preservation Division.
- Accessibility features for documented special needs. Repaired homes inhabited by special needs or elderly (age 62 or older) persons must be analyzed as to the special physical needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas must be installed, if appropriate. Hearing and sight-impaired adaptations should also be considered. All special needs requirements must be documented prior to approval.
- Ventilation and energy efficiency items such as ceiling fans, window screens and screen doors if missing or not functional at time of inspection.
- Elevation with the lowest finished floor two feet above the base flood elevation level for homes in the 100-year floodplain that are substantially damaged, substantially improved, reconstructed or replaced. Elevation height requirements are governed by the applicable Federal Register Notice(s).
- All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches and light bulbs in living areas must be encased.
- All homes must be equipped with smoke and carbon monoxide detectors installed in conformity with code requirements.
- Additional related costs such as green building and mitigation requirements, insurance, accessibility modifications, repair or replacement of water, or sewer and utility connection needs may be included.

### 2.2.2 Temporary Relocation Assistance (TRA)

Program activities shall be planned and carried out in a manner that minimizes hardships and displacement of owner-occupants of disaster-damaged residences to be rehabilitated, elevated, or reconstructed. In order to reduce the burden on affected homeowners participating in the HRRP, the Temporary Relocation Assistance (TRA) may be provided to owner-occupants when program activities cause the temporary relocation of the owner-occupant of the property.

All TRA assistance must be determined to be necessary and reasonable. The total amount of TRA assistance to be provided to owner-occupants cannot exceed the per month amount from the most up to date HUD Fair Market Rent for the county in which the homeowner resides and twelve months of assistance. Special circumstances will be considered on a case by case basis. The amount of funds received through assistance can be for shorter periods of time or cancelled at any time at the discretion of the local government. Applicants will receive at least 60 days notification of termination of benefits in order to prevent undue hardship. Should the local government staff learn at any time that an applicant and/or a prospective landlord has behaved in a dishonest or fraudulent way in order to receive assistance or rental/deposit payments, assistance will be denied, and funds will be required to be repaid to the HRRP.

Applicants receiving TRA assistance are responsible for providing the local government or its vendor all documentation related to eligible expenses to include rental or storage leases, bills, paid invoices, cleared checks, etc. Undocumented expenses will not be reimbursed by the HRRP. In addition, all anticipated expenses must be approved in writing in advance of the applicant incurring the expense.

**An owner-occupant must be required by the program to relocate in order to qualify for TRA assistance.**

### **Eligibility**

During the property inspection for the Scope of Work write-up, an inspector will determine if TRA will be necessary while the rehabilitation work takes place. TRA for reconstruction projects will be determined on a case by case basis.

**Total household income must be less than 120% Area Median Income (AMI).**

### **Moving Expenses**

Moving expense allocations will be determined by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970- Fixed Residential Moving Cost Schedule as prescribed by the Federal Highway Administration. Receipts or paid invoices are not necessary for fixed moving payments.

The FHA policy can be found at: <https://www.federalregister.gov/articles/2015/07/24/2015-18159/uniform-relocation-andrealproperty-acquisition-for-federal-and-federally-assisted-programs-fixed>

If required, all items must be removed from the home by the homeowner by the date identified in the signed Construction Contract.

### **Monthly Rent**

Temporarily displaced households are encouraged to stay with friends or relatives if the temporary relocation is for a short period of time. If the displaced household chooses to live with family or friends during temporary relocation, the amount charged for housing compensation must be reasonable and cannot exceed one half of HUD Fair Market Rent for the county in which the unit is located.

All rental agreements must be in writing and approved by the local government, or their vendor, in advance to ensure that the terms and conditions of the lease agreement are necessary, reasonable, and consistent with the anticipated length of time necessary for the construction activity outlined in the

applicant's scope of work. This includes agreements to compensate friends or family members who house temporarily displaced households.

Rent for the temporary unit will be paid directly to the Landlord on the first of every month.

Security deposits may be paid up to a maximum of one month's rent for the unit and will be paid directly to the Landlord. An agreement should be made with the Landlord to use the security deposit on file towards the last month of rent (or used towards documented damage to the unit if applicable). If a Subrecipient does receive a security deposit back, they will agree to use the remittance towards other eligible CDBG-DR costs incurred prior to drawing down any additional funds.

Utility deposits may be made in conjunction with temporary rental assistance. Utilities include those required for water/sewer, cooking, heating, lighting, and trash collection. **Telephone, internet, and cable/satellite TV are not considered utilities for this purpose.** Utility deposits should be paid directly to the utility company. An agreement should be made with each utility company to use the deposit on file towards the last month of service. If a Subrecipient does receive a remittance, the Subrecipient will agree to use the remittance towards other eligible CDBG-DR costs incurred prior to drawing down additional funds.

#### **Lease Enforcement and Termination of Tenancy**

The local government, or its vendor, is not a party to the tenant/landlord lease and will not be obligated to enforce or intervene in a tenant/landlord dispute. **If the household is legally evicted for cause, the local government will terminate assistance to the participant and no further assistance for a replacement unit will be approved.**

#### **Hotel Expenses**

For short-term temporary relocation (defined as less than 30 days) when staying with family/friends or entering into a lease is not feasible, the HRRP may reimburse hotel/ motel expenses if they are necessary and reasonable. The Subrecipient, or its vendor, must obtain 3 quotes for hotels/ motels in the local area, the median of which will establish the ceiling for hotel/ motel expenses to be reimbursed to the applicant. Paid invoices for all hotel/ motel expenses must be documented.

#### **Temporary Relocation Assistance Duplication of Benefits (DOB)**

All Subrecipients will comply with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) as amended, (Stafford Act). This act prohibits any person, business concern or other entity from receiving Federal assistance to the extent such assistance duplicates benefits available to the person for the same purpose from another source. Any funds a household received for temporary rental assistance (this includes but is not limited to private insurance, FEMA or SBA assistance), must be accounted for when determining the housing assistance deferred payment loan amount. If the household spent funds intended for temporary rental assistance on anything other than temporary rental assistance, the homeowner will have a duplication of benefits (DOB) and will be required to escrow the money prior to signing the lease. DOB under federal law must be deducted from the assistance to be provided unless receipts can be shown that funds were used for temporary rent and that all funds have been expended for this purpose.

#### **Requirement to Notify HRRP of Additional Assistance to Tenant**



Any additional assistance received for the purpose of temporary rental assistance while the tenant is receiving CDBG-DR rental assistance must be subrogated to the HRRP. It is the responsibility of the tenant to report any such assistance to the program at the time of receiving the additional funds. Upon notification of additional assistance, the local government, or its vendor, will recalculate continued assistance and/or possible repayment of CDBG-DR assistance.

#### **Temporary Relocation Expenses not Pre-Approved**

Temporary relocation expenses beyond the parameters outlined in this policy must be approved by the Subrecipient and CDBG-DR staff. Any claims for TRA submitted without documentation are ineligible for payment or reimbursement.

#### **Temporary Relocation Assistance Appeals**

Homeowners that wish to appeal a TRA decision should follow the standard appeals procedure for the HRRP program (section 7.14). Please contact your Case Manager if you wish to appeal a decision.

### **2.3 Allocation and Housing Assistance Maximum Deferred Payment Loan Amounts**

The maximum deferred payment loan for each eligible property is defined in the most recently approved version of the Georgia CDBG-DR Action Plan. All construction costs, mitigation measures, elevation costs, site improvements and construction standard conditions (dumpsters, on-site toilets, permitting, variances), and temporary relocation assistance are included in the maximum deferred payment loan amount. Exceptions to the maximum deferred payment loan limits may be granted on a case-by-case basis.

### **2.4 National Objective and Funding Priorities**

The National Objectives the HRRP seeks to serve is benefit to LMI households and meeting a need having particular urgency. The governing Federal Register Notices, 83 FR 40314 and 83 FR 5844, require that 70% of program funds meet the LMI National Objective. LMI households are those with an income less than 80% of the Area Median Income. Households with 80%-120% of the AMI may be served under the Urgent Need National Objective. To comply with the national objective of meeting urgent needs, an activity must be designed to alleviate existing conditions which the Subrecipient certifies: (1) were a direct result of storms DR-4294, DR-4297 and DR-4338, (2) pose a serious and immediate threat to the health or welfare of the community, (3) are of recent origin or recently became urgent, (4) the grantee is unable to finance the activity on its own, and (5) other resources of funding are not available to carry out the activity.

**An activity not meeting a national objective is considered ineligible.** Further, any associated expenses related to the activity are not eligible and will not be paid, or if already paid, may require repayment.

More information regarding the criteria for national objectives can be found at 24 CFR 570.208.

## 2.5 HUD Income Limits

HUD publishes income limits annually and can be accessed at the HUD Office of Policy Development and Research's website (<https://www.huduser.gov/portal/datasets/il.html>). For the HRRP, income limits will be determined upon completion of an application with all required document submissions. The date of completion will serve as the date income levels are verified. This initial verification of income limit shall serve for the entirety of the rehabilitation, reconstruction or replacement project.

## 2.6 Uniform Relocation Act Assistance Offered

Since homeowner participation in the HRRP is voluntary, these persons are not subject to the Displaced Person requirements found at 24 CFR Part 570.606. DCA will consider relocation assistance for homeowners on a case-by-case basis. Considerations will be based on the necessity of homeowners removing themselves and their belongings from their homes during the period of repair. Temporary relocation assistance is available for tenants who need to relocate due to HRRP construction. Please see Section 2.2.2 for additional information.

## 2.7 Affirmatively Furthering Fair Housing

Local government officials, in agreeing to accept CDBG-DR funds, certify that they will "affirmatively further fair housing". While the law does not specify what type of action Subrecipients must take, it is clear that by virtue of receipt of CDBG-DR funds, local government recipients are obligated to take action to affirmatively further the national goal of fair housing. DCA does not dictate what action recipients must take. DCA must, however, monitor local government recipients to determine what sorts of actions are taken.

## 2.8 Homeowner Rehabilitation and Reconstruction Marketing Plan

The Subrecipient must submit to DCA a marketing plan detailing all planned outreach efforts to ensure the citizens are informed and aware of the program. This includes, but is not limited to, advertising using the local media outlets, newspapers, broadcast media, public meetings, etc. The marketing plan must be considered sufficient by DCA before any program activities are undertaken. All activities defined in the marketing plan will be monitored by DCA to ensure compliance.

## 2.9 DCA Procedures to Protect Personally Identifiable Information (PII) for CDBG-DR Programs

DCA is instituting the Personally Identifiable Information (PII) policy detailing requirements related to the proper handling and securing of Personally Identifiable Information (PII) for grantee, sub-recipient, and contractor or any other party administering in whole or in part CDBG-DR programs. The purpose of this policy is to ensure the confidentiality and integrity of PII information provided in a hard copy format and/or electronically stored or transmitted over DCA, sub-recipient, and contractor computer networks and telephone systems.

This policy outlines the methods to collect, document, and properly dispose of applicant hard copy paperwork that contains PII as well as establishes acceptable uses and methods of transmission of PII

data. All program staff, including grantees, Subrecipients and contractor staff, will be provided a copy of DCA’s PII policies and will be required to sign an acknowledgement of understanding of these policies.

