



The Rehabilitation/Emergency Repair Process

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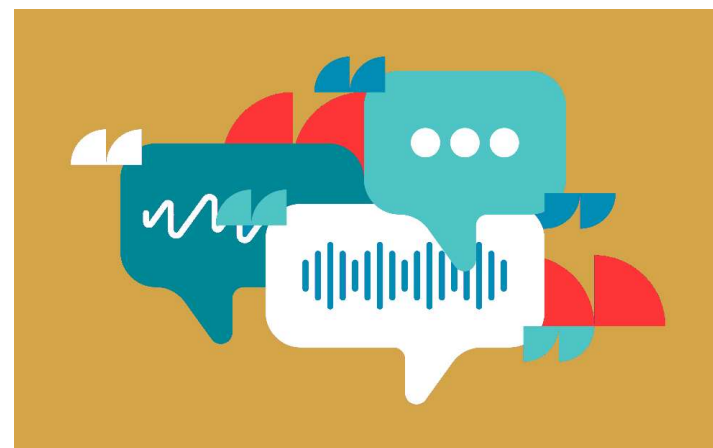
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Overview

- Rehabilitation Process
- Program Design
- Policies and Procedures
- Staffing and Partners
- Owner/Contractor Conflict
- Rehabilitation Project
- Scope of Work
- Bid Process
- Inspection Process
- Change Orders
- Finding Qualified Contractors



75% of SHIP distribution must be used for construction, rehabilitation or emergency repairs

NOTE: The expenditure of program income is exempt from this requirement.



Construction, rehabilitation, or emergency repairs completed 12 months before or after the closing date regardless of who paid for the repairs;



Construction soft costs such as engineering studies and appraisals, if directly related to housing construction, rehabilitation or emergency repairs;



Relocation costs associated with rehabilitation of the residence;

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Steps in the Process

- Initial Inspection
- Due diligence
- Prepare work write up & cost estimate
- Bid process
- Contractor approval and selection
- Sign contracts



LHAP
program
Description



Policies and
Procedures
manual



Advertise



Waiting list



Application
processed



Award
letter/Income
certification

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Rehabilitation Process

- Permits issued
- Start Repair Work
- Partial payments
- Inspections
- Final Payment
- Releases and warranties
- Certificate of Completion
- Project evaluation
- Reports and Audits
- Monitoring



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Eligibility

Applicant

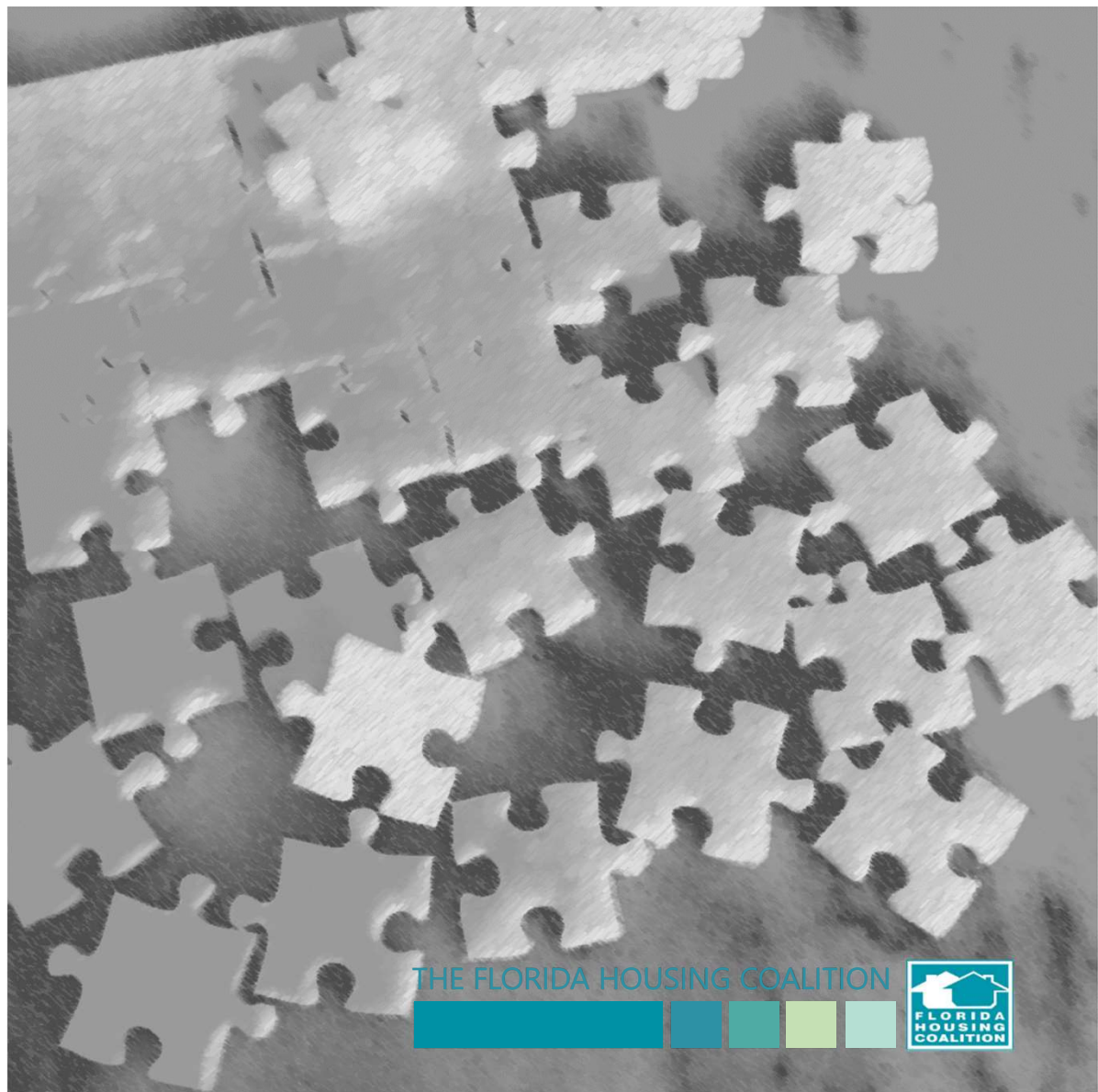
- Application
- Household Size
- Income
- Assets
- Income Certification
- Award letter

