

**RESOLUTION 23-14**

**ADOPTION OF OWNER-OCCUPIED HOUSING REHABILITATION  
GUIDELINES**

**A RESOLUTION OF THE COCHISE COUNTY BOARD OF SUPERVISORS AUTHORIZING THE  
ADOPTION OF OWNER-OCCUPIED HOUSING REHABILITATION GUIDELINES DATED  
JUNE 6, 2023, IN RELATION TO AN APPLICATION FOR FY 2023 COMMUNITY  
DEVELOPMENT BLOCK GRANT FUNDS FOR AN OWNER-OCCUPIED HOUSING  
REHABILITATION ACTIVITY.**

**WHEREAS**, Cochise County is desirous of undertaking an owner-occupied housing rehabilitation program; and

**WHEREAS**, this program is anticipated to be funded with Community Development Block Grant (CDBG) funds provided by the State of Arizona CDBG Program; and

**WHEREAS**, the State CDBG Program requires that every local government requesting CDBG funds for housing rehabilitation adopt specific guidelines for such a program; and

**WHEREAS**, Cochise County has developed such owner-occupied housing rehabilitation guidelines (HRGs), dated June 6, 2023, which have been pre-approved by the CDBG Program.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Cochise County Board of Supervisors hereby adopts such HRGs, dated June 6, 2023, which shall be used to implement its CDBG-funded housing rehabilitation program funded through an application for FY 2023 funds; and

**THAT** Cochise County shall utilize such HRGs, without revisions, except such authorized by the chief elected official or a person authorized in writing to approve such revisions via the CDBG Program's CD-1 Form; with such revisions submitted to the CDBG Program within a maximum of 10 working days of authorization.


**PASSED AND ADOPTED** by the Cochise County Board of Supervisors this 6th day of June 2023.

  
\_\_\_\_\_  
Peggy Judd, Chair  
Cochise County Board of Supervisors

**ATTEST:**

  
\_\_\_\_\_  
Tim Mattix  
Clerk of the Board

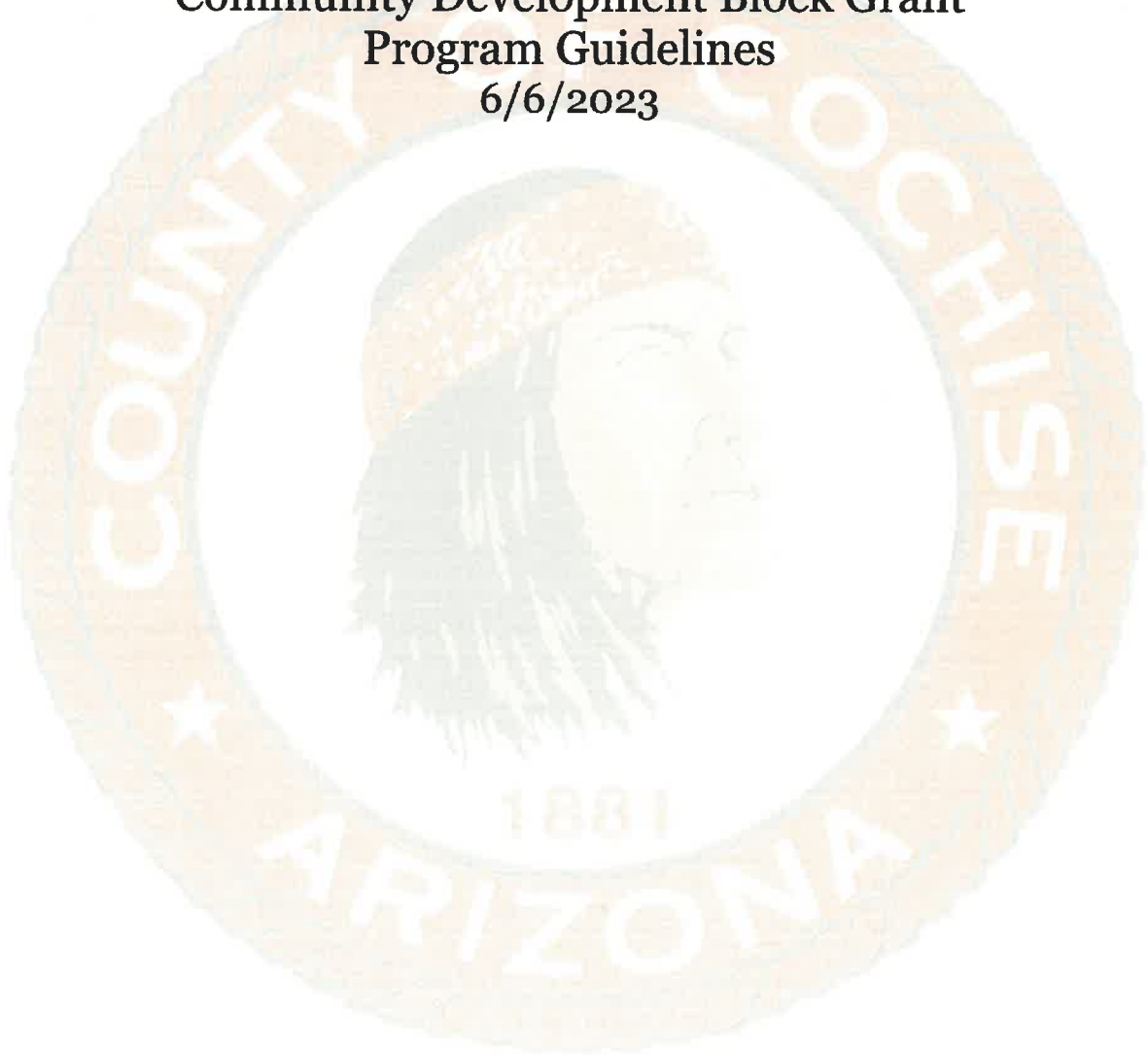
**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Paul Correa  
Civil Deputy County Attorney

