

---

# 2019 CDBG-DR HOMEOWNER REHAB PROGRAM GUIDELINES

---

Oklahoma Department of Commerce



DECEMBER 28, 2021

OKLAHOMA DEPARTMENT OF COMMERCE  
900 N Stiles Avenue, Oklahoma City, OK 73104

# Table of Contents

Table of Contents.....	1
Introduction .....	3
Accessibility Statement from the Oklahoma Department of Commerce.....	3
Disaster Recovery Website .....	3
Staff Contacts for Questions, Comments, or Assistance .....	4
Background to the 2019 CDBG-DR Grant Program .....	4
HOMEOWNER REHABILITATION PROGRAM GUIDELINES.....	6
PART A – GENERAL PROGRAM GUIDELINES.....	6
I. PROGRAM OBJECTIVES.....	6
II. DEFINITIONS.....	7
III. EVALUATION OF DATA.....	9
IV. TARGETING COMMUNITIES.....	10
V. PROGRAM REQUIREMENTS .....	10
VI. SIZE OF UNIT.....	11
VII. AFFIRMATIVE MARKETING PLAN.....	12
IX. REPORTING REQUIREMENTS.....	14
X. RECORDS RETENTION .....	15
XI. PROCUREMENT REQUIREMENTS .....	15
XII. SITE AND DEVELOPMENT RESTRICTIONS .....	15
XIII. CONFLICT OF INTEREST .....	16
XIV. COMPLAINT/APPEAL PROCESS .....	17
XVI. CHANGES, WAIVERS, AND/OR CONFLICTS.....	20
XVII. Ineligibility .....	20
Part B - HOMEOWNER REHABILITATION/RECONSTRUCTION PROGRAM GUIDELINES .....	22
INTRODUCTION .....	22

I. PROGRAM OBJECTIVES.....	22
II. PROGRAM DESIGN.....	23
III. ASSISTED HOMEOWNER ELIGIBILITY REQUIREMENTS.....	24
IV. PROPERTY ELIGIBILITY REQUIREMENTS.....	26
V. TYPES OF ASSISTANCE OFFERED .....	26
VI. TYPES OF IMPROVEMENTS.....	27
VII. SUPPLEMENTAL IMPROVEMENTS .....	27
VIII. FORMS OF ASSISTANCE .....	28
IX. CONSTRUCTION .....	28
X. CONSTRUCTION AGREEMENT .....	29
XI. PROPERTY INSPECTIONS AND FINAL PAYMENT.....	29
XII. FILES AND REPORTS.....	31
XIII. CHANGES, WAIVERS, AND/OR CONFLICTS.....	31
Appendix .....	32
Version History.....	32

# Introduction

## Accessibility Statement from the Oklahoma Department of Commerce

The Oklahoma Department of Commerce is committed to making its electronic and information technologies accessible to individuals with disabilities in accordance with both Section 508 of the Rehabilitation Act (29 U.S.C. 794d), as well as Oklahoma's Oklahoma Electronic and Information Technology Accessibility law, or EITA.

Oklahoma works to make its government more transparent, available, and useful. Making State technology resources accessible to people with disabilities helps the State to meet its goal of creating a more transparent government. Complete information can be found at <https://www.ok.gov/accessibility/>.

Commerce posts many documents to our websites in Adobe PDF format to provide enhanced document features and preserve design. The ability to open PDF documents is built into most popular web browsers and Adobe Reader is provided for free by Adobe at adobe.com. Commerce posts PDFs in text format so that documents can be read by screen readers.

Commerce posts some documents to our websites in Microsoft Office formats including Word, Excel, and PowerPoint format. Microsoft provides viewer applications for these formats for free on their website at microsoft.com.

## Disaster Recovery Website

ODOC/CD maintains a website specifically for the 2019 CDBG-DR program. Please visit: <https://www.okcommerce.gov/reporting-compliance/cdbg-disaster-recovery-2019/> and check back often because the website is frequently updated.

- Notifications for Public Hearings will be published in English and Spanish.
- Read the 2019 CDBG-DR Action Plan, Citizen Participation Plan, Quarterly Reporting, and more.

- The website can easily be translated by clicking the “Translate This Page” button at the top of the screen.

If you need assistance with the website, or encounter any technical difficulties with the website, please contact Susan Riley ([susan.riley@okcommerce.gov](mailto:susan.riley@okcommerce.gov)).

## Staff Contacts for Questions, Comments, or Assistance

Please contact either Jade Shain or Taylor Huizenga if you have any questions, comments, or if in need of assistance for disability accommodations, translation, or interpretation services.

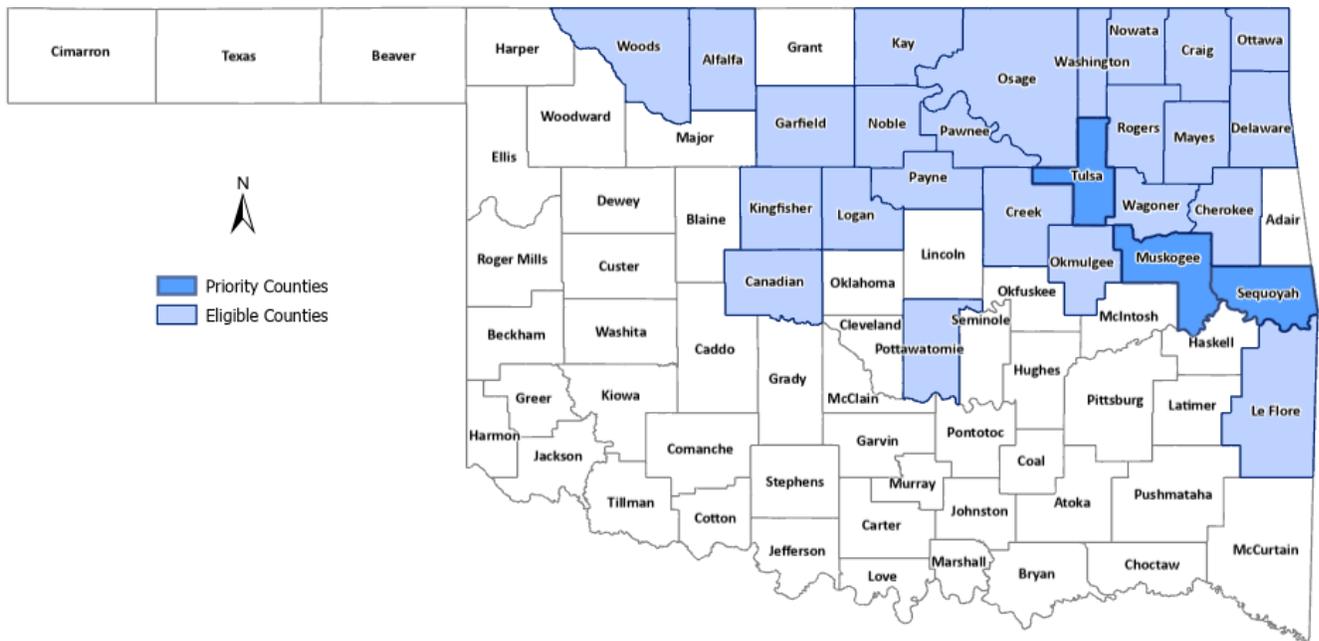
<p><b>Jade Shain</b>   Programs Planner Community Development (CDBG-DR) Oklahoma Department of Commerce <a href="mailto:jade.shain@okcommerce.gov">jade.shain@okcommerce.gov</a></p> 	<p><b>Taylor Huizenga</b>   Programs Representative Community Development (CDBG-DR) Oklahoma Department of Commerce <a href="mailto:taylor.huizenga@okcommerce.gov">taylor.huizenga@okcommerce.gov</a></p> 
---	--

