

# Good Habits of a Highly Effective Rehabilitation Manager

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U.S. Department of Housing and Urban Development  
Community Planning and Development

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# Foreword

Historically, housing rehabilitation has been a popular affordable housing initiative. In fact, since the U.S. Department of Housing and Urban Development first implemented the HOME Investment Partnerships Program over a decade ago, nearly half (over \$3 billion) of all HOME project funds committed were dedicated to rehabilitation! Rehabilitation is effective because it often meets the dual objective of stabilizing existing housing units, and the neighborhoods in which they are located; and providing a decent, safe, and sanitary home for a low-income household.

Implementing affordable housing rehabilitation programs, however, can be a complex task because it involves a number of different people and professionals, and an existing structure that might uncover surprises. The HOME Program provides states and local governments the flexibility to design and implement housing rehabilitation programs that address local housing needs. To do this effectively, a rehabilitation manager must understand local housing needs and the housing market, and be able to translate that knowledge into effective housing program design. In addition to this technical expertise, the housing rehabilitation manager must be able to provide leadership to a housing rehabilitation team and its clients, so that they work collaboratively to promote a common mission.

*Good Habits of a Highly Effective Rehabilitation Manager* provides an array of advice and resources to help managers with this complicated job. It provides practical, “rule-of-thumb” guidance on how to carry out rehabilitation programs in accordance with the industry’s best practices and the HOME Program requirements. It directs the reader to more detailed resources where more information in a particular area might be needed. Rehabilitation program managers who heed its advice can be well on their way to managing an excellent housing rehabilitation program.

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# Introduction

This publication, *Good Habits of a Highly Effective Rehabilitation Manager*, is a management resource guide for managers of publicly funded rehabilitation programs. The guide highlights the findings and principles of strong leadership and management research and reviews the best practices of effective affordable housing development. The result is a resource guide that can assist managers with the challenge of managing in a political and highly technical discipline.

Rehabilitation is more complex to stage and manage than new construction because the project does not begin with a blank slate. The construction must coordinate with and respond to pre-existing conditions, past modifications and mistakes, and the desires, concerns, safety, and (often) occupancy of owners and residents. The complexity of the rehabilitation process is further compounded by the interaction of numerous people involved in its execution.

The operation of a highly successful rehabilitation program is dependent upon its manager's ability to provide leadership in many areas simultaneously. With well-thought out plans, specific program objectives and a sound organizational mission, the manager has a stable foundation to build an environment ripe for success. The rehabilitation manager must have and retain staff and contractors who are competent to exercise sound judgment and carry out all the myriad essential steps, documentation and required functions as independently as possible. To do this, and ensure consistency among staff, the manager must establish standard policies and procedures that lead the team through the work process and insist on the use of forms, checklists and organized record keeping. With competent staff and sound structures in place, effective managers can promote greatest efficiency and highest production levels by setting goals and objectives and measuring productivity and performance.

As a resource guide, this model highlights these important lessons for rehabilitation managers, and provides specific references and illustrations for rehabilitation managers to find more detailed information in areas of program management, organizational development, housing rehabilitation and construction management. The advice outlined in this guide is sound for all housing rehabilitation program managers generally, but it is particularly useful for those who are implementing federally funded HOME and Community Development Block Grant programs.

*Good Habits of a Highly Effective Rehabilitation Manager* provides a short narrative description of the most critical "habits" that a good housing rehabilitation manager adopts. For each habit, the model provides a narrative description of what the habit entails, and why it is important. Following the narrative, a set of "methods" is provided to support the habit. If these methods are followed, the program manager can successfully internalize the habit into his or her organizational operations. Wherever possible, samples and illustrations are provided. In addition, the guide provides resources for each theme, so managers who need more detailed assistance have a source for that information.

This guide is comprehensive; managers need not heed every piece of advice offered. Even very highly effective and well-managed organizations are unlikely to excel at all areas promoted in this book! Some managers may find it useful to peruse the habits and their accompanying methods, and keep a "mental checklist" to conduct an informal, periodic evaluation of their own management and leadership styles, or organizational "status." Others may choose to reference specific areas where they have already identified needs for improvement, and utilize the advice and resources provided here. Regardless of the approach, managers are encouraged to choose one or two areas of challenge in their organizations and use this guide to help make improvements in those areas. Improvement efforts that are manageable and achievable are the most likely to occur.

Managing rehabilitation programs is challenging work. With the right combination of leadership skills, proper organizational structure and operational systems, technical expertise and political savvy, a manager can make tremendous contributions to the affordable housing and community development field. This guide can be a tool to help on that path.

## *Habit 1*

# Align Housing Rehabilitation Resources with Community Needs

## Implement this Habit for:

- A well articulated mission statement that informs stakeholders about the program's mission, and guides operational decisions; and
- Individual rehabilitation jobs that, when evaluated collectively, work together to address the community's most pressing needs and community development objectives.

## Overview of the Habit

A housing rehabilitation program manager must ensure that the program is appropriate to community needs—as they present themselves today, and how they are likely to change in the future. An understanding of these needs is based on the comprehensive plan, and an understanding of the choices made during the planning process. Effective rehabilitation program managers consider the history, needs, demographics, economics, housing stock, and politics that originated and shaped the plan. Only with this context and knowledge can rehabilitation managers articulate the organizational mission and goals and match them to the community's needs. With a clearly defined mission, program managers can make decisions and strategic choices that best serve the community.

It is rare that one program or one approach to housing rehabilitation will meet all, or even most, of the identified community needs. In general, housing rehabilitation programs are designed to address needs related to neighborhood revitalization, housing preservation, and/or serving the needs of residents. While many communities have some needs in each of these areas, rehabilitation programs are most effective when they are designed to meet one of these needs, or a specific objective within an area of need, rather than many needs. Each area requires very different approaches to be addressed with effect.

- Meeting *neighborhood revitalization* objectives is best accomplished by focusing a concentration of resources on a small and targeted geographic area to achieve highly visible results. Housing rehabilitation efforts support neighborhood revitalization by addressing “street presence.” In addition to improvements to the housing unit, fences, yard clutter, junk cars, garages, and landscaping are also treated, if needed. Housing rehabilitation is just one part of an overall strategy that addresses the spectrum of a neighborhood's needs. Overall neighborhood revitalization strategies also address crime reduction, capital improvements, economic development and transportation.
- *Housing preservation* objectives focus on preserving and retaining the housing stock, a part of it, or a few select structures. Some housing preservation programs include a historic focus; some incorporate a geographic concentration of resources. Preservation objectives often have a long-term focus, but may be served by short-term interventional programs, such as roof repair, to arrest deterioration. Renovation standards typically prescribe more substantive or characteristically appropriate methods. The adjunct concerns of the neighborhood are not parameters of these programs.
- Objectives that *serve the needs of people* may engender a diverse range of program objectives, from those that serve all eligible low-income residents, to those that are targeted to meet specific needs, such as creating lead-safe housing units, improving accessibility in existing housing stock, or making emergency repairs to prevent displacement. They focus on making improvements to a

property to benefit some person(s) with a need. These programs often target urgent needs that must be addressed with some immediacy; meeting a comprehensive property standard may not always be appropriate.

Many housing agencies do try to address *combined objectives*. This is typically done by operating two programs, such as a minor repair program that addresses people’s needs and a major repair program that addresses a the neighborhood revitalization or housing preservation goal. Needs-oriented activities are generally limited to specific tasks on qualifying houses, such as emergency repair or accessibility, and are designed to enable clients to remain in their homes safely. Major repair activities provide full rehabilitation services.

Once a manager has identified the community needs the program is to meet, the program can be adjusted, tailored and carefully crafted to meet these needs. Programs must be operated in full recognition of political, financial, operational and regulatory constraints. Each of these constraints can be better managed, however, by the clear focus of the program mission.

<b><i>Methods of Implementing This Habit</i></b>	<b><i>Resources</i></b>
<p><b>Define the organization’s mission.</b></p> <ul style="list-style-type: none"> <li> <p>    <sup>v</sup> Understand the community’s needs.</p> <ul style="list-style-type: none"> <li>— Know the condition of the housing stock (owner- and renter-occupied), availability of standard units, and number of rent-burdened renters.</li> <li>— Review consolidated plans.</li> <li>— Conduct windshield surveys.</li> <li>— Listen to program participants, housing delivery partners, community residents and political leaders about their concerns and objectives.</li> </ul> </li> <li> <p>    <sup>v</sup> Put goals and objectives in writing and include measurable progress milestones and production projections. Review goals and objectives periodically.</p> </li> <li> <p>    <sup>v</sup> Undertake rehabilitation initiatives that are compatible with the mission, and reject those that are not.</p> </li> </ul>	<p>For guidance on developing a mission statement, see The Management Assistance Program for Nonprofits. <i>Identifying Strategic Directions</i>. Available at <a href="http://www.managementhelp.org/plan_dec/str_plan/str_plan.htm#anchor955680">http://www.managementhelp.org/plan_dec/str_plan/str_plan.htm#anchor955680</a>.</p> <p>See also “Sample Community Development Mission Statements” at the end of this Habit.</p> <p>To stay current in the community development field, see Fannie Mae Foundation. <i>Knowledgeplex</i>. Available at <a href="http://www.knowledgeplex.org">http://www.knowledgeplex.org</a> This comprehensive and interactive resource for managers in the affordable housing and community development field has search capacity for research and information sharing, and explores “hot topics” in the field. For a thought-provoking discussion on building capacity in community development, see Fannie Mae Foundation. <i>Knowledgeplex</i>. Available at <a href="http://www.knowledgeplex.org/fmfportal/hottopics/topichome.asp?UserID=2&amp;Page=1&amp;HotTopicID=5">http://www.knowledgeplex.org/fmfportal/hottopics/topichome.asp?UserID=2&amp;Page=1&amp;HotTopicID=5</a>.</p> <p>See Covey, Stephen. <i>The 7 Habits of Highly Effective People</i>, “Habit 2 - Begin with the End In Mind.” New York, NY: Simon and Schuster, 1989.</p>





<p><b>Position the organization to be aware of, and ready to meet, changing community needs.</b></p> <ul style="list-style-type: none"> <li>∨ Monitor both met and unmet needs, in terms of both people and properties.</li> <li>∨ Secure political support for activities by understanding the political climate and respecting the priorities, limitations and opportunities that the community’s politics present.</li> <li>∨ Secure community support by knowing the perspectives of the community, its objectives, priorities and prejudices. Be prepared to work with, and educate community residents, as needed (such as when NIMBY presents itself).</li> <li>∨ Meet with property owners, and consult realtors and landlord associations to ascertain if customers need the program’s product in today’s market.</li> <li>∨ Understand the market. Remember, a demonstrated need for a product does not mean that there will be a demand.</li> <li>∨ Target programs to the right market and make them attractive to property owners.</li> <li>∨ Know where the program is heading in two years, five years, ten years.</li> </ul>	<p>See “Tips for Conducting Effective Community Meetings” at the end of this Habit.</p> <p>See HUD’s HOME model program guide, <i>Building Public-Private Partnerships to Develop Affordable Housing</i>. HUD-1583-CPD, May 1996. This publication is available from HUD’s Office of Affordable Housing Programs’ online library at <a href="http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm">http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm</a>.</p> <p>See HUD’s HOME model program guide, <i>Owner-occupied Rehabilitation- A Direct Loan Model</i>. HUD 1386-CPD, January 1993. This publication is available from HUD’s Office of Affordable Housing Programs’ online library at <a href="http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm">http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm</a>.</p> <p>See Bryson, John M. &amp; Alston, Farnum K. <i>Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations</i>. San Francisco, CA: Jossey-Bass Publishers, 1995.</p>
<p><b>Be cognizant of available resources as well as any inherent constraints.</b></p> <ul style="list-style-type: none"> <li>∨ Analyze organizational staffing and availability of consultants and contractors, and understand their skills, capabilities, required certifications, and limitations.</li> <li>∨ Inventory potential partners, including nonprofits, subrecipients, financial partners, investors, and service providers. Understand the mission, motives, capabilities, and service areas of each.</li> </ul>	

<p><b>Assess financial and production parameters.</b></p> <ul style="list-style-type: none"><li>v Use funding whose goals and limitations are compatible with program objectives. Evaluate project funds availability from all potential sources and understand the opportunities and limitations each source presents.</li><li>v Define minimum and maximum assistance per unit in accordance with program objectives, and know the full effects of caps on assistance.</li><li>v Know how many units can be produced in a specified time period with the resources available.</li></ul>	<p>Attend HUD-sponsored trainings to learn Federal program rules and how those rules affect housing program design. The following courses include technical assistance to strategically think about how funds best match participants' program parameters:</p> <ul style="list-style-type: none"><li>• <i>Building HOME</i>, a HOME Program primer;</li><li>• <i>Advanced HOME</i>, rental housing finance course; and</li><li>• <i>Basically CDBG</i>, a CDBG program primer.</li></ul> <p>Information about these, and other, HOME trainings can be found at HUD's <i>Community Planning and Development Training Website</i>. Available at <a href="http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html">http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html</a>.</p>
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## Sample Community Development Mission Statements

To develop viable urban communities, by providing decent housing and suitable living environments and expanding economic opportunities principally for persons of low- and moderate-income.

*-City of Boise, ID*

To increase production of affordable, good quality housing for farmworkers and other low-income rural residents not currently served by other housing providers.

*-Office of Rural and Farmworker Housing*

To develop and operate permanently affordable housing that builds strong and stable communities through resident participation and leadership development.

*-Sacramento Mutual Housing Association*

To strengthen cities, towns, and neighborhoods to enhance the quality of life of Massachusetts residents. To accomplish our mission, we will provide leadership, professional assistance and financial resources to promote safe, decent affordable housing opportunities, economic vitality of communities and sound municipal management. We will forge partnerships with regional and local governments, public agencies, community-based organizations and the business community to achieve our common goals and objectives. In all of these efforts, we will recognize and respect the diverse needs, circumstances and characteristics of individuals and communities.

*-Massachusetts Department of Housing and Community Development*

## Tips for Conducting Effective Community Meetings

Community meetings are as varied as communities themselves, and the dynamics of any community meeting are impacted by the community members' relationships with one another and the housing agency, and the specific issues under discussion. Nonetheless, there are general guidelines that, when followed, will increase the likelihood of an effective and informative meeting.

- ▼ Treat community members with respect.
- ▼ Have a clear purpose for the meeting. Stay focused on the purpose as it affects the community-at-large. Take individual items of concern "off-line," as needed.
- ▼ Develop an agenda and stick to it. Provide the agenda to stakeholders before the meeting, if possible.
- ▼ Develop a list of possible questions from stakeholders so that you will be prepared to answer them. Answer questions honestly, directly, and with clear, concise answers.

- ▼ Enlist the support of credible third parties by asking community leaders, representatives of community agencies, and respected professionals to represent the agency's agenda, where possible.
- ▼ Be prepared with strategies for handling disruptive or hostile behavior.
- ▼ Start on time and end on time.

## *Habit 2*

# **Infuse Your Program with the Community Development Mission**

### **Implement this Habit for:**

- Enthusiastic program staff who exhibits concern for the clientele and expresses optimism about revitalizing the housing stock; and
- Conscientious program staff that is effective in fixing houses to reflect the client's desires and the community's needs.

### **Overview of the Habit**

Community development programs are not just about fixing houses; they are also about public service and sound economics. Government entities provide financial support for community development in order to ensure that all people, regardless of income, have a decent and safe place to live. In addition, community development programs serve to maintain the economic viability of neighborhoods by preserving the housing stock and other components of the nation's low-income neighborhoods.

The housing stock and the residents of low-income neighborhoods face special challenges. In implementing community development programs, staff must be prepared to deal positively with the most negative of circumstances. Program staff is better prepared to meet those challenges when it is sensitive to the people it is serving, and has an understanding of the responsibility and role of government to address the problems. Beyond that, staff must be committed to revitalizing neighborhoods and improving housing stock, regardless of the characteristics of any individual client. Consistent with this dedication to a community development mission, government employees and their agents are responsible for adhering to strict moral and ethical standards. Managers must pay attention to, and eliminate, real and perceived conflicts of interest. This ensures that program decisions are guided by the mission, rather than by any individual's personal benefit (financial or otherwise) from the program.

Programs must address the needs of the community. Typically, successful programs are targeted to meet a specific community development goal(s), such as revitalizing a neighborhood, or increasing the supply of standard, affordable housing for low-income residents. Managers of community development programs are most effective in addressing community needs and in garnering public support when they understand the needs of clients, investors, and community members. Individual projects go much more smoothly when owners participate in project decisions and are fully informed about the work process and schedule.

