



# Lackawanna County

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## Lackawanna County Federal/State/Local Funded Housing Rehabilitation Assistance Programs

# Operating Procedures and Program Guidelines

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Prepared by:

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## **INTRODUCTION**

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The Lackawanna County Department of Planning and Economic Development administers federal, state and locally funded housing rehabilitation assistance programs on behalf of the forty municipalities within the County of Lackawanna. These programs, often funded through the U. S. Department of Housing and Urban Development, the Pennsylvania Department of Community and Economic Development and/or the County of Lackawanna, involve the investment of public dollars for private housing rehabilitation purposes. The following Operating Procedures and Program Guidelines apply specifically to this agency's administration of such housing rehabilitation assistance programs.

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## **OBJECTIVES**

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The primary objective of federal/state/local funded housing rehabilitation programs is to provide tangible, financial assistance to individuals and families who, due to limited financial means, are forced to reside in homes which are unsafe, unsanitary, and generally lacking in energy efficiency. The secondary objective is to utilize public funding as a catalyst to generate private investment in the upgrading and repair of deficient housing. The programs are designed to refurbish homes which have physical deficiencies which pose health and safety threats to the occupants of the structure. Financial assistance provided through these programs extends the useful life of residential housing units in Lackawanna County and ultimately preserves the existing housing stock in targeted areas. Rehabilitation assistance is provided in the form of "conditional grants" to low and moderate income households in Lackawanna County.

### **Criteria and Conditions for Rehabilitation Assistance:**

- 1) For owner-occupied single family dwellings, conditional grants will be made available to program participants whose total annual gross household incomes are at or below the **current** United States Department of Housing and Urban Development Section 8 Low/Moderate Income Guidelines for Lackawanna County. For an owner-occupied duplex with a vacant unit, conditional grants will only be available for the occupied unit. The costs required to bring the unoccupied unit up to code will be the responsibility of the applicant. NOTE: The **entire** structure must be brought up to code standard.
- 2) The maximum assistance which can be provided any one eligible unit is **\$24,999.99**.
- 3) Properties to be rehabilitated must be owner occupied. If the structure to be rehabilitated has multiple owners **all** are obliged by the conditions for assistance.
- 4) If the structure to be rehabilitated is in a designated 100 year flood plain the owners must carry flood insurance to cover the estimated post rehabilitation value of the property.
- 5) Owners must provide proof that real estate taxes (local, county, and school) are paid and up to date to the current year.
- 6) Owners must provide proof that they maintain homeowner's fire/hazard insurance to cover the estimated value of the property.
- 7) If the rehabilitated property is sold by the owner(s) within one year of the date of Grant Award, the **TOTAL GRANT (100%)** must be repaid to the County; if sold within one to two years of the Grant Award, **EIGHTY PER CENT (80%)** of the grant must be repaid; if sold within two to three years, **SIXTY PER CENT (60%)** of the grant must be repaid; if sold within three to four years, **FORTY PER CENT (40%)** of the grant must be repaid; if sold within four to five years, **TWENTY PER CENT (20%)** of the grant must be repaid. This re-payment provision is enforced by a legal instrument filed at the Lackawanna County Clerk of Judicial Records.
- 8) Once a property has been assisted with conventional rehabilitation or first time homebuyer grant funds, whether the funding source is federal, state or local, the property is unable to seek future rehabilitation assistance.

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## **PROCEDURE**

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### **I. Publicity**

An important prerequisite to any housing rehabilitation assistance programs is publicity. The Lackawanna County Department of Economic Development (LCDED) will ensure that the public is properly informed about our pursuit of public funding and as to the availability of such rehabilitation funding. Public announcements will be made which outline how and where to apply for this funding. Applications are available to those who reside in the program's "target area" without regard to Race, National Origin, Religion, Color, Sex, Age, Political Affiliation, Handicap, Ancestry, or Familial Status. Local residents will be properly informed of the rehabilitation program, its purposes and procedures at public meetings and through local media (i.e. press releases). The information given will include but is not limited to the programs objectives; when and where pre-applications can be obtained and where they are to be submitted; eligibility requirements; minimum rehabilitation standards; and finally, specific and detailed information as to how the rehabilitation process occurs.

Representatives from the LCDED will appear at public meetings held in the local municipalities. This public forum will allow county representatives to solicit views from prospective applicants and to address any and all matters of concern that are relative to the administration of the housing assistance program.

### **II. Pre-application**

To initiate the process of receiving housing rehabilitation assistance, interested owners will be required to file a pre-application with the LCDED. These forms are made available to the public at the offices of the LCDED. Applicants are asked to include as part of the preliminary application a notation on the items of repair which they feel are most critical or most important to ensure safety at their home. Priority will be granted to applicants faced with immediate threats to their living environment. All houses are evaluated on a need based scale by the Rehabilitation Specialist and Housing Financial Analyst. Special consideration **may** also be granted in those circumstances where disabled individuals occupy dwellings with architectural barriers. That is, the County may, at its discretion, accord priority and assist persons whose living environments impede comfortable, independent living.

