

C. HOUSING REHABILITATION

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C. HOUSING REHABILITATION

Introduction

Purpose: This section of the Grantee Handbook discusses the implementation of a Louisiana Community Development Block Grant (LCDBG) Housing Program. It begins with the understanding of the application process as it pertains to the implementation of the LCDBG Housing Program and ends with the completion of construction. Various exhibits are provided to facilitate implementation.

Task C-1: Understanding the Original LCDBG Application

Definition of Improvement Types:

- Clearance demolition: The removal of vacant substandard dilapidated housing units or other nuisance structures in residential areas with no replacement of the demolished unit.
- Reconstruction: demolition and reconstruction of a substandard housing unit on the original site.
- Rehabilitation: Substantial repair and/or renovation of a substandard housing unit in order to bring the unit up to Section 8 Standards.
- Spot rehabilitation: Limited repair of a housing unit involving the treatment of health and safety deficiencies pertaining to one or more of the following household systems: (1) Electrical (2) Plumbing (3) Roofing and/or (4) Heating/Air-conditioning. Spot rehabilitation does not necessarily bring a housing unit up to Section 8 Standards.

Other Definitions:

- Defined Area: A geographical area slated for spot rehabilitation housing improvements as determined by the Local Government and indicated in the LCDBG application.
- Housing Application Package: A publication explaining how to prepare an LCDBG Housing Application.
- LCDBG Application: The Housing Application submitted to the Office of Community Development by the Local Government.
- Target Area(s): A geographical area, or at the most two areas, slated for all housing improvements except spot rehabilitation as determined by the Local Government and indicated in the LCDBG application.
- Usufruct: Usufruct is the legal right for the use of a property.

Application Workshop: During the summer prior to an even numbered year, an application workshop is conducted by the Office of Community Development to instruct local governments regarding the preparation of LCDBG applications. Housing Program applications are submitted every two years to the Office of Community Development by local governments. The application

workshop can be considered as the first step in the process of obtaining LCDBG funding. A Housing application package is distributed at each workshop describing the LCDBG Housing program.

Property Types: Four types of improvements, as identified in the Housing Application Package, are eligible under the LCDBG Housing Program:

1. Clearance demolition
2. Reconstruction
3. Rehabilitation
4. Spot rehabilitation

Program Consistency with Original LCDBG Application: The Local Government's Housing Program must be consistent with the approved application. Any significant variation requires prior approval from the Office of Community Development.

Spot rehabilitation is eligible only if the original LCDBG application requested spot rehab. Funds left over after regular rehabilitation and reconstruction have been completed cannot be used for spot rehab.

Eligibility Requirements: Eligibility requirements for a housing unit to be listed as a candidate for assistance in an LCDBG Application and eventually be funded by the Local Government are as follows:

- **Income:** Beneficiaries must be of low and moderate (LMI) income.
- **Target Area:** Housing units or properties slated for clearance demolition must be in the target area, and if applicable the defined area (for spot rehab), as indicated by the Local Government in the LCDBG application. Individual housing units or clearance demolition units must be among the units identified in the LCDBG application as in need of improvement. An expansion of the target area will not be allowed under the LCDBG Program.
- **Owner-occupied or With Usufruct:** Housing units needing reconstruction, rehabilitation, or spot rehabilitation must be owner-occupied (or have usufruct) in order to be eligible for improvements. The property on which the occupied housing units sit must also be owned by the occupant. The owner must (a) have occupied the unit for at least six months prior to the submittal of the LCDBG application, (b) must be occupying the unit at the time of the homeowner application and (c) must be intending to occupy the unit for at least five years after improvements are complete.
- **Usufruct:** A person who has usufruct of a housing unit and the property on which it sits is eligible for assistance. Documentation of the legal obtaining of usufruct must be filed at the Clerk of Court's office. A person who does not have usufruct at the time of the release of LCDBG funds but intends to obtain usufruct must be able to obtain usufruct and submit a complete homeowner application within the time limits specified by the Local Government. This time limit will be specified in the Housing Policy of the Local Government.

- **Single Family/Duplex:** Only single-family and duplex structures are eligible. Duplex structures are not often treated under the LCDBG program; however, if a duplex is included, all substandard parts of the duplex must be rehabilitated or reconstructed—which will normally mean that both parts of a duplex must be treated.
- **Structure Types:** A housing unit must be a conventional “stick built” structure to be eligible for rehabilitation. Mobile homes and modular homes are not eligible for rehabilitation. However, reconstruction, which includes demolishing and rebuilding on the same site, is an eligible activity for both conventional “stick built” structures and mobile homes. Clearance demolition of substandard structures in residential areas is eligible.
- **The 75% Rule:** Eligibility for rehabilitation requires that the 75% Rule be met. The 75% Rule states that a housing unit is suitable for rehabilitation if the estimated cost of improvements will be 75% or less of the expected market value of the improved unit. Housing units which do not meet the 75% rule should be considered for reconstruction.
- **Adjudicated Housing Units:** An adjudicated housing unit is a housing unit formerly owned by a citizen but now owned by the Local Government due to court action. Adjudicated homes within the target area will qualify for rehabilitation/construction under the LCDBG Program and will be counted as owner occupied housing. The terms for the transfer of ownership to a low-income family will be subject to the five year deferred payment loan lien period. If there are any adjudicated homes in the target area the Housing Policy must state the selection method for the person to which ownership will be transferred. The selection method in the Housing Policy must be deemed fair by the Office of Community Development.
- **Conflict of Interest:** Housing units whose owners have a conflict of interest are not eligible. The following individuals or firms must not have any interest, direct or indirect, in any contract or subcontract or the proceeds from any contract or subcontract for work to be performed in connection with the LCDBG Program:
 1. Employee of the Local Government,
 2. The Local Government’s designee, agent, or consultant,
 3. Member of the local governing body or other public official of the Local Government who exercises or has exercised any functions or responsibilities with respect to this LCDBG project during his or her tenure.

However, upon written request of the Local Government, the Office of Community Development may agree in writing to waive a conflict otherwise prohibited by this provision whenever there has been full public disclosure of the conflict of interest, and the Office of Community Development determines that undue hardship will result either to the Local Government or the person affected by applying the prohibition and that granting of a waiver is in the public interest. No such request for waiver should be made by the Local Government which would permit a violation of federal, State or local law.

Previously Funded Housing Units: Any housing unit which has received assistance under a previous LCDBG Housing Program is ineligible for further assistance.

Local Government's Obligation For Treatment: Substandard housing units submitted for treatment in the original LCDBG Application must be treated if: (a) the owners properly apply for funding, (b) the owners meet program requirements (c) bids come in within allowable amounts as established in the Local Government's Housing Policy and (d) sufficient LCDBG funds are available to fully fund the construction contract. The Local Government is obligated to treat units which meet all four requirements.

Clearance demolition units submitted for treatment in the original LCDBG Application must be treated if: (a) the owner(s) properly applies for funding or successful condemnation procedures are carried out, (b) bids come in within allowable amounts as established in the Local Government's Housing Policy, and (c) sufficient LCDBG funds are available to fully fund the demolition contract. The Local Government is obligated to treat units which meet all these requirements.

Task C-2: Understanding Housing Program Requirements

Basic elements and specific details of the LCDBG Housing Program are explained in this section. Many of these items will apply to multiple phases of a LCDBG Housing Program.

Property Rehabilitation Standards: Property Rehabilitation Standards are the building and safety standards adopted by the Local Government that apply to reconstruction and rehabilitation relative to the LCDBG Housing Program. All housing units, reconstructed or rehabilitated, must meet, at a minimum, the Local Government's adopted Property Rehabilitation Standards. The following are components of Property Rehabilitation Standards:

- HUD Section 8 Housing Quality Standards
- The International Building Codes as adopted by the State of Louisiana
- HUD Lead-Based Paint Regulations
- Asbestos Requirements of the Louisiana Department of Environmental Quality
- Federal Flood Insurance Administration Regulations
- LCDBG Building Code Requirements

HUD's Section 8 Housing Quality Standards: When assessing the condition of a housing unit, a set of standards must be used to determine whether the housing unit is in standard condition. In the LCDBG Housing Program, Section 8 Minimum Housing Quality Standards, as established by HUD, are utilized. These standards are often referred to as "Section 8" standards.

An "Inspection Checklist", **Exhibit C-3**, has been provided as a tool useful in assessing housing units relative to Section 8 requirements. A longer version of the Inspection Checklist which has very useful instructions is available as the "Inspection Form". The Inspection Form may be obtained through the HUD website at: <http://www.hudclips.org/cgi/index.cgi>. The form number

is HUD-52580-A. Additionally, HUD's Housing Choice Voucher Guidebook gives details regarding Section 8 Housing Quality Standards. At the "HUD Clips" site choose Guidebook 7420.10G. If the user has difficulty locating these documents on the HUD Clips website please call the Housing Program Manager in the Office of Community Development.

International Building Codes As Adopted by the Louisiana Legislature: Act Number 12 of the first extraordinary session of the FY 2005 Louisiana Legislature requires the following building codes to be applicable in every parish as of January 1, 2007:

- The International Residential Code except for administration (part one), plumbing (part seven) and electrical (part 8)
- The Louisiana State Plumbing Code
- The National Electric Code

Note that Appendix J of the International Residential Code covers treatment of existing buildings.

HUD Lead-Based Paint Regulations: The actual name of the regulation is "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance". It was published in the Federal Register on September 15, 1999. Additional information for administrators of the Housing Program should be viewed and studied at: <http://www.hud.gov/offices/lead/leadsaferule/> or go to HUD's home page, www.hud.gov and type in "Lead Safe Housing Rule" in the search box.

Asbestos Requirements of the Louisiana Department of Environmental Quality (DEQ): The LCDBG Housing Program must follow asbestos testing and abatement procedures which are publicized and enforced by DEQ.

Federal Flood Insurance Administration Regulations: This entity is a division of the Federal Emergency Management Agency (FEMA) that is involved with determining areas which need flood insurance.

LCDBG Building Standards: Standards established by the Office of Community Development that are not covered by other standards or that are more stringent than other standards.

Average and Maximum Cost Per Unit: In the LCDBG Application on the Cost Effectiveness and Housing Program Cost Estimate form the Local Government indicated an average cost per unit to be improved. Averages were set forth for all improvement types: reconstruction, rehabilitation, spot rehabilitation, and clearance demolition.

After the award of the LCDBG Housing Grant and as the Housing Policy of the Local Government is being prepared the maximums and minimums for each improvement type must be included in the Housing Policy—except that reconstruction will not have a minimum.

During the planning and bidding phase of a funded Housing Program it is important to keep costs under control in order that the maximum allowable is not exceeded.

During the construction contract award phase the Local Government must not award contracts which exceed the maximum allowable as stated in the Local Government's Housing Policy. The

maximum allowable may be revised by written request from the Local Government and subsequent written approval from the Office of Community Development.

Mobile Homes and Modular Units: Housing units to be replaced must be demolished on-site—including mobile homes—not simply moved to another location. Should a house scheduled for demolition be relocated (rather than demolished on-site), the Local Government assumes all financial responsibility for the reconstruction of the housing unit.

Mobile homes and modular housing units may not be rehabilitated with LCDBG funds, nor may they be utilized as reconstructed units. Eligible mobile home or modular housing units, if deemed to be substandard, must be replaced with “stick-built” homes.

Storage Buildings, Carports, etc: The following components are ineligible as additions to a existing housing unit or as part of the plans and specs for a new housing unit: carports, dens, recreation rooms, free standing storage buildings, etc.

If a component is attached to an existing housing unit, such as a carport, the attached component is eligible to be improved with LCDBG funds. If a component is not attached to an existing housing unit, such as a workshop in the back yard, the unattached component is not eligible to be improved with LCDBG funds.

An unattached outbuilding to an existing housing unit, such as a garage, is eligible for demolition with LCDBG funds and, in some cases if an unattached structure is in extremely bad condition, demolition will be required.

Smoke Detectors: The Office of Community Development requires two smoke detectors installed in the unit, both of which are hard-wired with a battery back-up.

Flood Insurance: In the event a unit scheduled for reconstruction or rehabilitation is located within an area designated as having special flood hazards by the Federal Flood Insurance Administration (FIA) and the Department of Housing and Urban Development, the homeowner will be required to secure and maintain a policy of flood insurance on the unit for a minimum of one (1) year after completion of the unit. A minimum of one (1) year may be paid with LCDBG funds. A copy of the insurance certificate or policy will be required for documentation. The homeowner should be counseled about this requirement prior to the approval of the homeowner’s application for assistance. All reconstruction and rehabilitation must comply with appropriate FIA regulations and related executive orders.

Types of Assistance: There are two types of assistance involving LCDBG funds that are awarded by the Local Government to the property owners: (a) Deferred Payment Loan and (b) Grant.

- **Deferred Payment Loans:** The Office of Community Development funds a local government for reconstruction and rehabilitation. The Local Government awards funding to successful homeowner applicants who apply for reconstruction or rehabilitation. However, the funding is not an outright grant. The homeowner is obligated, by contract agreement and the Local Government’s Housing Policy, to reside in the housing unit for a minimum of five years. The property is legally liened by recording with the Clerk of Court, but there are no monthly payments.

