



**WESTERN IOWA  
COMMUNITY IMPROVEMENT  
HOUSING TRUST FUND**

**Policies and Procedures**

**2025**

# TABLE OF CONTENTS

1. General Information.....	4
1.1 Mission .....	4
1.2 Official Contact Office .....	4
2. Program Administration Responsibilities of Parties.....	4
2.1 Board .....	4
2.2 Program Administrator .....	4
3. Equal Opportunity/Fair Housing/Affirmative Action .....	5
4. Program Marketing.....	6
4.1 Marketing to Applicants .....	6
4.2 Marketing to Contractors .....	7
5. Conflict of Interest .....	8
6. Denial/Complaint/Appeals Procedure .....	9
7. Process for Amending Program Guidelines .....	10
8. Housing Program .....	10
8.1 Eligible Activities .....	10
8.2 Application Process.....	11
8.3 Applicant Eligibility Requirements/Income Verification.....	12
8.4 Owner-Occupied .....	12
8.5 Income Eligible .....	12
8.6 Income Verification .....	13
9. Property Requirements.....	13
9.1 Location of Property.....	13
9.2 Mortgage Payments/Bankruptcy .....	14
9.3 Property Taxes.....	14
9.4 Property Insurance.....	14
9.5 Suitability for Rehabilitation .....	14
10. Emergency Situations.....	16
11. Use of Property.....	16

12. Manufactured Homes.....	16
13. Financing Terms .....	17
13.1 No Duplication of Benefits.....	17
13.2 Matching Funds.....	17
13.3 Maximum Amount of Program Assistance .....	17
13.4 Affordability Period .....	18
13.5 Monitoring and Documentation During the Affordability Period .....	19
13.6 Unsecured Program Funds Assistance .....	19
14. Construction Projects .....	19
14.1 Eligible/Ineligible Rehab Items .....	19
14.2 New Construction of Reconstruction Standards.....	20
15. Construction Project Steps.....	21
15.1 Initial Property Inspection .....	21
15.2 Work Write-Up (Project Specifications).....	22
15.3 Infeasible Structures and After-Rehabilitation Market Value Determination.....	22
15.4 Level of Benefit/Financial Commitment.....	22
15.5 Scope of work determination.....	23
15.6 Contractor Requirements.....	23
15.7 Contractor Procurement.....	23
15.8 Contract Execution and Termination .....	23
15.9 Pre-Construction Conference.....	25
15.10 Notice to Proceed .....	25
15.11 Temporary Relocation .....	27
15.12 Contract Supervision .....	27
15.13 Change Orders.....	28
15.14 Contractor Payment Procedures .....	29
15.15 Project Completion/Acceptance .....	30

# 1. General Information

## 1.1 Mission

The mission of the Western Iowa Community Improvement Regional Housing Trust Fund (WICIRHTF) is to further the preservation and new construction of affordable housing and to grow affordable housing opportunities for low-to-moderate income persons and families within its service area.

## 1.2 OFFICIAL CONTACT OFFICE

The principal agency for operation and administration of the WICIRHTF is the Siouxland Interstate Metropolitan Planning Council (SIMPCO). SIMPCO is a U.S. Department of Commerce/Economic Development Administration (EDA) designated Economic Development District and an Iowa Association of Regional Councils (IARC) designated Council of Government agency.

The place of contact for WICIRHTF is the SIMPCO office, located, 1122 Pierce Street, Sioux City, Iowa, 51105. Any requests for information, suggestions, or grievances related to WICIRHTF should be directed to that office. All grievances shall be directed in writing in accordance with the procedures described in the Denial/Complaint/Appeals Procedures section of these guidelines.

# 2. Program Administration Responsibility of Parties

## 2.1 Board

The overall authority for the implementation and administration of the LHTF is with the Board of Directors of the Western Iowa Community Improvement Regional Housing Trust Fund.

The primary responsibility of the board is to ensure that the program is carried out in accordance with its contract and to ensure compliance with all applicable state and federal requirements governing the program funds.

## 2.1 Program Administrator

SIMPCO staff will be responsible for general administrative services including all financial and progress reports until the end of the grant agreement, marketing, preparation of requests for reimbursement, grievance, and dispute resolution responsibilities, and project close-outs.

Housing Technician: SIMPCO staff will be responsible for field technician services including application intake and processing, inspections and suitability of housing rehabilitation, scope of work preparation including cost estimates, historical and lead hazard visual assessment, bid packets, loan document origination, contract awards, interim inspections, change orders, final inspections, recommendation of payment to contractors and housing unit close-outs.

### **3. Equal Opportunity/Fair Housing/Affirmative Action**

This is an equal opportunity program. Rules for acceptance and participation are without regard to race, creed, color, religion, gender, sexual orientation, marital status, national origin, age, disability, or status as a veteran.

WICIRHTF is steadfast and committed to following to the letter, the Civil Rights Act and all amendments, as well as all Fair Housing laws. WICIRHTF and affiliates will not discriminate against any person on grounds of race, color, religion, sex, handicap (disability), familial status, national origin, sexual orientation, income, age, marital status or gender identity. We are committed to assuring that discrimination does not occur in any program or activity provided for the benefit of application for assistance, program participants, or employees. All entities comply with applicable state and local laws governing non-discrimination in

WICIRHTF expressly prohibits any form of unlawful harassment based on race, creed, color, religion, gender, sexual orientation, marital status, national origin, age, disability, or veteran status.

It is the policy of WICIRHTF and participating jurisdictions to work affirmatively to ensure that all persons regardless of race, creed, color, religion, gender, sexual orientation, marital status, national origin, age, disability, or status as a veteran shall be treated equally and fairly for purposes of this program. Promotion conducted by Program staff and/or the jurisdictions shall be inclusive and will exercise care to avoid promotional methods that may exclude eligible applicants. All applicants will be provided with printed information on Fair Housing during the application process.

WICIRHTF will not tolerate discriminatory practices. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:

Refusal to sell, rent or to negotiate for the sale or rental of any property based on race, creed, color, religion, gender, sexual orientation, marital status, national origin, age, disability, or veteran status.

- Discrimination in terms, conditions, privileges and in services and facilities.
- Engage in any conduct which makes dwellings unavailable or denies dwelling to

- persons.
- Make, print, publish or cause to make, print or publish discriminatory advertisements.
- To represent that a dwelling unit is not for sale or rent when in fact it is.

Whenever a complaint is received alleging a discriminatory housing practice within the jurisdiction of a participating entity, that entity will assist households who may have been discriminated against by providing the following services:

- Will post Fair Housing information in public places and will provide information in English and other languages as determined necessary.
- Provide Fair Housing information (pamphlets) to all interested parties.
- Provide referral information concerning the ability of alleged discriminated households to make formal complaints to the State Department of Human Rights or to the U.S. Department of Housing and Urban Development (HUD).
- Provide referral information enabling alleged discriminated households to contact Legal Services.

## 4. Program Marketing

The LHTF will conduct marketing and outreach in the target areas, as needed. General marketing methods may include the SIMPCO website at [www.simpco.org](http://www.simpco.org), articles in newspapers, brochures and posters displayed in establishments where qualified applicants may frequent, and television and radio ads.

### 4.1 Marketing to Applicants

Marketing to potential applicants can be accomplished in a variety of ways. The HTF will market its program in order to provide sufficient information about its housing program and to generate further interest from potential applicants. Marketing may be conducted using any and all of the following methods:

- Newspapers of general circulation and other local publications
- Radio and/or television (such as local cable television channels)
- Public informational meetings held in the community
- Mailings
- Postings at strategic locations accessible to the general public (e.g., the Post Office, City Hall or County Courthouse, grocery stores, schools, churches, libraries, etc.)
- Personal contact to potential applicants by community leaders, civic groups, etc.

If marketing to potential applicants occurred prior to a funding commitment and the Program has on file the names and addresses of a number of potential applicants, re-contacting such persons is appropriate to regenerate their interest.

Marketing to potential applicants should convey basic requirements for participation in the Program (i.e., eligibility criteria, the form of assistance available, information about how, where and when to apply for the assistance as well as what information will be needed, and restrictions they need to be aware of). Marketing efforts should also address the requirement of making any target housing temporarily lead-safe as well as the potential for temporary relocation during such work

***The Program's marketing efforts will not discriminate in any way and will provide for equal opportunity and fair housing to all potential applicants.***

## 4.2 Marketing to Contractors

Marketing to contractors is essential to the success of any owner-occupied rehabilitation program. The LHTF may conduct a sufficient amount of marketing specifically to contractors to generate and to secure their interest in participating in the owner-occupied rehabilitation program.

