

# **Macomb County Limited Housing Rehabilitation Program Manual**

\*Any job bid out to contractors after July 1, 2019 is eligible for the Limited Housing Rehabilitation Program.

## TABLE OF CONTENTS

|  |    |
|--|----|
| Macomb County Limited Housing Rehabilitation Program Guidelines                  | 3  |
| Introduction   | 3  |
| 1. Purpose and Objectives.....   | 3  |
| 2. Goals.....  | 3  |
| 3. Definitions.....  | 4  |
| 4. Forms of Assistance.....  | 6  |
| 5. Types of Improvements Allowed.....  | 7  |
| 6. Eligibility Requirements.....   | 8  |
| 7. Terms and Conditions.....   | 8  |
| 8. Distribution of Funds.....  | 8  |
| 9. Limited Housing Rehabilitation Process.....                                   | 9  |
| 10. Conflicts of Interest.....   | 17 |
| 11. Coordination with Other Programs.....  | 17 |
| Exhibit A – Map of the Urban County  |    |
| Exhibit B – Macomb County Housing Rehabilitation Standards                       |    |
| Exhibit C – Pre-Screen Information for Limited Housing Rehabilitation Assistance |    |
| Exhibit D – Single Family Housing Rehabilitation Contract                        |    |
| Exhibit E – Limited Housing Rehabilitation Inspection Worksheet                  |    |
| Exhibit F – Accessibility Inspection Worksheet                                   |    |
| Exhibit G – Housing Rehabilitation Written Agreement                             |    |

# **Macomb County Limited Housing Rehabilitation Program Guidelines**

## **Introduction:**

This manual outlines procedures for the operation of the limited housing rehabilitation program [hereafter “Program” within the County of Macomb (hereafter “Macomb County” or simply “the County”)]. A map of the County’s jurisdiction of 21 municipalities is found in **Exhibit A**. The service area excludes St. Clair Shores, Warren, Sterling Heights, Roseville and Clinton Township which receive their own allocation of Community Development Block Grant (CDBG) dollars.

Currently, the County uses Federal Community Development Block Grant (CDBG) funding for this purpose. Additional funding is generated, primarily from the repayment of loans. This program complies with the policies and procedures required by the U.S. Department of Housing and Urban Development (HUD).

## **1. Purpose and Objectives**

The Program is central to the County’s attainment of housing goals as contained in its Consolidated Plan. The Program’s primary purpose is to upgrade existing eligible owner-occupied housing (as defined below) to decent, safe, and sanitary levels for low and moderate-income residents. Macomb County’s Housing Rehabilitation Standards (HRS) defines a standard and code compliance level for rehabilitation necessary to correct health, safety and building code violations to achieve decent, safe and sanitary affordable housing.

The standards used for measuring this objective are the Macomb Housing Rehabilitation Standards (HRS) and/or the Michigan Building Code (MBC), Michigan Residential Building Code (MRBC), Michigan Uniform Energy Code (MUEC), Michigan Electrical Code (MEC), Michigan Rehabilitation Code for Existing Buildings (MRCEB), Michigan Mechanical Code (MMC), and Michigan Plumbing Code (MPC) and local ordinances as applicable, and are intended to provide the minimum acceptable standards for existing single family household dwellings rehabilitated through the Program.

## **2. Goals**

The following goals have been established for the Program:

Provide decent, safe and sanitary housing which is the primary residence of homeowners in the County by correcting housing deficiencies as allowed under the Program guidelines. When completed, repairs must comply with HRS and all applicable codes and local ordinances.

Assist low- and moderate- income families by reducing the financial burdens associated with housing rehabilitation, which would not otherwise be possible.

Encourage homeowners to rehabilitate their homes.

Preserve the County's housing stock and enhance property values, thereby preserving the homeowner's investment and stabilizing neighborhoods.

Address essential deficiencies which are harmful to human health and safety.

Make site-built residential homes in the County more accessible to residents in need.

Effectively use Federal resources and, where possible, to leverage additional funds to extend the reach and effectiveness of the Program.

Accomplish the housing goals identified in the County's Consolidated Plan.

### **3. Definitions**

The following definitions apply to the Program:

#### Alternate Repairs

A substitute method of compliance to a necessary repair item. Energy efficiency items may be considered under the Alternate Repair heading.

