

Lower Rio Grande Valley Development Council

Hurricane Dolly Community Development Block
Grant (CDBG)

Disaster Recovery Housing Guidelines

For

City of Brownsville

Round 1 Funding

PROGRAM DESCRIPTION: General Provisions of the Program

1. **Purpose of Program:**

- 1.1 The purpose of the Community Development Block Grant Disaster Recovery Program (Program) is to provide housing assistance to those affected by Hurricane Dolly that occurred on July 23, 2008. Financial assistance will be provided for the repair, rehabilitation, reconstruction, demolition and elevation of homes for households who are low to moderate income. The goal of the Program is to provide safe, decent, and sanitary housing by bringing existing Hurricane Dolly affected housing units into compliance with all health and safety codes. When Projects are completed, rehabilitated portions of properties must comply with the local building codes and that the entire structure complies with local health and safety codes and standards and Minimum Property Standards (MPS). All reconstructed and newly constructed housing units must comply with universal design features in new construction, established by §2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Code (IRC) (with windstorm provisions) including compliance with Section 31 of the Federal Fire Prevention Control Act of 1974. Where a conflict arises in the codes, the higher standard will prevail.
- 1.2 In special cases, and only when exiting conditions would mean that replacing a housing unit on the same site would continue or exacerbate an unsafe condition, homeowners may be given a reconstructed home that is on a safe site. Examples of unsafe conditions shall include, but not be limited to, housing located in a special flood hazard area, unsafe soil conditions, environmental hazards that cannot be mitigated, or other conditions that cannot be changed and would continually put occupants in harm's way. LRGVDC will ensure that upon completion, rehabilitated portions of properties comply with local building codes and that the entire structure complies with local health and safety codes and standards, including Minimum Property Standards (MPS). All reconstructed and newly constructed housing units comply with the universal design features in new construction, established by §2306.514 Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code.
- 1.3 LRGVDC will hire contract Administrator to manage the Program in accordance with these Housing Guidelines (Guidelines). LRGVDC may re-allocate program funds and program components (e.g. minor repair rehabilitation, reconstruct) within LRGVDC's Service Area (Brownsville City Limits) as the program is administered if it becomes evident that doing so would better serve the affected communities and their residents.
- 1.4 The LRGVDC will provide repair not to exceed twenty five thousand dollars and no/100 (\$25,000), per unit; and reconstruction not to exceed sixty seven thousand and five thousand dollars and no/100 (67,500) per unit for a minimum of sixteen (16) households. These reconstruction units will be site-built homes.

2. Designated Authority to Administer Program

2.1 This program shall be governed by the State of Texas Action Plan for CDBG Disaster Recovery Grantees (Action Plan) and operate in accordance with all applicable rules and regulations of:

- I. The US Department of Housing and Urban Development (“HUD”);
- II. The Texas General Land Office (“GLO”);
- III. Lower Rio Grande Valley Development Council (“LRGVDC”);

2.2 The Program shall be under the direct supervision of LRGVDC, Kenneth N, Jones, Jr., Executive Director.

3. Program Marketing

3.1 The availability of the Program funds shall be publicized via:

- I. Press release in the local newspapers, including but not limited to the following:
 - (1) Brownsville Herald;
 - (2) Bargain Book
- II. Public Service Announcements (PSAS), which are developed and distributed to
 - a) Local broadcast media, including but not limited to the following:
 - (1) Local radio stations;
 - (2) Local TV stations
 - b) Informational pamphlets, public notices, and outreach targeting special needs group distributed by public or non-profit organizations, including but not limited to the following:
 - (1) Catholic Charities;
 - (2) Good Neighbor Settlement House;
 - (3) Cameron Willacy Counties Community Projects, Inc;
 - (4) Cameron County Indigent Health Services;
 - (5) Public Library;
 - (6) Brownsville Housing Authority
- III. Informational pamphlets, public notices, and outreach, distributed by business groups including but not limited to:
 - (1) Chambers of Commerce;
 - (2) Economic Development Corporations;
 - (3) Mortgage Companies;
 - (4) Real Estate Companies;
 - (5) Lions Club and other Civic Groups

- IV. LRGVDC is strongly committed to providing information in English and Spanish. Every effort will be made to make applications available in English and Spanish. An interpreter of Spanish will be made available to assist in the application process.

