



# Emergency Repair, Rehabilitation, Reconstruction Process Part 2

**Florida Housing Coalition Presenters:**

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# Catalyst Training Schedule

A banner for SHIP Catalyst Training. The background shows a group of people in a training session. On the left is the SHIP logo with the tagline 'housing a stronger Florida'. On the right, the text reads 'Fine Tune Your SHIP Program', 'REGISTER NOW FOR', and 'CATALYST TRAINING' in large, bold letters. At the bottom left of the banner, it says 'Register Now for SHIP Catalyst Training!'. Below the banner are four small circular icons.

SHIP  
housing a stronger Florida

Fine Tune Your SHIP Program  
REGISTER NOW FOR  
**CATALYST  
TRAINING**

Register Now for SHIP Catalyst Training!

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

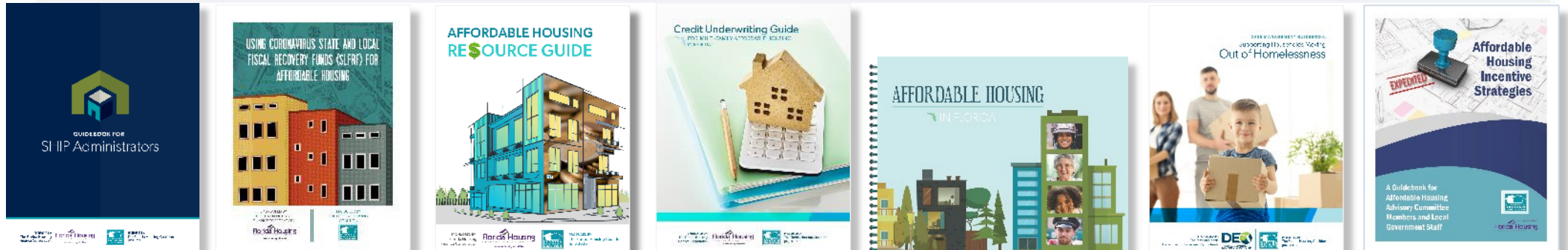
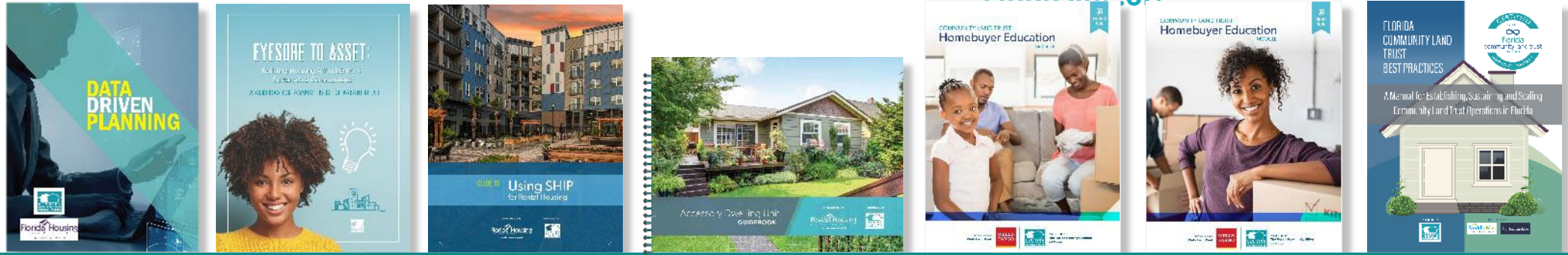
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# Webinar Logistics

- Participants are muted
- Enter your questions in the box in your webinar panel
- If non typing capability, click raise your hand button
- Handouts are available for your review.
- This webinar is being recorded and will be available at [www.flhousing.org](http://www.flhousing.org)
- Use headphones for best audio
- A survey will immediately follow the webinar; ***please*** complete it! Thanks!