<b><i>Methods of Implementing This Habit</i></b>	<b><i>Resources</i></b>
<p><b>Create an environment that motivates staff to exercise compassion and to do its job well.</b></p> <ul style="list-style-type: none"> <li> <p>v Be a role model for staff by carrying the community development banner in all organizational activities. Articulate the purpose of the work, and articulate for staff how the mission guides decisions (especially the difficult ones).</p> </li> <li> <p>v Carry out effective job interviews to screen for staff who demonstrate a commitment to community service.</p> </li> <li> <p>v Screen for, and hire, staff that are able to work with diverse constituencies and are respectful of others, regardless of background.</p> </li> <li> <p>v Resist temptations to assign staff or approve loans based on factors other than the best interest of the client or the neighborhood. Follow program requirements and procedures.</p> <ul style="list-style-type: none"> <li>— Educate elected officials about the program mission and requirements. Work with political leaders to identify projects that meet their needs and your program design.</li> <li>— If the agency must approve “a political deal” that does not meet the program parameters, do so outside the structure of the program. “Forcing” deals into a program for political purposes, or “making” a bad deal work leads to confusion about the program and creates the impression that the program rules are not important. Ultimately, this affects the public’s confidence in the program and employee morale.</li> </ul> </li> </ul>	<p>For general guidance on how to interview job candidates and ask lawful and appropriate questions, see The Management Assistance Program for Nonprofits. <i>Basics of Interviewing Job Candidates</i>. [Updated 1999]. Available at <a href="http://www.managementhelp.org/staffing/screeng/intrvwng/basics.htm">http://www.managementhelp.org/staffing/screeng/intrvwng/basics.htm</a> or <a href="http://www.searchwest.com/interviewer.html#4">http://www.searchwest.com/interviewer.html#4</a>.</p> <p>See “Sample Interview Questions” at the end of this Habit. These questions are designed to elicit information to assess a job applicant’s experience working with others, particularly others of diverse backgrounds.</p>

**Monitor performance and provide regular reminders of the importance of the community service and community development mission.**

- ∨ Provide opportunities for staff to celebrate the meaningful results of their work. Make a special effort to involve support staff whose jobs do not bring them to the field.
- ∨ Conduct joint training for inspectors and loan specialists in homeowner interaction. Monitor employee commitment to serve clients.
- ∨ Where employees do not conform to standards related to treating clients with respect and professionalism, provide counseling and establish clear guidance on improvements needed. Reassign employees, or remove from current positions, if improvements are not made.

See Covey, Stephen. *The 7 Habits of Highly Effective People, Part III, Public Victory*. New York, NY: Simon & Schuster, 1989.



<p><b>Involve property owners in all stages of the rehabilitation process.</b></p> <ul style="list-style-type: none"> <li>v Communicate with property owners and tenants throughout the process: <ul style="list-style-type: none"> <li>— Educate the receptionist and other staff with program intake responsibilities about programs to provide quality information to applicants;</li> <li>— Provide periodic notices to homeowners of position on waiting list;</li> <li>— Communicate with tenants and homeowners throughout the construction process to provide information about contracted work items, work schedules, and relocation procedures.</li> </ul> </li> <li>v Involve property owners in decisions: <ul style="list-style-type: none"> <li>— Actively seek input on program design during the planning process;</li> <li>— Develop and use a checklist for on-site interviews and give homeowners choices, including selection of finishes and colors;</li> <li>— Require property owners to sign off on specifications and payments;</li> <li>— Involve property owners in bidding and selection process;</li> <li>— Encourage property owners to participate in inspections;</li> <li>— Hold pre-construction conferences and document decisions; and</li> <li>— Inform tenants and/or homeowners of recourse for complaints and disputes.</li> </ul> </li> </ul>	<p>See sample notices to homeowners at the end of this Habit, including “Sample Notice of Lead Hazard Reduction” and “Sample Property Owners Manual.”</p>
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**General Resources to Support this Habit**  
For guidance on staying focused on the mission to accomplish organizational goals, see Covey, Stephen. *The 7 Habits of Highly Effective People, Part II, Private Victory*. New York, NY: Simon & Schuster, 1989.

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## Sample Interview Questions

Since every person in a community development agency is likely to interact with the public, it is important that all employees understand the importance of customer service, and the needs of low-income persons in particular. In an interview, job candidates learn about what is important in a job because of what agency representatives and managers tell them, and through the questions that are asked of them. Do not shy away from asking about a job applicant’s qualifications in this area, as this will underscore for them the importance placed on this aspect of the job.

These are a few interview questions that can be asked, to help assess if a candidate will be able to handle the sometimes challenging aspect of interpersonal relations with clients that are present in most housing agencies:

- <sup>v</sup> Do you have a particular interest in working for a community development agency, or is your interest in the job functions of this position? [If a candidate expresses a particular interest in working for a community development agency, ask why.]
- <sup>v</sup> What is your experience working with people of diverse backgrounds? Low-income persons? What have you learned from these experiences, if anything?
- <sup>v</sup> Have you had ever had difficulty working with a person of a different background than your own? How did you handle those difficulties? Would you do anything differently today?

In making a selection for a position, managers must weigh the strengths and weaknesses of each candidate, relative to the organization’s needs. Remember in this process, that it is generally easier to teach a person technical skills (within reason) than it is to teach them values and interpersonal relations.

# Notice of Lead Hazard Reduction

Property Address \_\_\_\_\_ Today's Date \_\_\_\_\_

## Summary of the Hazard Reduction Activity

Start Date \_\_\_\_\_ Completion Date \_\_\_\_\_

### Location and type of activity

List the location and type of activity conducted, or attach a copy of the summary page from the clearance report or the lead hazard scope of work providing this information.

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Date(s) of clearance testing \_\_\_\_\_

### Summary of results of clearance testing

- \_\_\_\_\_ No clearance testing was performed.
- \_\_\_\_\_ Clearance testing showed clearance was achieved.
- \_\_\_\_\_ Clearance testing showed clearance was not achieved.

List any components with known lead-based paint that remain in the areas where activities were conducted. List the location of the component (e.g. kitchen-door, bedroom-windows).

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### Person who prepared this summary notice

Printed Name \_\_\_\_\_ Signature \_\_\_\_\_

—

Title \_\_\_\_\_ Organization \_\_\_\_\_

—

Address \_\_\_\_\_

—

Phone \_\_\_\_\_

Fax \_\_\_\_\_

Owner \_\_\_\_\_ Date \_\_\_\_\_

—

**Give this form to Property Owner with work-write up.**

## **Sample Property Owner's Manual**

### **For Home Improvement Program for Owner-Occupied Housing**

#### **Purpose of the Home Improvement Program**

The Home Improvement Program is a result of a neighborhood study conducted by the Agency. A field inspection identified a very real threat in the form of urban decay, housing deterioration, and community disintegration in various neighborhoods.

Throughout our target neighborhood, the preservation of housing stock has become one of the primary objectives of citizens, elected officials and staff professionals who believe that the quality of housing is a primary source of neighborhood stability. The decline of our housing stock can be attributed to three factors: strict loan underwriting standards leading to deferred maintenance, the minimum extra income of recent purchasers, and the increasing age of the housing stock, particularly in the inner ring suburbs.

The cost of new home construction is prohibitive to most low- and middle-income families. The Program helps to preserve the existing housing stock. Our effort will insure more adequate housing to more low- and moderate-income families because it will help to preserve and stabilize existing communities.

The objectives of Our Program are:

- To prevent moderately declining neighborhoods in our target area from further deterioration by providing rehabilitation funding and technical assistance;
- To provide safe and efficient housing within the financial reach of our area residents;
- To stimulate broad interest in neighborhood preservation; and
- To partner with other programs for maximum impact.

#### **Who Can Borrow Money?**

Homeowners who meet all of the following criteria can borrow money:

- The property to be improved is owner-occupied;
- The property to be improved is either a single-family or two-family structure; and
- The applicant household's total gross income does not exceed 80% of the area median income.

#### **What Can Be Fixed Up?**

The Program's basic goal is to create homes that are in compliance with the Local Housing Code governing the condition and maintenance of dwellings. Therefore, the following types of repairs can be made:

- **HEALTH AND SAFETY IMPROVEMENTS.** Improvements to address the health and safety of the occupants are eligible.

- **REMOVAL OF BLIGHT.** Improvements that assist in preventing neighborhood blight and exterior repairs that increase the life of the structure or improve the physical appearance of the structure are eligible.
- **LEAD HAZARD REDUCTION.** In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. At the very least, we will repair any painted surface that is disturbed during our work. We may stabilize deteriorated paint, which includes the correction of moisture leaks or other obvious causes of paint deterioration. We will have clearance examination conducted following most work activities to ensure that the work has been completed; that dust, paint chips and other debris have been satisfactorily cleaned up; and that dust lead hazards are not left behind. As necessary, we will conduct a risk assessment to identify lead-based paint hazards, perform interim control measures to eliminate any hazards that are identified or, in lieu of a risk assessment, perform standard treatments throughout a unit. The type and amount of Federal assistance and rehabilitation hard costs for the unit will determine the level of lead hazard reduction we will complete.

#### **Examples of Required And Ineligible Jobs**

- **REQUIRED** repairs include, but are not limited to, the following:
  - Replacement of private water and sewage systems;
  - Repair or replacement of inefficient or dangerous heating systems;
  - Repair or upgrading of electrical systems and fixtures;
  - Replacement of defective plumbing, including defective sinks, tubs and toilet facilities;
  - Reduction of all lead paint hazards in the interior, exterior and soil, as required by the HUD Lead-Based Paint Regulation;
  - Elimination of all serious insect and rodent infestations;
  - Creation of safe exit ways;
  - Attic insulation to R-32;
  - Hardwired smoke detectors; and
  - Removal of all blighted exterior conditions.
- **INELIGIBLE** items include, but are not limited to, the following:
  - Reimbursement for an Owner's Personal Labor;
  - Room additions and extensions (unless family size demands);
  - Appliances (except built-in stove, cook-top, and garbage disposal when the existing is deteriorated, hazardous and beyond repair);
  - Purchase, installation, or repair of furnishings;
  - Demolition that does not improve the existing structure;
  - Free standing concrete block walls;
  - Interior wood paneling;
  - Bookcases;
  - Wrought iron security bars;
  - Barbecue pits/outdoor fireplaces;
  - Bath houses, swimming pools, saunas, and hot tubs;
  - Burglar alarms;
  - Dumbwaiters;
  - Flower boxes, greenhouses, and greenhouse windows;
  - Kennels;

- Photo murals;
- Steam cleaning of exterior;
- TV antennas;
- Tennis courts;
- Valances, cornice boards, and drapes; and
- Materials, fixtures, or equipment of a type or quality exceeding that customarily used on properties of the same general type as the property to be rehabilitated.

### **How Do I Apply?**

- Complete an application form, and be sure to fill in all the blanks on it. Call the Rehabilitation Specialist if you need help, at [provide phone number].
- Attach proof of your income:
  - If you are employed, attach two biweekly pay stubs or four weekly pay stubs from the previous 30 days.
  - If you are self-employed, attach three years' Federal and state tax returns.
  - If you receive Social Security benefits, attach your benefit adjustment letter from Social Security Administration for this year.
  - If you receive a pension(s), attach 1099 Form from pension provider(s) for last year.
  - If you receive alimony or child support, attach verification of your receipt of child support or alimony in the form of a separation agreement or court order.
- Attach copies of latest bank statements.
- Fill out the permission to verify deposits, mortgages and request your credit report.
- Fill out the Homeowner's Pre-Inspection Checklist.
- Send the whole package to the Program at [provide address].

We will call you within five (5) days to review your application.

### **What Will Happen Next? An Inspection And To-Do List**

After you have submitted your application, a number of things will occur:

- **Work Write-Up.** While income and property verifications are being made, a Rehabilitation Specialist and a lead hazard risk assessor will inspect your property and prepare a write-up of the work to be done. This write-up will describe and list any code violations, energy requirements, and exterior blight that will be fixed. You will approve the final list of work before asking contractor to bid on the job.
- **Three Bids.** With the assistance of a Rehabilitation Specialist, you will need to solicit at least three contractor proposals.
- **Loan Approval.** Your complete application and acceptable bid will be reviewed and a loan approved or denied.
- **Loan Settlement.** After you accept the loan and any conditions, your loan will be referred to an attorney for a title examination and preparation of the mortgage and note. The cost of legal services will be included as part of the loan.
- **Occupant Protection and Temporary Relocation During Lead Hazard Reduction.** If your job requires lead hazard reduction, appropriate actions typically will be taken to protect occupants from lead-based paint hazards if the unit will not be vacant during the rehabilitation project. In those cases, occupants may not enter the worksite during the lead hazard reduction activities. Re-entry is permitted only after such activities are completed and the unit has passed a clearance examination.

Occupants of the unit do not have to be relocated if: rehabilitation work will not disturb lead-based paint or create lead-contaminated dust; hazard reduction activities can be completed within one 8-hour daytime period and the worksite is contained to prevent safety, health, or environmental hazards; exterior-only work is being performed where the windows, doors, ventilation intakes, and other openings near the worksite are sealed during hazard reduction activities and cleaned afterward, allowing for a lead-free entry to be maintained; hazard reduction activities will be completed within 5 calendar days and the work area is sealed, the area within 10 feet of the containment area is cleaned each day, occupants have safe access to sleeping areas, bathroom and kitchen facilities; and occupants are not permitted into the worksites until after clearance has been achieved. HUD has advised that relocation of elderly occupants is not typically required, so long as complete disclosure of the nature of the work is provided and informed consent of the elderly occupant(s) is obtained before commencement of the work.

- If occupied units are to undergo more extensive lead hazard abatement activities, the occupant(s) must be temporarily relocated. Most often, furniture and occupant belongings can be covered and sealed with protective plastic sheeting, although storage of major furniture and removal of all small furnishings during the hazardous materials reduction work may sometimes be necessary. Owners are responsible for carefully packing all breakables; removing all clothing from closets, etc. During the abatement work, only workers trained in lead hazard reduction may enter the work site. This means that the neither owners nor occupants are permitted to return to the work site during the day or at night. If you have special needs to re-enter the site, please contact the Rehabilitation Specialist. Only when the unit has been cleaned to the federally- mandated standards and passed a clearance examination is it safe and permissible to return to your home. The Rehabilitation Specialist will notify you with an Authorization for Re-Occupancy. Sometimes the jobs are completed in stages, with the lead hazard reduction work occurring first and the normal renovation work following. In these cases interim dust lead clearance must be obtained prior to re-occupancy by the owners or occupants and other non-lead related rehabilitation workers. Final lead dust clearance must be repeated following the rehabilitation work to verify that the residence is free of lead hazards. See your Rehabilitation Specialist for more details.
- **Construction Contract and Renovation.** After a portion of the work has been completed and an invoice for the work done is received and approved by the homeowner, the Rehabilitation Specialist will inspect for the Program. If satisfactory, payment will be ordered. A check will be issued in the name of the contractor.

### **How Do I Find And Hire Rehabilitation Contractors?**

- Review your work write-up.
- Decide which work you can complete by yourself and which will require hiring a contractor. (optional)
- Decide which materials you want and for how long guaranteed.
- Ask friends, co-workers and the Rehabilitation Specialist for rehabilitation contractors that have completed HUD-approved training on lead-safe work practices, if needed.
- Check your contractor's reputation and background before you accept an estimate by asking for references.
- Obtain three bids from different contractors using the exact same work write-up. Be careful of a very low estimate - it may be a signal of an inexperienced contractor.

### **Rules For Do-It-Yourself Work**

Owners with exceptional skills or professional backgrounds may complete their own work. Itemized paid receipts are required as proof of cost. **Un-itemized cash register or credit card receipts are not acceptable.**

Itemized receipts should contain:

- Name and address of materials supplier, such as hardware store or lumber yard;
- Name of homeowner;
- List of materials and quantities;
- Cost of each item and grand total; and
- Work Write-Up item number, as marked by the Homeowner.

NOTE: Please do not have non-eligible materials included on receipts submitted for reimbursement or credit.

### **How To Speed Up The Process**

- Fill in the application completely, including all attachments.
- Call contractors every other day until they inspect your home and give you a bid.
- Respond quickly to all requests for paperwork.
- Call Our Program two weeks after returning the loan acceptance form and every two weeks until settlement.

