

# Housing Rehabilitation Program Procedures

## HOW FAMILIES APPLY TO WAITING LIST

All interested County, City of Manassas and City of Manassas Park homeowners who are interested in being considered for housing rehabilitation services are mailed a Neighborhood Rehabilitation Program Questionnaire (copy attached) along with an information sheet and brochure on the program available by the Office of Housing and Community Development.

When the questionnaire is returned the Community Preservation & Development Manager reviews the questionnaire to determine the number of deficiencies of the property, income eligibility and if household resides at property. If household does not live in property to be considered for rehab the property is not eligible. The Community Preservation & Development Manager will then add the household to the appropriate waiting list (County, Manassas City or Manassas Park) based upon ranking of property. The waiting list is rank ordered, based upon the number of deficiencies of each property, income, if the household is elderly, handicapped or disabled and then by date and time. The questionnaire is then filed in the County or appropriate City waiting list folder to match the order of the ranked waiting list. If a household currently has a Prince William County housing rehab lien on their property for work performed previously, they will not be eligible to receive assistance until that lien has been satisfied. As rehabilitation funds become available, the Community Preservation & Development Manager will select the next highest ranked household on the waiting list and assigned that household to a Community Development Specialist with a case number.

The following chart is an example of how questionnaires are ranked.

CRITERIA #1	CRITERIA #2	CRITERIA #3	CRITERIA #4	
Number of Deficiencies	Income	Special Needs EHD	Date and Time	Name
8	Moderate	None	1/2/99	Joe Smith
7	Extremely Low	Yes	11/1/98	Reanetta Jones
7	Low	Yes	10/4/98	Sam Car
7	Moderate		1/5/99	Sarah Elliott
7	Moderate		2/1/99	David Moore
2	Low		1/23/97	Hope Mine

**NOTE:** Between November 1<sup>st</sup> and March 31<sup>st</sup>, applicants who have no heat and no other problems will be placed at the top of the list to replace or correct their heating system only.

## NOTIFYING FAMILIES THAT ARE SELECTED FOR PARTICIPATION

After reviewing County/City tax records for property ownership and verification that taxes have been paid the Community Development Specialist will notify households that are preliminarily selected to participate in the Community Development Block Grant Neighborhood Rehabilitation Program. The Neighborhood Housing Rehabilitation application, along with requested verifications is mailed to the homeowner(s) with a deadline date to return the information. When the application and verifications are returned the Community Development Specialist will determine if the household meets income level criteria (latest Prince William Area Median Income Chart). If the household is income eligible, the household will be sent a letter notifying them of the date and time that an inspection of the property will take place. The day before the appointment, the Community Development Specialist will call the household to remind them of the appointment. If the household has determined that they are no longer interested in participating, a withdrawal letter is sent to confirm the household's intentions.

## **INTERVIEW HOUSEHOLD**

Community Development Specialist (CDS) explains to the household the goal and purpose of the program and the desired accomplishments (HQS, energy conservation, preventive maintenance, etc.) as well as lead-based paint requirements and how the funds are to be repaid. The "Standard Rehab Items Checklist" is discussed with the household and signed by the household. If there are items on the checklist that the household does not want performed, they are indicated by the homeowner. The application is reviewed with the household to ensure that the application has been completed correctly and that there are no omissions. If mortgage or taxes are in arrears, household would have 30 days to correct and provide OHCD verification. If verifications are not provided family would be denied assistance and would have to reapply to waiting list. The household should provide the following verifications, if applicable (this is not the complete list):

- Last Federal Income Tax return; or
- Statement from employer, Social Security, Veteran Administration, Pension, etc., as to monthly/yearly gross earnings; and
- Last checking/savings/money market/stock statement; and
- Deed(s) of Trust to property to verify ownership and liens on property; and
- Verification that the taxes on their property are paid or waived; and
- Most recent mortgage statement to show balance owed.

After interviewing the household and completion of application, a list is left with the household of what verifications are still necessary to complete their application. Verifications that the household does have available are taken to make copies for files.

## **HOUSEHOLD INCOME ELIGIBILITY**

When all verifications have been provided, Community Development Specialist will calculate the household's income and assets to determine income eligibility based upon the latest HUD income guidelines. [Prince William Area Median Income Chart]. Income and assets will be calculated using the Section 8 Rental Assistance guidelines.

## **LEAD-BASED PAINT REQUIREMENTS**

The new federal regulations described in 24 CFR Part 35 Subpart J-Rehabilitation require that lead hazard evaluation and reduction activities be carried out for all properties built before 1978 that are receiving rehabilitation assistance.

- ◆ **Lead Hazard Evaluation**. A risk assessment, paint testing or a combination of these to determine the presence of lead-based paint hazards or lead-based paint.
- ◆ **Lead Hazard Reduction**. Activities designed to reduce or eliminate exposure to lead-based paint hazards through methods including interim controls, standard treatments, or abatement.
- ◆ **Clearance**. An activity conducted following lead-based paint hazard reduction activities to determine that the hazard reduction activity is complete.

The requirements for rehabilitation correspond to the following three approaches to lead hazard evaluation and reduction. Larger rehabilitation jobs must meet more stringent requirements than smaller ones. The three approaches are:

1. **Do Not Harm**. Perform the rehabilitation in a way that does not create lead hazards.
2. **Identify and Control Lead Hazards**. Identify lead-based paint and hazards and use a range of methods to address the hazards.
3. **Identify and Abate Lead Hazards**. Identify lead-based paint hazards and remove them permanently.