#### Change Order

A Program-approved deviation from the Housing Rehabilitation Project Work Specifications, usually due to unplanned or unforeseen construction issues which surface during the rehabilitation period. Normally initiated by contractors, Change Orders require authorization by Program staff and the Homeowner. If approved, Change Orders become part of the Single Family Limited Housing Rehabilitation Contract. Change Orders that increase the price of the original contract are paid from contingency funds.

#### Condominium

A condominium is one of a group of housing units where each homeowner owns an individual unit space. The unit may be detached or attached to an adjoining unit. All share ownership of areas of common use. There is no individual ownership of a plot of land, therefore the land in the condominium project is owned in common by all of the homeowners. The Program may provide assistance if the condominium is held with a deed and a mortgage can be placed on the property. The work write-up must be approved by the condominium association and documented with a signed association or Program form.

#### Contractor's Manual

A separate document containing important contractor information, including Methods and Materials guidance and other data relevant to successful project implementation.

#### Essential Deficiencies

Repairs identified during the Limited Rehabilitation inspection process as identified on the Limited Rehabilitation Inspection Worksheet.

#### Homeowner

All persons listed on the title, whether or not occupying the housing unit. Person or persons possessing fee simple title, having purchased the housing unit by cash or mortgage. At least one owner must occupy the home as his/her primary residence for the property to be eligible for rehabilitation assistance.

### Household

All persons occupying the housing unit as their Primary Residence. The occupants may be a family; two or more families living together; or any other group of related or unrelated persons who share living arrangements regardless of actual or perceived sexual orientation, gender identity or marital status. The following household members are not included when determining household size for income-limit purposes: foster children, live-in aides (and children of live-in aides), unborn children, and children being pursued for legal custody or adoption who are not currently living with the household. A child who is subject to a shared custody agreement in which the child resides in the household at least fifty (50) percent of the time can be counted.

### Household Income

The annual income of all household members age eighteen (18) and over. Income from an absent household member is counted in the calculation of Household Income. Household income should not be expected to change in the upcoming 12 months.

### Housing Rehabilitation Standards

The standard and code compliance level for rehabilitation necessary to correct health, safety and building code violations to achieve decent, safe and sanitary affordable housing. The Program has established Macomb County Housing Rehabilitation Standards, as the applicable housing rehabilitation standards.

### Income Eligibility

The total annual income for all persons in the household age eighteen (18) and over must be at or below the household income limits determined annually by HUD. Income is documented by the Program using the IRS Form 1040 definition of adjusted gross income.

### Land Contract

Any purchase of real property where the buyer obtains fee-only title after completing a series of installment payments over a specified term. A land contract held property is not an equivalent form of ownership (24CFR 92.2), and is therefore ineligible for the assistance through the Program.

### Manufactured (Mobile) Homes

Manufactured housing (commonly known as mobile homes) is a type of prefabricated housing that is largely assembled in factories and then transported to sites of use. Since a lien cannot be placed on the property, manufactured homes are ineligible for assistance under the Program.

### Mediation

Involves a process of dispute resolution, primarily by Program staff pursuant to the rehabilitation contract between homeowners and contractors. Staff will arbitrate disputes arising during the course of rehabilitation work. In the event of a dispute that cannot first be resolved between the owner and the contractor, both agree to abide by the decision of the Program staff.

### Modular Homes

Modular housing is a type of prefabricated housing that is constructed in factories and then assembled on site on a permanent foundation. Modular homes are constructed to the same

State, local, or regional building codes as site-built homes. Since a lien can be placed on the property, modular housing is eligible for assistance under the Program.

#### Owner-Occupied Housing

A single family home owned and occupied as the primary residence of at least one homeowner member of the household. The Program does not repair rental units in a property such as a duplex or flat, even if the owner lives in the adjoining unit. Homes held under a reverse mortgage or a land contract agreement, and manufactured (mobile) homes, are ineligible for assistance. A condominium may be eligible if it is held by a deed with a legal description. The condominium may be attached or detached. The condominium association must approve the housing rehabilitation specifications prior to the job being sent out for bid. Co-ops which may be described as condominiums but are not deeded property to the owner are ineligible.

#### Primary Residence

The principal establishment where a person has a fixed, permanent home for at least six (6) months during the year.