# COCHISE COUNTY

## Owner-Occupied Housing Rehabilitation Guidelines Community Development Block Grant Program Guidelines

6/6/2023



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## **INTRODUCTION**

The Owner-Occupied Housing Rehabilitation/Emergency Home Repair program will be funded with Community Development Block Grant (CDBG) monies. These funds are appropriated annually by Congress for the Housing and Urban Development Department and administered by the Arizona Department of Housing for rural Arizona. CDBG funds are required to benefit low-to-moderate-income persons or households. Low-to-moderate income is defined as 80% or less than the area's median income according to the latest available data from the U.S. Census and/or the American Community Survey.

Homeowners who wish to participate in the program will be required to demonstrate that they meet the program's low-to-moderate income requirements; that their home is in need of repair and/or rehabilitation; and that they live full-time in the home. The County will maintain a waiting list of eligible applicants. Once a home is selected for rehabilitation/repair, a qualified building professional will develop a detailed scope of work and cost estimate. CDBG funds, in the form of a grant, will fund emergency home repairs to a maximum of \$15,000. CDBG funds, in the form of a forgivable loan, will be used for repairs in excess of \$15,000. Forgivable loans will be secured with a lien. The loan will decrease by 20% each year for a five-year period. In five years, the loan will be forgiven entirely, and the lien on the property will be lifted.

## **1. PROGRAM DESIGN/PURPOSE**

The purpose of Cochise County's Owner-Occupied Housing Rehabilitation (OOHR) program is to benefit very low, low, and moderate-income homeowners within Cochise County by:

1. Eliminating health and safety hazards in homes.
2. Correcting building code violations.
3. Preserving the quality, longevity, and appearance of the housing stock.
4. Helping homeowners address accumulated deferred home maintenance projects.
5. Enhancing occupants' health and increasing community resilience through the weatherization of homes.

## **2. ELIGIBILITY REQUIREMENTS**

1. The property to be rehabilitated shall be located in Cochise County including the incorporated areas (with the exceptions of Sierra Vista and Douglas) of the County. The property shall not be located within a Special Flood Hazard area.
2. The Housing Rehabilitation Program shall assist very low, low, and moderate-income families as defined by the U.S. Housing and Urban Development Department.
3. The property shall be owner-occupied for at least twelve (12) months prior to rehabilitation and shall be the owner's primary, full-time residence.
4. The rehabilitation of the home must be feasible within the time and monetary constraints of the program.
5. The applicant shall have a verifiable income that falls below 80% of the area median income as indicated by the income limits of the U.S. Department of Housing and Urban Development and the Arizona State Housing Fund program for very low, low, and moderate-income families. Income guidelines are updated annually. Income verification is valid for a period of six (6) months. Upon expiration of income verification information, the applicant shall complete and submit new income verification documentation. The documentation required for income verification can be found under the 'Third-Party Income Verification' section.
6. The program shall assist eligible applicants without regard to race, color, religion, national origin, age, gender, sexual orientation, or disability.
7. Preference will be given to very low-income persons; income-qualified (very low, low, or moderate-income) persons who are at least 65 years old; income-qualified (very low, low, or moderate income) persons with disabilities (a legally recognized physical/mental/emotional condition that limits the performance of daily living skills); and income-qualified families with children under the age of eighteen (18) who reside in the household and are related to the head of the household.
8. Pursuant to A.R.S. 1-501 and 1-502, all homeowners applying for housing rehabilitation under this housing rehabilitation program shall provide proof of their lawful presence in the United States, including a sworn affidavit that the required documentation is true under penalty of perjury.
9. Properties to be rehabilitated through this program shall be free of encumbrances such as liens and judgments. A property may be encumbered by a mortgage in first position as long as the mortgage is held by a financial institution or other such mortgage company and sufficient equity remains in

the property to secure a deferred payment rehabilitation loan that is in second position. Properties encumbered by mortgages or loans held by individuals or partnerships are not eligible for this program unless a warranty deed has been recorded and a lien may be placed on the property. Mortgage payments, utility bills, and insurance premiums must all be current.

