

**2009 CDBG
REHABILITATION PROGRAM POLICIES
FOR THE COMMUNITY OF
MORRISTOWN, TN**

INTRODUCTION

This rehabilitation plan sets forth the policies and procedures governing the operation of the *Morristown, TN Housing Rehabilitation Project*.

PURPOSE

This program will make available financial and/or technical assistance for the rehabilitation of all eligible substandard owner occupied housing units located in the target area. Rehabilitation work will correct deficiencies in the eligible home and make the units safe, sound and sanitary for their occupants.

AUTHORITY

The legal authority for this rehabilitation program comes from *the United States Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) program* (the Housing and Community Development Act of 1974) as well as State and local laws.

CONDEMNATION

During the life of this CDBG program in the target area, no houses will be condemned and no persons will be forced to move permanently.

PROGRAM RESOURCES

The source of funds for the undertaking of rehabilitation activities is a grant which the Community has been awarded by the U.S. Department of Housing and Urban Development Entitlement Community Development Block Grant program.

APPLICABLE LAWS

The local governing bodies, contractors, sub-contractors, vendors and applicants for rehabilitation assistance are required to abide by a number of State and Federal laws, and may be required to sign documents certifying their compliance.

- The Civil Rights Act of 1974
- Executive Order 11246 concerning Equal Employment Opportunity
- Standards of Conduct for CDBG Recipients - Conflict of Interest
- Notice of Requirement for Action to Ensure Equal Employment Opportunity
- Standard of Equal Opportunity Construction Contract Specifications
- Certification of Non-Segregated Facilities for Contracts over \$10,000.00
- Title VI of Civil Rights Act of 1964 Provisions
- Section 109 of Housing and Community Development Act of 1974 Provisions
- Section 3 Compliance Provisions
- Age Discrimination Act of 1975 Provisions
- Section 504 Affirmative Action for Handicapped Workers Provisions
- Lead-based Paint Hazard Provisions (Title X)

- Access to Records/Maintenance of Records Provisions
- Conflict of Interest Provisions

ELIGIBILITY REQUIREMENTS

INTRODUCTION

This section sets forth the eligibility requirements for the applicant to receive a rehabilitation grant and describes property to be rehabilitated. Applicant eligibility shall be determined by the program director in accordance with the policies and procedures contained herein. The Morristown City Council shall have the right to waive rehabilitation assistance, limits and eligibility criteria on a case-by-case basis as justified by unique or unusual circumstances or modify these policies and procedures from time to time with the approval of HUD.

DEFINITIONS

The following are definitions of the various terms used herein with respect to eligibility requirements of the applicant and administration of the program:

- | | |
|---------------------------------|---|
| <i>City</i> | Shall refer to the City of Morristown, Tennessee. |
| <i>Community</i> | Shall refer to the City of Morristown, Tennessee. |
| <i>Disability</i> | Receiving disability benefits from Social Security, a pension program, life insurance program, or a total or partial physical impairment which renders the person unable to work. Where there exists reasonable question, a doctor's certification will be used. |
| <i>Elderly</i> | At least 62 years old at the time the grant application was submitted to the State. |
| <i>Female Head-of-Household</i> | A household headed by a female adult who is the sole source of income and all other occupants are dependents. |
| <i>Income</i> | All persons receiving benefits under the program must be of low/moderate income. Income limits for rehabilitation grants are tied to the county/city median income. Income to be reported by an applicant refers to income of the household, which includes income of the applicant, the spouse and other owner occupants residing in the same dwelling unit. |
| <i>LMI Income</i> | Low/moderate income of the residents of <i>Morristown</i> has been established by HUD. |
| <i>Program Director</i> | The City Administrator of The City of Morristown or his/her appointee. |

**PERSONS PER
HOUSEHOLD**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

**ANNUAL INCOME
LIMIT**

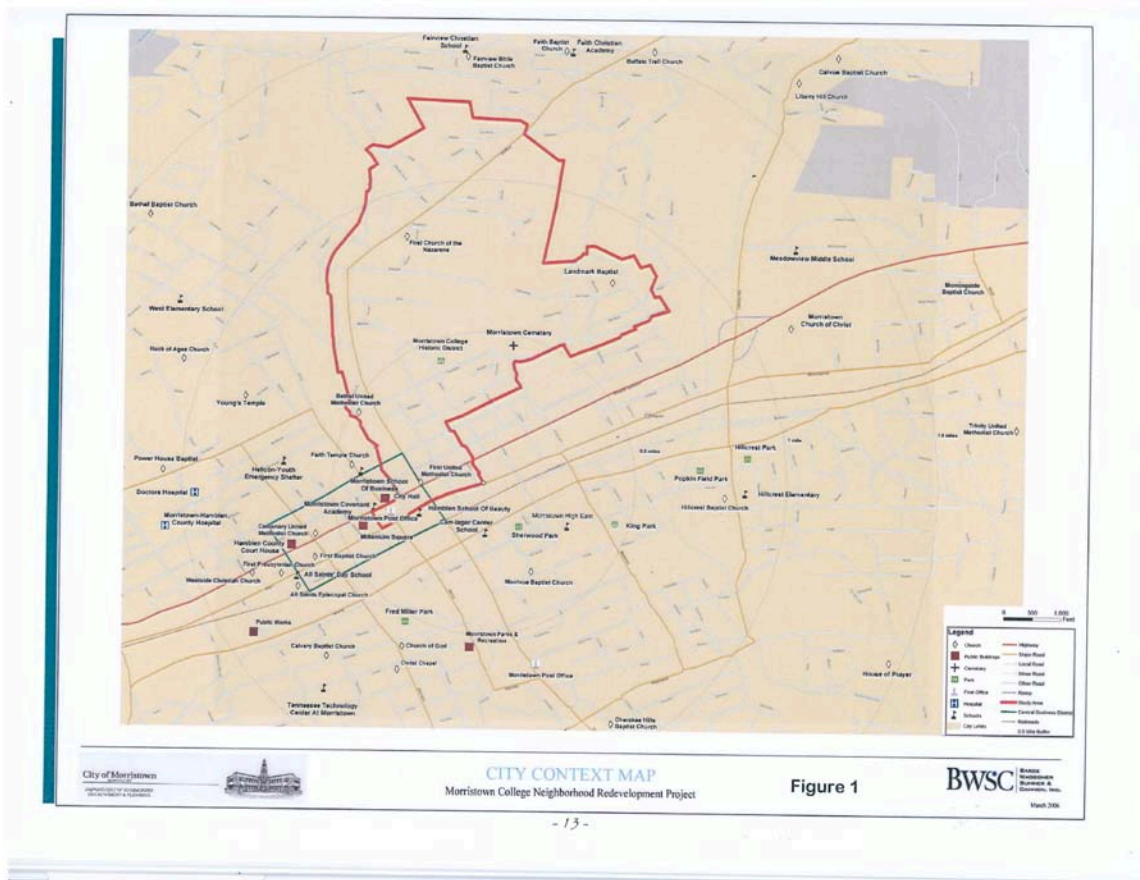
- \$26,700
- \$30,500
- \$34,350
- \$38,150
- \$41,200
- \$44,250
- \$47,300
- \$50,350