#### Rehabilitation Cost

The total costs for rehabilitation authorized by the Program pursuant to the Single Family Housing Rehabilitation Contract, plus approved change orders.

#### Reverse Mortgage

A home loan that provides cash payments based on home equity. Although the borrower remains the legal homeowner, homes under a Reverse Mortgage Agreement are ineligible for assistance since the lien cannot be placed on the property due to lien restrictions. The owner has no obligation to make installment payments under the loan, but the interest continues to accrue. Unlike a normal mortgage, the first priority lender's lien does not decrease over time, but instead increases. The borrowers typically defer payment of the loan until the death of the homeowner, the house is sold, or the homeowner moves out of the home. Upon the death of the homeowner, the heirs either give up ownership to the home or must refinance the home to purchase the title from the reverse mortgage company.

#### Single Family Dwelling Unit

A residential structure, including townhouses and condominiums, if the legal structure permits assignment of a clear and defined property title to a given unit (i.e. a lien can be assigned to a specific unit).

#### Work Write-Up/Cost Estimate

The statement prepared by the Program, which itemizes rehabilitation repairs identified as Essential Deficiencies. The work write-up is accompanied by the rehabilitation inspector's itemized cost estimate.

### **4. Forms of Assistance**

Grant funded assistance up to \$10,000 plus contingencies for Essential Deficiencies identified by the Program along with all associated lead based paint abatement measures. Costs associated with lead based paint abatement measures will not count against the Limited Housing Rehabilitation Program maximum of \$10,000.

## 5. Types of Improvements Allowed

### Limited Housing Rehabilitation Program Requirements

Allowable improvements as defined on Exhibit F, the Limited Housing Rehabilitation Inspection Worksheet (LRIW).

- Roof - eligible only if one of the following conditions exist: 1) water leaking due to deteriorated condition of roof; 2) code violation issued by the municipality; or 3) loss of insurance pending due to deteriorated condition of the roof.
- Heating Systems - eligible only if one of the following conditions exist: 1) utility company or mechanical contractor has deemed the heating system unsafe to operate and in need of replacement.
- Water Heaters - eligible only if one of the following conditions exist: 1) utility company or mechanical contractor has deemed the water heater unsafe to operate; or 2) unit is over ten (10) years old.
- Accessibility Home Modifications - Modifications which aid the mobility of elderly and physically disabled persons such as grab bars, handrails, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms, and roll-in showers as deemed necessary by a medical professional.

### Ineligible Projects and Repairs

The following are examples of repairs and costs that are not eligible under the Program as it is currently structured:

- repairs to manufactured (mobile) homes or multi-family rental structures
- improvements to a residential structure located in a floodplain
- properties held under land contract or a reverse mortgage
- payment of delinquent taxes, or of existing home repair loans
- where the primary focus of the housing rehabilitation requested scope of work is concrete or outbuildings

### Deferral/Walk Away Conditions

The following conditions, if present, determine that the housing rehabilitation project is denied or cancelled during construction:

1. The dwelling has a major structural, plumbing, electrical, sanitation or infestation problem which creates a clear and identifiable threat to the safety of an employee or contractor of this agency.
2. The conduct/behavior of any member or pet of the household presents a potential threat to the safety of an employee or contractor of this agency.
3. The residence has standing water, mold, friable asbestos or other hazardous materials.
4. The residence has an unvented space heater(s) that may have a harmful effect on the air quality of the home.
5. The residence has housekeeping practices that limit the access of workers to the dwelling or create an unhealthy work environment.
6. The homeowner is uncooperative with the Program (ex. unwilling to accept valid bids; not allowing contractor access to the home; unreasonable time frames for completion of work, etc.).

Upon identification of one of the above conditions, the Program will provide a letter to the homeowner allowing thirty (30) days to resolve the issue. If the homeowner is unable or unwilling to do so, the file will be closed. The homeowner may reapply to the Program after one (1) year from the date of the closed file.