The following table summarizes the requirements of the new regulations:

<b>Estimated Cost of Rehab</b>	<b>&lt;or = \$,5000</b>	<b>\$5,000 - \$25,000</b>	<b>&gt; \$25,000</b>
<b>Approach to Lead Hazard Evaluation and Reduction</b>	Do not harm	Identify and control lead hazards	Identify and abate lead hazards
<b>Notification</b>	Yes	Yes	Yes
<b>Lead Hazard Evaluation</b>	<ul style="list-style-type: none"> <li>◆ Paint Testing of surfaces to be disturbed by rehab</li> </ul>	<ul style="list-style-type: none"> <li>◆ Paint Testing of surfaces to be disturbed by rehab</li> <li>◆ Risk Assessment</li> </ul>	<ul style="list-style-type: none"> <li>◆ Paint Testing of surfaces to be disturbed by rehab</li> <li>◆ Risk Assessment</li> </ul>
<b>Lead Hazard Reduction</b>	<ul style="list-style-type: none"> <li>◆ Repair surfaces disturbed during rehab</li> <li>◆ Safe work practices</li> <li>◆ Clearance of worksite</li> </ul>	<ul style="list-style-type: none"> <li>◆ Interim Controls</li> <li>◆ Safe work practices</li> <li>◆ Clearance of unit</li> </ul>	<ul style="list-style-type: none"> <li>◆ Abatement</li> <li>◆ Safe work practices</li> <li>◆ Clearance of unit</li> </ul>
<b>Options</b>	<ul style="list-style-type: none"> <li>◆ Presume lead-based paint</li> <li>◆ Use safe work practices on all surfaces</li> </ul>	<ul style="list-style-type: none"> <li>◆ Presume lead-based paint and/or hazards</li> <li>◆ Use standard treatments</li> </ul>	<ul style="list-style-type: none"> <li>◆ Presume lead-based paint and/or hazards</li> <li>◆ Abate all applicable surfaces</li> </ul>

The following **Notification Requirements** apply to all units receiving Federal assistance for rehabilitation.

- ◆ **Lead Hazard Information Pamphlet and Disclosure**. Unit occupants must receive the HUD/EPA/CPSC pamphlet "Protect Your Family From Lead in Your Home" or an EPA-approved alternative. The pamphlet provides educational information describing lead-based paint or lead-based paint hazards, owners must notify tenants or prospective purchasers.

- ◆ **Notice of Hazard Evaluation and Reduction.** Unit occupants must be notified of any lead hazard evaluation results (or the presumption of lead-based paint/hazards) and of the hazard reduction activities and clearance.

Each unit must be evaluated to identify lead hazards. The required method of evaluation depends on the level of rehabilitation assistance (see above chart). Methods include paint testing of surfaces to be disturbed by rehabilitation and conducting a risk assessment. This process is called **Lead Hazard Evaluation.**

**Lead Hazard Reduction** depends upon the level of assistance. Specific actions required include:

- ⇒ **Repair of Paint Disturbed During Rehabilitation.** Includes repairing disturbed paint and applying a new coat of paint.
- ⇒ **Interim Controls and Standard Treatments.** Includes addressing friction and impact surfaces, creating smooth and cleanable surfaces, encapsulation, removing or covering lead-based paint components, and paint stabilization.
- ⇒ **Abatement.** Abatement involves permanently removing lead-based paint hazards, often through paint and component removal and enclosure.
- ⇒ **Safe Work Practices.** Safe work practices must be used for all work on all lead-based paint surfaces. Safe work practices are required on interior spaces larger than 2 ft.<sup>2</sup> and on exterior surfaces larger than 20 ft.<sup>2</sup>.
- ⇒ **Clearance.** Clearance must be performed by a certified professional to check if rehabilitated units are safe for future occupants.

### **Calculating the level of Rehab Assistance**

The lead hazard evaluation and reduction activities required for rehabilitation projects depend on the level of rehabilitation assistance received by the project. The level of assistance is determined by taking the lower of:

- ✓ Per unit rehabilitation hard cost, or
- ✓ Per unit Federal assistance

To make this determination, it is helpful to understand several terms:

- ◆ **Rehabilitation Hard Cost.** The rehabilitation cost are calculated using only hard cost such as windows, doors, roof, etc. They do not include soft costs such as financing fees, credit reports, title binders and insurance, recordation fees, legal and accounting fees, appraisals, architectural and engineering fees, administration costs, relocation costs, environmental reviews, acquisition of property or the lead hazard evaluation and reduction cost.
- ◆ **Lead Hazard Evaluation and Reduction Cost.** Lead hazard evaluation and reduction cost include costs associated with the site preparation, occupant protection, relocation, interim controls, abatement, clearance, and waste handling attributable to lead-based paint hazard reduction.

- ◆ **Federal Assistance.** The Federal assistance includes all Federal funds provided to the project. This also includes funds from program income, but excludes funding such as low-income housing tax credits funds (LIHTC) or non-Federal HOME match funds.

Note that when making this calculation, the use of Federal funds is not relevant. Simply compare rehabilitation costs with the Federal assistance. The following examples illustrate this concept:

1. A single family home is being rehabilitated for a total of \$6,000 (hard cost). The owner is receiving a \$2,000 low-interest loan from the County's CDBG program. The level of assistance is \$2,000.
2. A family is purchasing a home. They are receiving \$10,000 in assistance for the downpayment, closing cost, and rehabilitation cost. The hard costs of rehabilitation are \$6,000. The level of assistance is \$6,000.