Owner-Occupant

A person who occupies a dwelling used entirely for residential purposes who owns the dwelling unit by holding a fee simple title, or life-estate title, for at least one year prior to application.

Target Area

That area which was described in the original application submitted to HUD office of ECD, identified as the Morristown College Neighborhood Redevelopment Project. (Figure 1.)



ELIGIBILITY CRITERIA

The following criteria must be satisfied by all applicants in order to become eligible for a rehabilitation grant.

- The applicant must be of low/moderate income.
- The applicant must have been an owner-occupant of the property to be rehabilitated for a period of not less than one year prior to the date the original application was submitted.
- The applicant must apply for assistance (Exhibit G-2).

PRIORITIZATION OF APPLICANTS

The awarding of rehabilitation grants to eligible applicants will be based on priority according to which households rank the highest during the rating process. Houses will be rehabilitated in descending order, the household with the highest score first, the next household second, and so on until the funds are expended.

RATING SYSTEM

The rating system is based on points. The most eligible household will have the highest number of points. Information for determination of points is taken from the application (Exhibit G-2) submitted by the homeowner. Each application shall be rated.

INCOME/FAMILY SIZE

FAMILY SIZE	ANNUAL INCOME
1	\$26,700
2	\$30,500
3	\$34,350
4	\$38,150
5	\$41,200
6	\$44,250
7	\$47,300
8	\$50,350

If the income based on family size is less than the stated figure, the household will receive extra points.

If 80% to 99% less - add 80 points

If 60% to 80% less - add 60 points

If 40% to 60% less - add 40 points

If less than 40% - add 20 points

NUMBER IN HOUSEHOLD

- 1 5 points
- 2 10 points
- 3 15 points
- 4 20 points
- 5 25 points
- 6 30 points
- 7 35 points
- 8 40 points

NUMBER OF ELDERLY (OVER 62)

10 points per person

NUMBER OF HANDICAPPED OR DISABLED

10 points per person

FEMALE HEAD OF HOUSEHOLD

10 points

NUMBER OF PERSONS 18 YEARS OLD OR YOUNGER

10 points per person

Individual residing in the household can be counted more than once. For example, a child 12 years old (10 pts) who is handicapped (10 pts) would count twenty (20) points.

CONDITION OF THE DWELLING STRUCTURE

Standard	No points
Substandard	30 points
Life threatening due to faulty electrical, roof, foundation or plumbing	50 points
Located in defined target area	30 points
Constructed in 1978 or later	30 points

ELIGIBILITY REQUIREMENTS OF PROPERTY TO BE REHABILITATED

This section sets forth definitions and eligibility criteria of residential property that will be considered for rehabilitation.

DEFINITIONS

The following are definitions of the various terms used with respect to eligibility requirements of property to be rehabilitated.

Dwelling Unit A housing structure which is used entirely for residential

<i>Single Family</i>	purposes. Designed for single-family use, although more than one family may be residing therein, if every resident has access to all parts of the structure.
<i>Substandard</i>	Failing to meet the minimum housing requirements as set forth in the building and housing codes of the Community, or as defined by the application.

ELIGIBILITY CRITERIA

- The dwelling unit must be classified as substandard, based on a written, detailed inspection report by a qualified housing inspector.
- The dwelling must be an owner occupied family dwelling unit.
- Both units of a duplex are eligible if one is owner occupied and the second unit is occupied by a member(s) of the owner's family.
- If the dwelling lies within a flood zone, coverage under the National Flood Insurance Program must be carried by the homeowner.
- Vacant dwellings may be eligible if their owners are eligible, if the dwelling has been vacant due to its substandard conditions, and if the owner will occupy the dwelling upon completion.
- A mobile home is eligible if both the land and the mobile home are owned by the applicant.

DWELLING UNITS LOCATED IN A FLOODPLAIN

All acquisition, relocation, rehabilitation and elevation of dwellings within the floodplain are voluntary. The homeowner can not be forced to relocate. The most desirable goal is a sensible, cost effective approach that relocates as many families as possible from the floodplain to another location.

As a general policy, the city may offer to voluntarily relocate families from the floodplain to new or rehabilitated housing. This relocation housing should meet codes, be at least comparable in size, cost and quality. It may be newly constructed, existing or rehabilitated housing. The city is not obligated to provide relocation housing that is extravagant. The city will acquire and demolish the old dwelling and take possession of the site to prohibit future building in the floodplain.

In as much as the city will offer to buy a comparable or better structure outside of the floodplain, there is little justification for the expenditure of funds to rehabilitate or elevate structures located within the floodplain (which possibly could be flooded the day after they are completed). Only under special circumstances will the city consider repairs to or the elevations of structures located within the floodplain and only with the prior approval of HUD.

**INCOME USED TO DETERMINE ELIGIBILITY
INTRODUCTION**

This section sets forth the basis for determining the income of the applicant and the applicant's household for the purposes of a rehabilitation grant for a residential dwelling unit.

DEFINITION

The total income of the applicant's household as reported on Exhibit G-2 will be used to classify the household for purposes of eligibility.

INCOME OF APPLICANT'S HOUSEHOLD

The income of the applicant's household to be reported for purposes of eligibility is the sum of the income of the applicant, the applicant's spouse, and any other owner occupants.

