



## CITY OF MCKINNEY HOMEOWNER REHABILITATION PROGRAM POLICIES AND PROCEDURES

### I. General Purpose and Objectives

The City of McKinney's Housing Rehabilitation Program is funded by the Community Development Block Grant (CDBG), through awarded funds by the U.S. Department of Housing and Urban Development (HUD). The Housing and Community Development Department (HCD) administers the program on behalf of the City of McKinney for eligible owner-occupied residences located within the city limits.

Repair categories are determined by eligibility and cost of repair.

Categories:

- Emergency Repair
- Minor Repair
- Full Rehabilitation
- Substantial Rehabilitation/Reconstruction

The city endeavors to preserve existing affordable housing, to assist very low, low, and moderate-income homeowners in bringing their single-family owner-occupied dwellings up to an acceptable standard, and to enhance and revitalize eligible neighborhoods Citywide, particularly in the older neighborhoods east of McDonald Street (SH5).

### II. Eligibility

Applicants must submit all information requested in the application that applies to his/her household and complete all verification forms. The submission of an application includes permission to allow verifying the information including credit information. Applicants shall provide complete and accurate information regarding their household composition, household income and housing situation. **Failure to disclose information which may affect eligibility requirements may constitute fraud and result in denial of the application.** Applicants shall be required to make full restitution to the City in the event Housing Rehabilitation services are provided to applicants who provided inaccurate or incomplete information to meet eligibility requirements. Requests for further services will be denied unless restitution is made in full.

#### A. *Income Qualifications*

This program is designed to assist very low, low, and moderate-income homeowners as defined by the Dallas Metropolitan Statistical Area guidelines established by HUD and revised annually. (See Attachment A)

Income of all household residents, age 18 and older, will be included in income determination. However, unearned income attributable to a minor (e.g., child support, TANF payments and other benefits paid on behalf of a minor) is included.

Income level may be established in any reasonable manner, including but not limited to, IRS 1040 and/or W-2 forms, an employment pay stub, a Social Security check, a court order for child support or spousal support, verification of employment, bank statements, etc. The City reserves the right to re-verify income at any time before the contract closing.

Household assets (total combined for all household members) may not be more than \$50,000. This does not include retirement accounts or the value of the house.

Applicant must provide all necessary documentation at time of application. Failure to provide all required documentation at time of application or within 30 days of application submission will result in the application being denied.

**B. *Additional Homeowner Requirements***

1. Title to the property must be in applicant's name and must be their primary residence for at least one year. Title may not be shared with anyone other than regular household members. Abstract of judgments, liens, etc. must be cleared except for a purchase mortgage. Title research may be used to verify this requirement.

For inherited property, the necessary legal documents must be filed for record, which name the applicant as the sole deed holder.

2. Applicant must exhibit the ability and willingness to pay creditors.
3. Applicant must not be delinquent on any federal debts (ex. student loans).
4. Mortgage payments must be current.
5. Owner must agree that the property will be his/her primary place of residence for at least five (5) years; up to Fifteen (15) years depending on loan amount from the date of the loan.
6. Property taxes and other debts to the City of McKinney must be current. Provide mortgage statement if taxes are escrowed, or receipt from Collin County showing balance owed. If exempt from taxes, this will be verified with the county. If taxes are past due, applicant must provide documentation that at least six (6) consecutive months of payments have been made prior to application submission.
7. You must not have exhausted the lifetime program caps of three (3) repairs or maximum total expenditures of \$50,000, whichever comes first, is available for any one structure and/or household. Further assistance is available for any homeowner who is at or below 30% AMI for a fourth (4) and/or fifth (5) repair for a lifetime maximum of \$55,000.

8. The applicant and other household members may be required to participate in City-sponsored homeowner education. These classes are held periodically and educate homeowners on property maintenance.

**C. *Property Eligibility***

1. Must be an owner-occupied single-family dwelling located within McKinney city limits.
2. Must be covered by approved homeowner's insurance, in an amount at least equal to the value of the rehabilitation loan before the start of the repair work and during the entire lien period.

In circumstances where insurance has been denied due to the condition of the property, and the applicant can provide proof of denial, the applicant will be required to obtain a homeowner's insurance policy quote from any reputable insurance agency. Applicant should inform the agent that the structure would be rehabilitated to meet all current Building, Electrical, Plumbing, and Fire-Safety codes. Applicant must provide proof of insurance coverage no later than one month after the work is completed on the house. Insurance must be kept current for the length of the loan.