10. Sweat equity and/or self-help are not allowable forms of equity.
11. Except for emergency home repair under \$15,000, the property must be covered by homeowner's insurance during the rehabilitation of the property and the life of the rehabilitation deferred payment loan, if any.
12. Homes of historical value will only be eligible upon favorable review by the State Historic Preservation Office (SHPO) or SHPO's designee.
13. Properties with existing building code or zoning code violations are generally not eligible for rehabilitation. However, if the code violation is related to a building condition that could be corrected within the requirements of the housing rehabilitation program, the property may be deemed eligible.
14. The after-rehabilitation value of the home must not exceed the HOME Maximum After-Rehab Value Limits as established by the U.S. Department of Housing and Urban Development. After-rehabilitation value shall be established before any rehabilitation work is begun.
15. The condition of the home must be sanitary, including but not limited to the following: no animal feces/urine; indoor air quality acceptable (not smokey, no burning of incense, etc.); no exposure of contractor/inspectors to needles/sharps, biological hazards (blood, human feces, human urine), or undisclosed hazardous material; and no excessive clutter that obstructs the contractor's/inspectors' work.
16. No excessive debris in the yard that violates local code or which would cause a safety hazard to the contractor/inspectors.
17. Home- owners must agree to keep pets on leash or temporarily remove them from the work/inspection area during times of construction or inspection.

### **3. FUNDING SOURCES**

The Owner-Occupied Housing Rehabilitation Program may be funded through various funding sources including, but not limited to, Community Development Block Grants, HOME grants, State Housing Trust Funds, USDA grants and loans, and Department of Energy Weatherization Assistance Program funds.

### **4. LOAN SERVICING POLICIES**

#### **Deferred payment/forgivable loans**

All deferred payment/forgivable loans are secured by a lien and promissory note. A percentage of the total financial assistance provided on forgivable loans will be forgiven on the anniversary date of the execution of the recording of the loan instruments throughout the recapture period, provided that the dwelling unit continues to be occupied by the original occupant or an income-qualified immediate family member. The unforgiven balance of the loan shall become due and payable upon the sale of the property. Properties encumbered by mortgages/loans held by an individual or a partnership are not eligible unless a warranty deed has been recorded and a lien may be placed on the property. HOME funds cannot be used in the form of a grant.

The Housing Rehabilitation Program Specialist designated by Cochise County will be responsible for recording the required paperwork as determined by the loan. The lien will be recorded with the Cochise County Recorder and will include applicable administration costs. The Deed of Trust will be placed on a tracking system. The Housing Rehabilitation Specialist will track the loan and calculate the amount of dollars that will be forgiven each year until the loan has been completely forgiven as outlined in the Housing Rehabilitation Guidelines. Annually, the Housing Rehabilitation Specialist will send a letter to the homeowner advising the homeowner of the status of their loan and identifying the amount forgiven and the remaining amount. Cochise County will be no lower than the first position on the lien on the home unless a financial institution held first position before the County recorded the loan documents. The County will send a letter to the homeowner reminding the homeowner that the loan cannot be subordinated.

### **Exceptions to the Maximum Allowed**

The maximum investment for each housing rehabilitation project is determined by the grant program under which the funding was received. This maximum investment amount might change each funding year. However, the maximum investment amount per housing unit shall not exceed the maximum amount set by the U.S. Department of Housing and Urban Development (see Eligibility Requirements, #15, above).

### **Recapture Period**

When a recipient elects to receive assistance in the form of a deferred or forgivable loan, a recapture period applies. The recaptured period is based on the amount of funds invested in the assisted housing unit. Recipients may elect to have a recapture period that is longer than the required period. When a recipient receives a deferred payment/forgivable loan, no further investment of CDBG funds can be made on the home until after the recapture period has expired. No additional HOME funds may be invested.

Less than \$15,000	5 years	20% per year
\$15,000 to \$40,000	10 years	10% per year
Greater than \$40,000	15 years	6.66% per year

### **Loan Subordination**

After execution of the loan, subordination agreements with lending institutions will not be honored because this practice would constitute the lending of county credit which is in violation of State constitutional law. Properties rehabilitated through this program must be free of any encumbrances, such as liens or judgments. A property may be encumbered by a mortgage in first position as long as the mortgage is held by a financial institution or other such mortgage company and sufficient equity remains in the property to secure a deferred payment rehabilitation loan that is in second position.

If the homeowner refinances the property after the rehabilitation work has been completed and a lien has been placed on the property to secure the loan but before the end of the recapture period, the lien shall immediately become fully due and payable to the County. As previously stated, the loan cannot be subordinated in any manner.

## **PROGRAM INCOME**

Cochise County does not presently have a revolving loan fund. Therefore, the County will track all loans. In the event that a house that has received rehabilitation services is sold before the end of the recapture period, the County will enforce repayment of the loan in the amount that remains unforgiven. These funds will then be immediately circulated into the Housing Rehabilitation Program and will be used before the use of any new grant funds. However, when using HOME funds, any recaptured or repaid funds will be returned to the Arizona Department of Housing (ADOH). Retention of HOME funds is not allowed by ADOH.