To calculate the level of assistance for multifamily properties, per unit cost must be determined. The following example illustrates:

A 10-unit property is being rehabilitated for hard cost of \$200,000. The property receives \$150,000 in CDBG funds. Additional funding comes from private sources. All units are federally assisted.

- The per unit Federal assistance for this project is  $\$150,000/10 \text{ units} = \$15,000$ .
- The per unit rehabilitation hard cost are  $\$200,000/10 \text{ units} = \$20,000$ .
- Therefore, the level of assistance is \$15,000 (the lesser of \$15,000 and \$20,000).

In projects that involve both Federal assistance and non-assisted units, the calculation is more complex because the cost of rehabilitating common areas and exterior surfaces must be allocated appropriately. To calculate the correct level of assistance, take the following steps:

The per unit rehabilitation hard cost are calculated  $A/AU + B/TU$ .

- A = Rehabilitation hard cost for all assisted units (not including common/exterior areas)
- B = Rehabilitation hard costs for common areas and exterior surfaces
- AU = Number of federally assisted units in project
- TU= Total number of units in project

Example: A 20-unit property is doing rehabilitation for \$160,000. The rehabilitation will include:

- \$40,000 for repairs to the exterior and common area of the building
- \$60,000 to rehabilitate 10 CDBG assisted units, and
- \$60,000 for the unassisted units.

The per unit rehabilitation cost are  $\$60,000/10 \text{ units} + \$40,000/20 \text{ units} = \$6,000 + \$2,000 = \$8,000 \text{ per unit}$ .

### **Property Inspection**

The walk-through inspection is a good opportunity for the Community Development Specialist to begin to identify potential lead hazards. While a more comprehensive evaluation will be carried out later, the Community Development Specialist can become familiar with the location and nature of lead hazards so that they are better able to ensure that the contractors address them properly during the rehabilitation work. Examples of items to look for include:

- ◆ Interior and exterior surfaces with deteriorating paint;
- ◆ All chewable surfaces within reach of small children such as window sills, banisters and chair railings;
- ◆ Friction and impact surfaces such as doors, windows, and floors;
- ◆ Areas of bare soil at the exterior of the building, especially those under deteriorated paint surfaces; and
- ◆ Cause of lead hazards, such as water damage due to leaking pipes or a leaking roof.

Based upon the walk-through inspection, the Community Development Specialist can prepare a cost estimate for the rehabilitation work. The amount of this cost estimate is used with the amount of Federal funding to determine the type of lead hazard evaluation reduction required.

### **Lead Hazard Evaluation Activities**

During evaluation of the property, a determination needs to be made as to whether lead-based paint or hazards exist in the unit and where. OHCD has the option to forego evaluation and presume the presence of lead-based paint and/or lead-based paint hazards.

- ◆ Work up to and including \$5,000 requires paint testing of surfaces that will be disturbed during rehabilitation.
- ◆ Work over \$5,000 requires a risk assessment of the entire unit and paint testing of surfaces to be disturbed during rehabilitation.

Paint Inspectors and Risk Assessors must be certified to conduct evaluations.

### **Post-Evaluation Activities-Notice of Hazard Evaluation and Reduction**

As discussed previously, there are two notices that households must receive: 1) Lead Hazard Information Pamphlet and Disclosure and 2) the Notice of Hazard Evaluation and Reduction. The Community Development Specialist must notify occupants about the results of the lead hazard evaluation within 15 days after the results have been determined. The notification must provide the following information:

1. The presence and location of lead-based paint
2. A description of how occupants can get further information including the full report of the testing methods and results
3. An explanation of the decision to forego evaluation and presume that lead-based paint and/or hazard exists. Occupants must be notified of the reason for making this presumption

For single family properties, the information is provided directly to the homeowners. For multifamily buildings, this information can be distributed to each household or posted in a central location where all residents can access it. The results and the methods of all evaluations must be summarized in a report that is made available to residents if they request it. In some cases, the Paint Inspector or Risk Assessor may be the most qualified person to write the report. Each unit must be evaluated to identify lead hazards. The required method of evaluation depends on the level of rehabilitation assistance (see previous chart). Methods include paint testing of surfaces to be disturbed by rehabilitation and conducting a risk assessment. This process is called Lead Hazard Evaluation.

### **Planning the Work**

Once the location and nature of lead hazards has been determined, the Community Development Specialist can begin to determine how these hazards can be best addressed in conjunction with the regular rehabilitation work. The Community Development Specialist can supervise this planning but may need to include other parties in planning such as the contractor(s), the owner and the Risk Assessor. Key questions to consider when planning rehabilitation that involves lead-based paint include:

- ◆ What is the required level of lead hazard reduction (i.e. interim controls, abatement)?
- ◆ What methods will be used to reduce lead-based paint hazards (i.e. paint stabilization, component removal)?
- ◆ How will lead hazard reduction work be coordinated with the rehabilitation work?
- ◆ Do occupants need to be temporarily relocated to protect them or speed the rehabilitation work?

### **Required Level of Lead Hazard Reduction**

#### **For Work under or equal to \$5,000**

- ◆ Safe work practices must be used for all rehabilitation activities, and paint disturbed during the work must be repaired.