Applicant must agree to list the City of McKinney as a mortgagee on the insurance policy. City will pay any necessary fees directly to the insurance company to facilitate this requirement.

3. Applicants will be required to clean up any accumulation of personal items, old furniture, or other property that may impede the ability of the contractor to complete the work. The property may not have existing code violations (such as high weeds, trash, debris, junk vehicles, open storage, etc.). Any liens placed on properties for correcting code violations must be paid in full by the time the application is submitted. The Affordable Housing Administrator reserves the right to cancel the project if code violations occur and are not corrected before the project is ready to receive bids.
4. Property must be economically feasible for rehabilitation. If costs for repair exceed the program limits, or a home is in such disrepair that the costs are not justifiable, the property may not be eligible for the housing rehabilitation program.
5. In the event the applicant does not have clear title, or the property is not economically feasible for rehabilitation, the City may refer the applicant to other area agencies that provide housing rehabilitation services.
6. Mobile and manufactured homes are **not** eligible for the program.
7. Applicant is not eligible for rehabilitation assistance, if applicant is purchasing a home under a "contract for deed" (or like contract), where applicant does not gain possession of the property deed until all contract agreements have been met.
8. Applicant is not eligible for rehabilitation assistance if the applicant has a reverse mortgage lien on the home.

#### **D. *Additional Administrative Requirements***

All program participants shall be required to execute a contract with the City of McKinney detailing the conditions and agreements governing the provision of the rehabilitation work. Additional paperwork will be necessary to ensure compliance with funding and other local, state, or federal guidelines. Completion of all relevant documentation and agreements shall be required as a condition of acceptance of any given project.

It is not the intention of the program to eliminate further maintenance costs to a property owner and/or make general property improvements to the structure. Property owners must recognize periodic maintenance is unavoidable.

### **III. Eligible Costs**

#### **A. *Rehabilitation***

Housing rehabilitation funds shall be used for those repairs necessary to bring the structure to a basic acceptable living condition and to comply with HUD Section 8 Housing Quality Standards. In addition to necessary structural repairs, most projects will include provisions for correction of health/safety code violations, installation of smoke detectors and exterior painting. Items necessary to comply with HUD and City minimum property standards will receive priority for funding.

#### **B. *Disabled Access***

Rehabilitation projects may include the elimination of architectural barriers and the installation of special equipment and appliances for physically disabled individuals. Allowable installations and repairs include, but are not limited to the following:

1. Construction of ramps for stairways or porches.
2. Alteration of doorways.
3. Lowering of sinks, lavatories, kitchen stoves, cabinets, etc.
4. Installation of special faucets and switches.
5. Installation of handrails.

#### **C. *Air Conditioning***

No purchase of window units will be allowed under any circumstances. However, additional electrical outlets may be provided for future use by property owner if such additional circuits do not overload existing electrical service equipment.

#### **D. *Unvented Heaters***

Applicant must allow removal of all un-vented space heaters. Refusal of this requirement will result in the denial of the loan.

## **E. Lead-based Paint**

In homes built prior to 1978, lead-based paint may be present. Lead-based paint may be hazardous to humans. As required by HUD regulations, the City will test pre-1978 homes for lead-based paint.

Lead-based paint hazard reduction techniques will be used when lead-based paint exceeds HUD's acceptable limits for lead content in existing paint, defined as the lead content exceeding 1 mg per cm<sup>2</sup> (one milligram per centimeter squared), or 5000 ppm (parts per million) by dry weight. The reduction techniques used by this program are described and found in the U.S. Department of Housing & Urban Development's most publication on the Guidelines for The Evaluation and Control of Lead-Based Paint Hazards in Housing.

Residents may not occupy a house while the lead abatement is being performed to avoid exposure to the lead dust which may be created during the rehabilitation work. The city **will not pay** relocation expenses for applicants. The program and relocation is voluntary and if the applicant does not agree to relocate, the project will be terminated. Costs related to reduce or eliminate lead-based paint hazards will not be included in the total loan amount.

## **F. Termites**

In the event termite infestation is found, the Rehabilitation Program may pay the exterminator's annual warranty renewal fee for a period of up to five years for applicants whose income is below the current year's very-low-income level. Applicants of other income levels must pay the annual warranty renewal fee.