The units reconstructed or rehabilitated must be liened a minimum of five (5) years with no payback of principal or interest if the homeowner remains in the house for the specified time. Contact the Office of Community Development for instructions should the owner sell, rent, lease or otherwise vacate the property prior to the end of the five year period. For an example of the consequence of a homeowner selling before the end of the five year lien period. See the Sample Housing Policy, Exhibit C1, Section 16.

- **Grant:** The Local Government will fund spot rehabilitation and clearance demolition with grants using LCDBG funds. There is no five year lien period with an outright grant.

Air Conditioning: Central air conditioning is an eligible improvement for all rehabilitated housing units and is a required item for all reconstructed housing units. The replacement of window units, wall units, and/or other portable air conditioning units are not allowed under this program.

Local Government Assistance Necessary: Normally, the Local Government will procure a consulting firm to prepare an LCDBG Application and upon successful LCDBG funding, administer the LCDBG Housing Program. The Local Government will need to work very closely with the administrator of the Housing Program. A joint effort between the Local Government and Housing Program Administrator is necessary to successfully complete an LCDBG Housing Program.

Administration Types and Amounts:

- **General Administration:** General administration will normally include: environmental reviews, preparation of a community development plan, preparation of Requests for Payment, assistance to the Local Government in the updating or preparation of a Housing Policy, preparation of closeout documents, etc. The maximum allowable for general administration is \$35,000 and may be invoiced proportionately throughout the duration of the program with ten percent retainage to be paid upon the successful “conditional closeout” out of the LCDBG Housing Program. The first general administration invoice must not exceed 35% of the amount awarded to the administrative consultant for general administration.
- **Construction Administration:** Construction administration will include such things as the preparation of work write ups and a cost estimate for each unit, inspections on each unit, and general activities involving the repair and construction process. The maximum allowable for construction administration is \$3,200 for each housing unit slated for reconstruction and/or rehabilitation. The maximum allowable for construction administration for each housing unit slated for spot rehabilitation is \$1,000. Construction administration must not be invoiced until each respective unit is 100% complete. The entire amount invoiced for construction administration may be paid in full at the time the invoice is submitted.

Clearance demolition does not include associated “construction administration” funds. The administrative duties for clearance demolition are considered to be covered by the amount allocated under general administration.

Housing Program Records: For a listing of record keeping requirements, refer to the Grantee Handbook, Section A, **Task A-16**, Record Keeping and Reporting. In addition to these items, housing grant recipients must also maintain a “Housing Status Report” which contains a status listing of all units slated for improvement as identified in the original LCDBG Application. A sample is provided as **Exhibit C-4**, and a copy of this completed report must be submitted with closeout documents.

Task C-3: Clearance Demolition

Sometimes a community will find a vacant house or structure that cannot be brought up to Section 8 standards within their Housing Policy guidelines because the unit is so deteriorated that rehabilitation is not feasible. The only practical solution becomes clearance demolition of the vacant substandard structure.

Demolition Policy: If clearance demolition is part of an LCDBG Program, a local Demolition Policy must be prepared, adopted and utilized by the Local Government. This document may be incorporated into the Housing Policy or may be configured as a stand-alone document. The Demolition Policy must include the following: (a) Provision for the inspection of the housing unit to determine the need for demolition, (b) Written conclusion of the inspection, (c) Written requirement for the mutual agreement between the Local Government and the owner of the property to be demolished or successful conclusion of condemnation procedures, (d) the requirement for a resolution or motion by the Local Government to initiate the demolition of each unit, (e) provision for testing for asbestos by a Department of Environmental Quality (DEQ) qualified inspector, (f) provision for asbestos abatement, if necessary, (g) any other applicable State, local, or federal laws pertaining to demolition and (h) provisions which are needed by the Local Government.

Ten-Step Procedure: If the Local Government wishes to demolish a structure under State Code R.S. 33:4761 provisions, a ten-step procedure is prescribed. A sample Notice for the demolition of Vacant Substandard Units is provided as **Exhibit C-15**. The ten-step procedure is as follows:

1. Have the unit inspected by a qualified building inspector and/or housing administrative consultant.
2. Have the building inspector and/or housing administrative consultant prepare a signed written report signed by him which recommends demolition or removal of the unit; this can be a Section 8 checklist and photograph.
3. The Local Government must serve notice on the owner, requiring him to show cause why the unit should not be condemned at a Local Governing Body meeting. This notice must be served by the Chief of Police, Sheriff, or Deputy Sheriff.
4. The serving officer must make a return of service. The serving officer should indicate in writing, often by completing a standard form, that notice was served.

5. If the owner does not live in the State or if the address of the owner is unknown, the Local Government has to appoint an attorney at law upon whom the notice can be served.
6. The notice to the attorney at law has to be filed with the Clerk of the Court.
7. A public hearing is held and at the conclusion, the Local Government must pass a resolution ordering condemnation of the building and that it be demolished and removed by a certain time.
8. There must be a five (5) day period in which the owner may appeal the written order of the Local Government.
9. If the owner does not voluntarily demolish the building, the Local Government can proceed with the demolition and removal.
10. Before demolishing the unit, the Chief Elected Official must serve notice on the owner or his agent and on the occupant or the attorney representing an absentee owner that states the date and time the demolition or removal work will begin.

Attorney's Fees: The fee of an attorney appointed to represent an absentee owner is an eligible cost of the demolition.

The Ten Step Procedure Abbreviated: Often the Local Government and the owner of a property agree to the demolition of a structure before the ten steps of the procedure under State Code are completed. In such cases, where there is mutual agreement between all parties regarding demolition, an abbreviated version of the Ten Step Procedure may be utilized but must contain at a minimum the following:

- Inspection of a property slated for clearance demolition
- Inspection report recommending clearance demolition and acceptance of the recommendations by the Local Government
- Owner's written approval for clearance demolition
- Resolution or passing of a motion for clearance demolition by the Local Government
- Preparation and execution of a contract between the Local Government and property owner for clearance demolition

Task C-4: Application Preparation to the Clearance of Contract Conditions

A chronology of events for particular phases of a Housing Program is shown in tabular form for each of the remaining tasks. Further explanation of requirements and events associated with each task are provided after each table. The chronology timing is measured in increments of months and is only an estimate. Actual grants will vary regarding timing of events. The chronology does provide a sense of the timing that may be involved for each event. In the tabular sample chronology, events having the same month number occur in the same month.

Chronology: Task C-4, Application Preparation to the Clearance of Contract Conditions		
Month	Event	Comments
1	Application workshop	Conducted once every two years, mid summer, to provide instruction on how to prepare an LCDBG application
1	First public notice	Advertises a public meeting time and place for citizen input on community needs
2	Procurement of consultant	To prepare an LCDBG housing application
2-6	Preparation of application	Establishment of target area(s) Surveys of each household Project description and cost estimate
6	Second public notice	Citizens are invited to view the LCDBG application prior to submittal
7	Submittal of LCDBG Application	By the Local Government to the Office of Community Development
8-12	Rating of LCDBG Application	
12	Grant Award	Authorization to Incur Costs letter sent to Local Government
13	Grantee Workshop	
13-17	Application Revisions, Additional Information and clearance of contract conditions	Community Development Plan First tier of environmental review Preparation of LCDBG Housing Policy
13-17	Preparation and adoption of a Demolition Policy	
17	Contract conditions cleared	

Grantee Workshop: Applicants which are successful in obtaining an LCDBG grant award become “Grantees”. Grantees receive the award but release of LCDBG funds will come at a later date—after the clearance of all of contract conditions. In order to instruct the Grantee regarding the clearance of contract conditions and other facets of the implementation of the LCDBG Program a Grantee Workshop is conducted.

Application Revisions: Soon after the Grantee Workshop a letter is sent to the Local Government which may call for revisions to the original LCDBG Application and will call for the provision of additional information. The administrative consultant normally handles the preparation of these items on behalf of the Local Government. These items take time, effort, and expertise. The Grantee has six months from the date of the authorization to incur costs letter to provide all revisions and additional items requested in the application revisions letter.

Deadline for the Removal of Contract Conditions: The items called for in the letter requesting revisions will also be listed in the LCDBG contract which is sent to local governments for the initial signature of the Chief Elected Official. Therefore, when the Local Government provides all of the requested items it is said that the Local Government has met the requirements for the removal of contract conditions. Failure to meet the deadline for the removal of contract

conditions will result in a \$250 per day penalty or penalties if items are not provided with due diligence and in a timely manner. Such penalties reduce the amount of the grant award.

Additional Items: For an LCDBG Housing Program the additional items called for in the application revisions letter will include the Preparation of a Community Development Plan as explained in **Exhibit A-34**, the first tier of an Environmental Review Record as explained in Section A, **Task A-2**, and the preparation of the Local Government's Housing Policy for the LCDBG Housing Program as explained in the next paragraphs. Grantees must begin work as soon as possible on the Environmental Review Record in order to meet the deadline for the removal of contract conditions. Work on the preparation of a Housing Policy should also begin at an early stage.

Housing Policy: The application revisions letter will call for the Local Government to prepare a Housing Policy to act as the guiding document for duration of the LCDBG Housing Program. The Housing Policy must be submitted to the Office of Community Development for review and approval. The Local Government must adopt the plan by resolution of the local governing body. A sample Housing Policy has been provided as **Exhibit C-1**. The sample policy is for a typical grant having the following improvement types: Reconstruction, rehabilitation and clearance demolition. The Housing Policy must include the following:

- Source of authority of the Local Government
- Objectives of the LCDBG Housing Program
- Program definitions
- Eligibility requirements
- Responsibilities and obligations of the Local Government
- Responsibilities and obligations of homeowner/recipients
- Applicant selection procedure
- Property Rehabilitation Standards
- Maximums, minimums and average costs
- Items pertaining to all improvement types
- Clearance demolition
- Reconstruction
- Rehabilitation
- Advertising bidding and awarding contracts
- Inspection, acceptance and closeout procedures
- Deferred payment loans and the five year lien period
- National Flood Insurance Program

Spot Rehabilitation and the Housing Policy: If spot rehabilitation is part of the LCDBG Housing Program the following items pertaining to spot rehabilitation must be included in the Local Government's Housing Policy:

- A definition of spot rehabilitation
- Mobile homes and modular housing are not eligible for spot rehabilitation.
- Sub-standard structures in need of demolition are not eligible for spot rehabilitation.

- The 75% rule applies to spot rehabilitation.
- Spot rehabilitation is to be accomplished concurrently with rehabilitation and reconstruction rather than being done toward the end of the project.
- Amounts unutilized from other grant activities may not be used to expand spot rehabilitation beyond that which was requested in original LCDBG Application.
- A description of the selection process for spot rehabilitation should be included.
- A minimum and maximum dollar amount per unit for spot rehabilitation must be established.

Demolition Policy: The Local Government must also prepare and adopt a Demolition Policy if the LCDBG Housing Program includes clearance demolition. However, this Demolition Policy does not have to be submitted to the Office of Community Development for review and approval prior to the release of LCDBG funds. The Office of Community Development will review the Demolition Policy and demolition actions implemented during an on-site monitoring visit at a later date.

Task C-5: Homeowner Application Soliciting and Screening

Chronology: Task C-5 , Release of Funds to the Final Screening of Homeowner Applications		
Month	Event	Comments
18	Release of Funds, Transmittal of Fully Executed LCDBG Contract	
18	Contact of owner(s) of property slated for clearance demolition is made. The Local Government pursues the property owner's approval for demolition.	The property owner is encouraged to apply for clearance demolition.
18	Homeowner applications for housing improvements are solicited.	The solicitation is restricted to housing units and property located in the target area(s) and, or the defined area for spot rehabilitation..
19	Homeowner Application deadline passes	
20	Preliminary screening of homeowner applications	Those units which are not able to pass initial screening will not be tested for asbestos and/or lead paint.
20	A contract is entered between the Local Government and homeowner applicants for asbestos testing and/or lead paint testing.	The Local Government then has authority procure and contract with a testing firm.
20	Final screening and rating of homeowner Applications and applications for clearance demolition. The Local Government prepares a list of approved homeowner applications and rating points for each.	Applicants are informed, in writing, of the status of their homeowner Application whether approved or disapproved.

Release of Funds and Transmittal of the LCDBG Contract: After the return of the partially executed LCDBG contract, signed by the Chief Elected Official of the Local Government, the contract will be executed by the Louisiana Division of Administration. The fully executed contract will be held-up until all contract conditions are met. Upon the clearance of contract conditions, the Office of Community Development will send a letter to the Local Government releasing LCDBG funds and transmitting the LCDBG contract.

Upon release of LCDBG funds the Local Government may begin submitting Requests for Payment. Previously incurred eligible costs may be paid including costs for the services of an administrative consultant for work associated with the preparation of the application and the clearance of contract conditions. Activity at the homeowner level will also begin in earnest since the release of funds allows the Local Government to know that federal funds are committed and available.

Requests For Payment (RFP): Eligible amounts invoiced to the LCDBG Housing Program should be requested on the Request for Payment form.

