

CITY OF BULLHEAD CITY

Human Services Department

Housing Division

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Housing Rehabilitation Program Guidelines

November 16, 2021

1. Program Purpose

- a. To help very low, low and moderate-income families in the City of Bullhead City upgrade their housing and living conditions to meet the Housing Quality Standards.
- b. To improve and preserve the quality and appearance of the housing stock in the City
- c. To financially help stabilize low income households through the reduction of constant home repair and decreased utility costs.

2. Target Area

All qualified homeowners in the City of Bullhead City shall be eligible for rehabilitation services except for properties located in a Special Flood Hazard Area (designated whole or in part "A" or "V" zone by FEMA) and/or tribal land.

3. Levels of Rehabilitation Services may include:

- a. Emergency / Minor Rehabilitation Program – May provide grants up to \$15,000 (depending on funding source) to perform emergency repairs for low to very low-income homeowners who are faced with a substandard housing condition. These conditions include those posing a serious threat to the health, safety or welfare of the household or the immediate livability of the home, such as, but not limited to: heating/cooling, plumbing, septic, electricity, roofing and accessibility accommodations. Further, the emergency repair condition can be corrected without bringing the entire home up to Housing Quality Standards and local code. If needed, a greater scope of work can be completed later under the Moderate Rehabilitation Program. The goal under Emergency / Minor Rehabilitation is to correct conditions within fourteen (14) days of the signed Notice to Proceed to contractor.
- b. Moderate Rehabilitation Program- May provide forgivable loans up to \$45,000 (depending on funding source) to rehabilitate homes with a more extensive scope of work necessary for the entire home to meet the state's Housing Quality Standards and local code. The assistance is in the form of a deferred forgivable loan at 0% interest with a 5/10/15 year recapture period. Corrections to conditions will be completed within ninety (90) days of the signed Notice to Proceed to contractor.
- c. Exceptions to Maximum- If, due to unique circumstances, a proposed project could not be completed in a reasonably economical and functional manner with the maximum amount above, an increase in the project value over the maximum may be granted upon recommendation of the Human Services Director or the City of Bullhead City Housing Consultant with state approval and authorization of the city manager.

4. Funding Sources

Funding sources can include the State of Arizona, The Department of Housing and Urban Development (HUD), Community Development Block Grant, State Special Project, HOME Investment Partnership funds, Housing Trust Funds (HTF), and other grants or funds available to the City of Bullhead City. Program eligibility including household income limits, and repairs identified, etc. are based upon source of funding and program availability.

5. Marketing and Advertising

Marketing will be undertaken on an on-going basis as needed. The 2017 U.S. Census Population Estimates indicates 70.3% of Bullhead City's population is "non-Hispanic", however, Bullhead City is prepared to provide services and information in Spanish should the need arise. Vehicles of marketing include the following, to not only reach the general public, but also to reach those families who typically would not apply.

- a. Advertisement in the area papers
- b. Placement of information sheets in specific service area
- c. Placement of flyers at other social service agencies
- d. Placement of information on the City website

This program is an equal opportunity program and does not discriminate because of disability, race, religion, sex, age, national origin, or familial status. Reasonable accommodations will be made based upon disability.

6. Staff Structure / Responsibilities

a. Titles/ Responsibilities

Applications will be received by the City of Bullhead City Housing Consultant (CBCHC) and will be date and timed stamped. The application will be reviewed for completeness and the information will be added to the waiting list to determine the next group to be interviewed based on the funding source and criteria.