4. Affirmative Marketing Plan

- 4.1 In addition to marketing through widely available media outlets, LRGVDC will additional measures to affirmatively market the Disaster Recovery Fund program services, as follows:
- a) LRGVDC will contact and market to local organizations that provide unique access for persons who are considered members of a protected class under the Fair Housing Act
- 4.1.2 LRGVDC will advertise with the following media outlets which provide unique access for persons who are considered members of a protected class under the Fair Housing Act including: *Ethnic newspapers and/or radio stations*
- 4.1.3 In addition, LRGVDC will take the following measures to make the program Accessible to persons who are considered members of a protected class under the Fair Housing Act: *Hold informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), provide sign language assistance when requested, and provide special assistance for those who are visually impaired when requested.*
- 4.1.4 Documentation of all marketing measures used, including copies of all advertisements and announcements will be retained by LRGVDC and made available to the public upon request.
- 4.1.5 Whenever possible, LRGVDC will use the Fair Housing logo in advertising, post Fair Housing posters and related information and in general inform the public of its rights and obligations under Fair Housing regulations.
- 4.1.6 LRGVDC will accept applications as follows:
- 4.1.6.1 In person at addresses to be announced in press releases.
- 4.1.6.2 Length of time, days, and hours that applications will be available, including but not limited to:
- 4.1.6.2.1 Downloadable application online
- 4.1.7 During regular business hours at LRGVDC's place of business;
- 4.2 Via regular mail at: 301 W. Railroad, Weslaco, Texas 78596
- 4.3 Special arrangements: Arrangements can be made for persons with special needs, language interpretation needs, or for persons needing alternate times by calling or submitting an email request to lgonzalez@lrgvdc911.org

- 4.4 Existing waiting list: The next eligible applicant on the waiting list will be offered CDBG Disaster Recovery Fund assistance, if funds are available, after the applicant before them on the waiting list either declines assistance or is deemed ineligible.
- (a) LRGVDC shall notify all applicants in writing of their eligibility status.
 - (b) LRGVDC shall notify the applicant in writing if the requested repair, rehabilitation, or reconstruction is deemed ineligible or not feasible.
 - (c) LRGVDC shall be the sole arbiter of the applicant's eligibility and the feasibility of any activity provided under the program.
- 4.5 Financial assistance to the applicant will be provided in the form of an unsecured Deferred Forgivable Note (Note). After assistance is provided, the applicant is required to maintain their home as their primary residence.

5. **Method of Application**

- 5.1 LRGVDC shall be responsible for advertising the availability of the Program and for accepting applications. Accordingly, applications received by LRGVDC will be reviewed and processed. LRGVDC will accept applications from interested households until funds are expended. All applications will be date-stamped reviewed for completeness on a first come first served basis. Those previously approved for assistance by the City of Brownsville will be given priority.
- 5.2 All information related to program eligibility, including but not limited to employment, income, assets, and liabilities, will be verified. The LRGVDC shall be responsible for determining the eligibility of each applicant.
- 5.3 All applicants selected for assistance shall be interviewed to determine the applicant's housing needs and types of eligible repairs required. A written agreement will be executed between the Contractor and the applicant outlining the responsibilities and construction terms.

6. **Application Criteria**

- 6.1 In addition to the specific application criteria applying to the projects as stated in that project's guidelines, the following generally applies:
- i. Repairs that prevent further damage to selected homes will be completed when possible.
 - ii. Incomplete applications will NOT be placed on a waiting list until all required documents for the application are provided to LRGVDC and the application is verified and certified as program eligible.
 - iii. Applicants will be given a reasonable time frame (45 days) to complete all application documents. Deadlines for returning required documents will be clearly noted on application packages. Documents received after the deadline

date will not be considered. Incomplete applications will NOT be included on the waiting list.