EXCLUDED MEMBER OF THE HOUSEHOLD

The income of the following persons residing in the dwelling unit will be excluded:

- Applicant's dependents, as defined by Federal income tax law.
- Non-dependent adult members of the applicant's family who have no ownership rights in the dwelling unit, including any person related to the applicants by reason of blood or marriage.
- Any other individual other than applicant's spouse who has no ownership rights in the dwelling unit.

ANNUAL BASIS FOR INCOME DETERMINATION

The income for each individual is to be calculated on an annual basis.

SOURCES OF FUNDS COMPRISING INCOME

The following sources of funds will be included in the determination of annual income of each person whose income is to be used in the establishment of household income for purposes of a rehabilitation grant:

*Gross Wages
or Salary*

The total money earned as work performed as an employee, before any deductions such as income taxes and social security.

*Self-Employment
Income*

The net money income (gross receipts minus operating expenses) from a business enterprise in which the applicant is engaged on his own account.

*Other Income
Regularly Received*

Money income that is regularly received by the person from such sources as social security, retirement or pension funds, insurance policy annuities and any funds regularly received for purposes of rent, current maintenance, or other household expenses that are paid by a resident of the dwelling unit whose income is excluded from the determination of household income.

EXCLUSIONS FROM DETERMINATIONS OF INCOME

The following sources of funds will be excluded in the determination of annual income of each person whose income is to be used in the establishment of household income.

*Educational Benefits
from Social Security*

The income from these payments to minors.

Non-Cash Income

Excluded is compensation received in any other form than cash and the value of items such as food stamps.

*Cash Welfare
Payments*

Welfare payments under Federal, State or local programs are excluded.

*One-Time Unearned
Income*

Sources of one-time unearned income are excluded from the determination of income. For example, accident, health and casualty insurance proceeds.

**TERMS, CONDITIONS AND CONSIDERATIONS
IN AWARDING GRANTS**

INTRODUCTION

This section sets forth certain terms, conditions and considerations which are in effect in the Community housing rehabilitation program.

DETERMINATION OF THE AMOUNT OF THE GRANT

The amount of a rehabilitation grant that an applicant may receive will not exceed:

- The actual and approved cost of the repairs and improvements necessary to make the dwelling unit conform to the housing standards adopted by the City of Morristown.
- The amount and structure of the grant must be consistent with the application Submitted.
- When the applicant is furnishing supplementary funds from other sources, evidence that actual funds are available will consist of verification and documentation by the Community that the applicant has deposited the required amount in the appropriate escrow account. Such deposit must be made before the grant application and any construction work can begin.

DIRECT GRANT

- CDBG funds are used to make outright grants to property owners to cover the full cost of needed rehabilitation work. The owner does not normally make any repayment.

<i>Example</i>	Cost of Rehabilitation Work	\$8,000.00
	Full Grant	\$8,000.00

- To prevent owners from simply selling the property and profiting from the CDBG funded improvements, the owners must repay the program if they sell the property within five years. Part of the owner's obligation is forgiven each year they live on the property.

- Repayment of the rehabilitation grant or relocation shall be based on a twenty percent (20%) reduction of the amount to be repaid per year, according to the

following schedule:

0 - 12 months	100% repayment
after one (1) year	80% repayment
after two (2) years	60% repayment
after three (3) years	40% repayment
after four (4) years	20% repayment
after five (5) years	0% repayment

- A lien (Exhibit G-7) is placed against the property and is activated if the owner attempts to sell within five years.

- If the property is inherited by a blood relative or sold to an eligible person under the guidelines, repayment may be deferred.

If the owner dies during the five year period of the grant and the heir(s) sell the dwelling, then repayment will follow the same schedule as if the owner were alive and selling the dwelling.

OTHER GRANT CONDITIONS

Specific terms and conditions are incorporated in the grant application and the contract documents. The applicant agrees to:

- Allow inspection by the Community of the property and the rehabilitation whenever the Community determines that such inspection is necessary.

- Furnish complete, truthful and proper information as needed to determine eligibility for receipt of rehabilitation grant money.

- The grant is made to the homeowner in the expectation that the homeowner will occupy the dwelling for at least five years as a primary residence and to this end a lien (G-7) is recorded. It is also the intent of the grant that the dwelling not be converted to rental property and this is covered in paragraph 4 of the Lien (G-7).

- Permit the contractor to use, at no cost, existing utilities such as gas, water and electricity which are necessary to the performance and completion of the work.

- Cooperate fully with the Community and the contractor to insure that the rehabilitation work will be carried out promptly.

- Permit the contractor clear access to the dwelling in order to make repairs. If the contractor determines that he can not safely make repairs because the dwelling is filled with debris, junk or personal belongings, then the Community may require the homeowner to remove or authorize in writing the removal of the material before proceeding with rehabilitation work.

- All state and local property taxes must be paid up prior to start of work.

GRIEVANCE PROCEDURE

Disputes between the homeowner, Community and contractor may arise from time to time during the life of the rehabilitation project. In those instances where a mutually satisfactory agreement cannot be reached between the parties the grievance procedure will be followed.

The Grievance Procedure should be made a part of the contract between the homeowner and the contractor.

POLICIES AND PROCEDURES

Grievances relating to policies and procedures of the rehabilitation program.

- The grievance by the homeowner or contractor is to be filed with the program administrator in writing.
- The program administrator will meet with the homeowner/contractor and attempt to negotiate a solution.
- If this fails, the program administrator will forward the complaint and documentation of his attempts to resolve it to the local elected body who shall make a determination.

PERFORMANCE

The rehabilitation contract is between the homeowner and the contractor. The following procedures must be instituted in an effort to resolve any complaints about the performance of the rehabilitation contract:

- The homeowner must contact the contractor initially and inform him of the grievance.
- If this fails, the homeowner must file a written grievance with the City. The project administrator will meet with both the contractor and the homeowner in an effort to reach a mutual solution.
- If this fails, the project administrator should forward the grievance to the local elected board for their deliberation.
- If this fails, the affected party may institute litigation.
- The Community should keep documents and records of the grievance procedure. The Community may release funds to the contractor for items in the work write-up which are complete and undisputed.

THE WRITTEN CONTRACT

The contract and the rehabilitation specifications, along with the housing code report provide the basic document by which the relative merits of any dispute will be judged.

