

# **Housing Rehab Program Design**

Town of Chase City  
B Street Project, Phase 2

CIG # 23-23-01

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Development

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# HOUSING REHAB PROGRAM DESIGN

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## ***PROGRAM PURPOSE AND OBJECTIVES***

The Town of Chase City referred to as “Locality” has received a Community Improvement Grant from the Virginia Department of Housing and Community Development (DHCD). The Purpose of the grant in part is as follows:

BENEFITS: 22 total LMI people served.

OUTCOMES: Improving the living conditions of **6** households through the provision of housing rehabilitation to DHCD HRS activities.

PRODUCTS:

The following is a list of the housing rehab project activities to be accomplished by the **B Street Community Improvement Project-Phase 2**.

- Administration of this project in a timely and compliant manner
- Rehabilitation of one (1) owner-occupied LMI unit;
- Rehabilitation of one (3) investor-owned LMI unit;
- Substantial reconstruction of two (2) LMI owner-occupied units;
- Demolition of two (2) dilapidated residential units; and
- Cleanup of all junk, debris, weeds, and inoperable vehicles throughout the project area.

## ***PROJECT SCHEDULE***

It is anticipated that housing rehabilitation construction activity will begin in late Summer 2024. The actual schedule is dependent upon the participation of eligible households, weather conditions, the complexity of work to be performed, and the availability of contractors. The Project Management Plan, as approved by DHCD, contains a detailed project timeline and responsibilities chart.

## ***PROJECT AREA BOUNDARIES AND MAP***

The B Street Community is located in the southern portion of the Town of Chase City, approximately 100 miles south of Richmond, Virginia. Overall, the Phase II project area is comprised of B Street and E Street, both extending from Washington Street to High Street.

and Madison Street, and the east side of High Street both extending from B Street to E Street. A total of 15 residential units occupy the community of which 09 were identified as LMI. There are 32 people in the B Street community of which 22 are deemed LMI.

## ***OVERSIGHT AND STAFFING***

The Locality adopted the Housing Program Design, ensuring its implementation to the following:

1. Develop and implement criteria for selecting beneficiaries;
2. Approval of applicants for assistance, and ensure that benefits are being provided by program guidelines, the ranking criteria, and Virginia's conflict of interest requirements;
3. Determine contractors' eligibility, review contract documents, and award construction bids;
4. Develop and implement written policies and procedures for resolving complaints from applicants, beneficiaries, and contractors and ensure the procedures are observed by staff;
5. Keep an official record of all proceedings of the Rehab Board;
6. Approval and adherence to the Program Management Plan and all revisions;
7. Approval and adherence to the Program Income Plan and all revisions;
8. Grant special waivers on a case-by-case basis as needed;
9. Oversee staff and day-to-day activities; and
10. Ensure program activities are carried out fairly and equitably.

Generally, the Rehab Board will hold monthly public meetings and will follow its adopted By-Laws. See **Attachment 2**.

## ***HOUSING REHAB OVERSIGHT BOARD***

<b><i>Name</i></b>	<b><i>Affiliation</i></b>	<b><i>Role/Responsibilities</i></b>
Charles F. Forbes	Town of Chase City Town Manager	Grant Administrator – Oversee implementation of the project, attend Management Team meetings, and keep Town Council abreast of project activities
Alden Fahringer	Town of Chase City Town Mayor	Project Liaison – Keep the Town abreast of project activities.

Pauline Keeton	Town of Chase City Town Council	Project Liaison – act as a liaison between the residents, community, and the Town Council
Virginia Walker	Town of Chase City Treasurer	Treasurer

The Housing Rehabilitation Oversight Board (Rehab Board) is appointed by the Locality to oversee the implementation of the Housing Rehabilitation Program. Regular meetings will follow Management Team meetings to be held monthly at the Chase City Municipal Building or via Google Meets. The Rehab Board's main responsibility is to review and implement the Program Design.

The following individuals will attend meetings and serve as advisors to the Board: Ashleigh Zincone, Grant Manager, and Cedric Stovall, Housing Rehab Specialist.

### ***STAFF AND CONSULTANTS***

#### **Grant Administrator: Charles F. Forbes, Chase City Town Manager**

The Chief Administrative Official of the Grantee is considered the Grant Administrator. As a signatory of the CDBG contract, the Grant Administrator has broad oversight responsibility to see that the project is implemented under the terms of the Grantee/DHCD contract.

#### **Grant Manager: Ashleigh Zincone, Southside PDC**

The Grant Manager is the individual designated by the Grantee to undertake the daily grant management functions including (but not limited to) assuring compliance with DHCD policies and procedures including tracking of project funds, tracking required applicant and beneficiary information, maintaining, and monitoring the Project Management Plan, and serving as the labor standards compliance officer.

#### **Rehabilitation Specialist: Cedric Stovall**

The Rehab Specialist shall provide Housing Rehabilitation Specialist services to include DHCD HRS assessments, pre- and post-blower door testing, develop work write-ups for construction or rehabilitation, develop bid packages for houses, conduct a pre-bid meeting with potential contractors (including the discussion of regulatory info), attend bid openings, and accepting bids from contractors for the performance of activities in work write-ups. The Specialist will also review bids for completeness and accuracy, assist with pre-construction meetings, assist with home maintenance education, conduct regular inspections of rehabilitation progress, request payment for contractors by drawdown schedules and the Project Management Plan, and notify the Town of requested change orders.

**Lead Inspector: Cedric Stovall**

The Lead Inspector will perform Lead Hazard Reduction services. Mr. Stovall is a certified lead risk inspector, lead license #3356000692. All families in houses built before 1978 will be required to sign a form showing receipt of the "Protect Your Family from Lead" brochure. This brochure will be given to all households served. The client file will document the LBP clearance report.

**Building Inspector: Bill Burton/Eddie Harris**

The Building Official for Mecklenburg County will provide guidance on local building codes, perform building code and electrical inspections, and issue the Certificate of Occupancy on all houses to be rehabbed.

**Housing Program Administrator: Ashleigh Zincone, Southside PDC**

Oversee the housing rehab program, including the work of the Intake Surveyor and the Rehabilitation Specialist. For this project, the Grant Manager also serves as the Housing Program Administrator.

**Application Intake Surveyor: Ashleigh Zincone, Southside PDC**

The Intake Surveyor(s) is responsible for informing the applicants of the program requirements before signing the applications and creating and maintaining client files according to DHCD guidelines. The Intake Surveyor(s) is responsible for ensuring the application process, including intake, title search, income verification, and calculating ability-to-pay, is done properly. Ms. Zincone will present applications to the Rehab Board for approval. For this project, the Grant Manager also serves as the Intake Surveyor.

**Loan Officer: Virginia Walker, Chase City Treasurer**

The Loan Officer will issue annual loan statements. The Loan Officer is also responsible for issuing the Certificate of Satisfaction at the end of the loan period.