## **5. INCOME VERIFICATION**

The Housing Rehabilitation Specialist will verify eligibility based on the homeowner's income. 24 C.F.R. Part 5 defines 'income.' Gross income will be used to calculate income for all members of the household over the age of eighteen (18). Income must be anticipated and verifiable for the next twelve (12) months. To verify income, typical documents include, but are not limited to:

1. Bank statements, including checking and savings accounts.
2. Paycheck stubs, including tips, commissions, bonuses, and overtime.
3. Earned income and assets. This amount is calculated into the income if the amount is over \$5,000. Eligible assets include, but are not limited to, the value of stock, life insurance, 401Ks, interest, CDs, real estate, and personal property.
4. Social Security.
5. Welfare assistance.
6. Alimony and child support.
7. Disability payments made on behalf of minors.
8. If self-employed, the past three (3) years of income tax returns.

Excluded items include earned income from minors (under age 18), full-time student income (ages 18-23), disabled adult persons' income, and food stamps.

Cochise County will use the CDBG/HOME/SHTF Rent and Income Limits, published annually by the Arizona Department of Housing, to determine income eligibility.

## **6. METHOD FOR DETERMINING AFTER REHABILITATION VALUE**

The U.S. Department of Housing and Urban Development establishes the HOME Maximum After-Rehabilitation Value Limits of owner-occupied housing rehabilitation. The existing HOME 'after rehabilitation value limit' is 95 percent of the median purchase price of houses in the area. This amount is based upon Federal FHA single-family mortgage program data and other nationwide data on the sales of existing housing.

An 'after-rehabilitation value' must be established before any rehabilitation work begins. The after-rehabilitation value may be established by one or more of the following:

1. Estimates of value: estimates of value by the subrecipient may be used. Project files must contain the estimate of value and an explanation of the basis upon which the value estimates were derived (i.e., a real estate broker's selling price opinion with supporting comparable sales.)

2. Appraisals: an appraisal by a licensed appraiser may be used. Project files must document the appraised value and a description of the appraisal method used.

## 7. GEOGRAPHIC AREA

The geographic area is Cochise County. However, areas within the flood hazard area and the incorporated areas of Sierra Vista and Douglas are excluded.



## 8. REHABILITATION ASSISTANCE PLANS

The Board of Supervisors has adopted the level of Rehabilitation Assistance with CDBG/HOME funds to a maximum amount not to exceed the maximum per unit state investment limits for Cochise County as published by the Arizona Department of Housing. At no time will the investment of CDBG or HOME funds result in a unit with an after- rehabilitation value which exceeds the HUD issued HOME Maximum After Rehabilitation Limits.

The level of rehabilitation shall be determined on an individual basis and based upon funding availability. In some instances, homes might be so seriously deteriorated that rehabilitation of the property would not be cost effective. With the exception of emergency repairs, all rehabilitation work shall comply with state rehabilitation standards and local building and zoning codes once completed.

The following are examples of work that cannot be funded with rehabilitation grants or loans: 1) upgrades of materials rather than those specified, 2) luxury items not considered a necessity (e.g., fireplaces, swimming pools, cable connections) and 3) additions to family rooms and recreation rooms. This list is not exhaustive.

### **Emergency/Minor Home Repair (EMHR)**

The Emergency/Minor Home Repair is a grant plan that assists homeowners in the elimination of an imminent threat to life, safety and health. The necessary repairs may include, but are not limited to, roof repair, floor repair, windows and door replacements, and wall and ceiling repairs. The first priority will be to make repairs to the dwelling to ensure that the unit is safe for habitation. Repairs will be completed to replace, install, or repair items that create a health hazard or may endanger the health or safety of occupants. This includes providing accessibility. The unit shall be suitable for rehabilitation, shall not be dilapidated, and EMHR must not exceed fifteen thousand dollars (\$15,000).

Under the Emergency/Minor Home Repair Program, repairs will be completed using grant funds. No liens will be placed on the property and no monies will be required to be repaid by the applicant. The applicant must own and occupy the property as their only place of residence. The dwelling must have been owned and occupied by the applicant for a minimum of one (1) year prior to application.

EMHR will generally be made on units that qualify on a first qualified, first served basis. However, the unit may be moved to the top of the list if the dwelling is in more need than others from a life-safety perspective. Only one grant will be awarded to the homeowner under the CDBG-funded Emergency/Minor Home Repair program within a five-year period. Relocation cost may be awarded if temporary relocation of the household is necessary before or during construction. Any such costs shall be included in the \$15,000.00 limit to the program.

If the Contractor finds additional structural or unforeseen problems that exceed the \$15,000 limit additional funds, in the form of a forgivable loan, may be sought under the Moderate Rehabilitation Program to ensure the completion of the necessary repairs.

### **Moderate Rehabilitation Program (MRP)**

Any repairs deemed necessary by the scope of work that are in excess of the \$15,000.00 limit of the Emergency/Minor Home Repair Program, but that do not exceed \$40,000.00, can be accomplished under the Moderate Rehabilitation program. The repairs may include health and safety improvements; may correct building code violations; and may prolong and enhance the useful life of the unit. The repairs may include such items as exterior painting and energy conservation measures including window and door replacements, insulation, new HVAC systems, and other weatherization improvements.

In general, repairs will be made to housing units that 1) are classified as real property which are appropriate for rehabilitation under the constraints of the program funding, and 2) are single-family, owner-occupied, site-built homes.