7. **Eligibility Requirements**

- 7.1 The property must be located within the City of Brownville and must have documented storm damage.
- 7.2 Must meet HUD income guidelines according to family size at time of application, them meeting the Low/Mod Income Program National Objective.
- 7.3 All delinquent property taxed shall be paid prior to the award for repair/rehabilitation/reconstruction assistance; or the property owner must have qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Tax Code or a-Tax exemption pursuant to Section 11.182 of the Texas Tax Code; or on a Payment Plan with the applicable taxing authority.
- 7.4 One year of Hazard insurance, if applicable flood insurance including windstorm insurance will be provided by LRGVDC.
 - (a) Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), CDBG Disaster Recovery Fund funds may not be used with respect to the reconstruction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:
 - (i) The community where the project is located is participating in the National Flood Insurance Program, or less than a year has passed since FEMA notification regarding such hazards; and
 - (ii) Flood Insurance is obtained as a condition of approval of the commitment.
 - (b) Failure to maintain hazard flood insurance coverage may prohibit the Homeowner from receiving future disaster recovery assistance; failure to maintain flood insurance will prohibit the homeowner from receiving future disaster recovery assistance. LRGVDC must be provided with at least thirty (30) days notice of cancellation for any reason. The amount of hazard insurance coverage must at a minimum equal the amount of Assistance.
- 7.5 The applicant must provide evidence of principle residency as of the date of the storm. This can be evidenced by a homestead exemption status or active utilities in the name of the applicant for the billing cycle that included 7/23/2008. Homeowner must also provide evidence that they are currently the owner of the property. Proof of property ownership can be obtained through deeds or evidence of fee simple title. In the absence of proof, the applicant must provide supportive documentation of ownership interest in the property by doing the following:

Provide to LRGVDC affidavit that sets forth how they are the successors of interest, through devise, intestacy, or conveyance, to the holder(s), of record title and that either:

- 1) There is no other person entitled to claim any ownership interest in the property; or
- 2) Each person who may be entitled to claim an ownership interest in the property has given their consent or cannot be located after a reasonable effort and provide to LRGVDC either.
 - A) Proof that they have been, for the current and last preceding tax year, the person reflected on the tax rolls as the owner and the person liable for property taxes; or
 - B) Other evidence, reasonably acceptable to GLO that established that they have ownership over the property.

The LRGVDC may accept alternate forms of ownership as approved by GLO.

7.6 For Minor Repair and Moderate Rehabilitation, the entire structure must be in Compliance with local health and safety building codes and zoning ordinances and applicable construction or livability standards after assistance is providing which must meet Minimum Property Standards (MPS).

7.7 Reconstruction must meet:

- (a) Energy standards as verified by a RESCHECK™ certification. The certification must be available in LRGVDC's file prior to purchase
- (b) The IRCs 11 of the IRC as required by Chapter 388 of the Health and Safety
- (c) ADA requirements, TX, Govt Code, 2306.514

7.8 Any housing unit built before 1978 must be inspected for hazards associated with the Presence of lead-based paint or may be presumed to have lead-based pain hazards. Proof of notifications, work completed and clearance examination must be available for LRGVDC's file.

7.9 Housing units located in an area where Federal Assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil or military airport are not eligible properties.

7.10 Determining Size of Unit:

- A. Effective Date: LRGVDD shall determine the size of the unit based upon the household members listed on the application at the time of income certification. The only exception will be if one year has passed since the income certification, then both the income and the size of unit shall be reconsidered.
- B. Issuance Size Factors: HUD guidelines provide occupancy policies that allow for two persons per bedroom as reasonable. Exceptions to this standard are based on the following factors:
 - a. No more than two persons are required to occupy a bedroom.

- b. Persons of different generations (i.e. grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom.
 - 1. An adult is a person 18 years old or older.
- c. Couples living as husband and wife (whether or not legally married) must share the same bedroom for issuance size purposes.
- d. A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full time live-in aide must be documented. A waiver may be approved as outlined in the section on Issuance Size Exceptions.
- e. Individual medical problems (e.g. chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger sized unit and related subsidy must be provided and verified as valid. A waiver may be approved as outlined in the section on Issuance Size Exceptions.
- f. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. If individual circumstances warrant special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions.
- g. When determining family issuance size, include all children expected to reside in the unit in the next year as members of the household. Examples include, but are not limited to, the following:
 - i. Pregnant women: Children expected to be born to pregnant women are included as members of the household.
 - ii. Adoption: Children who are in the process of being adopted are included as members of the household.
 - iii. Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.
 - iv. Joint/Shared Custody Arrangements: In most instances children in joint/shared custody arrangements should occupy the unit at least 50% of the time. However if individual circumstances merit special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions. The custody arrangement may be verified by the divorce decree/legal documents or by self certification.
 - v. Custody of Children in Process: Children whose custody is in the process of being obtained by an adult household member may be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (i.e. within three months) must be provided in order for such child to be included.
 - vi. Children Temporarily Absent from Household:
 - 1. Children temporarily absent from the home due to placement in foster care may be included as members of the household.