The CBCHC will send out interview letters to applicants. At the time of the initial interview and re-qualification meeting with the homeowner, the CBCHC will inspect the home and begin the work write-up. Once the work write-up is complete, and cost estimate is completed, CBCHC will meet with the homeowner for their approval and signature. The CBCHC will prepare the final scope of work (SOW) and go out to bid. The Human Services Director and CBCHC will both attend the bid opening and the CBCHC will give approval to award bid to lowest, responsible bidder. The CBCHC will prepare the Notice to Proceed for contractor to sign, along with the Construction Agreement included in the bid documents. The homeowner will be scheduled to meet with the CBCHC and contractor to review the SOW, sign and ask any questions to the contractor prior to commencement of the work, and sign Promissory Note and Deed of Trust. The CBCHC will make interim and final inspections. The CBCHC will manage the file and ensure that all final sign offs and warranties are in the file. The CBCHC will prepare any

change orders with contractor and final payments to be submitted to City of Bullhead City Human Services Director. The CBCHC will file all liens/notes with the City of Bullhead City Attorney's Office upon work completion. The Bullhead City Finance Department will track liens for release. The CBCHC will counsel homeowners regarding any refinancing issues. Any disputes during the work process will first be handled by the CBCHC, and then to the City of Bullhead City Human Services Director for final resolution or decision. If the homeowner does agree with the decision, they may request an informal hearing in writing with the City of Bullhead City Manager.

b. Reporting Structure

The CGCHC will develop and administer all housing rehabilitation programs. The Consultant will oversee the program to ensure that program guidelines and requirements are being carried out in an efficient and timely manner. The Consultant is responsible for all reporting requirements to the State of Arizona Department of Housing.

7. Eligibility Requirements

The CBCHC determines household income, assets and preference according to Arizona Department of Housing standards, policies, and regulations.

- a. Applicants for Housing Rehabilitation Programs will receive a preference if they are disabled, elderly (over the age of 62 years), or families with children under 18, or individuals with extremely low income. Veteran preference may also apply under certain program funding.
- b. Depending on the funding source, families must have a verifiable gross income that does not exceed the following, based on the current HUD Income Limits established for La Paz County:

HOME Program:	may not exceed 80% of the HUD Median Income
CDBG	may not exceed 80% of the HUD Median Income
SSP	may not exceed 80% of the HUD Median Income
HTF Program	may not exceed 50% of the HUD Median Income

- c. The home must be located within the City of Bullhead City corporate boundaries.
- d. The property must be their principal residence; be a resident of the City of Bullhead City, and have resided in the home for at least a period of one (1) year.
- e. The property to be rehabilitated must not be located within a 100-year floodplain ("A" Zone), tribal land, Airport zones, and other hazardous or inaccessible areas.
- f. The housing unit must be a single-family dwelling and the unity and underlying land must be owned and occupied by the applicant/homeowner.
- g. The home must be suitable for rehabilitation within the program contract period and within the program financial assistance limits. (See Section 3a-d.)
- h. Manufactured homes are eligible for assistance if the housing unit is, or will be upon completion, permanently attached to a foundation, connected to permanent utilities, and an Affidavit of Affixture has been executed or is in place.
- i. The property must have 1) fee simple title OR 2) 99-year leasehold on the property.
- j. The home must be insured, and the City of Bullhead City must be named as a lien holder at the completion.
- k. All mortgage payments, property taxes, and utilities must be current.

- l. Property must be free of liens that unduly restrict the marketable ownership interest, such as liens and non-occupants on a deed.
- m. Applicants who have received certain types of rehabilitation services from any other State/Federal funded agencies will not be eligible for services until one year after the completion of receiving said services.
- n. Applicants who have received assistance under the Emergency/Minor Repair Program will need to reapply to be placed on the Moderate Rehabilitation Program with an application no sooner than the date the emergency repairs were completed.

8. Application and Waiting List Policies

- a. Access to this program by any disabled applications will be assured. All City of Bullhead City offices are accessible. Should any applicant be unable to access these offices, staff will make an appropriate reasonable accommodation.
- b. Waiting lists have been developed for the above identified priority populations (see 7a) based upon date and time of receipt of the completed application.
- c. All applications received will be screened by staff for placement on the Emergency / Minor Rehabilitation Program or the Moderate Rehabilitation Program.
- d. Applicants that have been previously assisted under any City of Bullhead City or Western Arizona Council of Governments (WACOG) Rehabilitation Program during the same contract year(s). Other limitations may apply.
- e. Applications are to be mailed, available on the internet at www.bullheadcity.com, or available for pick up at the City of Bullhead City offices.
- f. The City of Bullhead City Housing Consultant will send out letters of interest every six months to keep the waiting list current.

