

TOWN OF PRESCOTT VALLEY
FY 2009
OWNER OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES

1. OVERALL GOAL

The Town of Prescott Valley intends to apply for State Housing Funds from the Arizona Department of Housing to assist a minimum of ten (10) owner-occupied, low-to-moderate income homeowner applicants within the Town limits with Housing Rehabilitation and Manufactured Housing Replacement Services.

The Services include repair and rehabilitation expenditures under these Guidelines between ~~\$7,500.00~~ **\$2,500** and \$25,000.00 per residence, and mobile/modular home replacements up to \$35,000 per unit. Said expenditures are in the nature of a loan with pro-rata deferred payment by Applicants over either a five (5) or ten (10) year period.

Services include rehabilitation activities with a priority for removal of hazards that threaten the health and safety of occupants. Services also include some cosmetic work associated with rehabilitation up to ten percent (10%) of total expenditures, including painting or replacement of flooring, when directly related to and physically attached to the home. General property improvements such as hauling away disabled vehicles or repairing fences may also be included to upgrade physical appearance of the residence and the neighborhood as a whole, but shall not exceed 10% of the total repairs. No luxury items will be considered, (i.e. fireplaces, swimming pools, etc.), nor will additions to family rooms, recreation rooms, and the like be allowed. Bedroom or bathroom additions may be considered based on issues such as over-crowding and disability accessibility.

All Services must meet the State of Arizona's Rehabilitation Standards as well as other applicable state and local codes. In particular, the management of hazardous materials (lead based paint removal, etc.) will comply with current Housing and Urban Development (HUD) standards.

A. Eligible Applicants, Priorities for Assistance

Eligible Applicants must be residents of the Town for the purpose of election laws, and their median income may not exceed eighty percent (80%) of the median income. Applicants must own and reside in a residential structure which is determined to be in need of Services in order for the Applicants and other occupants to reside safely and healthfully.

B. Applicant Screening

Applicants with the highest ranking are served first. Priority ranking is determined for:

- Those with the lowest income;
- Persons who are elderly;
- Persons who are disabled;
- Guardians with custody of children under the age of eighteen (18); and
- Residential structures best suited for Services.

C. Waiting List

In the event that the number of applicants exceeds funds available, Applicants will be placed on a waiting list in accordance with the priority ranking established under these Guidelines.

D. Eligible Property Types

Services are limited to the following types of residential property:

- Single-family constructed or factory-built buildings; and
- Single-family manufactured homes, including mobile homes, only if the unit upon completion will:
 - 1) be situated on a permanent certified foundation and connected to permanent utility hook-ups;
 - 2) be located on land that is held in fee-simple title;
 - 3) meet the construction standards of 24 CFR 3280 if built after June 15, 1976.

Rental properties or properties that are not occupied as the primary residence are INELIGIBLE.

E. Eligible Forms of Home Ownership

Approved forms of home ownership are:

1. Verified fee simple title to the property.

F. Standard for Rehabilitation

As set forth above, all Services under these Guidelines will meet the State of Arizona's Rehabilitation Standards and applicable state and local building codes. The Town has adopted the 2006 International Building Code. The Town Code also includes various health, sanitation, and public works requirements. Contractors selected to provide Services will be required to obtain necessary permits.

Replacement of mobile homes or modular housing units will be permitted only when the following conditions can be met:

- 1) The low qualified bid for repair and rehabilitation is equal to or greater than the value of the home,
- 2) The Building Official finds the unit to be in violation of current building and other adopted codes and further deems the dwelling unit to present significant health and safety issues for the inhabitants and the community
- 3) The Building Official determines that replacement of the mobile or modular home is the only means to abate the health and safety issues present

G. Lead Based Paint

Applicants will be provided a copy of Protect Your Family From Lead in Your Home, and The Town's Building Safety Rehabilitation Specialist will respond to any questions or concerns from Applicants. Lead-based paint testing and abatement will be considered on a case-by-case basis, depending on the status of the household, the condition of the paint, and the measures to be taken, in compliance with current HUD standards.

H. Application Process

The Town of Prescott Valley will conduct the initial technical support with Applicants, the intake of applications, and the screening of Applicants to determine eligibility. The Town of Prescott Valley will notify Applicants as to its determination of eligibility. Applicants may be asked to supply further information and documentation. The Town of Prescott Valley will assist Applicants to the extent possible, but Applicants remain responsible for gathering and timely submitting all information needed to complete an application. Applicants will be assigned a ranking only when the completed application and all documentation is received by the assigned deadline. If requested information is not returned by the deadline, the application will be placed at the bottom of the waiting list.