## Background to the 2019 CDBG-DR Grant Program

Oklahoma experienced severe storms from May 7, 2019 through June 9, 2019. These storms brought straight-line winds, tornadoes, and significant flooding to several communities throughout the state.

Due to the extensive damage to housing and infrastructure from these storm events, an allocation notice was issued by the United States Department of Housing and Urban Development (HUD) in Federal Register Notice Vol. 85, No. 17, Page 4681 Public Law 116-20 . This Federal Register Notice states that Oklahoma is eligible to receive an allocation of \$36,353,000 in disaster recovery funds for necessary expenses for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et. Seq.) to address long-term recovery needs, particularly in the area of housing recovery that focuses on low and moderate-income beneficiaries. Per the Federal Register Notice, the only areas in which the funds can

be expended are Presidentially Declared Disaster areas as a result of the incident period (May 7, 2019 to June 9, 2019) as defined by the applicable Disaster Declaration 4438. Within these eligible areas, the Federal Register Notice requires that a minimum of \$29,082,000, or 80% of the total State's \$36,353,000 CDBG-DR funding allocation, must be expended on CDBG eligible disaster related activities in Muskogee, Tulsa, and Sequoyah counties (see map below).



The remaining funding (20% of the total allocation) will be available for CDBG eligible disaster related activities in eligible counties as defined by Disaster Declaration 4438. Applicants from Alfalfa, Canadian, Cherokee, Craig, Creek, Delaware, Garfield, Kay, Kingfisher, Le Flore, Logan, Mayes, Noble, Nowata, Okmulgee, Osage, Ottawa, Pawnee, Payne, Pottawatomie, Rogers, Wagoner, Washington, and Woods are also eligible to submit applications related to the aforementioned disaster.

# HOMEOWNER REHABILITATION PROGRAM GUIDELINES

The guidelines were developed to serve as the basis for Oklahoma Department of Commerce's (ODOC) Disaster Recovery housing programs. The guidelines consist of General Guidelines (Part A) which were developed to provide direction for issues that affect all of Oklahoma's disaster housing programs, and Homeowner Rehabilitation (aka Rehab) Guidelines (Part B). Note that this program guideline also includes guidance for reconstruction. The General Guidelines describe a continuum of housing programs – from single and multi-family rehab to reconstruction of damaged properties. In most cases, eligible jurisdictions could apply to ODOC for a mix of housing programs, as evaluated via data and specified criteria.

## **PART A – GENERAL PROGRAM GUIDELINES**

### *I. PROGRAM OBJECTIVES*

The primary focus of this program is to provide relief for those people impacted by the DR-4438 FEMA declared disaster while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance will be provided under a variety of housing activities including acquisition, rehabilitation, reconstruction, elevation, and hazard mitigation of homeowner and rental housing units.

- a. The primary objective of the program is to provide decent, safe, and sanitary housing in the disaster-impacted areas through the provision of activities designed to mitigate damage that occurred as a result of this, as well as any future disaster.
- b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which

suffered housing damage within the communities being served.

- c. A third objective is to prioritize the provision of decent, safe and sanitary housing for vulnerable (also known as special needs) populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

## II. DEFINITIONS

**Rehabilitation** – Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

**Reconstruction** – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner. Activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new or standard MHU or stick- built/modular housing unit. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

**Acquisition** – The utilization of CDBG funds to acquire real property.

**Rental Activity** – Acquisition, rehabilitation, or construction of affordable rental housing resulting in structures where at least 51% of units are occupied by LMI persons. Income and rent restrictions apply to the rental units to be built or assisted with CDBG funds.

**Program Design** – The selection and development of programs and activities based on a Needs Assessment. The Program Design must include the type of housing activities that will be offered by the subrecipient, as well as how the program will be marketed, how Fair Housing Objectives will be achieved, and how funding will be prioritized as determined through the Needs Assessment.

**Low to Moderate Income (LMI) National Objective** – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used by the subrecipient to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size
- Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size
- Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size

**Urgent Need National Objective** – An urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and the subrecipient cannot finance the activities on its own because other funding sources are not available.

**Duplication of Benefits<sup>1</sup>** – The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source.

**Individual Mitigation Measures (IMM)** – Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. In accordance with HUD's guidance, repair and rehabilitation of housing units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevation above the base flood elevation level, or the addition of storm shutters, disaster proof windows, roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

**Subrecipient** – Cities, Counties, Indian Tribes, local governmental agencies (including COGs), other State agencies, private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications.

**Family** – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or wellbeing, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

**Household** – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two (2) or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low to moderate national objective is based on the income of households.

