

Funded Rehab Developer Guide

Below are the steps a funded rehab project will be going through from the start to the completion of the project. This checklist provides explanations for all the items found on the **Minneapolis Homes- Funded Rehab Housing Development Checklist**. Please be aware that this process will take a substantial amount of time before work starts at the property. All rehab projects where the city of Minneapolis is contributing funding to the project are required to follow the Single-Family Bidding Standards. Please note at the completion of the project the property will need to have a Code Compliance Inspection OR a Truth in Sale Housing Inspection whichever is applicable to the property. If the property has a parcel flag for being “Condemned” no pre-code compliance inspection is required and the developer will not need to enter into a separate agreement with Regulatory Services. As the bidding specifications are being created, it is important to review and incorporate all the information provided in this guide as well as all the referenced material: Minneapolis Homes Financing Rehab Standards 2020, Contract Information, Green Communities Criteria, HERS Report, etc. as part of this process.

When planning the project, the developer will be able to choose to hire a general contractor or bid to general contractors. Below are the differences.

Developer is a General Contractor or has hired a General Contractor to act as their project manager: The general contractor (GC) will need to bid out all bid divisions according to the Single-Family Bidding Standards, if the GC would like to self-perform work on certain bid sections, they will need to submit a sealed bid on each bid division or subsection.

Developer has no General Contractor: Developer chooses to bid the project out to General Contractors (GC) through a competitive bid process, the GC can submit one sealed bid for the entire project.

Civil Rights is Applicable to the Project: If the Project is receiving \$175,000 or more of City assistance, the Developer and its contractors and suppliers must comply with the Small and Underutilized Business Enterprise Program (SUBP) requirements as outlined in Minneapolis City Code Chapter 423. If a developer is bidding to General Contractors (GC), the developer will need to perform outreach to MBE and WBE MNUCP Certified companies to show a good faith effort to Civil Rights. If the developer has a GC, the Developer and/or GC will need to perform this outreach. Living wage is required. If the project is 8 or more units Civil Rights will set goals and are subject to the good faith effort review if the goals are not met.

PRE-BIDDING:

Step 1- Getting Started

- *Reference Minneapolis Homes Financing Rehab Standards 2020*
- *Reference Developers Contract*
- *Reference MHFA Design Standards (MN Overlay Guide to the 2020 Green Communities Criteria)*
- *Reference Minneapolis Homes: Funded New Construction/Rehab Housing Development Checklist*

- Right of Entry- Obtain from Senior Project Coordinator
- Energy Modeling Report- Includes HERS ratings.
- Environmental Testing- Asbestos Survey, Lead Risk Assessment/Lead Inspection
- Bidding Specifications and Plan Drawings of the Project

- 2023-2024 Overlay to the 2022 Enterprise Green Communities Criteria (EGC) (Ownership= SF worksheet).
- Radon Test (if installing a radon system as part of the project, this is not applicable)
- Civil Rights Pre-Bid Meeting (Applies if city funding is \$175,000 or more)
- Build America, Buy America ACT: 5 or more units HOME, CDBG and ESG funds with a total project cost including all funds over \$250,000.

Right of Entry: Required for any work being done by contractors on the lot prior to owning the lot. Developer will need to contact their Senior Project Coordinator to start this process.

Energy Modeling Report: This is a report completed by a company such as Builders Knowledge, Center for Energy and Environment (CEE), or equivalent who will assess the properties current energy rating or HERS (Home Energy Rating System), which may include an initial blower door test. The energy rater will provide a report documenting existing conditions and proposed modifications to improve HERS score. This may include re-insulating the house, new windows, etc. These recommendations must be included in the building specifications. The energy rater will be involved throughout the entire process of the rehab, this includes insulation/air sealing inspections, as they will need to verify the recommendations on the projected HERS report were implemented. A final blower door and Energy Report will need to be completed at the end of the construction project. It is recommended all rehab projects achieve Energy STAR Home Certification; however, it is not required.