#### **For Work between \$5,000 and \$25,000**

- ◆ Interim controls must be performed on the hazards identified by the risk assessment and paint disturbed during the rehabilitation must be repaired. Interim controls include paint stabilization, dust removal, preventive maintenance that keeps lead hazards from developing, treating some or all friction and impact surfaces, and covering contaminated bare soil. Unless soil has been tested and is found not to be a lead hazard, soil treatments are required. Bare soil can be covered with appropriate covering such as gravel, wood chips, sod or permanent covering. **OR**
- ◆ Standard treatments must be carried out for the entire unit. Standard treatments include:
  - Paint stabilization
  - Smooth and cleanable horizontal surfaces
  - Correction of dust-generating conditions
  - Treatment of bare soil
  - Safe work practices must be used while work is being performed and the unit must pass clearance

**NOTE:** Workers performing Interim Controls and Standard Treatments must meet specialized training requirements

### **For work over \$25,000**

- ◆ Surfaces painted with lead-based paint that are disturbed during rehabilitation and hazards identified by the risk assessment all must be abated. Abatement includes removing lead-based paint from surfaces, enclosure methods, removing and replacing components painted with lead-based paint, and removing and replacing contaminated soil. Of all the lead hazard reduction methods discussed, only abatement methods are considered permanent.
- ◆ Interim controls may be performed on exterior surfaces if those surfaces are not undergoing rehabilitation. **OR**
- ◆ If presuming the presence of lead-based paint and hazards, the surfaces being disturbed during rehabilitation and all applicable surfaces -- deteriorated, friction, impact and chewable surfaces and bare soil surfaces must be abated.

**NOTE:** Workers performing abatement must meet specialized training and certification requirements.

### **Occupant Relocation**

It may be necessary to relocate occupants while the work is being performed. Relocation may be costly, but may be a necessary step to protect the health of occupants. In large part, the decision to relocate is determined by the extent of the rehabilitation and lead hazard reduction work. Relocation may be necessary when rehabilitation requires more than one day, if it affects major portions of the unit or will take place in bathrooms and kitchens (see listing below). Relocation options may include having occupants staying with relatives, providing a hotel room or temporary rental housing. In general, temporarily relocated residents must be reimbursed for reasonable out-of-pocket expenses.

### **When to Temporarily Relocate Occupants**

- ✓ Utilities such as water, electricity and gas are turned off for a period exceeding 8 hours
- ✓ Rehabilitation takes place in the kitchen or available bathroom(s)
- ✓ Extensive rehabilitation in several rooms requiring work over several days
- ✓ A child under the age of 6 occupies the home
- ✓ Occupants cannot be prevented from entering the worksite after hours
- ✓ Debris and dust cannot be contained in the worksite and may spread to occupied areas

### **Supervising Lead Hazard Reduction During Construction**

Staff should be vigilant in overseeing lead hazard reduction work as they are in overseeing rehabilitation. Just as there are visible signs of good and bad rehabilitation work, there are good and bad signs of lead hazard reduction work. The safe work practices are required as part of all lead hazard reduction work (interim controls and abatement). Safe work practices includes:

- ✓ Occupant Protection
- ✓ Worksite Preparation
- ✓ Daily Cleanup
- ✓ Safe Work Practices
- ✓ Worker Protection

**Occupant Protection.** The purpose of occupant protection is to take steps to eliminate the risk to occupants by restricting access to the worksite, containing debris and dust during work, using safe work practices and cleaning the worksite frequently. Occupant protection may mean temporarily relocating occupants.

**Worksite Preparation.** The following measures may be appropriate to reduce the spread of debris and dust to other parts of the dwelling:

- ✓ Sealing doorways with two flaps of poly sheeting;
- ✓ Sealing off vents (if possible);
- ✓ Covering floors and ground with poly sheeting;
- ✓ Covering furniture and shrubs with poly sheeting;
- ✓ Wrapping debris in poly sheeting before disposal;
- ✓ Removing lead-contaminated protective clothing before exiting the worksite; and
- ✓ Posting a warning sign at the entry of each room being treated for lead-based paint hazards when occupants are present. Warning signs on exterior surfaces should be visible 20 feet from the worksite.

**Worker Protection.** The Occupational Safety and Health Administration (OSHA) has regulations that cover works who come into contact with lead. Workers should take proper precautions to protect themselves from lead-based paint hazards, including inhaling dust and avoid taking it home with them on their clothes where it can poison children. Protective measures for workers include:

- ✓ Using safe work practices;
- ✓ Wearing NIOSH-approved respirators; and
- ✓ Wearing disposal gloves, work suites, booties and head coverings.

**Daily Cleanup.** Daily cleanup is crucial to containing debris to the worksite and for reducing occupant and worker exposure to lead hazards. Debris should be disposed of properly each day and excessive amounts of paint chips and dust should be removed. If dust and chips are not removed daily, there is greater chance that they will be tracked to other parts of the dwelling.

**Safe Work Practices.** Safe work methods, such as wet work methods, minimize dust and control the spread of paint chips. Safe work practices are required on interior surfaces larger than 2 ft<sup>2</sup> and on exterior surfaces larger than 20 ft<sup>2</sup>.

**Safe Treatment Methods**

Removal of defective paint by:

- ✓ Wet scraping
- ✓ Wet sanding
- ✓ Chemical stripping off site
- ✓ Replacing painted components
- ✓ Scraping with an infrared or coil-type heat gun with temperatures below 1,100 degree F
- ✓ HEPA vacuum cleaning
- ✓ HEPA vacuum needle gun
- ✓ Abrasive sanding with HEPA vacuum

Covering of defective paint surface with:

- ✓ Durable materials such as wallboard or vinyl siding with joints sealed and caulked

### Prohibited Treatment Methods

- ✓ Open flame burning or torching
- ✓ Machine sanding or grinding without HEPA local exhaust
- ✓ Abrasive blasting or sandblasting without HEPA local exhaust
- ✓ Heat guns operating above 1,100 degree F
- ✓ Dry scraping or sanding except in conjunction with heat guns or within one foot of electrical outlets
- ✓ Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance.