Where there is an adequate number of contractors participating, fair and open competition for projects is maximized and overall costs are generally more reasonable because of the competition inherent with a larger pool of participating contractors.

Marketing to contractors can be accomplished using the same media resources used for marketing to potential applicants. In addition to using those resources, the community might also:

- Contact local homebuilders associations, construction trades organizations, unions, etc.
- Contact the Better Business Bureau
- Contact the Iowa Department of Public Health to obtain information on contractors that have been trained in safe work practices
- Scan local telephone books (business directories, yellow pages, etc.)
- Contact the IDED's recommended plan review rooms and clearinghouses
- Obtain information on contractors based on the community's building permit issuance data
- Contact local construction materials and equipment suppliers
- Contact local lenders active in construction financing
- Contact other communities nearby that have or have had similar programs.

The LHTF will also make a good faith effort to solicit and attract the interest of minority and female-owned businesses that might participate in the owner-occupied rehabilitation program.

When marketing to contractors, the Program will be aware of certain issues specifically of

interest or concern to contractors and tailor its marketing efforts to address these issues to the extent practical. This may include, but not be limited to:

- The contractor's ability to make a profit
- The contractor's location and/or proximity to the project
- Federal, state or local requirements and/or restrictions that will affect them (e.g., licensing; training, including safe work practices as applicable; insurance coverage, OSHA requirements, contract conditions, warranties; etc.)
- Their ability to be paid in a timely fashion.

From the LHTF contractor marketing efforts, a list of potential contractors can be compiled and referenced as individual projects are undertaken.

## **5. Conflict of Interest/Related Parties**

Members of the governing body and any other official, employee, agent, or any member of their immediate family of WICHTF who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of this LHTF shall be required to comply with the procedures outlined below in order to directly or indirectly benefit from the Program.

Any other employee, officer, or committee member may be eligible, but will be treated no differently in the determination of applications accepted for funding. Enclosed with this person's application shall be a statement of disclosure, which outlines the nature of the possible conflict and a description of how the public disclosure was made.

WICHTF will only approve Program benefits (loans/grants) for the following individuals if a waiver has been issued by the Board of Directors:

- Any WICHTF, SIMPCO, or WICIC Executive officer or employee, member of its Board of Directors, or LHTF employee.
- Any employee or elected official of a participating governing jurisdiction.

The following steps are required for a waiver to be considered:

- Provide a description of the conflict of interest.
- Provide documentation that the potential conflict was disclosed to the public and documented (ex. City council meeting minutes).
- The individual shall not receive any special consideration over and above the normal policies and procedures of the Program.
- The Executive Director of SIMPCO is advised of the circumstances and certifies the procedures set forth above are met.

For governing jurisdiction employees or elected officials only:



- Review from the attorney representing the jurisdiction in which the applicant is located to determine if there is a conflict of interest.
- Attorney issues an opinion letter and forwards to WICIRHTF

## 6. Denial/Complaint/Appeals Procedure

### Applicant denial due to behavior

SIMPCO & the WICIRHTF may deny assistance if an applicant or family member has engaged in or threatened violent or abusive behavior toward personnel.

*Abusive or violent* behavior towards personnel refers to verbal as well as physical abuse or violence or sexual harassment. This includes the use of racial epithets, or other language, written or oral, that is customarily used to intimidate.

*Threatening* refers to oral or written threats or physical gestures that communicate intent to abuse or commit violence.

*Personnel* means SIMPCO, SRTS, or WICIRHTF staff and board members

The applicant will receive a warning issued in writing within 10 days for the first offense. Following a warning, should the behavior continue, the matter will be escalated to Executive Staff within SIMPCO. Executive Staff will determine if denial of assistance is appropriate based on behaviors exhibited. Notice of the decision will be provided in writing within 14 days.

Denial of assistance will be subject to applicable federal and state regulations. Applicants may appeal the decision by following the grievance procedures listed in the WICIRHTF Policies and Procedures Manual.

Applicant Denial Procedures: If an application is denied for any reason, a letter of denial will be sent to the applicant within 10 working days of the date of the decision. The denial letter will clearly outline the reason for denial and inform the applicant that they may submit additional information if they believe the information used to determine the denial was incomplete or incorrect.

Applicant Complaint Procedure: Initial applicant complaints about any aspect of service delivery, staff, and program restriction or contractor relations/workmanship may be pursued verbally or in writing to the Program.

For contractor relations/workmanship complaints: The complaint shall be addressed by working with the contractor and the applicant to resolve the problem within two (2) weeks. Should a grievance or dispute arise between either the property owner or the contractor and the Program Administrator and/or Rehabilitation Technician, the procedure to follow is the same as

described below, except that Step 1 would be omitted.

Step 1: Any grievances or disputes arising between a property owner and the contractor(s) will initially be mediated by the LHTF Administrator and/or Rehabilitation Technician. It is the grieving (or disputing) party's obligation to contact the LHTF Administrator and/or Rehabilitation Technician with a detailed account of the issue(s) comprising the grievance or dispute. The Program Administrator and/or Rehabilitation Technician will make a determination of resolution on the issue(s) brought to their attention and convey to both the property owner and the contractor a course of action to be taken, in what time frame, and by whom.

Step 2: Should either party contest the LHTF Administrator's and/or Rehabilitation Technician's initial decision, a request for an appeal hearing by the Board of Directors may be made. This request must be made in writing. The Board of Directors will set a date, time and place for this appeal hearing and notify the parties of same. The Board of Directors will have at a minimum three (3) members present and make their determination at, or shortly after, their meeting and convey their determination of resolution to the issue(s) raised, in writing, to both parties. The Board of Director's or determination will convey to both parties a course of action to be taken, in what time frame, and by whom.

Applicant Appeal Procedure: If an applicant is dissatisfied with the level of assistance they have received, and where an applicant complaint cannot be resolved with the LHTF Administrator, the Administrator will notify the applicant that a written procedure for appeal is available.

The appeals procedure follows these steps:

Step 1: The applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal. All appeals should be addressed to:  
WICIRHTF, C/O SIMPCO, ATTN: Executive Director, 1122 Pierce St., Sioux City, IA 51105.

Step 2: If the Executive Director concurs on the findings, it shall respond to the applicant, in writing, including the results of the review, an explanation of the findings and the next step the applicant can take if he/she is still not satisfied with the response.

Step 3: If the Executive Director does not concur on the findings, or if the applicant is not satisfied with the decision of the Executive Director and provides written request for consideration to the applicable Board of Directors, the appeal will be presented to the applicable Board of Directors for decision at its next scheduled regular meeting, whose written decision shall be final and presented to the applicant within fifteen (15) working days.

Step 4: In the event that the grievance or dispute remains unresolved to the satisfaction of either party, the right to file legal action remains the last and only recourse available to

the grieving or disputing party.

## 7. Process for Amending Program Guidelines

The Program Policies and Procedures will be reviewed annually by the LHTF staff and by the WICIRHTF Board of Directors. If revisions are identified, they will be presented at the annual board meeting for discussion and approval.

## 8. Housing Program

### 8.1 Eligible Activities

The following is a listing of housing activities that are eligible to be undertaken as determined by WICIRHTF, current priorities, and yearly activities will be identified in the Housing Assistance Plan.

#### Repair/Rehabilitation

- Rehabilitation of existing single-family housing (owner-occupied)
- Rehabilitation of existing low-income multi-family housing (rental)

#### New Construction

- Infrastructure and lot development for new affordable home construction
- New Construction of single-family housing (owner-occupied)
- New Construction of multi-family housing (owner-occupied)
- New Construction of single-family housing (rental)
- New Construction of multi-family housing (rental)

#### Demolition

- Demolition of substandard and/or uninhabitable housing

#### Funding Assistance

- Non-traditional loans for homebuyers who can't afford bank financing Down-payment and closing cost assistance grants or loans for homebuyers

#### Housing for Special Needs Populations

- Housing for handicapped/disabled persons such as wheelchair accommodations

Emergency housing repairs and environmental hazard reduction services

General LHTF Administration Services Homeowner Education Classes

Individualized housing information and training Referrals to other providers and agencies

## **8.2 Application Process**

Applicants will be served on a first come, first served basis with those on the waitlist being notified first of funding availability. Applications will be logged in by date of receipt of the application and not by request of an application. Applications will be processed in the order that they are received. Upon receipt, an applicant file with a checklist will be created for each applicant. Applications will not be considered complete until all required documentation is collected. Staff will move forward with projects in the order that applications are completed and approved. However, additional factors may be taken into consideration with respect to the timing of applicant approval, such as equitable distribution of funds throughout the service area, emergency nature of applicant need, etc.