**Manufactured Housing Unit (MHU)** – A structure, transportable in one or more

---

<sup>1</sup> Guidance provided by HUD on Duplication of Benefits may be found at: <http://www.gpo.gov/fdsys/pkg/FR-2011-11-16/pdf/2011-29634.pdf>

sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

**Modular Housing** – A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

**FEMA-Designated High Risk Area:** Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones (also known as floodplains). These areas will be identified during the environmental review process for each participating jurisdiction.

**Area of High Minority Concentration** – A census block group that consists of 65% or more of minorities. Minorities include all racial and ethnic population groups other than “White, non- Hispanic (Anglo).”

**Area of High Poverty Concentration** – A census block group that consists of 35% or more of the residents living in poverty. A household that meets the US Census Bureau’s poverty threshold is considered to be at or below poverty level for the Disaster Recovery Program.

### **III. EVALUATION OF DATA**

In order to develop the Program Design for all activities offered through this funding, each subrecipient must use qualified data: HUD/FEMA data used to allocate the disaster funding, current FEMA data, data used to support the litigation involving FEMA undercounts in the impacted area, county assessor data, Census data, data gathered by the Oklahoma Office of Emergency Management (OEM), data from the Oklahoma Councils of Government, or other data, as approved.

- Qualified data must be used to document the impact of the relevant disaster for both LMI and non-LMI persons so that subrecipients can develop a program plan that targets the use of CDBG-DR funds at the appropriate levels and to the appropriate income categories.
- The method of data evaluation utilized by the subrecipient (i.e., class distribution categories by income, raw number of homes impacted versus the aggregated dollar amounts impacting communities, etc.) must be noted, if not included already, within the subrecipient’s application and the subrecipient’s public hearing.
- If any public comment is made about data provided at the public hearing, the subrecipient must address the comment in a public response.
- Persons with accessibility or other special needs adaptations should also be analyzed as part of the process and ensured access to data evaluated and all public hearings.

#### ***IV. TARGETING COMMUNITIES***

Once the most impacted areas/income brackets have been developed, the subrecipient must establish a process to ensure the LMI categories required by ODOC are met. Subrecipients may provide an additional amount of funds to the lowest income levels if desired.

As called for in Part A of the General Program Guidelines, an affirmative marketing plan to conduct outreach to the impacted communities is required in order to apply for the disaster recovery program. The outreach program developed should be approved in advance by ODOC or, in the alternative, posted for 15 days for comment on a publicly accessible website with notice to ODOC that the plan has been made public. Public comments made should be addressed prior to utilization of the plan.

#### ***V. PROGRAM REQUIREMENTS***

- A. All housing activities must meet the Benefit Low to Moderate Income (LMI) persons National Objective required under the authorizing statute of the CDBG program. In limited cases, the Oklahoma Department of Commerce (ODOC) may authorize the use of the Urgent Need National Objective.
- B. Subrecipient must conduct a Needs Assessment to determine the types of programs it will offer, and the Needs Assessment will become the basis for their Program Design within their project narrative for the CDBG-DR grant. The Needs Assessment will determine the activities to be offered, the demographics to receive concentrated attention and the target areas to be served. The subrecipient must demonstrate how the programs and activities selected for those areas will overcome the identified impediments to fair housing.
- C. Subrecipient's obligations are as follows:
  1. Applicants applying for disaster assistance are processed by the subrecipient and must meet certain eligibility standards to qualify for assistance.
  2. All sites must undergo a complete environmental review prior to any commitment of funds. An environmental review consists of a statutory checklist of required review items. Properties with environmental conditions will not be permitted to proceed under housing activities unless the condition is corrected. No work can start on a site until the environmental review is complete.
  3. Housing unit must be either:
    - a. A stick built home (a home constructed on-site);
    - b. A condominium;
    - c. A manufactured housing unit (MHU); or
    - d. A mobile home (RVs are not eligible).
  4. For assistance activities, it must be demonstrated that the damage or destruction to structures was a direct result of the disaster. Disaster

damage can be documented as follows:

- i. FEMA, SBA or Insurance award letters.
- ii. In the event that the above-referenced documentation is not available, an inspection report (complete with photos of the damage and a written assessment of the damage) from a damage assessment conducted by a qualified inspector, likely supplied by the subrecipient, that certifies that the damage occurred as a result of the disaster will be acceptable.
- iii. In the event that FEMA, SBA or Insurance award letters are not available and an inspection report is inconclusive as to the cause of the damage, the subrecipient may provide alternative evidence, such as neighborhood-level media reports or documentation of damage by disaster response/relief organizations on a case-by-case basis to the subrecipient. ODOC will have the final review and approve of such data before the subrecipient spends funds on this project.
- iv. If a beneficiary was denied assistance by FEMA, assistance through the CDBG Disaster Recovery Program may still be available. Subrecipients are prohibited from refusing housing assistance to beneficiaries solely on the basis that the applicants were denied assistance by FEMA.

#### ***VI. SIZE OF UNIT***

HUD guidelines provide occupancy policies that allow for two persons per bedroom as reasonable. Exceptions to this standard are based on the following factors:

- A. No more than two persons are required to occupy a bedroom.
- B. Persons of different generations (i.e. grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom (An adult is a person 18 years old or older).
- C. Couples living as spouses (whether or not legally married) must share the same bedroom for issuance size purposes.
- D. A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full time live-in aide must be documented.
- E. Individual medical problems (e.g. chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger sized unit and related subsidy must be provided and verified as valid.
- F. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. If individual circumstances warrant special consideration, documentation supporting this special consideration is required.
- G. When determining family issuance size, include all children expected to reside in the unit in the next year as members of the household. Examples include, but are not limited to, the following:
  1. Adoption: Children who are in the process of being adopted are included as members of the household.

2. Pregnant women: Children expected to be born to pregnant women are included as members of the household.
3. Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.
4. Joint/Shared Custody Arrangements: In most instances children in joint/shared custody arrangements should occupy the unit at least 50% of the time. However, if individual circumstances merit special consideration, an exception may apply with specific documentation of such a need. The custody arrangement may be verified by the divorce decree/legal documents or by self-certification.
5. Custody of Children in Process: Children whose custody is in the process of being obtained by an adult household member may be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (i.e. within three months) must be provided in order for such child to be included.
6. Children Temporarily Absent from Household:
  - i. Children temporarily absent from the home due to placement in foster care may be included as members of the household. Evidence that there is a reasonable likelihood that the child will return to the household (i.e. within three months) must be provided in order for such child to be included.
  - ii. Children who are away at school but live with the family during school recesses are included as members of the household.