- Amounts invoiced for reconstruction, rehabilitation and spot rehabilitation should be summed and entered on the “Rehabilitation Housing” row of the RFP form.
- Amounts invoiced for construction administration should be entered on the “Rehabilitation Administration” row of the RFP form.
- Amounts invoiced for clearance demolition should be entered on the “Clearance, Demolition” row of the RFP form.
- Amounts invoiced for Pre-agreement engineering and/or Pre-agreement administrative costs should be summed and entered under “Administration 1. Pre-agreement Costs”.
- Amounts invoiced for general administration should be entered under “Administration 2. Public Facilities, Housing, and Economic Development”.

Demolition Procedure Initiated: Contact is made (or attempted) with the owner(s) of property slated for clearance demolition in the original LCDBG Application. It is often preferable to establish a mutual agreement between the property owner and the Local Government by using an abbreviated Ten Step Procedure as described in **Task C-3**.

If mutual agreement for the demolition of a property cannot be reached, the use of the full Ten Step Procedure will be necessary.

Preparing the Homeowner Application Form: The Local Government must prepare an application form for use by homeowners. The application form must include items regarding the name, address, income level, proof of occupancy, statement of future intention of occupancy, proof of ownership or usufruct, notification regarding conditions that may occur during construction, notification of the five year lien period of a Deferred Payment Loan, and other information necessary to carry out the LCDBG Housing Program.

The homeowner application form should state that this document is an application for assistance and not an agreement for assistance. The form should indicate that a future contract for assistance may be entered into after applications are screened and rated. A copy of the Local

Government's LCDBG Housing Policy must be attached to each homeowner application form in order that they may review and become knowledgeable about the LCDBG Housing Program. Homeowners slated for rehabilitation in the LCDBG Application should also receive **Exhibit C-5**, Lead-Based Paint Information, along with the homeowner application form.

Soliciting Homeowner Applications: Until this point in time homeowners have not applied for assistance. The housing units in need of treatment were identified in the LCDBG Application which was submitted by the Local Government to the Office of Community Development for funding. Homeowners were interviewed and their homes were inspected to determine needs but homeowners have not actually applied for assistance. It is now the Local Government's responsibility to inform those whose housing units were identified as in need of treatment in the LCDBG Application of the opportunity to apply for assistance.

The Local Government may wish to prepare a brochure or information sheet describing the LCDBG Housing Program, eligibility requirements, homeowner information needed and actions which should be taken by homeowners who wish to apply for assistance. The brochure should identify the target area(s) or defined area of the LCDBG Application in order to avoid confusion among other citizens who do not reside in the target area. The Local Government must also make clear the deadline date for receiving complete homeowner applications. The brochure could be delivered by one or more methods, including but not limited to: hand delivery, mail delivery—preferably certified mail return receipt requested, and posting on a local public bulletin board.

One method that has been successfully utilized to solicit homeowner applications is the arrangement of a public meeting or appointment to inform homeowners about the LCDBG Housing Program and receive applications. The brochure mentioned in the previous paragraph is distributed. The time and place of the public meeting is listed in the brochure.

Whatever method(s) or combination of methods is chosen should be fairly applied. The Local Government must document the steps taken and retain the brochure and/or information sheet for review by any interested party.

Timely Complete Homeowner Applications: To be eligible, a homeowner must submit a complete application for funding to the Local Government by a deadline date. Applications which are incomplete as of the deadline may be considered the same as applications not submitted. An example of the deadline date could be nine months (or some other specified number of months) from the Authorization to Incur Costs date. The deadline should be specified on the homeowner application and may be specified in the Local Government's Housing Policy.

Initial Screening of Homeowner Applications: The Local Government must screen the homeowner applications to insure that applicants meet LCDBG Housing Program requirements. The meeting of eligibility requirements as discussed in Task C-1 must be determined.

Asbestos and Lead Testing: Testing for asbestos and lead is required. After initial screening the Local Government will know which housing units have potential to be included in the LCDBG Housing Program. The Local Government will, by this point in time, also know which property(ies) have the potential for clearance demolition.

DEQ Approved Inspection For Asbestos and Lead: A Louisiana Department of Environmental Quality (DEQ) approved inspector must be used for asbestos and lead-based paint testing. The “Asbestos and Lead” web page of DEQ will provide a path for locating a DEQ approved inspector. Go to: <http://www.deq.louisiana.gov>. Choose the “Asbestos and Lead” link on the left panel. The Asbestos and Lead page will have links, at the bottom of the page, which will lead to lists of DEQ approved inspectors for asbestos and lead-based paint. If there is any difficulty in finding this page call the Housing Program Manager in the Office of Community Development.

Asbestos Testing: Asbestos testing must be conducted only on units which have potential to be part of the LCDBG Housing Program. The following types of housing units or property(ies) must be tested for asbestos by a Louisiana Department of Environmental Quality (DEQ) approved inspector: reconstruction, rehabilitation, clearance demolition. Housing units slated for spot rehabilitation will have to be tested only if spot rehabilitation involves the sub-standard roof of a housing unit—which may have asbestos shingles—or if such testing is deemed to be warranted by other physical features found during inspection. The inspector’s report will identify other materials found to obtain asbestos and indicate appropriate corrective action.

Lead-Based Paint Testing: Lead testing should be done only on units which have potential to be part of the LCDBG Housing Program. See **Exhibit C-5** for lead-based paint information. The following type of housing unit must be tested for Lead-Based Paint by a DEQ approved inspector—rehabilitation. Units slated for spot rehabilitation may be tested if conditions warrant such testing. In the event that lead based materials are found by the inspector, the inspector’s report will indicate appropriate action.

Contract for Asbestos and/or Lead Testing: On all units which require asbestos and/or lead testing a contract between the Local Government and the homeowner/property owner is prepared and executed for the needed testing service(s). In order to reduce testing costs the agreement may be structured to make provisions for testing to be conducted on multiple units on the same day. This agreement gives the Local Government the authority to schedule testing on the selected day or days after making an appointment with the homeowner for such testing. The Local Government will then procure a testing firm, approved by DEQ, for the asbestos and/or lead testing. The Local Government may enter into a contract with the testing firm. Homeowners must make their units available for testing. Units which are determined to require testing must be tested. The homeowner’s failure to accommodate reasonable efforts for testing may result in the determination that the homeowner application is ineligible.

At the time of the signing of the contract for testing to be conducted, applicants for rehabilitation must sign the notification, “Watch out For Lead-Based Paint Poisoning,” which is part of **Exhibit C-5**. The Local Government must keep a copy of the signed notice as part of grant records.

Final Screening of Homeowner Applications: After asbestos and lead testing are complete and consequences of the testing are determined the final housing units and property(ies) that are potentially includable in the LCDBG Housing Program can be determined and the type of improvement for each of the units can be determined as well.

The final screening does not occur until after asbestos and lead-based paint testing because changes may occur due to results of the testing. Example: A housing unit scheduled for rehabilitation is discovered to have both asbestos and lead-based paint. It is determined that the unit cannot be rehabilitated within allowable amounts but needs to be slated for reconstruction.

Withdrawal of Homeowner Applications: A homeowner may withdraw his/her application for any reason prior to the execution of the construction contract. If a homeowner withdraws his/her application a memo to the file for that housing unit is to be prepared and signed by the homeowner showing the date of the notice and the effective date of the withdrawal. The file will remain inactive for 30 days from the effective date of the withdrawal after which it will be officially closed. The homeowner may, upon written request, reactivate his application during the 30 day period. After the 30 days have elapsed it will be necessary for the homeowner to reapply and be screened once again for eligibility. Those homeowners who withdraw do not retain their original position in the rating list (as discussed in the next paragraph) after withdrawal even though they change their mind about withdrawal and reactivate their application or reapply for assistance. Such an application must be sent to the bottom of the rating list.

Rating of Homeowner Applications: A rating system is necessary to establish a chronological order for the consideration of each homeowner application for rehabilitation or reconstruction. Homeowner applications from the target area that meet ownership, income, occupancy, etc., requirements will be assigned points. Grant recipients meeting all eligibility requirements will be selected and processed in numerical descending order of rating.

The application with the highest points will be considered for funding first, and so on. The bidding and award process will begin for the higher rated applications since it will be anticipated that enough LCDBG funds are available for completion of any associated contract that will be entered. After bids are received for higher rated applications and LCDBG funding for next in line applications is certain, the process of considering the next in line applications will continue until all eligible applications have been considered or LCDBG funds are depleted.

A sample rating system for complete applications (for rehabilitation or reconstruction) that have been approved for consideration for funding is as follows. Each household receives the specified point(s) for each qualifying category.

- Income (Moderate 1, Low 2, or Extremely Low 3) 1, 2, or 3 points
- Elderly Head of Household 1 point
- Elderly Occupant(s) (Other than Head of Household) 1 point
- Handicapped Head of Household 1 point
- Handicapped Occupant(s) (Other than Head of Household) 1 point
- Disabled (Head of Household) 1 point
- Other _____ ___ point(s)

This is only a sample rating system. The Local Government may choose to revise the categories or the point assignments before the adoption of the Housing Policy.

Final Status Lists: After initial screening and testing for hazardous materials a “Final Status List” of eligible housing units and the rating score for each unit is prepared. The Final Status List will cover housing units slated for the following improvement types: reconstruction, rehabilitation and spot rehabilitation. The list should consider all improvement types in one comprehensive list with the highest scored unit at the top and the remainder of the units listed in decreasing order. If a housing unit required asbestos or lead testing the results of the testing should be indicated for each applicable housing unit. This housing unit Final Status List must be kept as part of grant records.

Additionally, a Final Status List of properties slated for clearance demolition is also prepared. This clearance demolition list does not provide a rating score for each property slated for clearance demolition but should indicate the status of each property slated for clearance demolition. The Final Status List for each unit will include whether: (a) negotiation is in progress, (b) negotiation is complete, (c) court action regarding condemnation is in progress or (d) court action is complete. Additionally, each status list should indicate results of asbestos testing for each unit. The clearance demolition status list must be kept as part of grant records.

Task C-6: Planning, Bidding

Chronology: Task C-6, Planning, Bidding		
Month	Event	Comments
20	Solicitation of bidders. At least one advertisement in the local “legal” newspaper is required.	
21	A Cost Estimate and Plans and Specifications or work write-ups are prepared or obtained by the Local Government.	Clearance demolition—Work write-up Reconstruction—Plans and specs Rehabilitation—Work write-up Spot rehabilitation—Work write-up
22	For reconstruction, rehabilitation and spot rehabilitation a homeowner approval form is prepared. The signing of this document, verifies that the homeowner approves of the processes involved in the Housing Program and responsibilities of all parties.	This is the first of three major work-related documents that a homeowner will be asked to sign. The Local Government’s Housing Policy is referenced and attached to the approval form. Should the homeowner refuse to approve, the housing unit is removed from the project.
22	For clearance demolition a two way agreement is prepared and entered between the Local Government and owner(s) of the property.	The property owner agrees to the Local Government bidding and having discretion to enter into a contract with a demolition contractor for the clearance demolition of a structure.

22	Second Tier of Environmental Review	The Statutory Checklist Completion Form is completed
23	Preparation of bid and contract documents for housing units and clearance demolition units.	
23	Clearance demolition units are let for bids.	
23	The highest rated homeowner units are let for bids. (Round one)	

Solicitation of Bidders: Two methods are commonly used to solicit bids.

- **The Bid List Method:** The bid list method calls for the establishment of a list that contains contractors. When a housing unit is ready to let for bids the bid documents are sent to contractors on the bid list. The Local Government may solicit contractors by telephone, newspaper, personal visits to known contractors, etc.

When using the bid list method at least one advertisement in the Local Government legal newspaper must be published soliciting contractors for units that will be let for bids at some future time. This advertisement should be made a part of grant records.

- **The Individual Unit Advertising Method:** This method requires that each housing unit (or multiple housing units let under one bid) to be advertised in a newspaper at least one time. Multiple advertisements per bid are not required. Those who respond to the advertisement are invited to obtain a set of bid documents at a specified location.

Bids Prepared for One Prime Contractor Per Housing Unit: Bid documents are to be prepared so that there is one prime contractor per housing or property unit except in cases where an asbestos contractor is called upon to remediate asbestos prior to the main bid on a homeowner’s unit or property slated for clearance demolition. The objective of one prime contractor is to provide continuity from start to finish regarding construction activities.

Permits, Codes, Clean-up, and Warranty: The Local Government should also consider including provisions in the bid documents and contracts which require the contractor to:

- obtain and pay for all necessary permits and licenses
- perform all work in conformance with codes and requirements covered by the specifications and drawings
- remove all debris at the completion of work
- not assign the contract without written consent
- be paid for work completed and material installed—not for material stored on the job site
- warrant the work contract for one year from the final acceptance of work

Plans and Specifications: The Local Government, after consulting with the homeowner, will be responsible for obtaining professionally prepared home plans for each unit to be reconstructed. The cost of professionally prepared plans and specifications is an allowable LCDBG cost. If circumstances allow, the same plans may be used for more than one unit. Optionally, a given floor plan may be used on multiple units with, perhaps, different roofing constructions (Example: hip roof or a gable roof). Sometimes, each unit will require a unique set of plans. The homeowner must approve, by signature and date on the plans (or some other written method of approval). If approval between the Local Government and the homeowner is not reached, the unit must not be let for bidding.