**Financial Manager: Virginia Walker, Chase City Treasurer**

The Financial Manager is responsible for ensuring that the locality adequately budgets, tracks expenditures, and annually appropriates remaining CDBG funds. The Financial Manager will provide DCHD's required monthly financial reports to the Rehab Board. Ms. Walker will monitor and record the expenditure of CDBG and leverage funds. Submit drawdowns, audits, and budget revisions into CAMS. Ms. Walker will also be responsible for uploading the annual audit via CAMS no later than March 31 of the proceeding calendar year.

**Sparkplugs:**

The residents of B Street are represented on the Management Team as project "Sparkplugs." Shirley Morgan serves as a liaison between the neighborhood and the Town, recruits participants for programs, shares information with fellow neighborhood residents, and provides general input on all decisions that are made that will impact the neighborhood.

***ELIGIBILITY OVERVIEW***

Applicant eligibility for housing rehabilitation assistance under this program requires that the applicant meet all of the following basic criteria:

1. The applicant must be an owner of a residential dwelling existing in the project area or have lifetime rights to the property. In the case of individuals with lifetime rights to the property, the lifetime rights must be legally recorded, and both the owner and resident must sign the Deed of Trust. Should the beneficiary no longer occupy the property during the five-year loan period, the owner must negotiate with the Locality and DHCD for a satisfactory resolution.
2. Renters may initiate a request for assistance, but only property owners may receive direct rehabilitation assistance.
3. The property must need repairs necessary to meet the DCHD Housing Rehabilitation Standards (HRS). The focus is on making the house safe, sanitary, and energy efficient. Therefore, cosmetic changes will not be made.
4. The household shall not have other assets totaling more than \$50,000. The value of the house to be rehabilitated, its recorded plat, normal household contents, and two vehicles will not be counted as assets. Lump sums to family assets, including inheritances, insurance payments, property tax refunds, and sporadic gifts, are also excluded. Ten percent of savings accounts (current balance), checking accounts (average monthly balance over six months), certifications of deposit, individual retirement, 401(k), and retirement/pension funds will be considered assets as second homes, rental properties, and the ownership of land over 25 acres.
5. Gross household income must be at or below 80% of the area median income adjusted for family size. The current HUD LMI limits as adjusted for household size will be attached to each housing application to verify the determination of eligibility. Maximum income levels are adjusted annually by household size by the Department of Housing and Urban Development.
  - a. All people spending 10 nights or more per month at a particular house will be deemed a member of that household and his or her income will be included in the household's aggregate income level.
  - b. Household income will be based on the previous calendar year's income and shall include wages; pensions; social security; TANF, SSI, and other



public assistance; interest earned from checking, savings, certificate of deposits, and or bonds; investment income from stocks; alimony; child support; rental income; farm income; and income from part-time employment. The primary source of income verification for employed or self-employed beneficiaries will be the previous year's W-2(s) and/or Tax Returns.

- c. Income earned by dependent children under the age of 18 will not be included in the household's aggregate income calculation. Income from children and other members of the household 18 and over will be included in the household's aggregate income calculation whether or not they contribute financially to the household unless the child is a full-time student at an institution of higher education. A student is defined as a person who is enrolled in a higher education institute or a vocational training school for at least five months per year and is under the age of 24.
  - d. One-time windfall income such as inheritance shall not be counted as income unless its value exceeds \$5,000, at which point the current passbook rate will apply.
6. Provide documentation of all income from independent sources such as employers, Social Security Administration, Virginia Unemployment Commission, W-2 forms, or independently certified tax statements. The Grant Manager will verify the reported income as needed. **It is the responsibility of the applicant to provide sufficient documentation to the Application Intake Surveyor so that income eligibility can be determined.** Information shall be submitted within 30 days of the request.
  7. The applicant must agree, in writing, to reside in the rehabilitated property for the entire term of the loan. If the applicant's housing needs change within five years, options include the applicant's relatives (if income is eligible) residing in the home, the home is rented to an LMI person, or the home being sold (and a portion of the grant amount as stated on the Deed of Trust be repaid to the Town from the sale proceeds. After the five (5) year period, the terms of the loan have been satisfied (meaning the lien will be released) and no further requirements apply.
  8. Provide documentation that adequate fire insurance for the home is in effect, listing the Locality as loss payee. The insurance must remain in effect until the Certificate of Satisfaction has been issued by the Locality. As part of the HMEP, occupants will be strongly encouraged to get insurance to cover household goods and belongings.
  9. Debris removal is a pre-construction requirement to participate in the housing rehabilitation program. Property owners will be required to clear the exterior and interior rehabilitation site of all identified trash, debris, inoperable vehicles, and derelict structures before receiving rehabilitation assistance. If the owner is elderly

or handicapped and cannot physically clear the property or arrange for the removal of the debris, the work will be added to the rehabilitation work write-up and included as part of the contractors' bid package and the subsequent lien on the property.

Applicants will not be disqualified from participating in the projects solely because of a tax or other lien on their project. If necessary, an applicant will be provided with any necessary credit counseling assistance. Before the signing of the three-party contract, the Housing Program Administrator will determine if the applicant is current on any outstanding mortgages.

Applicants shall be determined to be ineligible for receiving housing rehabilitation assistance under the following circumstances:

1. The property is not located within the Project Area as outlined in the attached project boundaries map. See **Attachment 1**.
2. The household is determined not to be below- to moderate-income (LMI) using the current HUD LMI limits.
3. The applicant for a vacant dwelling fails to show:
  - a. That a tenant has been living in the house for 6 of the past 12 consecutive months.
  - b. That he/she is currently seeking new tenants and if rehabilitated he will make the property available to LMI tenants for five years from the completion of rehabilitation and will keep the rents at an affordable level based on the tenant's income.
  - c. Rehabilitation of any vacant unit must be approved by DHCD first.
4. Where the applicant fails to provide a complete application for assistance, or otherwise fails to provide satisfactory documentation concerning income and assets.
5. Where the dwelling for which assistance is sought, requires rehabilitation investments exceeding \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978), and substantial reconstruction is not feasible unless the owner commits to provide the balance of funds necessary for rehabilitating the dwelling to DHCD HRS or is otherwise determined to be technically infeasible for rehabilitation by the Housing Rehabilitation Specialist.
6. After consultation with DHCD, it is determined that substantial liens or other legal claims to the property preempt the owner of the record from retaining possession of the property during the rehabilitation project or after rehabilitation completion.
7. Applications will not be approved for households in which there is independently documented criminal activity taking place.

8. Any mortgages the homeowner has in place must be current, which will be verified immediately before construction.

### ***PRIORITIZATION OF APPLICANTS***

Applications will first be taken by the households listed in the grant application. Afterward, if funds permit, applications will be taken on a first-come-first-served basis. Letters of approval or rejection will be sent within thirty days of the Housing Rehab Oversight Board's action. A copy of the written complaint and appeals process will be sent along with any rejection letter.

If needed, eligible applicants will be prioritized by the Rehab Board based on the following ranking system:

- 5 points if the house lacks indoor plumbing facilities;
- 2 points for elderly (62 years or older) head household (not to exclusion of other households);
- 2 points for each person with a disability that relates to the need for accessibility improvements (other than the elderly);
- 2 points if the household income is below 50% of the locality's median household income;
- 2 points if very substandard dwelling unit (major structural and mechanical deficiencies);
- 1 point if female-headed household (other than elderly) (requires one or more legal dependents under 18 years of age);
- 1 point for each dependent child (under 18 years of age); and
- 3 points for owner-occupied units.