Data Privacy:

Evidence of Fraud: Any administering party participating in the program shall refer evidence of fraud, misrepresentation, collusion or other misconduct on the part of the applicant or contractors in connection with the operation of the LHTF to the applicable state agency for investigation and legal action.

Misrepresentation: Any material misrepresentation on the part of an applicant revealed through the application process or otherwise may result in a determination of ineligibility.

The applicant shall be notified in writing of such determination and shall be given the opportunity to request an informal review upon the matter

## **8.3 Applicant Eligibility Requirements/Income Verification**

Applicant Eligibility Requirements: Applicants and their properties must meet Program eligibility requirements. The Program requirements below will be verified during the processing of the application.

## **8.4 Owner-Occupied**

In order for an applicant to be eligible for assistance, the applicant must occupy the property to be assisted as their principal place of residence, must own the property (i.e., be the owner of record), and must be able to show proof of ownership. Ownership and occupancy will be verified and documented through County and/or other public records.

Ownership means:

- Holding fee simple title to the property or
- Maintaining a 99-year leasehold interest in the property.
- Applicants must individually have a qualifying interest in the property consisting of at least one-third interest in fee title, one-third interest as purchaser under contract for deed, with consent of all parties, or a valid life estate recorded with the county.

Failure to meet occupancy standards will result in denial of application or repayment of the pro-rated principal balance of the forgivable loan.

## 8.5 Income Eligible

The LHTF will ensure the required objective of benefiting low- and moderate-income households is achieved. The LHTF is designed to benefit 100% households of low and moderate incomes as established by the U.S. Department of Housing and Urban Development (HUD).

In order for an applicant to be eligible for program assistance, the applicant must be income and asset eligible. Specifically, the applicant must have an annual (gross) household income with no adjustments or deductions subtracted that does not exceed the requirements established by the funding agency. An applicant's annual gross household income is "anticipated" for the future twelve-month period based on current circumstances or known upcoming income changes, all of which must be verifiable and documented in the Program files. Additionally, the applicant may not have liquid assets that exceed \$35,000.

For purposes of determining an applicant's annual gross household income, there are certain income inclusions (e.g., income from certain assets) and there are certain income exclusions (e.g., payments received for the care of foster children) that are taken into account. (Refer to HUD's "Technical Guide for Determining Income and Allowances for the HOME Program" for more detail).

Once an applicant's income has been verified, the verification is valid for twelve months only. The income verification must be updated if more than twelve months transpires from the initial verification and the actual commitment of the Program funds, or in the event of changes to the household size or income from the date of application to the date of service.

## 8.6 Income Verification

There are several methods for determining income; the most commonly required methods include Part 5 and IRS 1040 Adjusted. In most cases, the LHTF will use either the Part 5 or a modified version of the IRS 1040 Adjusted method. The verification process shall include:

- Collect and analyze appropriate income documentation for household members either through third-party verification or source documentation. Income documentation should include anticipated income changes for the upcoming 12 months, such as pay raises, overtime, family size, etc. Income verification that is older than six months will not be considered current and must be re-verified.
- Calculate applicant's projected household income based on documentation provided using an Income Calculation Worksheet. Compare household size and the calculated income to the appropriate HUD income limits to determine eligibility.
- Provide a copy of the income calculation worksheet to the applicant for their review and approval. Retain the signed and dated income calculation worksheet in the applicant file.

## **9. Property Requirements**

### **9.1 Location of Property**

To be eligible for WICIRHTF assistance, the property must be located within the area of Cherokee, Ida, Monona, Plymouth, and Woodbury Counties, excluding properties located within the city limits of Sioux City, IA.

### **9.2 Mortgage Payments/Bankruptcy**

The assisted property owner must be current regarding their mortgage payments. Applicants will not be eligible to receive funding if the property to be rehabilitated is in default of home mortgage, contract for deed, or comparable obligation, or if the applicant is currently involved in bankruptcy proceedings.

### **9.3 Property Taxes**

The assisted property owner must be current with regard to payment of their real estate property tax liability.

### **9.4 Property Insurance**

To be eligible for the assisted property must be covered by property insurance (homeowner's hazard and liability insurance) in an amount equal to, or greater than, the replacement cost of the property (land and buildings). The LHTF or program administrator should be named (included) on the assisted property owner's insurance policy as a mortgagee/loss payee throughout the affordability period.

## 9.5 Suitability for Rehabilitation

Property must be determined as a suitable candidate for rehabilitation to receive program funding. The determination will be based on structural viability, after rehabilitation market value, historic significance, cost of rehabilitation and housing replacement cost.

**Structural Viability:** This will be determined by the number and severity of the deficiencies associated with the structure. Funding from the LHTF and other leveraged sources must be available and able to address any major structural deficiencies.

### Condition of Property/Nuisance:

- To be eligible for LHTF assistance, the property must be free of garbage; debris; refuse; building materials (those not used for the rehabilitation project); abandoned, non- operational or junk vehicles; etc.
- The dwelling itself must be reasonably clean and sanitary; free of garbage, debris and refuse; uncluttered; and in such a state that permits reasonable access by the Rehabilitation Technician to conduct the initial inspection and, as applicable, conduct paint testing and a risk assessment of the property, and to the contractor(s) working on the property owner's project.

Assisted Properties must maintain these standards throughout the affordability period.

**Historic Significance:** Properties that possess historic significance will be reviewed outside of normal market value economic considerations.

**Infeasible Structures:** Depending on the extent of the rehabilitation work (the hard costs of rehabilitation) necessary to bring a dwelling and the property into conformance with Minimum Housing Rehabilitation Standards (as applicable), the community may find a dwelling that is structurally and/or financially infeasible to rehabilitate. The community will apply the following formula to all whole-house projects to determine if that project is feasible for rehabilitation.

If the community's estimated cost of rehabilitation (the hard cost of rehabilitation) is at, or greater than, fifty percent (50%) of the replacement value for that size of unit, the proposed project will be considered infeasible to rehabilitate.

NOTE 1: The estimated cost of rehabilitation would include all sources of funds.

NOTE 2: Replacement value will be based on sixty-five dollars (\$65) per square foot with no basement space figured in; not including porches, breezeways, or attached garages; and with no square footage cost differential in treating second (or more) floors in the computation of total square footage.

Where a dwelling is determined infeasible for rehabilitation using the above formula, the LHTF reserves the right to withdraw its offer of financial assistance toward that project and to its property owner.

Declaration as infeasible for rehabilitation: When a property is determined as infeasible for rehabilitation, the following information shall be considered:

- Initial inspection report
- Estimated cost of repairs
- Zoning/location
- After rehabilitation estimated value
- Historic review
- Economic factors\*

\*When a property is determined to be infeasible for rehabilitation due to economic factors, other factors must be considered before denial of assistance to the household. These factors include:

- Lack of other housing alternatives
- Cost of relocation
- Expense of housing alternatives
- Abnormal low market values due to depressed market

## 10. Emergency Situations

Generally, emergency status is determined by the availability of heat and water. Units that do not meet applicable Fire Code, Occupancy Codes, units that have health and safety hazards such as lead based paint with a child that has an elevated blood lead level, and units that fail to provide suitable shelter in some other obvious manner may be given priority for assistance; emergency applications will be viewed on a case-by-case basis.

## 11. Use of Property

Residential properties containing businesses may be rehabilitated only where it can be clearly shown that funds are not used to assist the business contained in or on the property. Funds can only be used to rehabilitate (and to make lead safe, as applicable) the residential portion of the dwelling or property, not the business portion. Property owner funds must be used to rehabilitate the non-residential (business) portion of the dwelling or property. The costs for rehabilitation of common areas and HVAC or other systems that serve both the residential and business portions of the dwelling or property must be prorated.