## ***VII. AFFIRMATIVE MARKETING PLAN***

Subrecipients administering the CDBG-DR Program are committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the disaster funding will include the following:

- A. An Affirmative Marketing Plan, based on the U.S. Department of Housing and Urban Development (HUD) regulations, will be submitted to ODOC for approval. The plan must outline the policies and procedures for housing activities. Procedures are established to affirmatively market units financed through the Program. The procedures cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.
- B. The goal is to ensure that, eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, “vulnerable” or “special needs,” gender groups, and/or other populations least likely to apply, are:
  - Fully informed of vacant units available for sale and / or rent.
  - Encouraged to apply for purchase, rehabilitation, and / or rent.

- Given the opportunity to buy and / or rent the unit of their choice.
  - Given the opportunity to rehabilitate their primary residence, which sustained damages due to disasters and/or its after-effects.
- C. Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities. Particular emphasis should be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.
- D. In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market the CDBG-DR Program as follows:
- Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
  - Reach out to public or non-profit organizations and hold/attend community meetings.
  - Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.
- E. Applications and forms will be offered in English (areas serving over 5% of people that speak English less than very well will be required to offer applications and forms in another language). In addition, every effort will be made to assist applicants that speak English less than very well in the application process.
- F. In addition, measures will be taken to make the DR program is accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
- G. Applications and forms will be offered in English and other languages prevailing in the region, in accordance with Title VI of the Civil Rights Act of 1964. In addition, every effort will be made to assist such applicants in the application process.
- H. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.
- I. The subrecipient will be required to use the Fair Housing logo in Program advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law.
- J. Multifamily rental programs must develop an Affirmative Marketing Plan for each development receiving CDBG-DR funding. The plan, pursuant to federal regulations, will outline strategies to inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in

soliciting applications, and a description of records that will be maintained and made available for review. Notice to Public Housing Authorities in the region in order to inform households on DHAP that permanent housing is available should be part of the Plan.

- K. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the Needs Assessment. Evaluation should be an ongoing process and begin no later than one month after the program begins accepting applications. ODOC should review these reports before the subrecipient begins qualifying applicants, and periodically thereafter.
- L. The availability of the program funds shall be advertised through at least one (1) of the following venues: local newspapers, local broadcast media, public or non-profit organizations, community meetings, other public groups, other outreach may include use of flyer in utility bills, church bulletins, and door to door outreach.

Evaluation of outreach activities and single family applications received will be necessary to determine if single family applications are received from a diverse population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

- M. Applications and forms will be offered in English and other languages prevailing in the region. In addition, every effort will be made to assist such applicants in the application process.

### ***IX. REPORTING REQUIREMENTS***

Compliance will be maintained in accordance with the reporting requirements under the CDBG-DR Policies and Procedures Manual. This includes all information and reports as required under ODOC's contract with the subrecipient and demographic data and other information on applicants and awardees processed by contractual agreement between the CDBG-DR and subrecipient.

ODOC will establish procedures for subrecipients to periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between ODOC and the subrecipient.

ODOC will establish procedures for subrecipients to collect and report data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance. The reporting requirements will include, but not be limited to the following:

For each program activity requiring a direct application by an individual or non-institutional entity:

- Applicant household's income
- Household's income as a percentage of area median family income as defined by HUD
- The race and ethnicity of the head of household
- The household's familial status

- The presence or non-presence of a household member with a disability

For each activity providing housing or housing assistance that is not directly linked to a specific beneficiary:

- The cost of the housing unit to the applicant and to the occupant
- The maximum qualifying household income as a percentage of area median family income as defined by HUD
- Restrictions regarding the age or familial status of occupants
- The presence or absence of designs or services that make the housing unit accessible to an individual with a disability and the number of fully accessible units.

#### ***X. RECORDS RETENTION***

All official records on programs and individual activities are maintained for a 5 (five) year period, starting once the national objective has been met and recorded, or beyond the end of the affordability period for each housing activity, whichever is longer.

#### ***XI. PROCUREMENT REQUIREMENTS***

Procurement is the acquisition of goods and services to be used internally by the subrecipient to carry out the program. The procurement process includes the decision to purchase as well as the process to complete the purchase. The federal government has established a set of procurement rules at 2 CFR 200.317-320 that apply to CDBG-DR funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage open competition for the best level of service and price. ODOC's procurement policies and procedures are located on the website at: <https://www.okcommerce.gov/reporting-compliance/cdbg-disaster-recovery-2019/>

The subrecipient is required to submit a plan for compliance with all procurement requirements for ODOC approval prior to the start of construction on any contract activity.

#### ***XII. SITE AND DEVELOPMENT RESTRICTIONS***

- A. All CDBG-assisted housing that is constructed or rehabilitated must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) must be used as required where appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a CDBG-assisted property, the subrecipient may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person.
- B. All CDBG-assisted housing must meet all applicable State and local housing

quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. All housing rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

- C. Housing developments must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Covered multifamily dwellings, as defined at 24 CFR §100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. §§3601–3619) and the design and construction requirements of the Fair Housing Act Design Manual. Any developments designed as single family structures must also satisfy the requirements of the local Code.
- D. All Applications will be required to meet Section 8 Housing Quality Standards detailed under local Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.
- E. Per Federal Register Notice Volume 85 No. 17 4684, Federal Register Notice Volume 84 4836, and Federal Register Notice Volume 84 4833, all residential housing (single-family and multifamily) that is rehabilitated, or a reconstruction of substantially damaged housing will need to meet a Green Building Standard. Projects should meet the Green Communities Initiative Criteria, unless there is no substantial damage. For those buildings that are non-substantially damaged, the State will require that they be rehabilitated following the HUD CPD Green Buildings Retrofit Checklist. Further guidance can be found in the 2019 CDBG-DR Action Plan located on ODOC’s website at: <https://www.okcommerce.gov/reporting-compliance/cdbg-disaster-recovery-2019/>

### ***XIII. CONFLICT OF INTEREST***

- A. The conflict of interest regulations contained in the contract between the subrecipient and ODOC prohibit local elected officials, subrecipient employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.
- B. For purposes of this section, “family” is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-

in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

- C. ODOC is able to consider granting an exception to the conflict of interest provision should it be determined that the subrecipient has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. Do not enter into a conflict of interest until a request for an exception has been granted.