### **How Do I Survive Renovation?**

The Program is committed to completing your job with as little disruption to you and your household as possible. However, renovation creates dirt, noise, and sometimes confusion. To prepare for anything:

- Remove what you want to protect.
- Expect disruption.
- Pack all valuables and store them in a safe place outside the worksite to ensure they are not broken.
- Be aware that when working with electrical, plumbing, or heating systems, service is sometimes disrupted, for hours or even days. Prepare for this possibility.
- Delays can often cause the work to take longer. Products may be out of stock and must be ordered. The weather may be too severe to permit the contractor to work.
- In the event of any confusion or communication problems with the contractor, contact your Rehabilitation Specialist for the facts. The workers do not always know the whole story.



## *Habit 3*

# **Assess and Build Capacity**

### **Implement this Habit for:**

- A competent team of staff and contractors that work well together, and whose skills are complementary;
- Rehabilitation jobs that are well-executed as a result of excellent communication between staff members;
- Accurate and professionally-derived cost estimates for each job, based on current cost data;
- High-quality rehabilitation jobs and, therefore, highly enthusiastic owners;
- A number of different contractors who participate in the program, and fair pricing that goes with a competitive environment; and
- Good program productivity.

### **Overview of the Habit**

Rehabilitation is challenging and every job is different. An effective program requires committed staff and partners, who are highly skilled in construction and have specific knowledge of current rehabilitation standards and techniques. Staff must use good judgment while making many decisions about the extent of repair necessary on each component of the structure. An effective staff must be able to learn from its mistakes, revisit problems, and address unexpected setbacks with minimal stress or negativity.

High performance teams do not happen by accident. A competent manager must understand the skills needed to operate the program and must recruit and hire qualified staff accordingly. Staff must have appropriate tools and training in order to do its job as effectively as possible. A cohesive staff is the core of the team, but qualified contractors and involved homeowners are also critical to the team's success. All team members must be able to work together effectively by communicating needs and problems, and sharing success stories with others on the team.

Ultimately, an effective rehabilitation team is more than a collection of talented individuals each doing their own jobs. An effective manager must provide the leadership that creates a professional environment and encourages individuals to perform as a team and strive to excel.

<b><i>Methods of Implementing This Habit</i></b>	<b><i>Resources</i></b>
<p><b>Assess the capacity required to operate the program and fill gaps accordingly.</b></p> <ul style="list-style-type: none"> <li>∨ Understand the functional tasks required for operating the program, and the time required for a skilled person to complete each task.</li> <li>∨ Assess whether available staff and contractors (hired or open positions) actually match the skills and time needed to complete the necessary tasks. Identify gaps in capacity (skills and/or time) to be filled.</li> <li>∨ Staff the program’s operation via restructuring or re-assigning existing staff, or hiring.</li> <li>∨ Consider contracting for services, when required skills or expertise are unavailable on staff, the volume of work exceeds staff capacity, or the required skills are beyond staff pay scale. <ul style="list-style-type: none"> <li>— Develop contracts, procedures manual, and marketing plan for any outsourced tasks.</li> <li>— Adjust job descriptions and performance evaluation systems to reflect this analysis, for both staff and contractors.</li> </ul> </li> </ul>	<p>See “Guidelines for Developing a Job Description” at the end of this Habit.</p>
<p><b>Establish a bid procedure and quality control policies that eliminate poor contractors and promote the participation of good ones.</b></p> <ul style="list-style-type: none"> <li>∨ Develop thorough and specific bid documents to ensure that responsible, quality contractors win contract awards.</li> <li>∨ Verify contractor’s eligibility to perform work by checking HUD’s list of debarred and suspended contractors.</li> <li>∨ Develop and enforce standards for contractor qualifications and performance by evaluating applications and job performance.</li> <li>∨ Use probation, suspension, and debarment procedures to eliminate or avoid poor performance.</li> </ul>	<p>See HUD’s HOME model program guide, <i>Owner-Occupied Rehabilitation</i>, Chapter 4, and related Appendices. HUD 1386-CPD, January 1993. This publication is available from HUD’s Office of Affordable Housing Programs’ online library at <a href="http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm">http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1583.cfm</a>.</p> <p>See the <i>Excluded Parties Listing Service</i> at <a href="http://epls.arnet.gov/">http://epls.arnet.gov/</a> to verify contractor eligibility to participate.</p>

<p><b>Continually seek out and hire good, qualified staff and contractors; do not wait until there is a specific need.</b></p> <ul style="list-style-type: none"> <li>▼ Maintain a list of pre-qualified contractors available to provide services or work on jobs. Allow customers to bring in contractors to be qualified and continually add to this list.</li> <li>▼ Keep a written record and mental note of skills needed for each job function. Assure staff job descriptions and contractor qualification requirements reflect the required skill set.</li> <li>▼ Compensate staff and contractors according to the skill sets, qualifications, and experience required. Be willing to pay for the skills and experience needed.</li> <li>▼ Seek feedback from current participants and professionals in the field to improve incentives and marketing efforts.</li> </ul>	<p>For a discussion on the importance of training and providing a sound work environment for employees, see the U.S. Small Business Administration’s Gopher. <i>Maximizing your Greatest Resource—Employee Training</i>. Available at <a href="http://www.sbaonline.sba.gov/gopher/Business-Development/Success-Series/Vol6/emprtrain.txt">http://www.sbaonline.sba.gov/gopher/Business-Development/Success-Series/Vol6/emprtrain.txt</a>.</p> <p>For comprehensive coverage of construction management issues for PJs, attend HUD’s training course <i>On Solid Ground</i>, 2002. For information about this course, see the <i>Community Planning and Development Training Website</i>. Available at <a href="http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html">http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html</a>.</p>
<p><b>Analyze need for appropriate training, tools, and equipment for in-house staff, and secure necessary resources to support excellence on the job. Provide:</b></p> <ul style="list-style-type: none"> <li>▼ Up-to-date (networked) computer systems, software, and training to use them;</li> <li>▼ Training and information resources such as publications and Internet access;</li> <li>▼ Equipment, tools, and instruments, such as folding ladders, cameras, gas and electrical testers, and cell phones; and</li> <li>▼ A regularly updated specification and cost database.</li> </ul>	<p>See “Tool List For Inspectors And Office Staff” at the end of this Habit.</p> <p>Several national building-related associations offer training, including:</p> <ul style="list-style-type: none"> <li>• Home Builders Institute. Available at <a href="http://www.hbi.org">http://www.hbi.org</a>.</li> <li>• International Code Council, <i>Training</i>. [Updated 2003]. Available at <a href="http://www.iccsafe.org/training/">http://www.iccsafe.org/training/</a>.</li> <li>• Construction Specifications Institute. Available at <a href="http://www.csinet.org/">http://www.csinet.org/</a>.</li> <li>• Development Training Institute, <i>Training</i>. [Updated 2000]. Available at <a href="http://www.dtinational.org/training/">http://www.dtinational.org/training/</a>.</li> <li>• ICF Consulting, Housing and Community Development Group, <i>Training and Conferences</i>. [Updated 2003]. Available at <a href="http://www.icfconsulting.com/Markets/Community_Development/cd-training.asp">http://www.icfconsulting.com/Markets/Community_Development/cd-training.asp</a>.</li> <li>• NAHB Research Center, <i>Conferences and Seminars</i>. Available at</li> </ul>

	<p><a href="http://www.nahbrc.org/conferenceseminars.asp?TrackID=&amp;CategoryID=">http://www.nahbrc.org/conferenceseminars.asp?TrackID=&amp;CategoryID=</a></p> <ul style="list-style-type: none"> <li>• RS Means Company, <i>RS Means Seminars</i>. [Updated 2003]. Available at <a href="http://www.rsmeans.com/seminars/">http://www.rsmeans.com/seminars/</a>.</li> </ul>
<p><b>Provide training and technical support to contractors.</b></p> <ul style="list-style-type: none"> <li><sup>v</sup> Identify areas of low capacity or poor performance among contractors, such as the need for training in business planning, increasing the number of insured contractors, or the need for technical training in the local rehabilitation standard, or to perform a specific task properly.</li> <li><sup>v</sup> Offer training workshops, referrals, written guidance, or on-site instruction on identified problem areas.</li> </ul>	<p>For additional information on construction management issues, refer contractors to one of the following sources:</p> <ul style="list-style-type: none"> <li>• The Construction Management Association of America e-Learning. Available at <a href="http://www.cmaanet.org/">http://www.cmaanet.org/</a>.</li> <li>• The Enterprise Foundation, <i>Training and Conferences</i>. [Updated 2001]. Available at <a href="http://www.enterprisefoundation.org/resources/Trainingconf/index.asp">http://www.enterprisefoundation.org/resources/Trainingconf/index.asp</a>.</li> <li>• The Enterprise Foundation, <i>Housing Developer Support System</i>. Available at <a href="http://www.enterprisefoundation.org/resources/DSS/index.asp">http://www.enterprisefoundation.org/resources/DSS/index.asp</a>.</li> </ul>
<p><b>Create opportunities for team building and “group learning.”</b></p> <ul style="list-style-type: none"> <li><sup>v</sup> On a regular basis, convene staff meetings to share information, celebrate successes, and discuss problems and solutions.</li> <li><sup>v</sup> Periodically, facilitate discussion among the extended team (staff, contractors, owners, and lenders, if relevant) about progress, performance, and ways to make improvements.</li> </ul>	<p>For information on effective management techniques and building a creative work environment, see Mind Tools. [Updated 2003]. Available at <a href="http://www.mindtools.com">http://www.mindtools.com</a>. Within this website, see also <i>Project Planning and Management Tools</i>. Available at <a href="http://www.mindtools.com/pages/main/newMN_PPM.htm">www.mindtools.com/pages/main/newMN_PPM.htm</a>.</p>

**Empower staff to perform its functions with independence and accountability.**

- ∨ Articulate roles and responsibilities of each team member and provide sufficient authority for effective decision-making in each staff person's realm of responsibility. Make roles, levels of empowerment, and lines of authority known to all team members.
- ∨ Set clear production goals in writing.
- ∨ Provide staff with clearly written performance expectations. Evaluate staff, and provide them feedback, based on these written expectations.
- ∨ Allow sufficient autonomy in scheduling and performance. For example, where possible, provide inspectors needed flexibility in going to job sites.

**General Resource to Support this Habit**

Marshall, Don R., *The Four Elements of Successful Management: Select, Direct, Evaluate, and Reward*. New York, New York: AMACOM, 1998.

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## **Guidelines for Developing a Job Description**

### **Step 1: List the key responsibilities and tasks.**

The description should outline specific tasks and functions that are essential to the job. A good rule of thumb is to list each major responsibility and then outline the major corresponding task(s) for each. The list should include those tasks that are unique to the job and those tasks that everyone in the organization is expected to do.

### **Step 2: Identify skills and traits.**

Based on the tasks to be performed, list the knowledge, skills, attitudes, and traits the person will need. This list may include requirements based upon education and training, experience and personality traits.

### **Step 3: Describe previous experience required.**

Consider the types and extent of previous experience that would be relevant. Then decide whether this experience is required or preferred. To determine these differences, identify which skills are critical to the job from day 1 and which could be learned relatively quickly. Be careful not to impose strict requirements that may prevent the consideration of qualified candidates.

### **Step 4: Specify education level required.**

Consider the education level required and whether experience can substitute for any or all of the credentials. For example, a job description might specify a bachelor's degree as a requirement and state a preference for a master's degree. Determine the education level the job truly requires. It would be unfortunate to miss out on an ideal candidate with great experience and interpersonal skills simply because they lacked an unnecessary credential.

### **Step 5: Write a capsule description for use in advertising the position.**

With the more detailed information developed in Steps 1-4, it should be possible to write a succinct overview description of the job and its purpose. A capsule description should include:

- *A two- or three-sentence description of the job and its purpose.* Someone should be able to read this description and have a strong sense of what the job is all about, including the primary responsibilities of the position.
- *Requirements versus preferences.* Specify the required and desired knowledge, skills, credentials and experience. Identify the circumstances in which experience may substitute for credentials.
- *Supervisor.* Specify the position to which the person will report. This gives prospective applicants a sense of where the position fits in the overall structure of the organization.
- *Hours, salary, and benefits.* If there is significant flexibility in the salary that may be offered (based upon the qualifications of the person who is selected), it is wise to avoid including a specific salary or even a range. By so doing, it leaves open the option of hiring someone with a great deal of experience with high salary requirements, or a much less experienced person who could learn on the job very quickly at a lower salary (i.e., salary commensurate with experience). However, if there is an official salary range for a position, it can be included.

## **Tool List for Inspectors and Office Staff**

### **Tools for inspectors**

- ▼ Inspection checklists and clipboards
- ▼ Cell phones
- ▼ Cameras
- ▼ Folding ladders
- ▼ Gas and electrical testers
- ▼ “Out of the office” signs (so other staff know where they are)
- ▼ Contact information for other project team members

### **Tools for office staff**

- ▼ Checklists and forms
- ▼ Up-to-date records and files
- ▼ Access to computers
- ▼ Access to project records/files
- ▼ Phone numbers to reach inspectors
- ▼ Schedule for inspectors
- ▼ Task lists and project schedules
- ▼ Policy and procedure manuals



## *Habit 4*

# **Establish and Meet Quantifiable Objectives**

### **Implement this Habit for:**

- Staff and contractors who achieve desirable results and production levels;
- Staff who are productive whether or not supervisors are present;
- Few disputes and low levels of frustration that result from unclear expectations; and
- Management goals that are met with consistency and relative ease. When they are not met, the cause(s) are readily identifiable.

### **Overview of the Habit**

The effective rehabilitation program manager establishes specific goals, a plan for achieving them, and methods for measuring performance. Each employee has, and is aware of, his or her own specific goals for carrying out those activities needed to produce units. Managers and employees use tracking tools that provide good information and tie daily activities back to the overall production of units.

Program managers should set production goals based on the amount of funds available and the capacity of the program to produce units. The program should track the progress of rehabilitation jobs to monitor whether or not there are a sufficient number of jobs started and in the pipeline at any given time for the program to reach its overall production goal. Workload should be balanced across staff members to keep each person working at a reasonable pace through the year. The manager must be aware of the capacity of staff and contractors to process jobs at each phase.

It is not enough for managers to measure only the completion of housing units. In order to ensure a smooth work flow, and to be positioned to address problems as they arise, managers and staff must measure interim outputs such as intakes, completed applications, completed specifications, bid awards and inspections in a timely, coordinated manner. Each employee should have specific goals for interim outputs each month. Funds must be available as required and payment for completed work must be prompt.

Establishing a production schedule with clear objectives and responsibilities holds everyone accountable, because it provides a tool for measuring progress and performance throughout the process. Involving staff members, contractors and any other project partners in the development of these objectives fosters a sense of cooperation from the beginning of the project.

Even with clearly articulated goals and objectives and a thorough work plan, some problems are inevitable-it is the nature of the business! Effective rehabilitation managers must be alert to signs of trouble ahead, and engage in problem solving early in the process to minimize delays. Often, delays arise from circumstances over which no one has control. Participating jurisdictions (PJs) that are knowledgeable about their production process can often respond to outside impacts in a constructive way. When problems do result from poor performance, appropriate consequences should be applied.