In assisted properties the housing components repaired/rehabbed must meet the applicable state's Minimum Housing Rehabilitation Standards.



Program files must reflect the methodology used by the community for allocating the costs between the residential portion (program fund eligible costs) and the business portion (program fund ineligible costs) of the project.

## **12. Manufactured Homes**

Manufactured homes may be assisted with Program funds only if all of the following criteria are met:

- The age of the manufactured home is 1976 or newer
- The manufactured home is permanently affixed to a site-built, permanent foundation and has had its towing hitch and running gear (including tongues, axles, brakes, wheels, lights and any other parts of the chassis that operate for the purpose of transportation) removed
- The manufactured home is installed on land also owned by the property owner to be assisted; and is taxed as real estate.
- Manufactured homes may be considered for emergency heat and water repairs only if they do not meet the above criteria.

## **13. Financing Terms**

Funding will be provided for approved projects based on the total project cost Types of investments fund will make:

### **13.1 No Duplication of Benefits**

WICIRHTF shall assure that no person will receive assistance as to which he or she has received financial assistance under any other federal or state program or from insurance or any other source (the “Duplication of Benefits Rules”). The recipient agrees to comply with the Duplication of Benefits Rules and to report any information with respect to the Duplication of Benefits Rules to the applicable entity and/or program staff as a condition to disbursements.

### **13.2 Matching Funds**

Matching funds may be obtained through a variety of sources including owner's personal savings, local lenders, USDA, or the like. Program staff will provide applicants with a list of matching sources, as they are available. Applicants who are approved for funding will be required to verify they have access to the required matching funds to complete the project. Applicant match funds must be provided to the WICIRHTF for deposit before

construction can start. If the applicant's matching funds fall through after contract execution, s/he will have a maximum of 60 days from the date of the construction contract to secure the required owner match to complete the project. If an applicant cannot secure an alternative matching source, the construction contract will be terminated.

### **13.3 Maximum Amount of Program Assistance**

The maximum assistance level is on the hard costs of rehabilitation (materials, labor and the contractor's overhead and profit) only, not the general administrative costs, lead hazard reduction costs, lead hazard reduction carrying costs, or temporary relocation costs necessary to complete the project. The maximum amount of assistance allowed may vary and is based on available funding. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with the funding priorities and adopted housing standards. A final determination of eligibility shall be made by the Program Administrator.

If the housing unit does not continue to be the principal residence of the original homeowner for the duration of the period of affordability, then the recapture or resale provision will apply.

Renter-Occupied Repair/Rehabilitation. Financing terms will be determined at the time the LHTF is operating renter-occupied repair/rehabilitation. When operational, the maximum assistance level may vary and is based on the decision of the WICIRHTF Board of Directors. Repair and Rehabilitation shall meet the Iowa Minimum Rehabilitation Standards.

Direct Assistance. Direct assistance may include down-payment assistance, closing cost assistance, and gap financing through LHTF Revolving Loan Fund. When operational, the financing terms may vary. In order for the assisted property owner to receive a receding forgivable loan, he or she must sign a security instrument (such as deed of trust, promissory note, mortgage lien, etc., as required by the funding source) to secure the full amount of the receding forgivable loan. The security instrument(s) will be recorded at the County Courthouse following the completion of the project.

### **13.4 Affordability Period**

The affordability period is five (5) years from the date of project completion. WICIRHTF will enforce the affordability requirements through the imposition of liens (such as Mortgages, Deeds of Trust, Promissory Notes, Deed Restrictions, recapture requirements, resale restrictions, or a combination of such).

Affordability restrictions may terminate upon the occurrence of events such as foreclosure or a transfer in lieu of foreclosure. Affordability restrictions shall be revived according to

their original terms if, during the original affordability period, the owner of record before the termination event, or any newly formed entity that includes the former owner or those with whom the former has or had family or business ties, obtains an ownership interest in the property.

The LHTF may, at its option, release the mortgage lien (and subsequent conditions of the assistance) against the assisted property when there are extenuating circumstances that would warrant or justify the Program's decision to do so, regardless of the age of the forgivable loan.

Repayments from loans, defaults, etc. are considered program income. Program income shall be used or disbursed in accordance with funding agency requirements. Where reuse of program income is allowed, reuse shall occur in accordance with funding agency requirements and the approved Reuse Plan.

At the end of the loan period, one hundred percent (100%) of the note and mortgage lien is forgiven. The community will release the assisted property owner's note and mortgage lien at the end of the affordability period.

If the assisted property becomes other than the assisted property owner's principal place of residence at any time during the affordability term (through sale, transfer, rental, or vacating or abandonment of the property), repayment of the principal amount, based on the pro rata schedule, is immediately repayable to the program.

Applicants are given the opportunity to rescind the assistance offered due to the fact that a lien, mortgage or other security interest will be filed against their property as a result of the assistance, if accepted and executed.

In the event of future liens, mortgages or security interests filed on an assisted property owner's property (e.g., a refinancing), the program may, at its discretion, subordinate its mortgage lien to any future liens, mortgages, or other security interests.

### **13.5 Monitoring and Documentation During the Affordability Period**

The LHTF will be responsible for monitoring and maintaining documentation of such monitoring on a current basis and continuing through the affordability period.

### **13.6 Unsecured Program Funds Assistance**

The receding forgivable loan discussed previously is a direct form of assistance financially secured through a security instrument, such as deed of trust, mortgage lien, etc. filed on / against the assisted property.

The LHTF may apply additional funds toward individual rehabilitation projects undertaken that may or may not be secured against the assisted property owner's properties.

The program may incur costs for the administration of its owner-occupied rehabilitation program (general administrative costs and direct, project specific housing management costs). The program may also incur costs for lead hazard reduction activity on target housing projects (as applicable) as well as lead hazard reduction carrying costs involved in doing such activity on those projects. LHTF funds may also be used for costs incurred in the temporary relocation of the occupants of assisted target housing, including their belongings, if interior rehabilitation that disturbs painted surfaces, known or presumed to be lead-based paint, and/or interior lead hazard reduction takes place.

## 14. Construction Projects

### 14.1 Eligible/Ineligible Rehab Items

WICIRHTF funds are only allowed to be used for certain rehabilitation items. Rehabilitation items will be discussed with applicants during the initial property inspection. Eligible rehabilitation items include:

- Removal of health, safety and/or other hazards to bring the rental unit into compliance with the Iowa Minimum Rehabilitation Standards. For example: electrical outlet replacement, smoke/CO detectors, lead based paint remediation, etc., or, Improvement/replacement of roofing, siding, plumbing, water supply, septic systems or wiring may be eligible for repair; or,
- Improvement of the structure's energy efficiency. For example: increasing insulation, installing new windows and doors; or,
- Modify or rehabilitate the housing unit to make it accessible for a disabled member of the household. Accessibility Improvements may include structural, exterior, bathroom, kitchen and other improvements necessary to enable a handicapped person to function independently in the residential setting
- Other rehabilitation items found suitable by the Rehabilitation Technician

Funds may not be used to finance any of the following (except for necessary replacement undertaken in connection with eligible improvements):

- Freestanding or built-in kitchen appliances unless needed to meet HQS standards
- Landscaping not associated with eligible activity (i.e., lead, grading, etc.)
- Additions to structure/basement finishing
- Fireplaces or woodstoves (unless a health/safety issue)
- Window/door coverings (curtains, blinds, etc.)
- Garages/Outbuildings (unless clearly hazardous or lead hazards present)
- Air Conditioning (unless needed for medical purposes)

- Recreational items (swimming pools, tennis courts, saunas)
- Decks (new)
- Patios (new)
- Fences (new or repair)
- 200-amp service unless needed (then justify)
- Driveways, sidewalks (unless health or safety issues)
- Water softeners
- Garage door opener (unless handicap accessible improvement)
- Work began or completed before the date of the Notice to Proceed order
- Improvements not consistent with established standards
- The refinancing of any existing mortgage or debt
- No deferred loans shall be paid to program participants for any improvements made under this program who have sold their home prior to execution of the Completion Certificate

## **14.2 New Construction or Reconstruction Standards**

All new construction and reconstruction shall be designed and constructed in accordance with all locally adopted and enforced building codes, standards and ordinances in the community in which the dwelling is located. If the community in which the dwelling is located has not adopted any such building codes, standards, or ordinances, construction shall meet all requirements of the State and/or the International Building Code. All dwellings constructed or reconstructed shall meet the requirements of the code published by the applicable authority.