### **III. Financial Eligibility and Ownership verification**

The LCDED will contact applicants by letter to inform them that the Office is prepared to begin processing their pre-application for assistance. Accompanying this initial letter will be a list of the income guidelines which govern eligibility for assistance in the program. This letter will also include a sheet identifying the documentation required of the applicant to verify eligibility (e.g. Deeds, Income tax returns, paystubs, Social Security/Black Lung Benefit Statements, Bankbooks, real estate tax receipts, homeowner's insurance information, etc.). Applicants are asked to call the LCDED to arrange for a financial interview. To the extent possible, an initial assessment is made over the phone to ensure that the applicant **owns and occupies** the structure to be considered for rehabilitation. Also, an initial financial review will be made to identify the various sources of income and the types of verification that may be required to document eligibility. Once this initial

review is completed and relevant information clarified, a financial interview will be scheduled.

Financial interviews are held at the offices of the LCDED. In special circumstances staff of the LCDED will conduct the financial interview at the applicant's home.

At the interview all applicants are required to grant written permission to the LCDED to obtain verification of income from any source identified in the financial assessment. The applicants are informed of their right to financial privacy as called for by the Right to Financial Privacy Act of 1978. Also, they are informed that all information given in support of their application for assistance is held in the strictest confidence. The **only** persons with access to the financial records obtained by this Office to verify an applicant's eligibility are representatives from the respective funding source -- (i.e. HUD or DCED) and Certified Public Accountants who audit LCDED records. Such records are of course available to Office staff for internal control purposes and to ensure that a proper course of conduct has occurred in the awarding of rehabilitation grants. Within these strict parameters all information is confidential and is not released to municipal officials, or other government agencies or departments without the consent of the applicant except as required or permitted by law.

Financial eligibility for all applicants will be based upon gross household earnings for the **twelve month period immediately preceding the financial interview** which is conducted by a staff member of the LCDED. If, however, a significant change in the financial status of a household has occurred within that twelve month period or if the income of a household has been sporadic or disrupted during said period, the eligibility determination will be based upon a **reasonable projection of income over the twelve month period immediately following the financial interview**. This projection of household income over the following twelve month period will also apply when a significant change in household earnings **is anticipated** (e.g. a scheduled wage increase, the commencement of Social Security Benefits, or the loss of income with the discontinuance of an Unemployment Compensation claim).

The following are **INCLUDED** in the calculation of annual gross household income to determine the eligibility of an applicant:

1. a) The **gross** amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses of **all** adult members of the household. (age 18 and older)
- b) The **net** income from the operation of a business or profession or from rental of real or personal property. Expenditures for business expansion or amortization of indebtedness are not considered in the computation of net income.
- c) Interest, dividends, and other income from net family assets. On Deeds of Trust or Mortgages held by the applicant, only the interest portion of the monthly payments received by the applicant is included as income.
2. a) The actual amount of periodic payments received from Social Security -- including Social Security received by adults on behalf of minors or by minors intended for their own support. The full amount of annuities, insurance policies, retirement funds, pensions, disability or death benefits, Black Lung benefits, and other similar types of periodic receipts including any payments that will begin during the next twelve months. Social Security benefits shall be assessed at the net amount of the benefit award, after deductions for Medicare.

- b) The full amount of payments received by the applicant in lieu of earnings, such as, unemployment compensation, disability compensation, worker's compensation and /or severance pay.
  - c) Public assistance -- If the Public Assistance payment includes an amount specifically designated for shelter and utilities and that amount is subject to adjustment by the Public Assistance Agency in accordance with the actual cost of shelter and utilities, the amount of Public Assistance income to be included as income shall consist of:
    - the total amount of public assistance minus the amount specifically designated for shelter and utilities; plus,
    - the maximum amount which the Public Assistance Agency could in fact allow the family for shelter and utilities.
  - d) Periodic and determinable allowances, such as, alimony and child support payments, and regularly recurring contributions or gifts received from persons not residing in the dwelling.
3. Any amount of educational grants or scholarships or Veteran's Administration benefits available for subsistence after educating expenses, fees and books.
  4. All regular pay, special pay (except for persons exposed to hostile fire) and allowances of a member of the armed forces who is head of the household or spouse, whether or not that family member lives in the dwelling unit.