## **G. Excluded Work**

Non-essential or "luxury" costs, such as remodeling, swimming pools, spas and new fence construction are excluded from funding. In general, cosmetic improvements that are not essential to the long-term structural soundness of the dwelling or not necessary to the health and safety of the occupants will not be authorized and will not be eligible for the program. Cosmetic improvements are defined as higher-than-standard-grade fixtures; items required only for decoration; replacement of carpet, vinyl, or other items which are currently in good condition, etc.

## **H. Change Orders**

A Change Order must be executed for any deviation, addition or deletion made to the original job specifications approved with the Construction Contract. Change Orders will **only** be authorized in writing by Affordable Housing Administrator or designee and authorization must occur before work can begin.

Total Change Orders on any one job shall not exceed 25% of the total contract amount. If Change Orders are approved, the loan amount will be increased to the new contract total.

Work performed without an approved Change Order will **not** be paid for by the city and the work will **not** be covered under the contractor's warranty.

#### IV. **Financial Assistance**

Applicants eligible for Housing Rehabilitation Funds may be qualified for one of the following programs offered by the City of McKinney.

##### **A. *Emergency Repairs***

When an immediate threat to the health or safety of an income-eligible homeowner exists, or a threat exists to the public in the vicinity, an emergency waiver of the procedures may be approved by the Affordable Housing Administrator or designee. An immediate threat includes such problems as loss of heat during cold weather, sewer leaks, water leaks, etc. In some cases, the need for disabled accessibility may require an emergency waiver.

Such emergency waiver will permit the immediate expenditure of up to \$5,000 for eligible repairs to address the emergency threat to health and/or safety. Such emergency repair projects do not require repayment, nor will a lien be filed against the property.

If an applicant has been approved for the regular rehabilitation program and emergency situations arise before the project is underway, City staff may approve immediate expenditures for repairs. All such emergency expenditures will count toward the maximum loan.

##### **B. *Minor Repairs***

In the case of a property needing minor repairs, the city offers this program. Homeowners must meet income eligibility and ownership requirements. Eligible repairs include roofing, plumbing, and electrical systems. The work will be completed by licensed contractors approved by the city. The maximum amount for repairs will not exceed \$15,000 and does not require repayment, nor will a lien be filed against the property. When lead-based paint is present, and will not be disturbed, no more than \$5,000 can be spent for these types of repairs, per federal guidelines.

##### **C. *Full and Substantial Rehabilitation/Reconstruction***

Financial assistance for Rehabilitation Projects and Substantial Rehabilitation/reconstruction will be in the form of deferred loans as detailed below. All applicants will be expected to reside in the house for at least five years, or more based on the amount of the loan.

Should the applicant vacate the premises before the end of the deferred loan, all or a portion of the loan will be paid back to the City of McKinney.

###### *1) Terms of Assistance*

The program loan terms of assistance act as a deferred payment loan, which shall carry zero (0) percent interest and continue until the applicant has satisfied the conditions listed in the Deed of Trust and Real Estate Lien Note executed prior to the project start date. There are **no monthly payments** on the deferred loan amount. Deferred payment loans are secured by a lien on the property. The loan amount will be forgiven at a monthly rate to be determined

by the amount of funds spent on the project.

<u>Amount of Assistance</u>	<u>Lien Period</u>
\$15,000+	5 Years
\$40,000+	10 Years
\$80,000+	15 Years

The lien period will be for five (5) years if the amount of assistance is \$15,000+ and forgiven at 1/60<sup>th</sup> per month. The lien period will be 10 years, if the amount of assistance is over \$40,000+ and forgiven at 1/120<sup>th</sup> per month. The lien period will be 15 years, if the amount of assistance is \$80,000+ and forgiven at 1/180<sup>th</sup> per month.

## 2) *Repayment*

Repayment is not required unless applicant sells or transfers the property before the lien period expires, the applicant will be credited a prorated percentage of the loan amount for every month of residency. The credit is subtracted from the total loan amount to determine the unforgiven loan balance. The unforgiven balance is owed and becomes due immediately if the applicant fails to maintain home as their primary residence.

## V. Process of Review and Eligibility

### A. *On-site Property Evaluation for Repair Feasibility*

Program staff will conduct an on-site evaluation to determine if the home is feasible for rehabilitation. This will include review of the applicant's requests as listed with the initial application; a sketch of the floor plan, and an assessment of the eligible repairs to be addressed. The document will be reviewed and agreed upon with the applicant.