9. Method for Determining Eligibility

- a. The City of Bullhead City Housing Consultant staff will notify applicant of date and time of interview to verify income, assets, ownership, family size, and to include but limited to all items in Section 7. Information will be given to applicant regarding privacy act issues, falsification penalties and timeline information. Applicants will be notified of acceptance or denial of admittance to the program within ten (10) working days from the date of final eligibility determination.
- b. Applicant must be recertified if documentation is dated 6 months or more, prior to receiving services.
- c. Upon final eligibility determination, the homeowner will be provided with the required lead-based paint information, the Program Guidelines, which include the City of Bullhead City's Grievance and Appeal Policy. Homeowners will also read and sign the Statement of Affirmation, Certifications and Privacy Act Policy.

10. Housing Counseling / Education

- a. Each recipient will be counseled as to the Rehabilitation Program's operation and all required forms. Work write-up forms will be acknowledged and signed by the homeowner and the City of Bullhead City Housing Consultant. In addition, it will be

explained to the owner that if he/she is capable, they will be expected to aid in the cleanup of their home and minor repairs. This is defined as general cleanup including removal of garbage, weeds, debris, inoperable vehicles and appliances, and could include repairs that are considered cosmetic, such as painting, staining and yard maintenance.

- b. During the rehab process, recipients will be counseled on general housing maintenance and standard operation of all items that are being repaired/replaced. At final inspection all warranties will be given to the owner and any additional instructions or procedures be discussed.
- c. Throughout the eligibility process, recipients will be educated (as needed) about taxes, importance timely mortgage payments, insurance, warranties, and available services to the community and the responsibility of being a homeowner.

11. Inspection Process/Property Standards

- a. The City of Bullhead City Housing Consultant will conduct an initial inspection and make assessments to determine the actual repairs needed, and will determine to what extent, if any, emergency conditions exist. Consultant will complete a preliminary Work Write Up that identifies these repairs and the estimated cost of repairs. Consultant may consult with the City of Bullhead City Building Department or refer to RS Means Construction Cost Manual to determine reasonable cost estimates.
- b. Housing repairs will meet at a minimum, Federal Housing Quality Standard (HQS), the State's Rehabilitation Standards and local codes, zoning and ordinances, and the International Residential Code (IRC). In addition, the City of Bullhead City will meet the 2012 International Energy Conservation Code (IECC), or most recently adopted code, Energy Star and Arizona Governor's Office of Energy Policy Weatherization Standards (issued 10/12/12, revised 11/18/2013) inspection and Work Write-Up Specifications.
- c. The State's Rehabilitation Standards, local code, and IRC will be adhered to for Home Inspection and Work Write-Up Specifications.
- d. Upon initial inspection, any owner-caused health/safety hazards must be corrected prior to Contractor Walk-Thru or application will be cancelled.
- e. The City of Bullhead City Consultant will obtain a BPI Certified Weatherization Professional to conduct the Pre-Energy Audit and the Post Compliance Inspection. Deficiencies identified in the energy based on the ADOH Weatherization Standards (issued 10/12/2012, revised 11/18/13) will be included in the Scope of Work and corrected in the rehabilitation process. Items identified in the energy audit that are not related to the ADOH Weatherization Standards may be corrected at the discretion of the rehab staff.
- f. The City of Bullhead City will meet the handicapped accessibility requirements of the Fair Housing Act, Federal Accessibility Standards (Section 504 of the 1973 Rehabilitation Act, and the Americans with Disabilities Act), as applicable and needed by homeowner.
- g. The City of Bullhead City Consultant will follow HUD Lead Based Paint Regulations used for identification and abatement.

12. Green Technology/Energy Efficiency/Energy Star/Weatherization

The City of Bullhead City will incorporate energy efficiency measures required by the Arizona Department of Housing Owner Occupied Housing Rehabilitation Weatherization Standards.