The following are **NOT INCLUDED** in the calculation of annual gross household income to determine the eligibility of an applicant:

1.
  - a) Income from dependent minors under the age of 18. Heads of households and spouses may never be considered minors.
  - b) Income of full time students, 18 years of age or older, who are not heads of households or spouses.
  - c) In the case of mortgages or Deeds of Trust held by the applicant the principal portion of the payments received by the applicant.
2.
  - a) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964, as amended, which is in excess of the amount actually charged the eligible household.
  - b) Foster child care payments.
  - c) Casual, sporadic or irregular gifts.
  - d) Lump sum additions to family assets such as inheritances, capital gains, insurance payments included under health, accident, hazard or worker's compensation policies, and settlements for personal or property losses.
  - e) Amounts which are granted specifically for, or in reimbursement of, the costs of medical expenses. Medical expenses may include those

expenses incurred by handicapped residents so that they may live independently (e.g. attendant care).

3. Amounts of education scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships or veteran's payments, which are not used for above purposes and are available for subsistence, are considered to be income. Student loans are not considered income.
4. The special military pay to a service person head of a household or spouse away from home and exposed to hostile fire.
5. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
  - ✓ National Volunteer Antipoverty Programs which include VISTA, Service Learning Program and Special Volunteer Programs.
  - ✓ National Older American Volunteer Program for persons age 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer program to Assist Small Business Experience, Service Corps of Retired Executives (SCORES) and Active Corps of Executives (ACE).
6. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

**Applicants are permitted to have up to \$25,000 in liquid assets.** For the purposes of determining eligibility, liquid asset is defined as cash readily available to the applicant. That is, funds available from savings or checking accounts; Certificates of Deposit; Individual Retirement Accounts; Money Market Accounts; Keogh Plans; Stocks; etc. If an applicant has verified liquid assets in excess of \$25,000, they are ineligible. (*Primary residence is not considered a liquid asset.*)

All information acquired in the financial interview of an applicant must be documented and maintained as a formal record in the applicants file. Although other types of income verification are permitted, third party written verification is preferred. Applicants will be asked to provide verification for all sources of income identified in the financial interview.

Applicants will receive written notification if they are determined ineligible for assistance through the Housing Rehabilitation Program. This notification will describe the reasons for ineligibility and, in the case of over-income, will outline the annual gross household income which verified the over income status of the household. Applicants approved for assistance will be contacted by a Rehabilitation Specialist and arrangements will be made for a "rehab survey" on the structure.

#### **IV. Rehabilitation**

*\*Please note that for specialty projects such as sanitary sewer hook ups, if the system being updated is an on-lot and not a lateral connection, the house with the on-lot system must also be brought up to code standards via rehabilitation.*

**1. House Inspection** - - The first step in the rehabilitation process is the "rehab survey" or house inspection. This inspection is conducted by an experienced and well trained Rehabilitation Specialist. The Rehabilitation Specialist, accompanied by the owner, conducts a thorough inspection of both the interior and the exterior of the structure. At this time the specialist is responsible to identify any deficiencies encountered during the house inspection. More specifically, the specialist will identify those physical defects present in or around the home that pose a health and/or safety threat to the occupants. This includes a visual assessment of lead-based paint hazards evident in any and all structures built before 1978.

In conducting the house inspection the Rehabilitation Specialist is responsible to identify deficiencies based upon defined criteria or minimum repair standard. The Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) Community Development Block Grant Program Minimum Housing Rehabilitation Standards, effective September 2005, HUD's Section 8 Minimum Housing Quality Standards, and HUD's Cost Effective Energy Conservation Standards all provide the inspection parameters and the minimum repair standard for the LCDED's federal/state funded housing rehabilitation programs. Also required is implementation of requirements, concepts and terminology established by the Residential Lead-Based Paint Hazard Reduction Act of 1992. When uniformly applied, the minimum repair standards ensure an adequate, safe, sanitary and energy efficient environment at all rehabilitated homes upon completion of contract work. When and if it is demanded by a local municipality, BOCA building or property maintenance codes will supersede and apply as the minimum repair standard within said municipality if they are more stringent than the standards set forth by federal/state parameters.

Because Lackawanna County's Federal and State funded Housing Rehabilitation Programs are designed to bring properties up to federal, state, and/or local repair or maintenance code standards, **cosmetic or non-essential improvements are prohibited.**

**2. Deficiency Notice** - - When the Rehabilitation Specialist has identified "code" deficiencies present in and around the home, a Deficiency Notice is prepared. The deficiency notice identifies those components of the home that do not meet the criteria prescribed by the code standards.

**3. Lead-Based Paint** - - Homes built before 1978 run the risk of lead-based paint contamination, thus, steps need to be taken with regard to remediation. The basic requirement is repair of deteriorated paint surfaces. Also, the lead-contaminated dust associated with the presence of lead-based paint must be controlled. For federal/state funded projects, the housing rehab specialist will refer to a lead-based paint inspector for a proper inspection of the property complete with lead risk assessment. A licensed risk assessor does a remediation report. This report is combined with the work write-up. Actual remediation is performed by a lead-certified contractor using lead-safe work practices. A licensed clearance technician takes dust-wipe samples to ensure the property is lead safe.

