

HOUSING REHAB PROGRAM DESIGN

Warsaw Housing Rehabilitation Project

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Section 1: Program Objective and Guidelines

PROGRAM OBJECTIVE

The objective of the **Town of Warsaw Town Council** and the Housing Rehabilitation Advisory Board is to provide safe, sanitary, and affordable housing in a suitable neighborhood living environment for the residents participating in the **Warsaw Housing Rehabilitation Project**. The housing rehabilitation program will provide financial and technical assistance to qualified residents—who are not financially able to resolve their housing deficiencies—to repair and maintain their homes and ensure lasting benefits for at least 10 years.

PROGRAM GUIDELINES

The **Warsaw Housing Rehabilitation Project** will operate in accordance with written guidelines which have been established as local policies and procedures for the implementation of the housing rehabilitation effort and adopted by both the **Warsaw Town Council** and the Housing Rehab Advisory Board. Every family and individual will be treated with fairness and consistency. The adopted program standards will apply equally to each program applicant.

The **Warsaw Town Council** will appoint five (5) members to the Housing Rehab Advisory Board to assist the Project Manager in overseeing all program activities and to assure that they are carried out fairly and in conformance with the program design. At a minimum, the Housing Rehab Advisory Board will consist of one (1) **Town Council Member**, one (1) **Town Council staff representative**, and one (1) non-benefiting neighborhood resident. The Housing Rehab Advisory Board will a) review the program design and advise the **Town Council** on necessary revisions during the course of implementation; b) serve in an advisory capacity in reviewing application and work write-ups for bidding and contract award; c) review the current list of eligible contractors for bidding on the project; and d) assist **The Town of Warsaw** in securing additional participation from potential applicants and qualified contractors (*see Attachment 1: By-Laws of the Housing Rehab Advisory Board*).

Basic guidelines of the program are outlined below:

- a. Project related non-construction cost (e.g. application intake and processing, inspections, blower door tests, etc.) will be limited to 10 percent of construction cost. Inspection and specification writing are considered non-construction cost. Loan closing and servicing costs are considered construction costs.
- b. The program will not benefit moderate-income persons to the exclusion of low-income persons.
- c. The program will not prioritize beneficiaries in such a manner as to discriminate against minority, elderly, large families and female-headed households.
- d. The program will not require first lien position.
- e. The program will not require contractors to be bonded if adequate credit is established.
- f. The program will execute a rehabilitation contract for all units, which include work specifications, dollar amount of contract, lead-based paint certification and federal contract inserts concerning Equal Opportunity.

- g. The documents securing the applicable lien on the rehabilitated property will require the occupants of the property to participate in a housing maintenance education and training program.

Section 2: Program Staffing

The Project will be implemented by the following positions:

PROJECT ADMINISTRATOR – The **Northern Neck Planning District Commission** will be designated as the CDBG Project Administrator and will be responsible for the overall implementation and the management of the housing rehabilitation program. It will oversee the initial DHCD HQS inspection and oversee the Rehabilitation Specialist, including revisions and approvals of change orders. All positions involved in the project will report directly to the Project Administrator, and the Project Administrator will receive and process complaints as well as record minutes of the monthly meetings.

HOUSING REHABILITATION SPECIALIST – **Tian Construction Group, LLC** will be designated as the Housing Rehabilitation Specialist and will be responsible for the quality and cost control of construction. Specific duties include initial property inspection, completing blower door testing, work write-ups cost estimates, preparation of master Specifications, job specifications bid packages (both rehabilitation and substantial reconstruction), assist with: pre-qualification of contractors, pre-bid and preconstruction conferences, issuing addenda, bidding, recommendations for contract award, construction inspections, change order approval, pay request approval, and closeout of individual projects. In addition, the housing Rehabilitation Specialist will be responsible for obtaining electrical certifications, certifying that housing quality standards violations have been alleviated, and providing lead-based paint certification, asbestos and radon inspection reports to the Project Administrator, and warranties of equipment installed to the homeowners. The Rehabilitation Specialist will assist in the review of the completed work write-up with the property owner and tenant, in the case of rental property, securing a signature from the property owner indicating approval of the proposed improvements.

The Rehabilitation Specialist is also expected to attend Project Management Team and Rehabilitation Advisory Board meetings. The Rehabilitation Specialist will inspect properties designated as relocation resources located in the **Town** to determine if they are decent, safe and sanitary dwellings.

NEIGHBORHOOD REPRESENTATIVES

A non-benefiting neighborhood resident will serve as the Neighborhood Representative on the Housing Rehab Advisory Board and assist in securing applications for housing rehab and serve as a liaison between the Housing Rehab Advisory Board and the management team.

Section 3: Program Eligibility

ELIGIBILITY FOR ASSISTANCE

The eligibility of an applicant shall be determined on the basis of the individual's income, as well as the property location, individual's term of residency or ownership of the property and ability of the property to be rehabilitated. The program will not benefit moderate-income persons to the exclusion of low-income persons. It will not prioritize beneficiaries as to discriminate against large families or female-headed households.

An applicant or tenant must meet the following eligibility “tests”:

PROJECT AREA ELIGIBILITY

The **Warsaw Housing Rehabilitation Project includes five “scattered sites” homes in the Town** (see Attachment 2: Project Map). The applicant must reside in a targeted property or own rental property within the project service area in order to apply for financial assistance for the rehabilitation of their unit.

INCOME ELIGIBILITY

The adjusted gross family income cannot exceed 80 percent of the latest available area median income by family size as issued annually by the U.S. Department of Housing and Urban Development at <https://www.huduser.gov/portal/datasets/il.html> (See Attachment 4)

NOTE: Maximum Income limits will be revised annually as income levels are released by HUD and the current low-moderate income limits will be used.

Adjusted gross family income is defined here as all income from any source to any person residing in the applicant property. Income from wages, salaries, tips, alimony, investment income and interest, retirement, social security, SSL veterans administration, public assistance such as unemployment compensation, welfare, food stamps, aid-to-dependent children and other sources of public assistance will be included in total annual income.