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# Overview

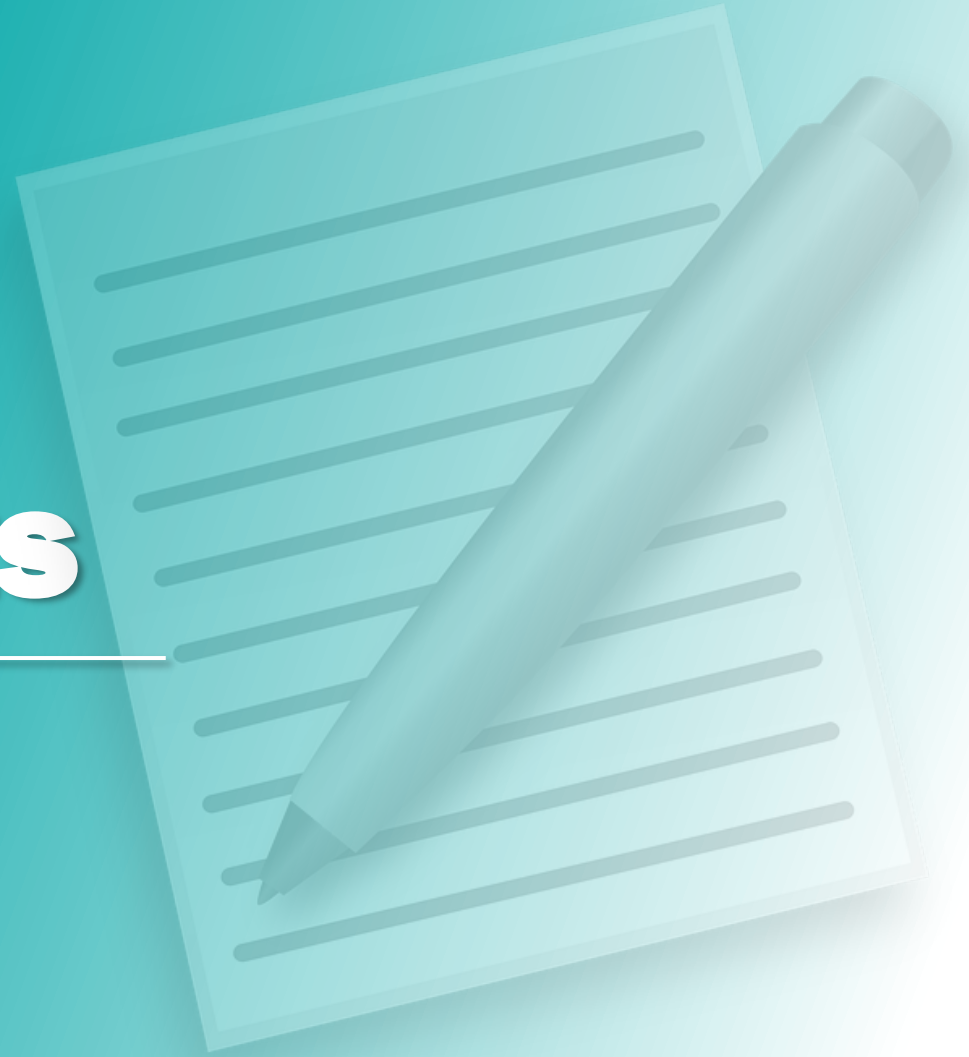
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- Written Agreements
- Inspection Process
- Change Orders
- Finding Qualified Contractors
- Emergency Repairs
- Reconstruction Process
- Rehab Pitfalls



# **The Importance of Written Agreements**

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# The Importance of Written Agreements

- A written agreement serves as a legally binding contract between the local government and any other party
- Serves as a management, accountability and enforcement tool for the local government
- Should be executed whenever funds or services are exchanged

# Effective Written Agreements

- 1 Specify the activity to be carried out (who, what, where, when)
- 2 What the funding source is
- 3 How they are carried out
- 4 Roles, responsibilities and options of all parties involved
- 5 What changes are allowed and process to incorporate those changes



# Effective Written Agreements

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- Provide a budget
- Use of funds
- Activity and tasks to be performed
- Payment procedures and schedule
- Terms of enforcement
- Compliance, reporting and monitoring requirements

# Parties to the Agreements

Local government and:

- Applicant
- Contractors
- Sponsors
- Subrecipients
- Developers



# Contractors

- Persons /firms entering a written agreement/contract to perform a specific task.
  - Appraisal firm
  - Lead based paint testing firm
  - Title insurance company
  - Construction work

They generally have no ownership or other ongoing interest in the project/job once their task is completed.



# Who Prepares the Written Agreement

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- SHIP Staff
- City/County Attorney
- Paid Consultant

Remember: If are not an attorney, you should always have an attorney review your documents for legal sufficiency and form.