Required documentation includes the following (which must be current within the last six (6) months):

- Proof of all household income;
- Social Security cards for all household members;
- Proof of disability;
- Proof of property ownership;
- Proof that ad Valorem property taxes are current; and
- Proof of homeowners insurance (or proof that such will be obtained by the time rehabilitation work begins).

Applicants will be required to sign a release of information as part of the application (although the Town will attempt to maintain confidentiality of information to the extent permitted by law). Applicants will also be informed of their rights to appeal the ranking determinations made by the Town of Prescott Valley.

I. Housing/Homeownership Maintenance & Counseling Services

As a condition of receiving Services under these Guidelines, successful Applicants will be required to attend a counseling session to cover the rehabilitation processes and requirements, including information about lead-based paint remediation, on-going home maintenance, and the deferred-loan aspects of the program.

J. Application Verification

The Town of Prescott Valley will verify income according to the Section 8 income determination guidelines described in the Technical Guide for Determining Income and Allowances for the HOME Program. The Town of Prescott Valley will certify that Applicants own the property involved and that they are using the property as their principle and only residence. A limited title report will be obtained for each application through the services of a title company designated for the duration of the grant. The Town of Prescott Valley will ensure that properties are free from liens that unduly restrict the marketable ownership interest and that Applicants have the ability to pay their mortgage (if applicable) and that they carry homeowners insurance and flood insurance (if applicable) and are current with applicable taxes.

K. Complaints/Appeals

Applicants who have a complaint with regard to The Town of Prescott Valley's priority ranking under these Guidelines may appeal the same. If the complaint cannot be resolved informally, the formal procedure outlined below may be followed. All efforts will be made to resolve complaints at the lowest possible level. All complaints will be documented.

L. Complaint Procedure

Applicants will be required to sign a Letter of Acknowledgement showing that they have received a copy of this Complaint Procedure and understand the process. If Applicants require assistance in processing a complaint, they may contact the Town at (928) 634-5505 for assistance.

1. Informal Complaint

- a. An informal, verbal complaint can be given to The Town of Prescott Valley Program Administrator.
- b. The Town of Prescott Valley Program Administrator will review the complaint and attempt to resolve the complaint through negotiation.
- c. The Applicant will be notified of the proposed resolution within 5 working days of receipt of the complaint.
- d. If the proposed resolution is not satisfactory to the Applicant, a formal complaint may be filed.

2. Formal Complaint

- a. Formal complaints must be made in writing and delivered to the Town's Program Administrator by personal delivery or certified mail.
- b. The Town's Program Administrator shall review the complaint and attempt to resolve the complaint through negotiation.
- c. The Town's Program Administrator will notify the Applicant, in writing, of the proposed resolution within 10 working days of the receipt of the complaint.
- d. If the resolution proposed by the Town's Program Administrator is not satisfactory to the Applicant, an appeal can be made. Appeals must be in writing and directed to the Community Development Director of the Town of Prescott Valley. Appeals must be filed within five (5) working days of receipt of the Town Program Administrator's decision.
- e. The Town's Community Development Director will review the complaint as appropriate. Review of the complaint may include an informal hearing of the parties involved. The Town's Community Development Director will make a decision regarding the complaint, in writing, within thirty (30) days of receipt of the appeal.
- f. The Town Community Development Director's decision shall be final.

2. PROJECT WRITE-UP AND CONTRACTOR SELECTION

A. Inspection/Work Write-Up/Cost Estimates

When an Applicant has been declared eligible and is at the top of the priority list, The Town's Project Coordinator will schedule an initial inspection to explain the project, and the Building Safety Rehabilitation Specialist inspect the property using the Section 8 Inspection Checklist or an equivalent checklist based on codes and current practices adopted and in effect at the time of inspection.

The Town's Program Coordinator and Building Safety Specialist will determine the scope of needed rehabilitation in a work write-up, which will be in conformance with the General Specifications Handbook. Any special measures not covered under the General Specifications Handbook shall be explained in the write-up in detail. The write-up will also include cost estimates.

Cost estimates are based on:

- Measures required in the project;
- Cost of materials;
- Estimated number of labor hours and cost of labor;
- Cost of subcontractors/installers; and
- Past experience with similar rehabilitation work.