Income Exclusions include:

- a. Income of children under 18 years of age, foster care payments, medical reimbursements, live in aid;
- b. Scholarships, hostile fire pay, training payments, disabled PASS, gifts and housing assistance payments;
- c. Income of an occupant who is 18 years and under or is a full time student and is not the primary income recipient will be deducted from the gross income to determine adjusted gross income.

Non-recurring income will be deducted from gross income to determine adjusted gross income. Examples of this income are the sale of property, stock, one-time survivor benefits, etc.

Additions and deletions from household income will be determined in accordance with Section 8 guidelines.

Income Deletions include:

- a. \$480 for each dependent under the age of 18 years of age; does not include head of household or spouse.
- b. \$400 for any elderly *household* (age 62 years of age or older).
- c. Medical expenses in excess of 3 percent of annual income for handicapped or elderly households.

Both checking and savings bank accounts will be verified to determine if applicant exceeds maximum cash assets of \$25,000. Applicants whose income is between 50 to 80 percent of the median income established for Rehabilitation by HUD Section 8 Income Guidelines will be ineligible for rehabilitation assistance if they have in excess of \$25,000 in reserve, thereby permitting the structure to be rehabilitated without CDBG assistance.

Ten percent (10%) of liquid assets or actual interest earned shall be added to the income in determining eligibility. Current estimated annual book value of second or additional automobiles less than four years old will be added to the assets in determining eligibility.

Applicants will be provided a copy of *Items Needed for Housing Applications* which details the information they should bring with them when they come in to complete an application for assistance.

PROPERTY ELIGIBILITY

Property eligibility includes those structures “Suitable for Rehabilitation” that are not deteriorated beyond the point that they can be brought up to HUD Section 8 Housing Quality Standards (HQS), including VDHCD Supplemental Rehab Standards, within the allowable \$125,000 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 Section 8 and Supplemental Rehab Housing Quality Standards within the \$125,000 per unit. 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 which has major structural conditions due to inadequate original construction or has failing foundation, floor, wall, ceiling, roof and exterior systems. The Housing Rehabilitation Specialist will document specific conditions and make a determination that more than 50 percent of the structure must be demolished in order to comply with the housing quality standards.

Exceptions to the \$125,000 limit may be granted by VDHCD if items are identified as bid alternates.

Qualified Exceptions include:

- a. Bathrooms;
- b. Wells, septic, water and/or sewer connections;
- c. Accessibility improvements for disabled persons;

- d. Changes to the footprint of the house as needed (including relief of overcrowded situations);
- e. Actual lab costs for evaluation of lead dust tests; and
- f. Property demolition as part of a substantial reconstruction.

The total cost of these exceptions, however, must be documented and cannot cumulatively exceed \$20,000 over the basic rehab cost (\$125,000 maximum) or basic substantial reconstruction cost (\$150,000 maximum). Demolition costs are a separate, standalone budget item, but must be reasonable in cost as determined by the Rehab Specialist.

Housing rehabilitation may be considered if the property owner is financially capable of providing the funds required to make up the deficit in the \$125,000 CDBG maximum assistance level and the amount required to accept the lowest responsible bid. The property owner would be required to provide the funds to the **Town** for escrow prior to contract execution with the construction contractor. The amount of funds in escrow would reflect additional funds (10 percent of rehabilitation contract amount) potentially required for change orders as deemed appropriate by the Rehabilitation Specialist. If there were cost savings incurred during the rehabilitation work, the program and property owner would realize these savings proportionately.

Assistance will not be available to travel trailers or properties determined by the Housing Assistance Coordinator to be squatter shacks whereby residency has been established haphazardly and posthaste in order to take advantage of this financial assistance. In order to receive assistance the dwelling must be a year-round residential unit.

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 prior to 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.

OWNERSHIP ELIGIBILITY OF OWNER-OCCUPIED

The housing rehabilitation program is available to single-family owner-occupied structures. The applicant legally owns the property and maintains it as his/her principal residence. A principle residence is defined for purposes of this program as the housing unit in which the individual lives for a minimum of nine (9) months out of the year. **Owner-occupants are required to maintain sufficient insurance coverage to replace or repair the rehabilitated unit should there be a fire or other disaster.**

OWNERSHIP ELIGIBILITY OF INVESTOR-OWNED

The rehabilitation program is also available to single-family and multi-family rental structures within the target area. For multi-family structures participating in the rehab program, at least 51 percent of the units must be occupied by LMI households. CDBG expenditures will be made only in proportion to the number of units set aside for LMI persons. The applicant must legally own the property. Investor-owners of substandard properties will qualify regardless of the investor-owner's income, as long as the units are and will continue to be occupied by LMI tenants.

The rehabilitated properties must be rented to low- and moderate-income occupants, as defined by current HUD Section 8 Income Guidelines, within six (6) months of completed rehabilitation. Displacement of an existing tenant not meeting the income standards by the investor-owner will not be allowed to make his property eligible for participation in the rehab program. A landlord is prohibited from charging a tenant more than 35% of his adjusted annual income for rent and utilities for a structure assisted under this program. Investor-owners will be prohibited from unduly raising their rents. An annual percentage increase will be reviewed by the Housing Rehab Advisory Board and allowed for documented increased cost related to taxes and insurance as long as the rent plus utilities does not exceed more than 35 percent of the LMI tenant's adjusted gross annual income.

The investor-owner will be required to sign an agreement with the **Town** specifying he/she will abide by these rent controls for the term of any lease signed during the lien's term. Investor-owners are required to maintain sufficient insurance coverage to replace or repair the rehabilitated unit should there be a fire or other disaster. Rental properties which become vacant during the lien's term must be rented within three months of vacancy or the loan will be due and payable. Extensions may be granted if the Housing Assistance Coordinator is furnished sufficient evidence documenting good faith efforts to rent the property were initiated immediately upon property availability and are ongoing. During the term of the loan it is the responsibility of the investor-owner to notify the Housing Assistance Coordinator immediately when the unit becomes vacant and to have the potential tenant submit an application to verify income eligibility.