## **6. Eligibility Requirements**

Any homeowner of property residing in the Urban County is eligible to apply for grant funded assistance up to a limit of \$10,000 plus contingencies for Housing Rehabilitation assistance, subject to the following conditions:

- a. Applicant is the owner-occupant of the dwelling unit.
- b. The dwelling unit has been the applicant's primary residence for the last twelve (12) months.
- c. Property is a single-family, permanently attached, non-manufactured structure. Manufactured (mobile) housing and properties held under a land contract or reverse mortgage may not be rehabilitated.
- d. Household's annual income, based on the number of household occupants age eighteen (18) and over, must fall within the low-to-moderate-income range, as defined by HUD regulation for the Detroit Metropolitan area. The Program verifies household income using the IRS 1040 method of calculating income.
- e. Owner-applicant must be current on all mortgage payments and property taxes.
- f. Must maintain homeowner's insurance throughout the duration of the construction.
- g. Applicants in bankruptcy cannot proceed with receiving assistance without evidence that the property is not included in the bankruptcy estate.
- h. Must not have received assistance through the Limited Housing Rehabilitation Program in the past five (5) years.
- i. For jobs involving accessibility modifications, the applicant must provide proof of disability from a qualified medical professional.

## **7. Terms and Conditions**

### Maximum Grant Amount

The maximum amount of the grant is \$10,000, plus a 20% contingency (as defined above).

## **8. Distribution of Funds**

Rehabilitation assistance will be offered to applicants on a first-come, first-application completed basis. If a wait list becomes necessary, selective criteria may apply.



## 9. Limited Housing Rehabilitation Process

The following steps comprise the housing rehabilitation process followed by applicants for assistance.

### Homeowner Application

Interested applicants complete a Pre-Screen Information for Housing Rehabilitation Assistance form (**Exhibit C**), and list all household members, assets, liabilities, income and other pertinent information as required on the form.

All applicants must initially submit the following information to be reviewed by Program staff:

1. Documentation of Homeownership - May include a deed including a divorce decree and/or death certificate or contact information for anyone else listed on the deed (if applicable), a copy of the mortgage or paid-in-full letter from the lender. Other forms of eligible ownership in addition to traditional forms of ownership interest (defined under 24 CFR 92.2), include a Living Trust, Life Estate, Inherited Property or Beneficiary Deed.
2. Household Size – Proof of residency for all household members, such as birth certificates for children under age eighteen (18), and residents eighteen (18) and older will need to provide a Driver License or State ID.
3. Homeowner's Insurance – Current Declaration Certificate showing the limits of liability and policy period.
4. Mortgage Payments and Property Taxes - Paid and up-to-date (e.g. current property tax bill with proof of payment; current mortgage balance statement).
5. Copy of Driver's License or State Photo I.D. (front and reverse sides)

The application is assigned a case number, and receives a confirmation letter acknowledging receipt of the application. If the application becomes dormant due to the applicant choosing not to submit information by the required deadline, the application will be withdrawn. The applicant may reapply after a one (1) year waiting period from the date of withdrawal.

### Documentation of Income

Program recipients must be low to moderate-income, as defined annually by HUD, based on the number of household occupants. The applicant must therefore submit a signed and dated IRS 1040 tax return with all forms, schedules and income statements (W-2's, 1099's, etc.) for the most recent filing year. All household members age eighteen (18) and over must submit income documentation. An IRS 1040 tax return can only be used as the sole source documentation of income if the household composition and income sources will not change in the following twelve (12) months. If the applicant or any household member does not file an IRS 1040 tax return, they must sign an affidavit of non-filing and submit a signed and dated MI Homestead Property Tax Credit Claim Return with all forms and income statements for the most recent filing year.

Program staff then determines income data completeness and currency. The Program may require additional information and conduct subsequent research if necessary should questions arise during the income verification process.

### Applicant Eligibility Determination

Staff will use the following criteria to determine applicant eligibility for rehabilitation loan assistance:

1. Household income and the number of occupants in the household.
2. Geographic location – Recipients must reside within Macomb County’s CDBG jurisdiction. The number of participant communities may expand or be reduced over time through special contractual arrangements with the County.
3. Homeownership – The applicant must own the property and occupy it as his/her primary residence, as defined above.
4. Property taxes – All tax payments shall be paid and up-to-date.
5. Insurance – The applicant shall have current and adequate homeowner’s insurance coverage.

### Determination of Applicant Ineligibility

The Program will inform the applicant of the reasons the applicant is determined to be ineligible for Program assistance.