INTEREST OF PUBLIC OFFICIALS

No elected or appointed Federal, State and local official, member of the local governing body, or any other public official or employee who exercises any functions or responsibilities in conjunction with the administration of the housing rehabilitation shall have any interest, direct or indirect, in the proceeds or benefits of the rehabilitation grant program. In those cases where the interest may not be direct or indirect and the conflict of interest is only "apparent", the Community must contact HUD for clarification before proceeding.

KICKBACKS AND DISCOUNTS

No member of the governing body of the Community or any Community employee shall receive kickbacks or discounts from either contractors or property owners in return for special favors in regard to housing rehabilitation.

ELIGIBLE REHABILITATION ACTIVITIES

INTRODUCTION

A rehabilitation grant may be made only to cover the cost of rehabilitation necessary to make an owner-occupied single-family dwelling unit conform to the housing code and adopted by the Community and consistent with the application submitted.

EXISTING CODE VIOLATIONS

Costs includable in rehabilitation grants are the costs of correcting existing housing code violations which have been determined by a qualified housing inspector and formalized in an individualized housing report.

INCIPIENT CODE VIOLATIONS

An incipient violation exists if at the time of inspection an element in the structure which, due to age, deterioration, wear, or normal usage will deteriorate within the life of the grant period and thus become code violations. Costs to correct these potential violations are eligible costs.

PERMITS AND FEES

Rehabilitation funds may be used to cover the cost of building permits and related fees required to carry out the proposed rehabilitation work. However, since the rehabilitation contract documents will require the contractor to pay them, these costs ordinarily would be included in the contract amount. Recording and filing fees are eligible costs.

EQUIPMENT

Rehabilitation funds may provide for the repair or purchase and installation of certain basic equipment necessary for the maintenance of the household in a safe, sanitary and healthy environment. These include such items as heating/air conditioning unit, hot

water tank, electrical and sanitary fixtures, kitchen stove, refrigerator, cabinets and sinks. Purchase and installation is acceptable if there is no such equipment in the dwelling or if the existing equipment is unsafe, unsanitary or non-functional.

DISABLED

The City of Morristown **must** contact HUD if it is considering providing new construction or housing rehabilitation services to a disabled individual and the work write-up must be approved by HUD prior to bidding.

The City should enlist the assistance of a qualified professional who is familiar and knowledgeable with the type of disability the homeowner has and can make suggestions as to the appropriateness of the proposed construction/rehabilitation and its compliance with the Federal requirements.

The standards for new housing construction and rehabilitation for disabled persons are covered by the "Uniform Federal Accessibility Standards" (UFAS) and/or by the American National Standards Institute (ANSI A117.1) "Specifications for Making Buildings and Facilities Accessible to and Usable by Physically Handicapped People".

ENERGY CONSERVATION

All costs associated with weatherization and energy conservation as determined by the housing inspector or TVA.

LEAD BASED PAINT ACTIVITIES

As part of the rehabilitation process the grantee must insure that the appropriate lead based paint regulations are followed, the activities are carried out by appropriately trained and certified individuals, and the results documented. All labor, inspection, testing and material costs are eligible expenses.

FLOOD INSURANCE

Purchase of flood insurance for a period equal to the length of the grant if the property lies in a floodplain.

EXTERIOR PAINTING

Exterior painting is an eligible cost when it is necessary to maintain a watertight exterior on the dwelling. Exterior painting and the addition of siding for cosmetic purposes are not eligible costs.

FIRE ALARMS

All new construction shall include a hard-wired and a battery operated smoke detector. All dwellings being rehabilitated shall, if possible, include a hard-wired smoke detector and must include a battery operated smoke detector.

OTHER COSTS

Vacant, dilapidated houses can be demolished with owner's permission, or appropriate legal action.

The removal of trash, debris, junk cars, and out buildings are eligible activities. Minor efforts to improve drainage and reduce flooding are eligible. Rehabilitation costs not specifically required by the housing rehabilitation standards found necessary for the safety, health and general welfare of the occupants of the structure may be considered for eligibility, with prior consent of HUD.

OWNER-OCCUPIED MOBILE HOMES

In order to be eligible a mobile home (trailer) owner must also own the land upon which the mobile home rests. In general, a mobile home owner is eligible for a new mobile home, manufactured home or a stick built home. Whichever is the most feasible.

INELIGIBLE COSTS

In general, rehabilitation grants shall not be used for:

- New construction, substantial reconstruction, or the finishing of unfinished space such as attics or basements.
- Remodeling, cosmetic, or "General Property Improvements".
- Renovation of dilapidated out buildings.
- Appliances, not required by code standards.
- Materials, fixtures, equipment, or landscaping of type or quality that exceeds that customarily used in the locality for properties of the same general type as the property to be rehabilitated.

WORK WRITE-UP

The City will prepare a work write-up incorporating the code inspection report and documenting on a room-by-room, item-by-item basis the rehabilitation work to be performed by the contractor.

VOLUNTARY RELOCATION AND DILAPIDATED DWELLINGS

Some houses are so dilapidated that when they are bid out for rehabilitation, the cost of rehabilitation is close to or more than the cost of constructing a new house. It really is not cost effective to rehabilitate the structure, and the City would benefit from new construction.

In this case the structure can be acquired, demolished, and a new structure built using relocation funds on the same site, or if necessary, another site.

This is a voluntary program and in the event such would need to occur, the City will contact the Local Field Office of HUD prior to any work proceeding under a contract and follow all procedures and policies set forth per HUD instructions.

HOUSING REHABILITATION SPECIFICATIONS

INTRODUCTION

This section sets forth the responsibilities of the Community for determining the rehabilitation work necessary to bring a dwelling into conformance with the minimum code adopted by the Community, and with the objective of the program as proposed in the application submitted to ECD. The Community will:

- Inspect the property and prepare an inspection list noting code deficiencies.

- Prepare a preliminary work write-up and cost estimate of the work to be done which will correct the code deficiencies.

- Consult with and advise the owner of the work to be done and the availability of a rehabilitation grant.

- Prepare a final work write-up and cost estimate as a basis for a rehabilitation grant and for the bid process in contracting for the rehabilitation work.

PROPERTY INSPECTION AND SPECIFICATIONS CHECKLIST

The Community will have the property inspected and prepare a code report that identifies each deficiency with respect to the housing code adopted by the Community and other deficiencies which may be eligible for correction through the rehabilitation grant. This code report provides a proper basis for the preparation of the work write-up, cost estimate and contract specifications.