Additional Considerations: Additional considerations regarding the preparation of bid documents and plans and specifications include the following:

- **Construction Materials:** The Local Government will prepare a list of construction materials and items which will be specified for use in the reconstruction of each housing unit. The firm which prepares the plans and specifications will be provided this list. The list of materials will be more detailed than those normally listed in professionally prepared house plans and specifications and must be presented to the homeowner for consideration at the time the professionally prepared house plans and specifications are presented. The list may include such items as:
 - Type of countertop for the cabinets
 - Type and quality of windows
 - Flooring type and quality
 - Paint type(s) and quality
 - Appliance types
 - Types of energy for each appliance (gas or electric)
 - Light fixture types
 - Faucet types and quality
 - Bathroom fixture types and quality
- **Bedrooms, Bathrooms, and Square Feet:** Two or three bedroom homes may be chosen (even if there is only one occupant in the home) and will be restricted to an area of no more than 1,000 square feet of heated/cooled area. A one bedroom home will not be an option. The two or three bedroom units will have only one bathroom.

A home which has more than three bedrooms, normally a four bedroom home, may be chosen if one of the following conditions apply.

- a) The number of persons in the household multiplied by 150 square feet per person exceeds the 1,000 square feet allowed for two and three bedroom homes. “Number of persons” as used in the previous sentence will mean the lessor of:
 - the number of persons who were listed in the LCDBG application or,
 - the number of persons now living in the household or
 - the number persons planning to reside in the household after construction is complete.
- b) More than three bedrooms are needed so that minor children of different sexes and/or adults of different families can have separate bedrooms.

The maximum square feet allowed for a home that exceeds three bedrooms will be determined by multiplying the number of occupants by 150 square feet per person. A four bedroom unit may have up to two bathrooms.

- **Porches, Garages, Screen Doors:** The plans and specifications may include porches, up to 150 square feet. A carport or garage is not allowable with LCDBG funds even if the original substandard housing unit had an attached carport or garage. Screen doors/storm doors are not an allowable LCDBG expense.
- **Appliances:** The plans and specifications will indicate the following requirements for appliances. Two fire alarms are required and must be hard-wired with battery back-ups. A new water heater and central heating and air conditioning system are required. Costs for the refrigerators and range/ovens are allowable under the LCDBG Program.

Allowable appliances, when purchased for reconstruction (by the contractor—not the homeowner) must be economy models. For example, the standard baked enamel “no frills” refrigerator with the freezer on top or bottom must be chosen rather than the more expensive stainless steel side by side units. However, a homeowner may choose an existing appliance, such as a favorite refrigerator that is in operation in the substandard housing unit, if the homeowner agrees to remove, store, and reinstall the appliance.

Costs for the following are not allowable under the LCDBG Program: dishwashers, washers, dryers, and ceiling fans.

The Work Write-up and Cost Estimate for Rehabilitation and Spot Rehabilitation: The Local Government, after consulting with the homeowner, will be responsible for preparing a work write-up for each unit slated for rehabilitation or spot rehabilitation. An inspection of the property should be conducted to determine the type and cost of work necessary to bring the property into compliance with Section 8 standards. (See **Task C-2** for more details about HUD’s Section 8 Standards.) The work write-up should be designed so that it can form the basis of bid specifications. The work write-up should specify all the work that must be done to bring the housing unit up to Section 8 Standards.

These write-ups are usually done on a room-by-room basis. See **Exhibit C-8** for a sample of a work write-up. Some communities with experienced staff have blank forms the inspector fills in as he/she inspects the unit. If your staff is very inexperienced, you may need to adopt very detailed check-off forms which list virtually every possible deficiency. The inspector checks for each one and specifies action needed to remedy the problem. Your inspector should certify by signature on the work write-up that the specified repairs will be adequate to bring the unit up to minimum Section 8 Standards, and the homeowner should sign each page of the work write-up.

When preparing the work write-up the Local Government should note the following requirements:

- **Space Heaters:** Unvented fuel burning space heaters violate Section 8 Standards and must be replaced during rehabilitation. If the unvented heater is fueled by gas, the gas line must be capped below the floor and permanently sealed. The unvented fuel burning space heater must be removed from the premises by the contractor and destroyed.
- **Outbuildings:** Attached outbuildings are eligible for rehabilitation if the outbuilding shares a common wall with the structure to be rehabilitated. Many garages and covered walkways are examples of attached buildings. Unattached outbuildings, buildings which do not share a common wall, must not be rehabilitated with LCDBG funds. They may, however, be demolished with LCDBG funds. If an outbuilding is deemed to be in very bad condition demolition may be required. If the local government determines that demolition is necessary the homeowner must agree, in writing, to the demolition.
- **Yard Conditions:** Debris and junk vehicles must be removed from the premises. If the local government determines that debris and/or a junk vehicle(s) is (are) on the premises the homeowner must agree, in writing, that the offending item(s) is (are) to be removed. Specifics that must be agreed upon include who will be responsible to remove the offending items and the timetable for the removal.
- **Flood Insurance Costs:** If the unit to be rehabilitated is within a designated flood zone then flood insurance must be purchased at the time of completion of the unit. Flood insurance, normally purchased for one year, is an eligible LCDBG cost. The cost of the insurance should be included in the work write-up for each applicable unit. The Local Government must purchase flood insurance for the first year.
- **Minimum Rehabilitation Amount:** The Office of Community Development considers that a unit slated for rehabilitation should have at a minimum of \$8,000 worth of repairs conducted on it. Any deviation from this must have prior approval from this office. There is a possibility that a unit that has less than \$8,000 worth of estimated repair cost may be considered for spot rehabilitation instead of rehabilitation.

Preparation of the Cost Estimate: Once the work write-up has been prepared, the cost of the material and labor has to be estimated. The cost estimate is necessary to know whether or not the work can be done within the allowable amounts as established in the Local Government's Housing Policy and to have a standard against which to judge bid responses. The person preparing cost estimates should be familiar with the current cost of building materials and labor

in the community and be able to estimate the cost required to complete each task. **Exhibit C-8** is a sample work write-up and cost estimate.

The Work Write-up and Cost Estimate for Clearance Demolition: The Local Government will be responsible for preparing a write-up and cost estimate for each property slated for clearance demolition. The work write-up is to be utilized in the bidding process.

Homeowner Approval Form for Reconstruction, Rehabilitation and Spot Rehabilitation: The Local Government must prepare a “Homeowner Approval” form which will serve as evidence of the homeowner’s approval of the processes involved in the LCDBG Housing Program and evidence of the homeowner’s intention to participate. The following items or statements will be part of the Homeowner Approval form:

- Name of the homeowner, address, and date
- Description of the work to be performed on the particular housing unit as well as any debris removal from the premises
- Affirmation by the homeowner that he or she has reviewed and accepts the plans and specifications or the work-write-up
- Affirmation by the homeowner that he or she has reviewed and accepts the processes stated in the Local Government’s Housing Policy. (The Housing Policy was to have been attached to the homeowner Application)
- Description of any hardships that may occur due to steps in the process. (To include the need for any temporary relocation)
- Affirmation by the homeowner that he or she intends to participate in the LCDBG Housing Program by giving consent for the Local Government to let the housing unit for bids
- Affirmation by the homeowner that occupancy information, ownership information, and household income as stated on the homeowner Application is still valid
- Affirmation by the homeowner that he or she understands the Deferred Payment Loan which is explained in the Local Government’s Housing Policy
- A statement indicating that the homeowner understands that this document is not a contract for construction. This document only indicates the approval for the Local Government to begin the bidding process. Before construction can begin the homeowner will sign a construction contract that will be a three way agreement between the Local Government, the homeowner, and the construction contractor.
- Other provisions
- Signature of the homeowner and date of the signature

The Local Government should review the Housing Policy and proposed construction with the homeowner to insure that the homeowner understands exactly what he or she is approving. It is necessary for all parties to clearly understand their responsibilities.

If the homeowner does not sign (for any reason, including unavailability) or refuses to sign the homeowner Approval form, the Local Government must not proceed with the bidding process. In that event the Local Government must document the efforts made to obtain approval and reasons that approval was not obtained.

Agreement for the Local Government to Bid and Award for Clearance Demolition: In cases where demolition is by mutual agreement the Local Government will prepare a two way contract between each property owner having property slated for clearance demolition and the Local Government. The Local Government and each property owner will be called upon to enter into an agreement that will allow the Local Government to begin the bidding process, award a demolition contract, and enter into a demolition contract. Unless otherwise specified, the contract for the demolition of a property, when awarded at a future point in time, will be between the Local Government and the demolition contractor.

Environmental Review—Second Tier: The second tier of environmental review must be completed. Since specific housing units and properties which will be improved are now known, the “Statutory Checklist Completion Form”, **Exhibit A-11**, must be completed and sent to the Office of Community Development.

Preparation of Bid and Contract Documents: The Local Government prepares a bid and contract documents package that may be sent to or obtained by bidders. A sample package for rehabilitation is provided as **Exhibit C-10**. The package, to be prepared by the Local Government, must include the following:

- Date, time and place of bid opening
- A work-write up or plans and specifications
- Additional considerations, such as a list of construction material type and quality
- A copy of a blank contract to be executed at a later date. (The Local Government should prepare, if necessary, contracts specific to each type of improvement. For instance if the LCDBG Housing Program has all four types of improvements, reconstruction, rehabilitation, spot rehabilitation and clearance demolition, then four different contracts may be prepared which are tailored to the needs of the respective type of improvement. If the bid document is being prepared for a unit slated for reconstruction then the appropriate contract to put in the bid package is the one tailored for reconstruction.)
- Section 3 Certification of the Selected Bidder form
- Special Equal Opportunity Provisions and other federal provisions that are referenced in the blank contract. These items, although in the form of a separate document, become part of the contract by being referenced on the face of the contract.

The Special Equal Opportunity Provisions and other federal provisions must include the following: Title VI Clause, E.O. 11246 Standard Clause, Section 109 clause, Section 3 clause, Segregated Facilities clause, Lead-based Paint clause, Fire Administration Authorization Act of 1992, Access to Records clause, and Conflict of Interest clause.

Davis Bacon Not Normally Applicable: Davis-Bacon does not normally apply to the LCDBG Housing Program because eight or more housing units are not usually let under one contract.

Clearance Demolition Properties are Let for Bidding: Properties slated for clearance demolition which are covered by mutual agreement between the property owner and the Local Government or which have been cleared for demolition by court action may be let for bidding. Those which are still in the court process or which are awaiting documentation of mutual agreement may not be let for bidding until mutual agreement or court order occurs.

Homeowner Units are let for Bidding: The Local Government must have an executed homeowner Approval form for units slated for reconstruction, rehabilitation and spot rehabilitation before letting the unit for bidding. The highest rated among the units which have homeowner approval should be let for bidding first. Often the bidding will be done in rounds with higher rated units bid in the first round and lesser rated units bid in successive rounds of bidding. It is often difficult to bid all units at one time. Even though some bids may be let at the same point in time, each housing unit will normally have a separate bid document, and upon successful award, a separate contract. In the unusual event of more than one unit being let under a bid, the final construction contract should reference supplemental conditions containing details specific to each housing unit.

Homeowner Ineligibility: Homeowners will be ineligible to bid on the rehabilitation or reconstruction of their own residence.

Task C-7: Contracting

Chronology: Task C-7, Contracting		
Month	Event	Comments
24	Bids are opened and tabulated.	
24	Units which have bids that exceed the maximum allowable must not be awarded a contract Proceed to the next housing units on the rating list	
24	Eligibility of contractors and whether they are responsible is determined. The lowest eligible responsive and responsible bid is selected	The Office of Community Development will check the federal database to make sure that the contractor is not debarred
24	Award, by the Local Government, of contract(s) for clearance demolition. Execution of the contract	The contract for clearance demolition is between the Local Government and the construction contractor. (Two way agreement)
24	Award, by the Local Government, of construction contracts for the first round of bidding on homeowner units	

24	A three way contract for each unit is entered for reconstruction rehabilitation, and/or spot rehabilitation. The three parties are: (a) The Local Government (b) The Homeowner and (c) The Contractor	The homeowner is called upon to sign the second of three work-related documents—the construction contract. This contract should include all items which need understanding between all three parties
Often there will be more than one round of bidding. The higher rated units are bid in the first round and lower rated units are bid in a later round(s). Construction does not have to be finished on units that were in the first round of bidding before the second round of bidding begins. The next round of bidding can be initiated by the Local Government as soon as conditions become favorable.		

Bid Opening and Tabulation for Clearance Demolition Units: The Local Government opens and tabulates bids for properties slated for clearance demolition at the appointed time and place that was specified during the solicitation for bids.

Bid Opening and Tabulation for Homeowner Units: The Local Government opens and tabulates bids for properties slated for reconstruction, rehabilitation and spot rehabilitation at the appointed time and place that was specified during the solicitation for bids.

Bid and Contractor Eligibility: The bid and the bidding firm must be examined for eligibility and responsibility. The following items are factors which determine eligibility and/or status of being responsible.

