

City of Beaumont

Owner-Occupied Rehabilitation Program Guidelines

1. PURPOSE OF PROGRAM

- A.** The purpose of the Owner-Occupied Rehabilitation Program (OCC) is to provide housing assistance to 80% Area Median Family Income (AMFI) and below families residing in and around the Hope VI revitalization area (Census Tracts 6, 7 and 9) in Beaumont. Assistance may be provided in other areas inside the Beaumont city limits when feasible. Program Administrator and Department Head review will be required in such instances. Financial assistance will be provided for the repair, rehabilitation, or reconstruction of substandard single-family homes located in target areas identified in Section 8 of these guidelines. The focus of the repair, rehabilitation, or reconstruction is to provide safe, decent, and sanitary housing by bringing eligible housing units into compliance with all health and safety codes. When repairs are completed the minimum standard for repairs will be compliance with all applicable local codes and ordinances including the International Residential Code (IRC) (with windstorm provisions) which will be used as required and as appropriate. When new construction is completed, the IRC including windstorm measures and appropriate energy codes will be utilized.

In special cases, and only when extant conditions would mean that replacing a housing unit on the same site would continue or exacerbate an unsafe condition, homeowners, who otherwise meet the requirement of being owners of a permanent residence, will be given assistance to acquire and newly construct a housing unit on a safe site. Examples of unsafe conditions shall include, but not be limited to, housing located in a special flood hazard area, unsafe soil conditions, environmental hazards that cannot be mitigated, or other conditions that cannot be changed and would continually put occupants in harm's way. The City of Beaumont (City) shall make every effort to ensure that after-rehabilitation repairs and improvements supplement the structurally sound housing stock in the area served and that the housing is of fitting design and quality so as to improve the neighborhood in which they are completed. The City of Beaumont and any contractors/sub-contractors will administer the Program in accordance with these Housing Guidelines (Guidelines).

2. DESIGNATED AUTHORITY TO ADMINISTER PROGRAM

This program shall be governed by the City of Beaumont 2008 Annual Action Plan and the City's 2005 Consolidated Plan, and operated in accordance with all applicable rules and regulations of the U. S. Department of Housing and Urban Development ("HUD"). The Program shall be under the direct supervision of the City's Housing Manager or his/her designee.

3. TYPE OF ASSISTANCE AND ACTIVITIES

A. ELIGIBLE ACTIVITIES

- i. **CDBG Rehabilitation Assistance** – CDBG Rehabilitation Assistance shall be defined as housing rehabilitation where the rehabilitation and specifications standards do not require the entire structure to be brought to local building code standards and housing quality standards (HQS) upon completion. Assistance is intended to prevent severe deterioration or to alleviate emergencies. CDBG Rehabilitation Assistance is available in all areas of the city targeted for revitalization.
- ii. **Rehabilitation** – Rehabilitation shall be defined as bringing an entire structure into conformance with a pre-determined set of specifications and standards that address the entire condition of the structure. At a minimum, the rehabilitated portion must comply with local building codes and standards, and upon completion, the entire structure must comply with housing quality standards (HQS) and local health and safety codes. Rehabilitation shall be limited to “stick built” structures that have been deemed feasible for rehabilitation. Priority for HOME Rehabilitation Assistance is given to eligible families living in and around the HOPE VI Revitalization Area. Assistance is available in other areas of Beaumont on a case-by-case basis.
- iii. **Reconstruction** – Reconstruction shall be defined as the demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot with a unit that complies with the universal design features in new construction established by §2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code. Reconstruction of a housing unit should be of a similar type structure. For example, a stick built housing unit may be replaced with a stick built unit. Manufactured units are not eligible for rehabilitation or reconstruction. Priority for HOME Rehabilitation Assistance is given to eligible families living in and around the HOPE VI Revitalization Area. Assistance is available in other areas of Beaumont on a case-by-case basis.
- iv. **Replacement** – Replacement shall be defined as the replacement of housing taken or demolished by government action. Replacement will be for a comparable unit, not to exceed three bedrooms, two baths, at a location that is not within the 100 year flood plain. If the replacement unit is newly constructed, the unit must at a minimum comply with the universal design features in new construction established by §2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code. Priority for HOME Rehabilitation Assistance is given to eligible families living in and around the HOPE VI Revitalization Area. Assistance is available in other areas of Beaumont on a case-by-case basis.