If the property is not feasible for rehabilitation, the applicant will be denied housing rehabilitation assistance, but may be placed on a wait list for Reconstruction grants if repairs are still desired by the applicant and if funding is available.

### B. **Period of Eligibility**

Properties receiving emergency repairs are eligible for assistance once per 12-month period.

Properties receiving repairs that do not require a lien are eligible for assistance once per 12-month period. Unless you have exceeded the lifetime maximum.

Properties that receive \$15,000 or more in home repairs are not eligible for further assistance until the lien is forgiven, except for a request for emergency repair.

### C. **Denial of Services**

It is the intent of the City of McKinney to provide rehabilitation loan services when

those services may be delivered safely and effectively, without undue hazards to staff, independent contractors, or clients. In some circumstances, assistance may be denied due to the magnitude of health and safety issues and associated costs.

McKinney staff and contractors must be able to perform rehabilitation measures without threats to their health or safety and in a non-hostile work environment. Work will not be performed in homes that are structurally unsound and should be condemned, substantially infested with vermin, or homes with electrical or plumbing hazards that cannot be resolved prior to or during the rehab. *The dwelling must be free of animal feces, excessive garbage, and illegal controlled substances before the start of repair work, during the period of rehabilitation and thereafter within the lien period of the property.*

It is the policy of the City of McKinney and HUD to correct all code violations during the rehabilitation of the unit. Refusal by the homeowner to correct code violations, ensure a non-hostile work and program environment, or to abide by any other applicable program policy such as those listed above may result in denial of assistance.

In all cases of denial, the applicant will be informed in writing when services are denied or withdrawn. The denial notice will include instructions for appeal of the denial or steps that can be taken to allow for rehabilitation services to proceed, if applicable or where other services may be available through non-city community resources.

#### ***D. Incentive Pay***

The City will pay incentive pay to a contractor for completing jobs before the contract time has expired. For a project to be considered complete, all City inspections must be complete and accepted as final, all final acceptances must be signed, and the required paperwork must be submitted to the Housing Services Division. The Contractor will receive \$50 for each day the job is completed early; however, incentive pay total shall not exceed \$500 per project.

#### ***E. Liquidated Damages***

When a contractor is in default of the contract completion time, there will be a \$100 per day assessment for liquidated damages for each day in which the job is not complete. At such time as the delayed project is completed and the homeowner accepts the work as final, the City will collect the liquidated damages from the amount due Contractor.

Contractor incentive pay and liquidated damages shall not be used to increase or decrease a property owner's lien. Any liquidated damages shall be paid directly to the City and will not reduce a property owner's loan.



## **VI. Full and Substantial Rehabilitation: Loan Security Requirements**

Contract documents to be executed by the applicant and the general contractor will be prepared by Housing Services Division staff. Standard form contracts will be reviewed with the applicant at the pre-bid conference and are available for applicants to review at any point in the project process. Owners of participating property will be required to sign a Home Repair Funding Contract, a Rehabilitation Contract, a Real Estate Lien Note and a Deed of Trust. All documents must be fully executed prior to beginning of rehabilitation work. These contract documents shall state a specific date for commencement of work and a specific date for completion of work.

### *1) Change in Ownership*

In the case of change of legal ownership or occupancy for a reason other than death of the recipient, the loan balance shall become payable immediately, subject to the loan credit provisions. In case of death, if remaining income qualified family members continue to reside in the house, the loan will not be payable solely due to the change in ownership.

### *2) Terms of Subordination*

The city will subordinate the loan to the existing first lien on the property. However, the city will not further subordinate the loan unless the first mortgage is being refinanced. The city will not subordinate for debt consolidation loans, unless the debts being consolidated are for housing expenses, and the total amount of all liens is less than the appraised value of the house. The city will not accept less than third lien position. If there are other mortgages on the property, the applicant is not eligible.

## **VII. Procurement**

### **A. Requirements**

The federal government has set standards and procedures for procurement that are intended to ensure that supplies, equipment, construction, and other services acquired in whole or part with federal funds are obtained as efficiently and economically as possible, and procured in a manner that provides, to the maximum extent practicable, open, and free competition.

The city is required to follow written procurement procedures which reflect applicable state and local laws and 2 CFR 200.318 regulations. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of 2 CFR 200.319. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a brand name product instead of allowing an equal

- product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process

## B. Categories

**Micro-Purchases.** The city may use micro-purchase procedures to acquire supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold set by the Federal Acquisition Regulation 48 CFR Subpart 2.1 of \$10,000 (or \$2,000 or more, under acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the city must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the city considers the price to be reasonable.