The Town of Warsaw's priority is to rehabilitate owner-occupied single-family houses, followed by single-family rental properties, and lastly multi-family dwellings. Homes that are a threat to life or safety will be addressed first. Homes lacking indoor plumbing will be addressed second.

Section 4: Application Process

SOLICITATION OF APPLICATIONS

Access to submit applications will be afforded to all persons regardless of age, disability, or income. A citizen meeting will be held to provide information on the program to residents within the target area. Additionally, brochures describing the program will be distributed to property owners and residents. Households with literacy problems will be visited to explain the program. A statement regarding the Provision of the Privacy Protection Act of 1976 will be provided each applicant with the assurance that their rights under the Act will be abided by.

Each applicant will be required to provide a statement indicating the names and ages of all household occupants, who will reside in the assisted property.

APPLICATION PERIOD

Applications for LMI owner-occupied housing assistance will be accepted during the initial neighborhood meeting that will outline the housing rehabilitation program and the application procedure. Eligible applications will be scored according to the system shown below. Applications will be ranked based on the number of accumulated points.

<u>Family Characteristics</u>	<u>Points</u>
Female Headed household (1 or more children)	1
Each Dependent Child	1
Elderly (62 years)	2
Disabled (other than elderly)	2
Very low-Income (below 50 percent of median)	2
<u>Structure Characteristics</u>	
Occupied	1
Moderate Repairs Required	1
Significant Repairs Required	2
Lack Indoor Plumbing	5
Life-Threatening Conditions	5

Following determination of income eligibility and housing Board approval, the Housing Assistance Coordinator will provide the Rehabilitation Specialist with a list of homes for inspection including blower door testing and development of a work write-up with owners' signature and a cost estimate. The Rehabilitation Specialist will also prepare the bid packages. The Housing Rehab Advisory Board will be provided with a summary of each applicant and rehabilitation job for its approval prior to notifying contractors for bidding.

The applicant must establish clear title to the property. The owner will have to provide a copy of the deed or mortgage. The owner could, however, provide proof of control of the property if he or she has made payments of property taxes and insurance for a period of three (3)

years immediately preceding application submission. Life estate rights are an acceptable form of ownership, but shall be recorded whenever feasible prior to execution of the loan documents. If title issues arise after the household has been ranked or if the beneficiary is otherwise not ready to proceed promptly, the Housing Rehab Advisory Board may proceed to the next “rehab ready” property owner on the list and return to the higher ranked beneficiary when he or she is ready.

The Housing Assistance Coordinator will determine and document whether an applicant has an emergency situation and will be given priority. Properties found to be lacking complete indoor plumbing will also receive priority ranking.

Applications will be taken on an on-going basis as long as funds are available. As a part of the intake process, applicants will be informed that if their application is denied, they will be notified in writing of this decision and that they have fifteen (15) days from receipt of the notice to make a written appeal to the Grant Manager. Applicants will be informed of the TDD number for the hearing impaired and offered assistance by staff in making written appeals at their request. The Grant Manager will review the facts of the case and respond to an appeal within fifteen (15) days. The Grant Manager may arrange another review of the application by the Housing Rehab Advisory Board.

Contractual Agreements specifying the responsibilities of all parties will be executed prior to the issuance of a Notice to Proceed. Documents, which will be executed, include the deed of trust, promissory note, or loan agreement, if applicable, and the three-party construction contract. All beneficiaries will receive the applicable documents regardless of their ability-to-pay.

Section 5: Structures Eligible for Housing Rehabilitation Assistance

PROPERTY REHABILITATION STANDARDS

All units receiving rehabilitation improvements are restricted to the correction of deficiencies as determined by the DHCD housing Quality Standards (Section 8 Inspection Checklist) and in accordance with the Virginia Department of Housing and Community Development’s Supplemental Rehab Requirements for termite control, chimney safety, debris and trash removal, electrical components function, safety and weatherization, etc.

All properties receiving assistance will be inspected by the Rehabilitation Specialist in adherence to the Property Rehabilitation Standards of this Program. The **Town’s** CDBG Project Manager, or his designee, will be responsible for an initial inspection of all properties eligible for rehabilitation assistance prior to the development of bid packages. All properties rehabilitated will be brought into compliance with DHCD Housing Quality Standards and VDHCD’s Supplemental Rehabilitation Requirements. **Cosmetic improvements will be minimized and related to correcting substandard conditions. Under no circumstances are items such as dens, garages, pools, greenhouses, decks, or extraneous landscaping to be provided with funds from this program.**

SUBSTANTIAL RECONSTRUCTION

If, during the implementation of the housing rehabilitation program, the grant-receiving locality qualifies a family in a dilapidated dwelling which is determined “Unsuitable for Rehabilitation”, the locality will seek VDHCD approval to substantially reconstruct the house on the same site at a cost not to exceed \$150,000 after all other options, including relocation have been fully explored and documented as infeasible. Substantial reconstruction will be pursued only upon written approval from VDHCD. The established policy of VDHCD for substantial reconstruction noted below will be followed:

1. The occupants of the house must be the owner of the property or have life rights to the property.
2. The \$150,000 limit of CDBG funds excluding exceptions for water, sewer, and large family bedrooms.
3. Strategies such as rehabilitation and relocation must be explored and documented as unfeasible before using this option.
4. Dwelling must meet the definition of “Unsuitable for Rehabilitation” per the Program Design.
5. In the case where a contractor has physically begun rehabilitation and discovers that conditions are worse than expected, making the property “Unsuitable for Rehabilitation” by the local definition, the locality may terminate the contract and proceed with “substantial reconstruction” after submitting and having approved a written request to VDHCD which explains the situation.
6. For properties which are determined to be “Unsuitable for Rehabilitation” following the submission of the application to DHCD or during the course of the project, but prior to actual construction, the following process MUST be followed:
 - a. The Rehab Specialist must prepare a written itemized cost estimate of the repairs needed to bring the house to Section 8 Housing Quality Standards and the cost must clearly exceed the limitations in the Program Design, or the Rehab Specialist must document that a structural condition exists which clearly causes the property to meet the definition of “Unsuitable for Rehabilitation” as set forth in the Program Design.
 - b. The Rehab Specialist must prepare plans and specifications for the proposed substantially reconstructed house, and either prepare an itemized cost estimate or secure bids from contractors and suppliers of the cost of the proposed house.
 - c. Information concerning newly constructed houses either in the neighborhood or in similar neighborhoods which are comparable to the proposed substantially reconstructed house must be secured. The information should include the cost, square footage, acreage, and amenities.
 - d. A statement from an appraiser or someone experienced in real estate and familiar with the local housing market must be obtained to assess the estimated value of the proposed substantially reconstructed house, including land.
 - e. The cost of the proposed substantially reconstructed house MUST:
 - f. Be LESS than the estimated cost of rehabilitating the existing house;
 - g. Be 20 percent LESS than the price of comparable newly constructed houses; and

- h. Be LESS than the estimated market value of the property including land after reconstruction.
 - i. A worksheet MUST be submitted to DHCD which provides the cost comparisons listed above. Attached to the worksheet MUST be 1) the rehab cost estimate (or description of the structural defect making the property unsuitable for rehabilitation), 2) the comparable newly constructed house information, 3) the basis for the cost estimate of construction of the reconstructed house, and 4) a copy of the statement of the projected appraised value of the reconstructed house.
7. The substantial reconstructed home must be stick built.

LEAD-BASED PAINT (LBP), ASBESTOS AND RADON

Lead-Based paint may be found in properties constructed prior to 1978 and any owner and tenant of such properties will be appropriately notified of this potential health hazard, especially for children under the age of seven (7). Action will be taken during the rehabilitation process to comply with the federal lead-based paint regulation found in 24 CFR part 35.

As part of the overall housing rehabilitation services, **Tian Construction Group, LLC** will perform lead risk assessment services. Additionally, all rehab contractors will be required to have Lead Renovation, Repair, and Painting Certification; as well as Lead Safe Work Practices Certification. Furthermore, in the event of a temporary relocation; the Rehabilitation Specialist will complete a “LBP Clearance Report”, which shall precede the date of the household’s return to the home. In addition, the temporary relocation resource (place/address) will be documented for the rehab case file by the Rehab Specialist. The above approach will also apply to asbestos present in the home and radon, following the new guidelines being implemented by the Virginia Department of Housing and Community Development.

Section 6: Financial Assistance Available

OWNER-OCCUPIED ASSISTANCE

Assistance to income-eligible owner-occupants interested in housing rehabilitation will be provided through the Project. Income-eligible owner-occupants of the Project Area interested in housing rehabilitation assistance will be provided a forgivable loan for a **five (5) year term at 0 percent interest. A lien must be recorded and tied to a note.**

INVESTOR-OWNED ASSISTANCE

If an investor-owner wishes to participate in the CDBG assistance, the program will improve the property to DHCD Housing Rehabilitation Standards (HRS) expending no more than \$125,000. The landlord will contractually agree to rent the units to LMI tenants for a 15 - year period. The program will rehabilitate the unit to HRS standards. A lien will be placed on the property securing the 15 - year loan at 0 percent interest with 100 percent of the cost forgiven over the term of the loan. Landlords must have an eligible tenant in residence within 6 months of the property being rehabilitated; or else they will be required to repay the loan in full immediately,

minus any amount forgiven to date. Properties receiving Section 8 Rental Assistance will not be considered for this project.

RELOCATION ASSISTANCE

Temporary relocation may be required in a limited number of rehabilitations where the property will require substantial rehabilitation or major rehabilitation. Temporary relocation assistance of up to \$1,000 per household (within the project's budget) will be provided to the occupants in finding and paying for a temporary relocation resource, such as a motel, and/or for reasonable moving expenses, or for an on-site storage trailer used to store the occupants' personal property.

Section 7: Contracting Procedures

CONTRACTOR SOLICITATION

General contractors will be solicited by the Rehabilitation Specialist and the Grant Administrator to participate in the Housing Rehabilitation Project via newspaper advertisement and direct correspondence to contractors who are currently working in this area or have been pre-qualified for housing rehab projects. Public notices and outreach efforts will be made to solicit participation of local, female-owned and minority businesses.

CONTRACTOR'S QUALIFICATIONS

Contractors must be Commonwealth of Virginia Class A or B registered. Minimum liability insurance requirements are at least \$100,000 property damage and \$300,000 personal injury. Contractors will also be required to demonstrate creditworthiness. A list of approved contractors will be established and approved by the Housing Rehab Advisory Board. Additional pre-qualified contractors may be added to the list with Advisory Board approval during the course of the project. No contract will be awarded to a contractor until he/she has met all qualifications criteria.

Failure to perform under and comply with the terms of the construction contract will be documented by the Rehabilitation Specialist. The Housing Rehab Advisory Board can vote to bar a contractor from future bidding based on staff recommendation and/or public complaint. A correspondence to the contractor from the Rehabilitation Specialist and Project Manager will be sent by certified mail detailing the problems and the specific reasons for this action.

PRE-BID ACTIVITIES

An informational meeting will be held by the Rehabilitation Specialist for interested contractors, both prime and sub. All Federal, State, and local guidelines and requirements will be discussed. HUD Section 8 Housing Quality Standards, master specifications, bidding procedures, work process and payment schedules will be reviewed. The rehab projects will be grouped together in phases for bidding purposes in the most effective manner to ensure timely implementation of the program.