**4. Work Write-up/Cost Estimate** - - Once the deficiencies have been documented, the Rehabilitation Specialist will prepare a work write-up which specifies, with clarity and detail, how the deficiencies are to be corrected. The work write up will be clear and comprehensive in its description of the nature and scope of work to be undertaken at the site. This work write-up represents the contract



specifications which are to be presented, by homeowners, to contractors for bids and proposals. Also, the Rehabilitation Specialist will **estimate the cost of repairs** and during a visit to the home will review this estimate with the owner. At this same time the homeowners will be given a copy of the work write-up and contract specifications for their own records. In addition they will receive two (2) copies of the work write-up and specifications which are to be used as "bid packages" by the contractors chosen by owners to bid the work.

**5. Out to Bid Stage** - - When the bid packages are distributed to the homeowners by the Rehabilitation Specialist this initiates the out to bid stage. The bid packages submitted to the owners include the following:

1) *Instructions to bidders*: Describes how the contractors are to submit an appropriate bid and proposal and outlines the time frame within which bids and proposals will be accepted.

2) *The Work Write-up*: Outlines with clarity and detail the work required at the property; including information as to materials to be used and methods for installation. Also calls attention to the approximate dimensions of areas affected by the work.

3) *The Contract Agreement*: Outlines the responsibilities of the Owner and Contractor and describes the grievance procedure. The Contract Agreement is the contractors bid and proposal.

4) *The General Specifications for Material and Workmanship*: These are "performance" specifications which become part of the rehabilitation contract and they impose minimum standards regarding the quality, type and style of materials used during construction. They also outline acceptable methods to be employed by the contractor with regard to certain repairs and/or installations (i.e. roofing, plumbing, heating, electrical, carpentry, concrete and masonry).

**Contractor's services are procured exclusively by the owner.** Upon request, the LCDED's list of contractors will be submitted to the owner. This list identifies contractors who have proven themselves reputable by having had successfully and satisfactorily completed work financed under the LCDED's prior federal/state funded housing assistance programs. The contractors on the LCDED's list have submitted to the LCDED proof of appropriate insurance coverage. The owner may select contractors from this list but **they are in no way restricted to it.** They may seek a bid and proposal from a contractor not currently listed by the LCDED. The LCDED will conduct a review of the contractor to verify insurance coverage, confirm eligibility to undertake the scope of work (e.g. lead certification if needed), and evaluate past experience prior to authorizing commencement of contracted work. This safeguard will ensure that the contractor chosen is eligible to undertake the federal/state funded rehabilitation activity.

**Owners are always encouraged to obtain at least two (2) contractor's bids and proposals.** They are also instructed to discuss with their contractors the manner in which work is to be performed at the home and to receive and review samples of materials that may be used during the course of construction. Items of work identified by the Rehabilitation Specialist as necessary to meet minimum repair standards cannot be arbitrarily deleted to reduce overall rehabilitation costs. All work items must be addressed in order for grant moneys to be committed to any rehabilitation project.

If the bid and proposal submitted by the contractor does not account for all of the work items listed by the Rehabilitation Specialist in the work write-up, the owner

will be instructed to inform the contractor of this discrepancy. The contractor will be given ample opportunity to properly complete the bid and proposal. If he/she does not comply with owner's request for a complete and proper bid the owner will be responsible to procure the services of another contractor.

The LCDED will accept **one (1)** contractor's bid and proposal for a rehabilitation project if: The contractor's stated costs of repair are reasonable based upon the independent cost estimate prepared by the Rehabilitation Specialist (reasonable is defined as within 15% above or below the LCDED's independent estimate); the contractor chosen is legitimate, insured and eligible to undertake the rehabilitation project; and owner indicates that they are **not** desirous of obtaining another bid and proposal. **All** owners must sign a "Selection Form" confirming that the choice of contractor was made by them and that the decision to use said contractor was solely their decision.

If the rehabilitation costs submitted by the contractor are deemed by the Rehabilitation Specialist to be unreasonable for the nature and scope of work to be conducted, the owner will be contacted and notified. At the homeowner's discretion, ample opportunity could be given the contractor to revise the costs submitted in the bid and proposal. If, however, costs are again deemed unreasonable by the Rehabilitation Specialist the owner may be instructed to seek the services of another contractor.

Bids and proposals are submitted to the Lackawanna County Department of Planning and Economic Development in sealed envelopes with the homeowner's name referenced on the outside. The bid and proposal will also include a breakdown or itemization of rehabilitation costs by work item.

