

Residential Rehabilitation Webinar Series **Contractor Selection and Evaluation**

Sponsored by the Florida Housing Finance Corporation's
Affordable Housing Catalyst Program

Facilitated by the Florida Housing Coalition
Aida Andujar, Technical Advisor

Residential Rehabilitation Webinar Series

Webinar- Rehabilitation series:

August 31 Webinar - Roles and Responsibilities

Today: October 5 Webinar- **Contractor Selection and Evaluation**

November 8 Webinar- Initiating Rehabilitation Assistance

January 11 Webinar- Addressing Complaints in the Rehabilitation Process

April 11 Workshop in Jacksonville:

Running a Successful Rehabilitation Program

Joining Me Today



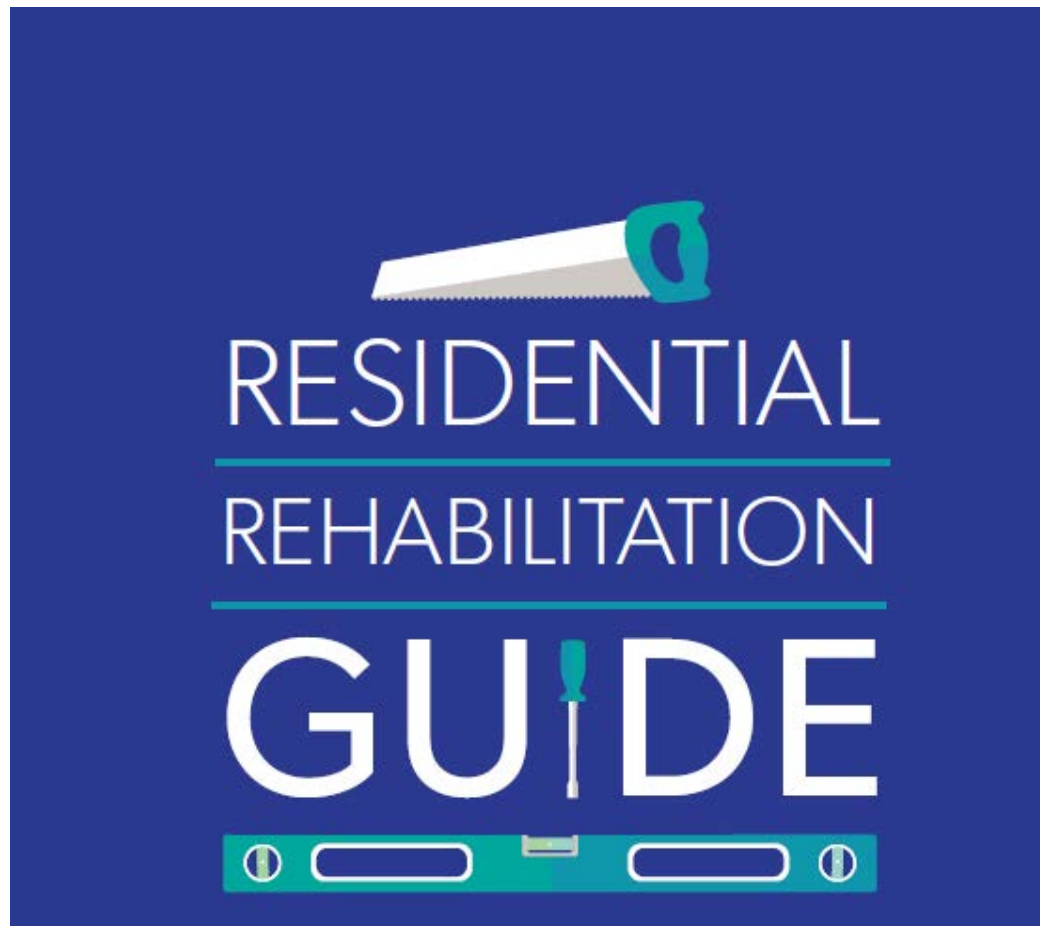
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Residential Rehabilitation Guide