### 2.10 Overview of HRRP Process

The Federal requirements for the implementation of the Georgia HRRP are complex and will require a multi-step process (Figures 1 and 2) to comply with all the federal and state regulations and requirements. The process includes initial documentation and verification requirements that result in a deferred payment loan determination for eligible homeowners. The result of the initial documentation phase is the signing of a contract and deferred payment loan agreement.

**Figure 1: Application Intake and Documentation Steps**



The construction and compliance phase, as seen in Figure 2, is where repair or reconstruction assistance is provided to the property owner and the result is a rehabilitated and more resilient housing unit. After final construction activities and the completion of any compliance period, the grant will be closed out.

**Figure 2: Construction and Compliance**



## Part 3: APPLICATION INTAKE

### 3.1 Application Intake

The subrecipient shall set-up intake center(s) staffed with case managers to assist the homeowners with the complex application process. The case manager will input all information provided by the homeowner and upload all required documents to the CDBG-DR system of record. Only complete HRRP applications, including all supporting documentation, will be considered for funding. Anyone who has submitted a prior application for disaster recovery assistance through a non-profit organization, federal, state or local agency will need to submit an official HRRP application. Regardless of the number of individuals per household, there may only be one application per household. Duplicate applications will be closed so that only one application per property address remains active.

Homeowners are not guaranteed assistance but will be served based on availability of funds and qualification for benefits. Applications will only be accepted during the published outreach period or until all funds have been committed. Additional intake periods may be opened at a later date depending on funding availability and the remaining unmet needs of disaster victims. Qualification for assistance will be certified by the subrecipient prior to the commitment of any funds to an activity or beneficiary.

### 3.2 Application Priority Schedule

Due to funding constraints, priority will be given to at-risk and vulnerable households. Households with one of the following characteristics will be prioritized and processed in the order that they complete an application:

- LMI Households
- Households with seniors age 62 and older
- Households with children age 18 or younger
- Households with the presence of members with a disability

All priorities are weighted equally and will not be allowed to overlap. For a period of 45 days, only applications from prioritized households will be processed. During this period, non-prioritized households may submit an application, but it will not be processed until after the initial priority intake period has ended.

To comply with Federal requirements, 70% of program funds must be used to serve Low-to Moderate-Income individuals. To this end, as expenditures approach 70% of the funds appropriated for the program, DCA reserves the right to require the Subrecipients to only accept applications from LMI households.

### 3.3 Timeliness of Application Status

DCA and its Subrecipients will ensure timely communication of application status to applicants who have applied for disaster recovery assistance. Multiple methods of communication, such as website, email, mail, phone, or other means that provide applicants for recovery assistance with timely information to determine the status of their application will be utilized for recovery assistance at all phases. The applicant will choose a communication preference during intake. DCA and its Subrecipients will ensure the accessibility and privacy of individualized information for all applicants, frequency of applicant status updates and the personnel or unit responsible for applicant's information on the status of recovery applications.

### 3.4 Homeowner Responsiveness

During the application process, a homeowner is required to respond in a timely fashion with program requests for information and materials to complete the eligibility process. At no time should a request for additional information go unanswered beyond 30 calendar days. If the homeowner needs an extension, a clarification, or assistance, they must request assistance within the 30-day window. If the homeowner

fails to provide the requested information or materials or fails to ask for an extension or assistance, their application will be considered on hold until the information is provided.

If a homeowner fails to answer or return three consecutive phone calls and fails to respond to written requests within program timeframes the homeowner will be considered “unresponsive”. If this occurs the application will be closed. An applicant may appeal the decision to classify the application as “Unresponsive” only once. If the appeal results in the reactivation of an application, subsequent closure for unresponsiveness cannot be appealed.

An exception to this policy will be considered on a case-by-case basis for clearance of title defects or the death or illness of a homeowner. Homeowners with title defects are provided up to one year to clear the defect.

### 3.5 Communication Designee

Applicants may authorize others as a “Communication Designee” to discuss Program requirements and their application status. A Communication Designee may not alter or execute documents or make decisions for the applicant. Applicants may revoke the rights of a Communication Designee at any time in writing.

### 3.6 Power of Attorney

Applicants may authorize others through a legally executed State of Georgia Statutory Form Power of Attorney to submit and/or execute program application and eligibility documents and to amend such documents. The person designated as Power of Attorney may also make decisions related to the participation and benefits of the program, including withdrawing the application. Applicants may revoke the Power of Attorney at any time in writing. Case Managers will supply homeowners with the correct State of Georgia form.

### 3.7 Reasonable Accommodation

Subrecipients will provide reasonable accommodations to applicants with disabilities. It is DCA’s policy to use construction standards for accessibility for the mobility impaired, within the scope of the program’s construction activity on each project, where the need for such accessibility by a household living in the structure is documented.

Subrecipients must make reasonable modifications to policies, practices or procedures when necessary to avoid discrimination on the basis of disability and to ensure meaningful access to programs, benefits, and facilities, except where the provision of an accommodation/modification would fundamentally alter the nature of program service, program, or activity.

### 3.8 Voluntary Application Withdrawal

The subrecipient may accept the voluntary withdrawal of any application at any time as evidenced by a document signed by one or more applicants. This may be through a standard program form or through a letter provided by the applicant. The subrecipient may also accept the partial withdrawal of an application

if an applicant does not wish to receive one type of benefit for which they are eligible, but the applicant wishes to preserve the ability to receive another type of benefit. An example would be a homeowner who did not wish to have their home rehabilitated or reconstructed but wished to participate in a buyout program if it were offered as an option.

### 3.9 Application Termination

The subrecipient may make an application inactive if the applicant fails to participate in the program or if an applicant fails to respond to a request for information or documentation. The applicant must be provided written notice of the failure to participate or respond and have the opportunity to cure the defect within the time period that is contained in the written notice.

## PART 4: PROGRAM ELIGIBILITY

The following are threshold requirements, which must be met for a homeowner to be eligible for assistance. Eligibility does not guarantee CDBG-DR assistance. Threshold requirements will either allow a homeowner to continue to move forward in the program or result in disqualification.

Threshold criteria:

- The property has unrepaired damages due to the 2017 presidentially declared disasters.
- The damaged property is located within one of the HUD identified Most Impacted and Distressed (MID) areas.
- The homeowner can show proof of ownership at the time the disaster occurred, and ownership has been maintained to date.
- The damaged structure is the homeowner's primary place of residence.
- The property taxes are current, or a payment plan is in place.
- The property is a single-family, owner-occupied structure or an owner-occupied mobile home/manufactured housing unit (MHU).
- The property is not a second home.

Once the Subrecipient determines if the property and homeowner are eligible for funds, the Subrecipient will notify the homeowner by letter.

### 4.1 Applicant Identity and Citizenship/Verification of Lawful Presence Requirement

Subrecipients must verify the identity of the applicant(s) listed on the application. The program must confirm that the individual executing documents has the authority to provide information, allow access and otherwise execute legally binding contracts and documents related to the property.

Only citizens and qualified aliens (e.g. legal permanent residents, refugees) are eligible to receive assistance under the HRRP. An alien who is not a "qualified alien" as defined by the Personal Responsibility and Work Opportunity Reconciliation Act ("PRWORA") of 1996 is not eligible for any federal public benefit.

Verification for co-applicants will not be required. In cases where properties are owned by more than one naturalized person, as long as the primary applicant satisfies the Citizenship or Qualified Immigrant status, the application may be deemed eligible.

**Verification Method:**

Per O.C.G.A 50-36-1, one person on the application with an ownership interest in part or in whole of the property must be able to demonstrate lawful presence in the United States.

If the applicant is a citizen, one of the following documents is required to prove citizenship:

- Current or expired US Passport or US Passport Card matching name on application;
- Current or expired State of Georgia Driver's License with Secure ID (Georgia driver's license with gold star symbol in the upper right corner) or Enhanced Non-Driver Photo ID Card;
- Valid US Birth Certificate;
- Certificate of Naturalization;
- Certificate of Citizenship; or

If the applicant is qualified alien, the applicant must provide an Alien Number, an I-94 Admission Number, or other acceptable documentation to facilitate a SAVE screening. Subrecipients can obtain a screenshot from the Systematic Alien Verification for Entitlements ("SAVE") as proof of citizenship. The SAVE database is administered by the US Citizenship and Immigration Services. For more information, <https://www.uscis.gov/save/about-save/verification-process>.

## 4.2 Ownership

The subrecipient must determine the following items:

- The applicant owned the property or had an ownership interest in the property at the time of the storms, January 2, 2017 (DR-4294), or January 21st and 22nd, 2017 (DR-4297), or September 11, 2017 (DR-4338);
- The applicant currently owns the property or has an ownership interest in the property to verify that the applicant can properly execute documents; and
- All owners of the property are applying for program benefits.

**Verification Method:**

The Subrecipient determines whether an applicant meets the ownership or ownership interest requirement through the county tax assessor's office. A website search of the assessor's database together with a screenshot of the database information showing the applicant is an owner is sufficient to meet the ownership requirement. If ownership cannot be verified through an online review, the applicant must submit documentation such as a deed, death certificates or wills to meet documentation requirements.

### 4.2.1 Heirs Property Title Issues

Applicants with questions regarding an heir's property or that need help obtaining a clear title, are to be referred to the Georgia Heirs Property Law Center for further assistance. The Center is a not-for-profit law firm that helps heirs that have become property owners remediate a fractured title. Assistance from

the Georgia Heirs Property Law Center is provided via a subrecipient agreement between DCA and Georgia Heirs Property Law Center.

Property titles must be cleared and transferred into the applicant's name within one year of submitting an application. If the title has not been cleared within one year, the homeowner will need to resubmit an application for the program.

### 4.3 Primary Residency

**The storm-damaged property must have been applicant's primary residence at the time of the storm to be eligible for assistance.** A primary residence is one that meets the definition of a "main home" in IRS Publication 936. The publication states, "You can have only one main home at any one time. This is the home where you ordinarily live most of the time." Second homes, vacation homes, and seasonal rental properties are not primary residences and are not eligible.

#### **Verification Method for Owners:**

The following types of documentation will be accepted as proof of primary residency:

1. Proof of 2017 Homestead Exemption;
2. Government-issued identification issued before January 2, 2017 (DR-4294), January 22, 2017 (DR-4297) and September 11, 2017 (DR-4338);
3. 2017 Federal Tax Return;
4. 2017 Tax Return Transcript;
5. Vehicle Registration or Renewal for 2017;
6. Certificate of Title for Vehicle Issued in 2017;
7. Receipt of any of the following government benefits received for at least one (1) month during the six (6) months prior to or after DR-4294, DR-4297 or DR-4338:
  - Social Security (All types including, but not limited to, Retirement, SSDI, SSI, and Survivors)
  - Temporary Assistance for Needy Families (TANF)
  - Medicare
  - State of Georgia Medicaid
  - State of Georgia Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
  - State of Georgia Supplemental Nutrition Assistance Program (SNAP)
  - State of Georgia Unemployment Insurance;
8. Copy of water, electric or gas bill(s) showing service for the six (6) months prior to the respective disasters, showing usage consistent with primary residency;



9. Letter from a water, electric or gas service provider stating that service was provided in the name of the applicants(s) for the six (6) months prior to the related disaster, and that the level of service was consistent with a primary residence; or
10. Other documentation from a government or commercial source which would tend to evidence that the applicant resided at the address listed on the application on the date of the respective storm, as their primary residence.

