



# **DRAFT CDBG/HOME/ADDI PROGRAM POLICY AND PROCEDURES MANUAL**

## **SUBJECT: CDBG ACQUISITION AND DEMOLITION STANDARDS**

### **PURPOSE**

The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities. This is achieved by providing decent housing, a suitable living environment, and expanding economic opportunities. All activities must meet one of the national objectives: benefiting persons who are low-and-moderate income, preventing or eliminating slums or blight, or meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

The national objective that will be met by this program depends on the final use of the property. When property is acquired for the purpose of clearance to remove specific conditions of blight or physical decay, the clearance is considered to be the actual use of the property, but any subsequent use made of the property following clearance must be considered to be a “change of use” under 24 CFR 570.505. The final use must still meet one of the national objectives.

This program meets Dane County 2010-2014 Consolidated Plan priority of acquisition and demolition of blighted buildings.

### **ELIGIBLE APPLICANTS**

Towns, Cities and Villages participating in the Dane County Urban County Consortium, as well as, public and private nonprofit entities.

### **ELIGIBLE ACTIVITIES – Reference: 24 CFR 570.201 (d)**

Acquisition refers to the purchase of real property. Demolition or clearance activities are usually related to demolishing structures or preparing a site for development. Eligible activities include:

- Acquisition of blighted buildings
- Demolition of blighted buildings and improvements
- Removal of demolition products (rubble) and other debris
- Physical removal of environmental contaminants or treatment of such contaminants to render them harmless

### **ELIGIBLE COSTS**

- Cost of real property acquisition and related soft costs, e.g., surveys, appraisals, title insurance, preparation of legal documents, and other costs involved in the transfer of property.

- Costs associated with the demolition of property, such as permit fees, payment to a contractor, rental of equipment, removal of debris.
- Evaluation of environmental hazards and removal or remediation if necessary.

## **REQUIREMENTS**

### **General**

1. The property must be located in one of the participating municipalities of the Dane County Urban County Consortium.
2. Work may not begin until the environmental review requirements at Part 58 are met and the County has given notice to proceed.
3. All contractors are to be cleared through the HUD listing for debarred and suspended participants (24 CFR 570.506 and 85.3) prior to awarding of contract for work.
4. Local building permits must be taken out for the work. If a permit is required, the building official should sign off on the permit indicating that the work was completed.
5. The municipality or County should inspect work prior to paying a contractor invoice.
6. There must be a final inspection of the work by County program staff to determine whether all items were completed as specified in the work specifications.
7. There must be documentation to show the contractor provided the appropriate lien releases.

### **Uniform Relocation and Real Property Acquisition Policies Act of 1970**

- Acquisition of real property shall be by voluntary sale.
- Owners of real property are entitled to just compensation based on one or more appraisals.
- Displacement of households and businesses should be minimized.
- A displacement plan must be developed for any relocated households or businesses.
- Under certain circumstances, payment may be required to relocated households or businesses.
- Required notices will be furnished to households or businesses.

### **Procurement Requirements**

1. Subrecipients of County CDBG funding will comply with the procurement standards under 24 CFR 85.36 for governmental subrecipients and 24 CFR 84.40-48 for subrecipients that are non-profit organizations, including the requirements for bonding in procurement.
2. The Subrecipient is the responsible authority, without recourse to HUD or the County regarding the settlement of all contractual and administrative issues arising out of the procurement entered in support of the award or other agreement.
3. The Subrecipient shall conduct all procurement in a manner to provide to the maximum extent practicable, open and free competition. Contractors that develop or draft specifications, requirements, statement of work, invitations for bids or requests for proposals shall be excluded from competing for a project.
4. General requirements for procurement include, but are not limited to:
  - a. Subrecipients must maintain records to detail the significant history of procurement. These records include, but are not limited to: files on the rationale for selecting the method of procurement used, selection of the contract type, the contractor selection/rejection process, and the basis for the cost or price of a contract.
  - b. Pre-qualified lists of vendors/contractors, if used, must be current, developed through open solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time.

- c. Steps should be taken to assure that women and minority businesses are utilized when possible as the sources of supplies, equipment, construction and services.
- d. Subrecipients must ensure that awards are not made to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in the Federal assistance programs under Executive Order 12549.
- e. There must be written selection procedures for procurement transactions.
- f. Subrecipients must not use *cost plus a percentage of cost* pricing for contracts. In addition, Subrecipients should use *time and material* type contracts only after a determination is made that no other contract type is suitable and the contract includes a ceiling price that the contractor exceeds at its own risk.
- g. Subrecipients must have protest procedures in place to handle and resolve disputes relating to their procurement and in all instances report such disputes to the County.
- h. There must be a documented system of contract administration for determining the consistency of contractor performance.
- i. Subrecipients must have a written code of conduct governing employees, officers, or agents engaged in the award or administration of contracts.

### **Labor Standards Requirements (also known as Davis-Bacon)**

These HUD requirements may apply to the demolition of the building and debris removal. They are triggered at a minimum cost of \$2,000 and apply to the entire project, not just the portion funded by County CDBG. If a grant contract is awarded, labor standards requirements will be described in detail in the contract with the County. Additional information also can be obtained in the HUD *Contractor's Guide to Prevailing Wage Requirements for Federally-Assisted Construction Projects* at <http://www.hud.gov/offices/olr/library.cfm>.

General requirements are as follows:

1. Wage Rate Decisions – The Davis-Bacon wage decision that applies to a project contains a schedule of work/job classifications and the minimum wage rates that must be paid to persons performing particular jobs. If a work classification that is needed for the project does not appear on the wage decision, the County must request an additional classification and wage rate from HUD. Any apprentices and trainees working on the job site must participate in a bona fide apprenticeship program registered with the U.S. Department of Labor or in a State program that is recognized by the U.S. Department of Labor. The ratio of trainees to journeymen on the job site cannot be greater than permitted under the plan approved by the U.S. Department of Labor.
2. Labor Clauses and Wage Decisions in Bid and Contract Documents – The labor clauses and the applicable wage rate decision (and any additional classifications) must be a physical part of the bid package. They can be obtained from the County. The labor clauses obligate the contractor to comply with Davis-Bacon wage and reporting requirements and provide remedies and sanctions in the event of violations.
3. Pre-construction Conference – The County requires that a pre-construction conference be held with the prime contractor before construction begins to explain the Federal labor standards and other contractual requirements. Please note that the County cannot authorize payment of an invoice until all these requirements are met.
4. Payroll Review – Once the public facility construction and rehabilitation is underway, the prime/general contractor should complete a weekly payroll report for its employees on the covered job and sign the Statement of Compliance. The prime/general contractor must also obtain weekly payrolls (including signed Statements of Compliance) from all subcontractors as they work on the project.
5. On-site Worker Interviews – HUD labor standards require the County to periodically conduct job site interviews with workers. The purpose of the interview is to obtain job

information to verify that workers worked the number of hours listed in the payroll and are paid the required hourly rate plus fringe benefits.

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