Repairs must meet Cochise County Building Codes. However, there is no requirement under the CDBG program to bring the home completely up to code. Permits will be obtained and components of the rehabilitation will be inspected by a Cochise County building inspector. In the HOME program, weatherization, emergency repairs, or accessibility projects may be undertaken only if the entire home is brought up to local building codes upon completion.

The MRP program will not be administered as a grant but rather provided as a forgivable no-interest loan with a promissory note. A lien will be placed on the property. The recapture period shall be ten (10) years unless the homeowner elects a longer recapture period of up to fifteen (15) years. If a fifteen (15) year recapture period is used, the recapture period would be 6.66% per year. The note will be forgiven at a rate of 10% per year for ten years as long as the dwelling continues to be occupied by the owner as the owner's primary residence or by an income-qualified immediate family member who inherits the property at the owner's death. Otherwise, any unforgivable balance of the loan shall become due and payable upon the sale, exchange, or transfer of the property.

Once a recipient receives a deferred payment/forgivable loan, no further CDBG or HOME funds can be invested in the house until after the recapture period has expired.

### **Rehabilitation Standards and Specifications**

All projects will be constructed in compliance with Cochise County's adopted building codes. Cochise County uses the following codes: International Building Code 2015, International Residential Code 2015, International Existing Building Code 2015, International Mechanical Code 2015, International Fire Code 2015, International Fuel Gas Code 2015, and the National Electric Code 2014.

### **Promoting Green Technologies**

All projects will incorporate the use of green technologies, electrification, and alternative energy sources, whenever possible. These may include, but are not limited to, solar energy, tankless water heaters, high-efficiency heat pumps, electric water heaters, water harvesting and water reuse, and LED lighting. The Arizona Department of Housing's minimum energy efficiency requirements will be used as a guide.

### **Energy Efficiency Requirements**

Weatherization projects shall comply with the Arizona Department of Housing Owner-Occupied Housing Weatherization Standards. All projects shall comply with the International Energy Conservation Code Climate Zone 3B. All rehabilitation projects will achieve increased energy efficiencies through the use of Energy Star practices.

### **Lead Based Paint Requirements**

The Housing Rehabilitation Specialist shall adhere to the Arizona Department of Housing (ADOH) Housing Bulletin #1 issued by the Office of Housing Development on December 1, 2001, regarding lead-based paint requirements for housing rehabilitation projects. The Housing Rehabilitation Specialist shall specifically adhere to the evaluation, disclosure, work requirements, and clearance procedures contained in this Bulletin. Contractors shall be encouraged to obtain lead-based paint hazard liability insurance.

Cochise County will provide the homeowner with the EPA/HUD pamphlet, 'Protect Your Family from Lead in Your Home.' The Housing Rehabilitation Specialist shall also provide the homeowner with the Lead-based Paint Notification for the

homeowner's review and signature. These brochures will be provided in Spanish upon request. The Contractor and/or Housing Rehabilitation Specialist shall specifically review the notification form with the homeowner and make every effort to ensure that the homeowner is aware of the hazards and means to avoid lead-based paint poisoning. The executed notification document will be retained in the project file, and a copy will be provided to the homeowner.

If lead based paint hazards are identified and treated by a certified Lead Based Paint Risk Assessment Company, the County shall meet with the homeowner and discuss the findings with him/her. The homeowner shall sign the report to reflect that the findings contained in the report were discussed with the homeowner. The Risk Assessment Report shall be maintained in the project file.

## **9. TEMPORARY RELOCATION**

Where feasible, the rehabilitation work shall be completed in a manner that minimizes disruption to the homeowner and allows for the occupancy of the house during rehabilitation. Where remaining in the home during rehabilitation creates a health or safety issue for the occupants, the homeowner may request temporary relocation assistance by submitting a written request to the Housing Rehabilitation Specialist. The request shall include an estimated budget for the assistance and explain why the assistance is necessary. The temporary relocation of pets will also be considered if requested in writing.

The County will consider each request on a case-by-case basis by considering the necessity of the relocation, the reasonableness of the amounts requested, and the availability of funding for such relocation. Before incurring costs, the homeowner must receive written approval from the County for relocation assistance. Relocation costs incurred before written approval by the County will not be reimbursable.

Temporary relocation assistance may be in the form of 1) an advance which subsequently requires the homeowner to provide receipts and to reimburse the County; 2) a reimbursement by the County of reasonable relocation expenses following the submittal of receipts by the homeowner to the County; or 3) temporary relocation expenses paid by the County directly to a third-party provider for the benefit of the homeowner (e.g., rent, motel expenses, pet boarding). Note that, as with the EMHR program described above, relocation assistance will be deducted from the \$15,000.00 maximum allowable for the Emergency/Minor Home Repair.

## **10. HOUSING MAINTENANCE AND HOMEOWNERSHIP EDUCATION**

In addition to warranty brochures, the Housing Rehabilitation Specialist and/or the Contractor shall conduct training in the home to instruct the homeowners on the new equipment, appliances, and general housing maintenance on items that have been installed in the home.