An applicant's rank will not be changed once the title search and/or the pre-DHCD HRS inspection has been completed; however, the Rehab Board can proceed to the next highest-ranked application when the higher-ranked property cannot be started due to:

1. Clear title and/or control of the property are not yet established;
2. Soil or construction conditions that require additional work;
3. The owner is not ready to proceed; or
4. The cost is prohibitive, which delays the project until extra funds are acquired.

### ***APPLICATION PROCEDURES***

Applications will be available by contacting Ashleigh Zincone, Intake Surveyor, Southside PDC, 200 S. Mecklenburg Avenue, South Hill, VA 23970, 434.447.7101 x 206, [azincone@southsidepdc.org](mailto:azincone@southsidepdc.org). The Application Intake Surveyor will meet with the applicant and verify all information for completeness and accuracy. This will take place at

the Chase City Municipal Building. To be eligible for assistance, all applicants must meet the following criteria:

- Gross household income must be at or below 80% of the area median income adjusted for family size;
- Applicant must agree, in writing, to reside in the rehabilitated property for the entire term of the loan; and
- Application is taken on the occupant that lives in the home.

In the case of individuals with lifetime rights to the property, the lifetime right must be legally recorded at the appropriate county office and both the owner and resident must sign the Deed-of-Trust. Should the beneficiary no longer occupy the property during the five-year loan period, the owner must negotiate with the Locality and DHCD for a satisfactory resolution.

Applications will not be approved for households in which there is independently documented criminal activity taking place. Any mortgages the homeowner has in place must be current, which will be verified immediately before construction. A recent copy of the mortgage statement must be submitted with the application if applicable.

### ***PROPERTY ELIGIBILITY OVERVIEW***

The housing rehabilitation program intends to provide decent housing to as many intended beneficiaries as possible while maintaining reasonable safeguards to ensure that public expenditures are protected from fraud, waste, and mismanagement. Safeguards have been built into the program to prevent benefits to persons unintended to receive program benefits as follows:

1. All improvements must be secured by a lien that extends the term of the loan;
2. A title search shall be made for all properties;
3. A reasonable effort (identification of all heirs and documentation of effort to contact each heir in writing requesting transfer of their interest to the beneficiary) shall be made to perfect or clear title to all properties and record title to the intended beneficiary or their landlord;
4. In cases where it is not possible to obtain a clear title the following requirements are in effect:
  - Written approval must be requested by the Grant Manager and received from the DHCD Program Administrator before the obligation of any funds;
  - Where heirs are unknown, or unable to be contacted, proof of control of the property for the previous three years must be demonstrated by the resident including continuous residence at the property, payment of property taxes, payment of homeowners insurance, other house payment by the resident,

and/or payment of other household expenses. The applicant must be one of the heirs to the property; and

- Where heirs or co-owners are known, but unwilling or it is undesirable to convey interest in the property, a legally recorded Life Estate will be provided and the grantor(s) will execute an agreement to either (a) repay the outstanding balance upon death or removal of the resident, (b) agree to reside in the property and take over the obligations of the resident if they meet program guidelines, or (c) rent to an eligible LMI household for the duration of the agreement. In any event, the applicant must be one of the heirs to the property.
5. The applicant must (1) own the property to be rehabilitated, (2) be purchasing the property to be rehabilitated, (3) have Life Rights/Life Tenancy/Life Estate to the property to be rehabilitated, or (4) have occupied the unit for the last three consecutive years and have control over and be the apparent owner of the property by having paid property taxes, homeowners' insurance, and other household expenses for the same period. In these instances, the applicant must be the intended occupant of the unit after receiving assistance. Rental units are also eligible for rehabilitation provided that the renter meets the income and asset requirements and that the owner meets the requirements outlined in the following section.
  6. Property to be rehabilitated must have been occupied at the time the Community Improvement Grant application was submitted, **June 1, 2023**, unless prior approval is received from DHCD.

## ***PROPERTIES ELIGIBLE FOR HOUSING REHABILITATION ASSISTANCE***

All residential dwelling structures located within the project area, (including conventionally constructed houses, modular housing, single-family detached houses, duplex houses, and multi-family housing structures which can be brought up to DHCD Housing Rehabilitation Standards, including the supplemental rehabilitation standards, with a CDBG investment not to exceed \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) per the DHCD CDBG Manual. Structures shall be eligible for rehabilitation assistance subject to the applicant's eligibility and the availability of funds. In the case of owner-occupied units, the applicant must reside in the targeted property to apply for financial assistance for the rehabilitation of their unit. In the case of owner-investor units, the property must be occupied by a qualifying LMI family.

All existing vacant structures in the project area before June 1, 2023 (the date the Community Improvement Grant application was submitted) are not eligible for

rehabilitation unless such properties are on the market for sale and an LMI buyer can be found to purchase the house before rehabilitation or are under public control. Investor-owned properties must be LMI occupied or if currently vacant the owner must show that a tenant lived in the dwelling 6 of the previous 12 consecutive months and that the landlord is currently seeking new tenants and if rehabilitated the landlord will make the property available to LMI tenants for a five (5) period from the completion of rehabilitation and will keep the rents at an affordable level based on the tenant's income.

### ***STRUCTURES NOT ELIGIBLE FOR HOUSING REHABILITATION ASSISTANCE***

Dwelling structures requiring rehabilitation work exceeding \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) in value to meet Housing Rehabilitation Standards shall be ineligible for housing rehabilitation assistance unless the owner commits to provide the balance of funds necessary to rehabilitate the unit to at least Housing Rehabilitation Standards. The Housing Rehabilitation Specialist will determine if a house is Unsuitable for Rehabilitation during the Housing Condition Assessment. A dwelling designated as Unsuitable for Rehabilitation is defined as a residential structure that has major structural conditions that were either inadequate in original construction or have a failing foundation, floor, wall, ceiling, roof, and exterior systems. The Housing Rehabilitation Specialist must document specific conditions and determine that more than 50 percent of the house must be demolished to comply with Housing Rehabilitation Standards or local property standards. Systems failures or violations in electrical, plumbing, doors, windows, and other building components may also be taken into consideration. A dwelling deemed Unsuitable for Rehabilitation may be considered for Substantial Reconstruction or Relocation of the occupants.

### ***STRUCTURES ELIGIBLE FOR REHABILITATION***

Property eligibility includes those structures "Suitable for Rehabilitation" that do not deteriorate beyond the point that they can be brought up to DHCD's Housing Rehabilitation Standards (HRS), including DHCD Supplemental Rehab Standards, within the allowable \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) in financial assistance available under this program. Properties defined as "Unsuitable for Rehabilitation" are defined as substandard units in such poor condition that it is not structurally nor financially feasible to rehabilitate to DHCD's Housing Rehabilitation Standards and Supplemental Rehab Housing Rehabilitation Standards within the \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) per unit CDBG maximum limit; housing units "Unsuitable for Rehabilitation" also include units to be razed within the Project Area to remove deleterious use and blight. Unsuitable for rehabilitation is further defined as a residential structure that has major structural conditions due to inadequate original construction or has a failing foundation, floor, wall, ceiling, roof, and

exterior systems. The Housing Rehabilitation Specialist will document specific conditions and decide that more than 50 percent of the structure must be demolished to comply with the housing rehabilitation standards.