For the documentation listed above to be considered valid, it must meet all of the following criteria:

- The applicant's name(s) must appear on the documentation; and
- The documentation must be clearly dated; and
- The address of the property listed on the application as being the damaged property address must appear on the documentation.

#### **Verification Method for Tenants:**

The HRRP is designed to assist single-family owner-occupied housing units. If a rental unit exists on the property, the homeowner must provide that information during application intake. Primary residency for properties containing rental units will be verified by the tenant providing proof of primary residency for the rental unit through one of the methods listed below. The applicant must establish that the tenant was a year-round renter. The following documentation may be used to establish such residency:

- Rent history reflecting the rent charged/received for the rental unit for the 12-month period up to December 2017;
- Signed 12-month lease for period encompassing dates for the related storm; or
- Proof of payment of rent for the 12 months prior to December 2017

The tenant should also include a signed certification acknowledging the property is their primary residence.

## **4.4 National Flood Insurance Program (NFIP) Coverage**

Applicants who received flood disaster assistance that was conditional on the person obtaining and maintaining flood insurance through the National Flood Insurance Program (NFIP) or through a privately issued policy of flood insurance that meets federally defined standards must be determined to be in compliance with this requirement. If this requirement applies to the property that is listed on the application and the property owner failed to maintain flood insurance as required under federal law, then the property listed on the application is not eligible for rehabilitation or reconstruction assistance.

#### **Verification Method:**

DCA utilizes a data sharing agreement with the NFIP to identify applicants who are non-compliant with flood insurance requirements (NCOMP). In the event that this data is unavailable, a property's eligibility or ineligibility for DR-4294, DR-4297, and DR-4338 FEMA structural benefits as determined by FEMA will serve as evidence of compliance or noncompliance for those properties which were the subject of a FEMA application for the related storms.

For properties which were not the subject of a FEMA application, the subrecipient may verify compliance with this requirement by providing documentation showing the property was covered by a policy of flood insurance at the time of related disaster. Eligibility may also be verified if an applicant certifies that the property which is the object of the application was not subject to this requirement.

#### 4.5 Unrepaired Qualifying Storm-Related Damage

The home must have sustained damage as a direct result of the eligible disasters which occurred on January 2, 2017, January 21-22, 2017 or September 11, 2017. Damage that was exacerbated by storms after these dates are eligible as long as they have a tie back to one of the three eligible disasters. At the time of application intake, the property must have unrepaired storm damage in order to be eligible for the program. FEMA data is used as one method of verifying the property was damaged by the eligible disasters. However, registration in FEMA's Individual Assistance program is not a requirement for assistance through the HRRP.

##### **Verification Method:**

Copies of FEMA, SBA or Insurance award letters serve as documentation of qualifying disaster damage. If the applicant did not receive any assistance from FEMA, SBA, or through an insurance company, the applicant can request a damage assessment be conducted. The assessment includes photographs of the damage and a written damage assessment conducted by the Subrecipient or any firm, individual or contractor procured by a Subrecipient. The assessment may confirm the damaged structure was impacted based on visual observation of completed repairs that are likely to have resulted from storm damage. If the assessment is inconclusive as to the cause of the damage, the HRRP may accept alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations on a case-by-case basis.

In cases where it is unclear whether the unrepaired damage to the structure was caused by the qualifying storms, the subrecipient reviews the case to determine whether the unrepaired damage to the structure was caused by the declared disaster or if it was due to deferred maintenance.

If a homeowner was denied FEMA assistance, HRRP assistance may still be available if damages can be tied back to the qualifying disasters. DCA prohibits the denial of assistance by FEMA to be used as the sole basis for the denial of HRRP assistance.

#### 4.6 Income Eligibility

The Homeowner Rehabilitation and Reconstruction program can only serve households with incomes less than 120% AMI. However, households with less than 80% AMI will be prioritized. See the Application Priority Schedule for more information. The income calculation includes the annual adjusted gross income (AGI) of all adult household members, including earnings and in-kind sources like Social Security and pensions. The case manager will use CPD Income Eligibility Calculator, available on the HUD exchange, to determine if the income of the applicant's household is eligible.

##### **Verification Method**

The subrecipient will collect and verify income documentation for household members over the age of 18. The applicants must provide a signed copy of the most recently filed IRS tax return (Form 1040).

There may be situations where a household member may have had no obligation to file a return, have not yet filed it, or filed an extension. If any household member did not file a prior year income tax return, the household member is required to submit current documentation that reflects their current income. The following income documentation, where applicable, will be required for each household member only if a prior year income tax return is not available:

- Wages:
  - Up to 4 paystubs from the most recent 30-day period prior to the date of application, depending upon pay schedule (weekly, bi-weekly, semi-monthly, or monthly)
- Retirement/Social Security:
  - Current Social Security Benefits letter (including benefits paid to minors),
  - Current Pension/Retirement Benefit letter (if applicable), or prior year 1099, and
  - Current Annuity Payment letter (if applicable), or prior year 1099;
- Rental Income:
  - Current lease agreement(s);
- Unemployment Benefits:
  - Current benefit letter with gross benefit amount;
- Court Ordered Alimony/Spousal Maintenance:
  - Copy of court order documentation;
- Taxable Interest and Dividends (including amounts received by, or on behalf of minors):
  - Most recent statement or prior year 1099; and
- Documentation for other less common types of income which may be taxable at the federal level and will be assessed by the Program based on the type of income reported.

If an applicant submits any of the above as proof of income, the annual income will be calculated by taking the average of the gross income of the document(s) provided and multiplying that figure by the corresponding number of pay periods in one year.

The verification will remain valid for one year. Income must be recalculated and re-verified by the program if the grant agreement has not been executed within one year of the date of the original income verification. Re-verification of income will not be required when a homeowner has executed his/her grant agreement within one year of the income certification date.

**Household income changes greater than 20% while receiving benefits from the CDBG-DR program need to be reported to a case manager.**

#### 4.7 Location Determination for Eligible Zip Codes

Properties located within one of the Most Impacted and Distressed (MID) areas are eligible for assistance. The MID areas are zip codes 31520, 31548, and 31705.

##### **Verification Method:**

The case manager will utilize the USPS' Look Up a ZIP Code function to determine if the applicant's property is located within an eligible zip code. (<https://tools.usps.com/go/zip-code-lookup.htm>)

## 4.8 Eligible Structures

Eligible structures for the HRRP assistance include single-family stick-built residential units, modular units, and mobile/manufactured housing units (MHUs). Attached structures are eligible if they are under the common roof of the damaged single structure and permanently affixed to the structure. Residential Housing is defined as any structure that meets certain locally established criteria as a residential structure containing one or more bedrooms and a minimum of one bathroom. Each structure shall have a minimum of one separate exterior entrance for such unit.

### Verification Method

Subrecipients will verify structure type by using the local tax assessor's database, as well as an onsite assessment. Each damage assessment contains information regarding:

- The number of units in the structure;
- The presence of non-residential units in the structure;
- Whether the structure is commercial with no residential units; or
- Whether the structure is a mobile structure used for recreation such as a recreational vehicle or is a panel truck, utility trailer, semi-trailer or other type of vehicle.

## 4.9 Ineligible Structures

The HRRP does not repair or replace:

- Commercial buildings
- Homes that are used for both residential and commercial purposes
- Garages
- Sheds and structures not attached to the main dwelling unit
- Recreational vehicles and camper trailers
- Houseboats
- Second homes
- Seasonal, short-term and vacation rental properties
- Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within runway clear zones of either a civil or military airport

## 4.10 Conditionally Eligible Structures

The HRRP will consider repair or replacement on a case by case basis for:

- Condominiums, townhomes and other owner-occupied units that share a common wall or roof
- Duplexes

If Homeowner Association approval is required, the Contractor and Construction Manager will meet with the Association prior to commencing construction.

#### 4.11 Death of Eligible Owner Occupant

At the time of the disaster, the damaged property must have been owned and occupied by the applicant as the primary residence. If the owner of the property passes away, the property may still qualify for assistance if the home is inherited by an immediate family member. Situations regarding the death of owner-occupants will be evaluated on a case-by-case basis.

#### 4.12 Foreclosure

Homeowners who lost ownership of their homes due to foreclosure are considered ineligible for the Homeowner Rehabilitation and Reconstruction Program.

## PART 5: PROGRAM REQUIREMENTS

### 5.1 Certification Requirements to Receive Assistance

In order to receive assistance, applicant(s) must agree to the following:

- The applicant and each household member over the age of 18 must sign a release allowing information to be shared with state and federal agencies and certain third parties for data verification purposes. In situations where a Power of Attorney exists, the owner-applicant may not be required to sign the release.
- Agree to verification of ownership status, disaster-related damage to the home, and assistance previously received.
- Swear to the accuracy and completeness of all information provided to the program under penalty of law.
- Agree to stop all on-going construction activities at the time of application.
- Maintain property and casualty insurance.
- Acknowledge that any overpayment of benefits will be subject to recapture.
- All homeowners must agree to sign all required documents to receive assistance. This may include revised documents necessary to acknowledge changes after a grant agreement has been signed. Failure to comply with this requirement will result in disqualification from the program and closure of the application. If disqualification occurs after program funds are invested into the property, the homeowner will be responsible for the repayment of all program funds through a recapture process.

## 5.2 Flood Insurance Requirement

Applicants whose property is located within the Special Flood Hazard Area (SFHA) are required to obtain and maintain flood insurance on their property as a condition of receiving assistance from the HRRP Program. The insurance must be in the amount and for the duration defined in FEMA's National Flood Insurance Program (NFIP). Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area (SFHA). Failure to maintain flood insurance on the property could result in the subject property being disqualified from receiving any future federal disaster recovery assistance.

## 5.3 Ownership Residency Requirement

**The homeowner will be required to not transfer title to the property or cause involuntary displacement of tenants for a period of five (5) years from the date of completion of the rehabilitation or reconstruction.**

If a transfer of the title or non-occupancy occurs within a one (1) year period from the date of completion, the entire amount of the project will be required to be paid by the homeowner to the Subrecipient. If either occurs between one (1) and two (2) years, 80% will be required to be repaid. Between two (2) and three (3) years, 60% will be required to be repaid. Between three (3) and four (4) years, 40% will be required to be repaid. Between four (4) and five (5) years, 20% will be required to be repaid.

The Subrecipient will be responsible to file a property lien at the appropriate county courthouse. The Subrecipient may use the Deed to Secure Debt/ Repayment Agreement Owner Occupied 5 Year Term document.

## 5.4 Homeowner's Insurance

Applicants must maintain homeowner's insurance that would at a minimum, be able to cover the amount of the deferred payment loan for the entire 5-year period. HRRP will pay the 1<sup>st</sup> year of premiums in order to give the applicant sufficient time to financially prepare for the cost of the insurance going forward.