### Environmental and Historic Reviews

The Program undertakes a historic review and clearance process, in conjunction with the State Historical Preservation Officer (SHPO) for homes constructed more than fifty (50) years ago and which might therefore have historical or architectural significance. The Program reviews for impact under the National Environmental Policy Act (NEPA), to determine any adverse impacts upon the human environment. Should either review reveal adverse or potentially adverse effects, the Program would consider alternatives, including no action.

### Lead-Based Paint Compliance

The homeowner is provided information, as required by Part 35 of the Lead Safe Housing Rule, pertaining to Lead-Based Paint (LBP) and the hazards associated with it, at the time the contract is signed, through the HUD/EPA pamphlet entitled: “The Lead-Safe Certified Guide to Renovate Right”. The homeowner signs an affidavit acknowledging receipt of the pamphlet.

The Program will inspect for deteriorated paint as part of its code compliance inspection, and order a lead inspection/risk assessment in dwellings constructed prior to 1978, to identify the presence of lead and any LBP hazards in the dwelling. Appropriate treatments are implemented when the Program determines that action is warranted under the Lead Safe Housing Rule (LSHR). The Program will use contractors trained and certified through the Michigan Department of Community Health in lead abatement.

### Exemption of Certain Projects from Requirements of Lead Safe Housing Rule

A rehabilitation project may be exempt from the lead-based paint hazard reduction requirements pursuant to 24 CFR 35.115 and 35.165. It is expected that exemptions will be rare.

### Inspection Schedule

If eligible, the Program will schedule a housing inspection to assess housing conditions and identify the required repairs as defined in the Limited Housing Rehabilitation Inspection Worksheet (LRIW).

### Work Write-Up

The Program prepares an inspection report (or work write up) to detail conditions existing at the time of the inspection. This is used to prepare repair specifications detailing the nature, location, quantity, quality and type of materials required for various repairs. The Work Write Up is applicable for ninety (90) days.

### Repair Specifications

The work specifications are used to obtain a general cost estimate thereby assessing the feasibility of repair, to prepare a bid document. The detailed work specifications are incorporated into the Single-Family Housing Rehabilitation Contract.

### Repair Feasibility Determination

Program staff estimates the cost of the work to be performed, based on knowledge of the trade and other professional indicators. This forms the basis for review of contractor bids on the work, if the project proceeds. The applicant is also notified as to whether or not it is possible to repair the dwelling unit within the financial limits set by the Program. This qualification is based on the ability to complete all Required Items as indicated on the Limited Housing Rehabilitation Inspection Worksheet (LRIW) within financial assistance limits. The applicant receives written notification if the unit does not qualify based on the above criteria. If deemed not to be feasible by the Program, the applicant may be encouraged to apply to the Comprehensive Housing Repair Program as an alternative to achieve housing repairs. Applicants may contribute non-Program funds to cover the cost overage.

### Applicant Review of Repair Specifications

The applicant will review the following items with Program staff: the work write-up, the proposed work repair specifications and cost estimates. At this time the applicant is presented the opportunity to continue with housing rehabilitation or decline assistance. The applicant will review the cost estimate and work specifications. The applicant will indicate on the cost estimate whether they wish to proceed with the program or decline assistance.

### Contractor Procurement:

#### Accessibility Modifications and Roof Replacements/Repair

At least three (3) bids are solicited for the project. Bids are competitively solicited on an alternating basis from the Program's list of approved contractors. Homeowners may also identify other contractors if they meet the Program's contractor qualification standards (as described below). Contractors may apply to be added to the bid list during an annual solicitation period through public advertisement or through contractor contact with Program staff. The Program will make reasonable efforts to identify, and solicit bids from qualified minority and women-owned contracting firms and/or Section 3 Business Concerns on rehabilitation projects, in accordance with 24CFR Part 85.36 (e) and 24CFR Part 135.36 (2) of the federal regulations.

Exceptions to the above criteria may be permitted when in the Program's interest to do so. Examples would include:

- a) Limited Housing Rehabilitation cases where immediate action is necessary to correct conditions harmful to occupant health and safety.
- b) Cases where immediate intervention may otherwise be required, or where special or unique skills make a competitive bid process unrealistic.