## When should the Agreement 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

# Rehab Construction Contracts – Basic Elements

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



# Rehab Construction Contracts – Basic Elements

- 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

# Rehab - Owner's Responsibilities

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- Provide access to home during normal work hours
- Provide water and electricity to contractors
- Keep pets and children contained
- Store and protect valuables
- Let contractors do their job
- Communicates problems as soon as they occur
- Evaluates contractors

# Contractor's Responsibilities

- On job during normal work hours
- Clean up each day after they are done
- Avoid damage to owners' 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



# How much information?

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

***Only include the items that you will enforce***

# Consistency in Agreements

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## Use templates

- Standard format for variable information
- Required provisions included

## Consistent language

- Facilitates and expedites process
- Minimizes staff errors
- Makes monitoring easier

***This works for terms and provisions that are the same for every project***

# Amendments

Process should be outlined in the agreement and should be followed

Should be executed by all parties who executed original agreement

State that other provisions remain in effect

Have the attorney review the amendment for legal sufficiency and form

# Review and Updates

Read

Read it in its entirety

Have

Have staff and legal review regularly to ensure it complies with any program changes

Update

Update when program or LHAP changes

Have

Have your attorney review updates and changes for legal sufficiency and form

Review in

Review in detail with affected party before it is executed and answer questions

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# Best Practices

Use Separate Agreements for each funding source

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Keep separate files

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Reference in your agreements that when more than one funding source is used the strictest rule will apply

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Create policies and procedures that can apply to any of your funding sources to reduce compliance issues

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Allows for expenditures to be transferred across different funding sources

# Management Tool

Written agreements are a management and enforcement tool

It is legally binding

It minimizes the risk of the local government

Allows for corrective action

Identifies specific requirements

Allows for monitoring and compliance

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# The Inspection Process

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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?
- How many draws?
- Who signs payment request?
- What documentation is required with a payment request?
- Who decides how much contractor is paid?
- Do you withhold a portion of each payment?



# 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

***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.***

# Final Inspection

Owner and contractor should be present

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Ensure that work meets the detail outlined in the work write up and specifications

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Note quality and workmanship

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Request corrective measures

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Request corrective measures

# Project Closeout

Verify

Verify punch list work has been done

Have

Have Owner sign a certificate of completion

Make

Make copies of warranties, mail original warranties to owner with a file close out letter

Update

Update tracking charts, balance expenditures

Have

Have Contractor record a Termination of Notice of Commencement and Release of Lien

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# 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



# **Change Orders**





# The Problem with Change Orders

- Increased job cost
- Time delays
- Increased paperwork
- Increased staff time
- Others?



# **What Causes Change Orders?**

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- Lack of clarity in program requirements
- Lack of clarity in roles and responsibilities
- Unrealistic Expectations
- Lack of detailed inspection procedures
- Lack of knowledge on code requirements
- Poorly written work write ups

# Reducing Change Orders

## **Set rules up front on the process for change orders**

- Clarify up front what the rules are for change orders with inspector, owner and contractor
- Check property records, permits history and a thorough inspection to identify potential change orders
- Use building inspectors to identify potential problems
- Use the pre-bid meeting to encourage contractors to identify potential change orders
- Know the limits of your program
- Improve the quality of work write ups and specifications

# Specifications

## **Install a new door:**

Remove and dispose of existing front door. Furnish and install a new pre-hung 1 ¾" thick six panel insulated metal front door, standard 6' 8" unit including jamb, casing, 3 hinges, striker plate, threshold, and weather-stripping (all 4 sides) with a chain door stop. Install a view scope and a new entry and single cylinder deadbolt lock keyed alike and manufactured by Kwikset, Yale, Weiser or approved equal. 2 key sets furnished to owner. Caulk, prime and apply two coats of high quality oil based paint on door, jamb and casing. Owner to select door paint color. Repair any affected areas to match existing finishes as close as possible. Door must have NOA from County.