The City's requirements incorporate the following standards: BPI/BA Standards, IECC 2012, ASHRE 62.2-2010, Energy Star, and Standardized Work Specification.

Examples below are inclusive of all the above measures and guidelines, but not necessarily limited to:

- a. Use of low or "no" VOC paint, when applicable
- b. Replacement of water heaters to solar units, as appropriate for type of unit
- c. Replacement of HVAC systems to high efficiency Energy Star 15 Seer or higher
- d. Use of Energy Star related CFL or LED light bulbs
- e. Replacement of windows to dual pane low E Energy Star windows (Will meet the minimum requirements of IECC 2012 codes)
- f. Installation of low flow water saving devices
- g. All plumbing fixtures will be low-flow
- h. Use of reclaimed water for landscaping
- i. Mitigation of leaks in air delivery system (Air Barrier/Thermal Barrier)
- j. Installation of additional building or roofing insulation
- k. Room Pressure Balancing
- l. HVAC Static Pressure (does not apply to mobile homes)
- m. Duct Leakage
- n. Air Conditioning
- o. Duct Replacement (does not apply to mobile homes)
- p. Ventilation
- q. All appliances will be Energy Star rated
- r. Hot water systems including aerators and shower heads
- s. CAZ Tests

13. Determining After-Rehab Value

To ensure after completion, that assisted units do not exceed 95% of the FHA 203(b) /area median purchase price for single family housing as required by Section 215(b) of the National Affordable Housing Act (NAHA) as part of the applicant eligibility process and prior to any work being performed, consultant will establish the after-rehabilitation value according to the following method:

Tax Assessments: The City of Bullhead City Consultant will pull the tax assessment from Mohave County Assessor's Department for a comparable property located in the same neighborhood to establish the after-rehabilitation value. This assessment will be current and accurately reflect market value after rehabilitation. La Paz County staff/consultant may also use Zillow (www.zillow.com), Trulia (www.Trulia.com) or RealtyTrac (www.realtytrac.com) to pull comparable properties in the area of the same type, age and square footage, to the extent possible. Homes will not be allowed to exceed one hundred percent (100%) combined loan to value.

14. Rehabilitation Process

a. Work Write Up Information

1. The City of Bullhead City Consultant, after determination of the first part of eligibility, will perform an initial walk-thru audit of allowable repairs to be done on the home to complete the final eligibility process. This walk-thru will determine which program the applicant will be assisted under. Work Write-up forms will be acknowledged and signed by the homeowner(s) and the City of Bullhead City Consultant.
2. Prior to solicitation of bids, the City of Bullhead City Consultant will conduct a second mandatory walk-thru of the home with contractors who are pre-qualified and registered with CCR.
3. The City of Bullhead City Consultant will prepare a final Scope of Work, identifying the repairs that are to be bid and a cost estimation.

b. Bidding Process and Contractor Selection

1. The City of Bullhead City Consultant, in accordance with the City of Bullhead City's Purchasing Policy, will solicit bids, provide a mandatory pre-bid walk thru, open bids and select contractor(s). The walk-thru must be attended by the Contractor or representative of the company. All bids will be competitively procured in accordance with the City of Bullhead City's Procurement Policies. The City of Bullhead City's Consultant will recommend the award be made to the lowest qualified bidder, or if necessary, by timely performance. The homeowner will be notified of contractor selection.
2. Prior to the commencement of work, the homeowner will be given the awarded Scope of Work, Promissory Note and Deed of Trust to review, acknowledge and sign. A pre-construction meeting will be scheduled with the homeowner, contractor and staff/consultant the review the SOW and answer any questions the homeowner may have. The homeowner will sign a Scope of Work Agreement.
3. A minimum investment of \$1,000 to any one unit will result in the unit be brought to IRC code or State Rehab Standards.
4. All contractors will carry the required bonding/insurance type and amount and be licensed by the Arizona State Registrar's Office in good standing. All contractors must be registered in the Central Contractor Registry (CCR) and will provide City of Bullhead City with their DUNS and CAGE (Sam.gov Registration) numbers and must not appear on the Federal Excluded Parties List. This includes subcontractors as well.
5. If Building permits are required, they are the responsibility of the contractor, unless otherwise stated in the SOW. No sweat equity or owner reimbursements are permitted.
6. As a Courtesy, the City of Bullhead City Building Inspectors may be asked to inspect any work, even when no permit is required. All permit items will be inspected by the City of Bullhead City Inspectors and Consultant.
7. The City of Bullhead City Consultant will do periodic inspections during construction to monitor progress and identify any issues that may need to be addressed, such as Change Orders.