Property

- Location
- Type
- Ownership
- Owner occupied
- Condition
- Open permits
- Illegal structures
- Insurance

Program Design Considerations

- Housing Stock
- Housing Needs
- Housing Cost
- Funding
- Staff



Understand your Community's Needs

Know the condition of the housing stock

- Owner occupied
- Renter occupied
- Availability of standard units

Review Consolidated Plans

- Conduct windshield surveys
- Listen to program participants, partners, residents, leaders about needs, concerns and objectives.

Create clear objectives and goals

- Only carry out rehabilitation that meets your objectives and program goals

Program Design

Type of Repairs

- Code violations
- Energy Efficiency Improvements
- Incipient violations
- Accessibility Improvements
- Universal design
- Mitigation improvements
- Cosmetic improvements



Program Design

Feasibility testing

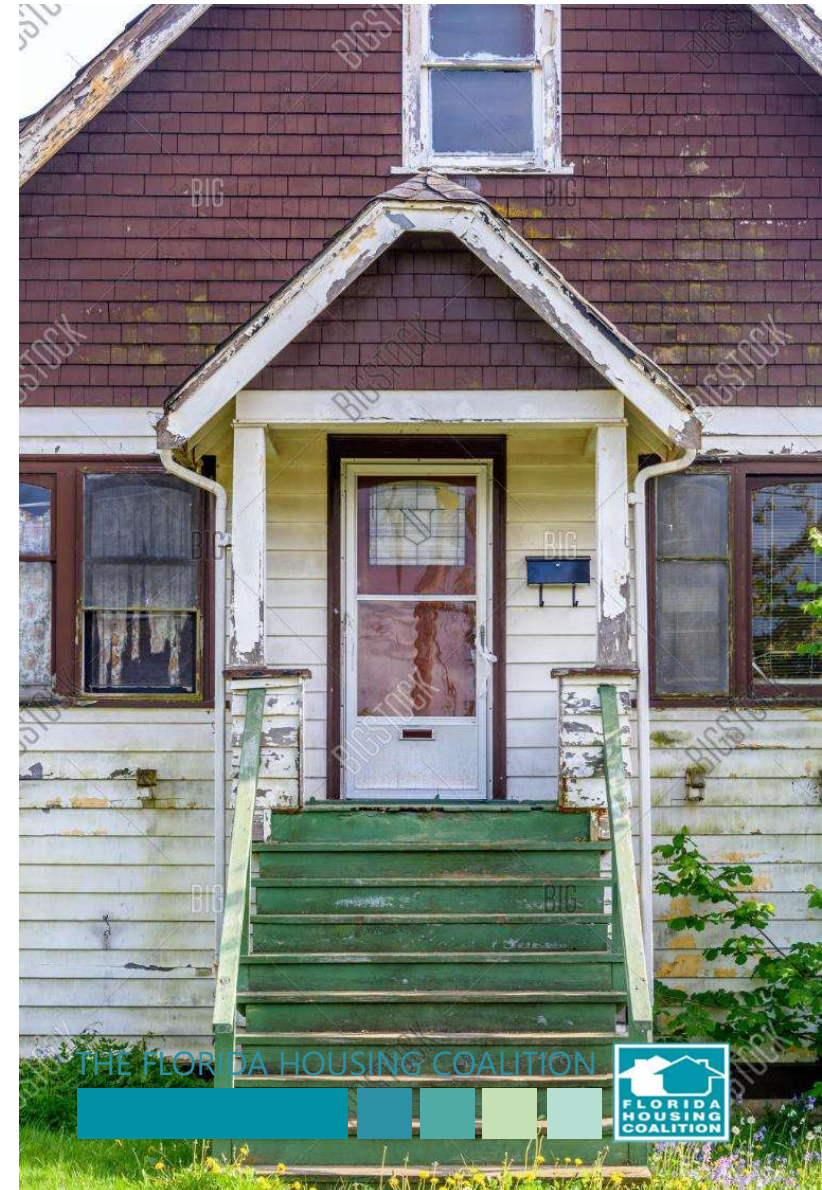
- Maximum award
- Use other funding sources
- Leveraging
- Owner Contribution