- **Licensing Requirements:** All work to be performed under this program will comply with the Louisiana Public Bid Law and federal regulations. The Louisiana Public Bid Law requires that contractors who submit a bid of \$50,000 or more for construction must be licensed. These are State requirements as defined in R.S. 37:2150-2175. Relevant excerpts are included as **Exhibit C-9**. (Exceptions to the contract requirement law are also provided in this exhibit.) The contractor’s license/registration number (if applicable) must be provided with all bids. Verification of the contractor’s license/registration is required to be conducted by the Local Government prior to execution of the individual contract.
- **Insurance Requirements:** Contractors will be required to have General Liability insurance coverage and Worker’s Compensation insurance coverage. Proof of coverage will be required as part of the bid response from the contractor. The Local Government is to verify insurance coverage.
- **Verification of Contractor Eligibility:** A Verification of Contractor Eligibility form must be sent to the Office of Community Development prior to contract award. The Office of Community Development will check to make sure the contractor is not debarred at the federal level. This form will be signed by a staff-person in the Office of Community Development and returned, by fax, to the Local Government. An approved Verification of Contractor Eligibility form is a required document in the LCDBG Program before a contract can be awarded. See **Exhibit B-6**, for the forms and

instructions. If you expect to be using the same contractors repeatedly by the establishment of a bid list, you may wish to send a list of those contractors to be cleared at the beginning of your program; this clearance is valid for the duration of the LCDBG Housing Program.

- **Child Support Payments:** The Louisiana Department of Social Services (DSS) must also be contacted to determine if the contractor is delinquent in child support payments (if applicable). A memo or letter must be included in each homeowner's application file verifying that DSS has been contacted and that the contractor is not delinquent in child support payments for each project. If delinquent in child support payments, a contractor must become current or be certified as current by DSS prior to becoming eligible to work in the LCDBG Housing Program.
- **Criminal Misconduct:** It is important to note that under the current LCDBG Program consultants, contractors or inspectors who have been indicted for any criminal misconduct involving work performed on any Community Development Block Grant Program, within or outside of the State of Louisiana, may not participate in the Louisiana Community Development Block Grant Program. This ban on participation will remain in effect until or unless the legal charges against such persons have been resolved in their favor, either through dismissal or a finding of innocence. Those individuals whose indictments result in convictions will be permanently barred from participation in the LCDBG Program.
- **Responsive and Responsible Bid:** The minimum qualifications for a contractor to be awarded a project are that the contractor (and his subcontractors) has proper licenses, insurance coverage and submits the lowest responsive and responsible bid. If a contractor's bid is more than twenty percent below the cost estimate, or in excess of the maximum allowable, it may be considered as non-responsive. Other reasons to deny a contract to the low bidder may include the following items which indicate a lack of being responsible:
 - outstanding invoices/bills due to subcontractors or suppliers;
 - failure by the contractor to meet warranty obligations on previous jobs;
 - failure by the contractor to complete the bid proposal correctly and submit necessary forms or a bid bond with the bid proposal;
 - evidence that liens have been filed on the contractor within the last two years;
 - a backlog of uncompleted rehabilitation or replacement units in the locality or other communities;
 - contractor not having the financial capacity to undertake this project;
 - contractor not cleared by the Office of Community Development;
 - reports of poor performance and/or poor workmanship quality on other projects.

Contract Award and Execution for Clearance Demolition: The Local Government makes a contract award for eligible bids for units slated for clearance demolition. The lowest responsive and responsible bidder gets the award for each respective unit. The Local Government enters into an agreement with the winning bidder(s) for the demolition of each structure.

Contract Award for Homeowner Units: The Local Government makes a contract award for eligible bids for units slated for reconstruction, rehabilitation or spot rehabilitation. Bids that are not within allowable amounts as established in the Local Government's Housing Policy are not eligible. The lowest responsive and responsible eligible bidder gets the award for each respective unit.

Parties to the Contract for Reconstruction, Rehabilitation or Spot Rehabilitation: The contract will be between the homeowner and the contractor with the Local Government being a third party to the contract. The Local Government will act formally as the homeowner's agent. The contract must include, by reference, all of the federal requirements listed in **Task C-6**.

A work write-up prepared by the Local Government should be attached to the contract for rehabilitation and clearance demolition units and the plans and specifications should be referenced in the contract (for reconstruction units). The homeowner normally executes the three-way construction contract first. After the homeowner executes the contract the Local Government and the construction contractor will execute the contract.

A two party contract for construction between the homeowner and the construction contractor with the Local Government acting as the homeowner's agent has also been successfully utilized in the LCDBG Housing Program. The Office of Community Development does not object to the use of the two party contract with the Local Government as the agent of the homeowner.

Second Round of Bidding for Homeowner Units: The Local Government may need to wait for construction progress on the units that have been awarded before letting the second round of bids. The second round, if applicable, of bids can be let when conditions favor such action. Then, if applicable, the third round—and so forth until all eligible units are complete or LCDBG funds are depleted. A contract for construction must not be awarded if there are insufficient LCDBG funds for the entire amount of the construction contract.

Procedures for Bids that Exceed the Maximum Allowable: A selected housing unit for which bids come in higher than the maximum allowable must not be awarded a contract. The remainder of approved units must be let for bids. After all approved housing units have been let for bids and awards made to units which were within allowable amounts as established by the Housing Policy, those units which were too expensive may be considered again. The Local Government may (a) bid out the more expensive units once more in hopes of obtaining a lower bid and/or (b) may revise the Housing Policy regarding maximum allowable amounts and submit the revised Housing Policy to the Office of Community Development for approval. All contract awards must be contingent on the availability of LCDBG funds. A unit that is not within the maximum allowable or that has insufficient LCDBG funding will not be an obligation of the Local Government for inclusion in the LCDBG project.

Task C-8 Construction

Chronology: Task C-8 , Construction		
Month	Event	Comments
24	Notice to Proceed for clearance demolition Work begins	
25	Pre-construction conference for reconstruction, rehabilitation and spot rehabilitation	
25	Homeowner prepares for the forthcoming construction activity	
25-28	Notice to Proceed for reconstruction, rehabilitation, and/or spot rehabilitation	
25+	The Local Government will perform inspections, approve invoices, prepare Requests for Payment and disburse payment.	
28	Notice of Substantial Completion	This legal notice is filed at the Clerk of Court's office when construction is substantially complete
28	Development of a punch list by the Local Government	Items that are incomplete or not acceptable and minor things not completed are recorded on the punch list
28	Contractor addresses items on the punch list	
29	Notice of Acceptance of Work will be signed by the Local Government and the homeowner	For reconstruction, rehabilitation and spot rehabilitation this is the third major work-related document the homeowner will be called upon to sign. For clearance demolition the Local Government will sign the Notice of Acceptance of Work
29	For reconstruction and rehabilitation the Deferred Payment Loan lien is filed at the Clerk of Court	
29	Homeowners who were temporarily relocated move back home	
30	Clear Lien	
30	Payment of retainage to contractor	

Notice to Proceed Issued for Clearance Demolition: The Local Government issues a Notice to Proceed for units which were awarded clearance demolition contracts.

Preconstruction Conference: A pre-construction conference should be conducted with all three parties present. The Local Government should insure that all parties understand their responsibilities. The timing of the beginning of construction activity is discussed.

Homeowner Preparation for Reconstruction, Rehabilitation or Spot Rehabilitation: The Local Government will notify each homeowner of preparations and actions which are needed to fulfill the homeowner's responsibility. This notification may have been delivered at the pre-construction conference. Homeowner responsibilities at this point in time will include the following:

- Removal of debris, equipment, automobiles, tree limbs, etc., from the lot/property prior to the beginning of the reconstruction, rehabilitation or spot rehabilitation.
- Prior to rehabilitation or spot rehabilitation, the homeowner must: (a) clean the interior, (b) remove pictures from any affected wall, (c) place breakables in a secure location and (d) secure valuables of any housing units that will be rehabilitated.

Temporary and Voluntary Displacement--Reconstruction: During reconstruction and occasionally during rehabilitation the homeowner may voluntarily agree to move to another dwelling place during the construction phase of the LCDBG Program.

The Local Government may write its Housing Policy to allow rental assistance or to not allow rental assistance.

The Office of Community Development recommends the following homeowner responsibilities as part of the Local Government Housing policy for all units awarded for reconstruction:

- The homeowner must be responsible for the removal of all belongings, furniture, possessions, etc. from the unit. Out of pocket moving expenses are allowable costs under the LCDBG Program. Storage space for the duration of construction is an allowable LCDBG cost.
- The homeowner will be responsible to find, and if necessary pay for, temporary housing for themselves and all of the residents of the existing unit during construction. Such accommodations must meet Section 8 standards or the homeowner must sign a waiver releasing the Local Government from liability arising from temporary substandard housing.

Relocation that Exceeds One Year: Any residential tenant who has been temporarily relocated for a period beyond one year must be contacted by the Local Government and offered permanent relocation assistance which is an eligible LCDBG cost. The Local Government will be responsible to try to avoid this situation and report the potential for any temporary relocation to exceed twelve months prior to the ending of the twelve month period.

For rehabilitation or reconstruction where the homeowner must vacate their unit while construction occurs, the Local Government must inspect the temporary living facility for Section

8 violations. The displaced persons must be advised as to whether they are moving into a standard or sub-standard unit and a signed statement acknowledging this fact must be maintained in the applicable housing unit file.

Notice to Proceed is Issued for Reconstruction, Rehabilitation, and/or Spot Rehabilitation:

The Local Government issues a Notice to Proceed to the construction contractor.

The Local Government's Responsibilities During Construction:

- **Inspections:** Make periodic inspections of work as it progresses and provide documentation including dates, name of inspector, work description, estimated percentage of completion, difficulties encountered, etc.
- **Termination of the Contract:** If serious deficiencies are identified through inspection, the Local Government can terminate the contract, compute the cost of the completed satisfactory work and pay the contractor. The Local Government can then solicit another contractor to complete the work.
- **Invoice Approval, Requests for Payment, Disbursements of Checks:** The Local Government must review each invoice and initial and date each one which is approved. At an appropriate time the Local Government will prepare Requests for Payment and attach the approved invoices to the respective Request for Payment. The request is then sent to the Office of Community Development for processing. The Office of Community Development will review invoices as well as the Request For Payment form. Upon approval by the Office of Community Development funds will be electronically transferred to the Local Government LCDBG checking account. The Local Government will then prepare and disburse checks as necessary for approved progress payments. The Local Government may submit up to three Requests For Payment per month.
- **Arbitrate Disputes:** The Local Government will arbitrate disputes and/or complaints involving the contractor and/or homeowner regarding construction.
- **Change Orders:** The Local Government will prepare change orders, and obtain necessary signatures of the homeowner and the contractor. If there is any doubt as to whether the cost of the change order will be an eligible cost of the LCDBG Housing Program, the Local Government should consult with the LCDBG Housing Program Manager prior to executing the change order. Change orders that are executed and for which work has been initiated or completed must be sent with the next Request for Payment. Toward the end of the project any change orders that have not been previously sent must be sent along with other close-out documents.

The Local Government's Responsibilities As Construction Nears Completion:

- **Final Inspection:** Make an inspection of the work that should be complete, insure that all items on the original work write-up or plans and specifications and any change orders are satisfactory, complete an inspection checklist, advise contractors of any incomplete or unacceptable items. If necessary, provide a "punch list" to the contractor which specifies work items that need further attention. Make a final inspection.

- **Warranties:** Obtain a guarantee of work, manufacturer's warranty and supplier warranties from the contractor or other appropriate source(s). A copy should be made for retention by the Local Government in the grant files with the original to be given to the homeowner.
- **Notice of Acceptance of Work:** The Local Government must sign the Notice of Acceptance of Work based on a final inspection that indicates that the work contracted has been properly completed. The homeowner may sign the Notice of Acceptance of Work. Upon completion of execution, the Notice is to be filed with the Clerk of Court (See **Exhibit C-11**).
- **Substantial Completion:** Insure that the Certificate of Substantial Completion is filed with the Clerk of Court. Since this will normally be done by the contractor the Local Government may be notified by receiving a copy of the certificate as provided by the contractor. The date on which the Certificate of Substantial Completion is filed will be the starting point of the 45 day lien period.

The Certificate of Substantial Completion is a document that indicates that a structure can be used for the intended purpose. If the homeowner had to relocate during construction the Local Government may authorize the homeowner to move in after the Certificate of Substantial Completion has been filed at the courthouse.

- **Deferred Payment Loan Lien:** The Local Government must file a five year deferred payment loan lien for reconstruction and rehabilitation for units that have attained a Certificate of Substantial Completion.
- **Retainage:** Following the 45 day lien period, obtain the contractor's final invoice and Clear Lien Certificate from the Clerk of Court. Upon the obtaining of the Clear Lien Certificate retainage due to the contractor(s) may be paid.

Task C-9 Physical Accessibility

The Physical Accessibility program is a relatively new program designed to provide improvements, such as wheelchair ramps, user friendly plumbing fixtures, lever action doorknobs, grab-bars, etc., for handicapped persons who reside in residential housing units. The Physical Accessibility program is a separate and distinct program from the Housing program; however, many of the features of the Physical Accessibility program are the same as for the Housing program. Task C-9 discusses requirements of the Physical Accessibility program and the similarities and differences between the Housing program and Physical Accessibility program.

- **Eligibility** The improvements must benefit low to moderate income households. Single and multi-family residential “stick-built” housing units are eligible. A housing unit must be deemed to be structurally sound enough to last the expected life of the improvements. Mobile homes and modular homes are not eligible. Both owner-occupied and rental units are eligible but half of the cost of improvements of any rental unit must be paid by the

landlord. Other restrictions for rental units will apply and were listed in the Physical Accessibility application package. Proof of ownership or usufruct must be obtained for owner-occupied units and proof of the landlord's ownership must be obtained for rental units.