Evidence that there is a reasonable likelihood that the child will return to the household (i.e. within three months) must be provided in order for such child to be included.

2. Children who are away at school, but live with the family during school recesses are included as members of the household.

C. Preferred Unit Sizes

- a. 1 Bedroom – No LRGVDC CDBG DR built home will be only 1 Bedroom
- b. 2 Bedrooms
 - i. Adult/couple
 - ii. Adult/couple plus 1 child
 - iii. Adult/couple plus 2 children of same sex
- c. 3 Bedrooms
 - i. Adult/couple plus 2 children of opposite sex
 - ii. Adult/couple plus 3 children
 - iii. Adult/couple plus 4 children (2 boys and 2 girls)
 - iv. Adult/couple with medical needs plus 1 child
 - v. Adult/couple with medical needs plus 2 children of same sex
- d. 4 Bedrooms
 - i. Adult/couple plus 4 or 5 children (3 of same sex)
 - ii. Adult/couple with medical needs plus 2 children of opposite sex
 - iii. Adult/couple with medical needs plus 3 children

D. Issuance Size Exceptions

- a. Waivers of Issuance size may be granted based on the following:
 - i. Chronic Illness – An individual with an ongoing health problem who required at least part-time assistance on a regular basis.
 - ii. Pending Child Custody Cases – Includes, but is not limited to, children in foster care who may be returning home, foster children, pending adoptions, etc.
 - iii. Parental Custody Situations – Children physically occupy the unit less than 50% of the time as documented by a divorce decree and/or self certification.
 - iv. LRGVDC reserves the right to allow waivers for other individual circumstances.
- b. The family must request a waiver in writing and explain the need and justification.
- c. Waivers must be approved by the LRGVDC.

8. Eligible Improvements & Expenses

- 8.1 All repairs must be for unmet need and must address structures that were damaged as a result of Hurricane Dolly. Non-Dolly related damage may be addressed on structures that have Dolly storm related damage. General property improvements are eligible costs if they are included with construction required to bring a home into compliance with applicable codes, standards, and specifications, are necessary and are reasonable

in costs. Examples of eligible improvements would include but are not limited to: Construction to eliminate inefficient design or underutilized space, such as moving or removing walls (i.e. to create an accessible route, etc.); carbon monoxide detectors; landscaping for accessibility. It is appropriate to provide or repair a structure in keeping with existing neighborhood characteristics. These activities should be included as part of the original *Work Writeup/Cost Estimate (Form 11.1.7)* and not as an addition made through a change order. Luxury items are NOT eligible expenses and include, but are not limited to: Hot tubs or Jacuzzis; skylight; granite countertops, dish washer, chandeliers, washer and dryer.-Cost of equipment, furnishings, and other personal property not integral to the structure are not eligible costs.

8.2 All sites must be reasonably cleaned by the Homeowner to make sites accessible before any construction activity can begin.

8.3 All city building permits shall be obtained by the contractor at his/her expense and may be included as part of the bid.

9. **Participant Approval and Responsibilities**

I. **Rehabilitation:**

After the applicants have been approved for assistance, a property inspection must be conducted to determine the work necessary to upgrade the structure to minimum Program standards. All work done must meet building codes and MPS at a minimum. Work write-ups will be required for all applicants awarded. "Before" pictures shall be taken by LRGVDC Staff to provide a photographic record of the necessary structure and improvements and must be submitted with all work write-ups and copies of the initial property inspection.