**City of Lakeland Presenter:**

**Philip Large**

**Housing Rehabilitation Specialist**

**Community & Economic Development**





# Finding Qualified Contractors

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# Disaster Contractors Network Portal

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

HOME PROPERTY OWNERS ▾ CONTRACTORS SUPPLIERS

ASSOCIATIONS ▾ KNOWLEDGE CENTER ABOUT

## Property Owner Search

You are a property owner searching for services or materials in

Alachua  
Baker  
Bay  
Bradford

or [go back](#)

[Ctrl] + Selection for multiple selections/deselection

### Search for Contractors:

Search by Contractor Name:

OR select multiple service types:

- |   |   |
|---|---|
| <input type="checkbox"/> Air conditioning                   | <input type="checkbox"/> Alarm contractor         |
| <input type="checkbox"/> Building                           | <input type="checkbox"/> Electrical contractor    |
| <input type="checkbox"/> General                            | <input type="checkbox"/> Mechanical               |
| <input type="checkbox"/> Plumbing                           | <input type="checkbox"/> Pollutant storage system |
| <input type="checkbox"/> Pool/spa                           | <input type="checkbox"/> Residential              |
| <input type="checkbox"/> Roofing                            | <input type="checkbox"/> Sheet metal              |
| <input type="checkbox"/> Solar                              | <input type="checkbox"/> Specialty                |
| <input type="checkbox"/> Underground utility and excavation | <input type="checkbox"/> Building demolition      |
| <input type="checkbox"/> Gas line                           | <input type="checkbox"/> Glass and glazing        |

### Search for Suppliers:

Search for supplier by name:

OR select product type:

- |  |   |
|--|---|
| <input type="checkbox"/> Exterior doors        | <input type="checkbox"/> Impact protective system |
| <input type="checkbox"/> Panel walls           | <input type="checkbox"/> Roofing                  |
| <input type="checkbox"/> Shutters              | <input type="checkbox"/> Sky lights               |
| <input type="checkbox"/> Structural components | <input type="checkbox"/> Windows                  |

OR other supply type:

[Search Suppliers](#)

[Clear Search](#)

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# Finding Contractors

<https://www.myfloridalicense.com/>

Search for a Licensee  
Apply for a License  
View Application Status  
Find Exam Information  
File a Complaint  
AB&T Delinquent  
Invoice & Activity  
List Search

Search License by City or County ?

## License Information

License Category: Construction Industry

License Type: Certified General Contractor ?

City:

County:

State: Florida

License Type	Name	Name Type	License Number/ Rank	Status/Expires
Certified General Contractor	<u>"INDIVIDUAL"</u>	DBA	CGC1515671 Cert General	Current, Active 08/31/2020
Main Address*: 1571 NE 42ND STREET POMPANO BEACH, FL 33064				
Certified General Contractor	<u>(THE) CONTRACTOR GROUP OF DAVIE CORP</u>	DBA	CGC062520 Cert General	Null and Void, 09/14/2012
Main Address*: 1631 NE 46TH ST POMPANO BEACH, FL 33064				
Certified General Contractor	<u>A &amp; A CONTRACTORS INC</u>	DBA	CGCA12856 Cert General	Null and Void 08/31/1998
License Location Address*: 2708 NW 90 TERRACE GAINESVILLE, FL 32606				
Main Address*: 2708 NW 90 TERRACE GAINESVILLE, FL 32606				
Mailing Address*: 1910 NW 44TH ST POMPANO BEACH, FL 33064				
Certified General Contractor	<u>A &amp; A DRAINAGE &amp; VAC SERVICES, INC.</u>	DBA	CGC1524854 Cert General	Current, Active 08/31/2020
License Location Address*: 5040 KING ARTHUR AVENUE DAVIE, FL 33331				
Main Address*: 2637 EAST ATLANTIC BOULEVARD 120 POMPANO BEACH, FL 33062				
Certified General Contractor	<u>A D A COMPLIANCE TEAM INC</u>	DBA	CGC046427 Cert General	Current, Active 08/31/2020
Main Address*: 951 SE 9TH AVE POMPANO BEACH, FL 33060				
CGC010222 Current, Active				

# 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?***

# Contractor Application

Three written references from customers, subcontractors or material supply houses

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Current Contractor's license, tax receipt or other licensure

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Contractor liability insurance

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Workers Compensation insurance or Exemption

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Financially Responsible Officer or Authorized to Execute Contract

# 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** - Verify contractor is not debarred from HUD

Go to: <http://www.sam.gov>

**VERIFY** - Verify Insurance is active

Go to:

<https://apps8.fldfs.com/proofofcoverage/Search.aspx>





## Working with Contractors

- Have a system in place to update this information on a regular basis
- Have a system in place to remove poor performing contractors



# Policies Relating to Contractors

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



# Keeping Good Contractors

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## **Contractors' biggest complaints are:**

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



# 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

# Emergency Repair



# Emergency Repair



HOW IS THIS  
DEFINED?



WHAT REPAIRS ARE  
ELIGIBLE?