## **15. Construction Project Steps**

### **15.1 Initial Property Inspection**

Following eligibility determination and verification, the Rehabilitation Technician will arrange with the property owner a date and time in which to conduct an initial inspection of the property to be assisted.

The purpose of the initial inspection is to determine the scope of work to be accomplished with the rehabilitation of that property (i.e., the hard costs of rehabilitation). The initial inspection for the Emergency/Priority Program will be conducted in order to verify the condition of the priority identified component(s), system(s) and/or equipment of the property owner's dwelling and property. The initial inspection will be conducted in order to verify the presence and condition of all components, systems and equipment of the property owner's dwelling and property, and to identify any and all items that do not conform Iowa's Minimum Housing Rehabilitation Standards (as applicable) for inclusion in

the work write-up for that dwelling.

The first notification requirement for target housing is to convey general information to the property owner about the dangers of lead-based paint. The Program may use either the Environmental Protection Agency's (EPA's) standard pamphlet entitled "Protect Your Family from Lead in Your Home" or the Iowa Department of Public Health's (IDPH's) standard pamphlet entitled "Lead Poisoning - How to Protect Iowa's Families" for this purpose.

Project files must be documented indicating that the property owner(s) has received this required notice. The Program will use either the EPA Pamphlet - "Acknowledgement of Receipt" form or the IDPH Pamphlet - "Acknowledgement of Receipt" form for this purpose. Both acknowledgements of receipt forms require the property owner's signature and date of their receipt.

Project files must be documented with a copy of the initial inspection report, signed (or initialed) and dated by the Program staff or contractor who performed the initial inspection.

## **15.2 Work Write-Up (Project Specifications)**

From the data and information gathered during the initial inspection, a work write-up (or project specifications as they are often referred to) will be generated. The work write-up is first used in the formulation of a cost estimate. The work write-up eventually becomes a part of the bid documents needed for the procurement of a contractor(s).

## **15.3 Infeasible Structures and After-Rehabilitation Market Value Determination**

Depending on the extent of the rehabilitation work (the hard costs of rehabilitation) necessary to bring a dwelling and the property as a whole into conformance with Iowa's Minimum Housing Rehabilitation Standards (as applicable), the LHTF may find a dwelling that is structurally and/or financially infeasible to rehabilitate. The LHTF will apply the following formula to all projects to determine if that project is feasible for rehabilitation.

If the estimated cost of rehabilitation (the hard cost of rehabilitation) is at, or greater than, fifty percent (50%) of the replacement value for that size of unit; the proposed project will be considered infeasible to rehabilitate.

The 50% replacement value can be increased in certain circumstances and shall be on a case-by-case basis and reviewed by the LHTF staff.

Where a dwelling is determined infeasible for rehabilitation the LHTF reserves the right to withdraw its offer of financial assistance toward that project and to its property owner.

#### **15.4 Level of Benefit/Financial Commitment**

The level of benefit available to eligible applicants can best be described as the preliminary projection of program funds to be applied toward a rehabilitation project.

In effect, the Program can make a tentative financial commitment to the applicant for the rehabilitation work (the hard costs of rehabilitation) necessary to bring that dwelling into conformance with the applicable rehabilitation standards. The actual costs of rehabilitation, and from what sources of funds rehabilitation costs will be covered, may need to be reevaluated following the procurement of a contractor(s) when the actual rehabilitation cost of the project is known. The Program's focus at this point is only on the rehabilitation costs (i.e., those that will be secured against the assisted property owner's property).

#### **15.5 Scope of Work Determination**

Program staff will originate a rehabilitation scope of work from information collected from the initial property inspection. The homeowner will participate in the creation of the scope of work and will sign an owner approval form once they are satisfied with the scope of work. The final draft scope of work will be provided to contractors through the bidding process.

#### **15.6 Contractor Requirements**

To participate as a contractor in the owner-occupied rehabilitation program, the following minimum requirements must be met. All contractors must:

- Be registered with the State of Iowa Department of Labor
- Meet any and all local or state licensing and/or certification requirements
- Be able to provide evidence of training received in lead safe work practices as
- Provide current and active insurance certificates that document sufficient insurance coverage in the amounts specified on the application form and
- Be approved by the IDED or the NDED as not being on the U.S. Department of Housing and Urban Development (HUD's) or the U.S. Department of Labor's (DOL's) lists of debarred or suspended contractors (for CDBG funded projects).
- Contractors will submit bids based on the bid specifications and approved scope of work prepared by the Housing Program. Participating contractors will be allowed to

bid on all rehabilitation projects. However, the Program will closely monitor the number of jobs that contractors receive to ensure that work is carried out in a timely manner. The LHTF will also consider owner's satisfaction of workmanship and will have the authority to remove contractors from the participating contractor list.

## **15.7 Contractor Procurement**

For Whole-House Program projects, the procurement of contractors for individual rehabilitation projects (including any lead hazard reduction activity), or various components of rehabilitation projects, where projects are broken down into components, will be undertaken by the LHTF staff. For Emergency/Priority Program projects, the procurement of contractors may be undertaken by either the homeowner or by LHTF staff.

Upon completion of the final work write-up and bid documents, the Program may publicly advertise for bids in at least one local newspaper of general circulation, notify all known area contractors (those contractors identified through the Program's contractor marketing efforts and that meet the requirements above), in writing, inviting them to bid on the Housing Program's projects as they are undertaken.

A responsible bidder is a contractor that has met the requirements of the above section and all other material terms and conditions of the bid documents. Contractor's bids need to be typewritten or completed in ink. Contractor's bids submitted in pencil will not be accepted.

Following the opening of all bids, the Program will perform a verification of the bids received (i.e., to ensure true itemized bids submittal, to verify and to recalculate the contractor's figures, to consider any alternate bids sought after and received, etc.).

The successful bidder(s) will be notified, in writing, of the Program's intent to award them a contract. All unsuccessful bidders will also be notified, in writing, by the Housing Program.

## **15.8 Contract Execution and Termination**

Following contractor(s) procurement, but prior to the award of a construction contract(s), the Program will reevaluate the source(s) and amount of assistance to be applied toward that project; review dates of income verification documents and if more than six months old, shall receive updated income documentation from applicant and re-verify income; secure all non-program funds; and finalize its financial commitment of program funds to that property owner. The Program's loan documents (the receding forgivable loan) will be prepared for signing.

Following notification(s) of award to the successful contractor(s), arrangements will be



made with all parties to formally execute the rehabilitation construction contract(s). Prior to contract(s) execution, the successful contractor(s) must submit a complete list of the materials and equipment suppliers and a complete list of subcontractors intended to be used. Concurrent with the signing of a contract(s), the property owner will execute the promissory note and mortgage lien and/or repayable loan documents.

Selected contractors will enter a contract with the Program for work to be performed. The contract will outline the terms for completion of the rehabilitation and will include the following:

- General conditions
- Timeframe for completion
- Warranties
- Special conditions
- Amount of contract
- Change order procedures
- Payment terms
- Termination procedures

Frequently, contract execution and loan documents signing, as well as obtaining the contractor(s) lists of suppliers and subcontractors and the actual issuance of the notice(s) to proceed, will take place during the scheduled pre-construction conference.

A contractor's contract may be terminated due to the following circumstances:

- Poor work performance on the job site and the demonstrated inability to rectify poor workmanship
- Contractor is causing undue damages to the property and showing an inability or unwillingness to correct the damages. The cost of repairing damages will be deducted from any money owed the contractor for work already completed
- Where collusion or fraud has been determined to exist on the part of the contractor
- Lack of sufficient insurance coverage
- Inability of the contractor to perform the work within the allotted time
- Irreconcilable and irresolvable differences between the contractor and the owner

The cost of repairing poor workmanship and the higher costs of awarding the bid to another bidding contractor shall be deducted from any amount owed to the initial contractor for work completed. In all cases, the contractor shall be given the opportunity to rectify the problem before contract cancellation procedures are instituted. The LHTF shall adhere to the following procedures when negotiating a workmanship problem:

- A meeting will be scheduled at the job site with the contractor and homeowner to attempt to come to a consensus about the problem and solution

- If problem persists, LHTF staff shall contact the contractor by certified mail notifying the contractor that the workmanship is still poor and specifying areas that need to be addressed to satisfy the contract. The letter will give the contractor fifteen (15) days to make the required repairs
- Contractors who are removed from a contract shall be removed from the participating contractor's list and shall be prohibited from bidding on WICIRHTF projects.