Applicants will be given the opportunity to accompany the Inspector on the work write-up inspection in order to discuss the proposed work items. When the work write-up has been completed and a cost estimate prepared, LRGVDC Staff shall discuss the scope of the work and the effect of the cost estimate with the applicant. If the applicant agrees with the scope of work and to, his/her responsibility regarding any additional funding, the applicant shall sign off on the final work write-up that is used in the bidding process. LRGVDC Staff shall agree not to omit any work items that are necessary to bring the structure up to program standards as previously established herein.

9.1 Upon completion of the work write-up, shall solicit competitive bids for the proposed work form a list of contractors interested in Program participation. Then a qualified contractor will be selected. The bid must be within 15% of the initial cost estimate. If the bid is too high, one of the following will occur: 1) request the bidder to review his or her bid to determine if any items were priced inappropriately and to revise his/her bid accordingly; 2) re-bid the project in its entirety. If errors are confirmed in the original cost estimate, appropriate estimate adjustments shall be made to effectively compare the bids to this estimate. All contractors must meet all LRGVDC requirements prior to execution of the

construction contract. The contractor must meet and comply with all contractor requirements as hereinafter established for this Program.

II. Reconstruction:

9.2 The homeowner is required to maintain hazard insurance, if applicable flood insurance, and maintain a principle residency on the property. Failure to maintain hazard may prohibit the homeowner from receiving future disaster recovery assistance; failure to maintain flood insurance will prohibit the homeowner from receiving future disaster recovery assistance.

9.3 Duplication of Benefits, the following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits and under federal law must be deducted from the grant assistance amount: FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), private insurance, United States Department of Agriculture (USDA), Increased cost of Compliance (ICC), and Small Business Administration (SBA). Funding received for home repairs from Non-Profit Agencies is not considered a duplication of benefits.

9.4 The homeowner will acknowledge and agree that the improved site will be their principal residence. Also that there will be an affordability period which will be specified in the contract; in the case of sale of the property or breach of this affordability period the amount of money invested into the site will be due to LRGVDC.

10. Contractor Selection

10.1 Contractor Qualifications

10.1.1 Contractors must meet minimum requirements as follows:

- (1) All contractors shall carry and provide proof of a current general liability policy of at least one million dollars (\$1,000,000). This policy should cover all work done under the CDBG Disaster Recovery Fund Program and be pre-paid throughout the contract period. No geographical, time or other limitation that excludes the CDBG Disaster Recovery Fund Program will be acceptable.
- (2) The contractor and sub-contractors must not be debarred, suspended, or ineligible according to the U.S. General Services Administration's List of Parties Excluded from the States Debarred List and the Federal Procurement of Non-Procurement Programs. Verification of contractor eligibility form GLO is not required prior to awarding any contract to the contractor unless federal labor standards requirements apply.
- (3) All contractors must secure and provide proof of performance and payment bond within ten (10) business days of award of bid. Failure to do so may result in termination of award. During the Contractor Selection Process,

Contractors will be required to show proof of bonding Capacity sufficient to sustain multiple projects simultaneously.

(4) Whenever possible, LRGVDC will give opportunities to Historically Underutilized Business (HUBs) and will make an affirmative effort to encourage bids from such contractors.

(5) Whenever possible, opportunities shall be given to locally owned businesses and low-income residents of a given area.

(6) LRGVDC may consider a builder's criminal history and history of unsatisfied judgments in evaluating whether an applicant is honest, trustworthy and has integrity and qualifies to participate in the program.

10.2 In addition to these requirements, LRGVDC may establish their own fair and evenly applied criteria for contractor selection. These may include but are not limited to:

10.2.1 Workers compensation insurance;

10.2.2 Verification of quality of work references;

10.2.3 Verification of credit references; and

10.2.4 Verification of established line of credit.

10.3 An approved contractor list will be created and will be accessible to all applicants who meet the fair and reasonable criteria pre-established by LRGVDC. Such criteria will be made available in writing upon demand by interested parties. These criteria along with an advertisement to bid will be posted in a public place. Any advertisement to bid should allow reasonable time for an interested party to meet the criteria required by LRGVDC.