Exceptions allow the Grantee to commit up to \$125,000 (pre-1978 must include lead abatement), beyond the base construction cost, to the completion of the project. The following activities are considered exceptions:

- Construction of a bathroom when rehabilitating a unit that lacks one;
- Installation of a well and/or septic system. CDBG funds may not be used to install "pump and haul" systems. Wells must be drilled, tested, and approved. Payment will be made for only one (1) well, regardless of the number of wells drilled;
- Houses that require alternative septic systems are eligible for an additional \$10,000 in exceptions (up to a maximum of \$30,000) for additional costs for the design and installation of an alternative septic system;
- Provision of water and/or sewer connections, including water meters;
- Provision of ramps and other accessibility features;
- Provision of one or more additional bedrooms to relieve an overcrowded situation in which more than two (2) bedrooms are necessary or other changes to a unit's footprint;
- Actual laboratory costs for evaluation of lead tests;
- Housing rehabilitation floodproofing solutions. Floodproofing solutions are defined to include house elevations; the elevation and relocation of utilities; the addition of basement sump pumps with backup generators; the reinforcement of basement doors and dry floodproofing methods as appropriate with the building code;
- Construction related to asbestos abatement and/or disposal;
- Soil evaluations; and
- Property Surveys.

All exceptions must be listed as alternates on the bid form, but they must be contracted out separately from the base construction costs. Failure to do so may result in the ineligibility of the entire project.

## ***ELIGIBLE PROPERTY TYPES***

### ***OWNER-OCCUPIED HOUSING REHAB***

Income-eligible LMI households interested in housing rehabilitation assistance will be provided have a lien placed on the property securing the (five) 5-year loan at 0% interest with 100 percent of the cost forgiven over the term of the loan. The lien will not be removed until 60 months are fulfilled in full according to the terms of the Deed of Trust

Note. The income of all household residents 18 years or older will be verified to determine income eligibility.

A recorded Deed-of-Trust will be placed on the property in an amount equal to the cost to rehabilitate the property to the Virginia Department of Housing and Community Development's Housing Rehabilitation Standards. This lien will take a second or third position to any existing liens with mortgage companies. Once established, this lien position cannot be changed. Once the 60 payments have been made, the Town will issue a Certification of Satisfaction, which will remove the lien in full.

Homeowner's or hazard insurance is required for the entire lien period, naming the Town as a loss payee. A copy of the insurance coverage must be supplied to the Town annually. If the insurance is not maintained, the Town will obtain it and the cost will be incorporated into the loan amount.

If the above-listed property ceases to be the owner's primary residence for 3 or more consecutive months due to transfer of property, abandonment, institutionalization, death, or any other reason, the co-owners or heirs must either pay off the balance of the loan or ensure that another low- and moderate-income person(s) occupies or rents the property for the remaining length of the lien period.

Regardless of meeting the LMI eligibility criteria, no household will be considered eligible for housing rehabilitation assistance if their housing unit has already received such assistance under the Program within the last ten years.

### ***SUBSTANTIAL RECONSTRUCTION***

A dwelling that is so dilapidated that it is unsuitable for rehabilitation as described above, the Locality will seek DHCD approval to substantially reconstruct the house on the same site with CDBG funds not to exceed \$150,000. Substantial reconstruction is the last resort after other strategies such as rehabilitation and relocation have been explored and documented as infeasible. To qualify for substantial reconstruction, the occupant of the house must be the owner of the property and meet the eligibility requirements for Housing Rehabilitation assistance.

The use of mobile homes to replace a mobile home or a stick-built home may occur only with prior DHCD approval. All homes must comply with the Virginia Uniform Statewide Building Code as amended.



Demolition costs are a separate, stand-alone contract item, but must be reasonable in cost as documented by the Housing Rehab Specialist. With the exception of privies, non-dwelling structures are not eligible to receive housing rehabilitation assistance. Examples of non-dwelling structures include detached garages, detached storage buildings, other outbuildings, and structures used to house business activities. Garages or carports attached directly to dwelling structures may receive rehabilitation treatment which is applied to bring the main dwelling structure up to Housing Rehabilitation Standards.

### ***INVESTOR-OWNER ASSISTANCE***

Investor-owned properties are eligible for participation provided that the landlord can provide copies of leases showing that the rental unit has a history of being consistently occupied over the last five (5) years and prove the home was rented for at least six months of the year preceding the proposal submission, the unit was purchased by an LMI household, or the unit is owned by a locality, housing authority, or non-profit and will be sold to or lease-purchase by an LMI household. The program will rehabilitate the unit to DHCD HRS. A lien will be placed on the property securing the 5-year loan at 0% interest with 100 percent of the cost forgiven over the term of the loan.

The tenant will complete a housing application and submit all required documentation to demonstrate eligibility. The landlord cannot accept tenant-based voucher assistance (Section 8) for the 5-year term of the lien.

As determined by the U. S. Department of Housing and Urban Development (HUD), rent charged to the tenant(s) may not exceed the current fair market rent for the area, considering the age and condition of the property.

The current base rent level must be established in a written lease with a one-year minimum with any current LMI tenant. A copy of this lease must be provided to the Town and must otherwise conform to the terms and conditions required by CDBG.

The landlord may not increase the current rent amount except for direct cost increases, such as for taxes and insurance, for the 5-year lien period. Any proposed increase in rent must not occur until the end of the lease term with ample written notice to the tenant. A copy of the new 12-month lease must be provided to the Town within thirty days.

A recorded deed of trust will be placed on the property in an amount equal to the cost to rehabilitate the property to the Virginia Department of Housing and Community Development's Housing Rehabilitation Standards. This lien will take a second or third

position to any existing liens with mortgage companies. After 5 years, the Town of South Hill will issue a Certification of Satisfaction, which will remove the lien in full.

Homeowner's or hazard insurance is required for the entire lien period, naming the Town of South Hill as a loss payee. Proof of coverage must be supplied to the town of South Hill annually.

The landlord is required to maintain the rental property to DHCD Housing Rehabilitation Standards while the lien is held by the Town. This includes inspecting the unit annually to ensure maintenance of the improved unit. If a tenant is found to have vandalized the structure, appropriate action must be taken.

If the unit becomes vacant during the lien period, the Town must be notified, and the home must be actively marketed and filled promptly. If the landlord sells the property or discontinues renting to an LMI person(s) before the term of the lien period has ended, the outstanding amount of the loan must be repaid.

Landlords must execute a written one-year lease agreement with an eligible tenant before construction. A copy of the executed lease must be transmitted to the Housing Program Administrator.