BIDDING PROCESS

All work and materials will be procured through competitive bidding. Bid packages will be provided to all contractors which will include detailed bidding procedures for contractor to follow in preparing and submitting their bids, and rehabilitation specifications with cost estimates. No prime contractor may have more than two (2) jobs under construction at any one time, although, the Housing Board may waive this limitation at its discretion based on the size of the company, the contractor's work experience and ability to complete the jobs in a timely fashion. The Rehab Specialist will conduct a mandatory walk-through of the structure under consideration for bid.

In the event no acceptable bid is received for a particular house, the **Town** may request authority from VDHCD to negotiate a noncompetitive contract with the lowest responsible bidder. The Housing Assistance Board will review and approve the bids prior to the award of the contracts.

CONTRACTING PROCESS

The Property Owner, Contractor, and the **Town** will enter into a construction contract, which includes an agreement, general conditions, and Federal contract conditions. All local and state licenses and permits will be required for each job. All work must be completed **within sixty (60) days of the contract date, or within ninety (90) days for a substantial reconstruction project**. Extensions of this time period are subject to the Rehab Specialist's approval and shall be for causes beyond the contractor's control such as inclement weather or material availability.

Change orders are deletions or additions to the specifications made through an addendum to the rehabilitation contract. Change orders will be initiated only by the Rehabilitation Specialist for work that was not foreseen prior to construction (conditions obscured by walls, floors, etc.). Change orders will not be executed without signed authorization and agreement of the specified work and cost by the Homeowner, Contractor, and Housing Rehabilitation Specialist. Any and all change orders that involve CDBG funds must be approved by VHCD prior to their execution.

During contract execution, the Contractor will be required to submit a Disclosure Statement and will be provided a Monthly Register of Assigned Employees and a Monthly Register of Contractors, Subcontractors and Suppliers which must be completed and provided to the Rehabilitation Specialist during each month he is working on the job.

Section 8: Construction Process

PRECONSTRUCTION CONFERENCE

After bids have been received and a contract has been awarded to the lowest responsible bidder, the Rehab Specialist will arrange a walk-through of the property with the owner and/or tenant and the contractor to insure that all work to be done is understood between the parties, that pertinent questions are answered, that the owner/tenant and the contractor are acceptable to each other, that the schedule of work is acceptable to all parties, and to discuss any disruption of

utilities, removal of debris by the homeowner or tenant, and clean-up responsibilities. Homeowner preference in colors and styles shall be clarified and documented. Disagreements about the work to be performed shall be resolved by the Rehab Specialist.

INSPECTIONS

The Rehabilitation Specialist will make periodic inspections, at a minimum of once a week. An inspection will be made at approximately 50 percent completion in order to authorize partial payment to the contractor for work completed and approved. At the conclusion of the rehabilitation, the Rehab Specialist shall perform a final inspection to make sure that construction activities are completed to his satisfaction and in compliance with the construction contract. Any work items not completed to the Rehab Specialist's satisfaction shall be enumerated on a punch list and delivered to the contractor. Once the contractor has completed the items on the punch list, another inspection shall be performed to ensure completion.

PROGRESS PAYMENTS

Payment will be made according to the drawdown schedule specified in the construction contract. If the homeowner refuses to sign for the release of the final payment, the Project Manager may sign for the homeowner in cases where the refusal is not related to the contract. Portions of work completed and progress payments will be based upon complete work items, not materials delivered to the project, start-up costs, or partial completions. Payments to contractors will be made within thirty (30) days of inspections for work performed.

Release of the final payment will not be made until the Rehabilitation Specialist has received all of DHCD's required contractor paperwork.

Contractor Paperwork required:

- a. Electrical inspection report by a certified electrical inspector;
- b. Exterminator Inspection/Treatment Report;
- c. Chimney Inspection Report; if applicable;
- d. Initial and Final Blower Door Test Reports;
- e. Initial and Final DHCD HQS Inspection Reports, signed and dated;
- f. Progress Inspection Reports;
- g. Payment Approval Inspection Reports;
- h. Punch List Inspection Reports;
- i. Electrical Inspection Report;
- j. Building Permit;
- k. Building Code Inspection Report per CABO;
- l. Affidavit of Release of Liens;
- m. Affidavit of Payment of Debts and Claims; and
- n. Register of Contractors, Subcontractors and Suppliers.

Section 9: Home Maintenance Education Program

It is mandatory that the occupants of each household receiving housing assistance participate in a Town-sponsored housing maintenance education and training course in order to receive instruction and direction in the day-to-day use and routine maintenance of the newly provided facilities and improvements, housekeeping matters, and household budgeting. The program will include two booklets, which provide information covering the three areas listed above. The education program will either be one-on-one training or include formal classes to disseminate information.

All beneficiaries will be required to participate in one form of the educational program following participation in the assistance program.

Home Maintenance Education guidelines:

- a. All households must have one adult present for the entire training session. Each training session shall be "hands on" in nature and take at least four hours, including one hour on budgeting.
- b. There is no exemption for elderly households or households receiving less than \$10,000 in assistance. If a homeowner is physically unable to attend the home maintenance education class, then the training shall be offered at the homeowner's residence.
- c. Sign-in sheets must be used to document attendance by beneficiaries.
- d. When submitting the associated drawdown request, the **Town** shall submit an agenda that outlines the topics covered during the training class, the names of the individual(s) who taught each topic and length of time allocated to each topic, the sign-in sheet and a list of all tools, cleaning supplies and handouts, including warranties, given to the attendees.

Section 10: Security, Loan Servicing and Non-Occupancy

SECURITY REQUIREMENTS

All properties rehabilitated with funds from the CDBG program will be secured with a lien (deed of trust) granted to the **Town of Warsaw**. Owner-occupants of the improved property must agree that if the property is sold, transferred, or otherwise conveyed any time before **the lien's 60-month term** elapses; then they are obligated to repay the full loan amount.