- v. **Demolition** – Shall be defined as activities necessary to alleviate conditions in slum and blighted areas. The City or its contractors/sub-contractors will use all available resources, including Housing Authorities, Habitat for Humanity, Community Housing Development Organizations, and other non profit organizations, to provide displaced persons with access to decent, safe, sanitary, and affordable housing in the City’s service area.

B. FINANCIAL ASSISTANCE

- i. Rehabilitation and Reconstruction assistance will not be provided in a floodplain. Replacement assistance is available to eligible home owners for construction on a lot not located in a 100-year flood plain.
- ii. The maximum amount of assistance to be provided to an applicant for Owner-Occupied Rehabilitation shall be \$65,000 (Sixty-five thousand dollars). The level of assistance must not be greater than the 221(d)3 limits for Beaumont.
- iii. The maximum amount of assistance to be provided to an applicant for Reconstruction shall be \$100,000 (One hundred thousand dollars).
- iv. The maximum amount of assistance to be provided to an applicant for Replacement housing shall be identical to that of reconstruction.
- v. *A lien will be placed on the property for a period as determined by the federal long-term affordability requirements.* The lien amount is equal to the Rehabilitation contract amount. Assistance is provided as a 0% interest deferred (forgivable) loan amortized at the annual percentage rate consistent with the term of the loan. The lien is released at the end of the required affordability period.

C. INSPECTIONS

- i. In order to document the physical condition of the home that will be repaired, rehabilitated or reconstructed through the Owner-Occupied Rehabilitation Program, a thorough inspection will be required. This inspection will be documented in writing, with drawings and photographs as needed. All items needing repair will be documented with specific measurements and locations sufficient to create a work-write up and cost estimate.

D. PROGRAM PARAMETERS

- i. The minimum amount of assistance that may be provided to any applicant shall be One Thousand Dollars (\$1,000.00).

E. FEASIBILITY ANALYSIS

- i. For each unit assessed under the Program, a preliminary budget will be prepared to indicate the potential cost of emergency repairs, rehabilitation, or

- i. An applicant must own the property and occupy the property as his or her principal place of residence. In order to be eligible, the applicant must demonstrate property ownership through deeds and/or property records. The applicant is considered the owner if he or she:
 - (1) Possesses valid fee simple title to the property; or
 - (2) Possesses a valid, recorded life estate in the property; or
 - (3) Possesses a valid, recorded warranty deed; or
 - (4) Maintains a 99-year leasehold interest on the property;
- ii. In the absence of proof of property ownership described above, to be eligible for assistance, the applicant household must provide:
 - (1) Proof of paid property taxes for all applicable taxing years.
 - (2) Proof of paid homeowner's insurance (must be current at the time applicant is approved for assistance)
- iii. Contracts for Deed and/or Contracts for Sale are NOT acceptable forms of ownership.

C. PROPERTY TAXES

- i. All delinquent property taxes shall be paid prior to the award for rehabilitation/reconstruction assistance; or the property owner must have qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Tax Code. A written verification of the tax status must be placed in each applicant's file. For verifications conducted via telephone, a telephone confirmation form must be completed including, but not limited to, date of contact, name of contact, and phone number of contact.