11. Contractor Procurement

11.1. The LRGVDC will award a contract for each project to the responsible bidder from the Pre-Qualified Contractor Pool whose bid conforms to the IFB, is fair and reasonable and offers the best overall value to the LRGVDC. Lowest price will not always be considered best value. All evaluation factors, other than price, when combined, are considered significantly more important than the price. The intent of the IFB is to obtain the best responsible bid within the cost limitations. After the Grant Administrator individually evaluates and rates each bid, the LRGVDC Authority will evaluate the recommended bids to determine which best represents the best value. The LRGVDC reserves the right to award other than the lowest priced offer or to reject all offers. The LRGVDC will not award a contract to any bidder whose proposal contains a deficiency or is not responsive.

As part of the evaluation, the LRGVDC will evaluate betterments within the responsive bids relative to the minimum standards set forth in the IFB Package (to include the plans & specifications) to determine if they offer additional values to the LRGVDC. Innovations in bids will be evaluated to determine if creative ideas, materials, finishes,

techniques, warranties, construction time or other enhancements offer a better value to the LRGVDC compared to the minimum criteria.

- 11.2. Contractors will adhere to the terms of the contract including performance standards and the general specifications. No work will be approved except that which is established in the contract and in approved change orders. All change orders shall be in writing and signed by LRGVDC, Contractors, and Applicants. Any unforeseen or hidden condition should be reported to LRGVDC immediately. Any item that conflicts with these standards should be reported immediately by the contractor.
- 11.3. The contracting sequence for housing projects shall be: Invitation to Bid, Bid Opening, and Contract Award.
 - 11.3.1 Within ten (10) days of notification of the contract award, the successful bidder shall provide LRGVDC with:
 - (1) a list of sub-contractors,
 - (2) certificates of insurance, and
 - (a) certificates of insurance from the issuing company will show current coverage in the amount stipulated in the contract documents and with a thirty (30) day notice of cancellation of insurance to LRGVDC for: general liability with completed operational coverage, vehicle liability, and statutory workman's compensation (as required).
 - (3) certificate of Capability of Bonding.

12. Contractor Requirements

- 12.1. Whenever possible the contractor will make an effort to minimize the impact of the construction on the applicant. Work shall be carried out swiftly and directly. The work area shall be secured at all times.
- 12.2. The work area shall be left clean and free from clutter at the end of each day and the contractor, not the applicant, will be responsible for storage of materials and tools.
- 12.3. Prior to the commencement of construction, the applicant will arrange to move and store any personal property that might be damaged during the course of construction. If property is damaged through negligence of the contractor, arrangements will be made by the contractor to reimburse the applicant. All sites must be reasonably cleaned by the Homeowner to make sites accessible before any construction activity can begin. Applicants will be responsible for moving ALL personal property.
- 12.4. The contractor shall use the site and its facilities only for specified construction. The water systems shall be used only for construction purposes and during the construction phase only. Contractors are not responsible for reimbursement of increased water bill.
- 12.5. All materials shall be new and of good quality. All work shall be done in a good and workmanlike manner. Contractor shall provide samples to the applicant for selection for materials as cited in the individual specifications and provide reasonable time to the

applicant to make selections. Contractor shall retain form created by the LRGVDC which confirms selections made by the homeowner.

- 12.6. Failure of contractors to meet LRGVDC and GLO criteria can result in Contractors being ineligible for payment, and should not become party to additional CDBG Disaster Recovery Fund Program funded project(s).
- 12.7. The number of work days shall be set out in the contract. Upon completion of the work, acceptance by LRGVDC and applicant, the Certificate of Final Inspection/Certificate of Occupancy is issued before the Warranty Period begins.
- 12.8. Thirty (30) days after the Certificate of Final Inspection/Certificate of Occupancy date, the statutory amount retained is released to the contractor, except in cases where it is determined that the retainage should not be released.
- 12.9. Upon a Third Party Inspection, all payment requests will be made in writing by the contractor to LRGVDC and will include a supporting documentation.
- 12.10. The work to be paid should be based solely on completed items listed in the Contractor's itemized invoice.
- 12.11. LRGVDC will inspect such work as soon as possible (usually within one business day) form receipt of such request.
- 12.12. LRGVDC will provide a Contactor Request for Payment form to the Contractor to complete and sign for the work which payment is authorized and will then request the applicant to execute the Contractor Request for Payment form. Payments will be made thereafter.
- 12.13. Upon completion of construction, the contractor will:
 - i. remove all construction debris from the site; leaving the site move in ready.
 - ii. clean and mop all resilient floors;
 - iii. clean all new and existing paint from other finished surfaces including window glass and mirrors;
 - iv. leave all newly installed items in operating condition; including light bulbs
 - v. light gas water heater pilots, stove/oven pilots and gas heater pilots
 - vi. will furnish all manufactured warranties on all newly installed appliances;
 - vii. start all other electrical and mechanical systems;
 - viii. put all hardware in operating condition;
 - ix. request applicant to sign Certificate of Completion;
 - x. deliver new keys to applicants if hardware is installed.
- 12.14. Discovery of defective elements made known to the contractor before or during the construction process shall be brought to the immediate attention of LRGVDC. When repairs are made, the repairs shall reasonably match the surrounding materials.