Substantial Rehabs: Must achieve a HERS rating of **80** or unless the property is built before 1980 and the walls are made **ONLY** of brick and mortar.

Moderate Rehabs: All moderate rehab projects can score 100 or less if built before 1980.

Rehab projects are defined, Chapter 2, Project Rehabilitation Type (pg.6- 2023 MN Overlay/Green Communities Guide)

Substantial Rehab Projects

1. That includes the replacement and/or improvements of at least **two** major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, heating ventilating and air conditioning (HVAC) and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space.
2. Or, where the **work area exceeds 50%** of the Aggregate Area of the building defined per the 2020 Minnesota Conservation Code for Existing Buildings, Section 604 Level 3 Alteration.
3. Gut rehabilitation meeting the definition noted above must be considered Substantial Rehab.

Moderate Rehab Projects

1. That does not fall under the definition for Substantial Rehabilitation.
2. Or, where the work is limited to the 2020 Minnesota Conservation Code for Existing Buildings definition of Chapter 4 Repairs, Section 6023 Level 1 Alteration or Section 603 Level 2 Alteration.

Environmental Testing-

Lead Based Paint Risk Assessment/Lead Based Paint Inspection: All home built prior to 1978. All items which test positive for lead in deteriorated status must be abated. At the conclusion of the lead abatement, an interim clearance must be provided to CMS. Once the project has been completed a Lead Clearance must be provided to CPED. The Lead Clearance must be completed by a company licensed by the State of MN to complete this work and should include the interior and exterior of the house and be reflective of the lead-based paint risk assessment/Lead Inspection completed prior to the project starting.

Asbestos Inspection Survey: Asbestos removal must comply with the Environmental Protection Agency (EPA) and the Minnesota Department of Health (MDH) regulations. The developer must include all findings in the scope of work per applicable regulations prior to and during demolition efforts. An asbestos manifest, and clearance must be provided upon completion of the work. Note: **ALL** items which test positive for asbestos or are assumed asbestos must be included in the specs and must be removed from the property.

Developers are required to ensure their rehabilitation activities comply with the Environmental Protection Agency (EPA) and The Minnesota Department of Health (MDH). CPED may provide a Lead Based Paint Risk Assessment/Lead Inspection as well as an asbestos inspection survey on some properties, where this report is not provided, it will be the responsibility of the developer, at their expense, to have a report completed by an environmental consultant. If additional testing is required for asbestos or lead, this will be at the expense of the developer. The reports will need to be provided to CPED.

Green Communities: Developers should use the current Green Communities Work sheet for the funding year of the project. All mandatory items must be completed on the form. All required items listed in Chapter 7 of the 2023-2024 MN Overlay Guide to the 2020 Enterprise Green Communities Criteria must be completed. All mandatory, and optional items chosen on the Green Communities Worksheet must be addressed in the plans and/or building specifications. 5.1b Building Performance Standard in the Green Communities Worksheet must be complied with. Links to the Housing Standards and Green Communities forms are listed below, as well as the link to the green communities online which references the HERS rating as well as the 5.1b Building Standard for rehab projects.

<https://www.mnhousing.gov/rental-housing/building-standards.html>

<https://www.mnhousing.gov/rental-housing/building-standards/archived-building-standards-and-guides.html>

<https://www.greencommunitiesonline.org/introduction>

Radon Test: If the developer chooses through the Green Communities Overlay Form to put in a Radon Mitigation system as part of the project, a pre-test is not needed. Radon testing must comply with the MDH regulations. When conducting pre-test and posttest for radon in the home, the Developer must provide CPED with the scientific reports. If the test results exceed the EPA standards, a radon system must be installed or the installed system must become active versus passive.

Bidding Specifications and Plan Drawings: A drafts person or an architect can draw plans of the property showing what is being done. Plan Drawings should show the existing conditions as well as the proposed changes. The Bidding Specifications should articulate in detail what is being done and refer to the plans as needed. Bid specs are to be organized in bid divisions as identified in the Single-Family Bidding Requirements. The Bidding Specifications should articulate in detail what is being done and refer to the plans as needed. MHFA Building Design Standard, Green Communities, Minneapolis Homes Financing Rehab Standards 2020,

Energy Modeling Report, Lead/Asbestos/Radon, etc. must be incorporated into the detailed bidding specifications.