5. PROGRAM MARKETING

- A. The availability of the Program funds shall be publicized via:
 - i. Press releases in the local newspapers, including but not limited to the following:
 - (1) Beaumont Enterprise;
 - ii. Public Service Announcements (PSA's), which are developed and distributed to local broadcast media, including but not limited to the following:

- (1) KLVI , KOGT, and KOLE radio stations;
 - (2) KFDM, KBMT, KJAC and FOX television stations.
 - (3) City of Beaumont public access station.
- iii.** Informational pamphlets, public notices, and outreach targeting special needs groups distributed by public or non-profit organizations, including but not limited to the following:
- (1) Places of worship in Beaumont.
 - (2) Beaumont Public Libraries.
 - (3) City of Beaumont Bulletin Board.
- iv.** The City of Beaumont is strongly committed to providing information in English and Spanish. Every effort will be made to make applications available in English and Spanish. A Spanish interpreter will be made available to assist in the application process.

B. AFFIRMATIVE MARKETING PLAN

- i.** In addition to marketing through widely available media outlets, The City will take additional measures to affirmatively market the Owner-Occupied Rehabilitation Program services, as follows:
- (1) The City will contact and market to the following local organizations that provide unique access for persons who are considered members of a protected class under the Fair Housing Act:
 - (a) NAACP;
 - (b) League of United Latin American Citizens (LULAC);
 - (c) Catholic Charities
 - (2) The City will advertise with the following media outlets which provide unique access for persons who are considered members of a protected class under the Fair Housing Act including:
 - (a) Ethnic newspapers and/or radio stations
 - (3) In addition, The City will take the following measures to make the program accessible to persons who are considered members of a protected class under the Fair Housing Act:

- (a) Hold informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA) and provide special assistance for those who are visually impaired when requested.
- ii. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained by the City and made available to the public upon request.
- iii. Whenever possible, the City will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.
- iv. The City will accept and/or make applications available as follows:
 - (1) At Beaumont City Hall, 801 Main St., Suite 201, Beaumont, Texas
 - (2) Via regular mail at P O Box 3827, Beaumont, TX 77704.
 - (3) Length of time, days, and hours that applications will be available, including but not limited to:
 - (a) Online 24 hours a day;
 - (b) During regular business hours at Beaumont City Hall;
- v. The City may select applicants from an existing waiting list. The next eligible applicant on the waiting list will be offered Owner-Occupied Rehabilitation assistance, if funds are available, after the applicant before them on the waiting list either declines assistance or is deemed ineligible.
 - (1) The City shall notify all applicants in writing of their eligibility status.
 - (2) The City shall notify the applicant in writing if the requested emergency repair, rehabilitation, or reconstruction is deemed ineligible or not feasible.
 - (3) The City shall be the sole arbiter of the applicant's eligibility and the feasibility of any activity provided under the program.
 - (4) The decisions of the City shall be final.
 - (5) Financial assistance to the applicant will be provided in the form of a grant.

6. METHOD OF APPLICATION

- A. The Owner-Occupied Rehabilitation Program City and/or his/her designee shall be responsible for advertising the availability of the program and for accepting applications.
- B. The City will accept applications from interested households as long as funds are available from the U. S. Department of Housing and Urban Development. All applications will be date-stamped as they are received, and will be reviewed for completeness in the order in which they are received.
- C. Applications will be screened for completeness and all information related to program eligibility, including but not limited to employment, income, assets, and liabilities, will be verified. The City and/or his/her designee shall be responsible for determining the eligibility of each applicant.
- D. The funding decisions of the City shall be final.
- E. All applicants selected for assistance shall be interviewed to determine the applicant's housing needs and types of eligible repairs required. A written agreement will be executed between the City and the applicant outlining the responsibilities and terms of the assistance.

7. FIRST-COME, FIRST-SERVED WAITING LIST

A. All Eligible Participants

- i. All eligible applicants will be rated on a first-come, first-served basis so that a priority of funding might be established. Based on the resident's need, the City will determine which funding source best fits that need and how and when the assistance is granted in accordance with applicable program guidelines. With this understood, priority will be given to applicants residing in Census Tracts 6, 7 or 9 who are:

(1) Elderly^(a) and/or disabled^(b)

(2) Single head of household

(3) All other applicants

Furthermore, the City of Beaumont (and its sub-contractors) will not give preference to or discriminate against any person on the basis of race, color, religion, national origin, sex, disability, or familial status.

