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CDBG/HOME/ADDI PROGRAM POLICY AND PROCEDURES MANUAL

SUBJECT: HOME NEW CONSTRUCTION STANDARDS

PURPOSE

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA), and has been amended several times by subsequent legislation. The intent of the HOME Program is to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation.

This program meets the Dane County 2010-2014 Consolidated Plan priority to promote the development of owner-occupied affordable single-family housing units.

HUD HOME Policy:

Eligible Activities – 24CFR92.205 (a) (1):

HOME funds may be used by a participating jurisdiction to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations; to provide tenant-based rental assistance, including security deposits; to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations. The housing must be permanent or transitional housing.

Eligible Activities – 24CFR92.205 (b)(1):

A participating jurisdiction may invest HOME funds as equity investments, interest-bearing loans or advances, non-interest bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.

GENERAL REQUIREMENTS

1. Property must be located in one of the participating municipalities of the Dane County Urban County Consortium.
2. Property must pass an environmental review conducted by Dane County Community Development Block Grant staff.

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3. The sales price of the constructed property may not exceed 95 percent of the median purchase price for that type of single-family housing for Dane County as published by HUD.
4. The property must be sold to an income-eligible buyer who meets the Department of Housing and Urban Development (HUD) income requirements for low-and-moderate income households at the time of purchase. Verification of income will be required. If the buyer will be receiving downpayment assistance or mortgage reduction assistance from the County the buyer must meet the eligibility criteria outlined in the CDBG & HOME DOWNPAYMENT AND CLOSING COSTS ASSISTANCE – DEFERRED PAYMENT LOANS PROGRAM STANDARDS or the CDBG & HOME MORTGAGE REDUCTION ASSISTANCE – DEFERRED PAYMENT LOANS PROGRAM STANDARDS.

CONSTRUCTION REQUIREMENTS

Property Standards – 24CFR92.251

Housing that is constructed with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. All one-to-two units must be constructed in compliance with Wisconsin's Uniform Dwelling Code (UDC), Chs. Comm 20-25 of the Wisconsin Administrative Code and its adopted references. Multi-unit (three or more) residential buildings must comply with the State Commercial Building Codes. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

Accessibility Requirements – 24CFR92.251(a)(3)

HOME-assisted housing must meet the accessibility requirements at 24CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

- a. Section 504 requires full accessibility in accordance with the Uniform Federal Accessibility Standards, or "UFAS." Section 504 applies to all Federally-assisted newly constructed housing of five or more units, and substantially rehabilitated housing of fifteen or more units.
 - i. Under Section 504, HOME-assisted rental housing developments must provide full accessibility for persons with mobility impairments in at least five percent (but no fewer than one) of the units.
 - ii. In addition, at least two percent (but no fewer than one) of the units must be made fully accessible to persons with sensory (hearing or vision) impairments.
 - iii. Entrances and common areas must also be fully accessible.
 - iv. Furthermore, 24 CFR Part 8.29 requires that single family housing units receiving Federal assistance for construction and rehabilitation activities must be made accessible upon the request of the prospective buyer if the nature of that buyer's handicap requires such modifications.
- b. The Fair Housing Act applies to all newly constructed multifamily housing (rental and homeownership) with four or more units.
 - i. Entrances, common spaces, and all ground floor dwelling units of non-elevator buildings, and all units of elevator buildings must be made accessible, in accordance with the Fair Housing Act standard.

PROCUREMENT REQUIREMENTS

1. Subrecipients of County HOME funding will comply with the procurement standards under 24 CFR 85.36 for governmental subrecipients and 24 CFR 84.40-48 for

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- 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 apply to projects with **12 or more HOME-assisted units** and apply to the entire project, not just the portion funded by County HOME funds. If a grant contract is awarded and Davis-Bacon will be triggered, 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

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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 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.

*indicates this is not CDBG/HOME requirement. These items can be adjusted or removed.