Civil Rights Pre- Bid Meeting: For all project where the funding is \$175,000 or greater Civil Rights will be involved. Civil Rights will provide an email to the developer of all the documents required to be completed. The Senior Project Coordinator will initiate this process once the developer submits their initial plan drawings and bid specifications to their assigned CMS. If the Developer is new to the Civil Rights process, or if a developer has questions on the Civil Rights process, prior to the project closing, Civil Rights will meet with the developer, CMS, and Senior Project Coordinator, to go over any questions the developer might have.

Build America, Buy America ACT (BABA): 5 or more units HOME, CDBG and ESG funds with a total project cost including all funds over \$250,000. Ensure BABA requirements are included in the terms and conditions of the bid documents, contracts, and purchase orders. Does not apply to demolition, acquisition, or emergencies. Requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the “Buy America Preference (BAP)” and the specific requirements are codified in 2 CFR § 184.

Step 2- Bidding Requirements

- *Reference the Single-Family Bidding Requirements.*
- *Reference Minneapolis Homes: Funded New Construction/Rehab Housing Development Checklist*

- Bid Advertisement
- Approved Bidding Specifications and Plan Drawings
- Civil Rights requirements incorporated into Bidding Specifications as determined by Civil Rights.
- Developer receives an email from the CMS to proceed to bidding.
- Developer receives an email from Civil Rights to proceed to bidding, if applicable.
- Developer provides proof of bid being publicly advertised to CMS.
 - If the developer does not publicly advertise the bid as approved by CMS, the Developer will be required to re-bid the project.

Bid Advertisement: The developer is to provide a document describing their project, and it must include: a bid start date, bid end date and time, how bid documents can be requested, how sealed bids can be submitted, and where and when the bid opening will take place. It is recommended the bid advertisements detail both options of virtual attendance and physical in person location for the bid opening. The bid ad should provide an option for a physical location of where bids will be opened and where a sealed bid can be dropped off. It is recommended the bid end date and time corresponds to the bid opening date and time. It is recommended the developer creates an email address specific to the project where electronic bids can be received if the bids are under \$100,000 per the Single-Family Bidding Requirements. The email account should not be opened until bid opening. The Developer should take in all bids. The developer must provide proof of the bid publicly advertised, as approved by the CMS.

Bid Form and Invitation for Bid: Developer should submit a copy of the invitation for bid and bid form to CMS for review. An invitation for bid document will have additional information the developer may want the contractor or sub-contractors to know about the project. It is information which may not be in the bid advertisement. It will also list what a complete bid will look like. A bid form is simply the form the contractor will put their bid number on.

Receiving Bids: Bids must be received in compliance with the Single-Family Bidding Standards. If sub-contractors are submitting bids this can be completed by secured email, if the bids are under \$100,000. The developer will need to show the bids were not opened. If General Contractors are submitting bids and there is potential for the bids to be greater than \$100,000, all bids must be mailed or dropped off at a chosen location. All bids are to remain sealed until the bid opening date and time.

POST- BIDDING:

Step 1- Opening of the bids

➤ *Reference Minneapolis Homes: Funded New Construction/Rehab Housing Development Checklist*

Attendance sheet, Bid Tally, and Contractor bid(s) provided to CMS.

Bid Opening: This is the date, time, and place where the developer, contractor(s), and CMS are present (virtually or in person), and the sealed bids received prior to the bid closing date and time are opened in front of all parties. No bids are to be opened prior, if bids are opened prior to the bid opening, they may be disqualified. At the beginning of the bid opening an attendance sheet needs to be completed, listing all persons present whether they are in person or attending virtually at the time of the bid opening. At the conclusion of the bid opening, the developer will need to complete a bid tally, which is a list of the contractors and their bid amount. The developer will then provide the CMS with a copy of the attendance sheet, bid tally, and the contractors bids.