WORK WRITE-UP AND COST ESTIMATE

The work write-up and cost estimate is a statement based on the code inspection and itemizes all the rehabilitation work to be done on the dwelling and includes an estimate of the cost of each item. The cost estimate will be reasonable, reflect prevailing labor and material costs, and reflect profit for the contractor.

Dual-Use of Work Write-Up

The write-up will be detailed and specific in style. Each item will be identified as correcting a code violation, meeting a code requirement, or an eligible cost under the grant. This same write-up without the cost estimate will serve as the specifications for the construction contract documents.

Itemizing Costs

Each item of work and its estimated cost will be identified in the work write-up as either correcting a code violation, meeting a code requirement, or eligible under the grant. This will be done on the work write-up by entering the cost

estimates in a columnar arrangement.

Owner Preference A preliminary work write-up need not contain details that have no significant effect on cost, such as color, style or pattern. The term "to be selected by owner" may be used appropriately.

CONSULTATION WITH HOMEOWNER/APPLICANT

The Community will consult with the prospective applicant on the work write-up and cost estimate. The Community will advise the applicant that only work that is directed toward correcting a code violation, meeting a code requirement or an eligible activity can be funded by the grant. The homeowner must understand that "general property improvements" or "cosmetic" improvements are not eligible for funding. The final work write-up (without costs) will be used by contractors for determining their bids and incorporated into the rehabilitation contract documents which the homeowner and contractor will sign. The homeowner should sign each page of the write-up.

CLEARLY WRITTEN SPECIFICATION

The work write-up will be written so that it provides a clear detailed understanding of the nature and scope of the work to be done and a basis for carefully determined bids and proposals from contractors. The homeowner shall have a clear understanding of the nature and scope of the work to be done and any limitations that may exist. The City should refer to the General Conditions and Specifications (Exhibit G-21) where appropriate.

- Each specification will show the nature and location of the work and the quantity and type of material required.

- The specifications will refer to manufacturer's brand names or association standards to identify quality of material and equipment and may make provisions for acceptable substitutes or quality and brand name requirements may be included in the "General Conditions and Specifications" as indicated by reference in the work write-up.

CONTRACTING FOR REHABILITATION WORK INTRODUCTION

This section sets forth requirements and procedures with respect to the construction contracts for housing rehabilitation financed through a rehabilitation grant. Rehabilitation work will be undertaken only through a written contract between the contractor and the property owner receiving the grant.

Form of Contract The construction contract will consist of a single document signed by the contractor and the property

owner, following approval of the grant application. It will contain a bid, the Community's General Conditions and Specifications by reference, the work write-up which specifies the work to be done, and the existing code violations.

Use of Alternatives The document prepared by the Community may contain alternates by which each bidder may increase or decrease the lump sum contract price.

Procurement of Bids The Community will advertise openly and publicly for bids and encourage minority and female owned firms to bid on its projects.

GENERAL CONDITIONS

The bid package will include the following:

- The address, time and date by which the bid should be submitted by the Contractor
- A provision that the bid be accepted by the homeowner within a specified length of time
- A provision that the contractor start work within a specified length of time
- A statement concerning the acceptability of progress payments
- A provision that final payment on the contract amount will be made only after final inspection, acceptance of all work by the City and the homeowner, and after the City receives the contractor's invoice and release of liens, and claims for liens by the subcontractor, laborers and material suppliers for completed work or supplied materials.
- Provisions that the contractor will be required to:
 - Obtain and pay for all permits and licenses necessary for the completion and execution of the work and labor to be performed.
 - Perform all work in conformance with applicable local codes and requirements whether or not covered by the specifications and drawings for the work.
 - Keep the premises clean and orderly during the course of the work and remove all debris at the completion of the work. Materials that have been removed and replaced as part of the work shall belong to the contractor.
 - Not assign the contract without written consent of the City and

homeowner.

- Guarantee the work performed for a period of one year from the date of final acceptance of all work required by the contract. Furthermore, furnish the owner, in care of the Community, with all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under the contract.

- Include a statement as to whether the premises are to be either occupied or vacant during the course of construction work.

- A provision that the contractor may use existing utilities without payment during the course of the work.

DAVIS-BACON FEDERAL WAGE RATES

Single-dwelling housing rehabilitation work is exempt from Davis-Bacon wage rates. However, other projects involving labor associated with the rehabilitation program may require Davis-Bacon wage rates. The City will consult with and obtain approval from HUD prior to bidding these projects.

INSURANCE

The Contractor shall carry or require that there be carried Workmen's Compensation Insurance for all his employees and those of his subcontractors engaged in work at the site in accordance with Tennessee State Workmen's Compensation Laws.

The contractor shall carry or require that there be carried Manufacturer's and Contractor's Public Liability Insurance, in an amount not less than \$100,000 for injuries including accidental death to any one person and for one accident, and to protect the contractor and the subcontractors against claims for injury to or death of one or more than one person because of accidents which may occur or result from operations under the contract. Such insurance shall cover the use of all equipment including but not limited to excavating machinery, trenching machines, cranes, hoists, rollers, concrete mixers, and motor vehicles in the construction of the rehabilitation embraced in their contract. The contractor shall carry, during the life of the contract, Property Damage Insurance in the amount of not less than \$50,000 to protect him and his subcontractors from claims for property damage which might arise from operations under their contract.

Before commencing work, the contractor shall submit evidence of the coverage required to the Community Rehabilitation officer. A certificate of insurance shall be presented as the evidence.

WORK WRITE-UPS, SPECIFICATIONS AND DRAWINGS

The specifications, based on the code inspection, the work write-up and illustrative sketches, if any, covering the specific rehabilitation work for each property to be rehabilitated will be prepared by the City. They will:

- Clearly identify the code violation
- Work to correct those violations
- The Community's estimated cost for rehabilitation
- Any unusual features or limitations
- Will be signed on each page by the homeowner

INELIGIBLE CONTRACTORS

The City may determine a contractor ineligible to bid on projects when:

- There is documented proof that the contractor has not paid material suppliers.
- That the contractor has not completed projects within the allotted time frame.
- When there exist complaints by homeowners about quality of work and performance.

LICENSURE OF HOME IMPROVEMENT CONTRACTORS

The City requires for the life of the CDBG Program that all contractors be licensed. This should be done when the Policies and Procedures are adopted. All construction must be done by a licensed contractor.