## 15.8 Pre-Construction Conference

Prior to the start of construction, Program staff will hold a pre-construction conference with the property owner and the contractor(s) awarded the contract(s). At the pre-construction conference, the final work write-up(s) (project specifications) will be reviewed by all parties, line item by line item, to ensure a thorough understanding of the work to be accomplished. Additional topics to be discussed at the pre-construction contract include, but are not limited to:

- Timing and coordination of the sequence of the work (especially when and where lead hazard reduction activity or rehabilitation work that disturbs painted surfaces, known or presumed to be lead based paint, are to be accomplished, and/or if the project entails multiple contracts covering various components of the entire project)
- Obtain the contractor(s) lists of suppliers and subcontractors.
- Temporary relocation issues, as applicable (i.e., conveyance of the details of the community's temporary relocation offering, responsibilities, timing and coordination, packing and moving, storage, secured property owner non-access to work area(s) during interior lead hazard reduction work, specialized cleaning, clearance testing and final visual assessment, and the Program's authorization of re- occupancy following completion and successful clearance testing); and
- Safe work practices and OSHA requirements, as applicable.

Additionally, the responsibilities of all parties to the contract(s) need to be thoroughly discussed. The various processes and procedures involved in completing the project also needs to be covered (e.g., change order procedures, contractor payment processes, various lead hazard reduction requirements, grievance / dispute resolution procedures, etc.).

Homeowners are expected to participate in their project by communicating with contractors when they have questions about work items, scheduling or any other concerns that may arise. It is expected that homeowners and contractors will communicate any issues or problems that arise to WICIRHTF staff.

## 15.9 Notice to Proceed

Upon loan closing and contract execution, Program staff will communicate with contractor to determine construction start time. Program staff will issue a Notice to Proceed to the contractor and will provide a copy to the homeowner. The notice will allow the contractor a pre-determined amount of time as established in the contract to complete the specified work. The pre-determined amount of time will be the allotted amount of time except under the following conditions:

- The work is weather dependent and weather conditions have not allowed for the completion of the work
- The Notice to Proceed is issued too late in the building season to allow weather dependent work to be completed on time
- The selected contractor is too heavily committed to perform the work within the allotted time and informs the homeowner and LHTF staff of the situation. A work schedule will be established that is acceptable to the homeowner, the Housing Program, and the contractor
- Unforeseen difficulties develop with the approved work and force a delay

Where projects are accomplished with several individual contracts in lieu of one general contract, the timing and coordination of issuing notices to proceed will need to be considered and handled accordingly.

Failure to begin work within the first 30 days will be grounds to terminate the contract unless unforeseen weather issues affect the start date or unless a later start date has been pre-approved by the Program.

## 15.10 Temporary Relocation

The occupants (i.e., the property owners) and their personal belongings will be fully protected during any rehabilitation work that disturbs painted surfaces (known or presumed to contain lead-based paint) and during any lead hazard reduction activity. During the course of any interior rehabilitation that disturbs painted surfaces (known or presumed to be lead-based paint) and/or any interior lead hazard reduction activity, the occupants and some or all of their personal belongings may be temporarily relocated. Any personal belongings not temporarily relocated (e.g., large pieces of furniture, etc.) will be protected (e.g., covered and sealed) so that they will not become contaminated with lead-contaminated dust or construction debris during such interior work.

As with the temporary relocation of the occupants of the assisted dwellings during any interior lead-based paint related rehabilitation work and/or lead hazard reduction activity, some, if not all, of the occupant's belongings must also be temporarily relocated

(or adequately protected) and relocated prior to the start of such interior work. The occupant's belongings will be relocated to a safe and secure location (e.g., a lockable storage facility) accessible only to their owners. Any personal belongings not temporarily relocated (such as large pieces of furniture) must be covered and sealed to prevent possible contamination from lead-contaminated dust or construction debris during interior lead-based paint related rehabilitation and/or lead hazard reduction activity.

### **15.11 Contract Supervision**

Throughout the term of construction and/or lead hazard reduction activity, all individual rehabilitation projects, the rehabilitation technician and/or project inspector will oversee the work of the contractor(s) and any subcontractors doing the work.

Construction supervision will be accomplished primarily through periodic and frequent work-in-progress inspections by the Rehabilitation Technician and/or inspector. Inspections relating to contractor payment requests, any community required (e.g., building or housing code required) inspections, and any inspections relating to change order requests will all occur as necessary.

Periodic inspections may also be necessary during rehabilitation that disturbs painted surfaces, known or presumed to contain lead-based paint, and/or during lead hazard reduction activity as well as during cleaning done for the purpose of clearance testing and final visual assessment. The primary purposes of these inspections are to ensure that contractors are following required safe work practices and applicable OSHA requirements. The Program's Rehabilitation Technician should wear appropriate protective clothing and equipment during such inspections.

All inspections will be documented in individual project files.

The main purpose of construction supervision is to ensure that all work specified in individual project work write-ups is completed, completed in a satisfactory workmanship-like manner, and completed in a timely manner.

### **15.12 Change Orders**

During the course of construction, it may be necessary to change the work write-up on any given project. Changes occur with any addition to or with any deletion of items to be accomplished, or with any other change that may occur to the original, as-bid, work write-up that alters the scope of work in any way. Change orders are needed for any and all substitutions that are made to the project as well, even if the dollar value of that work item remains unaffected.

Any, and all changes to the contract work write-up require a fully executed change order signed by all parties to the contract. Change orders need to be contained in individual project files.

Change orders are an extension of the original project specifications (work write-up). Change orders need to detail all changes, be clear, concise and accurate, and be prepared individually listing all items if more than one item is included in the change order. The contractor's costs associated with all items listed within change orders must also be itemized.

Change orders will specify what the change is and the increase/deduction in the contract amount. Costs may be the responsibility of the homeowner and, if so, these funds must be placed in the appropriate escrow account. Program funds may not be eligible for change order items if change order work is completed before approval is received. Change orders will be allowed only for the following reasons.

- To rectify hidden deficiencies discovered once work has started
- To change a specification due to unforeseen difficulties arising after work has started
- To address a deficiency that was inadvertently dropped from the project during scope of work origination
- To approve changes in the contract time period

### **15.13 Contractor Payment Procedures**

All payments to contractors are to be based on work completed at the time of the payment request. No pre-payments are allowable for any reason. With all payment requests received by the Program staff, the Rehabilitation Technician will make an inspection to verify that work (work for which payment is sought) has been completed. No payment requests will be honored prior to the Rehabilitation Technician conducting an inspection.

All materials, supplies and equipment purchased by the contractor(s) (including subcontractors) for a particular rehabilitation project must be satisfactorily installed prior to the Program making payment for those items on that project. Payment requests for materials, supplies and equipment stockpiled on a job site and not yet installed will not be honored until the contractor (or subcontractor) has satisfactorily installed them.

Contractors may be paid lump sum at the completion of projects or may seek partial payments throughout construction with a final payment request at the completion of the project.

In addition to a required inspection prior to making payment to contractors, the Program must receive fully executed lien waivers from contractors for all materials and supplies, equipment, and labor costs for which payment is being sought. Where partial payment requests are made by contractors, fully executed partial lien waivers are also necessary

prior to honoring the contractor's partial payment request.

Specifically, all fully executed lien waivers applicable to the first partial payment request must be received before payment will be made on the contractor's second partial payment request. Subsequent partial payment requests will follow this procedure, whereby lien waivers for the previous partial payment request are required prior to honoring subsequent partial payment requests. For final payment, fully executed lien waivers are required prior to the final payment, including the payment of funds previously withheld (retainage) from partial payments.

All lien waivers received from contractors (partial and final lien waivers) need to be reviewed and checked against the "Project Subcontractors / Suppliers" list that submitted by the contractor prior to the start of construction.