#### ***XIV. COMPLAINT/Appeal Process***

- A. Citizen complaints will be handled as required under the following regulations:
1. 24 CFR 91.11(h) Citizen Participation Plan which states, "The citizen participation plan shall describe the State's appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG recipient)."
  2. 24 CFR 570.486(a)(7) Local Government Requirements, which states, "Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days, where practicable."
- B. Resolution of complaints must be handled sensitively and fairly. Complete and thorough program documentation and contractual agreements, careful implementation of policies and procedures, and clear and respectful methods of communication will help prevent and resolve complaints. Incorporation of escalation procedures into the complaint process will support resolution at the earliest stage possible.
- C. Information about the right and how to file a complaint shall be printed on all program applications, guidelines and subrecipient web sites in all local languages, as appropriate and reasonable.
- D. Types of Complaints: There are two types of complaints; formal and informal.
- Informal: Informal complaints may be verbal and can come from any party involved in the application process, including the homeowner or building contractor. A written procedure for handling these complaints is not required.
  - Formal: Formal complaints are written complaints, including faxed and emailed statements. A written procedure for dealing with formal complaints is required.
- E. Informal Complaints

- a. Policy:
  - i. Informal complaints may be verbal and can come from any party involved in the process, including the homeowner or building contractor.
  - ii. A written procedure for handling these complaints is not required.
- b. Required Documentation: Statement of policy only. No required documentation
- c. Procedure:
  - i. A person who calls the subrecipient to file an informal complaint will be advised on how to file a formal complaint if their complaint cannot be immediately resolved.
  - ii. The subrecipient procedures will include a complaint escalation process in order to ensure complaints are handled at the earliest stage in the process.
  - iii. Some individuals will choose to make inquiries directly to ODOC – this is acceptable and can be done through ODOC’s 2019 CDBG-DR webpage.
- d. Action: For subrecipient staff:
  - i. Obtain all pertinent applicant details including name, address, contact number and application ID.
  - ii. Capture the details of the question or complaint to include the names of program personnel previously contacted.
  - iii. Contact subrecipient Program Manager (PM) , Jade Shain, and provide details of the query. Forward copies or originals of any documents or correspondence received. Please include how any questions were answered, what information was provided and what action you would like the subrecipient Program Manager to take, if any.

## F. Formal Complaints

- a. Policy:
  - i. Formal complaints are written statements of grievance. These complaints may come to the subrecipient PM, Jade Shain, or ODOC in the form of a fax, email or letter and are handled through a documented set of procedures that comply with federal regulations and ODOC requirements. The Complaint Tracking System will be used to store, track, and document resolution of the complaint.
  - ii. The formal complaint process tracks the process outlined by ODOC for handling complaints.
  - iii. If the formal complaint is submitted to ODOC, at their discretion, ODOC will submit the complaint to the subrecipient.
  - iv. The subrecipient will document, process, and file all complaints received from ODOC following the policy and procedures

- outlined.
- v. Complaints with insufficient data or submitted by a third party with no standing in the application about which the complaint is being submitted need not be accepted.
- b. Required Documentation: The Complaint Policy and Procedures documentation includes the following elements:
    - i. Definition of the kind of disputes or complaints that will be handled.
    - ii. Identification and description of the party responsible for handling the complaint and the disposition.
    - iii. Appeal process available to complainants, including how an appeal is initiated, to whom the appeal is made, time limits for filing an appeal, and any details pertaining to the reviewer or person(s) who handle the appeal; and
    - iv. How to file a formal complaint
  - c. A file for each complaint will be maintained. The file will document each step of the complaint process and will include the following:
    - i. The name of the person who filed the complaint;
    - ii. The date the complaint was received;
    - iii. A description of the complaint;
    - iv. The name of each person contacted in relation to the complaint;
    - v. A summary of the results of the review or investigation of the complaint; and
    - vi. An explanation of the reason the file was closed if the file was closed.
  - d. Procedure:
    - i. In order for a complaint to be processed it must be received in writing (includes fax and email) and must include:
      - The name of the complainant, and
      - Contact information of the complainant
      - Complaints may be submitted in the following ways:
        - By mail: (insert subrecipient mail info)
        - By fax: (insert subrecipient fax info)
        - Online: (insert subrecipient online info)
    - ii. Upon receipt of a written complaint, the PM or designee will perform the following steps:
      - Assign a control number to the complaint;
      - Review and/or investigate the complaint;
      - Determine to which program the complaint refers;
      - Provide a copy of ODOC's policies and procedures relating to investigation and resolution to the complainant and to each person who is subject of the complaint;

- Notify the complainant of the resolution within fifteen (15) business days after the complaint was received.
- iii. The following outlines the procedure in the event a formal complaint is received:
- Enter all pertinent information into a tracking worksheet and generate a Ticket/Control number. There should be a separate file for each complaint. The entry must contain the following information: the name of the person filing the complaint, the date the complaint was received, and a description of the complaint.
  - Determine if complaint is complete, relevant and has standing.
  - The complaint will be reviewed in detail and investigated through to resolution. Findings will be forwarded to PM, Jade Shain.
  - Progress updates of the review/investigation will be entered into a tracking worksheet.
  - Notification will be sent to complainant within fifteen (15) business days after the complaint was received.
  - Once resolution has been determined and notice has been sent to complainant, the status of the ticket will be updated to "Closed".
- iv. Citizens will be provided with the address, phone numbers, and times for submitting complaints or grievances.
- v. A tracking worksheet will categorize complaints, track the resolution process, and report on complaint status.
- vi. Corrective action is implemented, where warranted.