WHAT IS THE  
MAXIMUM AWARD?



WHAT HAPPENS  
WHEN OWNERS NEED  
MORE WORK?



LOAN OR GRANT

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# What's an Emergency?

- Hazardous, unsafe, unsanitary
- Backed up, unsafe, unsanitary sewer, well or septic tank;
- Severe roof leaks with structural damage;
- Exposed wiring or hazardous or inadequate electrical services;
- Unsafe, hazardous or unsanitary plumbing leaks, lack of water services or toilet facilities;
- Replace or repair non-functioning HVAC





# Emergency

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- One strategy
- Limit work to emergency repairs
- If in house estimate will exceed emergency maximum award, move to rehabilitation
- Stay under your cap
- Anticipate potential change orders
- Can be a grant
- One time or more than once
- Owners' emergency is not your emergency

# The Reconstruction Process

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# Before Reconstruction

LHAP program  
Description

Policies and  
Procedures  
manual

Advertise

Waiting list

Contractor  
pool

Models and  
Replacement

Written  
Agreements

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# Reconstruction Process

- Client eligibility (remember 120 days)
- Property eligibility (is it eligible for demolition)
- Clear title
- First Mortgage approval (if applicable)
- Drawing/floor plan approved by owner (expedited permitting)
- Prepare Specifications
- Put out to bid to qualified contractors
- Award bid (contractor is licensed and insured)
- Sign contracts



# Reconstruction Process

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- Permits issued
- Issue notice to Proceed
- Partial payments
- Inspections/pictures
- Final Payment
- Releases and warranties
- Certificate of Completion
- Project evaluation
- Reports and Audits
- Monitoring review

# Is it Eligible for SHIP Reconstruction?

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You need a process to determine when the home is beyond repair and requires reconstruction.

(26) “Rehabilitation” means repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space.

# Identifying a Replacement Home

Properties in a flood zone

A flood hazard area can be a 100-year floodplain, an area designated as a flood hazard area on a community's flood hazard map, or otherwise legally designated. This type of activity is classified as "substantial improvement" and "substantial damage" under the FBC, FEMA regulations, and local government flood plain management ordinances, and is commonly referred to as FEMA's "50% Rule."

Cost of repair/renovation/addition

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Depreciated market value of the structure

> 50%

# Administrative Actions

Here are several administrative actions that are required of local building officials:

- Review permit applications to determine whether improvements or repairs of structures in flood hazard areas constitute SI/SD.
- Review descriptions of proposed work submitted to ensure that all requirements are addressed.
- Review cost estimates of the proposed work to determine if the costs are reasonable for the proposed work or use other acceptable methods to estimate the costs.
- Decide the method to determine market value before improvements.



# “Substantial Improvement” and “Substantial Damage”

- One of the requirements of the NFIP pertains to “**substantial improvement**” and “**substantial damage**,” also referred to as “SI/SD.”
- **Substantial improvement**, as defined in 44 CFR § 59.1, means: “Any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals 50 percent of the market value of the structure before the “start of construction” of the improvement.”
- This term includes structures that have incurred “**substantial damage**.”
- **Substantial damage** means: “damage of any origin whereby the cost of restoring the structure would equal or exceed 50 percent of the market value before the damage occurred. When improvements to existing structures in flood hazard areas meet these definitions, communities must enforce requirements to bring those structures into compliance by meeting the requirements for new construction in flood hazard areas.

# Market Value Prior to Construction

There are four main ways for local building officials to calculate the market value:

- 1 Professional property appraisal;
- 2 Adjusted assessed value;
- 3 Qualified estimates; **or**
- 4 Actual cash value.

Before determining the market value of a structure prior to the improvement or damage, it is important to note that FEMA regulations only take into account the market value of the structure. The value of the land, site improvements, and business income are not included.



# Non-Flood Zone Properties

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- How are properties being identified for repair or replacement?
- Housing Inspector
  - Document condition of property
  - Pictures
  - Interview homeowner
- Building Inspector or Building Official confirming condition of property

# Properties that Have Encumbrances

Does the property have clear title?

- Pay a title company to check for liens and encumbrances
- Check public records
- Check building records

Can I pay for this from SHIP funds?