## **11. HOUSING REHABILITATION SPECIALIST**

The County Administrator will provide oversight of the housing rehabilitation program. The Development Services Department will be responsible for the implementation of the program, expenditure of funds, and compliance with rules and regulations. All

administrative work will be done by county staff or professional service providers. The County staff, or professional service providers, will report to the Development Services Director. The Development Services Director will report to the County Administrator who reports to the Board of Supervisors. The Housing Rehabilitation Specialist or his/her designees (e.g., professional service provider) will be responsible for the following:

- Screening applications.
- Verifying income.
- Maintaining a waiting list of income-qualified applicants, with the verification of income and assets being no more than 180 days old.
- Developing and maintaining project files with all required forms, verifications, reviews, and reports.
- Development of Environmental Review Records required for release of federal funds.
- Counseling owners regarding financial, repair, and maintenance issues.
- Inspecting the property and the development of specifications.
- Conferring with building officials regarding the interpretation of applicable codes.
- Developing bid packages.
- Conducting pre-bid conferences, reviewing bids, and recommending the award.
- Preparing program and contract documents and securing required signatures.
- Monitoring the construction process and conducting regular inspections to ensure compliance with applicable codes and specifications.
- Reviewing proposed change orders.
- Reviewing contractor payment requests and recommending payment.
- Conducting the final walk-through with the owner, overseeing punch list items, and securing final acceptance.

Procedures to protect applicants, housing rehabilitation personnel, and contractors are provided in the Owner-Occupied Housing Guidelines sections entitled Grievance Procedures and Appeals.

### *Organizational Chart*



## **11. MARKETING**

The Housing Rehabilitation program will be marketed using the following: media, flyers, Cochise County website, and community organization websites. The program will be marketed in English and in Spanish. Marketing materials will be mailed or personally delivered to disabled persons, upon request.

## **12. APPLICATION PROCESS**

Applications will be available on the County's website, by mail upon request, or may be picked up at the Cochise County Development Services Department. Upon request, accommodations for persons with disabilities will be provided including in-home visits. Application forms will be printed in English and in Spanish.

Housing rehabilitation applications will be considered on a first qualified, first served basis subject to the availability of program funds. This will be determined by the date that the application, income verification documents, and proof of home ownership for the past twelve (12) months are received and documents are verified. However, priority may be given to homes with an immediate life/safety emergency.

The Housing Rehabilitation Specialist will determine the eligibility of the application based upon the Eligibility Requirements of these Owner-Occupied Housing Rehabilitation Guidelines; will verify income and home ownership based upon the conditions above; and will thereafter, approve or disapprove the application.

Applications that have been approved will be placed on a waiting list on a first qualified, first served basis subject to available funding. Applicants can expect to be on the waiting list for six (6) months or more. The financial information provided with the applicant's application is valid for six (6) months. Thereafter, an applicant will be required to re-submit financial information and to be re-certified as eligible to participate in the program.

Once an applicant rises to the top of the waiting list, an initial meeting will be scheduled with the applicant/homeowner and the Housing Rehabilitation Specialist. At this meeting the homeowner will be advised of the requirements and benefits of the housing rehabilitation program(s) for which he/she is eligible. (e.g., emergency home repair or moderate rehabilitation program).

Following the initial meeting, the County will conduct a home inspection. The inspection will inform what rehabilitation work is needed and what work is feasible. If the home was built before 1978, a Lead Paint Inspection will be conducted by a qualified contractor. An energy audit will be conducted by a building analyst certified by the Building Performance Institute. The fees for these inspections will be deducted from the CDBG grant and/or loan funds. The inspection(s) and the energy audit will form the basis of the items included in the Scope of Work.

### **13. WORK WRITE-UP**

The Work Write-up will outline the Scope of Work for contractor bidding purposes. The homeowner must approve the Scope of Work before the Contractor is procured. The Scope of Work is informed by 1) code violations, 2) issues of health and safety, 3) weatherization standards/energy efficiency, 4) age and physical condition of the home, 5) the goal of the program (e.g., building revitalization or direct benefit), 6) available funding, and 7) the value of the home after rehabilitation. The Work Write-up is prepared by the Housing Rehabilitation Specialist and the Building Inspector.

#### **Cost Estimates**

The Housing Rehabilitation Specialist and the Building Inspector will prepare a cost estimate for the home to be rehabilitated based upon the technical specifications in the Work Write-up. The cost estimate will include all costs for materials and labor as well as costs for permits, clean-up, overhead, and Contractor's profit. The cost estimate shall be used to assist in determining responsible contractor bids. The cost estimate shall be presented to the homeowner at the time of the homeowner's approval of the Work Write-up. The Housing Rehabilitation Specialist shall carefully review the estimated costs with the homeowner.