- **Deferred Payment Loan Lien** In contrast to the Housing program, the Physical Accessibility program does not require the recording of a five year deferred payment loan lien. (For clarification of the term “deferred payment loan” and the lien associated with the loan see **Exhibit C-1**, Section XVI).
- **Housing Policy of the Local Government** Local governments which receive funding under the Accessibility program must prepare or revise a “Housing Rehabilitation Policy” before any advertisements or individual household surveys are initiated. A sample Housing Rehabilitation Policy (that does not contain Accessibility items) is available as Exhibit C-1. Such a policy may have been prepared by the applicant under a previous housing grant. Whether writing a new policy or simply updating an existing policy, program guidelines for the Physical Accessibility program must be incorporated into the policy. The following should be included:
 - Description of the method which will be used to inform the public of the availability of accessibility improvements in the target area—whether by brochure, advertisement, placement of signs, etc.
 - Description of types of accessibility improvements that are eligible.
 - Minimum and maximum dollar amounts per each home that will receive treatment.
 - Description of the type of household units eligible for accessibility treatment—especially concerning structural soundness test and the 75% rule.
 - Definition of qualified applicants—LMI households with accessibility needs.
 - Requirements, if any, regarding a medical opinion or other proof of disability.
 - Restriction(s) regarding expected duration of disability.
 - Description of a deadline for the receipt of homeowner applications and any extra information associated with the application. For example, the local government may specify that homeowner applications and all additional information needed for consideration must be received no later than 12 months after the authorization to incur costs date.

- Description of the rating/selection process that will be used by the local government to determine which homes are selected for inclusion in the Accessibility application. Factors could include but are not limited to the following: age, expected duration of disability, type of disability, or even a rating on a first come—first serve basis.
- **Section 8 Requirements** Housing units under the Physical Accessibility program are not required to be brought up to Section 8 Housing Quality Standards. The Physical Accessibility program applies only to those improvements pertaining to remedying problems of accessibility that handicapped persons may incur. Example: A wheelchair ramp and porch landing could be installed for a housing unit without having to address windows in that same housing unit that do not meet Section 8 standards.
- **Asbestos and Lead Testing** Under the Physical Accessibility program housing units should be tested for asbestos or lead only when conditions warrant. For example, if a handicapped ramp is being installed to the exterior side of an entry door the need for asbestos testing or lead testing would be rare. In contrast, if the installation of a handicapped shower stall requires the removal of material suspected of containing lead or asbestos prior to installation, then testing would be warranted. If testing is deemed to be necessary, such testing should be done prior to the bidding process. For additional information see **Task C-5**.
- **Housing Program Requirements Applicable to Physical Accessibility Grants** Tasks C-1 through C-8, although written for the Housing program, contain many elements that are required under the Physical Accessibility program. Some of the differences between the two programs have been discussed above, beginning at **Task C-9**. All other items should be considered the same for both Housing and Physical Accessibility programs unless it would not be feasible.

For example: Task C-6 discusses the allowable number of “Bedrooms, Bathrooms, and Square Feet” for housing units that will be demolished and reconstructed. Since the Physical Accessibility program does not include the demolition and reconstruction of housing units, these requirements would not apply to the Physical Accessibility program.

- Basically, the chronology of the Physical Accessibility program is the same as for the Housing program. Chronological similarities include:
 - The preparation of the LCDBG application to the clearance of contract conditions as discussed in Task C-4.
 - Solicitation and screening of homeowner applications as discussed in Task C-5.
 - Planning and bidding as discussed in Task C-6. Note that the comments under the heading “Environmental Review—Second Tier” is also applicable to the Physical Accessibility program.
 - Contracting as discussed in Task C-7.
 - Construction as discussed in Task C-8.

The Housing Program Manager at the Office of Community Development will be able to assist those who have questions regarding the Housing program or the Physical Accessibility program at (225) 342-7412.

Name of Local Government: _____

(This document is only a sample. Each Local Government may choose to modify parts of this document or may create their own. However, the Office of Community Development must review each policy prior to the release of LCDBG funds to insure that it has the (a) basic elements required and that (b) all included elements are acceptable. If this document is utilized please delete this explanatory paragraph from the final document.)

I. Authority

The Local Government under authority of the Housing and Community Development Act of 1974, as amended, has been allocated funds in the FY _____ Louisiana Community Development Block Grant (LCDBG) Housing Program. Funds are provided to the State’s Office of Community Development through the U.S. Department of Housing and Urban Development (HUD). The Local Government’s LCDBG application for funding identified a target area for housing improvements. A map outlining the target area is available for review at _____.

This LCDBG Program Housing Policy was adopted by the Local Government on _____.

II. Objectives

Objectives of the LCDBG Housing Program are the elimination of slum/blight and benefit low to moderate income (LMI) households. The slum/blight objective is accomplished by the demolition of vacant substandard housing units that are determined to be in need of demolition. The LMI objective is accomplished by the repair of existing substandard housing units and the demolition and reconstruction of substandard housing units. Improvements under the LCDBG program may include the following:

- (a) Clearance demolition—demolition of vacant substandard housing units
- (b) Reconstruction—demolition and reconstruction of substandard housing units
- (c) Rehabilitation—Repair of existing substandard housing units

III. Definitions

Program Participants

1. Applicant: The homeowner who applies to the Local Government for assistance. Some applicants, due to income requirements or other program requirements, may not be eligible for assistance.
2. Homeowner Application: The application of the homeowner to the Local Government for funding.
3. Consultant: Professional housing program administrator employed by the Local Government.

4. Local Government: The legal entity applying for LCDBG funding which will be one of the following types of government: (a) City (b) Town (c) Village or (d) Parish.
5. Louisiana Community Development Block Grant (LCDBG) Housing Program: The federally funded (HUD) housing program administered by the Office of Community Development of the State of Louisiana. It may be referred to as Program, LCDBG Program, or Housing Program.
6. Responsible Bidder: Bidder that meets qualifications established by the Local Government including general liability insurance coverage, workmen's compensation insurance coverage, competence, integrity, acceptable past performance on construction projects, contractor clearance by the Office of Community Development, and, if applicable, proof of licensing.
7. Responsive Bidder: Bidder that responds in a timely manner with complete and accurate bid documents to a solicitation by the Local Government for a bid. Additionally, a bidder that does not exceed the maximum (or minimum) amount allowed per unit as established by this Housing Policy, in Section IX, is considered responsive.

Program Terminology

1. Assistance: Funding for housing improvements which has many characteristics of a grant but is technically a "Deferred Payment Loan".
2. Clearance Demolition: The removal of vacant substandard housing units or other nuisance structures in residential areas with no replacement of the demolished unit.
3. Deferred Payment Loan: The type of assistance the homeowner receives for housing improvements is called a "Deferred Payment Loan". At substantial completion of the housing unit, a five year lien against the property is filed with the parish Clerk of Court. The loan balance will be forgiven if the homeowner or a member of the homeowner's immediate family occupies the unit for at least five years. After the lien period is complete the homeowner is free from the encumbrance.
4. Elderly Household: A household headed by a person over 62 years of age.
5. Handicapped Household: A household headed by a person with a disability or handicap (as defined in Section 3 of the U. S. Housing Act of 1937, as amended).
6. LCDBG Application: The original application of the Local Government to the Office of Community Development for funding.
7. Low and Moderate Income (LMI): Household Income levels, established by HUD, which is no more than 80% of the median household income for the Parish.

8. Owner Occupied Unit: A housing unit owned and occupied by the owner for a minimum of 6 months before the submittal of the LCDBG application and still occupied by the owner at the time of the homeowner application. The homeowner must intend to continue to occupy the premises after construction is complete.
9. Property Rehabilitation Standards: The standards adopted by the Local Government to meet the housing improvements of this program. At a minimum, they must meet the requirements of HUD's Section 8 Housing Quality Standards, the Lead-Based Paint Controls and Abatement Standards, and the Fire Administration Authorization Act of 1992 and the International Building Code as adopted by the Louisiana Legislature. See Section VIII.
10. Reconstruction: Demolition and reconstruction of a housing unit on the original site.
11. Rehabilitation: Repair and/or renovation of an existing housing unit in order to bring the unit up to Property Rehabilitation Standards.
12. Section 8 Standards: Minimum Housing Quality Standards established by HUD. Housing units which meet these minimum standards are considered to be decent, safe and sanitary.
13. Substandard Housing – Housing which does not meet Section 8 minimum standards.
14. Target Area: A geographical area slated for housing improvements as determined by the Local Government and indicated in the LCDBG application.
15. The 75% Rule: A rule designed to determine whether a housing unit should be rehabilitated or reconstructed. The 75% rule states that a housing unit is suitable for rehabilitation if the estimated costs of improvements will be 75% or less of the expected market value of the improved unit. Conversely, if the costs of improvement would exceed 75% of the expected market value of the improved unit, rehabilitation would be cost prohibitive, thus the unit should be demolished and reconstructed.
16. Work Write-Up: A listing and description of proposed work prepared by an agent of the Local Government (administrative consultant, building inspector, etc.) to be used by the construction contractor to prepare a bid for clearance demolition or rehabilitation. Housing units slated for reconstruction will have plans and specifications (instead of a work write-up) on which to base bids.

IV. Eligibility Requirements

4. Ownership/Occupancy: Housing units must be owner-occupied. The owner must (a) have occupied the unit for at least six months prior to the submittal of the LCDBG application, (b) must be occupying the unit at the time of the homeowner application and (c) must be intending to occupy the unit for at least five years after improvements

are complete.

5. Usufruct: The legal right for the use of a property. For the purposes of the homeowner application an applicant who has the legal “usufruct” of a property is considered to be an owner.
6. Eligible Property Types: A housing unit must be a conventional “stick built” structure to be eligible for rehabilitation. Mobile homes and modular homes are not eligible for rehabilitation. However, reconstruction, which includes demolishing and rebuilding on the same site, is an eligible activity for both conventional “stick built” structures and mobile homes. Clearance demolition of substandard structures in residential areas is eligible.
7. Target Area and LCDBG Application: Housing units must be in the target area as defined by the Local Government in the LCDBG application in order to be eligible for assistance. The housing unit must also be one of the units identified in the LCDBG application as in need of improvement.
8. Suitable for Rehabilitation: For houses that will be rehabilitated the 75% rule is a measure of the condition of a housing unit. (See definition of “The 75% Rule” in Item III.)
9. Income Requirements: Beneficiaries must be of low and moderate (LMI) income as described in Section III.7 and must furnish proof of income status. The following table below indicates income status for a hypothetical parish. (See Chapter Five of the LCDBG Housing Application Package for current applicable parish figures and associated instructions. The Local Government should modify the table to reflect the current applicable parish figures.)

Household Size # of Persons	Current Income Status Chart: _____ Parish			
	\$ Low And Moderate Income (LMI) Status			\$ Not LMI Status
	Extremely Low	Low	Moderate	High
1	8,400	13,950	22,350	>22,350
2	9,600	15,950	25,550	>25,550
3	10,750	17,950	28,750	>28,750
4	11,950	19,950	31,900	>31,900
5	12,950	21,550	34,450	>34,450
6	13,900	23,150	37,050	>37,050
7	14,850	24,750	39,600	>39,600
8	15,800	26,350	42,150	>42,150

10. Conflict of Interest: The following individuals or firms must not have any interest, direct or indirect, in any contract or subcontract or the proceeds from any contract or subcontract for work to be performed in connection with the LCDBG Program:

- a. Member, officer, or employee of the Local Government,
- b. The Local Government's designee, agent, or consultant
- c. Member of the local governing body or other public official of the Local Government who exercises or has exercised any functions or responsibilities with respect to this LCDBG project during his or her tenure.

However, upon written request of the Local Government, the Office of Community Development may agree in writing to waive a conflict otherwise prohibited by this provision whenever there has been full public disclosure of the conflict of interest, and the Office of Community Development determines that undue hardship will result either to the Local Government or the person affected by applying the prohibition and that granting of a waiver is in the public interest. No such request for waiver will be made by the Local Government which would, in any way, permit a violation of federal, State or local law.

11. Withdrawal of Application: The applicant may withdraw the application for any reason prior to execution of the grant agreement. In such event, a memo to the file will be prepared and signed by the homeowner showing the date of notice and the effective date of withdrawal. The file will remain "Inactive" for thirty days after notification of withdrawal, after which it will be officially "Closed". The homeowner may, upon written request, reactivate his/her application during that thirty (30) day period. After the thirty days have elapsed it will be necessary for the homeowner to reapply and to provide current verification of income for the purpose of requalifying.

V. Responsibilities/Obligations of the Local Government

The Local Government will be responsible to perform or insure performance of the following activities.

1. Meet requirements necessary for the release of LCDBG funding and ongoing LCDBG Program requirements. A checking account will be established/maintained for the exclusive use of the LCDBG Program. The implementation of LCDBG Program requirements may be accomplished by an administrative consulting firm employed by the Local Government. The contract between the Local Government and the administrative consultant must clearly specify the responsibilities of both parties.
2. Provide access as requested by the Office of Community Development to all grant records.
3. Interview and advise applicants on the general objectives of the LCDBG Program, and the purpose and meaning of the Property Rehabilitation Standards.
4. Publicize to residents of the target area the offer to accept homeowner applications for assistance to those who reside in the target area. Advise the applicant on the availability, benefits, and restrictions of the LCDBG Program.
5. Inspect the property to determine conformance with the Property Rehabilitation Standards.