<b><i>Methods of Implementing This Habit</i></b>	<b><i>Resources</i></b>
<p><b>Involve all rehabilitation team members, including contractors, homeowners, and staff, in identifying milestones and developing objectives.</b></p> <ul style="list-style-type: none"> <li> <p>∨ Use the experience and perceptions of staff, contractors, and developers to determine major stages in the production process and the milestones that mark the completion of one stage and the beginning of the next.</p> </li> <li> <p>∨ Establish milestones relevant to the program or project involved. Be sure to identify points of coordination with others—for permitting and code enforcement, relocation, and lead-based paint hazard reduction activities.</p> </li> <li> <p>∨ Estimate the time needed to reach each milestone and the total amount of time needed to take a project from beginning to end.</p> </li> <li> <p>∨ Estimate the number of projects that should be in each stage of production in order to keep the pipeline full and achieve overall goals by the end of the projected time period.</p> </li> <li> <p>∨ Project funds availability and coordinate with project payment schedules.</p> </li> <li> <p>∨ Determine specific objectives to complete each task, based on relevant projections. Express objectives in positive language.</p> </li> </ul>	<p>Attend HUD’s training course, <i>Measuring Up: A Practical Approach to Measuring Productivity and Performance in the HOME Program</i>, 2002. For information about this course see the <i>Community Planning and Development Training Website</i>. Available at <a href="http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html">http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html</a></p> <p>See also HUD’s companion HOME model program guide, <i>Measuring Up: Productivity and Performance in the HOME Program</i>. Forthcoming. Information on the publication of this model guide is available at HUD’s Office of Affordable Programs’ online library at <a href="http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/index.cfm">http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/index.cfm</a></p>

<p><b>Set program and individual goals in writing and establish specific work schedules that relate to achieving objectives.</b></p> <ul style="list-style-type: none"> <li>v Use written goals and objectives to ensure accountability.</li> <li>v Keep operational goals small and achievable, and set goals for: <ul style="list-style-type: none"> <li>— Final outputs (such as the number of units to be rehabilitated);</li> <li>— Interim outputs (such as the number of work write-ups to be completed each month); and</li> <li>— Appropriate level of effort for each output (such as the number of days set aside for completing work write-ups).</li> </ul> </li> <li>v Be prepared to adjust to outside factors that may influence goals and objectives, such as a shortage of contractors or construction materials.</li> <li>v Specify in contracts that payment for contractors, subrecipients, and developers is contingent on achievement of particular objectives on a specific timetable.</li> </ul>	<p>Test each program objective by looking at whether or not it is “SMART,” as follows:</p> <ul style="list-style-type: none"> <li>• SPECIFIC? Is it clear, concise and understandable?</li> <li>• MEASURABLE? Can it be measured successfully?</li> <li>• ACHIEVABLE? Is it doable?</li> <li>• RELEVANT? Is the objective appropriate to define success?</li> <li>• TIMELY? Is the information available when needed?</li> </ul> <p>An overview of the benchmarking process can be found at American Productivity and Quality Center, <i>Benchmarking and Best Practices</i>. Available at <a href="http://www.apqc.org/portal/apqc/site/generic?path=/site/benchmarking/overview.jhtml">http://www.apqc.org/portal/apqc/site/generic?path=/site/benchmarking/overview.jhtml</a>.</p> <p>For a more detailed discussion on the use of benchmarking, see McNair, C.J., and Liebfried, Kathleen H.J. <i>Benchmarking: A Tool for Continuous Improvement</i>. New York, NY: HarperCollins. 1992.</p> <p>For guidance on how to set goals effectively see Mind Tools. <i>Setting Goals Effectively</i>. [Updated 1998]. Available at <a href="http://www.mindtools.com/pggoalef.html">http://www.mindtools.com/pggoalef.html</a>.</p> <p>See “Key Construction Contract Elements” at the end of this Habit.</p> <p>See “Sample Homeowner/Contractor Provisions” at the end of this Habit.</p>
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**Use the simple tool of observation and investigate apparent problems. Engage in problem solving early in the process.**

- ⁠ Be alert to signs of possible trouble ahead (even before formal tracking tools indicate problems) by observing and communicating with staff and others, such as:
  - Files piling up on one desk;
  - Significant complaints or disputes;
  - Inappropriate change orders; and/or
  - Expressions of low morale, or withdrawal from normal communication process.
- ⁠ Prevent problems by structuring the workforce and tasks.
  - Limit work assignments to, or weed out, poor performing contractors.
  - Monitor the work assignments of poorly performing staff.
- ⁠ Intervene with all entities face-to-face as soon as a problem is identified. Do not rely on written or e-mail communication only. Obtain a “buy-in” response!

<p><b>Use a project tracking tool (such as a spreadsheet or Gantt chart) to monitor the progress of each client/project through the production process.</b></p> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>v Review tracking reports regularly, at least once a month. Use the information to evaluate the probability of achieving overall production goals and identify adjustments that must be made.           <ul style="list-style-type: none"> <li>— Use the tracking tool to identify projects that are not progressing. Where stages in the process are taking too much time, diagnose and address the delays.</li> </ul> </li> </ul> </li> <li>v Use the same project tracking tool to monitor individual workload and production levels.</li> <li>v Monitor the dropouts at each stage and diagnose why clients are dropping out of the program.</li> <li>v Where applicable, use the spreadsheet to monitor activities at both the PJ level and the subrecipient level.</li> </ul>	<p>See “Sample Rehabilitation Tracking Sheet” at the end of this Habit.</p>
<p><b>Use a spreadsheet to monitor critical interim outputs.</b></p> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>v Record and monitor the following information for each project:           <ol style="list-style-type: none"> <li>1. Rehabilitation specialist responsible;</li> <li>2. Cost estimate amount;</li> <li>3. Bid ranges and award amount;</li> <li>4. Variances between original in-house cost estimate, bid amounts, and final cost; and</li> <li>5. Number of change orders.</li> </ol> </li> <li>v Wide variances in cost estimates and bids may indicate faulty specifications or cost estimates.           <ul style="list-style-type: none"> <li>— Address these with the employee(s) responsible through goal setting, time management, training, reallocation of workload, and, only if necessary, disciplinary action.</li> </ul> </li> </ul> </li> </ul>	<p>See “Sample Project Tracking Sheet for Interim Outputs” and “Sample Project Cost Tracking Sheet” at the end of this Habit.</p>

<p><b>Use individual employee performance reports to help employees manage time and identify needs.</b></p> <ul style="list-style-type: none"> <li> <p>v Employees should keep individual records of key accomplishments, participate in setting goals for themselves, and manage their own time. Monitor the following:</p> <ul style="list-style-type: none"> <li>— Number of specifications and cost estimates completed (from master tracking tool);</li> <li>— Number of inspections (by property);</li> <li>— Number of jobs brought to completion (from master tracking tool);</li> <li>— Hours spent on complaint or conflict resolution;</li> <li>— Hours spent on non-rehabilitation activities such as staff meetings or other tasks;</li> <li>— Training attended; and</li> <li>— Any other significant use of time.</li> </ul> </li> <li> <p>v Meet at least monthly with each employee to review workload and accomplishments, set goals for coming month, and identify needs for training, workload adjustment, or support from other staff.</p> </li> </ul>	<p>For an explanation of personnel performance standards and guidance on how to write them, see University of California at San Diego, People, Supervision. <i>How to Write Performance Standards</i>. Available at <a href="http://blink.ucsd.edu/Blink/External/Topics/How_To/0,1260,789,00.html">http://blink.ucsd.edu/Blink/External/Topics/How_To/0,1260,789,00.html</a></p>
<p><b>Monitor contractor performance for timeliness and quality.</b></p> <ul style="list-style-type: none"> <li> <p>v From master tracking tool, review contractor completion times. Intervene with any contractor whose times exceed contractual period.</p> </li> <li> <p>v From interim output tracking tool, review bid amounts, change orders, and final amounts. Interview any contractor with consistently high or low bid amounts or a high level of change orders.</p> </li> <li> <p>v From project evaluations and inspections, monitor quality of work.</p> </li> <li> <p>v Apply policy of probation and suspension as appropriate for poor performance - limit the number of jobs until problems are resolved.</p> </li> </ul>	

**Enforce accountability.**

- ∨ Provide flexibility to staff in meeting objectives, but intervene when objectives are not being met.
- ∨ Establish incentives for good work.
- ∨ Establish consequences for poor work, and apply these consequences with consistency and fairness.
  - Withhold payment from contractors for poor performance or failure to meet record-keeping requirements.
  - Use progressive disciplinary process for employees, contractors, and subrecipients: warning, probation, suspension, or disbarment.

# Exhibits

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## Key Construction Contract Elements

In most situations, owners use the standard American Institute of Architects (AIA) construction documents as the basis for their agreements with contractors. The standard form for a fixed price contract, or “stipulated price” is AIA number A101. Some funding agencies or local governments have tailored a required document for their projects.

Regardless of the basis of the contract, every construction contract should include:

- ▼ **List of documents.** Make sure that all relevant documents including drawings and written summaries of negotiated issues are included.
- ▼ **Scope of work.** Include all specifications, drawings, and standards for work.
- ▼ **Requirements for schedule of work and completion date.** Contractors should be required to reach certain milestones by certain times to assure that progress is being made. This section should include any bonus for completing work ahead of schedule or penalty for being late.
- ▼ **Contract amount.** The full dollar amount related to satisfactory completion of the scope of work must be stated.
- ▼ **Payment schedule.** Specific amounts tied to the completion schedule, including conditions for final payment. This should include provisions for retaining a certain portion of each payment to assure completion.
- ▼ **Insurance, bonding, and indemnification requirements.** Make sure the contractor has sufficient insurance to cover all work and all accidents that might occur on the job. In addition, the contractor should agree to indemnify the owner from any liability arising from the work.
- ▼ **Responsibility for providing labor and materials.** Specify who is responsible for utilities, access, and all other items required for work to progress. If use of space beyond the property boundaries is required, specify how that will be handled.
- ▼ **Warranties.** Specify the warranties the contractor must provide and how they will be enforced.
- ▼ **Taxes, permits, fees and notices.** Specify who is responsible for paying, acquiring, or delivering all of the items that are required by localities or funding sources.
- ▼ **Allowances, alternates and change orders.** Describe exactly what the contractor is responsible for and the conditions under which additional charges may be approved and incurred.
- ▼ **Contractor representative.** Identify the on-site responsible party.
- ▼ **Site conditions.** Specify what use the contractor and employees may make of the site. Require periodic clean up of the site of all accumulated debris and unused materials.
- ▼ **Termination.** Describe the procedure and terms for terminating the contract.

Client # \_\_\_\_\_

## Homeowner/Contractor Provisions

1. **HOLD HARMLESS.** Contractor shall agree to defend, indemnify, and hold harmless the Owner and \_\_\_\_\_ (lender), and the (City/State/County) from liability and claim for damages because of bodily injury, death, property damage, sickness, disease or less and expense arising from Contractor's Performance under this agreement to install or construct housing rehabilitation to be paid for out of the proceeds of the Owner's rehabilitation loan. Contractor is acting in the capacity of an independent Contractor with respect to the Owner.
2. **LIEN WAIVERS.** Contractor agrees to protect, defend, and indemnify Owner from any claims for unpaid work. Labor, or materials with respect to Contractor's Performance. Final payment shall not be due until the Contractor has delivered to the Owner complete release of all liens for work completed arising out of Contractor's Performance or a receipt in full covering all labor and materials for which a lien could be filed or a bond satisfactory to the Owner indemnifying him against any lien.
3. **CONTRACT AMOUNT AND PAYMENT SCHEDULE.** Payments will be scheduled as follows, subject to the Owner's acceptance of work done:

Percent of Work Done (Amount)	Project Completion Date	Payment
_____	_____	_____
<b>Total</b>		_____

4. **TIME FOR PERFORMANCE.** Owner shall provide written authorization to Contractor to commence work. Contractor agrees to start work within \_\_\_\_\_ calendar days after receipt of a written Notice to Proceed. If Contractor fails to commence work within thirty (30) days of the date of the Owner's notification to commence, Owner shall have the right to terminate this Agreement. Such notice of termination shall be in writing.

Contractor agrees to complete work on or before \_\_\_\_\_ (date) (not to exceed \_\_\_\_\_ from the date work commences). If completion is delayed for reasons beyond the Contractor's control, Contractor shall provide timely notice to the Owner of the reasons for such delay. If such good cause is claimed by the Contractor, it shall be Contractor's obligation to substantiate its claim by adequate documentation.

In the event Contractor shall fail to complete work within the agreed upon period and fail to provide evidence of good cause for such delay, Owner shall have the right to declare Contractor in default. In such event, Owner shall be responsible for providing written notice of such default to Contractor by registered mail. If Contractor fails to remedy such default within fifteen (15) calendar days of such notice, Owner shall have the right to select a substitute Contractor. If the expense of finishing the work exceeds the unpaid balance on this Contract, the Contractor shall pay the difference to the Owner.

5. **CHANGE ORDERS.** Owner and Contractor expressly agree that no material changes or alterations in the description of work or price provided above shall be made unless in writing and mutually agreed to by both parties and authorized by the (City/State/County).
6. **PERMITS AND CODES.** Contractor agrees to secure and pay for all necessary permits and licenses required for Contractor's Performance and to adhere to applicable local codes and requirements whether or not covered by the specifications and drawings for the work, including any Contractor registration requirements.

7. **WARRANTY.** For good and valuable consideration, Contractor hereby agrees to provide a full one-year warranty to the Owner, which shall extend to subsequent owners of the property to be improved. The warranty shall provide that improvements hardware, and fixtures of whatever kind or nature installed or constructed on said property by the Contractor are of good quality and free from defects in workmanship or materials or deficiencies subject to the warranty contained in this paragraph provided. Contractor and Owner agree, however, that the warranty set forth in this paragraph shall apply only to such deficiencies and defects as to which Owner or subsequent owners shall have given written notice to the Contractor, as its principal place of business, within one (1) year from the date of Contractor's request for final payment, stating that all work under contract has been completed.
8. **SCOPE OF WORK.** Contractor acknowledges that it has prepared the Contractor's Proposal and that such proposal is accurate and consistent as to the name of Contractor, scope of work that the Contractor will undertake, and price. Contractor acknowledges the performance requirement established in the write up and warrants that all work undertaken will conform to said specifications.
9. **REMOVAL OF DEBRIS.** Upon completion of work. Contractor agrees to remove all construction debris and surplus material from the property and leave the property in a neat and broom clear condition.
10. **SUBCONTRACTORS.** Contractor agrees that all the warranties contained herein shall apply to all work performed under the Contract, including that performed by any Subcontractors.
11. **RESOLUTION OF DISPUTES.** All claims or disputes between the Owners and Contractor arising out of or related to the work shall be decided by arbitration in accordance with the construction industry arbitration rules of the American Arbitration Association then obtaining, unless the parties mutually agree otherwise. The Owner and Contractor shall submit all disputes or claims, regardless of the extent of the work's progress, to the American Arbitration Association/Better Business Bureau unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement, and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitration shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. If the arbitrator's award is in a sum which is less than that which was offered in settlement by the Contractor, the arbitrator may award costs and attorney's fees in favor of the Contractor. If the award of the arbitrator is in a sum greater than that which was offered in settlement by the Owner, the arbitrator may award costs and attorney's fees in favor of the Owner.
12. **PROHIBITION OF KICKBACKS.** The Contractor nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm, or person to submit a collusive or sham Bid in connection with the Contractor for which the attached Bid has been submitted or to refrain from bidding in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm, or person to fix any overhead, profit, or cost element of the Bid price or the Bid price of any other Bidder, or to secure through any collusion, conspiracy, connivance, or unlawful agreement, any advantage against the (City/State/County) or any person interested in the proposed Contract; and

The price or prices quoted are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

13. INTEREST OF MEMBERS, OFFICERS, EMPLOYEES OF PUBLIC BODY MEMBERS OF LOCAL GOVERNING BODY, OR OTHER PUBLIC OFFICIALS. No member, officer, or employee of the Public Body, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the Agreement.
14. PROHIBITION OF BONUS OR COMMISSION. The assistance provided under this Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining county approval of the application for such assistance.
15. ACKNOWLEDGMENT. The above warranties are in addition to, and not in limitation of, any and all other rights and remedies to which the Owner, or subsequent owners, may be entitled, at law or in equity, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Owner and shall be binding on the undersigned notwithstanding any provision to the contrary contained in any instrument heretofore, and thereafter executed by the Owner.