**Small Purchases.** Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold of \$250,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

**Sealed Bids.** Procurement by sealed bids (formal advertising are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest price. The sealed bid method is the preferred method for procuring construction if:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsive bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.

**Competitive Proposals.** The technique of competitive proposal is normally conducted with more than once source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.

**Non-Competitive Proposals.** Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only with express written authorization from the city, and:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- After solicitation of several sources, competition is determined inadequate.

**Pre-Qualified Lists:** The city of McKinney ensures that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The city will not preclude potential bidders from qualifying

during the solicitation period. Lists do not imply endorsement by the City of McKinney nor applicants.

## VIII. Other Requirements

### **Conflict of Interest**

Program staff and any other City employees, or officials who may have authority with respect to the administration of the CDBG Program are not eligible to receive Program assistance. City employees or relatives of Program staff may apply, but a Conflict-of-Interest determination must be made prior to funding approval. The city of McKinney must in writing any potential conflict of interest to HUD, in accordance with applicable Federal rewarding policy. All exceptions to a Conflict-of-Interest determination are granted only at the discretion of the U.S. Department of Housing and Urban Development.

### **Relocation**

Applicant participation in the city's Housing Rehabilitation is voluntary. In extraordinary instances, work may trigger temporary relocation of occupants to ensure safe and effective rehabilitation. In accordance with the Uniform Relocation Act, when and if relocation is applicable, occupants will be notified of their eligibility for temporary displacement benefits, as applicable under URA, at least 15 days prior to the estimated relocation date.

## IX. Selection of Contractors

The city will email requests for bids to all contractors on the "Insured Contractor's List" as well as local HUBs. Applicants should recognize that the City's list of contractors is **not** an endorsement of those contractors; the list merely signifies that the contractors are adequately insured, provided references and financial information, and meet all program requirements.

If the applicant has a preferred contractor who is not on the list, the city will also send a bid request to that contractor. However, **all** contractors participating in the Housing Rehabilitation Program must meet all program requirements as listed in the Contractor Policy and Procedures. **No contractor may bid if he/she is related or has a business relationship to the applicant.** A mandatory pre-bid walk-through of the house will be scheduled so that all interested contractors may preview the property and have their questions answered.

The applicant will be required to accept the lowest responsible bid with certain exceptions. Rejection of the low bidder without cause will result in cancellation of the project.

If based on references, or an inability to start work within a reasonable time, the property owner requests to reject the low bidder, he/she may do so in writing. Upon confirmation of the reason for rejection by City staff, the low bidder will be rejected, and the next lowest bidder will be considered. If all bidders are deemed non-responsible, the city will re-bid the project. If the lowest

responsible bidder is rejected without verification of non-responsibility, the city will

cancel the project.

The city reserves the right to rebid if in its sole opinion the bids are above the customary price for such construction work, or if only one bid has been submitted for project consideration.

Customer satisfaction surveys received for previous work with the rehabilitation program may be reviewed at the applicant's request.

Any contractor or subcontractor who is suspended or debarred from federal procurement upon review of the federal System for Award Management (SAM) database, is not eligible for participating in the program. Contractors must have all debts to the City of McKinney paid in full. All Contractors must obtain required City permits and must possess all licenses required by local and state authorities to perform functions subject to licensing (plumbing, electrical, lead-based paint, etc.).

Contractors are expected to fully comply with the Contractor Policies and Procedures.

## **X. Sequence of Events**

The following is an outline of the normal sequence of events the proposed project:

1. Applicant provides an initial application to the Housing Services Division. The applicant is required to furnish all documentation to verify income and property eligibility for the program. The Housing Services Coordinator ("Coordinator") will review all applications, verify all information, and determine eligibility.

The Coordinator may request an initial inspection of the property to determine compliance with rehabilitation policy and assess the housing conditions. Applicants are taken on a first-come first-serve basis.

The Coordinator will also perform an environmental review to determine if the property will be following acceptable environmental conditions as set forth by HUD. If a property cannot meet the environmental conditions, the application will be denied.