### **14. PRE-CONSTRUCTION PROCESS AND TIMELINES**

The following is an estimate of a possible timeline for rehabilitation services under this program:

- |  |  |
|--|--|
| 1. Application submitted                                   |  |
| 2. Eligibility determination: 2 months                     | 6. Work write-up completed: 1 month    |
| 3. Placed on waiting list: up to 6 months                  | 7. Contractor procured: 3 months       |
| 4. Applicant and Housing Rehabilitation Specialist meeting | 8. Documents/contracts signed: 1 month |
| 5. Home inspection: 2-3 months                             | 9. Construction: 3 months              |
|  | 10. Final inspection: 1 month          |

## **15. PROCUREMENT, BIDDING AND CONTRACTOR SELECTION**

CDBG/HOME Program requirements shall be followed and/or Cochise County's procurement policies, whichever are more restrictive. Construction must be performed by licensed contractors eligible to receive federal funds. Thus, the Contractor must be listed on the Registrar of Contractors website and have a DUNS and CCR number. In addition, the Contractor must hold applicable insurance. All subcontractors should be named in the bid submittal. Subcontractors must be licensed in Arizona and have a DUNS and CCR number. Cochise County encourages minority contractor participation in all projects to include Disadvantaged Business Enterprises (e.g., Small Business Enterprises, Minority-Owned Business Enterprises, and Women-Owned Business Enterprises). A copy of the County's Equal Employment Opportunity Policy is available on The County's website.

An advertisement will be placed in the local newspaper of general circulation at least fifteen (15) days before the bid opening. Also, a notification will be emailed to contractors who are listed on the Housing Rehabilitation Program Bid List and a copy of the advertisement will be posted at Cochise County, Building F, Bisbee, AZ. The County will be permitted to include more than one dwelling/project in the advertisement.

A pre-bid meeting will be scheduled before the acceptance of the bids. At the pre-bid meeting the project scope will be reviewed and contractors will be given the opportunity to ask questions. A walk-through of the homes to be rehabilitated might occur at the meeting or on a separate date before the submission of the bids. The Contractor is prohibited from contacting the homeowner before this meeting. The Contractor and the homeowner shall not discuss the award or non-award of the project until after the County has completed its procurement process.

Proposals must be submitted by the date and time provided in the request for bids. All proposals must be submitted in at least an 8 1/2" x 11" sized envelope. The name of the owner of the property to be rehabilitated, the property's address, the name of the firm submitting the bid, and the words 'Sealed Bid Residential Rehabilitation' must be clearly printed/written on the envelope. Failure to comply with these requirements may result in the disqualification of the bid and the return of the bid unopened to the sender. All bidders will be notified by mail of the bid awards. This written communication will include the applicable protest/grievance procedures.

Addenda/changes to the specifications of the project will be emailed to the interested bidders at least seven (7) days before the bid opening.

The Contractor is responsible for knowledge of Cochise County's building codes. In addition, construction must meet the Federal Housing Quality Standards, the Arizona Department of Housing's Housing Rehabilitation Standards, and the Owner-Occupied Housing Rehabilitation Weatherization Standards.

## **16. BID AWARDS**

The homeowner selects the Contractor. However, as the first step in the process, Cochise County will select the lowest qualified bid through the sealed bid process. The homeowner has the right to select a higher bid. However, the homeowner must pay the difference in the amount between the lowest bid and the bid that the homeowner selects. This amount must be deposited in the Housing Rehabilitation Program account before the construction contract is signed. The Contractor selected by the homeowner must be licensed in the State of Arizona, have a DUNS and CCR number, be in good standing with the Registrar of Contractors, and have applicable insurance.

Cochise County reserves the right to reject any or all bids for reasons including, but not limited to, the following:

- The Contractor is not licensed or his/her license has been suspended, or he/she has been barred from projects funded from applicable funding sources (e.g., HUD, ADOH, DOE, etc.) The Contractor is not able to proceed with the project in a timely manner because of other commitments.
- The bid submitted is more than 15% below the Housing Rehabilitation Specialist's, or the professional service provider's, cost estimate and, in the Housing Rehabilitation Specialist's judgment, the Contractor will not be able to complete the project as specified at the bid price.
- The Contractor has failed to complete past projects in a timely or workmanlike manner or has failed to respond appropriately to requests for warranty service.
- The Contractor has failed to provide lien waivers as required or has had mechanic's liens filed by suppliers or subcontractors on past projects.
- The bidding forms were improperly filled out or incomplete.
- All bids submitted are more than 15% above the Housing Rehabilitation Specialist's cost estimate.

The homeowner may reject any or all bids without cause subject to the following provisions:

- The homeowner may choose to reject the lowest qualified bid recommended by County staff, or professional service providers, and select a Contractor with a higher bid if the homeowner agrees to pay from his/her own funds the difference between the lowest bid and the bid selected.
- The homeowner may reject all bids at any time up to three (3) working days after the contract is executed.

## **17. DELAYS IN AWARDING THE CONTRACT**

Generally, the contract will be closed and the work will begin within thirty (30) days of the date of bid submission. If thirty (30) days pass and no contract has been signed, the Contractor may honor the original bid or withdraw the bid. If the Contractor withdraws the bid, the project may be offered to the next qualified low bid or a new bid process may begin. Cochise County, with the homeowner's agreement, reserves the right to negotiate any bid.

## **18. EXECUTION/RECORDATION OF DOCUMENTS, PRE-CONSTRUCTION CONFERENCE, INSPECTIONS, CHANGE ORDERS, AND PAYMENTS**

Following the award and verification of the Contractor's license, DUNS number, CCR number, references, bonds and insurance, the Housing Rehabilitation Specialist will meet with the homeowner to execute all promissory notes, mortgages, and disclosures. Thereafter, the Housing Rehabilitation Specialist will meet with the homeowner and the Contractor to execute the construction contract. At this meeting, the Contractor, the homeowner, and the Housing Rehabilitation Specialist will review the Scope of Work, estimated timeframes for construction, quality of work, warranties, and other relevant information. Upon execution of all required documents, the Housing Rehabilitation Specialist shall issue a notice to proceed, which is signed by the homeowner.