B. Minority/Women/Disadvantaged Owned Businesses

As part of the contracting process, The Town will attempt to identify Minority, Women, and/or Disadvantaged Owned contractors to provide rehabilitation services. Any public notices involved in the contracting process will state that Minority, Women, and/or Disadvantaged Owned contractors are encouraged to submit bids.

C. Pre-Qualified Contractors

The Town's Program Coordinator will arrange to advertise in newspapers and at local contractor association plan rooms for licensed, qualified contractors to carry out the needed rehabilitation work. Responding contractors will be placed on a contractor's bid list and will be contacted when bids are being released. The Town's Program Coordinator will arrange for verification that responding contractors are not on the HUD debarred list, that they are licensed and bonded with the Arizona Registrar of Contractors in appropriate trades, and that other information submitted by the contractor is verified. Contractor's selected to provide rehabilitation work must hold a current Town business license before they may begin said work.

D. Contractor Procurement

The Town's Program Coordinator shall arrange for applicable State and Town procurement procedures to be followed in selecting contractors and purchasing materials for the rehabilitation work. Applicants may not perform said work on their own property. Contractors who desire to bid the rehabilitation work may participate in a non-mandatory walk-through conducted by the Program Coordinator and/or Building Safety Rehabilitation Specialist to familiarize them with the project and to give them ample opportunity to gather information needed to prepare their cost proposals. Changes to project specifications may be made at this time.

An effort will be made to receive at least three (3) bids on each project. However, the town's Program Coordinator may determine to approve a project where fewer than 3 bids have been received. All bids will be delivered to the designated address by the time and date specified in the invitation to bid. Bids must be sealed and will be opened publicly at the date and time specified. Late bids will be returned unopened.

E. Contractor Selection

The town's Program Coordinator will recommend the lowest responsible bid to the Applicant. The Program Coordinator may reject any bid if all or part of the bid is deemed to be unreasonable or impractical or likely to result in substandard work. Applicants may select a higher bid than the lowest responsive bid; however, applicants will be required to pay the difference in cost.

F. Method of Determining After Rehab Value

Before a Notice to Proceed is issued, the Program Coordinator will calculate an “After Rehab Value” by adding the value of the rehabilitation work to the current assessed value of the property, times the standard multiplier, and comparing the amount to the FHA 203(b) insuring limits for single-family properties. Work will not be performed on property where the value of the property will be greater than the FHA insuring limits. This information will be provided on an appropriate form for each file.

3. CONSTRUCTION

A. Contracts and Notice to Proceed

Upon selection of a contractor, a construction contract will be entered into between the Applicant and the successful bidder (Contractor). Said contract shall be in a standard form which identifies the role and responsibility of the Town and as a third-party.

A meeting at the property will be arranged by the Program Coordinator in order for the Applicant and the Contractor to review the contract documents. The Program Coordinator, with assistance from the Building Safety Rehabilitation Specialist, will explain the contract and the responsibilities of the parties. This includes, at a minimum: the extent of the rehabilitation work to be done, the schedule for the rehabilitation work, the schedule for inspections, persons to be notified if there are problems, special contract conditions, and the complaint procedure. All persons present will be required to sign the Letter of Acknowledgement which will include any stipulations or special conditions as discussed at the meeting. When agreement is reached and the contract is signed by all parties and upon receipt of the signed and notarized Deed of Trust and Promissory Note, the Project Coordinator will arrange for a “Notice to Proceed” to be issued which includes a time agreeable to the Applicant.

B. Inspection/Monitoring of Work

The Building Safety Rehabilitation Specialist will arrange for regular inspections to assure quality and timeliness of the rehabilitation work and will also perform inspections associated with issued building permits.

C. Payments to Contractors and Change Orders

Contractors will be paid in accordance with the payment schedule in the contract package. To encourage timely completion of projects, payment will be made upon completion. Contractors may request change orders only for problems that have arisen from rehabilitation work included in the bid package and cost proposal that were unforeseeable at the time of the walk-through. The Program Coordinator with assistance from the Building Safety Rehabilitation Specialist must approve any change order along with the Applicant.

D. Final Inspection

The Program Coordinator will arrange for a final inspection upon completion of the rehabilitation work. Any building permits must be finalized before a final inspection is conducted. During the final inspection, the Program Coordinator and Building Safety Rehabilitation Specialist must determine that rehabilitation work has been completed in accordance with the work write-up and the cost proposal in order to approve final payment to the contractor. Payments to contractors will be withheld pending satisfaction of any problems or deficiencies identified during the final inspection.