### **SPECIAL CONDITIONS FOR INVESTOR-OWNED PROPERTIES**

Rehabilitation of investor-owned properties will be allowed to benefit LMI tenants. The program requires continued occupancy by LMI families for a minimum of five (5) years up to a maximum of the term of the rehabilitation loan. To ensure that LMI persons can occupy investor-owned (rental) properties, the allowable rent must be kept to an affordable level. In determining a fair rent level, the current monthly rent cannot exceed fair market rent for the area as determined by the U.S. Department of Housing and Urban Development. The rent charged to the LMI household may not be raised after rehabilitation unless due to increased costs to the owner directly attributable to the rehabilitation work, for example, monthly payments on a rehabilitation loan, increased insurance, or property tax costs, for a least 5 years or the term of the loan if longer. The rent amount must be established in the contract agreement. Investor owners will provide a certification of monthly rent each January following completion of the rehabilitation work to the Loan Officer for the duration of the loan.

## ***HEIR PROPERTIES***

The applicant must prove he/she is one of the heirs and has control over the property. DHCD does not require that the occupant own the property freely and clearly, but the Grantee must verify ownership status and must determine the likelihood of continued occupancy by the applicant. In cases where ownership is clouded by questions of inheritance (heir properties), the following requirements are in effect:

- A reasonable effort must be made to identify all heirs and the Program must document the effort to contact each heir in writing to request the transfer of their interest to the beneficiary. The Title must be recorded with the local government in the intended beneficiary's name or the landlord's name;
- Where heirs are unknown or unable to be contacted, proof of control of the property for the previous three (3) years by the resident must be documented. Proof must include continued residence, payment of property taxes, payment of homeowner's insurance, or other house payments by the resident;
- Where heirs or co-owners are known but unwilling to convey the property or it is undesirable to convey interest in the property to the intended beneficiary, a legally recorded Life Estate will be provided that the grantor(s) will execute an agreement to either (i) repay the outstanding balance upon death or removal of the resident or (ii) agree to reside in the property and take over the obligations of the resident if the grantor(s) meet program qualifications.

## ***LIFE RIGHTS PROPERTY***

Properties held by occupants who have "life rights" to the property are eligible for rehabilitation and substantial reconstruction as long the owner(s) of the property and the occupant who has the life rights sign the construction contract, demolition contract, and the Deed-of-Trust. The life estate has to be recorded before the construction contract's execution. Should the individual who has life rights cease to live in the property during the five-year term of the loan, the owner(s) of the property must either buy out the loan at full value, less what has been paid, or forgiven, or find an eligible LMI occupant for the property. The Town must be notified in writing of any change in a beneficiary's "life-rights" status.

## ***VACANT PROPERTY***

No vacant unit shall be rehabilitated with CDBG funding unless the house has a history of being consistently occupied over the last five years and was rented for at least six months of the year preceding grant submission, the unit was purchased by an LMI household, or the unit is owned by a locality, housing authority, or non-profit and will be sold to or lease-purchase by an LMI household. Prior written approval must be received from DHCD.

## ***NON-OCCUPANCY***

Non-occupancy shall be defined as the intended beneficiary or beneficiaries not living in the unit for three (3) or more consecutive months for any reason. Alternative outcomes must be negotiated with the Owner, the Locality, and DHCD and may include:

- Cash payback of the remainder of the loan (both payment and forgiven amounts);
- Negotiation of a payment plan for payback of the loan, which may exceed the original five-year period;
- The beneficiary is to notify the Town of non-occupancy or change in tenant.

## ***MANUFACTURED HOMES***

No more than \$10,000 of CDBG funds may be used to rehab a manufactured home and that home, after the rehab is complete, must meet DHCD's Housing Rehabilitation Standards. Water and wastewater installation is the only allowed exception and its cost may not exceed \$10,000. Doublewides or the equivalent with a continuous foundation on footers will not be considered a manufactured home for these purposes only.

Owner-occupied manufactured homes that exceed the \$10,000 limit and is Unsuitable for Rehabilitation must be substantially reconstructed. Vacated manufactured homes must be demolished. **Proof of demolition must be submitted by the contractor before the issuance of final payment and must be placed in the beneficiary's file. Failure to properly demolish or to provide false proof of demolition of a manufactured home will be considered a criminal offense.**

## ***HOUSING REHABILITATION STANDARDS***

The fundamental intent of this housing rehabilitation program is to rehabilitate existing substandard dwelling units in the project area to provide a safe and sanitary living environment. All homes will be evaluated using DHCD's Housing Rehabilitation Standards and DHCD's Supplemental Rehabilitation Requirements. The consistent application of these standards will help ensure that all properties are treated equally and receive the improvements that are needed to bring them up to the adopted standard. Cosmetic improvements are not eligible for funding under this project. Recipient violations will not be addressed under this program.

## ***HOUSING REHABILITATION BUDGET LIMITATIONS***

As set forth by the Community Development Block Grant (CDBG) program, under no circumstances will more than \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) plus or \$150,000 for substantial reconstruction unless specifically

approved by DHCD for the reason of water and/or sewer connections, extra bedrooms for large families, or accessibility improvements for disabled persons. A \$4,000 green building credit may also be applied. When these special exceptions are present, they shall be bid as separate bid items. Local, private, or other funds may be used to pay contract costs above the \$125,000 (pre-1978 must include lead abatement) or \$125,000 (post-1978) limit provided that said work is bid as part of the contract. Said funds shall be placed in an escrow account before beginning construction. Copies of all bank statements and checks shall be provided to the Project Manager for verification of funds expended.

### ***DHCD HOUSING REHABILITATION STANDARDS***

An assessment of the structure using the DHCD Housing Rehabilitation Standards shall be completed during the final work write-ups performed by the Housing Rehabilitation Specialist and the Housing Program Administrator. This Assessment shall provide the basis for rehabilitation work to be performed along with related costs. Only activities addressed in the Housing Rehabilitation Standards will be undertaken by this Program unless otherwise specifically approved by the Rehab Board and DHCD.

The Rehab Specialist will hire a licensed electrician to inspect the electrical system of each house and issue an opinion on the adequacy of those components for the Rehab Specialist to prepare his work write-up and cost estimate. An Electrical Certification Statement will be submitted by the Rehab Specialist at construction completion on rehabilitated homes confirming the deficiencies have been resolved. On homes that are substantially reconstructed, an initial electrical inspection will not be required, nor will an Electrical Certification Statement be required at construction completion. Instead, the local Building Official/Inspector will inspect the installation of the electrical inspection, and the contractor must provide proof the Building Official/Inspector has passed the electrical system and provide a copy of the Certificate of Occupancy.

The Rehab Specialist will perform a Blower Door Test to help diagnose air infiltration problem areas. A blower door test will be performed as part of the initial work write-up process if the house is rehabilitated; and again, after construction is complete, regardless of rehabilitation or substantial reconstruction. The Rehab Specialist will perform a chimney inspection as part of the initial work write-up process. All homes that will be rehabilitated or substantially reconstructed through the project will receive termite treatment.

All properties receiving CDBG assistance must be rehabilitated to DHCD's Housing Rehabilitation Standards, and cosmetic improvements are not eligible for CDBG funding. The complete DHCD HRS standards can be found in *Appendix 55. B* of the current *Grant*

*Management Manual*, as amended from time to time, which can be found on the DHCD website.