**Abatement.** For an abatement job, the rehabilitation specialist will have to perform inspections before all the work is completed in addition to a final inspection. The specialist should be sure that:

- ✓ All old paint has been removed prior to repainting
- ✓ All surfaces with lead-paint have been marked as lead-based paint prior to enclosure

### **Clearance**

The purpose of clearance is to make sure that the unit is safe for occupants to return. Occupants are not permitted in the work area until it has achieved clearance. Clearance must be performed at least one hour after work has been completed. During clearance, a certified professional will take dust samples and have them tested for lead.

Clearance inspections must be conducted by a certified professional. Certified professionals include certified Risk Assessors, Paint Inspectors and licensed Clearance Technicians. The person conducting clearance must be independent of the contractor who performed the lead hazard reduction work.

During clearance, the clearance professional will complete the following tasks:

1. Conduct a visual assessment of the unit and worksite to identify dust, debris and deteriorated paint.
2. Take dust samples from floors, interior windowsills and window troughs.
3. If work was done to the exterior, visually assess the soil near the worksite.
4. Submit the samples to an NLLAP-recognized laboratory for analysis.
5. Write a report presenting the results of the clearance examination.
6. If the unit does not pass clearance, the inspector will require an additional cleaning and the clearance inspection until the unit passes clearance.

### **Occupant Notification of Clearance**

Occupants must receive the results of the hazard reduction and clearance test within 15 days of completion. The notification of hazard control and clearance includes:

1. A summary of the hazard reduction activities and clearance results.
2. A contact name, address and telephone number for further information.
3. The locations of remaining lead-based paint surfaces and lead hazards.

## **INSPECTION OF PROPERTY**

Community Development Specialist will discuss with the household what they would like to have done to their property along with problems that they have experienced. If the household's request is within the guidelines of the program, then they will be considered for rehabilitation services. Extravagant items like swimming pools, spas, whirlpool tubs, etc. will not be considered. Inspection of property is conducted by using inspection book determining items needing correction due to HQS, energy conservation or preventive maintenance and useful life expectancy (roof, hot water heater, appliances, etc.). The inspection book will provide notes (size, location, corrective action, etc.) for the Community Development Specialist to complete a cost estimate and Work Write-Up for the household to review and for bidding purposes. During the inspection, photographs are taken of the front and back of the property, at a minimum.

## **MINIMUM PROJECT COST**

The minimum project cost of rehabilitation for projects shall be \$2,000. The minimum cost requirement applies to total rehabilitation costs for work and shall not include delivery costs incurred by the County. Eligible rehabilitation costs shall be the sum of the amount of the contracts for the rehabilitation work including any change orders and any related fees required by the project, which may include survey costs and one year's premium for insurance.

## **MAXIMUM PROJECT COST**

Community Development Block Grant (CDBG) regulations state that the maximum federal dollars for housing rehabilitation can not exceed 75% of the replacement cost. Therefore, if the replacement cost of a home is \$100,000, the maximum CDBG funds can not exceed \$75,000. Replacement is determined by identifying the cost of constructing a new housing unit of comparable size (i.e. square footage). The 75% rule for rehabilitation applies to rehabilitation cost only. The cost for lead-based paint testing and correction are not apart of this calculation.

In addition to the federal dollar limitations of the program the County must protect their interest on the investment. The total of all liens on the property and the estimated rehab dollars, including the cost of testing and correcting for lead-based paint, cannot exceed 100% of the assessed or appraised value of the property. Therefore, the County will not accept placement of their lien beyond second place. In situations where the homeowner has both a first and a second trust currently on the property, the program can pay off the second trust and include this amount as a part of the County's lien, taking into consideration that the first and second trust cannot exceed 100% of the assessed or appraised value of the property. The Community Development Specialist will conduct these calculations after he has performed a cost estimate for the rehabilitation work.

*Example:* Household has a first trust for \$50,000 and a second trust for \$30,000. The 1,500 sq.ft. property is assessed at \$100,000. The in-house estimates for rehab are \$15,000 and the lead-based paint testing and correcting are estimated at \$3,000.

First must calculate the 75% rule. The house has 1,500 sq. ft. and the average construction cost per sq. ft. for the area is \$100. The replacement cost would be \$150,000 (1,500 X \$100). Then you take 75% of that replacement cost of \$150,000 which is \$112,500. Since the cost for rehab (including lead testing and correction and paying off the second is estimated at \$48,000, the example would pass the first test.

Second must calculate the test for rehab loan to assessed or appraised value. The property is assessed at \$100,000 minus the first trust would leave \$50,000 maximum.

The 2<sup>nd</sup> trust which must be paid off is \$30,000, therefore the maximum estimated rehab dollars including testing and correcting lead-based paint cannot exceed \$20,000. The County lien on the property would be for \$48,000 (\$30,000 payoff 2<sup>nd</sup> trust and \$18,000 estimated testing, correction of lead and rehab).

## **MANUFACTURED HOUSING (TRAILERS)**

If the total rehabilitation cost, which includes the close for testing and correction of lead-based paint, is more than \$5,000 then the property will not be eligible for rehab. The program does offer rehabilitation services beyond \$5,000 for manufactured housing units.