<http://www.flhousing.org/wp-content/uploads/2012/03/Residential-Rehab-Guide-2017.pdf>



Our Annual Affordable Housing Conference Has been **rescheduled** October 30-31, 2017 – Rosen Centre Hotel – Orlando, FL

<http://www.flhousingconference.org/>

The screenshot shows the website for the Florida Housing Conference. At the top right, a countdown timer indicates 174 days, 04 hours, 52 minutes, and 14 seconds remaining. Below the timer is a navigation menu with links for Home, Conference Agenda, Registration, Expo, Hotel, Awards, Partners, and Contact Us. The main content area features a large image of a person's hands holding a conference agenda. To the left of the image, text reads "4 workshop tracks highlight specific housing". At the bottom of the page, the logo for "THE FLORIDA HOUSING COALITION" is displayed, which includes a stylized house icon and the text "FLORIDA HOUSING COALITION".

Catalyst Training Schedule

www.flhousing.org



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The Coalition is Florida's affordable housing training and technical assistance provider.

The Florida Housing Coalition is commonly acknowledged as the foremost authority in Florida on affordable housing, community development and related issues, as a clearinghouse for information, a provider of training and technical assistance, and an advocate at the state and national levels for people in need of affordable housing.



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Call 1-800-677-4548 or e-mail me at

Andujar@flhousing.org

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SHIP Advocacy

- Use SHIP logo
- Send us your SHIP success stories to us at wells@flhousing.org
- Ensure that subrecipients/Sponsors are giving credit to SHIP



SHIP

housing a stronger Florida



Disaster Contractors Network Portal

- Florida's construction professionals share a common goal of building a better Florida through the use of hurricane-related mitigation techniques and energy-efficiency standards. Disaster Contractors Network (DCN) provides consumers, building professionals, and suppliers with the tools they need to meet these challenges in the aftermath of a storm or other disaster.

<http://www.dcnonline.org/>

SHIP Program Procurement of Contractors

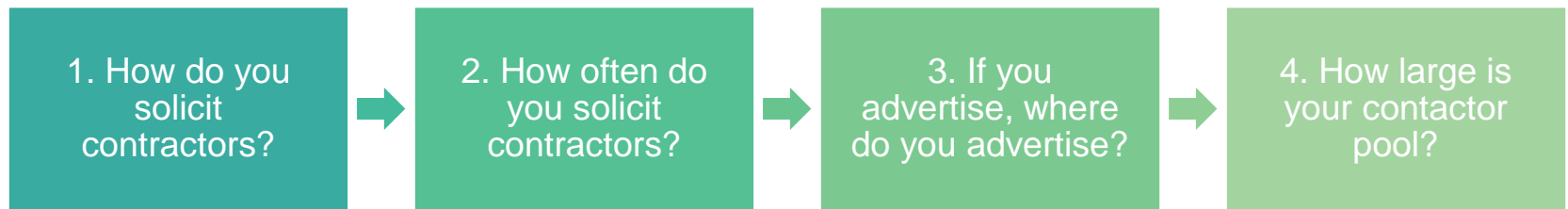
- Does not specify procurement procedures like federal programs
- You can follow your local procurement procedures
- You can define procedures specifically for your program
- Most local governments rely on best practices
- It is up to the local government decision
- **FAIR AND OPEN PROCESS**

Contractors are not subrecipients or sponsors

Finding Contractors

- Advertise
- Display/Distribute flyers
- Post on website
- Get labels of active contractors from the occupational license department/purchasing department/procurement
- Talk to building and county inspectors for references
- Talk to other Cities and Counties for referrals

Other?



Presenters

Contractor Application

- Three written references from customers, subcontractors or material supply houses
- Current Contractor's license, tax receipt or other licensure
- Contractor liability insurance
- Workers Compensation insurance or Exemption
- Financially Responsible Officer or Authorized to Execute Contract

Presenters

1. Do you require a contractor application?
2. Who on staff is responsible to review the application and approve contractors?
3. Are there other requirements besides the application process, i.e. Orientation, workshop?