^(a) Elderly: age 62 or over

^(b) Disabled:

- If the applicant is under age 62 and is receiving Supplemental Security Income (SSI), this is sufficient evidence of disability. Retain a copy of the SSI award letter in the activity file.
- B. In addition, repairs that prevent further damage to selected homes will be completed first, when possible.
- C. Incomplete applications will not be placed on a waiting list until all required documents for the application are provided to the City and the application is verified and certified as program eligible.
- D. Incomplete applications will not be accepted.

8. PROPERTY REQUIREMENTS

- A. The property must be a single-family dwelling located in Census Tracts 6, 7 or 9 in the Beaumont city limits.
- B. Assistance is not available for properties located in a flood zone.
- C. The applicant must provide evidence of homeownership.
- D. After assistance is provided, at a minimum, the dwelling must be in compliance with local building codes and zoning ordinances and applicable construction or livability standards.
- i. Newly constructed homes (including reconstructs) must meet:
- (1) Energy standards as verified by a RESCHECK™ certification. The certification must be available in the City's file prior to purchase.
 - (2) The International Residential Code as 11 of the IRC as required by Chapter 388 of the Health and Safety Code as applicable.
- E. Any housing unit built before 1978 must be inspected for hazards associated with the presence of lead-based paint or may be presumed to have lead-based paint hazards. Proof of notifications, work completed and clearance examination must be available for the City's file.
- F. Housing units located in an area where Federal Assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil or military airport are not eligible properties.

10. ELIGIBLE IMPROVEMENTS & EXPENSES

- A. Rehabilitation funds shall be used for repairs and/or replacements that are necessary to bring the structure into compliance with applicable local codes or standards and HQS.
- B. As required to complete construction services, necessary “project soft cost” and administration cost as defined by the City and not exceeding the predetermined program limits are allowable costs.
- C. All sites must be cleaned before any construction activity can begin.
- D. Rehabilitation funds may also be used for general improvements that are “reasonable and customary” except as excluded herein. All improvements must be physically attached to the property and be permanent in nature.
- E. Owner-Occupied Rehabilitation funds may not be used for luxury items. Luxury items include, but are not limited to, jacuzzis, hot tubs, fireplaces, swimming pools, fences (other than those required for security), television, and satellite dishes.
- F. Air conditioners and heating systems, water heaters, stoves, and refrigerators are eligible for replacement under the Owner-Occupied Rehabilitation. Appliances and housing components that are not integral to the structure of the home such as window unit air conditioners, washers, dryers, dishwashers, detached garages and carports are not eligible.
- G. The use of lead-based paints is prohibited. Any units built prior to 1978 will be inspected and assessed for any hazards associated with the presence of lead-based paint by a State of Texas certified lead inspector/assessor as required. Each family will be notified as to the hazards of lead based paint. Where any hazard has been detected, the owner shall be notified. Feasibility analysis of reducing the lead hazards will be included as part of any feasibility analysis that is conducted. If rehabilitation and lead hazard reduction is not feasible a reconstruction may be proposed.
- H. All city building permits shall be obtained by the contractor at his/her expense and may be included as part of the bid.

11. PARTICIPANT APPROVAL AND RESPONSIBILITIES

- A. After the applicants have been approved for assistance by the City or his/her designee, a property inspection must be conducted to determine the work necessary to upgrade the structure to minimum Program standards. All work done must meet local building codes and HQS at a minimum. Newly constructed housing must also meet IRC and energy code requirements. Work write-ups will be required for all applicants awarded. Reconstruction and replacement projects will also require plans and specifications. “Before” and “After” pictures shall be

taken by the City to provide a photographic record of the necessary structure and improvements and must be submitted with all work write-ups and copies of the initial property inspection.