8. Upon completion, the City of Bullhead City Consultant will inspect each completed home, along with homeowner. The homeowner will approve and sign off that all work has been completed, as well as acknowledge that they have received all necessary warranty information.
9. The City of Bullhead City will retain 10% for each draw check per line item. Upon final completion of 100% of the work and submission of lien waiver from contractor, and final sign-off and acceptance from homeowner, The City of Bullhead City Consultant will approve final draw and retainers.
10. All contractors are required to provide a two-year warranty on workmanship set forth by the Arizona Registrar of Contractors. The homeowner is responsible to contact the contractor for any warranty-related problems. If the homeowner does not feel the contractor has lived up to warrantee obligations, they may contact the City of Bullhead City Consultant to assist in resolution. If no resolution is available, or it is not to the homeowner's satisfaction, homeowner may appeal to the Arizona Registrar of Contractors. The City of Bullhead City Consultant will assist the homeowner in filing of the complaint.
11. A Complaint and Grievance Process has been developed and copies are provided to homeowners at eligibility interview.

15. Temporary Relocation Assistance

- a. If the completion of the identified repairs that impose a health and safety risk to the occupants, the City of Bullhead City Consultant will make temporary housing arrangements for the period estimated by the contractor to complete the repairs. Arrangements will not be made for temporary relocation of homeowner's pets.
- b. Temporary relocation with area relatives or friends will be the first alternative. If this is not available, the occupants will be temporarily relocated to an area hotel/motel that is equipped with a microwave and refrigerator, if available. The occupants will be responsible for their own meals.
- c. If necessary, personal belongings of the occupants will be placed in temporary storage at a commercial location.
- d. All temporary relocation costs will be included in the total rehabilitation cost.

16. Loan Program- Moderate Rehabilitation

The loan program is applicable to all Moderate/Minor Rehabilitation programs. These programs will be in the form of a deferred forgivable loan with a recapture period of 5/10/15 years so long as the amount of the award does not exceed \$45,000 (inclusive off rehab service costs). Any award up to \$15,000 will have a recapture period of 5 years; and award from \$15,001.00 to \$40,000 will have a recapture period of 10 years; any award over \$40,000 will have a recapture period of 15 years. These loans shall be non-interest bearing and secured with a Deed of Trust and Promissory Note. The note shall be forgiven either at a rate of twenty percent (20%) per year over five (5) years; ten percent (10%) per year over a ten (10) year period OR seven percent (7%) per year over a fifteen (15) year period, as long as the dwelling unit continues to be occupied by the owner or income-qualified immediate family member who has inherited the property. Liens will not be allowed to exceed 100% combined loan to value. The unforgiven balance of the loan shall become due and payable upon the sale, exchange, transfer of the property, or if the beneficiary fails to occupy the assisted unit as their primary

residence. There is no pro-ration on the amount due. The City of Bullhead City Consultant will prepare all Deed of Trust/Promissory Notes and forward to the Bullhead City Attorney's Office upon final work completion and sign-off. The Bullhead City Finance Department will track the liens for the time period and prepare and file lien releases with the Recorder's Office as they become due (time period over), or if it is paid off in full and will mail the homeowner a recorded copy. The staff will provide certified counseling to homeowners regarding any refinancing issues. Any program income will be reinvested into the housing rehabilitation program to be used for eligible activities in accordance with State requirements and approval, so long as the contract is still in effect. Based on the funding source, and direction from ADOH, these funds will either be returned to the Arizona Department of Housing or reinvested in housing rehabilitation activities.