Client # \_\_\_\_\_

## Rehabilitation Tracking Sheet

Homeowner: \_\_\_\_\_

—

Address: \_\_\_\_\_

—

Telephone: Home (\_\_\_\_\_) \_\_\_\_\_ Work (\_\_\_\_\_) \_\_\_\_\_

Initial Application/Inquiry

Date: \_\_\_\_\_

### PRESETTLEMENT ACTIVITIES

Activity Description	Date Requested	Date Received/ Completed	Comments
Preliminary Application			
Full Application			
Credit Report(s)			
Verification of Income/Employment			
Verification of Mortgage(s) or Deed of Trust for Each Lien Secured by Property			
Verification of Deposits			
Verification of Public Assistance			
Verification of Other Assets			
Mortgage Lender's Most Recent Year-End Statement			
Proof That Real Estate Taxes Are Paid and Current			

Title Evidence			
Appraisal			
Lead-Paint Notification			
Work Write-Up/Cost Estimates			
State Historic Review (If Applicable)			
Borrower's Review/Approval of Work Write-Up			
Loan Approval/Disapproval			
Bid Proposal(s) from Contractor			
Owner Review of Proposals/Rehab Specialist Review of Proposals			
Contractor Selection			
Contract Signing			
Right of Recission			

Client # \_\_\_\_\_

**CONSTRUCTION AND CLOSE-OUT**

Activity Description	Date Received/ Completed	Comments
Pre-Construction Conference		
Notice to Proceed		
Request for Progress Payments		
Request #1		
Request #2		
Change Orders		
#1		
#2		
Certification of Final Inspection		
Request for Final Payment		
Notice of Completion		
Contractor's Release of Liens/ Warranties		
Disposition of Funds Statement		

**LOAN SETTLEMENT**

Activity Description	Date Requested	Date Received/ Completed	Comments
Truth-in-Lending Disclosure Statement			

Notice of Right-to-Cancel			
Promissory Note			
Mortgage or Deed of Trust			
Hazard Insurance, Taxes, Special Assessments			
Supplemental Financing Agreement			
Repayment Schedule			
Record Mortgage, Deed of Trust, or Promissory Note			



## Sample Project Tracking Sheet for Interim Outputs

Project #	First Contact	Days Elapsed	Application Submitted	Staff	Days Elapsed	Approved, Specs Requested	Staff	Days Elapsed	Specs complete	Days Elapsed
1	5/4/2000	61	7/4/2000	CJ	39	8/12/2000	AK	4	8/16/2000	37
2	5/7/2000	63	7/9/2000	CJ	34	8/12/2000	MO	4	8/16/2000	Dropped
3	5/10/2000	58	7/7/2000	DP	37	8/13/2000	MO	3	8/16/2000	44
4	5/11/2000	Dropped		CJ						
5	5/30/2000	Dropped		EM						
6	5/30/2000	12	6/11/2000	CJ	67	8/17/2000	AK	19	9/5/2000	23
7	6/16/2000	52	8/7/2000	DP	36	9/12/2000	MO	3	9/15/2000	Dropped
8	6/16/2000	31	7/17/2000	EM	39	8/25/2000	AK	11	9/5/2000	44
9	6/22/2000	29	7/21/2000	CJ	46	9/5/2000	AK	Dropped		
10	7/23/2000	0	7/23/2000	DP	40	9/1/2000	MO	13	9/14/2000	Dropped
11	7/25/2000	4	7/29/2000	CJ	48	9/15/2000	AK	14	9/29/2000	45
12	8/1/2000	6	8/7/2000	EM	38	9/14/2000	MO	5	9/19/2000	39
13	9/8/2000	20	9/28/2000	CJ	Dropped					
14	9/14/2000	14	9/28/2000	DP	12	10/10/2000	MO	15	10/25/2000	44
15	9/15/2000	Dropped		CJ						
<b>Avg. Days Elapsed</b>		<b>29.2</b>			<b>39.6</b>			<b>9.1</b>		<b>39.4</b>
<b>Std. Deviation</b>		<b>23.6</b>			<b>13.0</b>			<b>6.0</b>		<b>7.8</b>
<b># Dropouts</b>		<b>3</b>			<b>1</b>			<b>1</b>		<b>3</b>
<b>Dropout %</b>		<b>25%</b>			<b>9%</b>			<b>10%</b>		<b>43%</b>

### Sample Project Tracking Sheet for Interim Outputs (continued)

Project #	Contractor selected	Days Elapsed	Contract executed	Days Elapsed	Construction complete	TOTAL Days Elapsed	Contract Amount
1	9/22/2000	24	10/16/2000	45	11/30/2000	210	23,850
2	[REDACTED]						
3	9/29/2000	14	10/13/2000	60	12/12/2000	216	27,900
4	[REDACTED]						
5	[REDACTED]						
6	9/28/2000	31	10/29/2000	59	12/27/2000	211	32,080
7	[REDACTED]						
8	10/19/2000	15	11/3/2000	95	2/6/2001	235	34,260
9	[REDACTED]						
10	[REDACTED]						
11	11/13/2000	10	11/23/2000	38	12/31/2000	159	22,000
12	10/28/2000 Dropped						
13	[REDACTED]						
14	12/8/2000	9	12/17/2000	N/A	d	N/A	36,240
15	[REDACTED]						

<b>Avg. Days Elapsed</b>	<b>17.2</b>	<b>22</b>	<b>206</b>
<b>Std. Deviation</b>	<b>8.6</b>	<b>8.6</b>	<b>28.2</b>
<b># Dropouts</b>	<b>1</b>	<b>0</b>	<b>9</b>
<b>Dropout %</b>	<b>17%</b>	<b>0%</b>	<b>60%</b>

## Sample Project Cost Tracking Sheet

Job r	Cost Manage	In-house cost estimate	# bids	Low Bid	High Bid	Bid Selected	# change orders	Final Costs	Bid Range	Bid Variance	Final Variance	Complaints or Comments
1	AK	13,650	3	13,287	14,830	\$13,760	1	13,805	1,543	110	155	
2	AK	22,750	3	17,980	26,740	\$21,950	4	27,230	8,760	-800	4,480	
5	AK	23,000	3	24,560	26,780	\$24,560	2	26,790	2,220	1,560	3,790	
8	AK	12,500	5	11,260	15,245	\$12,040	4	12,568	3,985	-460	68	
9	AK	19,870	2	15,650	19,870	\$17,230	0	17,230	4,220	-2,640	-2,640	
3	MO	2,250	5	2,000	2,650	\$2,135	3	2,419	650	-115	169	
4	MO	28,450	3	26,980	28,220	\$26,980	1	27,560	1,240	-1,470	-890	
6	MO	3,850	6	3,585	4,200	\$3,585	3	3,690	615	-265	-160	
7	MO	32,221	3	31,100	38,961	\$31,100	2	32,450	7,861	-1,121	229	
8	MO	7,541	8	5,600	9,456	\$6,279	11	7,950	3,856	-1,262	409	
9	AK	4,205	4	4,050	6,458	\$4,050	3	4,275	2,408	-155	70	
10	MO	6,590	5	6,266	7,460	\$6,650	4	6,550	1,194	60	-40	
11	AK	3,650	1	4,345	4,345	\$4,345	8	\$4,480	0	695	830	

## *Habit 5*

# **Establish Policies and Standard Operating Procedures for All Operations**

### **Implement this Habit for:**

- Well-written specifications that provide adequate technical guidance to property owners, contractors and staff;
- Staff and stakeholders who understand their roles, and the roles of the other team members; and
- Few disputes, little chaos, and few “emergencies” in program operations.

### **Overview of the Habit**

Program staff sometimes neglects the basic administrative functions of record-keeping, following procedures, and maintaining careful documentation because it is focused on production, and/or the organization lacks systems and structures to facilitate execution of these administrative activities. To run an efficient and effective operation, it is imperative that the rehabilitation manager create and maintain an organizational environment that operates on sound policies and standard operating procedures to support the program objective.

Policies and standards provide guiding principles for staff to use in making programmatic decisions on a day-to-day basis. These principles are based on the jurisdiction’s policy objectives, as well as relevant regulatory requirements. Policies and standards help ensure consistency, quality, and regulatory compliance in the program. For instance, rehabilitation standards help ensure uniformity in product, and provide indispensable guidance for staff that results in consistent decision-making among staff members about appropriate repairs and materials. The result is well built housing.

An organization also needs procedures that describe an efficient and effective work flow. While the policy establishes what will be done and why, the procedures communicate the best way for activities to be carried out. Efficient organizations meet their missions better than inefficient ones! Adopting written procedures will:

- Save time (and therefore money);
- Facilitate the training process for new staff;
- Minimize the risk that important and required steps in the process are skipped or forgotten;
- Ensure that clients receive equitable treatment;
- Ensure clear division of tasks and delegation of responsibilities;
- Support strong performance; and
- Provide key evidence to HUD and other outside monitoring entities that the organization is in compliance with program requirements.

<b><i>Methods of Implementing This Habit</i></b>	<b><i>Resources</i></b>
<p data-bbox="248 310 760 373"><b>Define the parameters for use of policies and procedures.</b></p> <p data-bbox="289 384 711 426">v In general, the policies should state:</p> <ul data-bbox="321 447 846 722" style="list-style-type: none"><li data-bbox="321 447 646 478">— The purpose of the policy;</li><li data-bbox="321 499 797 562">— The standards or requirements the policy imposes;</li><li data-bbox="321 583 846 646">— Circumstances in which the policy would not apply, if any; and</li><li data-bbox="321 667 846 722">— Who has the authority to waive the policy, if anyone.</li></ul>	

**Develop policies and written guidelines for key areas of operation:**

- v Inspection and construction standards, including:
  - A housing quality standard (or “housing code”) for inspecting existing housing and identifying deficiencies that must be addressed to meet the requirements of the HOME Program. This would include requirements beyond the jurisdiction’s code, such as, for large rental properties, Section 504 accessibility.
  - A protocol for lead paint risk assessments on pre-1978 properties where paint will be disturbed.
  - A building code that establishes the standards for all new work on existing structures. In the absence of a state or local building code, the HOME Program requires the use of a national model code or FHA minimum property standards.
  - Rehabilitation standards or performance standards that specify the types and quality of repairs, equipment, installation, and finish materials that will be provided by the program. This would include any special guidance required for contractors that is not included in the building code. This might also specify any work that might not be eligible under the program.

See “Policy, Standards, and Procedures Assessment” at the end of this Habit for a checklist of specific policies and procedures that PJs should have in place.

Attend HUD’s training course *Program Management*, 2002. For more information about this course, see the *Community Planning and Development Training Website*. Available at <http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/Welcome.html>.

<p><sup>v</sup> Relocation policies</p> <ul style="list-style-type: none"><li>— Optional relocation policy for temporary relocation of owner occupants, particularly during lead hazard reduction work.</li><li>— Relocation plan for tenants in rental units in accordance with the Uniform Relocation Act.</li></ul>	<p>See the flow chart entitled “Tenant Assistance / Relocation Process for Private Owner Rental Rehabilitation Programs Funded with HUD Assistance,” located at the end of this Habit.</p> <p>For a discussion of relocation and relocation requirements, see HUD’s website <i>Real Estate Acquisition and Relocation</i>. [Updated 2 December 2003]. Available at <a href="http://www.hud.gov/offices/cpd/library/relocation/index.cfm">http://www.hud.gov/offices/cpd/library/relocation/index.cfm</a>.</p> <p>See also HUD’s Office of Affordable Housing Programs. <i>Just In Time Assistance</i>. [Updated 31 January 2002]. Available at <a href="http://www.hud.gov/offices/cpd/affordablehousing/training/justintime/index.cfm">http://www.hud.gov/offices/cpd/affordablehousing/training/justintime/index.cfm</a></p>
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**Develop automated project tracking and specification-writing systems.**

- v Use an electronic file of technical specifications and associated unit costs for all common program repairs. For larger programs, purchase and use automated specification-writing software. Specify procedures and responsibility for system maintenance and regularly scheduled database updating.
- v Use program management software or a spreadsheet as described in Habit 4 to track clients and projects.

See the "Flowchart of the Specification Writing Process" at the end of this Habit.

See "Checklist for Selecting a Computerized Work Write-Up System," at the end of this Habit.

For a comprehensive discussion on selecting project management software, see The Hampton Group Incorporated. *A Buyer's Guide to Selecting Project Management Software*. [Updated 2001]. Available at <http://www.4pm.com/articles/selpmsw.html>.

For automated cost estimating and specification writing, visit these websites:

- RESPEC, (Rehabilitation Estimating and SPECWriting software), available through the Mid-Ohio Regional Planning Commission at 1-800-442-0573 or [www.morpcsoft.org](http://www.morpcsoft.org).
- Housing Developer Pro, developed and available from The Enterprise Foundation, at 1-800-624-4298 or online at [www.enterprisefoundation.org/resources/software/hdp2/index.asp](http://www.enterprisefoundation.org/resources/software/hdp2/index.asp).
- HomeTech Information Systems. Available at <http://www.hometechonline.com> for project estimating software focused on small rehabilitation and renovation jobs.
- RS Means Construction Company. [Updated 2003]. Available at <http://www.rsmeans.com>.
- McGraw Hill Construction. *Commercial Construction Cost Estimator*. [Updated 2002]. Available at <http://costest.construction.com/cest/> for McGraw-Hill's commercial on-line cost estimating service.
- UDA Technologies Incorporated. [Updated 2003]. Available at <http://www.uniteddesign.com> for UDA project management and cost estimating software.
- 4Specs. [Updated 2003]. Available at <http://www.4specs.com/> to access over 11,000 manufacturers' websites for construction product specifications, CAD details and CSI-formatted specs.
- For computer-aided design software programs, explore:
  - 3-D Home Architect software (available through standard software vendors); and
  - CAD products at SoftCAD International. [Updated 2002]. Available at <http://www.softcad.com/>.



<p><b>Develop a clear, concise standard operating procedures (SOP) manual for how work activities will be carried out (program operations).</b></p> <p><sup>v</sup> This manual should include:</p> <ul style="list-style-type: none"> <li>— A chart that illustrates the flow of work, including the following functions (at a minimum): <ul style="list-style-type: none"> <li>• Marketing and outreach;</li> <li>• Intake and application;</li> <li>• Client information;</li> <li>• Application review and income determinations;</li> <li>• Inspection and specification writing;</li> <li>• Lead-based paint assessment;</li> <li>• Environmental review;</li> <li>• Relocation determination;</li> <li>• Contractor solicitation, selection, and notification;</li> <li>• In-progress inspections and payments; and</li> <li>• Project completion.</li> </ul> </li> <li>— A description of each step in the work process, including: <ul style="list-style-type: none"> <li>• The function of the step;</li> <li>• The person responsible;</li> <li>• The specific work activities involved;</li> <li>• The average time it takes to perform the step;</li> <li>• Any relevant policies that might be related to the step; and</li> <li>• The forms, checklists or other paperwork to be completed in conjunction with each step.</li> </ul> </li> </ul>	<p>See the “Sample Work Process Flow Chart—Rehabilitation Program” at the end of this Habit.</p>
<p><b>Provide, either separately or as part of the overall SOP, detailed, written procedures on each of the following specific areas:</b></p>	

- v Procurement and contractor selection (bidding) procedures that:
  - Describe the recruitment and advertising process;
  - Outline procedures for publicly opening sealed bids, when used;
  - Use PJ cost estimates (based on up-to-date cost data) to evaluate bids; and
  - Define the criteria by which bids will be rejected and selected. [Programs typically require bids to fall within 10-15 percent of the in-house cost estimate and contractors to be up-to-date on all work with no outstanding complaints.]

- v Inspection and payment procedures that:
  - Define when inspections are to be made;
  - Identify on what basis a contractor's invoice will be paid; and
  - Determine who is authorized to approve work and payment.
  - It is advisable to base payments on inspections.

- v Conflict resolution procedures in case of dispute with contractors that:
  - Define who is responsible for referring disputes, how notifications will be handled, and who will monitor through to resolution.
  - Advise rehabilitation staff to monitor relations between the contractor and homeowner, and to intervene early in disagreements to provide for informal resolution.
  - When staff cannot handle disputes informally, disputes should be resolved in a manner that is prompt and includes an equitable investigation and resolution.
  - It is advisable to require the homeowner and contractor to sign an arbitration clause prior to commencement of work. When the dispute cannot be resolved with the assistance of the staff person, third-party conflict resolution should be utilized.

See "Summary of Acceptable Bidding Procedures" at the end of this Habit.

See "Sample Arbitration Agreement" that a PJ might use to require contractors and homeowners to utilize an arbitration process to resolve disputes, found at the end of this Habit.

See United States Arbitration and Mediation. [Updated 2001]. Available at <http://www.usam.com/>.

- v Disciplinary procedures for poor-performing contractors that:
- Define poor performance, and determine who and through what process poor performance will be identified;
  - Identify who will determine whether or not, and when, to take disciplinary action. [Effective programs typically use a system of progressive discipline, including probation, suspension, and debarment for contractors.]; and
  - Identify actions that would be cause for immediate debarment.

The Excluded Parties Listing System, sponsored by the Federal government, provides a search feature for federally debarred and suspended contractors and other businesses by name. A search can be executed at Excluded Parties Listing Systems. Available at <http://epls.arnet.gov/>

For HUD's list of contractors with Limited Denials of Participation, and HUD's Memo on this topic, see HUD's Departmental Enforcement Center. *Limited Denials of Parti-cipation*. [Updated 1 April 2003]. Available at <http://www.hud.gov/offices/enforce/ecldep.htm>.

- v Environmental review procedures that:
- Designate the Environmental Officer;
  - Provide procedures for project review, submittals to HUD and State Historic Preservation Office, and public notices; and
  - Identify points of coordination between the Environmental Officer, rehabilitation staff, finance staff and contractors.

See "Sample Work Process Flow Chart— Environmental Review Requirements" at the end of this Habit.