PERFORMANCE BOND

A performance bond is not required for CDBG rehabilitation work because the contractor is not paid until the work is complete and approved.

INVITATION TO CONTRACTORS FOR BID AND PROPOSAL

- Announce program and advertise for contractors in local and/or regional newspapers at the beginning of the program and as necessary thereafter.
- Accept applications from contractors throughout the life of the program.

- Develop and maintain a list of contractors, including minority- and female headed firms within the region.
- Notify in a timely fashion in writing all contractors on list when bid packages are available.
- Document when and to whom invitations to bid are sent out and packages picked up.

SELECTION OF A SUCCESSFUL BIDDER

The opening of the sealed bids must meet these conditions:

- The opening must be open to the public.
- The community will establish cost of rehabilitation based on the write-up and then determine a high (plus 15%) and low (minus 15%) range of acceptable bids. The lowest bid will prevail unless it falls outside of the acceptable range. If the bids are too high, the community may reject all bids and rebid the project. The community can not negotiate with a high bidder by eliminating some of the work write-up items to bring the bid down within the acceptable range. The community should remove the items from the write-up and rebid the project. When new construction is bid the low bid shall prevail. However, the community reserves the right to reject any and all bids.
- There must be at least two competitive bids by eligible contractors.
- Minutes of the award and bid tabulations should be appropriately filed.
- Questions concerning contractor eligibility shall be decided prior to opening bids.
- Determine if contractors are debarred or not.
- The City may limit the number of bids awarded to any one contractor at any one bid letting to 3.
- The Community may limit a new/unknown contractor to one award.

AWARD OF CONSTRUCTION CONTRACT

The contract will become effective upon the signatures of the homeowner and contractor and with the Community's endorsement. The Community will distribute the executed contract documents as follows: original to Community, copy to homeowner, copy to contractor.

INSPECTION, CLOSE-OUT AND PAYMENT FOR REHABILITATION WORK

INTRODUCTION

This section sets forth the requirements for inspection, the close-out and final payment procedures for rehabilitation grants.

RESPONSIBILITY FOR MAKING INSPECTIONS

Inspection of construction will be performed by the City or its designate as follows:

- Compliance inspections will be made as often as necessary to assure that the work is being completed in accordance with the Community's building, electrical, mechanical, plumbing, zoning codes and any other related State or local laws and ordinances.
- Terms and conditions of the contract. Inspections will be made as often as necessary to assure that the work being performed is in accordance with the terms of the construction contract.
- A written report will be filed after each inspection.

PROGRESS PAYMENTS AND FINAL PAYMENTS

IF progress payments are allowed by the City, the following conditions exist:

- The funds must be escrowed with the City.
- If the City determined from the inspection that the completed work is satisfactory, the City may issue a progress payment check from the escrow account payable to the contractor.
- No more than one progress payment can be made and the payment cannot exceed 80% of value of the labor and materials used as of the date of inspection.

FINAL INSPECTION

- Upon completion of the rehabilitation work, a final inspection is held, and any uncompleted or work that is unsatisfactory is noted on a final "punch list". When these items are completed, the contract is complete.
- Certification: After the Community determines that the rehabilitation work has

been fully and satisfactorily completed, it will prepare a Certificate of Final Inspection (Exhibit G-14).

- Owner Statement of Acceptance: The homeowner signs the Certificate of Completion and Final Inspection (Exhibit G-14) indicating that he accepts the rehabilitation work as meeting the terms and conditions of the contract.
- Making Final Payments: When the final inspection determines that the work is completed in accordance with the contract and the homeowner has accepted the work, the City will obtain from the contractor a release of liens, including all subcontractors and suppliers, and a copy of each warranty due the owner for the work. The Community may make final payment at that time. The homeowner may refuse to sign the Certification of Completion and Final Inspection form because they feel that some of the work items are not correctly done or complete. They believe that if they sign then the contractor will not make the corrections because he has been paid. On the other hand, it is not fair to the contractor for the whole contract amount he is due to be held up over minor items.

The Community may authorize full payment for those items which are not disputed and acceptable to all parties.

The Community may withhold payment for those items not completed.

If the Community finds, after reviewing item-by-item the work write-up and comparing it to the work actually done, that the contractor has in the Community's opinion, satisfactorily met the conditions of the contract and the Homeowner refuses to sign the Certification of Completion and Final Inspection, the Community may still proceed to pay the contractor. However, the nature of the dispute, those items under dispute, and their dollar amount must be recorded on the Certification of Completion and Final Inspection and signed by the project administrator and a representative of the Community.

ESCROW ACCOUNTS

The City may maintain a CDBG escrow account in order to ensure prompt payments to contractors in accordance with HUD and City policies.

NOTICE OF COMPLETION (10 DAY NOTICE)

The City must file the Notice of Completion on behalf of the homeowner with the Office of Register of Deeds in the County. (Tennessee Code Annotated 66-11-142)

EXPANSION OF TARGET AREA

Expansion of the target area is considered a change in scope of the project. The City must write to HUD for permission to expand the target area and then follow

the following procedures:

Procedures for Expanding Housing Rehabilitation Target Areas

In general, housing rehabilitation projects which have met their initial contract goals and have sufficient time and funds remaining may request to continue the activities for which they were originally funded.

The City must submit additional material to HUD and request permission to go outside of the original Target Area.

A. Send to HUD a copy of the approval letter from the State Historic Preservation Officer (SHPO). The City should send him the following materials:

1. A narrative/description of what you propose to do.
2. A map showing the old and new target areas.
3. Streetscape photographs of the houses.

Send this material to:

Herbert L. Harper
Executive Director and Deputy
State Historic Preservation Office
Tennessee Historical Commission
2941 Lebanon Road
Nashville, Tennessee 37243-0442

Technical questions may be directed to Joe Garrison at that office (615) 532-1550. After the Historical Commission has reviewed the material and if there are no concerns, they will issue the city an approval letter. Send HUD a copy of that letter.

B. Send a narrative/description to HUD (same as to the SHPO).

C. Send a map to HUD (same as to the SHPO).

D. Send a statement as to why the original Environmental Review is still valid.

E. Statutory Checklist (list source and have signed).

F. Send a completed Cumulative Housing Rehabilitation Report for the original target area.

Conditions

A. The City should clear up any existing monitoring findings.

B. Only LMI (Low-to-Moderate Income) houses are eligible. Submit copies of the target area surveys to HUD.

C. The request should be received in time to allow sufficient time to complete the additional work within the original contract period.