## ***PERMANENT RELOCATION***

No resident will be relocated from any dwelling unless suitable alternative housing can be provided. Should a resident require permanent relocation, a *Residential Anti-Displacement, and Relocation Assistance Plan* will be developed as outlined in its Certification and submitted to DHCD for its review and concurrence. In addition, the Program Design must incorporate acquisition and relocation and must adopt the required policies as outlined in Chapter 7: Acquisition and Relocation as found in the 2017 CDBG Manual. Maximum effort shall be made to minimize the need for permanent relocation.

## ***Lead Hazard Reduction (LHR) Program***

The primary goal of the LHR program is to prevent childhood lead poisoning. CDBG funds can be braided with LHR funding or as an add-on to the project. LHR also permits lead reduction activities in vacant units provided the landlord owner/landlord must agree to give priority to families with children under six for not less than three years following the completion of work. Investor-owned or renter-occupied residential properties do not require children under the age of 6 to reside in the unit, but the owner must commit to priority renting to LMI families with a child under 6 for the next 3 years.

Ms. Zincone will contact Susan Hill, Program Manager for the LHR program, to discuss the home and eligibility. If deemed eligible, Ms. Zincone will schedule a lead-based paint inspection and lead hazard risk assessment which will determine any risks. If lead is found, LHR funds can be braided to control the lead and perform clearance testing.

## ***TEMPORARY RELOCATION***

The Rehab Specialist will be responsible for determining when temporary relocation must occur. When it is required, the project will provide a lockable enclosed storage area for the placement of personal belongings. The homeowner will be responsible for the moving of all personal items. If temporary relocation is necessary, relocation assistance will be limited to \$4,500 per beneficiary and should be used for lodging, storage, and cleanup. A temporary relocation agreement must be signed.

## ***PROGRAM INCOME***

The DHCD-approved Program Income Plan will be followed. These funds will be kept in a separate interest-bearing account and must be used according to the program income

plan. For this project, any liquidated damages collected for slow progress (contractor), or late payment (beneficiary) shall be considered program income.

All funds received will be accounted for when received and expended using standard accounting practices. Program income will be tracked, and records will be available to document due dates, the amount due and the date received, and the income expended. The Housing Rehab Oversight Board will review all requests for use of program income funds. See **Attachment 3**.

## ***CONSTRUCTION      CONTRACTING      AND      MANAGEMENT PROCEDURES***

1. The Virginia Public Procurement Act must be followed for all work funded in whole or in part by this program;
2. Annual file of pre-qualified contractors, documenting required license, insurance, and reference verification will be maintained;
3. An annual file, documenting local business, local employment, minority, and female-owned participation will be maintained.
4. Master specifications are to be used;
5. Bid alternates or separate line items in bid packages will be used to document the cost of exceptions;
6. All exceptions and demolitions must be bid as separate and individual contracts;
7. Bid invitations to contractors and bids must be opened through a public process;
8. Bids must be awarded to the lowest responsive and responsible bidder and comply with the PMP as to the number of active contracts permitted;
9. If the lowest responsive and responsible bid is greater than 10% of the Rehab Specialist's cost estimate, the Rehab Specialist will provide a recommendation on how to proceed and the file will be so documented;
10. Housing Rehab contracts must include work specifications, the dollar amount of the contract, lead-based paint certification, and federal contract language concerning Equal Opportunity and Lead-based Paint Hazard Provision;
11. Housing Rehab contracts will outline the specific responsibilities of the owner, contractor, and sub-recipient; include all Federal Contract Provisions, and require the submission of Contractor/Subcontractor Registers;
12. Rehab work on a single house must be completed within 60 days of construction start. If not, reasons for the delay must be documented;
13. No contractor will be awarded more contracts than can be completed in 90 days. (Two contracts in 60 days are the most that many rehab contractors can complete).
14. A mandatory pre-bidders meeting will be conducted to ensure that the potential bidders have a thorough understanding of the project requirements. Bidders may

not contact the Rehab Specialist informally by phone under any circumstances unless an addendum is issued outlining questions asked and the answers were given;

15. Bids will be publicly opened and then evaluated. References for the apparent successful bidder will be contacted. DHCD will be contacted by the Grant Manager to determine if the apparent successful bidder is on the federal or state excluded parties (debarment list). Up to two contracts will be awarded to the most responsive and responsible bidder;
16. Within approximately one week of awarding the contract, a pre-construction meeting will be held; and
17. Once the contractor has executed a contract(s), submitted their performance and payment bonds, and/or provided proof of insurance, a Notice to Proceed will be issued to the contractor.

### ***SELECTING AND QUALIFYING LOCAL CONTRACTORS***

An ad soliciting local contractors will be placed in a local newspaper. Prequalified contractors will be solicited through the newspaper and at the building official's office. This includes minority and women-owned business enterprise ads.

Interested contractors will complete a qualification statement form. The rehab specialist will check references from prior work experience, the status of insurance, and state license, and any complaints made with the Better Business Bureau will be checked once this form is received. Documentation will be placed in the contractor's file, verifying the references were checked. Contractors will receive pre-qualification status once the Housing Rehab Oversight Board has reviewed and approved them.

To be pre-qualified, a contractor must meet the following criteria:

- Must have been in business as a General Contractor for at least one year;
- Must be licensed by the Department of Professional and Occupational Regulation as a Class A, Class B, or Class C contractor, and be licensed in the appropriate trades to be included. Most contractors working on housing rehabilitation projects will be Class B contractors. A Class C contractor may be able to do minor rehabilitation work.
- Must provide good references from at least two jobs similar in work and dollar value to the work on which they are bidding;
- Must have an established credit record with no outstanding or pending judgments or claims;
- Must have a minimum of documented current liability insurance coverage of \$100,000 property and \$300,000 personal injury; and



- The contractor and his crew must have completed lead-safe work practices training or be willing to attend the training as part of the qualification if they desire to bid on pre-1978 homes. Documentation of current training must be provided.
- Have proper licensure, or hire a sub with proper licensure, when asbestos has been identified.

Pre-qualification of contractors will take place continuously with the Housing Rehab Oversight Board reviewing new applicants as needed.

## ***BIDDING PROCESS***

Only pre-qualified contractors will be allowed to bid on projects. All pre-qualified contractors will be given a nearly equal number of bidding opportunities. Bids must be solicited from at least three (3) contractors for each contract. Only sealed bids received by the stated time will be considered. Bids submitted by email or fax will not be accepted. Bids will not be accepted past the stated time for the close of receipt of bids. No verbal modifications or clarifications of bids will be allowed after the bids are opened. Withdrawal of a bid by a contractor after it has been submitted is allowed only as described in the *Virginia Public Procurement Act*.

At a minimum, the Housing Program Administrator and the Rehab Specialist must attend the bid opening. All bids must be opened publicly and read aloud at the time stated in the advertisement. A bid tab form will be prepared to compare the base and individual exception prices and the Rehab Specialist's estimate, signed by the Housing Program Administrator and Rehab Specialist, and showing the Rehab Specialist's recommendation for contract award.