Bids and Proposals are opened **only by the homeowners** in the presence of the Rehabilitation Specialist and Housing Financial Analyst. The unsuccessful bidders are notified in writing as to the status of their bid. Successful bidders are also notified but no work can commence at the site nor can materials be placed at the site until a Notice to Proceed has been issued to that contractor by the owner, said notice must be witnessed and authorized by the LCDED. When the successful bidder has been identified, the rehabilitation contract is prepared along with other documentation related to the federal/state grant award for the rehabilitation of the property.

**6. The Rehabilitation Contract** - - The contractor's bid and proposal becomes a binding rehabilitation contract when properly executed by the homeowner(s). The rehabilitation contract is a two-party contract executed by and between the homeowner and the contractor they've chosen. The LCDED is not a party to this rehabilitation contract but is responsible to monitor the agreement and ensure that both parties live up to their responsibilities. The LCDED acts as Escrow Agent and only as such with regard to the rehabilitation contract. The contract spells out explicitly the terms and conditions for the performance of work at the home and identifies both the owner's and contractor's responsibilities.

The Work Write-up and the General Specifications for Material and Workmanship become part of the Contract Agreement upon proper execution of the contract by both parties. The contract also calls specific attention to federal and state laws, regulations and Executive Orders associated with the expenditure of federal/state moneys for housing rehabilitation.

Full compliance with the terms and conditions of the contract is expected of both the owner and contractor. If either party violates the contract or if a dispute arises with regard to the construction work, the matter will be resolved by standard arbitration proceedings. Arbitration shall occur with both parties sharing equally the

costs associated with said arbitration. Each of the parties shall select one arbitrator and the two arbitrators shall select a third. The decision of the majority of said arbitrators shall be final, conclusive, and binding upon the parties thereto. Such decision of the arbitrators will constitute authorization to the Lackawanna County Department of Planning and Economic Development to disburse funds associated with the agreement accordingly.

**7. Rehabilitation financing** - - All financing for rehabilitation, whether federal/state grant funds or homeowner contributions must be placed in a non-interest bearing escrow account **prior to the start of construction**. Under no circumstances will a contractor be permitted to commence work at the site until **all** funding required for the project is secured in escrow.

**8. No Lien Stipulation and Proceed Order** - - The contractor will be responsible to execute a waiver of liens prior to the purchase of materials and/or start of construction. The contractor shall not file or otherwise assert, prosecute, suffer, or permit mechanic's or material supplier's liens to be filed or continued against any property on which work is performed pursuant to the contract agreement.

When all funds are in escrow; the LCDED has properly verified the contractor's insurance coverage; and the No Lien Stipulation has been executed by the contractor and filed in the Office of the Clerk of Judicial Records of Lackawanna County, then and only then will a written Notice to Proceed be issued to that contractor by the owner. The Proceed Order will identify a contract start date and a contract completion date. The contractor is expected to abide by the time frame called for in the construction contract and proceed order. The contractor's failure to commence and/or complete the work within the time specified gives the owner grounds for canceling the rehabilitation contract. Time extensions granted for justifiable cause, are subject to the approval of the owner and the LCDED and must be substantiated by a change order to the contract.

**9. Rehabilitation monitoring** - - As construction work progresses, both the owner and the Rehabilitation Specialist will monitor rehabilitation activity to ensure contract compliance. If the work is not satisfactory to the owner efforts should be made by the owner to call the contractor's attention to the work write-up and construction contract. If these efforts do not provide the desired results, the owner will be responsible to contact the Rehabilitation Specialist for technical assistance. If the dispute cannot be mediated or resolved with the intercession of the Rehabilitation Specialist, the matter will result in arbitration as called for and outlined in the construction contract.

Owners are instructed **not** to ask the contractor to do work not specified in the work write-up and construction contract. If unforeseen work arises that would involve an increase in rehabilitation costs said work shall be accounted for in a change order to the rehabilitation contract. The change order shall identify the changes in the actual rehabilitation work to be undertaken and shall also specify the costs associated with these changes. All change orders are subject to the approval of the owner, the contractor and the Rehabilitation Specialist. Any funds required to meet added rehabilitation costs must be deposited in escrow prior to the contractor's undertaking of change order work.

**10. Payments to contractors** - - Because most rehabilitation contracts are (less than) \$25,000, contractors may request up to two (2) progress payments and a final payment for work satisfactorily completed. Payment schedules are set up when the contract is executed by both the owner and contractor. All progress payments have a 20% retainage which will be released later with the final payment.

In no instance will start-up costs or down payment moneys be released to a contractor. Payments will be made only for work satisfactorily completed. **All** progress payments are subject to the approval of the owner. The Rehabilitation Specialist will signify in writing that an inspection has been conducted at the site and that work is progressing satisfactorily. Progress payments will be made with a two party check (Owner and Contractor) drawn from escrow and distributed to the owner for proper endorsement. The owner is then responsible to distribute the check to the contractor.