The property owner's concurrence and acceptance of all work for which payment is being sought must be obtained prior to making any partial or final payments to contractors. Refer to the Project Acceptance/Completion section below regarding property owner concurrence and acceptance of final payment.

## **15.14 Project Completion/Acceptance**

Upon completion of the project staff will conduct a final inspection of the rehabilitation work accomplished on that project. The final inspection will be conducted by the Program Administrator and/or Rehabilitation Technician in the presence of the property owner. It is desired that the contractor(s) attend the final inspection to make note of and to clarify any unfinished and/or questioned work.

The final inspection is made to ensure that all work was completed and was accomplished in accordance with the work write-up and any change orders that were issued, and to ensure that work was accomplished in a satisfactory manner.

Should any rehabilitation work items remain unfinished or in need of rework, a punch-list will be formulated and presented to the contractor(s) for finalization prior to final acceptance and final payment authorization. If work or rework remains, a time frame for completion of such items will also be specified in the punch-list.

When all work is determined to have been satisfactorily completed, the Program Administrator will execute a Final Completion and Acceptance form. This form requires the actual date of completion and acceptance as well as the signatures of all parties to the contract(s). The date on the Final Completion and Acceptance form signifies the start of the required period (term) tied to the Program's receding forgivable loan.

Following the execution of the Final Completion and Acceptance form, the final payment will be made, once all lien waivers have been executed by the contractor and are in the Program's possession. Prior to making final payment to the contractor, all manufacturers and supplier's warranties must have been conveyed to the property owner by the contractor.

After project completion, loan documents will be recorded with the county in which home is located. A Closeout letter will be sent to homeowner and will include copies of all recorded loan documents, signed completion certificate, signed contractor documents, and annual certification schedule as described in the Monitoring and Documentation during the Affordability Period section.

# DEFINITIONS:

## A

Adjusted (Gross) Household Income: The definition of adjusted (gross) household income, as used for the community's owner-occupied rehabilitation program, is the same as the definition used in the U.S. Department of Housing and Urban Development's (HUD's) Section 8 Housing Assistance Payments programs (24 CFR, Part 813). Adjusted income is annual (gross) household income reduced by certain deductions for dependents, elderly households, medical expenses, childcare, and expenses related to assistance for persons with disabilities. Adjusted (gross) household income is used only to determine the level of benefit available to the community's applicants. (Refer to Section 7.4 and 7.11 for more detail on how an applicant's adjusted (gross) household income is used in the community's owner-occupied rehabilitation program).

After-Rehabilitation Value: Some federal (HOME) and state funds require that the value of the assisted property **after rehabilitation** must not exceed 95 percent of the median purchase price for the area, as published by HUD, or, in accordance with the Final Rule, as determined locally through market analysis. After-rehab value can be established by one or more of the following methods:

Appraisals: Appraisals, whether prepared by a licensed fee appraiser or by a staff appraiser of the PJ, may be used. Project files must document the appraised value and the appraisal approach used.

## B C

Certified Lead Professional: Certified Lead Professional means a person who has been certified by the Iowa Department of Public Health as a Lead Inspector / Risk Assessor, Elevated Blood Level (EBL) Inspector / Risk Assessor, Lead Abatement Contractor, Lead Abatement Worker, Project Designer, Sampling Technician, or Lead-Safe Renovator.

Chewable Surfaces: Means interior or exterior surfaces painted with lead-based paint or presumed to be painted with lead-based paint that a young child could mouth or chew (previously known as accessible surfaces).



Community: Community, as used in this document, means the recipient of the IDED's Housing Fund (i.e., funds awarded for the owner-occupied housing rehabilitation program).

## D

De Minimis Levels: The application of safe work practices to rehabilitation projects by the participating contractors and subcontractors is not required when rehabilitation work and/or lead hazard reduction activities do not disturb painted surfaces that total more than: Twenty (20) square feet on exterior surfaces.

Two (2) square feet in any one interior room or space, or

Ten percent (10%) of the total surface area of an interior or exterior component with a small surface area (e.g., windowsills, baseboards, trim, etc.).

Development Subsidy: A development subsidy is the difference between the cost of developing or producing the housing unit and the market value of the housing unit. A development subsidy does not go directly to the applicant, but it makes the development of an affordable housing unit more feasible.

Direct Subsidy: A direct subsidy consists of any financial assistance that reduces the purchase price of the assisted unit from fair market value to an affordable price, or otherwise subsidizes the purchase (e.g., down payment or closing cost assistance, subordinate financing).

Dust-Lead Hazard: Dust-lead hazard means surface dust in residential dwellings that contains a mass-per-area concentration of lead equal to or exceeding 40 micrograms per square foot on floors, 250 micrograms per square foot on interior windowsills, and 400 micrograms per square foot on window troughs based on dust wipe samples. A dust-lead hazard is present in a residential dwelling when the weighted arithmetic mean lead loading for all single-surface or composite samples of floors and interior windowsills is equal to or greater than 40 micrograms per square foot on floors, 250 micrograms per square foot on interior windowsills, and 400 micrograms per square foot on window troughs based on dust wipe samples.

## E

Estimates of value: Estimates of value by the PJ or subrecipient may be used. Project files must contain the estimate of value and document the basis for the value estimates.

Estimated Market Value (EMV): EMV is the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to fair sale. In summary, market value is the price that would tend to prevail under typical, normal, competitive open market conditions. EMV is evaluated by assessment of the existence and character of conditions such as location, size of the parcel, improvements and amenities that affect what buyers would pay for a property and that contribute to the property's market value and review of actual local sales information on recent nearby equivalent types of property.

## F

Friction Surfaces: Friction surfaces mean interior or exterior surfaces that are subject to abrasion or friction, including, but not limited to, certain window, floor and stair surfaces.

## G

Gut Rehabilitation: Gut Rehabilitation means general replacement of the interior of a home that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls.

Gross Annual Income: Includes salary, commission, bonuses, interest dividends, tips, capital gains or sales of securities, annuities, pensions, rental property income (adjusted as allowed by the IRS), partnerships, estate or trust income, child support, alimony, social security, aid to families with dependent children, and miscellaneous income. Gross annual income from self-employment shall be deemed to be the net profit from said self-employment, as declared by the applicant in Schedule C, F, or E, Part III, as appropriate, of the IRS for 1040 and including all depreciation as income. Temporary, non-recurring or sporadic income as defined by HUD shall not be considered as part of a household's gross annual income.

## H

Household: Household means one or more persons occupying a dwelling.

Hazardous Lead-Based Paint: Hazardous Lead-Based Paint means lead-based paint (known or presumed to be lead-based paint) that is present on a friction surface where there is evidence of abrasion or where the dust-lead level on the nearest horizontal surface underneath the friction surface (e.g., the windowsill or floor) is equal to or greater than the dust-lead level; lead-based paint that is present on an impact surface that is damaged or otherwise deteriorated from

impact; lead-based paint that is present on a chewable surface; or any other deteriorated lead-based paint in the residential dwelling or on the exterior of the residential dwelling.

## I

Impact Surfaces: Impact surfaces mean interior or exterior surfaces that are subject to damage by repeated sudden force, such as certain parts of door frames.

Infeasible to Rehabilitate: If the estimated cost of rehabilitation (the hard cost of rehabilitation) is at, or greater than, fifty percent (50%) of the replacement value for that size of unit, the proposed project will be considered infeasible to rehabilitate. The estimated cost of rehabilitation would include all sources of funds, not just the program funds.

Interim Controls: Interim controls means a set of measures designed to temporarily reduce human exposure to lead-based paint hazards, including repairing deteriorated lead-based paint, specialized cleaning, maintenance, painting, and temporary containment. For the purpose of this program, interim controls must address all lead-based paint hazards in the assisted housing. The lead-based paint hazards must be identified by an Iowa certified lead inspector / risk assessor or an Iowa certified elevated blood lead (EBL) inspector / risk assessor through paint testing and a risk assessment.

Iowa Department of Economic Development (IDED): The IDED is the primary funding source for the community's owner-occupied rehabilitation program through its federally (HUD) financed program known as the Housing Fund.

Iowa Department of Public Health (IDPH): In Iowa, the IDPH is the regulatory agency overseeing, in part, the Lead-Based Paint Activities Training and Certification program. The IDPH also establishes minimum work practice standards for lead professional activities.