Of the complete and accurate bids received, the lowest responsive and responsible bidder who is in good standing with the program will be awarded the job. The Program Administrator must be contacted to confirm the contractor is not listed on the federal debarment list. If the lowest bid is  $\pm 10\%$  of the Rehab Specialist's cost estimate, the Rehab Specialist will prepare a memorandum to the Housing Rehab Oversight Board, justifying the contract award. If the contract is not awarded to the lowest bidder, the reason will also be explained.

Rehab work must be completed within 60 days of the start of construction. If the work is delayed for reasons beyond the control of the contractor, a time extension change order will be issued. No contractor will be awarded more contracts than can be completed in 90 days.

Contractors will be required to bid out the cost of the project by building divisions and sections at a minimum. Bid alternates or separate line items in bid packages will be used to document the cost of exceptions and demolitions. For rehabilitation contracts, all exceptions will be contracted out as a different construction contract. For substantial reconstruction contracts, all exceptions will be part of the base construction contract, but demolition work will be a separate contract. The bid will be opened through a public process.

## ***CONTRACTING PROCESS***

The contract states the owner's responsibility and the contractor's responsibility regarding construction progress. Furthermore, the contract clearly states when the contractor will be finished. The projects will be completed within 60 days of the "Notice to Proceed with Construction" date. A pre-construction meeting with the Contractor, Homeowner, Rehab Specialist, and Housing Program Administrator will emphasize the time frame of the contract and liquidated damages, should the contract not be completed in the specified time. No contractor will be awarded more contracts than can be completed collectively within 90 days.

The homeowner will sign an application addendum early in the application process that specifies the requirements of the program. This includes the applicant shall remove debris from the property before the start of construction. Contractors will be responsible for additional clean-up of debris, including large items and anything the homeowner is, due to health reasons, unable to clean up. This will be included as part of the original bid documents.

All VDH work will be completed before the contractor starts work. Contractors will be required to clean up daily all affected areas on the premises upon completion of work in that area unless the homeowner has been temporarily relocated.

## ***INSPECTIONS***

Preliminary DHCD HRS inspections will be performed independently by the Housing Program Administrator and Rehab Specialist. In addition, the Rehab Specialist will arrange to have the following inspections done:

- an electrical inspection;
- a pre-and post-blower door test;
- a chimney inspection before the work is bid out (as needed)

The Grant Manager will arrange to have the following inspections done:

- a termite infestation inspection; and

- an asbestos report before the work is bid out (as needed); a lead-based paint test (as needed)

Construction inspections will be executed by the local building official, Housing Program Administrator, and Rehab Specialist. It will be the contractor's responsibility to call for the required local building inspections. The Rehab Specialist will visit the site weekly, as needed. He will inspect before approval of any payment requests submitted by the contractor and if a written complaint is received by the homeowner. All weekly and payment request inspections must be properly documented, including date, time, weather conditions, description of work being conducted on-site, estimation as to the percentage of work done, and whether or not the contractor and his/her employees are following Lead Safe Work Practices.

A substantial completion inspection will be conducted by the Rehab Specialist, using the work write-up. The homeowner and the Housing Program Administrator will perform final inspections simultaneously to determine if all the work has been completed to the specification and satisfaction of the Homeowner. The Housing Program Administrator, in consultation with the Rehab Specialist, will issue a punch list to the Contractor. After the Contractor has completed all of the items on the punch list, the Rehab Specialist will conduct a final DHCD HRS inspection and submit the inspection report to the Housing Program Administrator. The Housing Program Administrator will call the Homeowner to confirm the punch list items have been completed to the specification and satisfaction of the Homeowner. The Housing Program Administrator can sign the final completion acceptance if the homeowner refuses to sign on grounds not related to the construction contract.

### ***PAYMENT AND RETAINAGE***

The contractors will complete a payment request that documents the work completed and the amount of money requested. The Housing Program Administrator and Rehab Specialist will approve the payment of the contractor based on a careful review of the request and inspection of the project to certify the work has been completed satisfactorily.

Payment requests (and subsequently drawdown requests) will be made at 50% completion (50% of the contract amount), 95% completion, and the Certificate of Occupancy has been obtained (45% of the contract amount), and the final 5% will be retained until after the Rehab Specialist and the Grant Manager have performed final inspections, correction of all punch list items, the presentation of a final bill and the following documentation:

- Building Permit;

- Building Permit inspections;
- Final Inspection and Certificate of Occupancy;
- Affidavit of Release of Liens;
- Affidavit of Payment of Debts and Claims;
- Register of Contractors, Subcontractors, and Suppliers;
- Register of Assigned Employees;
- All Warranties, including but not limited to HVAC, refrigerator, stove, water heater, and termite treatment;
- CIG Disclosure Report, if the contract, including any change orders, is equal to or greater than \$50,000; and
- Contractor's final payment request showing Rehab Specialist's approval.

Every effort will be made to pay contractors on a timely basis (within thirty (30) days of receipt of the request for payment) and we will handle their complaints efficiently.

### ***CHANGE ORDERS***

All change orders will be reviewed and approved by the Rehab Specialist, who will be responsible for obtaining the contractor's and homeowner's signatures before forwarding the change order to the Grant Manager. The Grant Manager will review and approve it before forwarding it to the Grant Administrator. Change orders will have to be approved by the Grant Administrator before submission to DHCD by the Grant Manager. Change orders will not be approved unless they relate to eligible HRS deficiencies and are reasonable in cost. All change orders will be submitted to DHCD for approval before obligation except in an emergency situation. Payment for change orders will be made with the final construction draw. A time extension change order will be obtained if the work exceeds 60 days.

### ***HOME MAINTENANCE EDUCATION PROGRAM***

The Housing Program Administrator shall conduct the Home Maintenance Education Program when all of the rehabilitation activity is completed. Preference will be for one-on-one training in the beneficiary's house. If this is not possible, the class shall be conducted in a classroom-type setting. At least one adult from each benefiting household shall be required to attend the class. The requirement to attend this training will be included in all rehab contracts and applications for assistance. During the training, handouts on home maintenance and housekeeping will be distributed to each household, along with household cleaning supplies, a basic tool kit, and items required by the DHCD HRS. Each program beneficiary shall complete this program. The program shall cover the following three areas:

1. Home Systems Maintenance – The following functions shall be provided for the heating, hot water, plumbing, and electrical systems. Discussions shall center on how these items operate, preventive maintenance, common problems, and solutions. How to maintain any installed wells and septic systems will be discussed. The Rehab Specialist will be responsible for the explanation of how the heating system, the plumbing system, the electrical system, and the water heater functions, information on the proper use of these systems, and information on potential common problems and solutions of all new systems with the homeowner at substantial completion of construction. The homeowner will be provided with all warranties e.g.; roofing, doors, windows, siding, etc., and the basic care of each system will be reviewed to ensure maximum life. Demonstration of how-to properly clean and maintain these systems on a routine, seasonal, and annual basis.
2. General Housekeeping Procedures - information shall be provided on routine, seasonal, and annual cleaning, and maintenance procedures. Discussions shall center on when and how to clean, techniques, and materials to use.
3. Household Budgeting and Managing Personal Finances - Information shall be provided on budgeting, banking, utility payments, insurance, predatory lending, and the importance of a will. Discussions shall center on how to develop and follow a monthly household budget.