- v Prevailing wage review and enforcement procedures that:
- Describe who is responsible for determining the applicability of Davis Bacon on each job, and on what basis;
  - For larger projects, designate the Labor Standards Officer;
  - Provide procedures for meeting with contractors, determining wage rates, interviewing workers and reviewing timesheets; and
  - Identify points of coordination between the Labor Standards Officer and rehabilitation staff and contractors.

For guidance to contractors on prevailing wage, see HUD's Office of Labor Relations. *Chapter 1 Laws, Regulations, Contracts and Responsibilities*. Available at <http://www.hud.gov/offices/olr/olrwrp1.html>.

See HUD's Office of Labor Relations. *Letter No. LR-96-02 on the Application of Federal Labor Standards to HOME Projects*. Available at [http://www.hud.gov/offices/olr/olr\\_9602.html](http://www.hud.gov/offices/olr/olr_9602.html).

<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>v Program monitoring procedures that:           <ul style="list-style-type: none"> <li>— Assign responsibility and outline procedures for reviewing project files and performing follow-up monitoring inspections of in-progress and completed work.</li> <li>— Typically, the person(s) responsible for monitoring a job are not involved in the underwriting or approval of a job.</li> </ul> </li> </ul> </li> </ul> </li> </ul>	<p>For guidance on the developing a HOME Monitoring program see HUD’s HOME model program guide, <i>Monitoring HOME Program Performance</i>. HUD-2030-CPD, October 2000. This publication is available from HUD’s Office of Affordable Housing Programs’ online library at <a href="http://www.hud.gov/offices/cpd/affordable_housing/library/modelguides/2030.cfm">http://www.hud.gov/offices/cpd/affordable_housing/library/modelguides/2030.cfm</a>.</p>
<p><b>Inform all staff about policies and procedures.</b></p> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>v Train staff in policies and procedures, with particular emphasis on those that will affect their job responsibilities.</li> <li>v Distribute written copies of policies to staff at training.</li> <li>v Allow staff easy access to policies and procedures by making them available in hard or electronic copy in a central location.</li> </ul> </li> </ul>	

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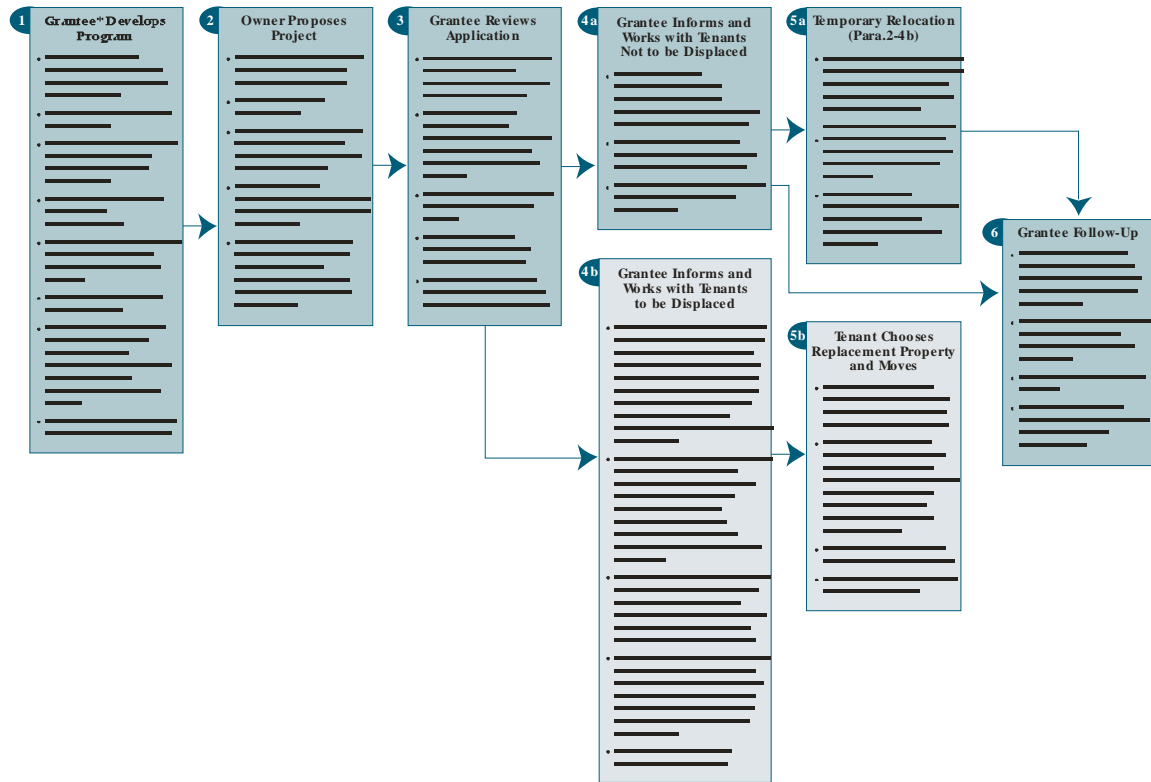
## Policy, Standards, and Procedures Assessment

For each issue below, consider:

- Who in the agency is responsible for tracking the issue?
- Are there applicable state and local rules, in addition to Federal rules, related to this issue?
- Has the PJ developed the needed policy and/or standards and procedures for the issue?

ISSUE	Who Tracks Issue?	State/Local Rule?	Do we have well-defined policy on this issue?	Do we have efficient procedures on this issue?
<b>Defining the assistance</b> <ul style="list-style-type: none"> <li>• Levels of assistance</li> <li>• Subsidy layering</li> <li>• Forms of assistance</li> <li>• Affordability/Tracking</li> </ul>				
<b>Property/Construction</b> <ul style="list-style-type: none"> <li>• Codes and standards</li> <li>• Lead-based paint</li> <li>• Environmental reviews</li> <li>• Labor requirements</li> </ul>				
<b>Beneficiary Issues</b> <ul style="list-style-type: none"> <li>• Definition of income</li> <li>• Relocation</li> <li>• Lease provisions</li> </ul>				
<b>Fair Housing/Equal Opportunity</b> <ul style="list-style-type: none"> <li>• Affirmative marketing</li> <li>• MBE/WBE outreach</li> <li>• Section 3</li> </ul>				
<b>Competition/Participation</b> <ul style="list-style-type: none"> <li>• Conflict of interest</li> <li>• Procurement</li> <li>• Allowable contractors</li> <li>• Lobbying disclosure</li> </ul>				
<b>Other</b> <ul style="list-style-type: none"> <li>• Written agreements</li> <li>• Record-keeping</li> <li>• Monitoring plan</li> </ul>				

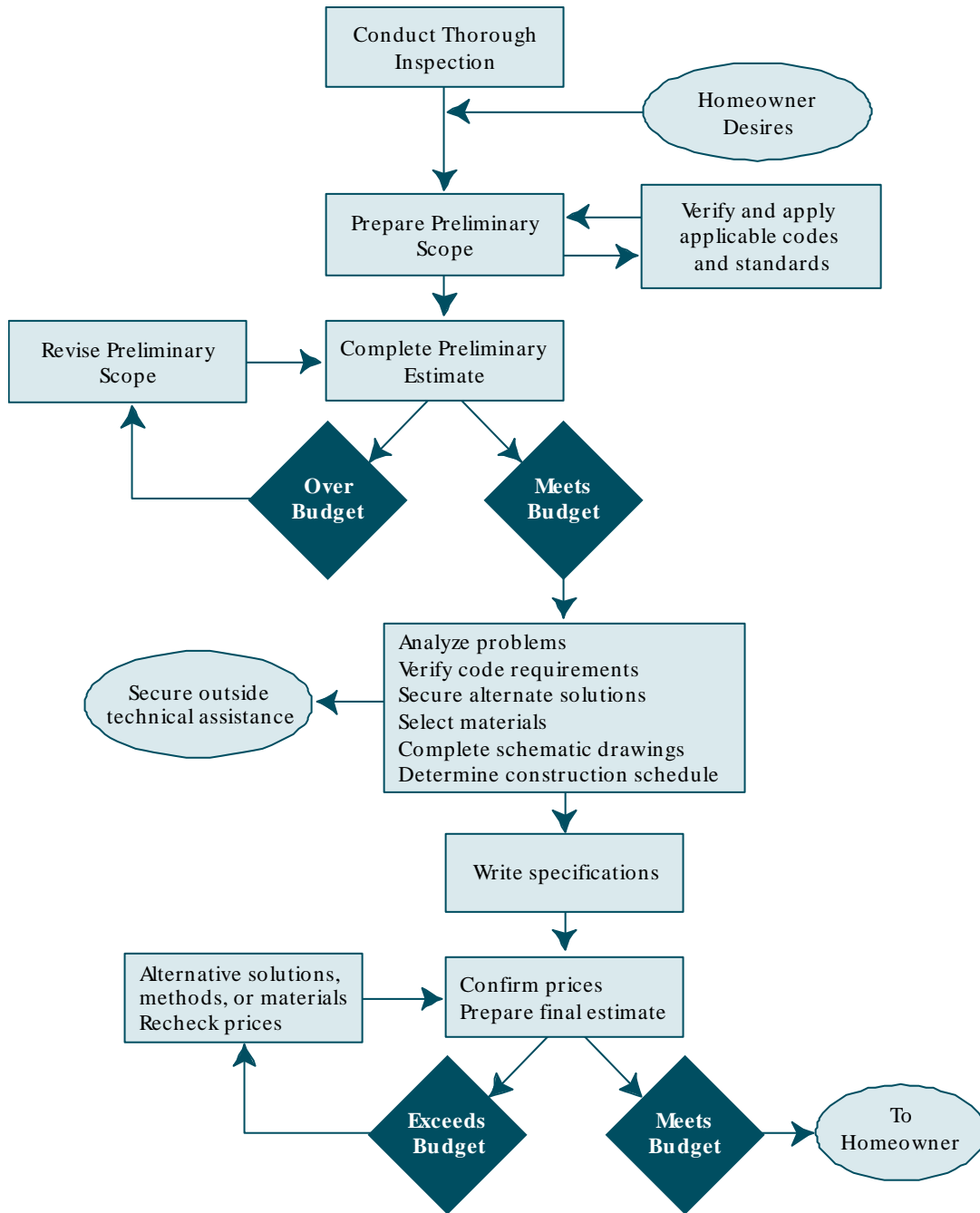
# Tenant Assistance/Relocation Process for Private Owner Rental Rehabilitation Programs Funded with HUD Assistance



\*Taken from HUD Handbook 1378 CHG-3, Appendix 1.

\*\*Term “grantee” includes CDBG Entitlement Communities, State CDBG recipients, HOME Participating Jurisdictions, and recipients of State HOME funds.

# Flowchart for the Specification Writing Process





## Checklist for Selecting a Computerized Work Write-Up System

Specification applications require sufficient hardware. Make sure that you have the hardware to run the application you plan to purchase. The vendor can provide details about what their application requires.

Some specific questions should be answered when choosing a specification application:

- ▼ End user
  - Is the application user-friendly?
  - Who was the system designed for? Remember, architects and engineers have different needs than the staff of a local rehabilitation program.
- ▼ Hardware requirements
  - Does the program operate on mainframes or PCs?
  - Do you have the necessary hardware to run the application?
  - Is your system properly configured to use the software?
  - Do you have printers that are compatible with the software?
- ▼ Data availability
  - Do you collect, or can you get, the data needed to operate the system?
  - Does the system come with inputs or do you have to create the database from scratch?
  - Is the software compatible with other software that you use? Can the software be integrated?
  - Can data from other sources be imported into the system or does it have to be re-keyed?
- ▼ Data Input
  - How is the data gathered and entered?
  - Are there input forms to facilitate data entry?
  - Is there a hand-held computer to facilitate inspections, and are they integrated?
- ▼ Cost accuracy and updating
  - How do the system files get updated and does it prompt you for updates?
  - Are costs modifiable on a line item basis?
  - Can cost information be shared with other systems?
  - Does the system provide lump sum costs or factored costs for labor, materials, overhead, profit?
- ▼ Staff training
  - Is staff training available?
  - What does it cost?
  - Who provides it?
  - Where is it offered?
  - What type of technical support is available after the training is complete?
- ▼ System support
  - Is it available?
  - How much does it cost?
  - When there is an emergency, is there someone available to help?
- ▼ Customization

— Can the system be easily modified to meet the agency's needs?

v Reports

— Does the system produce the reports you and your customers need?

— Can you design your own reports?

— Does the system produce reports needed for reporting to funding sources, such as HUD?

— Does the system print bid documents?

— What formats are provided for write-ups? Room-by-room? By trade?

v Change orders

— Does the system have ways to process and record change orders?

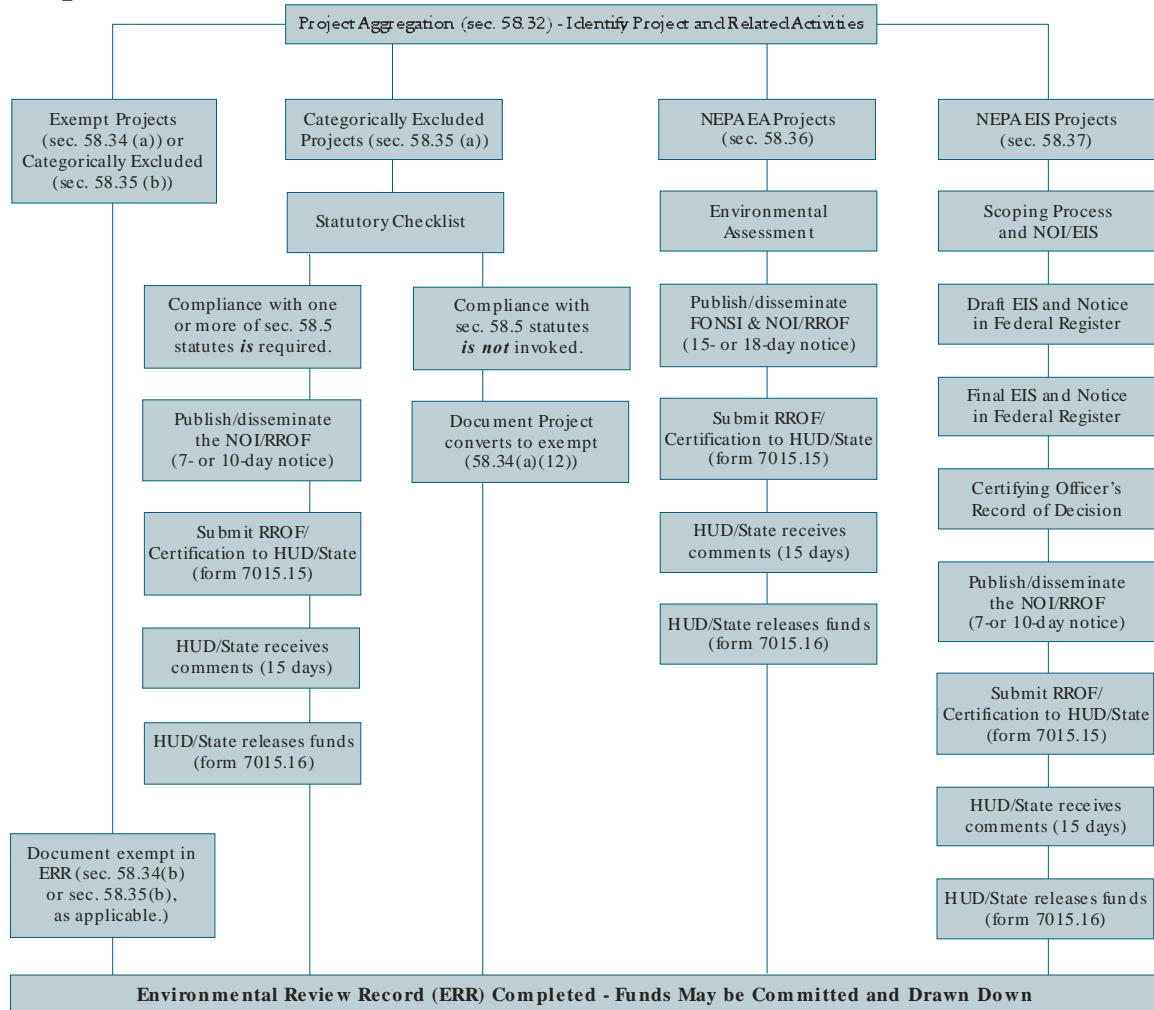
v Cost

v Customer satisfaction

v References

— How do customers who own the system feel about it?