**11. Final inspection and case close out** - - When all work has been completed and the contractor requests final payment, the owner and Rehabilitation Specialist will conduct a final inspection. If all work is found to be completed satisfactorily and in accordance with the work write-up and construction contract, the owner **and** the Rehabilitation Specialist will signify written approval of the work on a final inspection form. Prior to the distribution of the final payment, however, the contractor will be responsible to sign a Work Completion Warranty. This warranty indicates the contractor's guarantee on all workmanship for a period of one year from the date of the owner's final acceptance.

Prior to contract completion the owner is responsible to receive from the contractor any and all manufacturer's warranties and/or guarantees on products or materials used during the course of construction. The final payment is subject to the approval of both owner and Rehabilitation Specialist. The Rehabilitation Specialist will indicate in writing that a final inspection has been made at the site.

If all work has been satisfactorily completed and the owner has indicated, in writing, that he/she is satisfied with the work, final payment will be made to the contractor. The final payment is drawn as a two party check from the escrow account and will be submitted to the owner for proper endorsement and distribution to the contractor. A Disposition of Funds document will be signed by the owner. This document represents the complete and final statement of escrow account activity during the course of the rehabilitation project.

#### **V. Post construction activity.**

If defects in workmanship or materials used in a rehabilitation project are encountered within one year after contract completion the owner will be responsible to contact the contractor and request his/her return to the site to rectify any problems which have surfaced. If the contractor does not respond to the owner's request the LCDED should be notified. At that time the Rehabilitation Specialist will notify the contractor in writing that he/she is responsible to return to the work site. Accompanying this formal request will be a copy of the Work Completion Warranty that had been signed by the contractor. If the contractor fails to return to the site after this formal request from the LCDED, the owner will have grounds for legal action against the contractor. Prior to instructing the contractor to return to the site, the LCDED may wish to substantiate the owner's complaint by returning to the work site and identifying the problems as indeed the responsibility of the contractor.

In keeping with federal/state guidelines, the following minimum standards for housing rehabilitation **must be adhered to**:

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## ***PA DCED Minimum Housing Rehabilitation Standards***

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Any rehabilitation undertaken with CDBG or HOME funds must result in a safe and sanitary dwelling unit. As a minimum, such rehabilitation shall include the following:

### **A. Exterior Requirements**

#### *1. Foundation and Structure*

The exterior of the dwelling shall be structurally sound so that it does not pose a threat to the health and safety of occupants and provides protection from the environment. The foundation should not have structural defects which show potential for collapse.

#### *2. Exterior Surface*

All exterior wall surfaces shall be free of holes, cracks, or broken or rotten materials which could admit rain or dampness into interior portions of the structural or occupied spaces of the building. All exterior wall surfaces shall be maintained in a weather-tight fashion and shall be properly coated to prevent deterioration. Chimneys shall be maintained structurally sound and safe.

#### *3. Windows*

All living and sleeping spaces shall include at least one window which can be easily opened for ventilation. Windows shall have no defective glass, shall be weather-tight and have locks.

#### *4. Doors*

All exterior doors shall open and close easily, have no defective glass, have a workable lock capable of tightly securing the door and be easily opened from the inside without the use of keys. All exterior doors shall also be weather-tight.

#### *5. Porches, Decks, Balconies*

All exterior porches, decks, balconies landings etc., shall be in good repair and capable of serving their intended purpose. Those more than thirty (30) inches above grade with more than four (4) risers shall have guardrails or handrails. Hand and guardrails shall be firmly fastened and capable of bearing a normal load.

#### *6. Roofs*

All roofs shall be weather-tight, free of holes, cracks or excessively worn surfaces. They shall provide protection from rain, moisture and other foreign elements seeping into the building.

#### *7. Storm Drainage*

Each structure shall have a system to remove and discharge roof water from the structure in an efficient manner that does not create a nuisance.

#### *8. Detached Garages*

A detached garage may not be rehabilitated unless the residential structure, served by the detached garage, is rehabilitated to the locally adopted standards.

### **B. Electrical Systems**

#### *1. Required Facilities*

When replacement and /or upgrading of any electrical equipment or wiring is done, it must provide 100 AMP three (3) wire service, be in conformance with the

most recent National Electrical Code, and be inspected by a third party agency. All replaced or upgraded main panel boxes shall be circuit breaker type only.

#### 2. *Receptacles*

Each habitable space shall contain a minimum of two (2) separate or remote receptacle outlets, or one receptacle and one working ceiling or wall type light fixture.

#### 3. *Lighting Fixtures*

Every interior stairway, hallway, water closet, bathroom, kitchen and furnace room shall contain at least one (1) permanently installed ceiling or wall mounted lighting fixture.