***XVI. CHANGES, WAIVERS, AND/OR CONFLICTS***

- A. The subrecipient has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of ODOC.
- B. Waivers to the requirements in these Guidelines can only be approved by ODOC and must be provided in writing. ODOC will provide the option for a waiver, but the waiver request must demonstrate why the housing guidelines are not practicable for the subrecipient.
- C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

***XVII. Ineligibility***

In the event that a property has a lien, back taxes, or a code violation, these properties will be ineligible for funding through the CDBG-DR program.



# Part B - HOMEOWNER REHABILITATION/RECONSTRUCTION PROGRAM GUIDELINES

## *INTRODUCTION*

ODOC is the lead administrative agency and responsible for disaster funds allocated to housing activities. Disaster recovery assistance is provided using CDBG-DR grant dollars to eligible applicants. Applicants that are eligible to apply for the CDBG-DR program include UGLG, Tribal Nations, non-profits, Councils of Government (“Substate Planning Districts”), and State agencies. Eligible applicants, if awarded by ODOC, are the entities who will administer these CDBG-DR funds on the local level. The maximum award per applicant is \$14,000,000.00, and it is important to note that this amount encompasses all eligible housing activities, as outlined in the State’s 2019 CDBG-DR Action Plan, and not solely housing rehabilitation.

Housing Guidelines have been developed to serve as the basis for housing programs. This document is expected to serve as direction for the owner-occupied (i.e. Homeowner) Rehabilitation/Reconstruction activities funded under this program. Additionally, these guidelines supplement the CDBG-DR Policies and Procedures manual, which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. Subrecipients must incorporate those elements into their Homeowner Rehabilitation/Reconstruction program. For more information, please refer to our website for the most current 2019 CDBG-DR Policies and Procedures Manual.

Benefit to Low to Moderate Income (LMI) is the **principal National Objective** approved for the Disaster Recovery program. The use of Urgent Need is used for purposes of CDBG-DR funds and will be evaluated during application review. All activities must be consistent with the subrecipients’ obligation to proportionately assist beneficiaries based on the needs assessment.

## *I. PROGRAM OBJECTIVES*

- A. The primary focus of this program is to provide relief for those people impacted by FEMA DR-4438 with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.
- B. The following objectives are provided for the implementation and administration of a successful CDBG-DR Rehabilitation/Reconstruction Program. Actual selection of applicants is discussed in Section XI of the Guidelines.
  - a. The primary objective of this program is to provide decent, safe, and

sanitary housing in the disaster impacted areas<sup>2</sup> through the provision of activities designed to mitigate disaster damages that occurred as a result of past, as well as any future disasters.

- b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.
- c. A third objective is to prioritize the provision of decent, safe and sanitary housing for vulnerable populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

## **II. PROGRAM DESIGN**

- A. The Subrecipient will design a housing rehabilitation program based on the Unmet Needs Assessment of the State's 2019 CDBG-DR Action Plan. The Subrecipient's policies should align with the already established goals and assessments in the State's Plan. It is important to note that the State has determined that rehabilitation within the 100-year floodplain is strictly prohibited. Residents located within the 100-year floodplain will only be eligible for the Voluntary Buyout Program.
- B. Needs Assessment. The subrecipient's Program Design must be based on a Needs Assessment, working with HUD information and conducted by local governments. That assessment serves as the basis for the specific program that will be offered by the subrecipient. Specifically, the assessment will be used to determine the activities to be offered to meet the types of housing needs experienced by the affected population, the demographics to receive concentrated attention and the target areas to be served. The Subrecipient's Program Design, based around a Needs Assessment, must align with the stated goals and assessments in the State's 2019 CDBG-DR Action Plan.
- C. Program Marketing. The Program Design must feature an effective marketing program to encourage application. Additionally, it is required that the Subrecipient also document their policy on how they will affirmatively further fair housing. The policy must clearly and objectively document *how* the subrecipient will reach out to the most vulnerable populations. Additionally, marketing materials need to accurately and succinctly identify eligible beneficiaries and basic program requirements (eligible geography and DR-4438 event period).
- D. Priorities for Evaluating Applicants. Results based on data from the Needs Assessment must be met. The LMI demographic groups must be disaggregated as follows:

---

<sup>2</sup> Eligible Counties include: Alfalfa, Canadian, Cherokee, Craig, Creek, Delaware, Garfield, Kay, Kingfisher, Le Flore, Logan, Mayes, Muskogee, Noble, Nowata, Okmulgee, Osage, Ottawa, Pawnee, Payne, Pottawatomie, Rogers, Sequoyah, Tulsa, Wagoner, Washington, and Woods.

- a. 0% - 30% AMFI
- b. 31% - 50% AMFI
- c. 51% - 80% AMFI

- E. All eligible applicants must be evaluated in order to establish the priority of funds within the above-referenced economic subgroups. Each subgroup must be funded at the levels indicated by the Needs Assessment and analysis; however, the lowest income households may be funded at a level in excess of their population's percentage of need. The intention is to incorporate both the family and dwelling characteristics of applicants in order to establish a system that gives the households that are less able to address need without public assistance a higher priority. The following household characteristics indicate a funding priority within the economic subgroups:
  - a. Disability. If one or more members of a household have a documented disability that affects the design of the assisted unit, that household may be given priority within their income subgroup.
  - b. Age. If one or more members of the household are less than 18 years of age or 62 years of age or older, and has a lower AMFI.
- F. Housing Standardization. For reconstructed homes, construction specifications (for 2, 3 and 4 bedroom homes with total square footage ranges), will be developed by ODOC. Each home must be constructed in accordance with local code. The subrecipient may engage an architect to allow for local architectural variations; however, basic square footage (within ranges), room requirements, building materials and general specifications must remain standardized for any home reconstructed with CDBG DR funding. See the 2019 CDBG-DR Action Plan for specific requirements related to reconstruction.
- G. Housing Assistance Caps. Homeowner Assistance is limited to \$70,000 for rehabilitation and \$90,000 for reconstruction, less any duplication of benefits. Estimated rehabilitation costs exceeding this cap will be recommended for reconstruction.