## J K L

Lead-Based Paint: Lead-based paint means paint or other surface coatings that contain lead greater than or equal to 1.0 milligram per square centimeter or greater than 0.5 percent by weight. Lead-based paint is present on any surface that is tested and found to contain lead greater than or equal to 1.0 milligram per square centimeter or greater than 0.5 percent by weight and on any surface like a surface tested in the same room equivalent that has a similar painting history and that is found to be lead-based paint.

Lead-Based Paint Hazard: Lead-based paint hazard means hazardous lead-based paint, a dust-lead hazard, or a soil-lead hazard.

Lead Hazard Reduction: Lead hazard reduction means the reduction of lead-based paint hazards through interim controls or standard treatments. For purposes of this program, lead hazard reduction activities temporarily reduce lead-based paint hazards.

Lead Hazard Reduction Carrying Costs: Lead hazard reduction carrying costs are basically administrative in nature. Lead hazard reduction carrying costs are the additional costs incurred by the community's lead professional staff to ensure that target housing is lead safe at the completion of the rehabilitation project following required clearance testing and final visual risk assessment. Lead hazard reduction carrying costs include, but are not limited to, required notifications and reports (preparation and/or conveyance), required paint testing and risk assessment (including laboratory analysis costs) or presumption of lead-based paint and/or lead-based paint hazards, visual risk assessment following the presumption of lead-based paint and/or lead-based paint hazards, revising project work write-ups to include lead hazard reduction activities and methodologies, construction oversight to ensure that safe work practices are used by participating contractors and subcontractors, and clearance testing and final visual assessment (including laboratory analysis costs).

Lead Professional: Lead professional means a person who conducts lead abatement, lead inspections, elevated blood lead (EBL) inspections, lead hazard screens, risk assessments, visual risk assessments, clearance testing after lead abatement, or clearance testing after interim controls, paint stabilization, standard treatments, or rehabilitation pursuant to 24 CFR 35.1340.

Lead Safe: "Lead safe" is the temporary condition of assisted housing immediately following the application of interim controls, paint stabilization, or standard treatments to temporarily reduce lead-based paint hazards and upon passing clearance testing and final visual assessment that meets the Iowa Department of Public Health (IDPH) standards. Lead hazard reduction measures incorporated into the community's target housing rehabilitation projects (including paint stabilization, interim controls, and standard treatments) only temporarily reduces exposure by the occupants of the dwelling to lead-based paint hazards. Lead hazard reduction activity does not result in the assisted property being permanently free of lead-based paint and/or lead-based paint hazards. Additionally, rehabilitation projects receiving \$5,000 or less in Housing Fund assistance (for the hard costs of rehabilitation) are not considered lead safe, only those areas (components) of the dwelling specifically addressed with, or affected by, the rehabilitation work and/or lead hazard reduction activity and has passed clearance testing and final visual assessment are considered "lead safe", not the entire dwelling.

Lead Safe Housing Regulations: The Lead Safe Housing Regulations are technically known as the “Requirements for Notification, Evaluation, and Reduction of Lead Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule” found at 24 CFR Part 35 et.al.

## M

Major Damage: Major Damage means, with respect to a home, a home has sustained structural or considerable damage, is uninhabitable and requires extensive repairs. Any of the following may constitute “Major Damage”: (a) substantial failures to structural elements of a home (e.g., walls, floors, foundations), (b) damage to a home exceeds \$10,000, or (c) damage to a home that will take more than 30 days to repair.

Median Household Income: Median household income means the area median household income established annually by HUD, by county, and based on household size.

Minor Damage: Minor Damage means, with respect to a home, a home is damaged and uninhabitable, but may be made habitable in a brief period of time. Any of the following may constitute “minor Damage”: (a) a home can be repaired within thirty (30) days, (b) a home has more than \$100 and less than \$10,000 of damage, or (c) damage repair costs are less than 50% of the Replacement Value of such home.

## N O P

Paint Stabilization: Paint Stabilization means repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint from surfaces to be treated, and applying new paint or other protective coating pursuant to 24 CFR Part 35.

Paint Testing: Paint Testing means the process of determining, by a certified lead inspector / risk assessor or certified elevated blood lead (EBL) inspector / risk assessor, the presence or absence of lead-based paint on deteriorated paint surfaces or painted surfaces to be disturbed or replaced pursuant to 24 CFR Part 35 et.al.

Prohibited Methods of Paint Removal: The following methods shall not be used to remove paint that is, or presumed to be, lead-based paint:

Open flame burning or torching

Machine grinding or sanding without high efficiency particulate air (HEPA) local exhaust control

Abrasive blasting or sandblasting without HEPA local exhaust control  
Heat guns operating above 1,100 degrees Fahrenheit  
Dry sanding or dry scraping (except dry scraping in conjunction with heat guns or within one foot of electrical outlets, or in areas that fall within the de minimis levels); or  
Paint stripping in poorly ventilated space using volatile strippers.

Program Funds: Program funds, as used in this document, means HUD funds awarded to the community from the IDED's Housing Fund, even though there may be other HUD funds or other federal funds used in the community's owner-occupied rehabilitation program.

Program Income: Program Income shall have the meaning for such term set forth in 24 CFR 570.500(a).

## Q R

Recapture Provisions: Ensure recouping of program funds. Several recapture options are available; two of the most commonly used being:

The entire amount of subsidy, or the "net proceeds" from sale (if such net proceeds are less than the entire amount of the subsidy) will be recaptured. Net proceeds in this context means the sales price of the home minus loan repayments (other than repayment of funds) and minus normal closing costs.

OR

The subsidy to be recaptured may be reduced on a pro rata basis comparing the years (rounded down to the nearest whole year) the homeowner has owned and occupied the housing, measured against the required affordability period. To illustrate application of this formula, if a homeowner has owned the housing for four years as against a 10-year period of affordability associated with a \$20,000 assistance amount, the calculation of the pro rata required recapture is:

$4/10 \times \$20,000 = \$8,000$  reduction. \$20,000 total assistance minus \$8,000 pro rata reduction = \$12,000 to be recaptured.

Rehabilitation Standards: Rehabilitation standards, for the purpose of the community's owner-occupied rehabilitation program, are Iowa's Minimum Housing Rehabilitation Standards, as revised August 2008 (applicable to all communities with a population of less than 15,000 where no other local codes, standards or ordinances exist).

Replacement Value: Replacement value means the average of three (3) submitted bids for replacement of a Home subject to Reconstruction. For purposes of determining that a housing unit is infeasible to rehabilitate, replacement value will be based on sixty-five dollars (\$65) per square foot with no basement space figured in; not including porches, breezeways, or attached garages; and with no square footage cost differential in treating second (or more) floors in the computation of total square footage.

Resale Restrictions: Resale restrictions must ensure that the housing is made available for subsequent sale only to a program eligible buyer and that such buyer will use the property as their principal residence.

## S

Safe Work Practices: Safe Work Practices include a) prohibited methods of paint removal; b) occupant protection; c) work site preparation; d) worker protection; e) specialized cleaning; and f) the de minimis levels.

Standard Treatments: Standard treatments means a series of hazard reduction measures designed to reduce all lead-based paint hazards in a residential dwelling without the benefit of a lead-based paint inspection and a risk assessment. Standard treatments consist of the stabilization of all deteriorated interior and exterior paint, the provision of smooth and cleanable horizontal interior hard surfaces, the correction of dust-generating conditions (i.e., conditions causing rubbing, binding, or crushing of surfaces presumed to be coated with lead-based paint), and the treatment of bare soil to control presumed soil-lead hazards.

Soil-Lead Hazard: Soil-Lead Hazard means bare soil on residential real property that contains total lead in excess of 400 parts per million for the dripline, mid-yard, and play areas. A soil-lead hazard is present in a dripline, mid-yard, or play area when the soil-lead concentration from a composite sample of bare soil is equal to or greater than 400 parts per million.

## T

Target Housing: Target housing generally means any housing constructed prior to January 1, 1978. Refer to the Lead Safe Housing regulations found at 24 CFR Part 35 for exemptions.

Tax assessments: Tax assessments for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value *if* the assessment is current and accurately reflects market value *after* rehabilitation.

# U

U.S. Department of Housing and Urban Development (HUD): HUD is the funding source for the IDED's Housing Fund.

# V W

# X Y Z