- Yes, you can pay from administrative expenses
- You can pay from the maximum award



# If the Property has a Mortgage

**You need approval from the first mortgage lender to demolish the home which is what the lien is on.**

- **They will normally agree if you can provide**
  - Pictures of damage
  - A report that shows it is beyond repair
  - Copies of program and agreement with applicant
  - Copy of plans
  - As built appraisal, if available



# Relocation



First step is to determine if relocation is necessary.



Does the applicant have family or friends where they can stay during the construction of the home. **Best practice and most cost efficient.**



Can you pay for relocation? **Yes.**



For how long? Determine maximum relocation assistance based on the timing of construction. **Develop a policy and have applicant agree in writing.**



What is reasonable? Get 3 estimates for temporary relocation.  
**Applicant can get estimates**



Is relocation a grant or part of the loan? Depends on the LHAP. If not specified as a grant, then it is part of the loan.

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# Storage of Personal Items

- Can SHIP pay for storage of personal items? YES
- For how long? Depends on the local policy. Rely on the timing of construction to get best estimate. If contract exceeds time limits, they should pay for additional cost, not LG.
- Who put the items in storage? Best practice is applicant. You can pay the contractor to do it.
- Can we pay for a storage containers? YES
- Can we pay for furniture? NO
- Can we play for a washer and dryer? YES



# Determining Replacement Size

**Consider**

Consider Maximum award

**Consider**

Consider current size of property

**Consider**

Consider family size

**Consider**

Consider neighborhood amenities and features

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# Floorplans

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- Get several models in different layouts
- Contractor or local government can provide floorplan
- Provide specifications
- Can be purchased online but must be adapted to site conditions once purchased



# Energy Efficiency

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- Add energy efficient features to replacement housing
- A/C
- Appliances
- Light bulbs
- Ceiling fans
- Insulation
- Windows

# Mitigation Features



METAL ROOFS



IMPACT WINDOWS



AWNINGS



GARAGE DOORS



IMPACT DOORS

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# Green Features

**Elements that  
enhance or  
increase:**

Disaster  
resistance

Excellent  
indoor air  
quality

Universal  
design

Resource  
efficient  
materials

Low water use

Reduced  
energy  
consumption

Native  
landscaping

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# SHIP Program Procurement

- Does not specify procurement procedures like federal programs
- You can follow your local procurement procedures
- You can define procedures specifically for your program
- There is no right or wrong process
- Most local governments rely on best practices
- It is up to the local government



# 2022 Value Limits

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Rev. Proc. 2022-21	
County	SHIP Limit*
Baker	\$ 359,263.80
Broward	\$ 382,194.90
Clay	\$ 359,263.80
Collier	\$ 458,634.60
Duval	\$ 359,263.80
Martin	\$ 358,308.00
Miami-Dade	\$ 382,194.90
Monroe	\$ 590,491.80
Nassau	\$ 359,263.80
Okaloosa	\$ 448,124.40
Palm Beach	\$ 382,194.90
St. Johns	\$ 359,263.80
St. Lucie	\$ 358,308.00
Walton	\$ 448,124.40
All Other Areas	\$ 349,525.80

\*90 percent of the IRS Limit

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# Determining Value

**“Sales price” or “value” means**

**Acquisition** - the amount on the executed sales contract.

**Building a unit on land that they own** - appraisal performed by a state-certified appraiser. Must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence.

**Rehabilitation** - determined by an appraisal dated within 12 months of the date construction is to commence or the assessed value as determined by the county property appraiser.

**Rehabilitation which includes adding new living space** - an appraisal dated within 12 months of the date construction is to commence or the assessed value as determined by the county property appraiser, plus the cost of the improvements.

# Rehab Program Pitfalls

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# Program Pitfalls

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- No cost estimates
- No pre-bid meeting
- No regular inspections
- Complying with correct LHAP
- Unclear written agreements
- Lack of policies and procedures
- Not Reconciling expenses

# Homeowner Pitfalls

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Wish list

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Access

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Personal property

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Who's in charge

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Warranty/Maintenance

---

Keeps coming back

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Conflicts

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# Contractor Pitfalls

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- New Contractors
- Too many jobs
- Low ballers
- Poor workmanship
- Cheap materials
- Delays
- Warranty issues

# Please complete the evaluation!



**Questions?**

Contact Aida at:

**[andujar@flhousing.org](mailto:andujar@flhousing.org)**

**954-593-8988**



Contact Tamara at:

**[west@flhousing.org](mailto:west@flhousing.org)**

**850-518-2235**

**Technical Assistance Hotline: 1-800-677-4548**