NON-OCCUPANCY

In the case of non-occupancy due to the death or institutionalization of the owner, the heirs have three options. The heirs may pay in full remaining indebtedness and the lien will be removed by the **Town**. Secondly, a family member who qualifies as a low to moderate income (LMI) household may assume the obligation, enter into an agreement with the **Town** and reside in the property as an owner. The third option allows the heirs to rent the property to a qualified LMI family. New lien documents would be executed with the heirs to establish their obligations.

Section 11: Complaint and Appeals Procedure

The complaint and appeals procedure (*see Attachment 3: Complaint and Appeals Procedure*) will be reviewed and adopted by the Housing Rehab Advisory Board, which will review the program and all complaints. A copy of the written procedure will be given to all applicants, beneficiaries and contractors.

Throughout the construction process (prior to final job close-out) homeowners are encouraged to discuss with the Rehabilitation Specialist or Grant Manager any concerns or problems regarding workmanship or construction activities. The Rehabilitation Specialist will facilitate problem resolution between the parties to the contract. If a solution cannot be achieved informally, the parties will be advised to submit their complaint, in writing, to the Grant Manager within fifteen (15) days.

Once a job is officially closed out and the one-year warranty period is in effect, the homeowner should address complaints, in writing, directly to the responsible contractor.

Contractor complaints, disputes and appeals about bids or awards must be submitted in writing as specified in the Invitation to Bid and be in compliance with Virginia Public Procurement Act. Complaints, disputes, or appeals related to building construction and codes may involve use of the County's Board for Building Code Review and Appeals. The Grant Manager must investigate any written complaints and appeals. They must be addressed within fifteen (15) days of receipt and resolved within thirty (30) days.

All complaints and appeals are to be responded to in writing. The response must include an explanation of the reason(s) for the decision reached, information on the next step in the appeals process and how many days from the receipt of notice the complainant has to appeal any decision. Appeals of the Grant Manager's decision should be addressed, in writing, to the

Housing Rehab Advisory Board. Appeals of the Rehab Board's decision should be addressed to the local Chief Administrative Official. Appeals of that decision should be addressed to the local governing body.

If a complaint cannot be satisfactorily resolved, DHCD will be notified. Final Appeals should be addressed, in writing to DHCD. The appeal should include a copy of all correspondence that has taken place to date. The appeal should identify the problem and the desired solution. DHCD will investigate the complaint and respond in writing in a timely manner. All involved parties will be copied.

A record of all written complaints, appeals and decisions must be kept in the contract files at the office of the Grant Manager.

Section 12: Program Design Amendments

During the implementation of the housing assistance program, **Town** staff responsible for the project may find it necessary to make minor changes and refinements as the program proceeds. Examples of these administrative decisions would be annual updates of the Section 8 income Guidelines and the interpretation of eligible income adjustments. If a major alteration to the program design is deemed necessary to better achieve the intent of the program, the staff will provide the proposed changes to the Housing Rehab Advisory Board and the **Warsaw Town Council** for consideration and adoption. Items constituting a major change in the program would include modification of the types of assistance to be provided or the eligibility criteria for assistance. Any major change will be submitted to VDHCD for review and approval. The housing assistance program will be implemented to assure that consistent and equitable assistance is provided to all program participants.

ATTACHMENT 1: By-Laws of the Housing Rehab Advisory Board

ATTACHMENT 2: Project Area Map

ATTACHMENT 3: Complaint and Appeals Procedure

ATTACHMENT 4: Income Limits

The Warsaw Housing Rehabilitation Project Design has been reviewed and duly adopted at the regular meeting of the Warsaw Town Council on this ____ day of _____, 2024.

Josephy N. Quesenberry, Town Manager
Town of Warsaw

Date

**BYLAWS OF THE HOUSING REHAB ADVISORY BOARD
WARSAW HOUSING REHABILITATION PROJECT**

ARTICLE I – THE BOARD

SECTION 1. Name of the Board. The name of the Board shall be the “Housing Rehab Advisory Board.”

SECTION 2. Purpose of the Board. The purpose of the Board shall be to:

1. Recommend policies and procedures that govern the Housing Rehabilitation Program of the **Warsaw Scattered Site Housing Rehabilitation Project**.
2. Approve contractors to perform work related to the program.
3. Approve applicants seeking program assistance.
4. Award construction contracts to complete the work as necessary to rehabilitate and produce housing units within the project area to the Department of Housing and Community Development (DHCD) Housing Rehabilitation Standards (HRS).
5. Address and act on written complaints or disputes that may arise during the grant implementation. The Board will render a written response to the party filing the complaint.
6. Take other action, as permitted by the **Town of Warsaw Town Council**, as necessary and related to the Housing Rehab Program Design in the Project Area.

SECTION 3. Office of the Board. The office of the Housing Rehab Advisory Board shall be in the **Town of Warsaw** Administration Building, but the Board may hold its meetings at such place and times as it may designate.

SECTION 4. Board Members. The governing body of the Housing Rehab Advisory Board shall be appointed by the **Town Council** and consist of a minimum of five members including one member of the **Town Council**, the **Warsaw Town Manager**, and a representative from the community.

ARTICLE II – OFFICERS

SECTION 1. Officers. The officers of the Housing Rehab Advisory Board shall be a Chairman and Vice-Chairman.

SECTION 2. Chairman. The Chairman shall preside at all meetings of the Housing Rehab Advisory Board and have the authority to call special meetings for any purpose. The Chair shall have authority to carry into effect all directions of the Housing Rehab Board and shall have general supervision of the business of the organization. The Chair will serve as liaison with the **Town Council**.

SECTION 3. Vice-Chairman. The Vice-Chairman shall perform the duties of the Chairman in the absence or incapacity of the Chairman; and in case of the resignation or death of the Chairman, the Vice-Chairman shall perform such duties as are imposed on the Chairman until such time as the Housing Rehab Advisory Board shall select a new chairman.