## 5.5 Recapture

The written agreement between the homeowner and the subrecipient, as well as mortgage and lien documents, if applicable, typically impose the recapture requirements in CDBG Disaster Recovery-assisted housing projects. These enforcement mechanisms such as deed restrictions, covenants running with the land, or other similar mechanisms ensure that the subrecipient recaptures the financial assistance provided if the property is transferred or the property owner fails to meet program requirements. A clear, detailed third party agreement ensures that all parties are aware of the specific requirements applicable to the unit (i.e., principal residency requirement, terms and conditions of either the resale or recapture requirement), and helps the subrecipient enforce those requirements.

The recapture approach requires that all or a portion of the direct subsidy provided to the homebuyer be recaptured from the net proceeds of the sale. These provisions are imposed through a written agreement with the homeowner, and enforced via lien, deed restrictions, or covenants running with the land. The

recapture provisions are triggered by any transfer of title, either voluntary or involuntary, during the established period. If the homeowner sells or transfers the property for any period of time during the term of the grant agreement, repayment will be enforced. Situations pertaining to the death of a homeowner and an immediate family member taking over ownership of the home will be considered on a case by case basis. If the homeowner fails to meet any contractual obligations of the agreement, the homeowner will be determined to be in a state of noncompliance, and the subrecipient will implement the following recapture procedure:

- Meet with applicant to document the reason(s) for recapture;
- Issue a 60-day notice requiring full repayment, certification of compliance, or creation of a repayment plan (installments) if approved by the subrecipient.
- If a notice is returned, subrecipient staff will take reasonable actions to locate the applicant.
- If the homeowner believes an error has occurred, they will be allowed to appeal the recapture based on DCA's appeal process. The Subrecipient may be required to gather additional information regarding the appeal. DCA's CDBG-DR Appeal Board will consider all information and make a determination. The determination will be final.
- If fraud is suspected, the file will be submitted to the Georgia Office of the Inspector General immediately.

## 5.6 Fraud

An applicant's failure to disclose accurate and complete information may delay the application process and could constitute fraud. Potential fraud cases are examined on a case-by-case basis by DCA CDBG-DR staff who then may refer the matter to the DCA Director of Legal Services. If necessary, the case will be turned over to the Attorney General. Suspected cases of fraud may also be referred to the Georgia Office of the Inspector General. If recapture is required, further assistance is denied until the recapture amount is paid.

## 5.7 Referrals to Other Resources

The subrecipient may provide the applicant with a list of references for external resources. Such resources may include, but are not limited to, counseling services and additional resources run by HUD-approved housing counseling organizations, nonprofit organizations and city agencies.

## PART 6: DUPLICATION OF BENEFITS (DOB)

The DOB review process begins at application intake where the homeowner will disclose all funds received for disaster recovery from the qualifying disaster. DCA will verify the information through data provided by FEMA, SBA, and NFIP. Applicants must report all assistance received to repair or reconstruct their homes. Applicants may have received funding from third-party sources such as flood and homeowner's insurance, Increased Cost of Compliance (ICC), Federal Emergency Management (FEMA), loans from the Small Business Administration (SBA), and any assistance from other government or private non-profit

sources. Adjustments will be made for qualifying repairs which will be verified during the initial damage assessment.

After the initial damage assessment, the Subrecipient will determine the full need for assistance and total project budget. The deferred payment loan amount is calculated by deducting all duplicative benefits received (or to be received) from total project cost.

## 6.1 Allowable Repairs

An inspection will be conducted to provide an estimated value of all permanent repairs that were completed in all areas of the home including main living spaces and basements after disasters 4294, 4297 or 4338. For each repair, the inspection must state whether the repair was self-performed, performed by a contractor or other professional, or by a charitable entity who was not paid by the applicant. The value assigned to these repairs must be based upon reasonable post-storm pricing for similar repairs using a standardized cost-estimating tool.

For non-permanent repairs, documentation through self-certification, receipts and/or photographs will be required.

For permanent repairs, the following requirements apply:

- The homeowner must provide a signed self-certified statement that documents, in detail, all labor and/or repairs made to the damaged property following the disaster event.
- A program inspector must determine with reasonable assurance that the repairs were made after the date of the disaster event.
- Documentation, through photographs, that the repairs were made.

## 6.2 Contractor Fraud

If a homeowner was a victim of contractor fraud, the amount paid to the contractor will not be counted as a DOB, provided the homeowner filed a police report and made every reasonable effort to recover the funds prior to the date of the application. If necessary, claims for contractor fraud will be verified through Georgia Consumer Services and the Better Business Bureau.

## 6.3 Forced Mortgage Payoff

If a homeowner's mortgage company placed a forced payment on the mortgage using insurance proceeds, the amount may not count as a DOB. The homeowner must provide the following documentation: a letter on the letterhead of the mortgage company and signed by an authorized mortgage company representative stating the homeowner was required to use disaster assistance funds for mortgage pay down. The Subrecipient administering the HRRP will verify this information with the homeowner's mortgage company. Any documentation relating to forced mortgage payoff will be uploaded by the Case Manager into the homeowner's application.



If the homeowner used insurance proceeds for voluntary mortgage payoff, it will be considered a DOB that will be deducted from the homeowner's deferred payment loan calculation.

## 6.4 Legal Fees

Legal fees that were paid to successfully obtain insurance proceeds will be credited to the homeowner and will not be deducted as part of their DOB. Homeowners will need to provide evidence of payment and a judgment or settlement document demonstrating homeowner's success in the legal action.

## 6.5 Tax Filings

Personal income tax filings related to losses to the home do not affect funding assistance awards and are not considered a DOB. Homeowners should consult their personal tax consultant to seek guidance regarding any tax-related matters.

## 6.6 Subrogation

Subrogation is a legal term that allows one person to take on the rights of another. In the context of disaster recovery grants, a homeowner must enter into a subrogation agreement where the funding agency (DCA) obtains the right to collect any additional disaster recovery or insurance payouts the homeowner receives for storm damages after the homeowner has entered into a grant agreement for HRRP benefits. If additional recovery funds are received after the grant agreement and prior to grant closeout, the applicant must report these funds and the subrecipient will recalculate the homeowner's deferred payment loan and provide instructions as to whether the homeowner's deferred payment loan will be reduced by such amount, or whether the homeowner must remit such amounts to the program. Each homeowner will execute and be bound by a subrogation agreement.

# PART 7: PRECONSTRUCTION

## 7.1 Developing and Pre-qualifying a Pool of Eligible Contractors

The subrecipient must solicit potentially qualified contractors through a Request for Proposals (RFP). Subrecipients may have difficulty in obtaining a large enough pool of eligible contractors for HRRP work. Recruiting from a larger geographic area may be necessary. Subrecipients should review the contractor applications against the following suggested qualifications:

- Property damage and liability insurance
- Credit standing
- Length of time in business
- References (Jobs Completed, Jobs in Progress, Suppliers, Financial, Warranty)
- Licenses/Certifications
- Areas of Expertise/Experience

- State or federal debarment (required)

The Subrecipient is required to republish an RFP to pre-qualify contractors every six (6) months and provide an orientation for the newly qualified contractors.

## 7.2 Pre-qualified Contractor Orientation

Subrecipients must conduct an orientation with eligible contractors prior to bidding projects. The purpose of this orientation is to:

- Provide information on the HRRP, process, and requirements
- Provide information on the bidding process
- Provide information on the inspection process
- Provide information on the pay request process
- Familiarize the contractors with the contract documents and forms that will be used
- Familiarize the contractors with the client eligibility standards
- Familiarize the contractors with the Subrecipient's property standards required by the HRRP

## 7.3 Licensing and Certification Requirements for Construction and Trades in the State of Georgia

Subrecipients administering the HRRP program should be well-informed of the construction and trade industry licensing and certification requirements required by the State of Georgia. Residential and General Contractors must be licensed with the State Licensing Board. For more information regarding licensing, please see the Georgia Secretary of State website at <https://sos.ga.gov/index.php/licensing>.

Anyone engaged in the practice of Lead Hazard Reduction or Abatement must be certified by the State of Georgia Department of Natural Resources, Environmental Protection Division.

## 7.4 Bonding Requirements

In the State of Georgia, general contractors performing work over \$2,500 and all residential contractors need to obtain a license at the state level. The contractors are required to obtain a contractor license bond when they apply for the license. Similar to most surety bonds, this bond is required as a form of protection to both the public and the state. Contractor license bonds are underwritten by bonding companies who back an agreement between them, the contractor and the state. Should the contractor fail to abide by the terms of the license and a third party suffers losses, said party can ask for compensation from the bonding company. Keep in mind, however, that it's ultimately the responsibility of the contractor to cover all costs incurred. Annual bond costs are based on credit scores.

For rehabilitation projects, no performance or payment bond is required. For reconstruction projects, a performance and payment bond in the total amount of the contract is required. All contractors must

secure and provide proof of performance and payment bonds within 10 business days of award. Failure to do so may result in termination of award.

## 7.5 Conduct Property Inspection, Develop Work Write-Up and Cost Estimate

### Inspection

The inspector must first verify that there is evidence that the applicant's home was damaged by one of the eligible storms: DR-4294, DR-4297 or DR-4338 and will conduct general site inspection of the work required to meet state and local codes and requirements for the HRRP. HUD policy requires the Subrecipient to use a property inspection form designed to capture the work necessary to meet the Subrecipient's selected property standards. Using the property standards as a baseline to determine if a housing unit is decent, safe, and sanitary, an inspector determines the scope of the rehabilitation necessary to address the physical deficiencies of the property. The Subrecipient must comply with the property standard requirements in 24 CFR Part 92.251 with regard to homeowner rehabilitation and the HUD guidance provided in the January 2001 HOME fires, Volume 3, No. 1 and should choose the form that best meets their needs based upon the type of applicable codes and property standards pertaining to each individual property. The form must also indicate unrepaired storm damage.

Specifically, in the absence of local code for rehabilitation, HRRP projects must meet the articles on property or sanitary standards in the International Residential Code for One- and Two- Family Dwellings; or the International Property Maintenance Code (if locally adopted); or the Minimum Property Standards (MPS) in 24 CFR 200.926.

Subrecipients have a choice to either rehabilitate a single-family HRRP-assisted home up to:

- The International Residential Code (Appendix J, Existing Buildings and Structures); OR
- The FHA Minimum Property Standards at 24 CFR 200.926 (See note below); OR
- State of Georgia locally adopted International Existing Building Code.

*Note: the FHA Minimum Property Standards (MPS) in 24 CFR 200.926 are no longer maintained by HUD as separate Minimum Property Standards. Instead, HUD has accepted the model building codes, including over 250 referenced standards and local building codes in lieu of separate and prescriptive HUD standards, with additional durability requirements.*

The Subrecipient must identify which of the allowable property standards that HRRP assisted homeowner rehabilitation projects will meet upon completion of the rehabilitation work. The property standards selected must be identified in the Subrecipient's Local HRRP Program Policies and Procedures. If the Subrecipient administering the HRRP award has adopted either one of the Georgia permissive codes (International Property Maintenance Code or International Existing Building Code) then the Subrecipient's HRRP Policies and Procedures can set forth the locally adopted permissive code.