### ***III. ASSISTED HOMEOWNER ELIGIBILITY REQUIREMENTS***

- A. The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not assure assistance, since a prioritization strategy within LMI economic subgroups will be required (consistent with Program Design requirements) and it is expected that there will be more eligible applicants than can be served with available funds.
- B. Income Eligibility. The income limits to be utilized are the current income limits established yearly by HUD for the Section 8 Housing Program. Subrecipients must always use the most recent income limits and will be monitored for compliance. All beneficiaries of the Rehabilitation/Reconstruction Program must meet a National Objective. The

Low to Moderate Income (LMI) National Objective is defined as providing a benefit to households at incomes of up to 80% of the locality's median income as computed on the most current HUD Section 8 Income Limits. Any activity carried out with CDBG-DR funds that involves acquisition, rehabilitation or reconstruction of property to provide housing is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons.

- C. Proof of Ownership. The applicant must be an individual who owns the property to be repaired, rebuilt or replaced due to disaster damage. Ownership can be documented as follows:
- a. Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant's name. For MHUs, a Statement of Ownership and Location (SOL) may be provided.
  - b. For the purposes of federally funded disaster recovery programs, ownership may be proven in the following manner:
    - i. Applicants may prove ownership by providing alternative documentation and completing a notarized affidavit that certifies that one of the following circumstances applies:
      1. there is nobody else who has the right to claim ownership;
      2. anyone who has a right to claim ownership has agreed to participate in the program; or
      3. anyone who has a right to claim ownership could not be located (after reasonable attempts to contact).
    - ii. The alternative documentation that can be provided instead of a copy of the deed includes (in order of preference):
      1. tax receipts;
      2. home insurance;
      3. copy of home loan on applicable bank's letterhead;
      4. utility bills; or
      5. other documentation deemed to be acceptable by ODOC
    - iii. The documentation must show that the applicant was the person responsible for paying for these items at the time of the disaster.
    - iv. The above-referenced alternatives are not optional and must be incorporated into Program Design and allowed to prove ownership for all CDBG Disaster Recovery Programs in the State of Oklahoma.
- D. Principal Residency. The unit to be rehabilitated, reconstructed or replaced must have been occupied by the applicant as the applicant's principal residence as of Month and Year. Principal residency for applicants can be demonstrated through property tax homestead exemptions. If a homestead exemption was not in place at the time of the disaster, an Affidavit of Principal Residency may be utilized as an alternative method of verification of principal residency. The affidavit must be supported by documentation such as asset

verification (income tax returns, credit check, etc.) or utility bills specific to the property address and name of the applicant which were active as of the applicable, above-referenced dates. Vacation homes (or second home) properties are not eligible for assistance under this program.

- E. Property Taxes. Applicant must furnish evidence that property taxes are current, have an approved payment plan or qualify for an exemption under current laws. Applicant must prove that property taxes have been paid or that one of the following alternatives have been met:
- the property owner qualified for and received a tax deferral as allowed under local tax code;
  - the property owner qualified for and received a tax exemption pursuant to the local tax Code; or
  - the applicant entered into a payment plan with the applicable taxing authority.
- F. Support documentation verifying the tax deferral or tax exemption must be provided by the applicant. Any applicant that enters into a payment plan must supply a signed copy of the payment plan from the applicable taxing entity, along with documentation that they are current on their payment plan.

#### ***IV. PROPERTY ELIGIBILITY REQUIREMENTS***

- A. The following threshold requirements are applicable to the assisted unit and must be met in order for the applicant to receive assistance. Proof of damage is discussed in Part A of this document.
- a. Unit Characteristics. Only single-family owner-occupied units within the eligible counties will be eligible for rehabilitation/reconstruction programs.
  - b. Manufactured Housing Units (MHUs or mobile homes) are eligible for rehabilitation at the discretion of the subrecipient. However, the MHU to be rehabilitated must be no more than 10 years old at the time of assistance and no more than \$10,000 in hard and soft construction costs can be used to rehabilitate an MHU. The MHU must meet HQS upon completion. MHU rehabilitation costs that exceed \$10,000 will require reconstruction. Reconstruction of MHUs will consist of replacing the MHU with another MHU or a stick-built home that will meet only the current needs of the family or individual.

#### ***V. TYPES OF ASSISTANCE OFFERED***

- A. Rehabilitation or Reconstruction assistance may be offered to applicants. Based on the extent of damage, applicants may be eligible for rehabilitation or reconstruction of their homes, or they may be eligible for the Voluntary Buyout Program.
- B. Temporary relocation assistance may be offered at the discretion of the

subrecipient; however, the assistance may not exceed \$15,000 per household.

#### ***VI. TYPES OF IMPROVEMENTS***

- A. Improvements needed to meet HUD Section 8 Existing Housing Quality Standards and Cost Effective Energy Measures are eligible improvements.
- B. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by ODOC in cases where safety or the structural integrity of the house is involved.
- C. Improvements will include as necessary lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.
- D. Individual Mitigation Measures (IMM) that mitigate and/or reduce risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the disaster. Examples include elevation above the base flood elevation level, the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code or wind zone requirements.
- E. Energy efficient cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present, or the repair would not be cost effective. They will be dealt with on a case-by-case basis.
- F. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.
- G. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, fences, and television satellite dishes.

#### ***VII. SUPPLEMENTAL IMPROVEMENTS***

- A. All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. The assisted homeowners will remove derelict personal property.
- B. All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.
- C. All homes must be equipped with a smoke detector installed in conformance with the one and two-family dwelling code.

- C. Rehabilitated homes inhabited by handicapped or elderly persons must be analyzed as to the special physical needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas must be installed, if appropriate.

### ***VIII. FORMS OF ASSISTANCE***

- A. All applicants receiving assistance through the Rehabilitation/Reconstruction program must sign a Forgivable Promissory Note with the subrecipient. Otherwise, the subrecipients may put a lien on the applicant's property. The note/lien must expire 1 year after the execution of the agreement. The homeowner will be required to maintain ownership of the property during the lien/note's duration. If the property is sold, the balance left on the lien/note will be returned to the subrecipient and then returned to ODOC.