2. After the application is approved and the property poses a serious threat to the health and safety of the applicant (gas leaks, inoperative plumbing, no heat in winter, etc.), the Coordinator or Housing Inspector may authorize emergency repairs.
3. The Housing Inspector will conduct an evaluation of the property. Houses built in 1978 and older must be tested for lead-based paint. The Housing Inspector will prepare a detailed report and present the report to the applicant, per federal requirements.
4. If it is determined a rehabilitation project is feasible, the Housing Inspector will prepare a work description, cost estimate, and determine category of eligibility. The work description will include all items necessary to bring the structure up to code, items recommended as necessary to preserve the property's structural integrity and quality of living conditions and other items requested by the applicant which are eligible under the City's written rehabilitation standards and HUD guidelines.

5. The Housing Inspector will review the work description with the applicant and finalize the work description. Any changes to the work description should be completed with the Housing Inspector **before** the project is put out for bid by City staff. After contract is executed, Change Orders will **only** be authorized by Affordable Housing Administrator or designee.
6. The applicant undergoes final loan approval by the coordinator. If the loan is denied, the applicant will receive a cancellation letter and the file will be closed. If the loan receives final approval, the pre-bid and pre-loan meetings are scheduled.

The Housing Inspector will schedule the bid walk-through with the applicant, and contractors.

7. The Coordinator will review all contract documents with the applicant. The applicant will be provided with form copies of all contracts to be reviewed and read before the contract closing.
8. After the bids are received, the applicant will select the lowest responsible bid.
9. When the contractor is selected, staff prepares contract documents for execution by the applicant, contractor, and the City. A closing date is scheduled. A deadline will be issued for relocation if lead paint abatement will take place.
10. A Notice to Proceed is issued to the contractor at the closing, which establishes a start date and a completion date. The lien documents are signed and filed with the County Clerk's office at the completion of the project.
11. The contractor must obtain all necessary building permits before work may begin. He is expected to use safe work practices and follow local, state, and federal laws.
12. As work progresses, all required inspections are conducted by the Building Inspection Department. Other regular inspections are made by Housing Services staff to verify compliance with the contract work schedule, compliance with the general specifications and to answer any questions of the applicant.
13. When the contractor notifies the applicant and Housing Inspector the work is completed, a final inspection is conducted. If lead-based paint work was part of the contract, the work must pass a final lead-paint clearance. If the work fails this inspection, the contractor must continue to clean the house until it passes the clearance inspection. Before the contractor is released from the contract, the applicant must sign the Final Acceptance and the Housing Inspector must complete his Final Inspection Report.
14. The contractor's one-year warranty begins the day the Final Acceptance is signed by staff and applicant.
15. The contractor submits a final bill, final building inspection, Final Homeowner's Acceptance, source documentation and copies of all manufacture's warranties to the Housing Services Division, City of McKinney in order to call the job complete. Ten percent of the contract total is retained for thirty days or until receipt of the signed and completed lien waivers to ensure that subcontractors and workers are paid.
16. Thirty days after the final acceptance of the project, final payment is made

to the contractor, provided neither the applicant nor the Housing Services Division has received notice of any unpaid bills from suppliers or sub-contractors.

17. After the final payment is made, the applicant is sent a Customer Satisfaction Survey. Survey responses are made available for future references regarding staff and the contractor.
18. It is the responsibility of the applicant to notify the contractor of any problems that occur and are covered under the one-year warranty. If a contractor fails to make a reasonable attempt to honor the warranty, the applicant should notify the Affordable Housing Administrator.

## **XI. Rights and Responsibilities**

### **A. Rights and Responsibilities of the Applicant**

- Submitting all required documents to determine eligibility for the program;
- Making reasonable accommodation to the schedules of the contractor and City staff for the purposes of inspections, completion of work, etc.;
- Reviewing, executing, and understanding the approval of housing rehab policy, work description and all contract documents;
- Making any and all arrangements if voluntary relocation is necessary;
- Organizing, boxing, storing or otherwise remove personal belongings that impede the contractor's ability to perform the work;
- Reviewing and approving appropriate invoices during the construction period;
- Notifying the contractor and Housing Services Division staff of any concerns during the construction period and during the one-year warranty period;
- Participating in the Final Inspection and executing the Final Homeowners Acceptance;
- Ask questions to ensure expectations are reasonable and in accordance with the work to occur;
- Meeting all terms and conditions of the contracts and liens;
- Repaying the loan if the terms are not met.