6. Verify the applicant's income and ownership/usufruct of property.
7. Prepare an agreement for asbestos testing of each property that has potential to be part of the Housing Program. Such an agreement will precede the bidding process for each property. The results of the asbestos testing will be utilized in the preparation of bid documents.
8. Determine qualification of the homeowner/applicants for assistance and provide them with written notification of the disposition of their application. The Local Government will be careful to state in the notification that all assistance is subject to the availability of LCDBG funds.
9. Prepare or obtain the following items for use in the bidding process:
 - a. A work write-up and cost estimate for each property approved for clearance demolition;
 - b. Plans and specifications for each property approved for reconstruction;
 - c. A work write-up and cost estimate for each property approved for rehabilitation.
10. Prepare the construction contract documents and obtain bids, registration/license number if applicable, and review bids received. Obtain verification of contractor eligibility and obtain licensing verification if the bid for construction exceeds \$50,000. Determine if the lowest responsive and responsible bid is within the limits established by this Housing Policy in Section IX. If requirements are met the Local Government will award the contract to the lowest and acceptable bidder.
11. Prepare the deferred payment loan/grant agreement, review conditions of the agreement with the homeowner, obtain the homeowner's signature, assign the deferred payment loan/grant number and activate appropriate files. This is a two way agreement between the Local Government and the homeowner. The Local Government will also determine whether the deferred payment loan will be approved and, upon approval, execute the two way agreement.
12. Assist in the preparation and execution of construction contract between three parties, (a) the homeowner, (b) the construction contractor, and (c) the Local Government.
13. Conduct pre-construction conference with homeowner and contractor and issue a Notice to Proceed for construction work.
14. Make periodic inspection of work as it progresses and provide documentation including dates, name of inspector, work description, estimated percentage of completion, difficulties encountered, etc.
15. Review/approve contractor invoices, prepare requests for payment, prepare and disburse checks as necessary for approved progress payments.
16. Arbitrate disputes and/or complaints involving the contractor and/or homeowner regarding construction to be performed, under way, or completed.

17. Prepare change orders, and obtain necessary signatures of homeowner, contractor and Local Government officials, as appropriate.
18. Make a final inspection of the completed work, insure that all items on the original work order/blueprints and any change orders are satisfactory, complete inspection checklist, advise contractors of any incomplete or unacceptable items.
19. Obtain a guarantee of work, manufacturer's warranty and supplier warranties from the contractor or other appropriate source(s).
20. Obtain homeowner's signature on the acceptance of work and file it with the Clerk of Court.
21. Insure a Certificate of Substantial Completion is filed with the Clerk of Court.
22. File a five year deferred payment loan lien on property upon substantial completion of the housing unit.
23. Insure or arrange access to housing units, outside and inside, for on-site inspection by staff from the Office of Community Development during monitoring of the LCDBG Program.
24. Following the 45 day lien period, obtain the contractor's final invoice and clear lien certificate. Pay retainage due to contractor(s).
25. Maintain accurate files and records on each applicant and construction contractor. Provide maximum confidentiality of the property owner's personal data.
26. If it is necessary to cancel the scheduled improvements to a property because the homeowner is unwilling or unable to proceed with the work, or for other reasons, the Local Government will prepare a written notarized notice to that effect, indicating reasons and effective date. This documentation will be distributed as follows: original to the homeowner, copy to the Local Government's file, and copy to the Office of Community Development.

VI. Responsibilities/Obligations of Homeowner/Recipient

The homeowner/recipient of assistance (hereinafter referred to as "homeowner") will be responsible for performing or insuring performance of the following activities.

1. Removal of debris, equipment, automobiles, tree limbs, etc., from the property prior to the beginning of the rehabilitation or reconstruction activity.
2. Removal of any household items prior to the demolition of any housing units or giving permission for items not removed by the homeowner to be removed and/or disposed of by the Local Government.
3. Prior to rehabilitation, the homeowner must (a) clean the interior (b) remove pictures from any affected wall (c) place breakables in a secure location and (d) secure valuables of any housing units that will be rehabilitated.

4. For the rehabilitation of occupied housing units the homeowner must make arrangements to give the contractor access during normal working hours. Additionally, the homeowner must make any reasonable accommodations for the contractor to perform construction duties.
5. Allow inspection of the work by the Local Government, administrative consultant working for the Local Government and Office of Community Development staff.
6. Allow the construction contractor to use, at no cost, existing utilities such as electricity, lights, heat and water when needed to perform the work.
7. Maintain or obtain homeowner insurance coverage as desired. The LCDBG does not provide homeowner insurance.
8. The homeowner waives the right to be a co-signor to checks disbursed to the contractor.
9. During the one year warranty period the homeowner will be responsible for contacting the prime contractor for warranty work. The homeowner will keep the Local Government informed, in writing, regarding warranty work or lack of performance of warranty work.
10. Other homeowner responsibilities, not enumerated in this section, may be deemed appropriate by the Local Government and agreed upon by the homeowner.

VII. Applicant Selection Procedure

1. Publication: The Local Government will make known the opportunity for those who reside in the target area to submit a homeowner application for assistance. This may be accomplished by brochure, flyer, door to door meetings with minutes for each meeting to be recorded, registered mail—return receipt requested, local newspaper advertisement, etc.

Owners of any vacant structure in the target area which is in need of clearance demolition, as described in the LCDBG application, will be contacted by the Local Government regarding the establishment of a contract for demolition between the Local Government and the property owner.

2. Deadline for the Receipt of Homeowner Applications: The initial publication must contain a deadline for the receipt of complete homeowner applications. The applicants should be encouraged to provide applications and supporting documentation promptly so that the Local Government will have time to request any additional information if necessary. If homeowner applications are not complete as initially submitted, the Local Government will request additional information in writing. The Local Government will not be required to send additional written requests for the information. Homeowner applications which do not meet the

deadline will not be considered for funding nor will bidding for his/her housing unit take place.

The deadline date is to be relative to the date of the Authorization to Incur Cost letter sent by the Office of Community Development to the Local Government at the beginning of the LCDBG Program. This deadline is to be _____ (Enter the specific month, day and year) which is _____ months (Comment: Enter, for example, 9 months or 10 months and delete this comment) after the date of the Authorization to Incur Costs letter.

3. Demolition: All units designated for clearance demolition in the LCDBG application will be considered first. If the lowest and acceptable bid for a demolition unit is more than the maximum allowable then the contract must not be awarded. However, if the lowest and acceptable bid for a clearance demolition unit is within the maximum allowable, a contract is to be awarded.
4. Reconstruction and Rehabilitation: After all clearance demolition units have been considered, the group consisting of housing units to be rehabilitated or reconstructed must be considered.

A rating system is necessary to establish a chronological order for the consideration of each homeowner application for rehabilitation or reconstruction. Homeowner applications from the target area that meet ownership, income, occupancy, etc., requirements will be assigned points. Grant recipients meeting all eligibility requirements will be selected and processed in numerical descending order of rating.

The application with the highest points will be considered for funding first, and so on. The bidding and award process will begin for the higher rated applications since it will be anticipated that enough LCDBG funds are available for completion of any associated contract that will be entered. After bids are received for higher rated applications and LCDBG funding for next in line applications is certain, the process of considering the next in line applications will continue until all eligible applications have been considered or LCDBG funds are depleted.

The rating system for complete applications (for rehabilitation or reconstruction) that have been approved for consideration for funding is as follows. Each household receives the specified point(s) for each qualifying category.*

- | | |
|--|-------------------|
| • Income (Moderate 1, Low 2, or Extremely Low 3) | 1, 2, or 3 points |
| • Elderly Head of Household | 1 point |
| • Elderly Occupant(s) (Other than Head of Household) | 1 point |
| • Handicapped Head of Household | 1 point |
| • Handicapped Occupant(s) (Other than Head of Household) | 1 point |
| • Disabled (Head of Household) | 1 point |
| • Other _____ | ___ point(s) |

(*This is only a sample rating system. The Local Government may choose to revise the categories or the point assignments before the adoption of the Housing Policy. Please delete this notation from the final Housing Policy.)

If the lowest and acceptable bid for a housing unit is not within the allowable monetary limits, as established in Section IX, the contract for that unit must not be awarded at that time.

5. Amendment of the Housing Policy: After all housing units contained in the original application have been considered, no contracts will have been awarded for the units for which bids exceeded the maximum allowable. If LCDBG funds are available, the Local Government may make a written request to the Office of Community Development for approval to amend the Housing Policy to reflect an increase the maximum(s) allowable. Upon approval of the request by the Office of Community Development the Local Government will pass a resolution amending the Housing Policy.
6. Order of Consideration After Housing Policy Amendment: If a higher maximum allowable has been enacted, the remaining units which have had no contract award may be considered again—beginning with the unit with the higher amount of rating points and proceeding to lower rated units in systematic order. It is possible that the last unit(s) will have insufficient LCDBG funds available. An award should not be made if there are insufficient funds available to cover an entire contract amount.
7. Rating Sheet: A rating sheet will be prepared for each approved application. Points will be assigned to each approved application based on the rating system as described in #4. In the event of a tie between two or more applications, priority will be given to the application(s) with the lowest per capita household income.
8. Notification to Applicants: Those applicants which do not meet all requirements including ownership, income and submittal of a complete application with all necessary supporting documentation by the application deadline will be notified in writing of the Local Government's determination.

Those applicants who did meet requirements will be informed that their application has been rated. Those applicants will be informed that they will receive a housing grant/deferred payment loan subject to the successful establishment of contractual agreements between all parties, availability of LCDBG funds and a successful bidding process which does not exceed the maximum (or minimum) allowable funds as listed in Section IX.

9. Complaints: Complaints are to be expressed in writing by a letter to the Local Government. In response to a complaint, the Local Government will follow the Citizen Complaint Procedure as identified in its Citizens Participation Plan.

10. Insufficient Budget Balance: In the event that the remaining budget balance is not sufficient to provide the necessary amount of LCDBG funds to the next consecutive qualified applicant, the Local Government should select the next qualified applicant whose estimated cost falls within the amount available.

VIII. Property Rehabilitation Standards

Property Rehabilitation Standards are the building standards adopted by the Local Government that apply to reconstruction and rehabilitation relative to the LCDBG Housing Program. All housing units, reconstructed or rehabilitated, must meet, at a minimum, the HUD Section 8 Existing Minimum Housing Quality Standards, the International Building Code as adopted by the State of Louisiana, the Lead-Based Paint Controls and Abatement Standards, and the Fire Administration Authorization Act of 1992.

IX. Minimums, Maximums and Average Costs

The Local Government establishes the following limits to govern activity in the LCDBG Program:

Demolition

- Average cost of clearance demolition 5,000
- Maximum cost of clearance demolition 9,000
- Minimum cost of clearance demolition 1,000

Reconstruction

- Average cost of reconstruction 65,000
- Maximum allowable cost of reconstruction 80,000
- Minimum allowable cost of reconstruction n/a

Rehabilitation

- Average cost of rehabilitation \$ 22,000
- Maximum allowable cost of rehabilitation 26,000
- Minimum allowable cost of rehabilitation 8,000

(The above listed monetary limits are only sample listings. The Local Government should revise the sample monetary limits. The average limits should be revised to reflect amounts listed in the LCDBG application. The maximums and minimums should also be revised by the Local Government with the exception of \$8,000 (not to be changed) for the Minimum allowable cost of rehabilitation. Omit this explanatory note from the final Housing Policy.)

X. Item(s) Pertaining to All Improvement Types (Clearance Demolition, Reconstruction, Rehabilitation)

1. Asbestos Testing Requirement: Asbestos testing and abatement is an allowable LCDBG cost. All units built before 1979 which are earmarked for treatment in the LCDBG application, whether clearance demolition, reconstruction, or rehabilitation units, will be tested for asbestos by a Louisiana Department of Environmental Quality (DEQ) approved firm. The projected cost of asbestos demolition and remediation of existing asbestos products will be taken into consideration when preparing a cost estimate for each unit. The work write ups and plans will reflect DEQ approved measures to deal with asbestos.
2. Asbestos Testing Procedures: After the Local Government determines which structures may be approved for clearance demolition reconstruction or rehabilitation, asbestos testing services must be procured for all potential units to be involved in the project. Asbestos testing may be done on multiple units or on one unit at a time. Such testing will be done prior to work write-ups or the preparation of plans and specifications. The results of the asbestos testing will be utilized in the preparation of the work write-ups or plans and specifications. Each homeowner or structure-owner must enter into a special agreement with the Local Government to allow asbestos testing before the bidding and award process starts.