### Scope Work Write-up/ Cost Estimate

The Subrecipient must develop a detailed work write-up to determine the estimated cost of each item listed on the Scope of Work Estimate and the corresponding estimated total cost.

During this inspection, the homeowner will be asked to sign a release form to allow the inspector to take pictures of the property. The inspector should take exterior and interior pictures of the property, as it may be needed for historic preservation review. Before and after pictures are also often helpful to both the Subrecipient and DCA in reviewing requests for reconstruction. The Subrecipient and DCA also need permission to use before and after pictures of the property for use in program outreach, publicity, and training. An optional release form allowing pictures to be used for this purpose will be presented to the homeowner, with an explanation of potential use.

The work write-up and cost estimate must be reviewed with the homeowner. Owners should be made aware of the identified deficiencies and those that can and cannot be corrected with HRRP funding. The owner should be reminded of the program's rules and policies regarding allowable work at the outset of the development of the work write up and cost estimate. Once the Subrecipient and the owner have agreed on the final work write-up, the Subrecipient should make a copy of the work write-up, which does not include cost estimates. The work write-up should be signed by the owner and the Subrecipient. This new version (without the line item cost estimates) will be used as the work specifications when the project goes out to bid.

A sample of this type of work write-up includes the following:

- Property standards
- Inspection report
- Work write-up and cost estimate for each item
- Technical specifications

### 7.5.1 Meeting the Georgia Construction Codes

The State of Georgia has adopted twelve "state minimum standard codes." Of the twelve codes, there are nine that are mandatory and five apply to all residential construction. These five codes are:

- National Electric Code (NFPA 70)
- International Residential Code for One- and Two- Family Dwellings
- International Energy Conservation Code
- International Plumbing Code
- International Swimming Pool and Spa Code

The HRRP projects must meet the articles on property or sanitary standards in the International Residential Code for One- and Two- Family Dwellings; or the International Property Maintenance Code (if locally adopted); or the Minimum Property Standards (MPS) in 24 CFR 200.926, all HRRP rehabilitation activity must meet the provisions of the five mandatory codes, as applicable.

### 7.5.2 Incorporating Historic Preservation Results in Final Work Write-up

Whenever Subrecipients are planning to rehabilitate potentially historic housing (any housing 50 or more years old), the Georgia Historic Preservation Division must be consulted. The Georgia Historic Preservation Division may require certain building standards be incorporated into the work write-up.

### 7.5.3 Incorporating Lead-Based Paint Requirements in Separate Work Write-up

If the dwelling was constructed prior to January 1, 1978, a lead-based paint inspection is required for all rehabilitation projects, unless the property is otherwise exempt. The inspection for lead-based paint should occur and a work write-up should be prepared. The lead-based paint work write-up and cost estimate should be included with the regular work write up and cost estimate in preparation for bidding. The Subrecipient should take care to avoid including duplicative work items on both the regular rehabilitation work write up and the lead-based paint work write up such as replacing deteriorated windows found to contain lead-based paint.

If lead-based paint is detected, a risk assessment should be performed at the time of the inspection (if mandated by the level of federal assistance). Please reference Table 1, below. The Subrecipient should use the risk assessment report as a guide in determining how to best reduce the hazards found in the dwelling. If the federal assistance for the unit falls between \$5,000 and \$25,000 interim controls are a design option for lead hazard control. Above \$25,000, abatement is mandatory. It is imperative that the Subrecipient has a thorough understanding of the issues and procedures involved in this process to achieve maximum effectiveness in the goal of creating lead-safe housing. In all cases where lead-based paint is detected, clearance requirements must be met. Technical assistance is available through DCA.

The approach to lead hazard reduction evaluation is based on the amount of federal assistance as shown in this chart:

<b>Table 1</b>			
	<b>&lt;\$5,000</b>	<b>\$5,000-\$25,000</b>	<b>&gt;\$25,000</b>
<b>Approach to Lead Hazard Evaluation and Reduction</b>	Do no Harm	Identify and control lead hazards	Identify and abate lead hazards
<b>Notification</b>	Yes	Yes	Yes
<b>Lead Hazard Evaluation</b>	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment
	Safe work practices Clearance of worksite	Safe work practices Clearance of unit	Safe work practices Clearance of unit
<b>Ongoing Maintenance</b>	No	No	No
<b>Options</b>	Presume lead-based paint Use safe work practices on all surfaces	Presume lead-based paint and/or hazards Use standard treatments	Presume lead-based paint and/or hazards Abate all applicable surfaces

For more information on lead-based paint requirements refer to:

[https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/healthy\\_homes/lbp/hudguidelines](https://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/lbp/hudguidelines)

#### **Types of Housing Exempt from Lead-Based Paint Requirements:**

- Property that has been found to be free of lead-based paint by a certified lead-based paint inspector
- Property where all lead-based paint has been removed

### **7.5.4 Incorporating the HRRP Requirements for Floodplain Management into Work Write-up**

HUD has issued regulations (24 CFR Part 55) intended to minimize floodplain development. As part of the overall environmental review process, Subrecipients will have to document compliance with this regulation. Any special construction requirements required for a property in a FEMA mapped floodplain imposed by FEMA or local ordinance should be reviewed with the Georgia Department of Natural Resources prior to the start of construction. Any such special requirements should be incorporated into the work write up.

### **7.5.5 Incorporating Elevation into Work Write-up**

Elevation must be considered for homes located in the 100-year floodplain and the repairs are considered a “substantial improvement”, which includes reconstructing, rehabilitating, or replacing the structure. A cost feasibility analysis should be conducted to decide on the most cost effective and reasonable solution which could include elevation, acquisition, or reconstructing or replacing the structure in a different location. If elevation is determined to be the most cost-effective option, the lowest finished floor must be raised two feet above the base flood elevation (BFE) level, all National Flood Insurance Program (NFIP) minimum requirements must be met, and all applicable building codes must be followed.

The cost to rehabilitate a property including any costs to elevate must not exceed \$125,000. If it is necessary to reconstruct a property, the cap remains the same and cannot exceed \$150,000 including elevation.

Elevation may be achieved through a variety of methods including but not limited to elevating on continuous foundation walls and elevation and open foundation (piles, piers, or columns). Programs should ensure that contractors design foundations are designed to properly address all loads and be appropriately connected to the floor structure above the foundation. Utilities should also be property elevated. All elevation activities should take place prior to any rehabilitation, reconstruction or replacement and must meet all applicable state and local building codes.

Elevation of an existing deck, porch or, stairs, or construction of a new set of stairs will be considered eligible subject to ingress and egress needs.

If a homeowner or members of the household are disabled, the program will fund multiple special access points to ensure compliance with code. A homeowner should notate a disability and submit a

Request for a Reasonable Accommodation when they apply for the program; these needs will then be discussed with their case manager. If a ramp is necessary to provide access to the home, it should be designed to meet federal standards for slope and width. Any additional costs associated with a Reasonable Accommodation approval will not count towards the cost caps.

Any elevation information (including the expected cost) should be included in a work write-up. Any questions not addressed in this section will be considered on a case by case basis.

### 7.5.6 Incorporating Standard Amenities in Work Write-up

The program will offer standard, basic amenities to make a home decent, safe and sanitary and all improvements will be assessed for compliance with Housing Quality Standards (HQS) using HUD form 52580, and local building codes. Standard appliances that are not functioning at the time of inspection such as refrigerators, stoves and/or ovens may be replaced. Though replacement appliances will be of standard, not luxury quality, they will be EnergyStar® rated, if available.

### 7.6 Elements Excluded from the Cost Estimate

The following items must be excluded from the cost estimate unless specifically approved by DCA. This list is not all-inclusive. For any questions regarding repair eligibility, please consult DCA.

- Repair or replacement of detached structures such as sheds and garages, swimming pools, decks and docks, or boat ramps;
- Replacement of special features, trims, and designer features that exceed basic livability requirements and features of standard grade homes such as solar panels, sky lights, wainscoting and wood paneling, hot tubs, copper gutters and non-standard roofs unless the damage to these items present a health or safety hazard (whereby they will be replaced with the Program standard quality of material) or are determined to be protected historic features;
- Repair or replacement of fencing or security systems;
- Replacement of clothes washers and/or dryers; and
- Luxury items, including but not limited to, granite (or other high-end) countertops, washing machines and dryers, high-end appliances, stone flooring, garage door openers, security systems, swimming pools, fences and television satellite dishes are not eligible under the HRRP.

### 7.7 Unsafe Dwellings

An inspection will not be performed upon a home if it is unsafe to enter due to structural integrity, infestation or other safety or security reasons. Based upon the findings of this inspection, the inspection should be completed, or an exterior-only assessment shall be performed.

### 7.8 Vacant Lot Assessment

Assessments for vacant lots where the home was demolished or destroyed must include an estimate of the home's square footage. In addition to the estimate, a Subrecipient should try to obtain any documents

with pertinent information including property records that display the exact location of the demolished or destroyed home.

## 7.9 Environmental Review

### **Repair, Reconstruction or Demolition Activities Prior to Environmental Review**

Pursuant to HUD requirements, applicants should cease all demolition, repair and reconstruction activities, pursuant to a Stop Work Notice, once an application has been submitted and until the federally required environmental review is complete. Following the environmental review, the applicant should not resume construction activities until advised. Any applicant who performs permanent home repairs before they are authorized may be determined ineligible for assistance. Any applicant who demolishes their home before authorized may be determined ineligible for assistance.

DCA will review the applicant eligibility in cases where repair or reconstruction activities were performed after the inspection and may consider the relevant exigent circumstances for the action if verifiable and warranted.

### **Tiered Environmental Review**

To complete the Environmental Review process in an efficient manner, DCA is utilizing the tiered environmental review approach. The goal of tiering is to eliminate repetitive discussions of the same issues and to focus on the actual issues ripe for decision at each level of environmental review.

Tiered reviews consist of two stages:

#### 1. The Broad-Level Review (TIER 1)

Responsible Entity: DCA

DCA is developing the broad-level review for the Homeowner Rehabilitation and Reconstruction Program. During this process, DCA will identify and evaluate the issues that can be fully addressed and resolved, notwithstanding possible limited knowledge of the project. For example, if the entire project area considered by the review is outside of the floodplain and in a county without a coastline, then the broad-level review may find that the project complies with the Coastal Barrier Resources Act, the Coastal Zone Management Act, the Flood Disaster Protection Act, and Executive Order 11988 on Floodplain Management (EO 11988). In addition, DCA will establish a strategy including procedures to be followed in the site-specific reviews when compliance cannot be determined in the Tier 1 review. Following the Broad Level Review, DCA will publish a Notice of Intent to Request the Release of Funds (NOI/RROF). After the public comment period and objection period, DCA will formally Request the Release of Funds from HUD.

#### 2. Site Specific Reviews (TIER 2)

Responsible Entity: Local Government (Subrecipient)

After the site of an individual project is identified, the local government, or qualified contractor, must complete the site-specific review. This review should not repeat the completed analysis and decisions of the Tier 1 review but should concentrate on the issues that were not resolved (see 40 CFR 1508.28). Using the protocols established in the Tier II strategy, the site-specific review must determine and document the project's adherence to all established protocols and remaining requirements as defined in the broad-level review.