#### 4. *Ground Fault Circuit Interrupter*

All bathroom receptacles shall be of an approved ground fault circuit interrupter (GFCI) type. All kitchen receptacles serving the countertop shall be GFCI. At least one (1) GFCI is required in the basement. All bedroom receptacles shall be arc fault receptacles.

### **C. Heating Systems**

Each heating unit for a structure shall be in proper operating condition and be capable of heating all habitable space to a minimum temperature of sixty-five (65 ° F) degrees during the period from October 1 to May 15. All fuel burning equipment shall be connected to an approved vent, flue or chimney. Portable gas, oil or kerosene heaters are unacceptable.

### **D. Plumbing Systems**

#### 1. *Required Facilities*

Each dwelling unit shall have at least one flush toilet in a separate private room, at least one shower or tub with both hot and cold running water, and at least one fixed basin with hot and cold running water, all in proper working condition. Each kitchen shall have at least one permanently installed kitchen sink with hot and cold running water. All water bearing fixtures shall connect to an approved public or private disposal system.

#### 2. *Sewage System*

All plumbing fixtures shall be properly connected to either a public sewer system or an approved private sewage disposal system.

#### 3. *Water Heating*

Each structure shall have a water heater capable of supplying heating to 120 (120°F) degrees in a quantity sufficient for the needs of the occupants. All water heating and storage equipment shall be in proper working order, and must have a temperature relief valve and discharge line.

#### 4. *Water Quality*

The water supply shall be free from contamination and shall be properly connected to either a public water system, or an approved private water system.

### **E. Interior Requirements**

#### 1. *Light Requirements*

All spaces or rooms shall have sufficient light so as not to endanger health and safety. Each room used for living or sleeping shall have at least one (1) window facing to the outside or to a court.

#### 2. *Ventilation*

Air circulation shall be by natural or mechanical means. Bathrooms not having windows shall be provided with a mechanical ventilation system which is capable of exhausting air to the outside.

#### 3. *Interior Surfaces*

Floors, walls, ceilings, windows, doors and other interior surfaces shall be in good, clean and sanitary condition. Peeling paint, cracked or loose plaster, decayed wood and other defective surface conditions shall be eliminated. Basements and crawl spaces shall be reasonably free from standing water and problems which can cause structural deterioration.

#### 4. *Stairs and Open Spaces*

All interior stairs shall be in sound condition and good repair. Excessively worn, broken warped or loose treads and risers shall be repaired. Every flight of stairs more than four (4) risers high shall have at least one (1) handrail on at least one side of the stairs, which is firmly fastened. Any open spaces in a structure including a landing, balcony or other living space more than thirty (30) inches above the floor or below grade, shall be equipped with a guardrail or other appropriate device which is firmly fastened.

#### 5. *Lead Base Paint*

All structures shall be in compliance with HUD Lead Base Paint regulation at 24 CFR Part 35, issued pursuant to the Lead Base Paint Poisoning Prevention Act, 42 U.S.C. 4801.

#### 6. *Heat and Smoke Detectors*

Each structure shall be equipped with one fire and smoke detector for each floor used for living or sleeping. One fire and smoke detector shall be installed in every bedroom / sleeping area. (Grantees are encouraged to install a unit that is hard wired to the electrical system with a separate battery backup.) They are not required on floors used only for storage unless it is below living and sleeping space.

#### 7. *Food Preparation*

The structure must be capable of accommodating a cooking stove or range and a refrigerator. There shall be a kitchen sink with hot and cold water supply connected to an approved public/private system. There shall be adequate space for food preparation.

#### 8. *Spatial Requirements*

Minimum space requirements for the living, dining and kitchen areas are: for one and two occupants - 100 square feet; for 3 to 5 occupants - 250 square feet; for 6 or more occupants - 300 square feet. Every bedroom occupied by one person shall contain at least 70 square feet. Every bedroom occupied by more than one person shall contain at least 50 square feet per person. This requirement does not apply to mobile homes.

### **F. Environmental Requirements**

#### 1. *Safety*

The dwelling unit shall afford all occupants with adequate security from the exterior and environment. Exterior lighting shall be furnished at each entrance.

2. *Egress*

A safe, CONTINUOUS and UNOBSTRUCTED means of egress shall be provided from the interior of the dwelling to the exterior on a street or yard. All doors along this path shall be readily opened from the inside without the use of keys.

3. *Sanitary Condition*

The structure and its equipment shall be maintained in a sanitary condition. Each structure shall have containers with covers for the storage of rubbish.

4. *Rodents or Vermin Control*

Any insects, rats or other pests in the structure or on the premises shall be exterminated and the structure shall be treated to be rodent/vermin proof.

5. *Air Quality*

The air quality of any living space below grade shall be checked for radon. Any readings above 4 pCi/L shall be remediated by a certified contractor.

6. *Site*

The site shall be in a reasonably clean, safe and sanitary condition not posing a danger to public health and safety.