At least one member of the household will be required to receive maintenance training and budgeting. The requirements of this training shall be included in the Rehabilitation Contract and the application for assistance. This training will be done on an individual basis unless resources (e.g.; cooperative extension) can be utilized, which will provide better training.

Documentation will be placed in the files to include a certification of completion of the home maintenance education program.

### ***TOOL AND CLEANING KITS***

Each household will receive a home maintenance kit containing tools and cleaning supplies.

### ***DEED-OF-TRUST***

The Housing Program Administrator will secure all projects with a Deed-of-Trust, including loans to heir-occupied, life estate properties, and investor-owned properties. Deeds-of-Trust will cover the cost of all improvements, including any exceptions and demolition. They will also include a reference to the Deed-of-Trust-Note. All deeds must

be recorded before the Notice to Proceed with Construction date. The beneficiary's file must contain the original recordation receipt and should contain a notation as to who filed the deed.

## ***LOAN SERVICING***

All loans will be amortized at 0% interest for five years. Loans will be secured with a recorded Deed of Trust that secures the commitment to adhere to the loan, resale, and residency requirements to the title of the house and property. An unrecorded Deed of Trust Note will be completed to document the beneficiary's promises to all commitments made in the Deed of Trust and to stipulate when and how the terms of the loan are to be satisfied. The Housing Program Administrator will be responsible for ensuring the Deed of Trust is recorded. When the terms of the loan are met, the Loan Officer will ensure the Certificate of Satisfaction is issued.

Properties that are sold within the five-year loan period will require the loan to be paid back for the value remaining on the loan unless the buyer who will occupy the property is LMI and agrees to follow the terms of the loan.

The Loan Officer will issue the annual loan statement to the beneficiary that includes:

1. Loan origination date, loan terms, original maturity date, and original loan amount;
2. Forgiven balances;
3. Current maturity date; and

## ***CONFLICT OF INTEREST POLICY***

No work can be done on the property of any person, or his/her immediate family, who has or had decision-making power in the CDBG program from the time the application was planned, developed, and submitted to DHCD to the grant's execution and implementation without DHCD's prior written approval regardless of any prior approval of a Program Design. This includes any elected and appointed officials, Locality employees, and Rehab Board members, in accordance with Virginia and federal conflict of interest requirements.

Furthermore, no construction contract can be awarded to any person or his/her immediate family who has had any decision-making power in this project. This includes an elected and appointed official, Locality employees, and Rehab Board members.

The Housing Program Administrator will notify DHCD in writing as soon as it perceives that a potential conflict of interest exists.

## ***COMPLAINT AND APPEALS POLICY***

During the rehab program, it is probable that homeowners and/or contractors will make complaints. The Rehab Board will follow its written policy for handling disputes and complaints. This policy will be given to each applicant and contractor. The policy is as follows:

1. During the intake and application process, applicants will be informed that if their application is denied, they will be notified in writing that they have thirty (30) days from receipt of such notice to make a written appeal to the Housing Program Administrator. The Housing Program Administrator will review the appeal and issue a written response within fifteen (15) business days. If necessary, the appeal will be further reviewed by the Housing Rehab Board before a final decision is made.
2. Throughout the construction process (before final completion), homeowners and tenants are encouraged to discuss any problems or concerns regarding the program or activities with the appropriate persons, as follows: (a) If a complaint involves construction activities or workmanship, the Rehab Specialist will facilitate problem resolution between parties to the contract; (b) If a complaint involves program design, CDBG regulations, or related policies, the Grant Manager will address these issues. After discussion of such issues, if a solution cannot be reached, the complainants will be advised to issue a written complaint to the Grant Manager within fifteen (15) days. All written complaints and appeals will be addressed within fifteen (15) days of receipt and resolved within thirty (30) days.
3. Upon completion, a one (1) year warranty period will go into effect, as described in the Contract Documents. Homeowners are instructed to make complaints directly to the contractor who performed work on their property (Contact information will be provided by the contractor). If the parties are unable to resolve their problems, the homeowners should issue a written complaint to the Housing Program Administrator within fifteen (15) days. The Housing Program Administrator will notify the locality's appropriate official to resolve the situation.
4. Contractor complaints or disputes, which cannot be resolved verbally with the Rehab Specialist, must be submitted in writing to the Grant Manager. Such complaints will be reviewed by the Housing Program Administrator and Rehab Specialist and may be brought before the Locality and/or Rehab Board. Any complaints or appeals will be resolved within fifteen (15) days in a written response to the parties involved.
5. The Grant Manager will respond to all written complaints and appeals in writing and will include an explanation of the reason(s) for the decision reached information on the next step in the appeals process, and a specified date by which the complainant has to appeal the decision. Appeals of the Grant Manager's decision shall be addressed to the Rehab Board; appeals of that decision shall be

addressed to the locality's appropriate official and appeals to that decision shall be addressed to the Locality. Final appeals shall be addressed, in writing, to the DHCD Community Development Associate Director. The appeal will include a copy of all correspondence that has taken place to date. The appeal will identify the problem and the desired solution. The DHCD will investigate the complaint and respond, in writing, promptly. All involved parties will be copied. Documentation of complaints will be kept on file at the Locality's office.

6. If the complainant requires assistance in putting his or her complaint in writing, the Grant Manager will make assistance available. The same is true for appeals.

## ***RECORDKEEPING***

Persons will be tracked by their name, property address, and LMI and non-LMI status and tracked by extremely low- (0-30%) and very low- (31-50%) income categories when beneficiaries receive a direct benefit such as housing, race, ethnicity, owner-occupied or tenant status, female-head of household (occupied by one or more children under the age of 18), elderly household (62 years of age or older), and disabled household. Data will be further broken down by project activity such as owner-occupied housing rehabilitation, investor-owned housing rehabilitation, substantial reconstruction, and homeownership creation. The property addresses of all vacant structures demolished will also be tracked, along with those individuals who decline to participate.

## ***REVISIONS TO THE PROGRAM DESIGN***

It may be necessary to make minor changes and refinements to the Program Design as the project proceeds. The Grant Administrator is authorized to approve changes to the Program Design. If a major alteration to the Program Design is deemed necessary to better achieve the intent of the program, the Grant Administrator must present the proposed changes to the Locality's governing body for consideration and adoption. Items constituting a major change in the Program Design will include any modification of the types of assistance to be provided and any deviation from the eligibility criteria for assistance.

**ATTACHMENT 1: PROJECT AREA MAP**

**ATTACHMENT 2: HOUSING REHAB OVERSIGHT BOARD BY-LAWS**

**ATTACHMENT 3: PROGRAM INCOME PLAN**

**Duly adopted at the regular meeting of the Chase City Town Council on this \_\_\_\_ day of \_\_\_\_\_, 2024.**

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**Alden Fahringer**