In cases where a particular site-specific activity does not conform to the limits established in the broad-level review, the broad-level review cannot be employed for that site. For example, sites that are outside the defined geographic boundaries, do not fit within the defined protocols for a particular law or authority, or involve activities that are not part of the project description for the broad-level review will require a new environmental review, separate from the tiered review.

**Together, the broad-level review and all site-specific reviews comprise a complete environmental review record. A Tiered Environmental Review Record (ERR) is defined at 24 CFR Part 58.15.**

**All parts** of the Tiered Environmental Review must be complete before committing funds to the project (24 CFR Part 58.22). I.e., the local government should not commit or spend HUD or non-HUD funds on physical or choice limiting actions, including but not limited to, acquiring property or entering into a contract, until the ERR process is completed 58.22(a).

If you have any questions regarding the Environmental Review Process, please contact our CDBG-DR program staff at: [CDBG-DRER@dca.ga.gov](mailto:CDBG-DRER@dca.ga.gov).

## 7.10 Determining Rehabilitation vs. Reconstruction vs. Replacement

**Rehabilitation** is defined as non-emergency repair or renovation of a limited specified area or portion of a housing structure and will be limited to:

- Stick-built and modular structures that have been deemed feasible for repair and have less than \$75,000 worth of rehabilitation
- Manufactured Housing Units (MHUs) that are less than five years old and have less than \$15,000 worth of rehabilitation

**Reconstruction** is defined as the demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot, and in the same footprint, with a new unit.

- Stick-built or modular structures that have more than \$75,000 of necessary repairs
- Stick-built or modular homes that were destroyed during one of the declared storms

**Replacement** is the demolition, removal and replacement of a damaged MHU with a new MHU.

- Manufactured Housing Units (MHUs) that are greater than five years old and have more than \$15,000 worth of rehabilitation.

## 7.11 Not Suitable for Rehabilitation

DCA defines “not suitable for rehabilitation” as one of the two following definitions:

- Residential properties that have experienced repetitive losses under FEMA’s National Flood Insurance Program (NFIP).
- Dwellings that are considered substandard and do not meet the recovery program’s housing repair standards and/or federal, state and local code requirements. The determination may

be established based on the calculation that the cost of repair is close to or exceeds the cost to reconstruct.

### 7.12 Estimated Cost of Reconstruction

Where the home located on the property is demolished or destroyed by storms DR-4294, DR-4297, or DR-4338 or it is evident that it cannot be repaired, the damage assessment will assign an estimated cost to reconstruct a new, elevated home (if needed), based upon the pre-storm square footage of the property. The cost to reconstruct is an approximation based upon the Subrecipients initial new construction cost estimates and it includes an estimated cost for site preparation and demolition. The estimated cost of reconstruction is not the cost to replace the damaged home and it may not be reflective of the final cost of the project. The primary purpose of the damage assessment's estimated cost of reconstruction is to provide data for the preliminary feasibility analysis.

After conducting the inspection, the Subrecipient may determine that the house is not structurally or economically feasible to rehabilitate. The project may be approved for set-up as a reconstruction if all of the following conditions are met:

- Unit is unsuitable for rehabilitation both structurally and economically.
- The estimated cost of reconstruction will be less than the fair market value of the property (dwelling and land) after reconstruction. This is determined by obtaining an appraisal prior to reconstruction on the projected value of the property including the reconstructed house and land. The Rehabilitation Feasibility Test Form must be submitted to DCA for prior approval of each unit.

If the Subrecipient determines that reconstruction would be appropriate based on the above criteria, DCA approval is required on a project by project basis in advance of project set-up.

### 7.13 Rehabilitation and Replacement of Manufactured Housing Units and Modular Homes

The MHU to be rehabilitated must be no more than five years old at the time of disaster and the repair costs necessary to rehabilitate the MHU must not exceed \$15,000. Any MHU that is older than five years old or has an estimated repair cost greater than \$15,000 will require the MHU to be replaced with another MHU.

A structure where any portion of the dwelling is composed of an MHU will be considered for repair or replacement on a case-by-case basis. Where replacement of an MHU home is indicated, a standard 3 bed/ 2 bath floor plan option will be offered. The local government will submit a Request for Proposal, and the provider with the lowest bid will win the contract to supply all standard units to the Subrecipient.

In circumstances where the applicant's household size is larger, additional floorplans may be required and will be considered on a case by case basis.

The original MHU or modular home must be demolished and removed from the site prior to the replacement of that structure. The demolition will be funded and coordinated through the HRRP. MHUs must comply with Georgia O.C.G.A Sections 8-2-130 and 8-2-160 The Uniform Standards Code for

Manufactured Homes Act and Installation of Manufactured and Mobile Homes and applicable Green Building Standards. Local zoning and code requirements will be observed by the program. Replacement of MHUs will be limited to situations where local zoning/building permits, or federal requirements, such as environmental regulations, will allow the replacement of the original, hurricane or tornado damaged structure with a like structure.

If repaired, the MHU must meet HUD decent, safe and sanitary (DSS) standards upon completion.

### 7.14 Escrowed & Supplemental Funds

Homeowners must provide funding if there is a gap caused by a Duplication of Benefits. Funds provided by homeowners will be placed in escrow to be used during the construction of the home. Homeowners may not escrow funds for construction activities such as upgrades, additions or other unnecessary activities. Funds in escrow will count toward the CDBG-DR maximum limits. All escrowed funds will be used first prior to program funds.

### 7.15 Final Qualification of Applicants

For rehabilitation projects, the Subrecipient must submit to DCA a Homeowner Activity Information Form with required accompanying documentation for any unit proposed for funding, while ensuring that all required documentation has been uploaded to the online system of record.

For reconstruction projects, to DCA a Homeowner Activity Information Form must be submitted **and** include the following information:

- a. Narrative describing the needs for a unit to be reconstructed instead of rehabilitated. The narrative must identify the costs of reconstruction versus the cost of rehabilitation. The narrative must also describe the Subrecipient's plans to relocate the residents during reconstruction, including the source of funds and the estimated length of time that relocation will be necessary.
- b. An appraisal or third-party documentation of the After-Development Value of the Property.

DCA will review the appropriate Homeowner Activity Information Form and respond to the Subrecipient. If there are no deficiencies, DCA will notify the Subrecipient they may continue to the set-up phase of the project.

The Subrecipient will send the applicant a letter notifying them of their approval for the HRRP deferred payment loan. The homeowner should sign the Acceptance of Deferred Payment Loan document. Ineligible applicants will also be notified through a letter from the Subrecipient.

### 7.16 Prepare Bid Document Packages and Send Invitation to Bid

A bid package should contain the following:

- Invitation to Bid (cover letter); staff contact names for questions, instructions on how to obtain access to the property, identifies the date, time and place the bid is due
- General conditions of bid
- Special conditions of bid
- Lead Based Paint Addendum
- Bid and proposal form (Make sure that the bid form makes it clear that all bids are to include permit fees and sales taxes. Additionally, some Subrecipients combine the bid form with the actual final construction contract. This allows the contractor to see exactly the terms and conditions of the contract if he or she is awarded the contract. This method is a legally enforceable bid when signed by the contractor. It only becomes a binding contract obligating the contractor to perform the work and the owner to pay for the work when the owner signs the document.)
- Work write up without the cost estimates
- Written rehabilitation standards/specifications
- Library of model specifications for lead hazard evaluation and reduction
- Lead work write-up without the cost estimates
- Arbitration agreement - the instructions should tell the contractor to sign the agreement, as by doing so it indicates the contractor's willingness to follow this required procedure. The document does not become binding until it is signed by the owner at the time the construction contract is signed.

Once the bid package is developed, copies should be transmitted to every eligible contractor on the Subrecipient's list of eligible contractors. Batching of assignments is acceptable and the strategy for this shall be determined by the subrecipient.

### 7.17 Bid Opening for Competitive Bids

Bids must be received by the deadline stated in the bid package and must be sealed to be considered. The bid opening should be conducted in a public manner and the results recorded on a bid control sheet. Every person in attendance should sign a Bid Opening Attendance Sheet.

The Subrecipient must open and check each bid package to be sure all information is properly entered and complete. This review includes verifying that all sales taxes, fees, and permits are included and any required addendums are clearly included; specifications and related documents are correctly referenced; dates are correctly entered and that the bidder's signature is completed in ink. The review should make certain that any licensing requirements, tax numbers and supporting documents are included.

The Subrecipient should develop a set of minutes of the bid opening meeting.

### 7.18 Bid Summary and Guidance on Determining Reasonableness of Bid

The bids should be summarized in a Bid Summary. The Bid Summary should include a computation of the Subrecipient's cost estimate plus or minus ten percent in order to compare each bid to the Subrecipient's cost estimate. This will allow the Subrecipient to determine what percentage the low bid is to the Subrecipient's cost estimate. The reasonableness threshold, a ten percent spread (plus or minus of the Subrecipient's cost estimate) is an accepted threshold to ascertain the "reasonableness" of the low bid. If the low bid is below the "reasonableness" margin, the Subrecipient should meet with the contractor immediately to determine how the bid price was calculated. This meeting should determine if a miscalculation occurred on the part of the Subrecipient or the contractor. This meeting should also assure the Subrecipient that the acceptance of the bid would not cause the contractor to fail in completing the work for lack of funds. If, however, the low bid is above the "reasonableness" margin, a close analysis should be taken of the Subrecipient's cost estimate. In either case, both the owner and the program's interest should always be protected. The bid shall be awarded to a responsible contractor whose proposal is most advantageous to the program with price and other factors considered, regardless of the method of bidding selected (competitive bidding or negotiated bid). If no bids are cost reasonable and fair, all bids may be rejected, and another RFP may be issued.

### 7.19 Negotiated Bids

Competitive bidding is the preferred method of selecting a contractor. However, it is permissible to use the negotiated method in instances where a community cannot attract multiple contractors to form a contractor pool.

In all cases, the contractor must meet the program's contractor eligibility criteria as described in the Georgia CDBG-DR Homeowner Rehabilitation and Reconstruction Program (HRRP) Manual. The bid must also meet the criteria established for the program in determining the "reasonableness" of bids. If the bid does not meet the criteria, the Subrecipient may negotiate the price in order to get the bid within a qualifying range. If the negotiation is not successful, the project should be re-bid.

### 7.20 Selecting and Notifying the Contractor

After the Subrecipient selects the contractor, a Bid Award Notice must be sent to the selected contractor. The Bid Award Notice advises the contractor that the bid on the property has been accepted. The Bid Award Notice also:

- 
- Advises the contractor of the requirement to furnish evidence of the required contractor liability insurance and all required permits and any documentation in support of any other HRRP requirements.
- Advises the contractor that an Arbitration clause is included in all construction agreements.
- Requires that the contractor provide a list of all sub-contractors that will be used on the project.

- Advises the contractor that before any payments can be made, a State of Georgia Interim Waiver and Release Upon Payment Form must be signed and submitted by the general contractor, sub-contractors, and material suppliers.
- Advises the contractor that the construction contract is contingent upon the owner repaying DOB into an escrow account, if applicable.
- Advises the contractor that work may only begin the project after attending the pre-construction conference with the Subrecipient and the owner, supplying all required documents, and a Notice to Proceed has been issued.