D. If your housing rehabilitation project also contains road paving, or water/sewer work, you may need to do additional surveys and should contact HUD.

LEAD-BASED PAINT ACTIVITIES

OVERVIEW

In 1992, Congress enacted into law the Housing and Community Development Act of 1992. Title X of that Act, the Residential Lead-based Paint Hazard Reduction Act of 1992, is comprehensive lead-poisoning legislation. It switches the focus from the presence of lead-based paint to lead-based paint hazards. Title X defines lead-based paint hazards as “any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, or lead-contaminated paint that is deteriorated or present on accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects.” Title X established specific requirements for action in federally owned or associated housing (pre-1978). On September 15, 1999 HUD published final regulations to implement sections 1012 and 1013 of Title X, which set forth specific policies on lead-based paint hazard reduction in federally assisted and federally owned housing.

The following chapter provides guidance in order to comply with the new HUD regulations. The Department of Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA) regulate LBP activities performed on government owned or assisted properties. The lead-based paint regulations are divided into sections that are called subparts. Subparts “C” through “M” apply to specific programs, such as multi-family mortgage insurance, project-based rental assistance, housing rehabilitation, public housing, tenant-based rental assistance, or acquisition, leasing supportive services or operations. Although all of Title X is applicable to the CDBG program, the most relevant parts of this legislation are Subparts J and K.

SUBPART J - The intent of Subpart J is to eliminate as far as practicable lead based paint hazards in residential property that receives federal assistance for rehabilitation under a program administered by HUD.

SUBPART K - The intent of Subpart K is to eliminate as far as practicable lead based paint hazards in a residential property that receives federal assistance under certain HUD programs for acquisition, leasing, support services, or operation.

DEFINITIONS

ABATEMENT – Any set of measures designed to permanently (at least twenty years) eliminate lead-based paint or lead-based paint hazards.

CLEARANCE EXAMINATION – An activity conducted following lead-based paint hazard reduction activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards, exist in the dwelling unit or worksite. The clearance process includes a visual assessment and collection and analysis of environmental samples.

INTERIM CONTROLS – A set of measures designed to temporarily reduce human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based maintenance activities, and the establishment and operation of management and resident education programs.

LEAD-BASED PAINT HAZARDS – Any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.

LEAD-BASED PAINT INSPECTION – A surface by surface testing of all painted, shellacked, or varnished surfaces to determine the presence or absence of lead.

PAINT TESTING – The process of determining, by a certified lead-based paint inspector or risk assessor, the presence or the absence of lead-based paint on deteriorated paint surfaces or painted surfaces to be disturbed or replaced.

RISK ASSESSMENT – An on-site investigation to determine the existence, nature, severity, and location of lead-based paint hazards; and the provision of a report by the individual or firm conducting the risk assessment explaining the results of the investigation and options for reducing lead-based paint hazards.

SAFework PRACTICES – Hazard reduction using approved methods of paint stabilization, occupant protection, specialized cleaning.

STANDARD TREATMENTS – A series of hazard reduction measures designed to reduce all lead-based paint hazards in a dwelling unit without the benefit of a risk assessment or other evaluation.

REQUIREMENTS FOR REHABILITATION ASSISTANCE (SUBPART J)

Subpart J of Title X deals specifically with rehabilitation. The requirements in regards to lead-based paint are dependent on the cost of the rehabilitation. HUD designates three categories of rehabilitation: property receiving less than or equal to \$5,000, property receiving between \$5,000 and \$25,000, and property receiving more than \$25,000.

Cost of the site preparation, occupant protection, relocation, interim controls, abatement, clearance and waste handling attributed to lead-based paint hazard reduction are not be included when determining cost of rehabilitation. The following is a breakdown of what is required for each of these three categories in pre-1978 units:

PROPERTIES RECEIVING LESS THAN OR EQUAL TO \$5,000 PER UNIT

1. Provide the household with a copy of the pamphlet *Protect Your Family From Lead in Your Home*.
2. Conduct paint testing of surfaces to be disturbed or presume the presence of lead-based paint. If testing shows the absence of lead-based paint, safe work practices and clearance are not required.
3. Implement safe work practices during rehabilitation and repair any disturbed paint.
4. After completion of rehabilitation, conduct clearance testing of the worksite. Clearance is not required if rehabilitation did not disturb painted surfaces greater than the “de minimis” levels set forth by HUD.
 - a. “De minimis” levels:
 - i. 20 square feet on exterior surfaces
 - ii. 2 square feet in any one interior room or space
 - iii. 10% of the total surface area on an interior or exterior type of component with a small surface area, window sills, baseboards, and trim.
5. Notify the household of the results of the clearance testing.

PROPERTIES RECEIVING BETWEEN \$5,000 AND \$25,000 PER UNIT

1. Provide the household with a copy of the pamphlet *Protect Your Family From Lead in Your Home*.
2. Conduct paint testing of surfaces to be disturbed or presume the presence of lead-based paint.
3. Perform a risk assessment in the dwelling unit receiving federal assistance and in associated common areas and exterior painted surfaces before rehabilitation begins. A visual assessment may be made if presuming the presence of lead based paint.
4. Perform interim controls and all lead-based paint hazards identified by the paint testing and risk assessment, as well as lead-based paint hazards created as a result of the rehabilitation work, or use Standard treatments.
5. After completion of rehabilitation, conduct clearance testing of the entire unit

and common areas.

6. Notify the households of the results of the clearance testing.

PROPERTIES RECEIVING MORE THAN \$25,000 PER UNIT

1. If the homeowner rehabilitation cost estimate exceeds \$25,000, call HUD to discuss.

2. Provide the household with a copy of the pamphlet *Protect Your Family From Lead in Your Home* (LBP-1).

3. Conduct paint testing of surfaces to be disturbed or presume the presence of lead-based paint.

4. Perform a risk assessment in the dwelling unit receiving federal assistance and in associated common areas and exterior painted surfaces before rehabilitation begins.

5. Abate all lead-based paint hazards identified by the paint testing and risk assessment as well as lead-based paint hazards created as a result of the rehabilitation work.