# Sample Work Process Flow Chart—Environmental Review Requirements



## Summary of Acceptable Bidding Procedures

There are two primary ways by which contractors are selected for particular construction and rehabilitation projects:

- Larger, more complex and more costly projects will likely require a formal bidding process through a Request for Proposals (RFP); and
- Single-family rehabilitation projects are typically undertaken with a less formal bidding process by the homeowner with program staff guidance.

### Bid Requirements

Procurement methods may also vary depending upon a particular funding source. It is important to know if the funds you are using trigger specific requirements.

- When a local government agency bids out construction jobs that are paid for with Community Development Block Grant (CDBG) or HOME Program funds, procurement regulations found at 24 CFR 85.36 are triggered. The primary impact of this regulation is to set standards for grant-funded procurements.
  - 24 CFR 85.36, as of April 1995, sets a threshold of \$100,000 beyond which competitive (formal) bidding processes must be followed. For procurements valued at less than \$100,000, 24 CFR 85.36 requires price or rate quotes be obtained from “an adequate number of qualified sources.” However, competitive bids are preferred for all construction work.
  - For most government-funded procurements in excess of \$100,000 formal bidding procedures are required. Bidding processes include:
    - **Formal bidding.** Program staff publish an invitation for bids in a local newspaper that identifies the address of the property; where and when to obtain bid documents; and the date, time and place for submission of the bid. After the bid opening, the program staff meets with the property owner (if different) to make the final selection of a contractor. The owner is usually required to accept the lowest responsible bid unless (s)he wishes to pay out-of-pocket the difference between the lowest bid and the bid of choice.
    - **Negotiated bidding.** Program staff may provide the owner (if different) with a list of approved contractors. With a deficiency list and rehabilitation specification manual or a detailed work write-up in hand, the owner requests that two or more contractors prepare a bid and proposal addressing the required work. The owner and program staff review the proposals for completeness, adequacy, and reasonableness of cost. If the owner receives more than one acceptable proposal, staff may advise the owner on how to select the one that best meets the owner’s needs.
  - The negotiated bidding process has several advantages over competitive bidding:
    - It requires less staff time and therefore saves money.
    - It usually expands the number and the range of contractors participating in local programs since the selection and review process is very similar to purely private transactions.
    - It may result in lower bids than the competitive process, as it may take a contractor less time to prepare than a full proposal. In addition, contractors know that a negotiated contract can be implemented much more quickly. Competitive bids often have anticipated price increases built in to compensate for the length of time it takes to complete the bidding process.
    - Most importantly, especially for single-family rehabilitation programs, it permits the owner to get involved in the process and to take responsibility for the choice of contractor. An involved owner is more likely to make sure that (s)he can establish a decent rapport with the contractor, which will help to minimize disputes.

## **Bid Process**

- When Federal funds such as HOME or CDBG are used to pay for construction work, the Participating Jurisdiction must see that:
  - Contractors submitting bids are qualified to complete the work specified in their proposals, and are properly licensed and insured;
  - Contractors' proposals address all of the deficiency items in sufficient detail so that the property will meet the program's rehabilitation standard upon completion;
  - Owner's cost estimates have been compared to contractor's cost estimates to ensure that the cost proposed is reasonable.
  - Certain Federal requirements are incorporated into contract documents as appropriate, such as relocation, Davis-Bacon, non-discrimination, Section 504.
- These are good practices whether or not a project is financed through HUD Programs.

## **The Bid Package**

- Prior to soliciting a contractor, a bid package is prepared that provides contractors with sufficient information to prepare their proposals.
- The package should be provided to at least three qualified contractors for a small procurement, and as widely as possible for large procurements, and should include a deadline for submitting proposals.
- The contractor's package should include the following documents:
  - If new construction, detailed site and building plans as described above;
  - If rehabilitation, a work write-up, excluding any estimates of cost, that describes the items to be covered in the contractor's proposal;
  - A request for costs for each line item or trade category (a standard form may be developed);
  - General construction specifications;
  - Contract document with applicable Federal provisions, including a wage determination if Davis-Bacon wages apply to the project;
  - Licensing, insurance, bonding, or other contractor requirements; and
  - Instructions to the contractor and proposal forms.

## **Bid Process - Option 1: Direct Solicitation for Large Projects**

- The developer issues invitation for bids:
  - Federal rules require a formal, competitive bidding process;
  - Issue an Invitation for Bids in a local newspaper that identifies:
    - The address of the property,
    - Where and when bid documents can be obtained, and
    - The date, time, and place for submission of the bid.
  - Make sure to issue the Invitation for Bids early enough so that contractors have two to three weeks to prepare bids in response.
- Provide interested contractors with a package of informational materials that provides guidance specifying how, where, and when to submit bids.
- Evaluate proposals and select a contractor.

## **Bid Process - Option 2: Owner Selects Contractor for Smaller Rehabilitation Projects**

- The owner/developer solicits proposals from specific contractors.
  - The owner must solicit at least two, and preferably three, proposals in order to obtain the best possible price for the work to be done;
  - It is important that the owner is comfortable with the contractor and with the proposed improvements, and also that proposals are fair and competitive; and
  - Contractors should be required to submit proposals to the owner within ten working days of receiving the package.
- Review of proposal by owner and program staff.
  - Owner should review the proposals and identify the first choice of contractor; and
  - The proposal must then be reviewed and approved by program staff.
- Proposals must be reviewed to ensure that:
  - The proposed price is within an acceptable range of an initial cost estimate;
  - All required work items have been identified in the proposal;
  - The contractor has the required licenses, bonding, and insurance;
  - The proposed approach to the construction complies with the applicable rehabilitation standards, specifications, and building codes;
  - The contractor is capable of starting and completing the job in the specified time frame; and
  - References from previous clients are submitted and verified.
- Cost Evaluation
  - A cost price analysis should be prepared for every procurement action, including contract modifications. The extent of the analysis varies with the type of procurement, but independent estimates should be made before bids or proposals are received. A price analysis is used to determine the reasonableness of the proposed contract price, except when a cost analysis is required. A cost analysis must be performed for the following situations:
    - Under professional, consulting, or architectural engineering services contracts, when the offeror is required to submit the elements of his or her cost;
    - When adequate price competition is lacking; and
    - For sole source procurement, including contract modifications or change orders.
- If the contractor's price estimates are too high, the program administrator and owner should discuss:
  - A reduction in the scope of work which will help to lower costs while still meeting the applicable property standards;
  - Revising the in-house cost estimate based on the new and/or additional information that may be provided by the contractor;
  - A change in the materials or techniques to be used to accomplish a task which could reduce costs without compromising quality or the required standards; and
  - Obtaining proposals from other contractors.

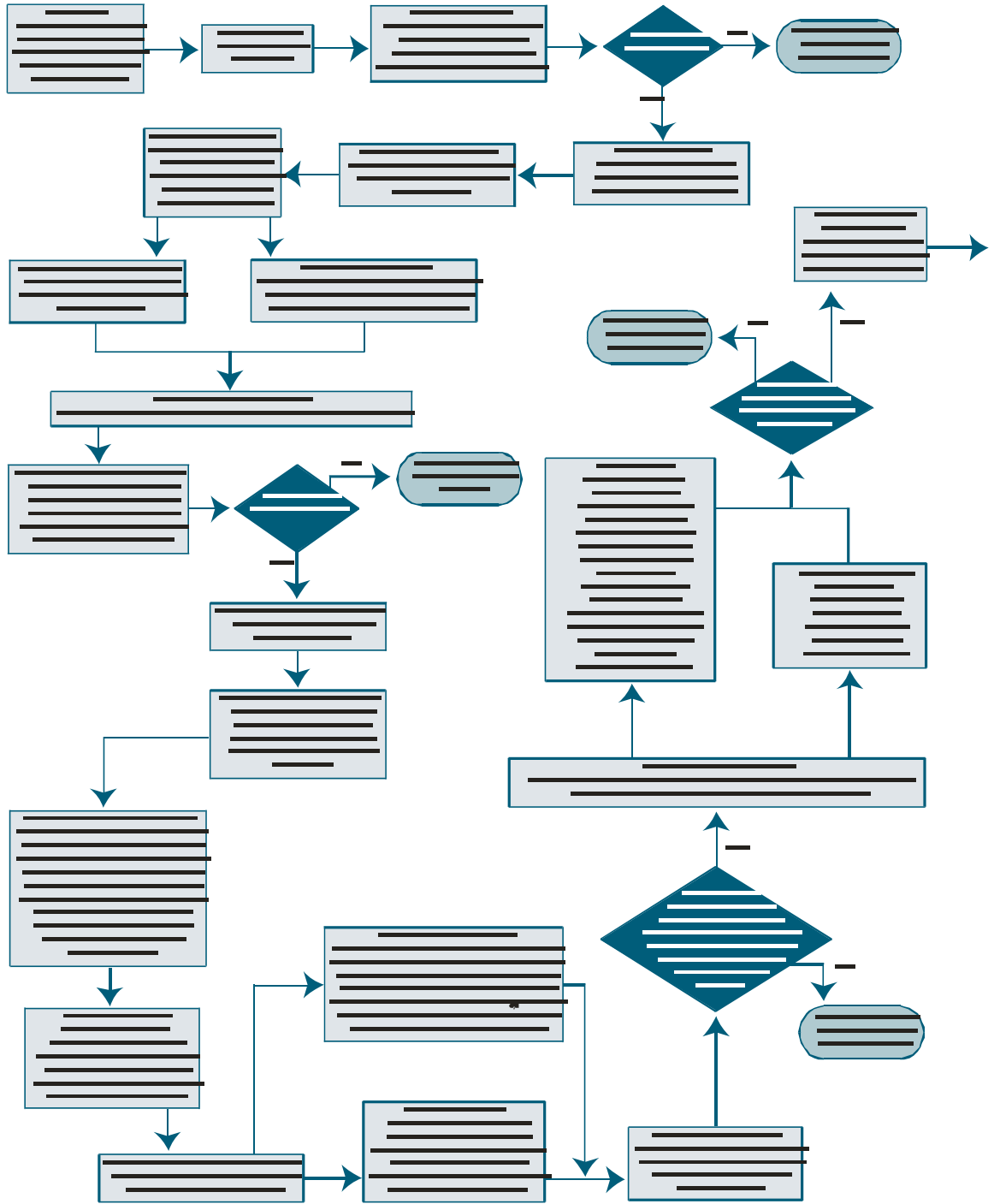
## **Negotiating and Executing the Construction Contract for Large Projects**

- There are several issues surrounding the construction contract that must be addressed:
  - After the bids have been received and evaluated, the winning bidder should be notified in writing. All other bidders should be informed of the decision, and as a courtesy, provided an opportunity to discuss the decision. This is an opportunity for the agency to become more

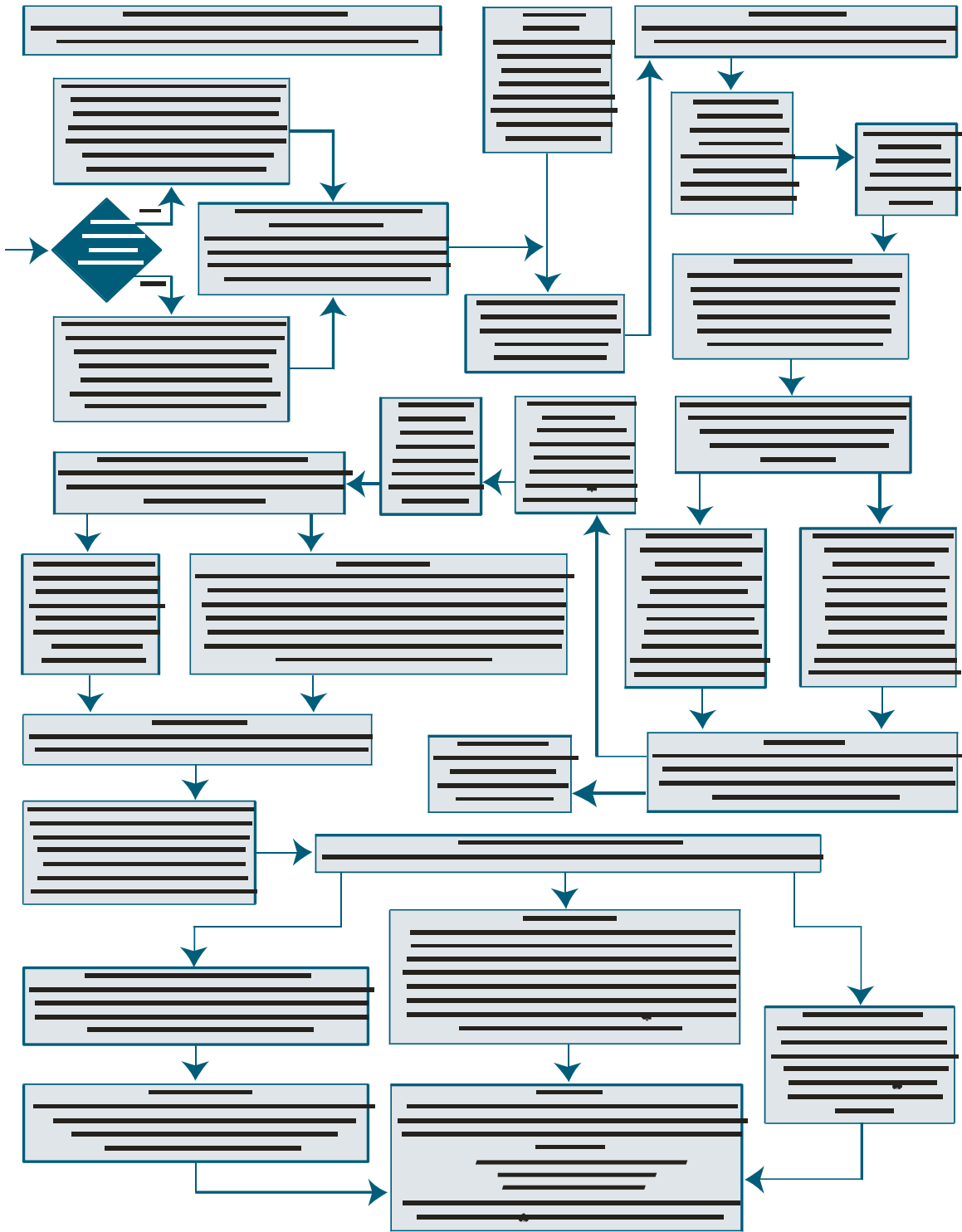
aware of how contractors bid the project and for the contractors to learn how to be more responsive to the agency's requirements in the future.

- You may choose to negotiate parts of your best bidder's proposal. Bid negotiations should be limited to specific issues of price or performance, and all changes to the proposed scope of work or design specifications must be put in writing before the contract is executed. Verbal promises by either party should be avoided.
- In negotiating bids, prevailing wages, costs of comparable jobs, and the other bids can be used as points of comparison. Negotiated changes should be reasonable. It is better to gain a realistic understanding of cost-performance relationships before construction starts, then to experience cost overruns or schedule delays later because of unrealistic bid negotiations.
- If Federal funds are involved in the project, an environmental review must take place prior to any fund obligation actually occurring. In addition, the developer must assure that all other Federal requirements, such as Davis-Bacon wage requirements and the civil rights requirements are being met. In addition, owners must verify that their contractor is not on the list of debarred contractors.
- The contractor should submit proof of all required insurance, including workers' compensation, prior to executing a contract.

# Sample Work Process Flow Chart—Rehabilitation Program







## Sample Arbitration Agreement

The purpose of this agreement and the "Arbitration Rules"1 which are attached is to set up a procedure to resolve disputes that may arise between a property owner and contractor doing work on the home. Under this procedure, if a dispute arises between the [HOMEOWNER(S)] and [CONTRACTOR], the parties agree to attempt resolution through mediation. If that fails, the matter then goes to arbitration. Both parties pay \$\_\_\_ of the total \$ \_\_\_ arbitration fee at the beginning of the process. The Arbitrator or "referee" will be an independent person appointed by [PJ's SELECTED ARBITRATION ENTITY]. That person will hear both sides of the dispute and will make a decision as to how the dispute will be best resolved. By signing this agreement, the [HOMEOWNER(S)] and [CONTRACTOR] have agreed that they will go along with the decision of the Arbitrator.

We, the undersigned, do hereby agree to submit to Binding Arbitration any dispute which we are unable to resolve concerning the home rehabilitation work at [PROPERTY ADDRESS] on the contract entered into by the undersigned on [DATE OF CONTRACT EXECUTION] together with corresponding Change Orders. By signing this document, we agree to abide by the Arbitration Rules attached. We further agree to abide by the decision reached by the assigned Arbitrator.