XI. Clearance Demolition

1. Demolition Policy: The Local Government will prepare and/or update a Demolition Policy when funded under a LCDBG Housing Program. The Demolition Policy must include at a minimum the following: (a) Provision for the inspection of the housing unit to determine the need for demolition (b) Written conclusion of the inspection (c) Written mutual agreement between the Local Government and the owner of the property to be demolished or successful conclusion of condemnation procedures, (d) the requirement for a resolution by the Local Government to initiate the demolition of each unit (e) provision for testing for asbestos by a Department of Environmental Quality (DEQ) qualified inspector, (f) provision for asbestos abatement (g) any other applicable State, local, or federal laws pertaining to demolition and (h) provisions which are needed by the Local Government.

XII. Reconstruction

1. Demolition: Reconstruction in the LCDBG Housing Program includes demolition of an existing unit prior to rebuilding on the same site. The Local Government will prepare and/or update a Demolition Policy as described in Section XI and abide by the requirements of that policy.
2. Plans: The Local Government, after consulting with the homeowner, will be responsible for obtaining professionally prepared home plans for each unit to be

reconstructed. If circumstances allow, the same plans may be used for more than one unit. Optionally, a given floor plan may be used on multiple units with different roofing constructions. (Examples: hip roof, gable roof) Sometimes, each unit will require a unique set of plans. The homeowner must approve, by signature and date on the plans (or some other written method of indication of approval). If approval between the Local Government and the homeowner is not reached, the unit must not be let for bidding.

3. Details Regarding Construction Materials: The Local Government will prepare a list of construction materials and items which will be specified for use in the reconstruction of each housing unit. This list will go beyond what is normally listed in professionally prepared house plans and specifications and must be presented to the homeowner for consideration at the time the professionally prepared house plans and specifications are presented. The list may include such items as:
 - Type of countertop for the cabinets
 - Type and quality of windows
 - Flooring type and quality
 - Paint type(s) and quality
 - Appliance types
 - Light fixture types
 - Faucet types and quality
 - Bathroom fixture types and quality
4. Bedrooms, Bathrooms, Square Feet and Appliances: Two or three bedroom homes may be chosen (even if there is only one occupant in the home) and will be restricted to an area of no more than 1,000 square feet of heated/cooled area. A one bedroom home will not be an option. The two or three bedroom units will have only one bathroom.

A home which has more than three bedrooms, normally a four bedroom home, may be chosen if one of the following conditions apply.

- c) The number of persons in the household multiplied by 150 square feet per person exceeds the 1,000 square feet allowed for two and three bedroom homes. "Number of persons" as used in the previous sentence will mean the lessor of:
 - the number of persons who were listed in the LCDBG application or,
 - the number of persons now living in the household or
 - the number persons planning to reside in the household after construction is complete.
- d) More than three bedrooms are needed so that minor children of different sexes and/or adults of different families can have separate bedrooms.

The maximum square feet allowed for a home that exceeds three bedrooms will be determined by multiplying the number of occupants by 150 square feet per person. A four bedroom unit may have up to two bathrooms.

5. Accessory Items: Porches, up to 150 square feet are allowed. A carport or garage is not allowable with LCDBG funds even if the original substandard housing unit has an attached carport or garage. Screen doors/storm doors are not an allowable LCDBG expense.
6. Appliances: Two fire alarms are required and must be hard-wired with battery back-ups. A new water heater and central heating and air conditioning system are required. Costs for the refrigerators and range/ovens are allowable under the LCDBG Program. Allowable appliances, when purchased for reconstruction (by the contractor—not the homeowner) must be economy models. For example, the standard baked enamel “no frills” refrigerator with the freezer on top or bottom must be chosen rather than the more expensive stainless steel side by side units. However, a homeowner may choose an existing appliance, such as a favorite refrigerator that is in operation in the substandard housing unit, if the homeowner agrees to remove, store, and reinstall the appliance.

Costs for the following are not allowable under the LCDBG Program: dishwashers, washers, dryers, and ceiling fans.

7. Homeowner Responsibilities Specific to Reconstruction: The homeowner recipient of assistance involving reconstruction must agree to items listed in section VI and the following items.
 - The homeowner must be responsible for the removal of all belongings, furniture, possessions, etc. from the unit. Out of pocket moving expenses are allowable costs under the LCDBG Program. Storage space for the duration of construction is an allowable LCDBG cost.
 - The homeowner will be responsible to find, and if necessary pay for, temporary housing for themselves and all of the residents of the existing unit during construction. Such accommodations must meet Section 8 standards or the homeowner must sign a waiver releasing the Local Government from liability arising from temporary substandard housing.
 - The Homeowner must agree to the demolition of the existing housing unit and the construction of a new home on the same site.

XIII. Rehabilitation

1. Preparation of Detailed Work Write-Ups/Cost Estimates: An inspection of the properties selected for assistance will be conducted to determine deficiencies relative to HUD’s Section 8 standards. A work write-up will be prepared that covers only the improvements necessary to bring the housing unit up to Section 8 standards. The

work write-up will also specify the quality and type of materials to be used in the rehabilitation of each housing unit.

Once the initial work write-up is prepared, the detailed list of work items to be performed will be prepared. A follow-up inspection will occur to verify and finalize the work write-up for bidding purposes. At that time, and prior to bidding the project, the property owner will be required to give his/her approval of the items contained in the work write-up.

Rehabilitation Ineligibility: Should it be determined by the Local Government that a unit cannot be rehabilitated to meet the Property Rehabilitation Standards within the limitations established, or should it be determined that it is not feasible under the 75% rule to rehabilitate a unit and sufficient funds are budgeted for replacements, then demolition of the existing unit and the construction of a new replacement unit becomes an option that must be considered.

Since the Applicant Selection Procedures outlined in Section VII only evaluates and considers income information, ownership documentation and demographic characteristics, there is a possibility that a unit could have been selected for rehabilitation per the LCDBG application which may not require sufficient work to be eligible. The Office of Community Development and this Housing Policy generally require a minimum of \$8,000 of improvements needed per unit for the unit to be rehabilitated.

2. Lead-Based Paint: Testing for lead-based paint is an allowable LCDBG cost on housing units constructed before 1978. The work write-up will include any extra costs associated with proper lead-based paint abatement procedures.

XIV. Advertising, Bidding and Awarding Contracts

1. Advertising for the Bid List: At least one advertisement in the Local Government's official legal journal will be made to obtain contractors who wish to be placed on a bid list. From responses to this advertisement and/or from other recruiting methods the Local Government will develop and maintain a list of local contractors, small, minority and female contractors, and contractors performing similar work in neighboring communities. The Local Government will make efforts to recruit small, minority and female contractors to work on this housing program.
2. Licensing Requirements: All work to be performed under this program will comply with the Louisiana Public Bid Law and federal regulations. The Louisiana Public Bid Law requires that contractors who submit a bid of \$50,000 or more for construction must be licensed.
3. Insurance Requirements: Contractors will be required to have General Liability insurance coverage and Worker's Compensation insurance coverage. Proof of coverage will be required as part of the bid response from the contractor. The Local Government will verify insurance coverage.

4. Notification to Bidders: The order in which clearance demolition units and housing units are selected for the bidding process is based on the rating criteria as determined by the rating system in Section VII of this Housing Policy. The contractors on the bid list will be mailed an individual notice informing them of each housing unit(s) or clearance demolition unit(s) to be bid. In addition the Local Government has an option to advertise for bidders for a certain housing unit(s) or a clearance demolition unit(s) in its official legal journal (newspaper). The notice, and if applicable the newspaper advertisement, will state where contractors may pick up a bid package and the bid opening date.
5. Verification of Contractor Eligibility: A Verification of Contractor Eligibility form must be sent to the Office of Community Development prior to contract award. The Office of Community Development will check to make sure the contractor is not debarred at the federal level. This form will be signed by a staff-person in the Office of Community Development and returned, by fax, to the Local Government. An approved Verification of Contractor Eligibility form is a required document in the LCDBG Program before a contract can be awarded. See the current LCDBG Grantee Handbook for the forms and instructions.
6. Minimum Qualifications and Reason(s) to Deny the Award of a Contract: The minimum qualifications for a contractor to be awarded a project are that the contractor (and his subcontractors) has proper licenses, insurance coverage and submits the lowest responsive and responsible bid. If a contractor's bid is more than twenty percent below the cost estimate, or in excess of the maximum allowable, it may be considered as non-responsive. Other reasons to deny a contract to the low bidder may include the following items which indicate a lack of being responsible:
 - outstanding invoices/bills due to subcontractors or suppliers;
 - failure by the contractor to meet warranty obligations on previous jobs;
 - failure by the contractor to complete the bid proposal correctly and submit necessary forms or a bid bond with the bid proposal;
 - evidence that liens have been filed on the contractor within the last two years;
 - a backlog of uncompleted rehabilitation or replacement units in the locality or other communities;
 - contractor not having the financial capacity to undertake this project;
 - contractor not cleared by the Office of Community Development;
 - reports of poor performance and/or poor workmanship quality on other projects.
7. Award of Contracts: Contracting will be accomplished on a competitive bid basis. A bid tabulation will be made for each unit let for bids. The Local Government will determine which bids are responsible and responsive. Each unit will have one prime contractor to insure continuity of work from start to finish. The Local Government will award the contract to the lowest responsible and responsive bidder.
8. Parties to the Contract: The contract will be between the homeowner and the contractor with the Local Government being a third party to the contract. The Local Government will act formally as the homeowner's agent. The homeowner will

execute the contract which includes either the work write-up prepared by the Local Government (for rehabilitation and clearance demolition units) or the plans and specifications (for reconstruction units).

9. Change Orders: Change orders may be executed by the homeowner, the contractor, and the Local Government prior to approval from the Office of Community Development if the Local Government is certain that the change order meets program requirements. Work may then proceed based on the executed change order.

However, if there is any doubt by the Local Government regarding whether a proposed change order meets program requirements, the Office of Community Development must be contacted prior to the Local Government's approval of a change order. The Office of Community Development will review change orders to determine the extent of LCDBG participation during monitoring of the LCDBG Housing Program and upon receipt of closeout documents.

XV. Inspection, Acceptance and Closeout Procedures

1. Inspection: Upon completion of the work and receipt of the contractor's invoice containing certification of satisfactory completion of all work in accordance with the contract, the Local Government will arrange for inspection of the completed work.
2. Notice of Acceptance of Work: The Local Government will have the unit inspected to determine that all contracted items have been completed satisfactorily. If the inspection determines that all work has been finished satisfactorily, the Local Government will issue a final inspection certificate and the homeowner will sign a Notice of Acceptance of Work prepared by the Local Government.

After construction is complete, should the homeowner refuse to sign the Notice of Acceptance of Work and the consultant and Chief Elected Official of the Local Government deem the homeowner is being unreasonable, the Local Government may process the payments due the contractor accordingly.

3. Filing of the Deferred Payment Loan Lien: The Local Government will be responsible to file the five year Deferred Payment Loan Lien with the Parish Clerk of Court. (See Section XVII)
4. Final Inspection: When the final inspection shows the work is satisfactorily completed in accordance with the contract, the Local Government will obtain from the contractor a copy of each warranty, including a termite certification. Up to 90% of the contract amount may be disbursed to the contractor at this time. The remaining 10% of the contract amount, (retainage) will be held until a clear lien certificate is presented to the Local Government.
5. Record Keeping: Files will be retained by the Local Government four (4) years after the date of the final closeout of the LCDBG Program.

XVI. Deferred Payment Loan and the Five Year Lien Period

Although the assistance received under the LCDBG Program for rehabilitation or reconstruction has many characteristics of a grant it is actually a Deferred Payment Loan with a lien to be filed on the housing unit with the Parish Clerk of Court. The lien period, which is for five years, begins with the Notice of Acceptance of Work by the homeowner.

After five years of occupancy by the homeowner, beginning on the date of the Notice of Acceptance of Work, the lien expires. However, if the homeowner sells, rents, leases or otherwise vacates the premises before five years have elapsed, the LCDBG funds associated with the pro-rated portion of the five years not being occupied by the homeowner/recipient must be returned to the Office of Community Development. The interest rate is zero. If the owner vacates the property for any reason, the Local Government shall notify the Office of Community Development immediately for instructions. Certain circumstances, such as death of the sole owner of the property, voids this occupancy requirement of the homeowner as long as the unit remains occupied by the family and the surviving family member(s) do not sell the unit during the remainder of the deferred loan period.

Example: A homeowner tries to sell a reconstructed housing unit three years after the Notice of Acceptance of Work. The housing unit was constructed under the LCDBG Program for a cost of \$50,000. There is a Deferred Payment Loan lien against the property; therefore, the sale cannot be made until the lien is released. The value per year "earned" is calculated at \$10,000 because \$50,000 divided by a 5 year lien period equals \$10,000 per year. Thus, the owner "earned" three years worth of funds, a total of \$30,000. The remainder, \$20,000 is not "earned" and therefore must be returned to the Office of Community Development before the Local Government can release the lien.

XVII. National Flood Insurance Program

In the event a unit to be rehabilitated or reconstructed is located within an area designated as having special flood hazards by the Federal Flood Insurance Administration (FIA) and the Department of Housing and Urban Development, the homeowner will be required to secure and maintain a policy of flood insurance on the unit for a minimum of one (1) year after completion of the unit, with a maximum of the lien period length. A minimum of one (1) year should be paid with CDBG funds. A copy of the insurance certificate or policy will be required for documentation. The homeowner will be counseled prior to the application approval of this requirement. All reconstruction and rehabilitation will comply with appropriate FIA regulations and related executive orders.

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