## **DEMOLITION**

Demolition of buildings and improvements are eligible if the removal of the structure is an integral part of the rehabilitation efforts. If the cleared property is a housing unit a new housing unit to be occupied by low- and moderate-income persons, must be constructed on the same site.

## **COST ESTIMATE & WORK WRITE-UP**

From the inspection booklet, the Community Development Specialist will develop a cost estimate and Work Write-Up. The Work Write-Up will list all items that are to be corrected. This document will be used for bidding and will become a part of the Contract between the household, contractor and the County. A template Work Write-Up is used as a guide in assisting to create a Work Write-Up. An in-house cost estimate will be conducted based upon the Work Write-Up. After the Work Write-Up is completed, it is sent to the household for their review and approval.

## **REHABILITATION STANDARDS**

The following standards shall be the basis for all rehabilitation activities undertaken as part of the Program. Upon completion of a project, the property must comply with the standards established for the program.

- Structural Members – All exterior and interior structural members shall be free from deterioration, and shall be capable of safely supporting the imposed dead and live loads.
- Dwelling Envelope – All elements of the dwelling envelope shall be in a safe and sound condition. Dwelling envelope is defined as the outside surfaces and dimensions of a dwelling.
- Required Plumbing Facilities – Every dwelling shall contain its own bathtub or shower, lavatory, water closet and kitchen sink, which shall be in a safe and functional condition. The lavatory shall be placed in the same room as the water closet or located in close proximity to the door leading directly into the room in which the water closet is located.
- Plumbing Fixtures – All plumbing fixtures shall be properly installed, in proper working order, shall be kept free of obstructions, leaks and defects, and be capable of performing the function for which plumbing fixtures are designed. All plumbing fixtures shall be in a safe and functional condition.
- Water Supply – The water supply shall be free from contamination and to provide a supply of water to plumbing fixtures, devices and appurtenances in sufficient volume and at pressures adequate to enable the fixtures to function properly, safely, and free from defects and leaks.

- Water Heating – Water heating facilities shall be properly installed and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature of not less than 110 degrees F. A combination temperature and pressure relief valve and relief valve discharge pipe shall be properly installed on water heaters.
- Sanitary Drainage Systems – All plumbing fixtures shall be properly connected to either a public sewer system or to an approved private sewage disposal system. The sanitary drainage system shall be properly installed and in proper working order.
- Heating Facilities – Every dwelling shall be provided with heating facilities capable of maintaining a room temperature of 70 degrees F in all habitable rooms. The heating facilities shall be properly installed and in proper working order.
- Electrical Service – Every dwelling shall be served by a main electrical service that is not less than 100 amperes, although 200 are the standard.
- Electrical System Hazards – Where it is found that the electrical system in a dwelling constitutes a hazard to the occupants or the structure by reason of inadequate service, improper fusing, insufficient outlets, improper wiring or installation, deterioration or damage, or for similar reasons, the Community Development Specialist shall require the defects be corrected to eliminate the hazard.
- Electrical Receptacles – Every habitable space in a dwelling unit shall contain at least two separate receptacles of which one can be an overhead light. Every kitchen and bathroom shall contain at least one grounded type receptacle.
- Lighting Fixtures – Every hall, interior stairway, water closet compartment, bathroom, laundry room and furnace room shall contain at least one electrical fixture.
- Handrails and Guards – Every exterior and interior flight of stairs having more than four (4) risers, and every open portion of a stair, landing or balcony which is more than 30 inches above the floor or grade below shall have guards. Handrails shall not be less than 30 inches nor more than 42 inches high, measured vertically above the nosing of the tread or above the finished floor of the landing or walkway surface. Guards shall not be less than 30 inches high above the floor of the landing or balcony. Open guards and handrails shall have balusters or be of solid material such that a sphere with a diameter of 6 inches cannot pass through the opening.
- Stairs – All interior and exterior stairs shall be in sound condition and good repair.
- Chimneys – All chimneys shall be structurally safe and sound, and in good repair.
- Smoke Detectors – All dwellings shall be equipped with at least 1 automatic smoke detecting device on each level installed according to the latest edition of the National Fire Protection Association (NFPA) Standard 74. The device may be battery-operated or hard-wired directly to the electrical system.
- Handicapped and/or Elderly Modifications – Reasonable modifications shall be made to make a dwelling accessible and usable by the physically handicapped or elderly. The "Accessibility Guidelines for Buildings and Facilities" of the American with Disabilities Act shall be used to determine the amount and extent of the modifications.
- Security – Every window on the 1<sup>st</sup> floor shall be lockable (e.g., window units with sash pins or sash locks and combination windows with latches). Every exterior door (i.e., those that provide access to or egress from the dwelling) must be lockable.
- Accumulation of Rubbish or Garbage – The interior and exterior of every unit shall be free from any accumulation of rubbish or garbage.
- Infestation – All dwellings shall be kept free from insect and rat infestation. Approved processes that will not be injurious to human health shall promptly exterminate all dwellings in which insects or rats are found. After extermination, proper precautions shall be taken to prevent reinfestation.
- Hazardous Conditions – Any condition in a dwelling found by the Community Development Specialist to be a hazard to the life, health or safety of the occupants of the dwelling shall be corrected.

## **ENVIRONMENTAL REVIEW**

The Community Preservation & Development Manager will provide all preliminary information necessary for the Federal Compliance Officer to complete an Environmental Review. The Community Development Specialist will complete the Environmental Worksheet for a site-specific environmental review for each property which includes the Flood Plain Assessment using FEMA Flood Rate Maps. If the house was built prior to 1943, the Community Preservation Specialist will provide a photograph of the front and rear of the property to the Historic Preservation Office, with a letter for comments. The response from the Historic Preservation Officer must be provided within 30 days, before Construction Contracts can be entered into. If no response is received from HPO after 30 days, can proceed with Contract.