SECTION 4. Election or Appointment. The Chairman and Vice-Chairman shall be elected by the members of the Housing Rehab Advisory Board and shall hold office for the term of the project, or until their successors are elected and qualified.

SECTION 5. Vacancies. Should the office of Chairman and/or Vice-Chairman become vacant, the Board shall elect a successor from its membership at the next regular meeting.

ARTICLE III – MEETINGS

SECTION 1. Regular Meetings. Regular meetings of the Housing Rehab Advisory Board shall be held monthly, or as necessary to conduct project business. The Project Manager or Chairman shall call the meetings. All meetings will take place at the **Town of Warsaw** Administration Building unless members are otherwise notified.

SECTION 2. Special Meetings. The Project Manager or Chairman of the Housing Rehab Advisory Board may, when deemed expedient, call a special meeting of the Board for the purpose of transacting any business designated in the call.

SECTION 3. Quorum. The powers of the Housing Rehab Advisory Board shall be vested in the members. The presence of at least 3 of the 5 appointed members shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, but a smaller number may adjourn until a quorum is obtained. When a quorum is in attendance, action may be taken by the Housing Rehab Advisory Board upon a vote of a majority of the members present. Upon vote, each member including the Chairman shall have one vote.

SECTION 4. Attendance. Members are expected to attend all meetings and should notify the Recorder of any absence in advance.

SECTION 5. Recorder. The Recorder, a staff member of the Northern Neck Planning District Commission or his/her designee, shall have the responsibility for keeping the minutes of the meetings, recording all votes, and providing a record of the proceedings of the Housing Rehab Advisory Board to the **Town of Warsaw** and Department of Housing and Community Development in keeping with their standards.

SECTION 6. Order of Business. At the regular meetings of the Housing Rehab Advisory Board, the following shall be the order of business:

1. Roll Call
2. Reading/Approval of minutes of previous meeting
3. Bills and Communications
4. Unfinished Business
5. Adjournment

All resolutions shall be in writing and shall be copied in a journal of the proceedings of the Housing Rehab Advisory Board.

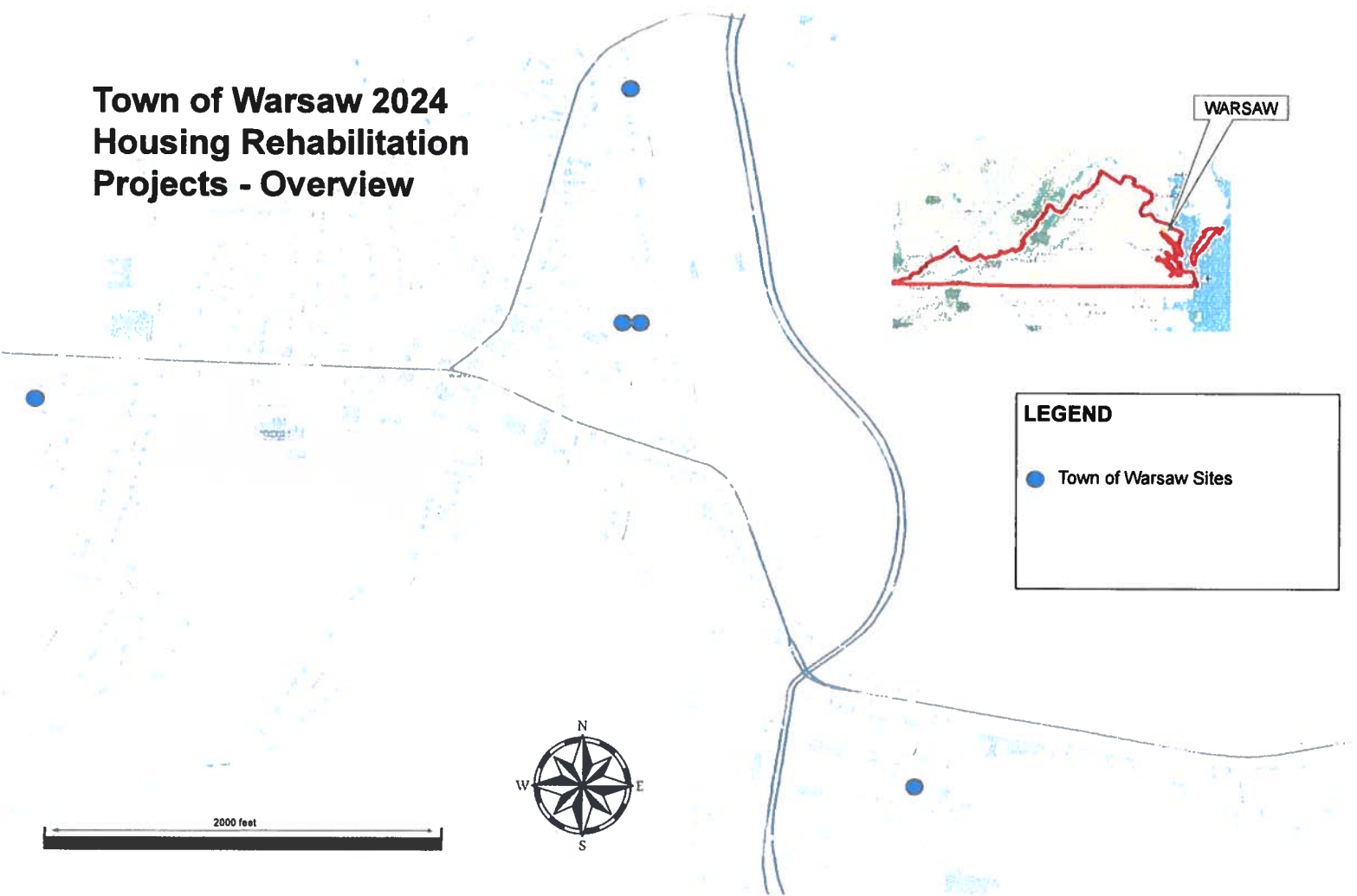
ARTICLE IV – AMENDMENTS

Amendments to the Bylaws. The Bylaws of the Housing Rehab Advisory Board shall be amended by a majority vote of the members present at a regular or special meeting of the Housing Rehab Advisory Board provided that a quorum is present, but no such amendment shall be adopted unless at least five (5) days written notice thereof has been previously given to all the members of the Board.