We understand, by signing this document, the Arbitration Agreement becomes a part of the contract documents.

CONTRACTOR's Authorized Agent:

\_\_\_\_\_

COMPANY:

\_\_\_\_\_

Date: \_\_\_\_\_

HOMEOWNER(S):

\_\_\_\_\_

Date: \_\_\_\_\_

## Habit 6

# Keep Information Organized with Good Record-Keeping

### Implement this Habit for:

- Consistency in program operations, with staff in same job positions performing like activities in same manner;
- Staff who are able to locate and retrieve a needed document quickly and easily; and
- Records that “tell the story” of a rehabilitation job—how it originated, why prior actions were taken, who is responsible, and how much the job costs.

### Overview of this Habit

Once procedures and standards are written and adopted, managers must integrate them into the organizational culture. This can be done with simple tools, such as checklists and forms. Checklists ensure that all the steps of complicated processes are carried out, and prevent staff from memorizing a myriad of steps and requirements. Forms can facilitate the capture of necessary information. Checklists and forms are only useful when they are detailed, comprehensive and used by staff.

Checklists and forms can facilitate program operations, but they also help staff provide evidence of program compliance. Filing and record-keeping to maintain key documents must be incorporated into daily routines. Managers should provide specific guidelines, or a records schedule, listing what records and documents must be maintained, where they should be maintained, and for how long. Constant monitoring of staff and systems is essential for good management and program compliance.

<i>Methods of Implementing This Habit</i>	<i>Resources</i>
<p><b>Use file checklists for project files to ensure consistency in filing systems between staff.</b></p> <ul style="list-style-type: none"><li>∨ Each project file should contain a checklist at the front showing all required documents and laying out the proper order of those documents.</li><li>∨ Project file checklist should include:<ul style="list-style-type: none"><li>— Address and description (with map);</li><li>— Name and contact information of occupant;</li><li>— Client application and income eligibility information;</li><li>— Before and after photos;</li><li>— Compliance with income eligibility requirements;</li><li>— Form and amount of assistance;</li><li>— Cost estimate;</li><li>— Bid awarded;</li></ul></li></ul>	<p>For a sample checklist of documents that should be retained in project files, see “Sample Case File Checklist for Homeowner Rehabilitation Project” at the end of this Habit. This checklist was designed for monitoring purposes, and it is advisable for program managers to use it to self-assess the status of their own files.</p>

<ul style="list-style-type: none"><li>— Compliance with maximum per unit subsidy limits;</li><li>— Compliance with subsidy layering guidelines;</li><li>— Work specifications and plans;</li><li>— Compliance with property standards;</li><li>— Compliance with lead based paint requirements;</li><li>— Inspection records;</li><li>— Invoices;</li><li>— Final inspection and closeout; and</li><li>— For rental projects, compliance with income targeting, affordability, and lease requirements.</li></ul> <p>v Contractor file checklist should include:</p> <ul style="list-style-type: none"><li>— Name, address, phone, email;</li><li>— Names and dates of all jobs performed for jurisdiction;</li><li>— Performance evaluation records;</li><li>— Current insurance information; and</li><li>— Client satisfaction records (complaints or compliments).</li></ul> <p>v Utilize checklists for all complex tasks, and to ensure completion of all components and regulatory compliance.</p> <p>v Use inspection checklists to assure that all building elements and conditions have been noted. It should reflect the housing standards requirements discussed above.</p>	
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**Use standardized forms and require their use by contractors and subrecipients.**

- <sup>v</sup> The following forms are required on every project and should be standardized:
- Income verification and application forms;
  - Bid forms;
  - Payment requests;
  - Change orders;
  - Certificate and Release;
  - Certificate of final inspection;
  - Contractor's data sheet;
  - Contractor instructions;
  - Contractor payment request;
  - Contractor proposal form;
  - Homeowner and contractor provisions;
  - Property standards inspection form;
  - Rehabilitation tracking sheet; and
  - Verification of Mortgage or Deed of Trust.
- <sup>v</sup> Make only the most current version of each form available to all staff in a central location, files or a shared electronic directory.

Samples of all the referenced HOME Homeowner Rehabilitation Forms listed can be found at HUD's Office of Affordable Housing Programs' online library, *HOME Forms*. [Updated 24 February 2003]. Available at [http://www.hud.gov/offices/cpd/affordable\\_housing/library/forms/index.cfm](http://www.hud.gov/offices/cpd/affordable_housing/library/forms/index.cfm).

**Develop and maintain a thorough record-keeping system.**

- <sup>v</sup> Maintain the following types of records, at a minimum:
  - Program administration records;
  - Project files;
  - Compliance records for other Federal requirements:
    - Davis Bacon;
    - Environmental review;
    - Section 504;
    - Section 3;
    - MBE/WBE compliance; and
    - Relocation, if applicable.
  - Contractor and contract files
- <sup>v</sup> Create orderly files and a filing system in which every document and every file exists in a logical place at any given time. Files should be user-friendly for auditors and monitors!
  - Use a file sign-out system for all shared files so that a file can be located at any given time.
  - Train all staff on record-keeping and maintaining current files.
  - Monitor and test staff record-keeping systems!

To facilitate record-keeping and the monitoring of records, use HUD's monitoring checklists. These are available through HUD's Office of Affordable Housing Programs' online library, *Check List Directory*. [Updated 24 July 2001]. Available at [http://www.hud.gov/offices/cpd/affordable\\_housing/library/checklists/index.cfm](http://www.hud.gov/offices/cpd/affordable_housing/library/checklists/index.cfm).

# Exhibits

Case File Checklist for Homeowner Rehabilitation Project .....	74
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## Case File Checklist for Homeowner Rehabilitation Project

Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Administering Entity: \_\_\_\_\_

Date: \_\_\_\_\_

The items listed below should be found in the case files.

ARE ITEMS IN PROJECT CASE FILE?	ANSWER		NOTES
	Y	N	
<p><b>Underwriting and Application Processing</b></p> <p>Application form; authorization to release information</p> <p>Source documentation and calculation of income</p> <p>Documentation of principal residence</p> <p>Documentation of ownership</p> <p>Designation of property type and location</p> <p>Project underwriting worksheet</p> <p>Origination checklist</p> <p>Project activity log</p> <p>Verification of utility expenses (for past 12 months)</p> <p>Credit report</p>			
<p><b>Legal and Financial Documents</b></p> <p>Documentation of all costs and compliance with subsidy limits</p> <p>Written agreement</p> <p>Mortgage documents or note</p> <p>Title search and title insurance</p> <p>Copy of deed</p> <p>Closing documents</p> <p>Flood insurance</p> <p>Property insurance</p> <p>Program income records</p>			



<p><b>Construction Management</b></p> <p>Lead-based paint notification pamphlet receipt</p> <p>Lead hazard risk assessment or other lead hazard evaluation; lead hazard evaluation and reduction notices to occupant</p> <p>Property inspection checklists to determine compliance with local codes and written rehabilitation standards</p> <p>Environmental review checklist</p> <p>Relocation notices; documentation of assistance</p> <p>Work specifications and program-generated cost estimate</p> <p>Documentation of after-rehabilitation property value</p> <p>Bid documents; bid analysis</p> <p>Verification of contractor eligibility</p> <p>Contract for construction work</p> <p>Pre-construction conference report</p> <p>Notice to proceed</p> <p>Change orders</p> <p>Ongoing and final inspection reports; building code compliance inspections</p> <p>Payment records and lien releases</p> <p>Warranties and guarantees</p> <p>On-site monitoring of construction work performed</p>			
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# General Resources

## HOME Publications

The Office of Affordable Housing Programs, U.S. Department of Housing and Urban Development provides a wide variety of resources on the HOME Program, available through HUD's Office of Affordable Housing Programs online library at <http://www.hud.gov/offices/cpd/affordablehousing/library/>.

## HOME Laws and Regulations

A copy of the statute governing the HOME Program, as amended, can be found at U.S. Department of Housing and Urban Development. *HOME Investment Partnerships Act. Title II, Investment in Affordable Housing*. Cranston-Gonzalez National Affordable Housing Act. 42 U.S.C., P.L. 101-625, Title II, 104 Stat. [amended 28 November 1990; updated 4 August 2003]. Available from <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/laws/home/>.

A consolidated version of the HOME Final Rule (24 CFR Part 92) as amended can be found at U.S. Department of Housing and Urban Development. *HOME Final Rule*. [Updated 24 October 2003]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/home/index.cfm>.

A full list of regulations that catalogues the chronology of rulemaking for the HOME Program can be found at U.S. Department of Housing and Urban Development. *HOME Regulations*. [Updated 4 September 2001]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/library/issuances/regulations.cfm>.

## CPD Notices

HUD issues *CPD Notices* to provide detailed guidance on how CPD program regulations are interpreted and/or should be applied. *CPD Notices* that apply to the HOME Program are made available online at U.S. Department of Housing and Urban Development. *HOME CPD Notices and Attachments*. [Updated 1 August 2003]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/index.cfm>.

## Training Manuals and Courses

The HOME Program offers on-site training, online training (the HOME Front), and manuals. Information on all types of HOME training is available online at U.S. Department of Housing and Urban Development. *HOME Front—Interactive Technical Support for the HOME Program*. [Updated 6 January 2003]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/training/index.cfm>.

Training topics include:

- Advanced HOME: Doing Rental Deals
- All the Right Moves: Relocation and Tenant Assistance in HUD Programs
- Building HOME: A Program Primer
- HOME Base: Building and Supporting Your Programs with Nonprofits
- Learning the Rules: A Basic Overview of the Lead-Based Paint Regulations for CPD Programs
- Making It Work: Implementing the Lead Safe Housing Rule in CPD-Funded Programs

- Managing HOME: Organizing for Program Delivery
- Measuring Up: A Practical Approach to Measuring Productivity and Performance in HOME Programs
- Monitoring HOME: Ensuring Program Compliance
- On Solid Ground: Tools and Tactics for Managing Your Construction Program
- Show Me the Money: Financial Management for Participating Jurisdictions
- Staying HOME: Maintaining Your Investment in Affordable Housing

## Written Model Program Guides

HOME model program guides provide “how-to” guidance on specific activities or topics related to HOME administration and implementation. For a list or to obtain a copy of the model program guides go to U.S. Department of Housing and Urban Development. *HOME Model Program Guides*. [Updated 2 July 2002]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/index.cfm>.

Model program guides include:

- *Measuring Up: Productivity and Performance in the HOME Program*. Publication expected Spring, 2004.
- *Mixed-Income Housing and the HOME Program*. Publication expected Spring, 2004.
- *HOME Program Rehabilitation Tune-up*. Publication expected Spring, 2004.
- *Fitting the Pieces Together: Using Private and Public Financing Tools with HOME-Assisted Homebuyer Programs*. Publication expected Spring, 2004.
- *Special Needs Housing and the HOME Program*. HUD 2001-18-CPD, May 2001.
- *Monitoring HOME Program Performance*. HUD 2030-CPD, October 2000.
- *Employer-Assisted Housing and the HOME Program*. HUD 2019-CPD, May 2000.
- *Asset Management: Strategies for the Successful Operation of Affordable Rental Housing*. HUD 2018-CPD, May 2000.
- *Financing Rental Housing Under the HOME Program: Second Edition*. HUD 1794-CPD, January 2000.
- *Using HOME to Develop a Homebuyer Assistance Program*. HUD 1782-CPD, June 1999.
- *Homeownership Options Under the HOME Program: A Model for Publicly Held Properties and Land Trusts*. HUD 1781-CPD, Supersedes HUD 1414-CPD (August 1993), June 1999.
- *Technical Guide for Determining Income and Allowances for the HOME Program (Second Edition)*. HUD 1780-CPD, Supersedes HUD 1470-CPD (May 1994), June 1999.
- *Using HOME with Low-Income Housing Tax Credits*. November 1998 (Revised).
- *The HOME Program: An Introductory Guide to HOME*. HUD 1747-CPD, Supersedes HUD 1335-CPD (June 1995), October 1998.
- *The HOME Program: What Are Your Community’s Most Urgent Affordable Housing Needs?.* HUD -1746-CPD, October 1998.
- *Using HOME Funds for Homebuyer Programs: Structuring Recapture and Resale Provisions*. HUD 1674-CPD, May 1997.
- *Tenant Based Rental Assistance: A HOME Program Model*. HUD 1658-CPD, January 1997.
- *Rental Housing Development and HOME: Four Case Studies*. HUD 1584-CPD, April 1996.
- *Building Public-Private Partnerships to Develop Affordable Housing*. HUD 1583-CPD, May 1996.

- *Cost Saving Construction Opportunities and the HOME Program: Making the Most of HOME Funds.* HUD 1503-CPD, December 1994.
- *Energy Conservation and Housing Rehabilitation Under the HOME Program.* HUD 1469-CPD, May 1994.
- *Sweat Equity and the HOME Program.* HUD 1425-CPD, October 1993.
- *HOME Repair/Modification Programs for Elderly Homeowners.* HUD 1408-CPD, August 1993.
- *Owner-Occupied Rehabilitation—A Direct Loan Model.* HUD 1386-CPD, January 1993.
- *From Rental Rehabilitation to the HOME Program—Making the Transition.* HUD 1370-CPD, January 1993.

## Web-Based Training Modules

Several web-based, interactive training sessions are available at U.S. Department of Housing and Urban Development. *HOME Front—Interactive Technical Support for the HOME Program.* [Updated 6 January 2003]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/training/homefront/index.cfm>, including:

- ABCs of HOME
- How to Become a CHDO
- Calculating Income Eligibility
- HOME Check-up (monitoring guidance)
- Relocation “Just in Time” Assistance
- Exercises and Case Studies (to test your knowledge!)

## Other HOME Resources

Additional HOME resources are available on the HOME Program library webpage: U.S. Department of Housing and Urban Development. *Library.* [Updated 9 July 2003]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/library/>, and the HOME Program “issuances” webpage, *HOME Program Issuances and Documents.* [Updated 8 January 2002]. Available at <http://www.hud.gov/offices/cpd/affordablehousing/library/issuances/index.cfm>.

## Online Systems and Databases

HUD provides easy access to several important databases and online systems at U.S. Department of Housing and Urban Development. *CPD Systems.* [Updated 28 February 2003]. Available at <http://www.hud.gov/offices/cpd/systems/index.cfm>):

- Integrated Disbursement Information System (IDIS);
- Community 2020;
- EZ/EC/RC, including address locator services;
- Disaster Recovery Grant Reporting System;
- Census data;
- Comprehensive Housing Affordability Strategy; and
- CDBG Electronic Policy Database.

# Organizational Development and Management Resources

Edwards, Mark, R. and Ann J. Ewen. *360 Degree Feedback: The Powerful New Model for Employee Assessment & Performance Improvement*. New York, NY: AMACOM, 1996.

Grote, Dick. *Complete Guide to Performance Appraisal*. New York, NY: AMACOM, 1996.

Sementelli, Arthur J., "Public Sector Performance: Management, Motivation, and Measurement," *Review of Public Personnel Administration*, Jan.1, 2000.

Spitzer, Dean R. *SuperMotivation: A Blueprint for Energizing your Organization from Top to Bottom*. New York, NY: AMACOM, 1995.

Ammons, David N. *Accountability for Performance: Measurement and Monitoring in Local Government*. International City/County Management Association. Available online through the ICMA Bookstore at <http://bookstore.icma.org/obs/index.cfm?DID=7>.

Deevy, Edward. *Creating The Resilient Organization*. New Jersey: Prentice Hall, 1995.

Maxwell, John C. *Developing the Leader Within You*. Nashville, TN: Thomas Nelson, Inc., Publishers, 1993.

Maxwell, John C. *Developing the Leaders Around You*. Nashville, TN: Thomas Nelson, Inc., Publishers, 1995.

Smith, Douglas K. *Make Success Measurable!: A Mindbook-Workbook for Setting Goals and Taking Action*. New York, NY: John Wiley and Sons, Inc., 1999.

Clemens, John K. *Movies to Manage By (Lessons in Leadership from Great Films)*. New York, NY: Contemporary Books, 1999.

Weisbord, Marvin. *Organizational Diagnosis*. Thousand Oaks, CA: Sage Publications, 1999.

Weisbord, Marvin. *Productive Workplaces*. San Francisco, CA: Jossey-Bass Publishers, 1987.

Fournies, Ferdinand. *Why Employees Don't Do What They're Supposed To Do and What To Do About It*. New York, NY: McGraw-Hill Publications, 1999.

Helgesen, Sally. *Web of Inclusion*. New York, NY: Doubleday Books, 1995.