- B.** Applicants will be given the opportunity to accompany the City, or his/her designee on the work write-up inspection in order to discuss the proposed work items. When the work write-up has been completed and a cost estimate prepared, the City or his/her designee shall discuss the scope of the work and the effect of the cost estimate with the applicant. If the applicant agrees with the scope of work and to his/her responsibility regarding any additional funding, the applicant shall sign off on the final work write-up that is used in the bidding process. The City or his/her designee shall agree not to omit any work items that are necessary to bring the structure up to program standards as previously established herein.
- C.** Upon completion of the work write-up, the City, and/or its designee, shall solicit competitive bids for the proposed work from a list of contractors interested in Program participation. The City, and/or its designee, shall select the qualified contractor and shall forward the bids to the City for review. The bid must be within 10% of the initial cost estimate. If the bid is too high, one of the following will occur: 1) request the bidder to review his or her bid to determine if any items were priced inappropriately and to revise his/her bid accordingly; 2) agree to pay the difference; or 3) re-bid the project in its entirety. If errors are confirmed in the original cost estimate, appropriate estimate adjustments shall be made to effectively compare the bids to this estimate. All contractors must meet all City requirements and must be approved by the City prior to execution of the rehabilitation contract. The contractor must meet and comply with all contractor requirements as hereinafter established for this Program.
- D.** After the work write-up has been completed, a before-rehabilitation appraisal valuation will be obtained from the Jefferson County Appraisal District in order to determine that the after-rehabilitation value does not exceed the maximum allowed (203 b limits).

12. CONTRACTOR SELECTION

A. CONTRACTOR QUALIFICATIONS

- i.** Contractors are responsible for, and must meet minimum requirements as follows:
 - (1) All contractors shall carry and provide proof of a current general liability policy of at least one hundred thousand dollars (\$100,000). This policy should cover all work done under the Owner-Occupied Rehabilitation Program and be pre-paid throughout the contract period. No geographical, time or other limitation that excludes the Owner-Occupied Rehabilitation Program will be acceptable.

- (2) The contractor and sub-contractors must not be debarred, suspended, or ineligible according to the U.S. General Services Administration's List of Parties Excluded from Federal Procurement or Non-Procurement Programs. Verification of contractor eligibility from the Texas Department of Housing and Community Affairs is not required prior to awarding any contract to the contractor unless federal labor standards requirements apply.
 - (3) All contractors must be able to provide proof of performance and/or payment bonds.
 - (4) Whenever possible, the City will give opportunities to Historically Underutilized Businesses (HUBs) and will make an affirmative effort to encourage bids from such contractors.
 - (5) Whenever possible, opportunities shall be given to locally owned businesses and low-income residents of a given area.
- ii.** In addition to these requirements, the City may establish their own fair and evenly applied criteria for contractor selection. These may include but are not limited to:
- (1) Workers compensation insurance;
 - (2) Verification of quality of work references;
 - (3) Verification of credit references; and
 - (4) Verification of established line of credit.
- iii.** An approved contractor list will be created and will be accessible to all applicants who meet the fair and reasonable criteria pre-established by the City. Such criteria will be made available in writing upon demand by interested parties.

13. CONTRACTOR PROCUREMENT

- A.** Contractors will be selected through an itemized bid process. A sealed bid is the preferred method of selecting bids. The home owner may select any bid that is within 10% of the cost estimate.
- B.** Contractors will adhere to the terms of the rehabilitation contract including performance standards and the general specifications. Whenever the need for clarification results in a change, such issues will result in a written change order prior to any work being completed. No work will be approved except that which is established in the contract and in written approved change orders. Any unforeseen or hidden condition should be reported to the City immediately. Any item that conflicts with these standards should be reported immediately by the contractor.