7. *Exterior Steps*

Every flight of exterior steps more than four (4) risers high shall have a handrail which is firmly fastened.

8. *Drainage*

All exterior areas shall be graded, landscaped or paved to prevent damage to the property or any adjoining properties.

9. *Site Improvements*

Any excessively cracked, crumbling or uneven walkway areas shall be repaired or replaced.

## **G. Energy Conservation Requirements**

All new construction or substantial rehabilitation shall meet either the energy requirements as specified in the most recently adopted International Residential Code, Chapter 11, or the Pennsylvania Housing Research/Resource Center's Pennsylvania Alternative Residential Energy Provisions.

Consideration of the following could significantly contribute to the energy efficiency of residential structures:

- ✓ Attic insulation
- ✓ Caulking around windows/doorways
- ✓ Installation of storm windows
- ✓ Insulation of basement sill plates

The above four items must be considered when making improvements to heating systems. At the completion of any project, the following inspection form **must** be filled out:



## Housing Rehabilitation Inspection Form

Inspector \_\_\_\_\_ Date of Inspection \_\_\_\_\_

Owner's Name \_\_\_\_\_

Owner's Address \_\_\_\_\_

Owner's Phone \_\_\_\_\_

COMPONENT	STANDARD	OK?		LEAD?		FIX/COMMENTS	COST
		Y	N	Y	N		
<b>DCED/UCC Minimum Standards</b>							
exterior foundation/ structure	structurally sound <b>(Structural changes trigger UCC)</b>						
exterior surface	weathertight						
chimneys	structurally sound and safe						
windows	1 window in living/sleeping spaces; easily open/close; no defective glass; weathertight; workable locks						
exterior doors	easily open/close; no defective glass; weathertight; workable locks						
exterior steps	handrail if >4 risers						
porches/decks/balconies	good repair; guardrails and handrails if >30" above grade and >3 risers						
roofs	watertight; free of holes, cracks, excessively worn surfaces						
roof drainage	if nuisance, gutters and downspouts						
electrical service	if replacing/upgrading equipment or wiring, provide 100 amp 3-wire service						
receptacles	2 in each habitable space, or 1 plus ceiling or wall light fixture						
lighting fixtures	1 ceiling or wall mounted in every interior stairway, hallway, bathroom, kitchen, furnace room						
ground-fault circuit-interrupters	if any electrical work being done: all bathroom receptacles; kitchen receptacles w/in 6' of sink; 1 in basement						
heating systems	properly operating; fuel burning equipment vented						
plumbing fixtures	private toilet, shower or tub w/hot and cold, basin w/hot and cold, kitchen sink w/hot and cold						

COMPONENT	STANDARD	OK?		LEAD?		FIX/COMMENTS	COST
		Y	N	Y	N		
sewage system	public or approved private						
water heater	properly working, sufficient capacity, capable of 120°, temperature relief valve, discharge line						
water quality	free from contamination; public or approved private						
interior ventilation	in bathroom: window or mechanical vent to outside						
interior surfaces	good, clean, sanitary; no deteriorated paint, plaster, wood						
basements/crawlspace	reasonably free of standing water						
interior stairs	not excessively worn, broken, warped or loose; handrail if >4 risers						
landing/balcony	guardrail if >30" above floor or grade						
smoke detectors	non-interconnected battery-operated; 1 in each sleeping room; 1 outside each separate sleeping area in the immediate vicinity of the bedrooms; 1 on each additional story of the dwelling, including basements but not including crawl spaces and uninhabitable attics (from UCC amendments, Act 93 of 2004)						
food preparation	structure capable of accommodating stove or range and refrigerator; adequate space for food prep						
spatial requirements	living+dining+kitchen = 100 sf for 1; 250 sf for 3-5; 300 sf for 6+ bedrooms = 70 sf except mobile home						
exterior lights	each entrance						
egress to outside	safe, continuous, unobstructed <b>(Changes to means of egress trigger UCC)</b>						
sanitary condition	structure/equipment maintained in sanitary condition; rubbish containers w/covers						
rodents/vermin	exterminate as necessary						
site	reasonably clean, safe, sanitary						
site drainage	graded, landscaped or paved to prevent water damage to property or adjoining properties						
walkways	not excessively cracked, crumbling or uneven						
energy conservation	when making improvements to heating systems, consider attic insulation, caulking around windows/doorways, installation of storm windows, and insulation of basement sill plates						

COMPONENT	LEAD?		FIX/COMMENTS	COST
	Y	N		
Preemptive Improvements <i>(List)</i>			(improvement of fixtures and components that can be <i>reasonably</i> expected to fail the DCED/UCC Minimum Standards within 3 years)	
General Property Improvements <i>(List)</i>			( <i>reasonable</i> improvements that make it easier and less costly for the homeowner to properly maintain the home in the future)	