### Contractor Qualification Standards

The following qualifications must be met:

- a) Residential Builders license in the State of Michigan.
- b) Liability Insurance coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate, with property damage and bodily injury inclusions.
- c) Proof of insurance or coverage required under State law governing Worker's Compensation.
- d) Documentation demonstrating ability to perform housing rehabilitation work.
- e) Current Michigan Department of Community Health Lead Abatement Contractor Certification and Lead Supervisor Certification
- f) Current EPA Firm Certification for Lead-Based Paint Renovation, Repair and Painting.
- g) Completed Debarment and Suspension Certification
- h) Completed Macomb County Vendor Disclosure Form
- i) Tax Identification Number – W9 Form

### Approved Contractors List

The Program will maintain a list of approved contractors from which it will solicit bids on a rotating basis. The list may be updated, with new contractors being added to, and inactive or non-performing contractors being removed from it. Individual additions or deletions may also occur, as the need dictates, to ensure proper management of the Program.

### Bid Opening/Tabulation

Bids will be opened on the date and time specified in the bid solicitation document by at least two (2) Program staff, with bids tabulated and validated on a bid summary prepared by the Program. At least two (2) bids must be received to compare with the cost estimate of the bid to be viable (within 20%), or the job must be re-bid. Bids are valid for thirty (30) days. If two (2) bids are not received the project will be bid a second time. If after the second bid there is only one (1) bid received, that bid must be within 20% of the cost estimate in order for the project to proceed.

Bids that are late, unsealed, unidentified, incomplete, miscalculated, unsigned, and/or illegible will not be accepted. Contractors and homeowners may attend bid openings.

The Program will recommend that the homeowner select the contractor submitting the lowest responsible and reasonable (or best) bid, to be awarded the contract. The successful bid is incorporated into the rehabilitation contract.

Best Bids are determined and documented through the following criteria:

- a) A comparison of line items to assess specific, as well as, overall comparability between bids.
- b) A comparison of the County's cost estimates with those submitted by the competing contractors.
- c) The rationale for determination of the best bid is documented in the project file.
- d) The Program may reject any and all bids if in its best interests to do so.
- e) Each competing contractor is notified in writing of the results of the bid process.

### Bid Review/Contractor Selection

Should the Best Bid exceed the program maximum of grant assistance (\$10,000.00), the project will be deferred or the homeowner may have the option to pay the overage by providing a certified check or money order for the difference payable to the contractor. The Program will hold the check until the work passes final inspection, after which time the Program will include the difference in the final payment to the contractor.

### Execution of Rehabilitation Contract

The homeowner and rehabilitation contractor, facilitated by Program staff, execute a Rehabilitation Contract, at Program offices, unless arranged otherwise. Program staff answers any questions raised by either party. The Contract obligates the Contractor to complete work items, prescribes methods and materials, and prescribes a timeframe and other conditions to be met. The homeowner also executes, and receives copies of the following documents (except as noted):

- a) Single Family Housing Rehabilitation Contract
- b) Housing Rehabilitation Written Agreement with the County
- c) Declarations of Understanding (if applicable)
- d) Authorization to Release Information
- e) Change Order
- f) Statement of Homeowner's Satisfaction
- g) Final Inspection Checklist
- h) Proceed to Work Order (homeowner signs one copy for the Program)

### Cancellation by Homeowner

If the applicant chooses not to proceed with the Program at any point, the application will be considered withdrawn. The applicant may reapply after a one (1) year waiting period from the date of withdrawal.

If the homeowner cancels the contract after the Proceed to Work Order is issued to the Contractor, the homeowner may not reapply to the Program. The Program will notify the Contractor in writing, documenting the cancellation of the contract in the project file to that effect.

### Cancellation by Program

Should the homeowner become uncooperative with the Program or fail to honor the terms of the Single Family Limited Housing Rehabilitation Contract, the Program may opt to cancel the project as provided for in section 18 of the Single Family Housing Rehabilitation Contract. The homeowner may not reapply to the Program.

### Proceed to Work Order

Immediately after the Contract is executed, a Proceed to Work Order is issued advising the contractor to commence work. A Proceed to Work Order is not issued when additional, non-Program, funds are required unless a cashier's check or certified money order, payable to the contractor in the amount required, is submitted to the Program.