Program Design

What units will you repair?

- Single family
- Townhomes
- Condos
- Mobile homes
- Rental units



Program Design

Household income

- 30%, 50%, 80%, 120% or 140% of median

Special populations

- Elderly
- Special needs
- Persons with disabilities
- Workforce housing

Terms of Assistance

Loan Terms

- Grants
- Loans
- Deferred loans
- Combination
- Shared Equity
- Forgivable?
- Deferred over what length of time?
- Assumable?
- Owner's ability to refinance?
- What is a default?

Policies and Procedures

PROCEDURE

POLICIES

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Written Documents

- LHAP
- Policies/Procedures
- Standards/Specifications
- Agreements/Contracts

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Policies and Procedures

Policies and Procedures Manual adds more program detail than the LHAP:

- Intake Process
- Inspection Process
- Dispute resolution
- Contractor selection/removal
- Bid process
- Change orders

Policies and Procedures

- Hazard and flood insurance requirements
- Conflict of interest
- Record Retention requirements
- Monitoring and reporting
- Warranties/Guarantees
- Relocation
- Subordination policy

Needs to be updated regularly

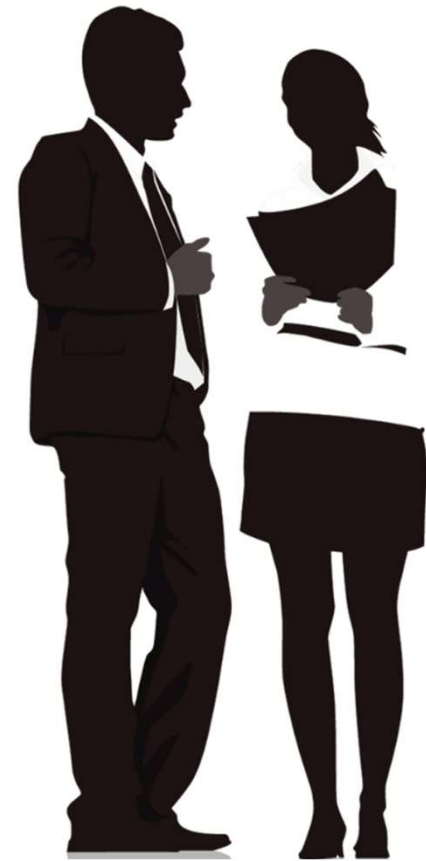
Effective Written Agreements

- 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

Parties to the Agreements

Local government and:

- Applicant
- Contractors
- Sponsors
- Subrecipients
- Developers



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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.

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

- 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

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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

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

Staffing and Partners



Program Staffing

Receptionist

- Should know details of the program
- Screens potential applicants
- Keeps waiting list

Intake counselor/loan specialist

- Income eligibility
- Good communication and writing skills
- Maintains files

Program Staffing

Inspector

- Knowledgeable in construction and cost estimating
- Works well with public
- Good communication skills

SHIP Administrator

- Knows program rules
- Oversees staff
- Tracks expenditures, reporting and program compliance

Owner/Contractor Conflict



What causes conflict?