ARTICLE V – PARLIAMENTARY PROCEDURE

Parliamentary Procedure. *Robert's Rules of Order* shall govern the conduct and procedures at all meetings of the Housing Rehab Advisory Board.

**Town of Warsaw 2024
Housing Rehabilitation
Projects - Overview**



LEGEND

● Town of Warsaw Sites

COMPLAINTS AND APPEALS PROCEDURES

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 Program Administrator. The 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 (prior to final completion), homeowners and tenants are encouraged to discuss any problems or concerns regarding the program or activities to 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 Program Administrator will address these issues. After discussion of such issues, if a solution cannot be achieved, the complainants will be advised to issue a written complaint to the Program Administrator 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 final 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 Program Administrator within fifteen (15) days. The Program Administrator will notify the locality's appropriate officials to resolve the situation.
4. Contractor complaints or disputes that cannot be resolved verbally with the Rehab Specialist must be submitted in writing to the Program Administrator. Such complaints will be reviewed by the Program Administrator and Rehab Specialist, and they may be brought before the Grantee's administrator 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 Program Administrator 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 must appeal the decision. Appeals of the Program Administrator'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 Town Council or Board of Supervisors. Final appeals shall be addressed, in writing, to the DHCD Community Representative. The appeal will include a copy of all the correspondence that has taken place to date. The appeal will identify the problem and the desired solution. DHCD will investigate the complaint and respond, in writing, in a timely manner. All parties involved will be copied. Documentation of complaints will be kept on file in the Program Administrator's office.
6. If the complainant requires assistance in putting his or her complaint in writing, the Program Administrator will make assistance available. The same is true for appeals.

THE COMPLAINTS PROCESS

DENIED APPLICATION

Write the Grant Administrator

Jerry W. Davis, AICP

Executive Director

Northern Neck Planning District Commission

P.O. Box 1600, 457 Main Street

Warsaw VA 22572

(804) 333-1900

Email: jdavis@nnpdc17.state.va.us

DURING CONSTRUCTION

Call the following person that pertains to your complaint

Housing Rehab Specialist: Tian Construction Group, LLC, Phone: (929) 353-9244

Building Official: Clayton Woolard, Phone: (804) 333-3415

Program Administrator: Alex Eguiguren, Phone: (804) 333-1900

If the issue(s) cannot be resolved verbally, write to the Program Administrator: Alex Eguiguren, P.O. Box 1600, Warsaw VA 22572, or aeguiguren@nnpdc17.state.va.us

AFTER CONSTRUCTION

*****One (1) Year Warranty*****

1st: Call the Contractor

2nd: Call the Rehab Specialist: Tian Construction Group, LLC, Phone: (929) 353-9244

3rd: Write to the Program Administrator: Alex Eguiguren, P.O. Box 1600, Warsaw VA 22572,
aeguiguren@nnpdc17.state.va.us

THE APPEALS PROCESS

If you would like to appeal a decision made by the Program Administrator:

1st: Write to the Housing Rehab Board: 78 Belle Ville Ln, Warsaw, VA 22572

2nd: Write the Town Manager: Joseph N. Quesenberry, 78 Belle Ville Ln, Warsaw, VA 22572, (804) 333-3737,
jquesenberry@town.warsaw.va.us

3rd: Write the Town Council: Town of Warsaw, 78 Belle Ville Ln, Warsaw, VA 22572

4th: Write DHCD: Elizabeth Boehringer, Main Street Centre, 600 E. Main St., Suite 300, Richmond, VA 23219



FY 2024 INCOME LIMITS DOCUMENTATION SYSTEM

[HUD.gov](#) [HUD User Home](#) [Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

FY 2024 Income Limits Summary

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Richmond County, VA	\$86,100	Very Low (50%) Income Limits (\$) Click for More Detail	27,550	31,500	35,450	39,350	42,500	45,650	48,800	51,950
		Extremely Low Income Limits (\$)* Click for More Detail	16,550	20,440	25,820	31,200	36,580	41,960	47,340	51,950*
		Low (80%) Income Limits (\$) Click for More Detail	44,100	50,400	56,700	62,950	68,000	73,050	78,100	83,100

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as [established by the Department of Health and Human Services \(HHS\)](#), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2024 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2024 [Fair Market Rent documentation system](#).

RESOLUTION

APPOINTMENT OF HOUSING REHABILITATION BOARD FOR THE TOWN OF WARSAW (DHCD GRANT NUMBER 23-23-14)

WHEREAS, certain actions are required by the Virginia Department of Housing and Community Development (DHCD) as part of Grant Number **23-23-14**; and

WHEREAS, Project management for this grant requires the establishment of a Housing Rehabilitation Board to oversee implementation of the Housing Rehabilitation Program associated with the Grant;

NOW, THEREFORE, BE IT RESOLVED by the Town of Warsaw Town Council this _____ day of _____, 2024, that, a Housing Rehabilitation Board is established for the purposes of overseeing implementation of the Housing Rehabilitation Program associated with DHCD Grant Number 23-23-14 and the following persons are appointed to such Board with such service running concurrent with the duration of the DHCD Grant:

Name	Association
1. Randall L. Phelps	Mayor, Town of Warsaw
2. Ogle E. Forrest, Sr.	Council Member, Town of Warsaw
3. Joseph N. Quesenberry	Warsaw Town Manager
4. Melissa W. Coates	Warsaw Assistant Town Manager
5. Clay Woolard	Richmond County Building Inspector

Adopted on _____, 2024.