## **CONTRACTOR REQUIREMENTS**

As a convenience to the property owner, a list of bidders currently active in the Program shall be provided but the owner is under no obligation to select from the list. To be awarded a contract or to be included on the bidder list, the contractor must provide the following:

- Evidence of comprehensive public liability insurance coverage protecting the owner for not less than \$100,000/\$300,000 in the event of bodily injury including death and \$100,000/\$300,000 in the event of property damage arising from the work performed by the contractor. Such evidence of insurance shall be in the form of a certificate from the insurance provider.
- Evidence of workmen's compensation insurance while performing work for the program. Such evidence of insurance shall be in the form of a certificate of insurance from the insurance provider.
- Copy of Commonwealth of Virginia "A" or "B" contractor licenses.
- Copy of Prince William County Business License.
- Resume or Company Profile.
- Three (3) references from property owners who previously had work performed by the contractor.

A contractor shall be removed from the bidder list, with proper written documentation, as a result of any of the following:

- If the contractor fails to respond to six (6) consecutive Invitations to Bid by either not bidding or failure to notify the Community Development Specialist of the reason for not bidding.
- If the contractor violates any terms or conditions of the Program Participation Agreement.
- If the contractor fails to conduct himself or herself in an ethical and/or professional manner in dealings with the County, other contractors, or property owner.

## **BIDDING**

After the household has reviewed and approved the Work Write-Up a Lead Hazard Evaluation must be conducted. This involves paint testing and/or risk assessment. The risk assessment is a through examination of the property with a written report. The report explains the results of the exam and identifies acceptable abatement and interim control strategies. A certified Risk Assessor must perform the risk assessment. Using the risk assessment report, a second Work Write-up is developed to correct potential lead problems. The revised Work Write-Up, (including lead reduction activities and the rehab) can both go out to bid. A letter is sent to household

informing them of the date and time of bid walk-through and bid opening. The bid package is sent to all contractors certified by OHCD as eligible to bid. Before the bid package is sent out the Community Development Specialist will give the file with the bid package to the Community Preservation & Development Manager for signing and review of households eligibility. After signing and review of file, the bid package is sent to all interested parties wanting to bid. Contractors must attend pre-bid walk-through or their bid will not be considered.

- Pre-bid Walk Through: At the walk-through, all contractors must sign in with Community Development Specialist. Contractors and Specialist go over all items listed within the Work Write-Up. If there are changes, then the Work Write-Up is revised with a revision date on each page and the changes underlined and bolded. The revisions are sent to the contractors present at walk-through and the household.
- Bid Opening: Bid opening is open to the public. Each bidder's sealed bid is open and logged on a Bid Talley Sheet. The results of the bid are shared with all parties present. Letters are sent to all interested bidders as to bid results. The homeowner selects the lowest, most reasonable and responsive bid. The Community Development Specialist will send letters to all bidders informing them of the results of the bid and the contractor selected for the job.

## **CONTRACT/LOAN CLOSING**

The following documents are prepared for contract/loan closing by the Community Development Specialist:

1. Construction Contracts
2. Attachment A - Work Write-Up
3. Attachment B - General Conditions for Construction
4. Attachment C (draw schedule provided by contractor)
5. Program Participation Agreement
6. Right of Recession
7. Deed of Trust and Promissory Note are signed and remain un-filed until work is completed. When work is completed the Deed of Trust and Promissory Note are adjusted to reflect actual cost of project and are then filed.
8. Lead-based paint notification
9. \* Request for Construction Payment
10. \* Final Waiver of Lien
11. Owner Selection List

\* Given to contractors when they are found eligible to participate in the Rehab program

When the contract/loan closing documents are completed the packaged documents and file are given to the Community Preservation and Development Manager to review the documents and for signature. At the closing the homeowner and contractor sign the necessary documents. The Community Preservation & Development Manager will setup in-house financial worksheets to verify obligations and disbursement of funds for project. Community Development Specialist, homeowner and contractor sign the Program Participation Agreement. A Deed of Trust and Promissory Note equal to the lead testing/correction and the rehabilitation are prepared by Community Development Specialist and require notarized signatures of homeowner(s).

After all documents have been signed, appropriate copies are sent to homeowner and contractor and OHCD's Finance Division. OHCD Finance Division will prepare a purchase order to encumber the total funds for lead-paint testing and rehabilitation work.

### **PAYMENT REQUEST/CHANGE ORDERS**

All submitted payment requests will be reviewed by Community Development Specialist to ensure that items stated as being completed are indeed completed. Homeowner, contractor, Community Development Specialist and Community Preservation & Development Manager must sign off on all payment requests. Ten (10) percent of each draw is held until 60 days after the final payment, to ensure no problems in workmanship and/or materials. Original payment request with all signatures is given to OHCD's Finance Division for payment. Copies of the executed payment request are sent to homeowner and contractor with a copy for file.

For Change Orders, all parties (homeowner, contractor, Community Development Specialist and Community Preservation & Development Manager) must sign before a change can take place. Community Preservation & Development Manager will increase obligation on in-house financial worksheet. Original is given to OHCD's Finance Division to increase the contract purchase order. Copies of executed change orders are sent to owner and contractor, after all parties have signed with copy for file.