### **B. Rights and Responsibilities of the Contractor**

- Completing the work as identified in the contract within the agreed upon time frame;
- Maintenance of required insurance during the project and as an active contractor participant under the program during the year.
- Communicating with the applicant and Housing Services staff regarding the status of the work during the construction period;

- Notifying the Housing Inspector of the need for any change orders and negotiating with the Inspector regarding the cost of such change orders and time required to complete them. The contractor, property owner, Housing Inspector and the Affordable Housing Administrator will approve Change Orders in writing before the Change Order is authorized to begin. **There is no guarantee a change order will be approved;**
- Complying with the City's payment procedure when requesting payments;
- Completing any items identified during periodic or final inspections prior to the finalization of the job;
- Ensuring quality of workmanship and materials in compliance with contract;
- Performing warranty work within the one-year period;
- Making reasonable accommodation with City staff and the applicant regarding scheduling of inspections and completion of the work.

### **C. Rights and Responsibilities of the City of McKinney**

- Administering the program in a professional manner that ensures maximum effectiveness, efficiency, and customer satisfaction;
- Communicating with the applicant and the contractor regarding administrative procedures that affect completion of the work on behalf of the applicant;
- Communicating with the contractor regarding administrative procedures which may affect the timeliness of his payment, insurance requirements, or inspection schedules;
- Review of sam.gov prior to project start to ensure proper registration of contractors and subcontractors, and ensure compliance status;
- Paying the contractor as set forth in the contract and contractor's payment procedure;
- Making reasonable accommodation with both parties regarding scheduling of inspection;
- Documenting project files in compliance with all applicable HUD regulations;
- Advising the applicant of City code requirements which may affect the prioritizing of work items;
- Clarifying with the applicant the advisability, eligibility, and final results of certain repairs;
- Negotiating with the contractor regarding necessary change orders and finalizing approval before work begins;
- Following up with contractors to ensure that necessary warranted work is

completed if a complaint is received within the one-year warranty period;

- Ensure the applicant has received all necessary warranty, information, or educational materials from the contractor, needed to ensure that any new systems, equipment, fixtures etc. are properly maintained.

#### **D. Miscellaneous**

The applicant is responsible for approving and accepting the contractor's work. **The City accepts no liability for the project. No member, officer, agent, or employee of the city of McKinney or member of the Community Grants Advisory Commission shall be held personally liable concerning any matters arising out of, or in relation to the commitment of federal funds, with regard to feasibility or viability of the proposed and actual project. Any warranty of work performed is between the contractor and the applicant and the applicant is responsible to resolve any disputes.**

The Housing Services Division will intervene and provide assistance to remedy warranty requests only in situations that are not addressed in the Housing and Community Development Grievance Policy.

In certain instances, a need for warranty work may not be covered by the grievance procedure, or a contractor may be found in default of either a program or contractual requirement, such as failure to maintain his/her insurance, or any other action that has caused their removal from the program and rendered him unable to return to the job site. Although the City was not a party to the construction contract and has no legal requirement to perform any services in such a situation, the Administrator will, upon request, make specific recommendations regarding repairs or managing the default. The maximum expenditure for warranty work paid by the City due to contractor default will be \$1,000, using CDBG funds. The city will not extend the remaining time on their original warranty.

Under normal conditions, eligible participants to the program will be selected on a first-come, first-serve basis. However, the following factors may receive priority in funding:

- Homes with small children or elderly persons.
- Immediate threats to health or safety.
- Projects that require modifications due to ADA Compliance (*Americans with Disabilities Act*).

#### **E. Customer Satisfaction**

It is important that applicants be satisfied with the work done and believe that they have been treated fairly. Accordingly, every effort will be made to see that work is completed according to the work specifications and the applicant's expectations.

The applicant should always feel free to contact the Affordable Housing Administrator or Housing Inspector while construction is underway. The applicant should also understand that it is acceptable to ask questions of the contractor regarding the adequacy or quality of the work being performed.



**F. Amendments and Revisions**

Waivers of any provisions of this policy may be approved by the Housing and Community Development Department for good cause and shall be documented in writing. Major revisions to the Program guidelines will require the approval of the Housing and Community Development Director. Program guidelines and forms may be revised periodically as deemed necessary by Program staff or the U.S. Department of Housing and Urban Development (HUD).



**ATTACHMENT A**

**2023 INCOME  
GUIDELINES**

Effective 06/15/2023

<b>Household Size</b>	<b>Maximum Income</b>
1	\$ 57,750
2	\$ 66,000
3	\$ 74,250
4	\$ 82,500
5	\$ 89,100
6	\$ 95,700
7	\$102,300
8	\$108,900