E. Approval of Payment

When rehabilitation work is accepted as complete, the Program Coordinator will arrange for an Approval for Payment to be issued that is co-signed by the Applicant. Included with the Approval for Payment will be the Contractor's billing, the Waiver of Lien, the General Contractor's Certificate, and a full copy of the file.

4. RECORDS

A. Files

The Town of Prescott Valley will create, collect and maintain all files for each application. Original files will be organized per the file checklist and turned over to the Town for permanent storage and use once the applicant approval process is complete. The Town of Prescott Valley will keep back-up files for reference and contractual billing purposes.

B. Recordation of Required Liens

The Project Coordinator or Administrative Specialist will file liens on projects. Lien amounts will be determined by the amount of Funds invested in a property. Liens will be secured by Promissory Note and Deed of Trust as developed from time to time by the Administrative Specialist. Completed lien documents will be reviewed and recorded by the title company. Recorded documents will be returned to the Town and copies of said documents will be given to the Applicant.

The terms of the lien are as follows:

1. If the Applicant moves and does not use the property as his/her principal residence (this includes renting the property to any other person), the Program Coordinator may arrange for the prorated repayment amount as set forth below to be due and payable by the Applicant within 30 days of notice. This determination shall be at the discretion of the Program Coordinator based on potential hardships on a case-by-case basis.
2. If title to the property changes, the Program Coordinator may arrange for a pro-rata share of the repayment amount to be paid back for return to the Department.

This determination shall be at the discretion of Program Coordinator based on potential hardship on a case-by-case basis.

- 3. If the homeowner is not in compliance with any other stipulation as set forth in the Deed of Trust and/or Promissory Note, the Program Coordinator may arrange for the prorated repayment amount as set forth below to be due and payable by the Applicant within 30 days of notice. This determination shall be at the discretion of the Program Coordinator based on potential hardships on a case-by-case basis.

When the amount of Funds invested is between ~~\$7,500.00~~ \$2,500 and \$15,000.00, the lien will be pro-rated over 5 years, as follows:

- Through Year 1 - Loan payback 20%
- Through Year 2 - Loan payback 40%
- Through Year 3 - Loan payback 60%
- Through Year 4 - Loan payback 80%
- Through Year 5 - Loan payback 100%

When the amount of Funds invested is between \$15,000.00 to \$25,000.00 in repair and/or rehabilitation expenses or in the event that a mobile/modular unit is replaced, the lien will be pro-rated over 10 years, as follows:

- Through Year 1 - Loan payback 10%
- Through Year 2 - Loan payback 20%
- Through Year 3 - Loan payback 30%
- Through Year 4 - Loan payback 40%
- Through Year 5 - Loan payback 50%
- Through Year 6 - Loan payback 60%
- Through Year 7 - Loan payback 70%
- Through Year 8 - Loan payback 80%
- Through Year 9 - Loan payback 90%
- Through Year 10 - Loan payback 100%

C. Refinancing of Existing Debt or Home Equity Loans

Refinancing of existing debt or home equity loans after completion of rehabilitation work (and prior to the expiration of the lien period) may only result in subordination of this lien if the following conditions are met:

- The Applicant does not receive cash as a result of the refinancing or home equity loan;
- The resulting mortgage payment is not greater than the current monthly mortgage payment; and
- The term of the existing debt does not change.

D. Loan Servicing/Lien Release Procedures

The Office of the Town Clerk will keep copies of completed lien documents in Applicant files. When a lien becomes due and payable as set forth above, the repaid amount must be returned to the Department of Housing. Once the lien period has expired, the Applicant may request in writing that the Town Clerk issue a lien release for the property. In the event of such a request, the Town Clerk will record the necessary release within sixty (60) days.

E. Program Income

Program income is not applicable to this particular program. Any Funds that are recaptured from Applicants who were required to repay payments are not considered Program income.

F. Accounting Procedures

All accounting reports are available for monitoring/auditing purposes through the Town's Finance Department. All grant funds are included in the Town's annual audit. Audits are submitted annually to the funding source.

G. Program Payments

When a project is complete or a draw is otherwise due, the Program Coordinator will arrange for payment. Approval for final payment will require a Waiver of Lien and final invoice from the Contractor.