- C.** Whenever possible the contractor will make an effort to minimize the impact of the construction on the applicant. Work shall be carried out swiftly and directly. Electric, water, sewer and gas service will not be interrupted for more than twelve (12) hours without written approval by the applicant being assisted with Owner-Occupied Rehabilitation funds. Heat will be provided at all times during winter months. Doors, windows and any other large openings or air leaks will be repaired on the same day. The work area shall be secured at all times.
- D.** The work area shall be left clean and free from clutter at the end of each day and the contractor, not the applicant, will be responsible for storage of materials and tools.
- E.** Prior to the commencement of construction, the applicant will arrange to move and store any valuable personal property that might be damaged during the course of construction. If property is damaged through negligence of the contractor, arrangements will be made by the contractor to reimburse the applicant.
- F.** The contractor shall use the site and its facilities only for specified construction. The electrical, water, sewer and gas systems shall be used only for construction purposes and during the construction phase only.
- G.** Any discrepancy in the contract documents shall be brought to the attention of the City immediately.
- H.** Failure of contractors to meet the specified criteria can result in:

 - i.** Contractors not being eligible for payment, and will not become party to any future Owner-Occupied Rehabilitation Program funded projects.
- I.** The contracting sequence for housing rehabilitation projects shall be: Invitation to Bid, Bid Opening, and Contract Award.

 - i.** Within ten (10) days of notification of the contract award, the successful bidder shall provide the City with:

 - (1) a list of sub-contractors, and
 - (2) certificates of insurance.

 - (a) certificates of insurance from the issuing company will show current coverage in the amount stipulated in the contract documents and with a thirty (30) day notice of cancellation of insurance to the City for: general liability with completed operational coverage, vehicle liability, and statutory workman's compensation (as required).

- J.** The contractor shall begin work within ten (10) days of receiving the issuance of the Notice to Proceed.

14. CONTRACTOR REQUIREMENTS

- A.** The number of work days shall be set out in the contract. Upon completion of the work acceptance by the City and applicant, the Certificate of Final Inspection is issued and the Warranty Period begins.
- B.** Thirty (30) days after the Certificate of Final Inspection date, the statutory amount retained is released to the contractor, except in cases where it is determined that the retained should not be released.
- C.** It is recommended that payments are made when a project reaches 33%, 66%, and 100% completion and at 30 days after a Certificate of Final Inspection is issued. Alternatively, a contractor may opt for payments to be made when a project reaches 50% and 100% completion.
- D.** All payment requests will be made in writing by the contractor to the City and will include a list of items, their costs, and a sum of the item costs.
- E.** The work to be paid should be based solely on completed items from the schedule of values submitted by the contractor prior to construction or the Itemization of Bid Form if no schedule is submitted.
- F.** The City will inspect such work as soon as possible (usually within one business day) from receipt of such request.
- G.** The City will provide a completed Contractor Request for Payment form to the Contractor to sign for the work which payment is authorized and will then request the applicant to execute the Contractor Request for Payment form. Payments will be made thereafter.
- H.** All materials used shall be new (unless otherwise specified in the Owner-Occupied Rehabilitation Program Specifications Guide) and of good quality. All work shall be done with skilled craftsmen and accomplished with care. Contractor shall provide samples to the applicant for selection for all materials as cited in the individual specifications and provide reasonable time to the applicant to make selections. Contractor shall submit a letter to the City, signed by the applicant, stating that the applicant approves of colors and quality of items such as, but not limited to: paint, flooring materials, brick, shingles, vinyl siding, door/window/drawer hardware, and counter tops.
- I.** Upon completion of construction, the contractor will:
 - i.** remove all construction debris from the site;