### Pre-Construction Meeting

The contractor must contact the homeowner(s) after the issuance of the Proceed to Work to schedule a preconstruction meeting. The pre-construction meeting may include

homeowner sign off of a construction schedule, homeowner selection of materials, etc. A pre-construction meeting will not be required for mechanical work.

### Project Monitoring

Project monitoring by Program staff begins with the start of construction. Program staff will complete progress and final inspections for each project. Progress inspections will be conducted during construction to verify that all work specifications are being satisfactorily completed. An approved final inspection at project completion will verify that all work has been completed according to work specifications. Site visits will also be completed when requested by the homeowner or contractor to evaluate either party's concerns, to validate the need for change orders, and to consult on best practices to address unusual construction issues.

Program staff monitor to ensure that all contracted work is addressed, that it is performed according to specification, and that it is performed in a workmanlike manner in accordance with the Macomb Housing Rehabilitation Standards. Dwellings constructed prior to 1978 that have been identified as containing lead hazards will undergo a Lead Clearance Examination upon completion of all abatement work.

Program staff also mediate disputes between the homeowner and the contractor. If the dispute is not resolved between the homeowner and the contractor, both agree to abide by the decision of the Program.

### Change Orders

Will be approved only when hidden defects or unforeseen situations arise. Contractor requests for Change Orders must be made through, and validated by, Program staff. The Change Order must be signed by the contractor, homeowner, and Program staff before implementation. Documentation is placed in the file and become part of the Single Family Housing Rehabilitation Contract.

### Contract Duration

Homeowners are entitled to timely and satisfactory work completion. It is expected that work will normally be completed within the time-frame determined by the Program depending upon the work scope. It is possible that delays may occur due to conditions such as seasonal work (cement), material shortages, special orders/circumstances, and scheduling conflicts. Contractor failure to complete work on time, for reasons within his/her control, will be considered cause for contract termination, and/or temporary suspension from the approved contractor's list. Contractors may be permanently removed for subsequent occurrences.

### Contract Violations

All contract items must be completed satisfactorily while under construction, in accordance with the work specifications and with the Methods and Materials outlined in the Macomb County Housing Rehabilitation Standards and/or the repair specifications. Failure to do so is considered a material contract violation. If not corrected by the contractor in a timely manner, material violations are cause for contractor termination and replacement by another contractor.

Program staff will work with the original contractor to correct the violation, or obtain a second contractor, if the deficiency is not corrected. Homeowner concurrence in this process is required.

The second contractor will be paid first, upon satisfactory completion of the work contracted for, and the original contractor is reimbursed from residual funds, up to the amount in the original contract, but only for work completed in accordance with the rehabilitation contract.

#### Contractor Discipline: Suspension and/or Removal

Contractors may be suspended or removed for substantial non-performance, or for unethical or illegal actions, at any time based on the considered and documented decision of the Program staff. Possible sanctions include the following:

- a) Suspension: for first-time failure (for reasons within the contractor's control) to materially and satisfactorily complete work in accordance with the rehabilitation contract, for poor workmanship, or for any unnecessary and uncompensated damage resulting from repair activity. Suspensions shall last for three (3) months in which time the contractor will not be eligible to compete for rehabilitation projects. After that time, the contractor may regain eligibility but will go to the end of the rotation listing among contractors.
- b) Removal: for failure to maintain essential licenses and insurance, for subsequent failures (if within contractor control) to materially and satisfactorily complete the work or otherwise comply with the terms of the Contract), for poor workmanship, for any verbal or physical intimidation of the homeowner or Program or local municipal staff, or any willful or uncompensated damage to personal or other property caused by the contractor.
- c) Damage: Contractors are liable for any unnecessary damage resulting from their work. Certain repairs will cause damage that will not be corrected. These items will be recognized in the repair specifications and incorporated into the Rehabilitation Contract.
- d) Non-Responsive Contractors: who fail to respond to three (3) successive bid solicitations without providing a reason to the Program, are to be removed from the list of approved contractors. A Contractor so removed will receive written notification and given fourteen (14) calendar days to appeal. The Contractor will be temporarily inactivated during the appeal period, but is immediately reactivated if re-qualified as a result of the appeal. Appeals shall be in writing directed to the Program staff. Contractor failure to appeal in a timely manner automatically results in suspension or removal as warranted.