5. AFFIRMATIVE MARKETING

The Project Coordinator will be responsible for affirmative marketing of this program. The marketing plan shall include (but not necessarily be limited to) the following:

- Press releases
- Notices posted in target neighborhoods
- Announcements at Neighborhood Block Watch meetings
- Other appropriate marketing methods

6. ADMINISTRATION

A. Coordination

Program coordination and day to day project administration will be overseen by the

Town. The Town of Prescott Valley Program will perform applicant qualification and education.

B. Exceptions to the Maximum Grant Amounts

Exceptions to the payment ranges set forth above will not be considered.

C. Disability Accessibility

The Program Coordinator will arrange for interviews to be performed in Applicants' residences, if necessary. A TDD number for arranging interviews will be included in all advertisements. Hearing-impaired Applicants have the option of communication through a signing person or by writing.

D. Non-English Speaking Persons

The Program Coordinator will arrange for the services of an interpreter to assist Applicants who speak a language other than English. In making that determination, the Program Coordinator will be guided by whether Applicants appear to have a full understanding of the program.

E. Affirmatively Furthering Fair Housing

The Town does not discriminate on the basis of race, color, religion, sex, national origin, familial status, or disability. The Town shall arrange for notification of the public by posting posters and using the Fair Housing logo in printed materials for the program.

F. Temporary Relocation Plan

Upon occasion, owners may be temporarily displaced while construction is occurring. The Project Coordinator will plan and coordinate each project so that the displacement is no longer than necessary. Provisions will be included in the Contractor's construction contract to encourage timely completion and to require compensation if deadlines are not met.

Applicants will be notified that Temporary Relocation Assistance is available and the maximum amounts of such assistance. Applicants will also be notified that relocation assistance may reduce the amount of rehabilitation work that can be performed on their property. Applicants may secure other temporary lodging that doesn't require full assistance. Any motel arrangements will be the responsibility of Applicants, in which case Applicants must submit a copy of the signed agreement to the Program Coordinator who will pay the motel directly for either the weeks lodging cost or the maximum lodging amount (whichever is less). Applicants are responsible for any additional costs (i.e. catering, dry cleaning, etc.). If the dislocation is less than one (1) week, only the actual relocation days will be covered. If a stay is for a portion of a day, per diem will be calculated as follows:

- Breakfast midnight until 11:00 a.m. \$ 5.00;
- Lunch 11:00 a.m. to 3:00 p.m. \$ 6.00; and
- Dinner 3:00 p.m. to midnight \$15.00 .

Maximum Amounts

- Lodging \$ 55/night/two beds; and
- Per Diem \$26/day/person.

Applicants will not be entitled to reimbursement for any additional travel costs. For this purpose, “persons” are a permanent member of the household. The Program Coordinator shall make the final determination of the number and identify permanent household members. Under some circumstances it may be necessary to board a family pet when the household is relocated. In such cases, Applicants must obtain at least two (2) quotes of per-day costs from local pet boarding facilities. Applicants may choose where pets will be placed; however, payment will only be in the amount of the lowest rate. Applicants will be responsible for any difference in cost.

Negotiated Amounts

In an effort to contain costs, the Program Coordinator may negotiate any lower amount that appear reasonable for relocation.

Applicants are responsible for packing and moving their personal goods. Variations from these requirements may be approved by Program Coordinator in order to ensure reasonable accommodation and equal program access.

8. CONFLICT OF INTEREST

No employee, agent, consultant, officer, elected officer or appointed official of NACOG or the Town (including those who held such a position within 1 year) involved in any way with or having access to information related to the program may be an Applicant under the program or in any way receive a pecuniary benefit under the program.

9. APPENDIX : The following information/forms will be a part of the rehabilitation package for each project:

- Home and Housing Trust Funds Income Limits
- Client Ranking Worksheet
- Waiting List Procedures
- Protect Your Family From Lead in Your Home
- Verification of Disability
- Housing Rehabilitation Application
- Notification of Potential Eligibility/Ineligibility
- Employment Verification

Grievance Procedures

Lead Based Paint/Part A & B (E-HR.6)

Inspection Checklist

Contractor Information

Contractor Eligibility Verification

Contractor/Subcontractor Certification

Civil Rights

Pre-Construction Conference

Homeowner/Contractor Contract

Notice to Proceed

Inspection Log

Change Order

Approval for Partial Payment

Conditional Waiver Release on Final Payment

Final Inspection and Approval for Payment

Client File Checklist

Client Contact Log