- 12.15. Where additional work is necessary to make repairs or to correct unforeseen dangerous conditions, the contractor shall submit to LRGVDC a Change Order consisting of
- what type of work is needed
 - justification including reason for change order
 - the cost of such work, and
 - the time necessary for such work to be completed.

Unless it is determined there exists an immediate health and safety danger, NO WORK SHALL BE AUTHORIZED until agreed upon in writing by the applicant, contractor, and LRGVDC.

- 12.16. Upon LRGVDC's receipt of Change Orders-received no later than two weeks Prior to Final Inspection-compensation for additional work will be negotiated in the following manner:
- i. the deletion of work proposed, but not started; or if that is not possible,
 - ii. an increase to the dollar amount of the contract (if funds are available).
- 12.17. Change orders must be approved by LRGVDC and will be submitted to the Texas General Land Office (GLO)
- 12.18. No other work shall be done to the project other than the work agreed upon in writing by the applicant.
- 12.19. Contractor will be responsible for determining utility needs, to provide adequate sanitary facility(s) and to safely operate equipment on site.

13. Pre-Construction Conference

- 13.1. LRGVDC shall conduct a pre-construction conference with the contractor and the applicant. The terms of the proposed rehabilitation contract will be explained along with the roles of LRGVDC and the applicant. Additionally, LRGVDC will explain the inspection procedures, completion requirements, and payment procedures. At the pre-construction conference, LRGVDC shall have the following documents properly executed by both the applicant and the contractor:

- 1) the Notification of lead-Based paint form;
- 2) Work Write-up

In addition, exterior and interior "before" pictures will be taken and placed in file.

- 13.2 LRGVDC shall present the construction contract to be executed by the applicant and the contractor. The contractor shall begin work within ten (10) days of receiving the issuance of the Notice to Proceed. Prior to receiving a Notice to Proceed from LRGVDC, Contractors who disturb the site will automatically lose their funding with no recourse.
- 13.3 Each construction contract executed with a contractor shall contain a completion date and provide for Liquidated Damages if the contractor fail to meet such completion date. Liquidated Damages is defined as a reduction in total project costs by \$100.00 a day for every day over the completion date. **NO EXCEPTIONS.**

14. Inspections and Construction Payments

- 14.1 LRGVDC will assist the applicant in ensuring that all contract work is completed prior to payment and that such work was performed in an acceptable manner. To accomplish this, LRGVDC will obtain a Third Party Inspector who will conduct respective progress inspection(s), any additional inspections deemed necessary, and a final inspection upon completion of all of the work (noting deficiencies in written reports and keeping these reports in the project case files).
- 14.2 Contractor may submit interim payment requests upon completion of respective work. Setups must be approved by GLO before a release of Notice to Proceed or authorization to start construction is processed. Final payment may be requested upon full completion of the work. The contractor will only be paid for the work completed. Advancing CDBG Disaster Recovery Fund funds to a contractor is prohibited. A ten percent (10%) retainage will be withheld from final payment, and such retainage will not be released until the 30th day after final inspection.
- 14.3 Where applicable, permits may be required for work to be done in Mechanical/Electrical/Plumbing/Structural (MEPS) systems. Any MEPS work that requires a permit must be performed under the supervision of a licensed tradesman and the work shall be inspected by a licensed inspector for the appropriate trade to ensure that work is in full compliance with applicable local codes.
- 14.4. Where applicable, building permits will be required for building construction work and the building inspector for that area will inspect the job in accordance with the area's normal building inspection requirements.