The Housing Rehabilitation Specialist shall provide for the recording of the documents through Cochise County Recorder's Office once the three (3) day Right of Recession time period has passed.

### **Work By Homeowner**

The homeowner may not perform any portion of the work included in the Scope of Work.

### **Property Inspections**

Cochise County will conduct inspections during the course of construction to ensure that all work complies with applicable codes. The Housing Rehabilitation Specialist will also conduct inspections to ensure that the work complies with the Arizona Department of Housing (ADOH) Housing Rehabilitation Standards and program requirements. Approval of the work by the County Building Inspector does not constitute acceptance of the work by the homeowner or the Housing Rehabilitation Specialist. The Housing Rehabilitation Specialist's inspections must occur before funds may be disbursed to the Contractor.

### **Change Orders**

The Contractor may request a change order where circumstances arise that were unforeseeable and were not included in the original Scope of Work. All change orders must be approved in writing by the homeowner, the Contractor, and the County. The Contractor must have such written approval prior to working on change order items.

### **Payments**

The Contractor must submit a release of liens, a signed Authorization for Payment, and backup documents to the County for each payment request. The Housing Rehabilitation Specialist and the Building Inspector will inspect the job to determine the percentage of work completed and to certify the same by signing the Authorization for Payment. The County, in consultation with the Housing Rehabilitation Specialist, will determine the dollar amount to draw from grant funds, ensuring a minimum of ten percent (10%) is retained, before approving payment. Payment requests will be processed through the Arizona Department of Housing. Cochise County will issue payment for the approved amount upon receipt of required lien waivers.

A typical progress payment schedule is noted below.

- a. For projects less than \$5,000, payment will be made in a one-lump sum payment at completion of the housing rehabilitation project.
- b. For projects greater than \$5,000, payments will be made on a progress basis, less ten percent (10%) retention as follows:
  - i. 30% of total minus 10% retention upon 30% completion of contracted work.
  - ii. 50% of total minus 10% retention upon 50% completion of contracted work.
  - iii. 100% of total upon issuance of Certification of Final Inspection and Homeowners acceptance.

#### **19. WARRANTIES AND ACCEPTANCE OF WORK BY HOMEOWNER**

The Contractor shall warrant all work for a period of two (2) years or more, exclusive of the manufacturer's warranty, from the date of the approval of the final inspection. Manufacturer's warranties for all items such as new appliances or hot water heaters shall be given to the homeowner, and copies of the same to the Housing Rehabilitation Specialist. Upon the conclusion of satisfactory work by the Contractor, the homeowner shall provide a written acceptance of the rehabilitation work.

#### **20. FAIR LABOR STANDARDS ACT**

The provisions of the Fair Labor Standards Act are not applicable to the rehabilitation of single-family homes under this program.

#### **21. HOUSING MAINTENANCE COUNSELING AND HOMEOWNER EDUCATION**

In addition to warranty brochures, the Housing Rehabilitation Specialist and the Contractor shall counsel the homeowner regarding the operation and maintenance of newly installed equipment, appliances, and general home maintenance. Homeownership counseling regarding budgeting, mortgage payments, and maintaining homeowner's insurance shall also be provided.

#### **22. GRIEVANCE PROCEDURES AND APPEALS**

Applicants, program participants, or contractors may initiate grievances. If the basis of the complaint is because of discrimination on the basis of race, color, national origin, religion, sex, disability, or familial status the complaint shall be filed with the Cochise County Human Resources Department, 1415 Melody Lane, Bisbee, Arizona 85603. The Human Resources Department will review the complaint and forward it to any applicable state and/or federal agency, as required by law.

Non-discrimination complaints may be initiated by the applicant, program participants, or contractors by submitting written objections to the Development Services Director, or designee, at Cochise County, 1415 Melody Lane, Building F, Bisbee, Arizona 85603.

The County must issue a written response within ten (10) business days of receipt of the complaint. The complainant may appeal this decision by submitting a written response within ten (10) business days upon receipt of the Development Services Director's decision. Appeals shall be made in writing and addressed to the County Administrator.

The appeal must be mailed to Cochise County, 1415 Melody Lane, Bisbee, Arizona 85603. The County Administrator's decision shall be the final administrative ruling. Further judicial appeals shall comply with A.R.S. Title 12, 12-901.

### **23. CONFLICTS OF INTEREST**

Any person who is an employee, agent, consultant, officer, or elected or appointed official of Cochise County may not obtain a personal or financial interest or benefit from the housing rehabilitation repairs, nor may they have an interest whatsoever, however remote, in the contract, subcontract, or proceeds from the rehabilitation work either for themselves, their family, or business ties during their tenure with the County or one year thereafter.

No contract will be awarded to a contractor who is related, or whose employee is related, to the applicant by blood or marriage.