- ii. clean and mop all resilient floors;
 - iii. clean all new and existing paint from other finished surfaces including window glass and mirrors;
 - iv. leave all newly installed items in operating condition;
 - v. light gas water heater pilots, stove/oven pilots and gas heater pilots;
 - vi. start all other electrical and mechanical systems;
 - vii. put all hardware in operating condition;
 - viii. deliver new keys to applicants if hardware is installed.
- J.** Discovery of defective elements made known to the contractor before or during the construction process shall be brought to the immediate attention of the City in writing. When repairs are made, the repairs shall reasonably match the surrounding materials in original design and dimension as approved by the City.
- K.** Where additional work is necessary to make repairs or to correct unforeseen dangerous conditions, the contractor shall submit to the City a proposal consisting of what type of work is needed, the cost of such work, and the time necessary for such work to be completed. Unless it is determined there exists an immediate health and safety danger, **NO WORK SHALL BE AUTHORIZED** until agreed upon in writing by the applicant, contractor, and the City.
- L.** Compensation for additional work will be negotiated in the following manner:
- i. the deletion of work proposed, but not started; or if that is not possible,
 - ii. an increase to the dollar amount of the contract (if funds are available).
- M.** No other work shall be done to the project other than the work agreed upon in writing by the applicant, the City and contractor or as necessary to remove immediate health and safety dangers during the construction phase.
- N.** Contractor will be responsible for determining utility needs, to provide adequate sanitary facility(s) and to safely operate equipment on site.

15. PRE-CONSTRUCTION CONFERENCE

- A.** The City shall conduct a pre-construction conference with the contractor and the recipient. The terms of the proposed rehabilitation contract will be explained along with the roles of the City and the applicant. Additionally, the City will explain the inspection procedures, completion requirements, and payment

procedures. At the pre-construction conference, the City shall have the following documents properly executed by both the applicant and the contractor: 1) the Notification of Lead-Based Paint form; 2) the Pre-construction Conference Report; and 3) the Contractor's Non-Kickback Certification. In addition, exterior and interior "before" pictures will be taken and placed in file.

- B.** Prior to adjourning the pre-construction conference, the City shall present the rehabilitation contract to be executed by the applicant and the contractor. Upon executing the rehabilitation contract, the contractor will be provided with a written Notice to Proceed. This Notice to Proceed will allow for a ten (10) day start period from the date of the notice and shall also stipulate the number of days allowed for completion of the work.
- C.** Each rehabilitation contract executed with a contractor shall contain a completion date and provide for liquidated damages if the contractor fails to meet such completion date.

16. INSPECTIONS AND CONSTRUCTION PAYMENTS

- A.** The City will assist the applicant in ensuring that all contracted work is completed prior to payment and that such work was performed in an acceptable manner. To accomplish this, the City will engage Inspector to conduct an initial inspection at work write up and a progress inspection at 33% and 66% (alternatively 50% and 100%) completion, any additional inspections deemed necessary, and a final (100%) inspection upon completion of all of the work, noting deficiencies in written reports and keeping these reports in the project case files.
- B.** The contractor may submit an initial partial payment request upon completion of 33% of the work. A maximum of three partial payments will be allowed. Final payment may be requested upon full completion of the work. The contractor will only be paid for the work completed, not for stored materials. Advancing Owner-Occupied Rehabilitation funds to a contractor is prohibited. A ten percent (10%) retainage will be withheld and such retainage will not be released until final payment is made or until the 30th day after final payment is made.
- C.** Where applicable, permits may be required for work to be done on Mechanical/Electrical/Plumbing/Structural (MEPS) systems. Any MEPS work that requires a permit must be performed under the supervision of a licensed tradesman and the work shall be inspected by a licensed inspector for the appropriate trade to ensure that work is in full compliance with applicable local codes.
- D.** Where applicable, building permits will be required for building construction work and the building inspector for that area will inspect the job in accordance with the area's normal building inspection requirements.

- E.** In the event a change order is deemed necessary, contractor must request a review by the City and upon a determination by the City that such change order is necessary, a written change order must be executed between the applicant and the contractor. All change orders must be approved by the City prior to the contractor proceeding with the work.