Lack of Clear Communication



This can be between the Homeowner, Contractor and/or SHIP program staff



Solution: Communication early on and throughout the process



Contractors and Local Government

Become desensitized, lack of empathy

- You do this over and over, the homeowner may do this once in their lifetime
- It's just another house for you, but it's their house
- You've heard it before, but not from them

Exhibit empathy for the homeowner

- Their home is their biggest investment
- You are limiting their ability to make decisions
- They don't do this everyday

Types of Communication

Verbal

- Meeting with staff on a regular basis
- Meeting with contractors
- Meeting with homeowners

Written

- Outline of program, process and application
- Policies and Procedures
- Contracts and Agreements

You must have both

Clear Communication

Among staff

- Understand the program
- Duties and responsibilities
- Roles
- Chain of Command

Among contractors

- What is the process
- What the program limits are
- What the repercussions are for non-compliance

Among homeowners

- How the program works
- What the program limits are
- What they can expect
- What the program does not do or allow



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

Homeowner Satisfaction

- Maintain open communication throughout
 - Rehab Inspector must be a mediator
 - Have a process in place for handling complaints
 - Open door policy
- Provide Clarity of Roles and Responsibilities
- Well written documents and agreements
- Work with contractors that comply
- Use evaluations
- Consider buying a homeowner's warranty
- Take the Front-Page Test...



Rehabilitation Project



Beginning a Rehabilitation Project

Interview homeowner

- Review program rules
- Set expectations
- Needs vs. wants
- Discuss process
- Loan terms
- Payment process
- Dispute resolution
- Warranty



Housing Rehabilitation Standards

- Minimal acceptable final product
- Sets the *parameters* for:
 - Eligible repairs and improvements
 - Housing quality and livability
 - Affordability
 - Neighborhood improvement
 - Asset building

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Rehabilitation Specifications

- Basis of rehab design
 - Contractor's instructions for completing a project
 - Rehab specialist's guide to measuring project completeness, adequacy, cost
- Must be precise and specific
- Must be in written form

Specification Software

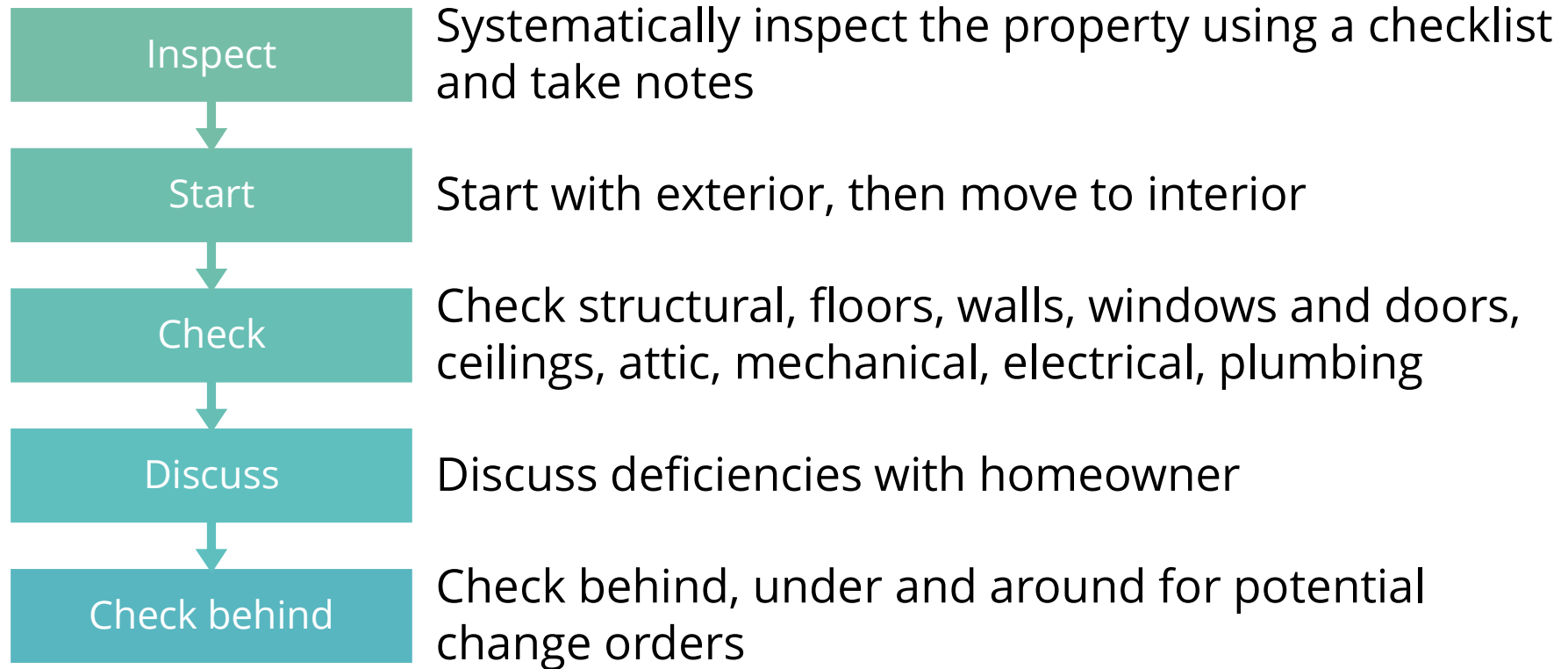
These programs provide:

- Consistency in specifications and work detail
- A checklist, change order forms, and cost estimates
- Work descriptions by trade or by room
- Options for modification
- Automatic cost calculations
- A free demonstration program for 30 days (usually) before you purchase the product

Property Inspections

- Pre-inspection – Feasibility testing
 - Due diligence by Inspector
 - Give inspectors the tools they need
- Initial Inspection – Work write-ups (scope of work)
 - Identify defects and their causes
 - Discuss owner concerns
 - Use a checklist, Take photos, videos, Keep notes
- Pre-Bid Meeting
- Interim Inspections
- Final Inspection – punch list
- Project sign-off

Initial Inspection



Prioritizing Repairs

Emphasize repairs that increase the useful life, safety, and energy efficiency of a building, including, but not limited to:

- repairing structural defects
- upgrades to fire egress and fire ratings of finishes
- addressing health hazards (lead, asbestos)
- repairing the building envelope (roof repair/replacement)
- adding insulation, reducing air infiltration
- upgrades to electrical systems
- replacing worn-out plumbing and mechanical components
- replacing inefficient equipment (old refrigerators, window ac units)
- Hazard mitigation

Green Features



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The Scope of Work



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Scope of Work

Develop work specifications from field notes:

- Provide clear instructions on work to be performed, how it should be performed and what materials should be used
- Apply codes and standards
- A good work write-up should reduce change orders since work is clearly specified

Recent changes in Rehab

- Material delays (window deliveries 3-4 months out)
- Obtaining and retaining quality contractors
- Retaining staff in rehabilitation programs
- Surveyors not available

Work Write Up

Good specifications always contain:

- Scope of work
- Quantity
- Location
- Special conditions
- Installation method
- Quality



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Work Write-Up

Eliminate contractor/homeowner discretion:

- Use **shall/will *not* may/should**
- Use action verbs (hang, sand, apply)
- Specify brand and model or equal
- Reference specific code standards
- Have a room-naming system and apply it consistently

Cost Estimate



- Have an in-house estimate of the cost of the job helps to ensure that bids are reasonable
- Can be used to reject bids that are too high or too low
 - Best practice is 10% of inspectors estimate
 - Bids over- or under- are rejected
 - Should be a written policy

Cost Estimate



- Staff can budget projects more efficiently
- Requires someone that is experienced in construction to provide a good estimate based on current market conditions.
- Can use software for cost estimating

The Bid Process



Pre-Bid Meeting Contractor Walk-Through

A meeting at the home with homeowner, contractors and staff

Benefits

- Contractors can review the work and ask questions at the job site
- Allows for corrections to the work write up based on experience of contractors
- Provides homeowner an additional opportunity to point out problems in the home
- Reduces change orders by allowing additional work to be added to work write up if necessary

Pre-Bid Meetings

- Schedule several weeks before the bid opening
- Obtain attendance confirmation from contractors
- Remind owner of the date and time
- Ask contractors to point out potential problems
- Schedule several pre-bid meetings on the same day, by geographic location

Best Practice is mandatory participation for bid submittal

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

Three approaches

“Traditional Approach”

- Local formal procurement process

“Alternative Approach”

- Homeowner Solicits Bids & Selects Contractor

“Common Approach”

- Housing staff obtain bids on behalf of homeowner

Common Approach is a Best Practice

Bid Opening

- Open to the public
- At least two staff persons present
- Reject late bids
- List bid results in client's file
- E-mail bid results to bidders
- **Don't forget affordable housing Incentives such as expedited permitting**

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
- **Don't forget the 3 day right of rescission!**

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

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

Note quality and workmanship

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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Change Orders



The Problem with Change Orders

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



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What Causes Change Orders?

- 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

Finding Qualified Contractors



Finding Contractors

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

Search for a License
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 & 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 & A DRAINAGE & 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				





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

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



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Please complete the evaluation!



Technical Assistance Hotline: 1-800-677-4548