#### Statement of Homeowner's Satisfaction

The Program seeks to ensure homeowner satisfaction with the rehabilitation work performed, and homeowner's signature on the Statement of Homeowner's Satisfaction is required. This form is a prerequisite for final contractor payment, except in disputes where the homeowner refuses to sign, and the Program determines that the Contractor has performed in accordance with the terms and conditions stipulated in the Contract. The Program will document the reasons for such decisions in the project file.

#### Homeowner and Contractor Dispute

In the event of a dispute that cannot first be resolved between the homeowner and the contractor, both agree to abide by the decision of the Macomb County Housing Rehabilitation Program.

### Contractor Payment:

Payments due the Contractor will be paid once the Program has received copies of the following (as applicable):

1. Municipal Sign-off or written municipal violations (if a municipal violation is pending, payment will be withheld until municipal sign off is secured and submitted to the Program)
2. Passing Partial/Final Inspection Report
3. Passing LBP clearance report for lead based paint projects
4. Michigan Department of Community Health (MDCH) Notification of Lead Abatement Activity if applicable
5. MDCH Occupant Protection Plan if applicable
6. Contractor's invoice
7. Full Payment Request form
8. Sworn Statement (completed with the names of subcontractors, general contractors, suppliers, laborers and total contract amount),
9. Waivers of Liens (unconditional) or Claims by the Contractor, sub-contractors, laborers, and materials suppliers,
10. Change Orders with all signatures
11. Warranties (with all required information filled out)
12. Signed Statement of Homeowner's Satisfaction.

### Reapplication to the Program

A property may not be assisted more than once every five (5) years (i.e. date of the final payment to the contractor)

### Warranties

All work is guaranteed by the Contractor for one (1) year from the date of the passing final inspection of all work performed under the Single-Family Housing Rehabilitation Contract. The contractor is required to provide the homeowner with copies of the manufacturers and supplier's guarantees and warranties, (including optional extensions thereof) for equipment and materials furnished in performance of the Contract as a condition of final payment.

## **10. Conflicts of Interest**

It is the policy of the Program to avoid the occurrence of conflicts of interest, whether real or perceived. Governance is found at 24 CFR 570.611 (CDBG), in State law and in County Ordinance. The following requirements therefore apply:

- a) Applicants for rehabilitation assistance who work for Macomb County or are related to such employees, officers, or elected officials of Macomb County, shall declare that relationship in their application.
- b) Contractors (including suppliers) shall disclose any relationship to County employees, officers, or elected officials in their application for admission as approved County rehabilitation contractors.
- c) The Program will follow the procedures outlined in the Federal regulations whenever a possible conflict of interest, as described in items a). and b). above, occur. This requires the following:



- Disclosure of the situation to Program staff who, in turn, will notify the Executive Director of Macomb Community Action.
- Preparation of a written disclosure statement which fully describes the perceived conflict of interest.
- Submission of the disclosure statement for review by Corporation Counsel, who will review for compliance with State and local law. That determination, once received, is incorporated into the appropriate contractor or homeowner/applicant file.
- Submission of a Request for Exception to HUD, including documentation of public disclosure (Public Notice and Public Hearing comments), Corporation Counsel's determination of applicability under State and local law, and a full description of the situation at hand and why an exception to the rule should be made.
- All documentation pertaining shall be incorporated into the contractor's or homeowner/applicant's file.

Nothing with respect to the Contractor's or Homeowner's application may proceed until and unless the matter is fully reviewed by the County of Macomb and HUD, and found either not to be a conflict of interest, or HUD grants an exception to the regulations. Should a negative determination occur, the application is denied and the file is closed, with documentation incorporated into the project file.

## **11. Coordination with Other Programs**

To the extent possible and practicable, the Program will coordinate with other agencies providing similar forms of assistance. In so doing, funds may be leveraged, thereby increasing the amount of repairs possible to a property, and extending program reach beyond what might otherwise be possible. Potential partners include:

- Michigan State Housing Development Authority (MSHDA)
  - Private for-profit and non-profit housing programs
  - Michigan Department of Health and Human Services (MDHHS)
  - Macomb Community Action's
    - Weatherization Assistance Program
    - Minor Home Repair
    - Comprehensive Housing Rehabilitation Program
- \*The Comprehensive application may be used to qualify applicants for assistance through the Limited Housing Rehabilitation Program.