## 7.21 Owner Orientation

If the owner chooses to proceed with the rehabilitation or reconstruction of their home under the HRRP, an owner orientation will provide information on what the owner can expect throughout the process and what is expected of them going forward. Owners need to understand:

- The overall construction process and timing; DOB payment (if applicable); the construction process and the legal documents related to construction; temporary relocation; and, what happens after the construction is completed.
- The possibility of the lead-based paint reduction process that may take place on their property.
- The responsibility to maintain homeowner's insurance in an amount sufficient to cover the after-rehabilitated value of the property for the full ownership requirement period (5 years) 7.22 Holding the Pre-Construction Conference

The Pre-Construction Conference provides an opportunity to review program rules and procedures for the construction phase and to discuss any special circumstances about the project. Holding this meeting at the property provides an opportunity for all of those involved to go over the work write-up item by item and to make sure all parties understand what work can and cannot be done with HRRP funds and the total funds per the construction contract. At a minimum, the following should be discussed at the conference:

- Construction contract and all addenda
- HRRP specific requirements
- HRRP property standards that have been selected by the Subrecipient
- Georgia Construction Codes
- Quality and performance standards
- Federal cross-cutting requirements
- Occupant protection and relocation issues with owners and contractors
- Lead hazard reduction work and occupancy protections

- The Notice to Proceed process
- The work schedule so all parties understand when the work will begin; how it will proceed; and when it is expected to be completed
- Special needs the owner may have regarding the contractor's access to and presence on the property
- The inspection process including interim and final inspections
- The owner's responsibility in monitoring of construction
- The contractor's responsibility to advise the Subrecipient regarding percentages of completion and to request inspections
- Payment responsibilities and process
- The change order process
- The appeal process procedures
- The close-out procedures and all of the required documentation/warranty

The Subrecipient shall provide:

- A supply of forms for the contractor to request payments
- The required lien release forms
- The required owner's satisfaction of work completed forms

### 7.23 Executing the Construction Contract

If both parties are in agreement to the construction contract, it is now time to execute the contract. The construction contract is executed between the homeowner and the contractor. The Subrecipient is not a party to the construction contract. It is recommended that a final review be conducted of the availability and access to the property and completion timeliness and a review of any penalties that would be imposed if the project is not completed on time, be prior to executing the construction contract.

The CDBG-DR team will provide sample contract to Subrecipients.

### 7.24 Notice to Proceed

The Notice to Proceed should be signed by the homeowner first as the owner is providing the authorization to the contractor to proceed with commencement of construction. The Notice is then signed by the contractor. A fully executed copy must be maintained in the project file. After the Notice to Proceed is issued, but prior to any work beginning, contractors will be required to document (with photographs and written reports) any pre-existing and pre-storm damage to the property that is not included in the Scope of Work write-up. Contractors are to begin work no later than 30 days after receiving the Notice to Proceed.

## PART 8 CONSTRUCTION

### 8.1 Setup Project with DCA

In order to drawdown funds from the HRRP, DCA must first commit funds for the specific activity (i.e. household, unit address, and national objective) in the HUD Disaster Recovery Grant Reporting System (DRGR). After a Notice to Proceed has been issued, the Subrecipient should now complete the HRRP Project Setup Form and submit to DCA. After the activity has been set up in DRGR, DCA will inform the Subrecipient.

### 8.2 Drawing Down Project Funds from DCA

Once a project has received a setup confirmation with a project number assigned by DCA, the Subrecipient may begin to draw down funds for project construction costs, project delivery fees, and other project based soft costs. All draws must be supported by detailed, itemized invoices that are maintained in the Subrecipient's project file.

### 8.3 Requests to Exceed Maximum HRRP Assistance

Any project requiring more than the maximum deferred payment loan amount must be approved by DCA. In these instances, the Subrecipient must submit a Request to Exceed Maximum Assistance clearly describing the reason for the increased cost. The Subrecipient should include the following documents:

- Narrative describing the reasoning behind the need for the increased assistance request
- Revised HRRP Cost Estimate
- Contractor's Revised Scope of Work
- Pictures documenting the need for the revised scope of work

DCA will review the request, and if approved, DCA will send the Subrecipient an approval notice. Upon receipt of the approval notice the Subrecipient should send a Revised Set-Up Report and include the following documents:

- Homeowner Affidavit Acknowledging the Change in Cost
- Signed Change Order Amending the Contract between Homeowner and Contractor

### 8.4 Monitoring the Contractors

During the course of the project, difficulties may arise during construction. Some issues to watch for include:

- Failure of the contractor to respond to messages
- Lack of supervision at the job site
- Failure of the contractor to respond to "call backs" during the warranty period



- Financial problems (comments from creditors and suppliers)
- "Shortcutting" and using alternatives from the specifications
- Conflicts with the homeowner

All of these problems require prompt attention by the Subrecipient. Contractors should be kept under close monitoring, but by the same token, every contractor deserves to be treated fairly and with respect.

## 8.5 Georgia Lien Law

An important requirement at the onset of construction is for the Subrecipient to ensure that the requirements of the Georgia Lien law are followed.

Georgia lien law provides contractors and subcontractors with certain rights to place a lien on a property if they have not been paid. Subrecipients should follow a rigid lien release procedure which protects both the owner's interest and the program's investment. This procedure requires the contractor to sign a lien release including information on the sub-contractors and suppliers when any partial or full payment is made. DCA also requires lien releases from sub-contractors and material suppliers.

Georgia lien statute amendment, O.C.G.A. §44-14-361.5, provides that not later than 15 days after the Contractor physically commences work on the Owner's property, Notice of Commencement shall be filed either by the Owner or the Contractor in the Superior Court in the county where the property is located. The HRRP program requires the Contractor to file the Notice of Commencement. The notice must include (1) legal description of the property; (2) the name and location of the project, and the name and address of the following: a) the contractor, b) the true owner of the property, the person at whose instance their work is being furnished if not the true owner (e.g., a tenant), c) the surety (if any) and d) the construction lender (if any).

Once a Notice of Commencement is filed, any potential lien claimant that the community was not informed of (e.g., everyone but first tier subcontractors and suppliers) must provide a "Notice to Contractor" to the Owner and the contractor within 30 days from the day it first furnishes labor or materials, or from the day the Notice of Commencement was filed, whichever is later. The Notice to contractor must include the name, address and telephone number of the person providing the labor or materials, the name and address and telephone number of the person providing the labor or materials were furnished, and a description of the labor or materials being provided. The Notice must also include the contract price or anticipated value of the labor or materials. Any potential lien claimant not in privity of contract with the contractor, and not providing a Notice to Contractor within the time required, will not be entitled to file a lien. The statute makes filing a Notice of Commencement mandatory. If a Notice of Commencement is not filed, the only consequence is that lower tier subcontractors and suppliers are relieved from having to serve a Notice to Contractor and the requirements of Section 44-14-361.5 do not apply.

The statute also allows a subcontractor or supplier to request a copy of the Notice of Commencement from the homeowner or Contractor. If the Notice is not provided within 10 days of the request, the section's requirements do not apply to the subcontractor or supplier making the request.

The purpose of the Notice of Commencement is twofold. First, it enhances the ability of lien claimants to file lien and bond claims, since the information necessary for filing such claims is provided in the Notice of Commencement. Second, the Notice provides the Recipient with a mechanism for keeping track of lower-tier subcontractors and material suppliers. Armed with this knowledge, owners and contractors should be better able to make sure that everyone performing in the rehabilitation is paid in a timely manner and should be able to eliminate the filing of last-minute liens by previously unidentified subcontractors and suppliers.

## 8.6 Converting a Project from Rehabilitation to Reconstruction

After a housing rehabilitation construction contract has been awarded and work has commenced, the Contractor may discover additional work necessary to bring the property in compliance with the HRRP program. Requirements such as replacing hidden rotten joists and sills, or structural termite damage may require a feasibility test to be performed. If the estimated costs for the change order (when added to the current contract amount) will exceed the economic feasibility for approved rehabilitation or the condition of the house does not meet the structural feasibility test, the Subrecipient may decide reconstruction would be the most cost-effective action. If reconstruction is deemed necessary by the Subrecipient, a stop work order should be issued to the contractor and DCA should be contacted for approval of the reconstruction. If approved, the current Construction Contract should stay in effect with the same contractor, provided the contractor is licensed and bonded for the reconstruction work that is to be performed. Non-applicable items should be deleted from the existing Work Write-up and a new Work Write-up for reconstruction should be incorporated into a change order. A cost estimate should be prepared, and each item negotiated to determine reasonable costs.

### **HRRP Revised Setup Submission**

All revised setup requests must be prepared on the Project Setup Form by the Subrecipient and submitted to DCA. The form should indicate that it is a revised version, and the Subrecipient should provide the name and phone number of the person completing the form. DCA will review the Revised Project Setup Form and accompanying documentation, identify any deficiencies, and, if necessary, communicate those deficiencies to the subrecipient.

## 8.7 Construction File

The Subrecipient should set up a construction file to track careful monitoring of the construction process and disbursement of funds. These records should be readily available by the Subrecipient to monitor progress, complete interim inspections, authorize progress payments, process change orders and make final inspections and payments. These records should also be readily available for DCA review during on-site monitoring visits.

The file should include:

- Executed construction contract and all addenda
- Specifications

- Change Orders
- Arbitration Agreement, if applicable
- List of Contacts: Name and address of phone number of owner(s); contractor; sub-contractors; State Recipient staff and building official regularly involved in the construction process
- Project Set Up Form
- Disbursement ledger
- Invoices
- Draw Requests and supporting documentation
- Copies of checks issued for payment(s)
- Inspection forms
- Building Inspector reports
- Owner satisfaction statements at each disbursement to contractor
- Lien Releases: general, sub-contractor, material suppliers
- Initial property inspection form
- Interim property inspection forms
- Final property inspection forms
- Project log: a log should be maintained to record any significant conversations or actions in order to have a record in the event the Recipient needs to reconstruct events or reconcile disputes.

## 8.8 Interim Inspections and Progress Payments

For each rehabilitation or reconstruction project, contractors will be allowed up to two progress draws and one final payment. Additional draws that prove necessary if a project changes from rehabilitation to reconstruction will be made on a case by case basis. Prior to submitting a payment request to DCA, the Subrecipient must inspect the work performed. Inspection reports must be included with the draw request and the original should be included in the Subrecipient's files. The Subrecipient is charged with the responsibility to ensure that the funds are used for eligible purposes and the work has been completed in accordance with the required standards. A Subrecipient should not pay for work that is not done properly and should not pay for materials that are not present on the site. If work is not properly completed as billed, the Subrecipient should reject the invoice or reduce the amount in order to pay only the acceptable portion.

### **Owner's Acceptance of Work Completed**

The HRRP requires the homeowner sign a satisfaction statement certifying they are satisfied with the rehabilitation or reconstruction work that has been completed by the contractor. The statement should

be signed after a walk thru is performed by the homeowner and contractor. This signed statement must be obtained prior to each Subrecipient's request to DCA for disbursement to a contractor, including all interim disbursements and final disbursement. By signing the satisfaction statement, the owner is requesting that the disbursement be made to the contractor by the Subrecipient. It is recommended that inspections take place in the presence of the owner and contractor so that any problems can be identified, discussed and resolutions developed.