15. Contract Completion

- 15.1. Upon completion of the contracted work, the third party inspector shall conduct a final inspection of the structure when requested by the contractor. If the inspection reveals that corrective work is required on any improvements covered in the contract, the Third Party inspector shall prepare a punch list for the contractor. After all work (including the punch list) has been completed to the satisfaction of the Third Party Inspector and the applicant, LRGVDC shall issue, for execution, a Certificate of Completion.
- 15.2. Upon execution of the Certificate of Completion, contractors shall ensure that the following documents are submitted to LRGVDC but not limited to;
 - i. Contractor's Final invoice form;
 - ii. Release of Liens; and
 - iii. All contractor and general warranties.
- 15.3 If there are construction issues after 30 days from final inspection, LRGVDC shall conduct a post-inspection along with the applicant and contractor. If no discrepancies are found and the inspection pass during the post-inspection, LRGVDC will approve the release of the 10% retainage to the contractor. However, if discrepancies are noted, GLO will not release the 10% retainage of the activity budget until any and all

discrepancies are complete. Upon completion of this work, another post-inspection shall be conducted. If the work is completed (the inspection passed) to the satisfaction of LRGVDC and the Applicant, LRGVDC shall approve the release of the 10% retainage; otherwise, the same Process is repeated.

15.4. Following the completion and acceptance of the rehabilitation work, the LRGVDC shall take “after” rehabilitation pictures (interior and exterior) to provide a photographic record of the structure and improvements accomplished.

15.5. Contractor Warranties

- i. All work performed by the construction contractor shall be guaranteed for a period of one (1) year. Such warranty shall be stipulated in the construction contract between the contractor and the applicant. For a period of one (1) year, the applicant may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the applicant may take any necessary legal recourse as prescribed in the contraction contract. A reasonable amount of time shall be given to correct the problem, but the contractor shall contact the applicant within two (2) business days.

16. Files and Records

16.1. LRGVDC shall maintain accurate files and records on each applicant. All pertinent Documentation must be maintained for five years after GLO notifies LRGVDC that HUD has closed out the Program. Such files shall be open for public inspection in accordance with the Texas public Information Act, and be available at LRGVDC’s offices.

16.2. Project Close-Out: LRGVDC shall ensure that upon completion of each project, the following close-out forms are submitted to GLO:

(1) HUD’s Homeownership Assistance project Completion Report;

(2) other forms as may be required by GLO.

16.3. Contract Close-Out: LRGVDC shall ensure that upon completion of the Contract that the Certificate of Completion/Certificate of occupancy and other close-out documents will be retained in applicant’s file.

17. Grievance Procedure

17.1 Each applicant or participant shall have the right to appeal any decision in the form of a grievance to LRGVDC, provided such appeal is made within fifteen (15) days from when the decision has been rendered or the grievance occurred and/or became known to the applicant. If the applicant/participant is not satisfied with the decision of LRGVDC Staff, he/she may then appeal his or her grievance to LRGVDC provided such appeal is made within fifteen (15) days from the date of the Decision of the program LRGVDC. Applicants may submit appeal to the Texas General Land Office.

17.2 LRGVDC Employees Not to Be Held Liable

- i. No member, officer, agent, or employee of LRGVDC shall be personally liable concerning any matters arising out of or in relation to, the commitment of

CDBG Disaster Recovery Fund program funds with regard to feasibility or viability of the proposed project.

ii. Changes Waivers and/or Conflicts

(1) LRGVDC shall have the right to change, modify, waive or revoke all or any part of these guidelines in writing and Approval by GLO.

(2) No member of the governing body of LRGVDC and no other official, employee, or agent of LRGVDC who exercises policy or decision-making functions or Responsibilities in connection with the planning implementation of this Program shall be eligible of rehabilitation assistance, in accordance with 24 CFR Section 570.489(h), Conflict of Interest.

18. Addendum

Desired changes and or additions to this program design may be allowed. Please cite the section that is to be replaced along with the proposed and/or alternative language. Only amendments submitted in this way will be considered for GLO approval.

APPROVED:

Kenneth N. Jones, Jr.
Executive Director