Participants – Do you have other requirements, in addition to the application?

Application Review

- What would cause you to deny a contractor participation?
 - Debarment
 - Complaints
 - Bad references
 - Poor credit
 - Lack of required insurance and licenses
 - Conflict of interest

Working with Contractors

Verify information:

- Verify license –
 - Go to <http://www.myfloridalicense.com/dbpr/>
 - Will also list complaints filed against a contractor.
- Verify that Corporation is active –
 - Go to <http://Sunbiz.org>
 - Information on the owner, the location of offices and if active.

Working with Contractors

- Verify contractor is not debarred from HUD-
 - Go to <http://www.sam.gov>
- Verify Insurance is active –
 - Go to <https://apps8.fldfs.com/proofofcoverage/Search.aspx>

Working with Contractors

- Maintain an active contractors list
 - Have a system in place to update this information on a regular basis
 - licenses and insurance have been renewed
 - update references
 - Have they been debarred
 - Have complaints been filed

or have them reapply every year

Presenters

1. Who on the staff maintains the contractors list, updates documents, and keeps it current?
2. How often is this done?

Policies Relating to Contractors

- Participation requirements
- Removal from bidders list and for how long
- How many jobs at one time
- Late fees
- Payments
- Change Orders
- Dispute resolution

Reasons for Suspension and Disqualification of Contractor's

- Lack of participation
- Insurance Violations
- Business license violations
- Failure to honor warranties
- Default
- Willful misconduct
- Contractor negligence
- Payment Delinquency
- Kickbacks/Price fixing
- Brokering work
- Unjustified delays

Working with Contractors

- **Emergency grants** - get three estimates from roofers, plumbers or electricians.
- **Full rehabilitation** - state licensed general contractor
- **Reconstruction** - general contractor, an architect and an engineer

Presenters

1. What rehab programs do you administer?



2. Do you use the same contractors list for all your programs?

Construction Contracts: Basic Elements

- When does the project start and end
- Who gets the permits & pays for them
- Expectations of the Contactor
 - Property access
 - Owner on-site during construction
 - Owner-requested changes and additions to work specifications
- Who pays for utilities during construction
- Tool/material storage

Construction Contracts: Basic Elements

- Payment process
- Change order process
- Site clean-up
- Sanctions for non-performance of contractor
- Who may issue a stop-work order
- Conditions for termination of contract
- How disputes will be handled
- Warranty information

1. Do you have sanctions for non-performing contractors?

2. Who can stop the work?

3. Under what conditions can a contract be terminated?

4. What is the process for handling disputes?

5. What if a contractor fails to comply with the warranty?

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How much information is needed in your contracts?

- Enough that roles and responsibilities are clear
- Specific program requirements
- Performance expectations
- Measureable benchmarks
- Default provisions

Only include the items that you will enforce

When should the Contract be Executed?

- When the applicant has been deemed eligible
- When the project is ready to start and all funding sources are in place
- All required pre-contract program steps have been completed
- Before any funds are disbursed to the third party

Contract Signing

- Owner, Contractor and City/County staff present
- Execute an agreement between the Owner and Contractor outlining the work, terms, duties, conditions, payments, warranties, etc.
- Execute an agreement between the City/county and Owner outlining duties, responsibilities, program terms and conditions

The City/County is not the Contractor

Contract Signing

- Review the work write-up in detail
- Discuss rehab process in detail
- Discuss roles for different parties
- Select colors and materials

01

Who attends
the contract
signing?

02

Where is it
held?

03

How long does
it take?

04

What
documents are
reviewed and
executed?

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Keeping Good Contractors

Contractors biggest complaints

- Payments
- Inconsistencies by inspectors in applying codes and standards
- Lack of clarity in specifications
- Lack of cooperation in resolving problems

Contractor's Responsibilities

- On job during normal work hours
- Clean up each day after work is done
- Avoid damage to Owner's personal property
- Advise the Owner in a timely fashion if they are going to be late or not show up
- Advise the City/County as soon as possible of disputes
- Supply storage, sanitation unit, and dumpster
- Warranty and Guarantee

Reduce Change Orders

- Restrict the instances where change orders will be approved
 - Example: Only when required by the building official
- Penalize contractors for excessive change orders
 - Example: When contractors are evaluated at the end of job
- Create disincentives for change orders
 - Example: No profit and overhead on change orders

What is your change order process?