### **Release of Liens**

In addition to the signed satisfaction statement by the owner requesting an interim or final payment to the contractor, the releases of liens must be obtained from the general contractor, all sub-contractors, and material suppliers prior to releasing any payments. When submitting the final draw request the Subrecipient must also include verification of the Warranty/Affidavit pursuant to O.C.G.A. 43-41-7.

## **8.9 Other Inspections**

If the job is complex, problems arise with any of the parties involved, or if unforeseen conditions arise, the Subrecipient may need to do additional inspections between formal inspections in order to resolve issues or prevent serious problems.

## **8.10 Retainage**

All progress payments should be contingent not only on the percentage of work completed but also upon the contractor making satisfactory progress. The practice of reserving a portion of the payment provides an incentive for the contractor to complete the work in a timely manner and correct problems promptly. This practice also provides a protective cushion to the program if a contractor fails to complete the work and the Subrecipient has to engage another contractor. DCA requires the Subrecipient to retain at least ten (10) percent of every progress billing including the final billing until the entire project has passed the final inspection.

## **8.11 Change Orders**

If unforeseen problems arise during the performance of the work, the solution is to prepare an Amendment to the Contract describing the item(s) of work and the additional costs and the additional number of days that would be needed to complete the work. All of these items need to be added by amending to the contract. This document is more commonly referred to as a "change order."

The change order process includes:

- The Subrecipient prepares a list of the additional work on the Amendment to Contract/Change Order form describing it in detail as in the work write-up.
- The Contractor will price each item listed and submit the Amendment to Contract/Change Order Form to the Subrecipient for review.
- The Subrecipient will determine whether or not the cost and the additional time are reasonable and document justification by comparing the Contractor's proposal to local cost estimates.

- The Subrecipient discloses the Amendment to Contract/Change Order Form with the figures to the homeowner for final approval.
- With the Homeowner's concurrence, the Amendment to Contract/Change Order Form is prepared and executed. The Amendment must be signed by the Contractor, Subrecipient AND Owner, and becomes part of the contract.

Change orders can also be executed to extend the contract expiration date when necessary to allow for excusable delays. Subrecipients must review change orders so that they are reasonable and are not perceived as routine by contractors. Other records may be affected by change orders such as revising the contract to reflect any increase in the amount of HRRP funds.

While it is sometimes impossible to detect every hidden code or property standard violation at the initial and final inspection completed prior to construction, simply failing to include an otherwise noticeable work item on the original scope of work is not generally allowed to be addressed after construction commences. Additionally, contractor error in estimating the project or doing the work is not typically allowed in a change order if the result is an increase in the cost of the job.

## 8.12 Appeals Process

During the course of the project, there may be instances when disputes arise. A homeowner may file an appeal if they believe there is just cause.

The appeals process consists of four levels:

Level 1: Case Manager

Level 2: Subrecipient

Level 3: CDBG-DR Staff Review

Level 4: Official Appeals Board

If a homeowner believes an error has been made or a decision has been made unfairly, they will immediately contact their specific Case Manager about the decision they wish to dispute. If an appeal is not received by the Case Manager within 10 days, the original decision shall stand.

Homeowners may submit an appeal via email or may fill out an Appeals form while meeting with a Case Manager. The Case Manager should acknowledge receipt of the Appeal via email within four days.

If the answer that will solve a dispute cannot be found in the policies and procedures throughout this HRRP manual, the Case Manager will elevate the matter to the Subrecipient and request a determination. Case Managers and Subrecipients should address all issues at a local level if possible. The Case Manager and Subrecipient should take no longer than 20 days total from time of receipt of the Appeal to make a determination. All appeals should be logged into an Excel spreadsheet or database and be continuously updated throughout the process with additional information and time stamps.

If the dispute cannot be resolved by the Subrecipient, the matter will be referred to DCA no more than 20 days after receipt of the Appeal. The CDBG-DR staff panel will meet as often as necessary and not less

than two times per month to review the unresolved disputes as long as appeals have been submitted. If there are no Appeals, no meetings will be scheduled. Meetings are subject to change or may be rescheduled for the following week due to holidays, conferences, or the absence of panel members. In the event of an extenuating circumstance, the appeal will be heard by the full Appeals Board comprising of CDBG-DR staff as well as the Deputy Commissioner for Community and Economic Development and the Director of the Community Finance Division. Once a decision is made by the CDBG-DR Program Board of Appeals, the decision will be deemed final.

If the matter falls under the jurisdiction of the Case Manager or Subrecipient, DCA may refer the matter back to both parties or involve them in the appeals process.

Eligible Items for Appeal (Case Manager/ Subrecipient Level):

- Program Eligibility (i.e. ownership, occupancy, proof of damage, flood insurance non-compliance)
- Repair Estimates
- Disputes between a homeowner and contractor before signing a Certificate of Final Completion relating to substandard or unfinished work
- File closure (i.e. application deemed ineligible prior to submission of an application or due to non-responsiveness of the homeowner)
- Denial of Temporary Relocation Assistance
- Termination of Temporary Relocation Assistance

Eligible Items for Appeal (DCA Level):

- Duplication of Benefits
- Grant calculation (i.e. LMI status, escrow responsibility)
- Request for a waiver for a program standard (i.e. maximum deferred payment loan amount)

Ineligible Items for Appeal:

- Program Policy Decisions (found in the HRRP manual)
- Reconstruction Plans
- Ineligible materials and appliances (i.e. granite countertops, washers and dryers, etc.)
- Property located outside of the 15 designated counties
- Properties within the designated Buyout areas that wish to rehabilitate or reconstruct rather than be bought out

**\*\* Please note, this is not a comprehensive list of eligible and non-eligible appeals. Disputes relating to extenuating circumstances will be reviewed on a case by case basis by DCA. \*\***

## PART 9 CLOSE OUT

### 9.1 Final Inspection and Final Payment

Once the project is completed, the contractor can then request for the Subrecipient to arrange a final inspection. Some Subrecipients set forth that the final inspection would be conducted by an official of the Subrecipient's building or code department in addition to the program's construction manager. Some Subrecipients set forth special arrangements with outside building officials from neighboring communities to conduct inspections, in the absence of a building or codes official for the Subrecipient.

Final inspections should always be conducted at the request of the contractor and never conducted on the assumption that the work has been completed. Before the final inspection, the Subrecipient must be assured that all of the required inspections, including required code inspections, have been completed and signed off by the appropriate authorities.

When the Subrecipient makes the final inspection, the work write-up and all of the change orders should be used as a checklist to ensure compliance. Any work items that do not meet the Subrecipient's Written Property Standards should be listed and defined as to the nature of the discrepancy. A punch list should be given to the contractor with instruction to contact the Subrecipient when the items have been completed.

Upon the satisfactory completion of the punch list items, the Subrecipient should prepare the Certificate of Final Inspection. The Subrecipient can process the final construction draw provided the contractor has remitted the final invoice and all required releases of liens, copies of warranties, and insulation certification, if applicable. The DCA Contracts and Sub-Contracts Completed Form must be included with the final project draw in order for DCA to meet its HUD reporting requirements.

The Subrecipient signs the Certificate of Final Inspection certifying that the work has been completed in accordance with the contract; that the property conforms to the requirements of the Georgia CDBG-DR Homeowner Rehabilitation and Reconstruction Program (HRRP) Manual; to the Subrecipient's required property codes; and the property conforms to the HUD Lead Based Paint regulations at 24 CFR Part 35.

Typically, Subrecipients withhold a portion of the final payment until the Certificate of Final Inspection is signed, the Subrecipient is satisfied all of the work is complete and up to program standards, and all disputes are resolved. Next, the owner signs the satisfaction statement, which is witnessed and notarized, and the Subrecipient can request the final project draw from DCA.

### 9.2 Installing Insulation

DCA requires a Certification of Installation of Insulation for any project where insulation was installed.

### 9.3 Closing the File and Warranty

The filing closing can begin once the construction has been completed and the Subrecipient has obtained the releases of liens, the notarized owner satisfaction statement, and made the final disbursement for the construction.

Contractors are required to warrant their work for a period of one year from the time of the final inspection. As part of the project completion process, the Subrecipient should send a letter to the homeowner reminding them of the warranty and should explicitly explain the beginning and ending period of the warranty and instructions on how to go about resolving a warranty issue. The letter should make it clear that warranty issues are to be resolved directly with the contractor. Both homeowners and contractors should be made aware of the Subrecipient's limited capacity to intervene, although the Subrecipient may be required to assist the low-income homeowner in this regard. All appliance and termite and systems warranties should be provided directly by the contractor to the owner with copies submitted to the Subrecipient for the project file.

#### 9.4 Send Project Completion Report to DCA

The Subrecipient should re-review the Homeowner Rehabilitation Checklist and make sure that all required documents are in the project file. Next, the Subrecipient is required to send the project completion report to DCA as soon as possible after project completion but no later than sixty (60) days.

#### 9.5 Monitoring and Change of Ownership

In accordance with the requirements set forth in the General Conditions of the HRRP Subrecipient Agreement, the Subrecipient has agreed to manage the day-to-day operations of the HRRP program and to monitor all activities to assure compliance with the CDBG-DR regulations, all requirements of the Georgia CDBG-DR Homeowner Rehabilitation and Reconstruction Program (HRRP) manual and all other applicable federal, state and local laws and regulations.

Under the HRRP program two major requirements apply to the compliance period including the recapture provisions and the principal residency provisions. In regard to recapture, these provisions should be self-enforcing due to DCA's requirement that the Deed of Trust is recorded.

HRRP assisted households certify that they will occupy the property as their principal residence for the entire period of five years. While DCA understands that Subrecipients cannot always conduct annual site visits to each household assisted under their HRRP program, DCA requires the Subrecipient to keep a log of each HRRP assisted household with the beginning and ending dates of the required occupancy period. The Subrecipient will be responsible for filing a Deed Restriction on the property according to the procedures laid out in this manual.

#### 9.6 Record Retention and Transmission of Records to DCA

During the course of the CDBG-DR project, Subrecipients must give the United States Department of Housing and Urban Development, the Inspector General, the Georgia Department of Audits and DCA's CDBG-DR team, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by the subrecipient. Such rights to access will continue as long as the records are retained by the Subrecipient. The Subrecipient agrees to maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with the Georgia Open Records Act.



Prior to project CDBG-DR closeout, Subrecipients must transmit to DCA all records sufficient for DCA to demonstrate that all costs under this agreement met the requirements of the Federal award. Subrecipients must retain financial records, supporting documents, statistical records, and all other records pertinent to the project and Subrecipient's subaward for the longer of 3 years after the expiration or termination of the grant agreement, or 3 years after the submission of the Grantee's annual performance and evaluation report, as prescribed in § 91.520 of this title or in the applicable Federal Register notices governing the use of the funds, in which the specific activity is reported on for the final time. The Subrecipient shall comply with 2 CFR 200.333 and 24 CFR 570.490 (d).