### ***IX. CONSTRUCTION***

- A. If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead-based paint. If present, the removal of lead based paint will be considered in the costs of rehabilitation. Lead paint inspection provides two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation and (2) the health risks to residents, particularly children, may be severe so any presence of lead-based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention. If the removal of lead-based paint in a unit exceeds the rehabilitation cap, this activity may still occur and exceed the cap due to the safety and health of the resident. This cost is considered a reasonable exception to the program cap.
- B. Units should also be tested for asbestos. If present, the removal of asbestos will be considered in the costs of rehabilitation. Units that are rehabilitated or reconstructed and are found to have asbestos should be reported so that residents may seek appropriate medical attention. If the removal of asbestos in a unit exceeds the rehabilitation cap, this activity may still occur and exceed the cap due to the safety and health of the resident. This cost is considered a reasonable exception to the program cap.
- C. A pre-construction conference between the assisted homeowner, contractor, and the subrecipient will be conducted to ensure that all parties are in agreement about the work to be completed. The pre-construction conference will consist of two parts: The first part deals with basic contract and procedural issues: begin and end dates of the contract; terms of the contract; payment schedules and procedures; inspection procedures and requirements; responsibilities of the contractor and the assisted homeowner; change order procedures; payment requests and procedures (escrow

account); lead-based paint requirements; role of the subrecipient; complaint and conflict resolution procedures; and other programmatic procedures. The second part will consist of a walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding clean up by the homeowner prior to the work, and the contractor after the work.

- D. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) will be used as required and as appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances.

#### ***X. CONSTRUCTION AGREEMENT***

The construction agreement for all rehabilitation and reconstruction activities will be a tri-party agreement between the Rehabilitation/Reconstruction Contractor, the assisted homeowner and the subrecipient.

#### ***XI. PROPERTY INSPECTIONS AND FINAL PAYMENT***

##### **A. Preliminary Inspections**

A preliminary inspection will be conducted by the subrecipient to determine the condition of the unit for each application and to verify damage if FEMA, Small Business Administration (SBA) or Insurance award letters are not available. The initial inspection will be conducted by the subrecipient's inspector or another qualified inspector and a list of the deficiencies will be prepared. The inspection will provide an estimate of repair costs to determine whether rehabilitation or reconstruction will be offered and must be in sufficient detail to be utilized in the creation of work write-ups.

##### **B. Progress Inspections**

- a. Progress inspections serve three primary purposes: 1) to evaluate the contractor's progress; 2) to confirm that local building codes or standards have been satisfactorily met; and 3) to confirm that all requirements of the contract have been met to all parties' satisfaction.

- b. At key stages in the project, the subrecipient will schedule inspections. Key stages are times when work such as wiring and plumbing are completed and still exposed prior to the wall or flooring being replaced; or when work being performed by a specialty subcontractor, who will be present for only a short time, is nearing completion.

- c. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the processing of the contractor's payments. If at all possible, the same person will conduct inspections each time.

- f. Building permits are required for all applicable construction work.

- g. The assisted homeowner and the subrecipient will sign the inspection forms as acknowledgement that the work was completed and meets their approval. If the assisted homeowner is not satisfied with any aspect of the work, the inspection forms should not be signed until the contractor has corrected the faulty work.
- C. Final Inspections
- a. When work is nearing completion, the contractor will notify the subrecipient of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. If progress inspections were conducted often enough to make mid-course corrections, the final inspection should only need to catch those items which have been done since the last inspection. The final inspection will be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all single family homeowner activities, and clean-up should be closely checked for completion.
  - b. The subrecipient will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.
  - c. As in all construction projects, a punch list will be developed toward the end of the job. A punch list is a listing of items written as specifications, which constitute the work necessary to complete the contract. The contractor and the subrecipient as a result of the final inspection will develop the punch list, although the contractor and the assisted homeowner prior to the final inspection can develop it. Either way, the punch list will represent work yet to be done, not additional work over and above the original or amended contract. Once the punch list has been prepared, no other work items are expected of the contractor. If the punch list contains more than ten (10) items, the contractor is not ready for a final inspection.
- D. Certificate of Completion and Owner Acceptance
- a. After all items on the punch list have been satisfactorily completed, and all warranties issued, the project can be brought to final resolution. For purposes of accountability, ODOC must have written documentation that the assisted homeowner and subrecipient have accepted the work. This should be provided to ODOC before construction begins.
- E. Warranties and Retainage
- a. When final inspection determines that the work is completed in accordance with the contract, the subrecipient will submit the contractor's request for payment and upon receipt of the funds, disburse the funds to the contractor.
  - b. If any problems are identified in this supplemental inspection, the subrecipient will then notify the contractor to come back and correct the issue within a reasonable amount of time, not to exceed two weeks.

Should the contractor fail to do so, the subrecipient will not disburse the retainage, the assisted homeowner may take any necessary legal recourse, and the contractor will be barred from performing any more rehabilitation/reconstruction work in the subrecipient. In addition, should the contractor be doing other work under this program and fails to correct any warranty problems, no other payments will be made to him/her until such problems are corrected.

- c. All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed two weeks to respond.

## ***XII. FILES AND REPORTS***

The subrecipient will maintain accurate program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of five (5) years as required by ODOC. Such files will be open for inspection as to qualifications, bids, and awards.

## ***XIII. CHANGES, WAIVERS, AND/OR CONFLICTS***

- A. The subrecipient has the right to change, modify, waive, or revoke all or any part of these guidelines, with the written approval of ODOC.
- B. Waivers to the requirements in these guidelines can only be approved by ODOC and must be provided in writing.
- C. In the event that these guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

# Appendix

## Version History

<b>Version Number</b>	<b>Date</b>	<b>Notes</b>	<b>Page(s)</b>
1	09-01-2021	Submitted to HUD.	Cover – 27
2	10-18-2021	Environmental Section – “environmental analysis” to “environmental review”	9
3	12-28-2021 JDS	<p>Significant changes were made to this document per the requirements of the Oklahoma Department of Commerce’s Style Guide. For example, Headings and Subheadings are now using Arial instead of Times New Roman. The typeface used in the body text is now Google’s Montserrat instead of Times New Roman. All colors in the Headings and Subheadings were chosen from the Style Guide. The following Colors are used in this document.</p> <ul style="list-style-type: none"> <li>a. Heading 1 = HEX #464646</li> <li>b. Heading 2 = HEX #0066A6</li> <li>c. Heading 3 = HEX #000000</li> <li>d. Body/Normal = HEX #000000</li> </ul>	Entire Document