Who must sign off on change orders?

3. What is the average number of change orders?

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Inspections

Building Department Inspections

- Know what inspections are required by your building department
- Make sure inspections have passed before you pay contractor
- Staff/In house inspector – Should inspect home each time a payment is requested

Payments

- What criteria is the payment based on?
Example:
 - Partial Release of lien
 - Proof of inspection
 - Owner signature
 - Inspectors approval

1. How many draws do you allow?

2. Who signs payment request?

3. What documentation is required with a payment request?

4. Who decides how much the contractor is paid?

5. Do you withhold a portion of each payment?

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Project Oversight

- SHIP administrator - field visit at least at final inspection
- Photographs and videos
 - Before....During....After
- Document file each time there is an incident

Project Oversight

You will not remember the conversations you had with the Owner or Contractor three months afterward, when FHFC, Commissioners or news agency start asking questions.

Note date, time, and who you spoke with

Elements of Trust

- Consistency
- Honesty
- Promise keeping
- Reassurance

Best Practices

- Keep documentation of all meetings, conversations, pictures/paper trail
- Communicate regularly and clearly
- Explain who is responsible for what
 - Homeowner and contractor
- Most complaints are about the process, not the product

Final Inspection

- Owner and Contractor should be present
- Ensure that work meets the detail outlined in the work write-up and specifications
- Note quality and workmanship
- Request corrective measures
- Generate a punch list

Project Closeout

- Verify punch list work has been done
- Have Owner sign a certificate of completion
- Make copies of warranties, mail original warranties to owner with a file close out letter
- Update tracking charts, balance expenditures
- Have Contractor record a Termination of Notice of Commencement and Release of Lien

Project Closeout

- If your final loan amount is different from your originally recorded loan amount, record a mortgage modification agreement
- Have someone else on staff go over checklist and review file for completeness

Contractor Evaluation

Contractor should be evaluated by homeowner, staff, or both, for each job.

Evaluations:

- Used as a tool to remove poor performing contractors
- Give contractors feedback on their performance and outlines weaknesses
- Let the supervisor know how contractors and staff are performing their work

Sample Evaluation Form

CONTRACTOR EVALUATION FORM – SAMPLE

CONTRACTOR EVALUATION FORM

FILE # _____ Property Address: _____

Contractor: _____ Owner: _____

<u>CATEGORIES</u>	<u>MAX. PT VALUE</u>	<u>POOR</u>	<u>FAIR</u>	<u>GOOD</u>	<u>EXCELLENT</u>	<u>GRADE</u>
Quality of Work	20	0-4	5-9	10-14	15-20	
Completion Time	20	0-4	5-9	10-14	15-20	
Code Compliance	20	0-4	5-9	10-14	15-20	
Contract Compliance	20	0-4	5-9	10-14	15-20	
Punch List	20	0-4	5-9	10-14	15-20	
TOTAL POINTS	100					Total Score: _____

LEGEND

Owner Evaluation

1. Quality of Workmanship
2. Project Management: Scheduling
3. Subcontractor Management
4. Safety and Housekeeping Procedures
5. Change Orders
6. Working relationships

1. Do you evaluate your contractors?

2. Who completes the evaluation?

3. How does a poor evaluation impact the contractors ability to participate in the program?

4. Who gets a copy the evaluation?

Presenters

Contractor Pitfalls

Awarding work to inexperienced contractors

Awarding too many jobs to one contractor

Accepting bids that are too low and not within 10% or 15% of the in-house estimate

Accepting poor workmanship by the contractor

Allowing installation of cheap materials

Allowing unjustified delays

No penalties for contractors that fail to comply with the terms of the warranty

Our Thanks to the Florida Housing Catalyst Program



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Questions?

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