6. After completion of rehabilitation, conduct clearance testing of the entire unit and common areas.

7. Notify the household of the results of the clearance testing.

STEPS TO INCORPORATE LEAD-BASED PAINT PROCEDURES IN HOUSING REHABILITATION

1. Complete the initial walk through and work-write-up.

2. Determine the estimated cost of repairs and the category into which the project falls.

3. Proceed with appropriate paint inspection/risk assessment, or presume the presence of lead-based paint.

4. Incorporate measures recommended by risk assessor into the work write-up. Determine if relocation is necessary.

5. Put the project out to bid.

The bid sheet should differentiate between rehabilitation work and lead work. The costs of site preparation, occupant protection, relocation, interim controls, abatement, clearance and waste handling attributable to lead-based paint

hazard reduction are not to be included in the hard costs of rehabilitation. The two totals will then be added together to arrive at a total bid amount.

6. Relocation of homeowner and furnishings, if applicable.

7. If interim controls or standard treatments are necessary they must be performed by a person trained in accordance with CFR 1926.59 (Hazard Communication) and either be supervised by an individual certified as a lead-based paint abatement supervisor or have successfully completed one of the following courses: a lead-based paint abatement supervisor or worker course accredited in accordance with 40 CFR 745.225, The Lead-Based Paint Maintenance Program, or The Remodeler's and Renovator's Lead-Based Paint Training Program.

8. After completing work, clearance must be achieved.

9. Move homeowner and belongings back into home.

STANDARD TREATMENTS

There is an alternative to a risk assessment and interim controls when a project falls between \$5,000 and \$25,000. The presence of lead-based paint can be presumed, followed by the implementation of standard treatments. Standard treatments include:

1. **Paint stabilization.** All deteriorated paint on exterior and interior surfaces located on the residential property shall be stabilized or abated.

2. **Smooth and cleanable horizontal surfaces.** All horizontal surfaces, such as uncarpeted floors, stairs, window sills and window troughs, that are rough, pitted, or porous, shall be covered with a smooth, cleanable covering or coating, such as metal coil stock, plastic, polyurethane, or linoleum.

3. **Correction of dust-generating conditions.** Conditions causing friction or impact of painted surfaces shall be corrected.

4. **Bare residential soil.** Bare soil shall be treated, unless it is found not to be a soil-lead hazard.

5. **Safe work practices.** All standard treatments shall incorporate the use of safe work practices.

6. **Clearance.** A clearance examination shall be performed at the conclusion of any lead hazard reduction activity.

7. **Qualifications.** An individual performing standard treatments must meet the training and/or supervision requirements of 35.1330(a)(4), trained workers or

workers supervised by certified Lead-based Abatement Supervisor.

OCCUPANT PROTECTION

This section establishes procedures for protecting dwelling unit occupants and the environment from contamination from lead-contaminated or lead-containing materials during hazard reduction activities.

1. Occupants shall not be permitted to enter the worksite during hazard reduction activities, until after hazard reduction work has been completed and clearance, if required, has been achieved.

2. Occupants shall be temporarily relocated before and during hazard reduction activities to a suitable, decent, safe, and similarly accessible dwelling unit that does not have lead-based paint hazards, except if:

a. Treatment will not disturb lead-based paint, dust-lead hazards or soil-lead hazards;

b. Only the exterior of the dwelling unit is treated, and windows, doors, ventilation intakes and other openings in or near the worksite are sealed during hazard control work and cleaned afterward, and entry free of dust, lead hazards, soil-lead hazards, and debris is provided;

c. Treatment of the interior will be completed within one period of 8 daytime hours, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, and treatment does not create other safety, health or environmental hazards; or

d. Treatment of the interior will be completed within 5 calendar days, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, and treatment does not create other safety, health or environmental hazards; and the worksite and the area within at least 10 feet of the containment area is cleaned to remove any visible dust or debris, and occupants have safe access to sleeping areas, and bathroom and kitchen facilities.

3. The dwelling unit and the worksite shall be secured against unauthorized entry, and occupants' belongings protected from contamination by dust-lead hazards and debris during hazard reduction activities. Occupants' belongings in the containment area shall be relocated to a safe and secure area outside the containment area, or covered with all seams and edges taped or otherwise sealed.

ACQUISITION, LEASING, SUPPORT SERVICES, OR OPERATION (SUBPART K)

The purpose of this subpart K is to establish procedures to eliminate as far as practicable lead-based paint hazards in a pre-1978 residential property that receives federal assistance under certain HUD programs for acquisition, leasing, support services, or operation. Acquisition, leasing, support services, and operation do not

include mortgage insurance, sale of federally-owned housing, project-based or tenant based rental assistance, or assistance to public housing.

Notices and Pamphlets – In cases where evaluation or hazard reduction, including paint stabilization, is undertaken, each grantee shall provide a notice to residents. A visual assessment is not considered an evaluation for purposes of this part. The grantee shall provide the lead hazard information pamphlet.

If a dwelling unit receives federal assistance under a program covered by this subpart, each grantee shall conduct the following activities for the dwelling unit and all common areas servicing the dwelling unit and the exterior surfaces of the building in which the dwelling unit is located:

1. A visual assessment of all painted surfaces in order to identify deteriorated paint;
2. Paint stabilization of each deteriorated paint surface, before occupancy of a vacant dwelling unit or where a unit is occupied, immediately after the receipt of federal assistance; and
3. The grantee shall incorporate ongoing lead-based paint maintenance activities into regular building operations.
4. The grantee shall provide a notice to occupants describing the results of the clearance examination.

COST

Costs of lead paint testing, risk assessments, and clearance testing will be paid as soft costs. There is an acceptable range for costs involving these activities that may be approved by HUD and/or the City. Expenses incurred conducting lead activities, interim controls, standard treatments, and abatement may or may not count towards the \$25,000 cap on individual rehab costs; however, these costs will be accounted within the total subsidy limit.

CERTIFICATION

Lead-based paint Inspectors, Lead-based paint Risk Assessors, Lead-based paint Abatement Workers, and Lead-based paint Abatement Supervisors must be certified by the Tennessee Department of Environment and Conservation (TDEC).

A listing of these certified Lead professionals is available from the DEC office:

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Division of Solid Waste Management

Fifth Floor, L & C Tower

401 Church Street

Nashville, Tennessee 37243-1535

Tele: 1-888-891-8332