17. CONTRACT COMPLETION

- A.** Upon completion of the contracted rehabilitation work, the City's Inspector shall conduct a final inspection of the structure when requested by the contractor. If the inspection reveals that corrective work is required on any improvements covered in the contract, the City's Inspector shall prepare a punch list for the contractor. After all work, including the punch list, has been completed to the satisfaction of the City's Inspector and the applicant, and the work is accepted, the City shall issue a fully executed Certificate of Completion and Final Inspection form.
- B.** Upon completion of the Certificate of Final Inspection, contractor shall ensure that the following documents are submitted to the City:
 - i.** Statements from all subcontractors involved in the project;
 - ii.** Contractor's Final Invoice form;
 - iii.** Contractor's Non-Kickback Certification;
 - iv.** Release of Liens; and
 - v.** all contractor and manufacturer warranties.
- C.** After receipt of these documents, the City shall cause a final check (less 10% retainage) to be issued to the contractor. Upon receipt of the final check the contractor shall execute the Receipt of Final Payment, and this will effectively constitute completion of the project.
- D.** After 30 days from final completion, the City shall conduct a post-inspection along with the applicant and contractor. If no discrepancies are found during the post-inspection, the City will approve the release of the 10% retainage to the contractor. However, if discrepancies are noted, the City shall withhold retainage in an amount equal to one and one-half times the value of the work remaining to be done. Upon completion of this work, another post-inspection shall be conducted, and if the work is completed to the satisfaction of the City and the applicant, the City shall approve the release of the withheld retainage; otherwise, the same process is repeated.
- E.** Following the completion and acceptance of the rehabilitation work, the City shall take "after" rehabilitation pictures (interior and exterior) to provide a photographic record of the structure and improvements accomplished.

F. Contractor Warranties

- i.** All work performed by the rehabilitation contractor shall be guaranteed for a period of one (1) year. Such warranty shall be stipulated in the construction contract between the contractor and the applicant. For a period of one (1) year, the applicant may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the applicant may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time shall be given to correct the problem, but the contractor shall contact the applicant within two (2) business days.

18. FILES AND RECORDS

- A.** The City shall maintain accurate files and records on each applicant. All pertinent documentation must be maintained for five years after project completion. Such files shall be open for public inspection in accordance with the Texas Public Information Act and be available at the City's offices.

B. Project Close-Out

- i.** The City shall ensure that upon completion of each project, the following closeout forms are maintained:
 - (1) HUD's Homeownership Assistance Project Completion Report;
 - (2) Historically Underutilized Businesses (HUBs) Report; and
 - (3) Other forms as may be required by HUD.

C. Contract Close-Out

- i.** The City shall ensure that upon completion of the contract the Certification of Completion and such other forms as may be required are maintained.

19. GRIEVANCE PROCEDURE

- A.** Each applicant or participant shall have the right to appeal any decision in the form of a grievance to the City, provided such appeal is made within fifteen (15) days from when the decision has been rendered or the grievance occurred and/or became known to the applicant. If the applicant/participant is not satisfied with the decision of the City, he/she may then appeal his or her grievance to the U. S. Department of Housing and Urban Development provided such appeal is made within fifteen (15) days from the date of the decision of the City. The decision of the City shall be final.

B. City Employees Not To Be Held Liable

- i.** No member, officer, agent, or employee of the City of Beaumont shall be personally liable concerning any matters arising out of or in relation to, the commitment of Owner-Occupied Rehabilitation Program funds with regard to feasibility or viability of the proposed project.

- ii.** Changes, Waivers And/Or Conflicts
 - (1) The City of Beaumont shall have the right to change, modify, waive or revoke all or any part of these guidelines in writing by a majority vote taken at an open meeting of the Beaumont City Council.

 - (2) No member of the governing body of the City of Beaumont and no other official, employee, or agent of the City of Beaumont who exercises policy or decision-making functions or responsibilities in connection with the planning and implementation of this Program shall be eligible for rehabilitation assistance, in accordance with 24 CFR Section 570.489(h), Conflict of Interest.

Addendum

Desired changes and/or additions to this program design may be allowed. Please cite the section that is to be replaced along with the proposed and/or alternative language. Only amendments submitted in this way will be considered for approval by Beaumont City Council.

ADOPTED by the Beaumont City Council on the ____ day of _____, 2009
Resolution #_____.