### **CLOSEOUT/FINAL PAYMENT**

Final Payment Request inspections are conducted by Community Development Specialist. The Specialist, along with homeowner, will develop a "punch list" of items contractor will need to correct within 60 days. After 60 days, inspection will be made to ensure that all items have been corrected. If all items are corrected, Community Development Specialist prepares and signs a request for payment of the retainage to OHCD's Finance Division for payment. The payment request and the file is given to the Community Preservation and Development Manager to ensure that the Deed of Trust, Promissory Note and insurance coverage are executed and that the retainage amount is correct. If everything is correct, the Community Preservation & Development Manager will sign the retainage payment and give the file and retainage payment to the Community Development Specialist who will make a copy for the file and give the original to the Finance Division. The payment is listed in the in-house financial worksheets maintained by Community Preservation & Development Manager.

### **FILING OF DEED OF TRUST**

The Deed of Trust will be filed after all work has been completed. The dollar amounts will be adjusted to reflect any change orders during the rehabilitation. Cost for filing of Deed of Trust is \$13 for the first 4 pages and \$1 for each additional page. Also there is a cost of .20 per hundred (always round up to the nearest hundred). Community Development Specialist prepare memo to Accountant II to request a check made payable to "Clerk of Court" for filing of Deed of Trust for each property with dollar amounts. Community Preservation & Development Manager who will list the expense in the financial worksheet for the project sign this notice. A copy of the signed request for a check for the Deed of Trust filing is included in each project file. The Promissory Note signed by the homeowner will not be filed but will be retained in the file.

## **INSURANCE COVERAGE**

Households must provide verification of adequate homeowners insurance coverage with Prince William County listed as a mortgagee. This verification of insurance is needed to protect the County's investment in the event of fire or other disasters. The mortgagee shall be listed as Prince William Board of County Supervisors, C/O Office of Housing and Community Development, 15941 Donald Curtis Drive, Woodbridge, VA 22192. This verification must be provided prior to Final Payment Request inspection conducted by Community Development Specialist.

## **LOAN REPAYMENT**

For rehabilitation (including lead paint evaluation and corrections) between \$1,000 to \$7,999 a forgivable lien will be placed on the property for a period of 5 years. The lien is forgiven at 20 % each year. If the owner transfers the property within the first year of recordation date 100% of the funds are repaid to Prince William County.

For rehabilitation (including lead paint evaluation and corrections) above \$8,000 a forgivable lien will be placed on the property for a period of 15 years. The lien is forgiven at 10% per year, after 6 years. If the owner disposes of the property in the first 6 years 100% of the funds are repaid. After year 6 the amount of the lien is forgiven at 10% per year.

For rehabilitation loans where a 2<sup>nd</sup> trust was paid off. The total of the 2<sup>nd</sup> trust plus all cost associated with the rehabilitation (including lead paint evaluation and corrections) will be a deferred loan. When ownership of the property is transferred the total funds will be repaid.

## **RELEASE OF LIEN**

After being contacted by the finance company or homeowner the Community Development Specialists will calculate the payoff if any on the CDBG lien and inform the requesting party. After receipt of the payoff amount the Community Development Specialist prepares the Release of Lien Form that is signed by the Director of the Office of Housing and Community Development.

At the time that the property is sold, vacated, leased or transferred through inheritance or any other means to any person other than the original parties to the loan, the remaining amount of the loan becomes due and payable to the County. However, upon the death of the original parties, an heir to the improved property shall not be required to make immediate payment if the heir resided in the property at the time of the original application to the Program, or the heir resided in the property at the time of the death of the parties and the heir's total household income does not exceed established income levels.

In the event that an owner wishes to sell the property and there is not enough equity in the property to repay the loan the County would foreclose on the property, even after the sale. With that possibility, the property probably won't look attractive to a potential buyer or lender. With an outstanding Deed of Trust, the property cannot be transferred free and clear.

If the period of time for a forgivable loans (5 or 15 years) is satisfied, the owner at their own expense can have the lien removed.

## **REFINANCE AND SUBORDINATION**

The County will subordinate when a first trust is being refinanced only if the first trust and the County's 2<sup>nd</sup> trust are not above 100% of the assessed value or appraised value of the property and if the loan is for a fixed rate which reduces the monthly payments. No variable rates or balloon financing will be considered.

The Mortgage Company is sent a Refinance Information Sheet and a blank Subordination Agreement, which they complete and return to the OHCD along with an appraisal and a loan application form if applicable. The Refinance Information Sheet verifies the new monthly payment at a fixed rate. Higher monthly payments maybe considered if the homeowner demonstrates their ability to repay the higher amount.

If we approve the subordination of our lien, the Director of OHCD will sign the subordination agreement and the agreement will be forwarded to the Prince William County Attorney's Office for final approval and processing. It normally takes seven to ten days processing time at the County Attorney's Office, dependent upon their workload. Once signed, arrangements can be made for a courier to pick up the document from the County Attorney's Office or the Mortgage Company may include a prepared Fed Ex envelope, including their billing number, for mailing directly from the County Attorney's Office. After settlement of the refinance, the Mortgage Company is required to provide a copy of the recorded subordination agreement for OHCD records.

## **CONFLICT OF INTEREST**

No person who is an employee, agent, consultant, officer, or elected or appointed official of the Prince William County, Manassas City or Manassas Park who exercises or has exercised any function or responsibilities with respect to assisted rehabilitation activities of the Housing Rehabilitation Program or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract , subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves, their immediate family, or with who they have business ties, during their tenure or for one (1) year thereafter.