17. Beneficiary Refinancing and Home Equity Loan Policy – Moderate Rehabilitation

If at any time during the recapture period of the forgivable loan, the homeowner wishes to refinance their existing debt or apply for a home equity loan, any subordination request from the lender will not be considered until such time that complete documents describing loan amount, terms, interest and purpose of the loan are submitted to the City of Bullhead City Consultant to review. A conference will be held with the homeowner to verify accuracy of the information and the homeowner's understanding and need. The City of Bullhead City Consultant will approve subordination documents, only in cases where it will reduce the overall monthly housing costs to the family. Home Equity Loans will be reviewed on a case by case basis. Loan Subordination will not be allowed under any circumstances for a cash-out refinancing. In certain situations where a Home Equity Loan is approved by the City of Bullhead City Consultant, the balance of the deferred loan will become due and payable and will be repaid to the City of Bullhead City in one lump sum. Partial payments are not accepted. Based on the funding source and direction from the ADOH, these funds will either be returned to the Arizona Department of Housing or reinvested in housing rehab activities.

18. Sweat Equity/Self-Help

Self-Help or Sweat Equity by the homeowner will not be allowed due to liability and code considerations. The homeowner, however, may be asked to clean up their home or yard, and move items out of the way while contractors are working.

19. Lead Based Paint Procedures

The following is in accordance with the Final HUD Regulation on Lead-Based Paint published September 16, 1999, Subpart J. Rehabilitation for projects in which federal assistance is obligated on or after September 15, 2000.

- a. All families will be provided with the EPA Pamphlet "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools".
- b. If it is determined that rehabilitation work will disturb a painted surface the City of Bullhead City staff/consultant will have it tested or presume the presence of lead-based paint.
- c. In cases, where evaluation or hazard reduction are undertaken as part of the rehabilitation, the City of Bullhead City staff/consultant will provide a notice to the family in accordance with 24 CFR 35.125.

- d. In cases where lead-based paint is determined or anticipated to be present the City of Bullhead City staff/consultant may either choose standard treatment methods followed by clearance as outlined in Subpart J of the Final Rule or perform a risk assessment in accordance with 24 CFR 1320(b) and interim controls in accordance with 24 CFR 1330.

20. Asbestos Testing

Pursuant to applicable Environmental Protection Agency (EPA) regulations, the City of Bullhead City will comply with Federal and State requirements to protect affected public members from exposure to regulated asbestos-containing material during rehabilitation, demolition, removal, transport and disposal activities/materials.

21. Complaint/Grievance and QA Procedures

1. The City of Bullhead City Consultant will act as mediators between the housing rehabilitation participant and the selected contractor, should any disputes arise during the completion of the rehabilitation work.
2. The City of Bullhead City Consultant will maintain regular communications with participants during the rehabilitation work and for 30 days after completion of all work.
3. The City of Bullhead City has a Complaint and Grievance Procedure for the Housing Rehabilitation Program. Please see Attachment "A"

22. Definitions

1. **Income** – Household income is defined as the gross income with no adjustments or deductions that the household anticipates it will receive in the current 12-month period. If the household's income cannot be determined based on current information because the household reports little to zero income, or income fluctuates, income may be determined based on actual income received or earned within the last twelve months before the determination. Income includes but is not limited to, earned and unearned income from all household members age 18 and older, unearned income of minor children or foster children under the age of 18, and income from assets. Emancipated minors and person under the age of 18 who have entered into a lease under state law are treated as adults.
2. **Family / Household** – All persons occupying the assisted residence including permanent extended family member, elderly parents, and single children with children. In the case of more than one family per dwelling unit, efforts are made to provide the non-owner with home ownership opportunity through another program to decrease overcrowding.
3. **Qualified Applicant** – An individual or family whose income does not exceed 80 percent of the HUD area median income guidelines adjusted by household size.