Step 2: Contracting

➤ *Reference Minneapolis Homes: Funded New Construction/Rehab Housing Development Checklist*

➤ *Reference the Single-Family Bidding Requirements.*

- Executed general contractor agreement (GC) with developer.
- Executed contractor agreements between the GC and sub-contractors
- Sworn Construction Statement
- Builders License and Insurance
- System of Awards Management (SAMS) for all contractors.
- Building Permit- Evidence of a full submission to Development Review as required for a permit.
- Lead Based Paint Licensure/Certs/Notification.
- Civil Rights- If applicable, developer submits Affirmative Action Plan and the list of subcontractors and other requested documents to Civil Rights.

Executed General Contractor Agreement with the Developer- This is a legally binding agreement between the General Contractor and the Developer which outlines the details of the specific project, which must be signed by both parties. The value of the contract should match the Sworn Construction Statement. The contract should reference the approved bid specifications and building plans. **“Construction Contract”** means the executed construction contract between Developer and the Contractor, or, if the Developer is acting as the Contractor, the executed contracts between the Developer and its subcontractors.

Permit- The developer will need to submit the plans and specifications once they close on the property and provide proof of this submission to the CMS. Once the permit is approved, the developer will need to provide a copy of the approved stamped plans to the CMS. The building permit must be in the General Contractors

name. Permit costs should be verified by the General Contractor prior to close so the correct cost can be reflected on the sworn construction statement.

Sworn Construction Statement: A full list of all contractors, sub-contractors, and suppliers involved in the project and how much each are being paid, this form should be notarized by the General Contractor, who provides it to the developer, and should be fully executed. All sworn construction statements should be whole numbers and reflective of the contractors bid, no rounding, and no second-tier subbing. The sworn should be itemized to reflect the bid divisions and/or subsections as closely as possible.

Builder License: All contractors who have a trade license, found on the MN Dept. of Labor and Industry website.

<https://www.dli.mn.gov/>

System of Awards Management (SAMS): A federal search on all contractors, subcontractors, and suppliers for any EXCLUSIONS. The searches should be saved in pdf form which must include the date of the search and emailed to CMS with the Sworn Construction Statement.

<https://sam.gov/content/home>

State EPLS Search: A state search on all contractors, subcontractors, and suppliers for any EXCLUSIONS. The searches should be saved in pdf form which must include the date of the search and emailed to CMS with the Sworn Construction Statement.

<https://mn.gov/admin/osp/government/suspended-debarred/>

Civil Rights: Developer and General Contractor to submit all required documents to Civil Rights (Affirmative Action Plan and list of subcontractors).

Lead Based Paint Licensure- This information can be found through the EPA or MN Dept. of Health websites. Minnesota law requires that all contractors be certified to perform lead abatement in pre-1978 single family residences and multi-residential buildings where the quantity of lead paint being disturbed is greater than two square on the interior of a residence or 20 square feet on the exterior of a residence.

<https://www.epa.gov/>

<https://lead.web.health.state.mn.us/searchFirmByArea.jsf?areaType=state&areaCode=MN>

Lead Calculations: This is a calculation required by HUD Subpart J- Rehabilitation to establish procedures to eliminate as far as practicable lead-based paint hazards in residential property that receives Federal rehabilitation. The document the developer should provide to the CMS should have the following:

https://www.hud.gov/sites/documents/DOC_25491.PDF

Column 1

- Hard Construction Costs (as listed on the performa)

Column 2

- List your source of rehabilitation funds and the amount. These funds should be listed separately with their dollar amounts

- Subtract the lead related specification costs- include clearance testing, lead cleaning, and all lead related items
- Add back any of the originally planned work- This is work you were planning to do regardless of if the item contained lead. Still exclude lead clearances.
- Divide by the number of units
- Average total of Rehabilitation Costs- Total from the above items.
- List the total amount of funds, all added together.
- Divide by the number of units
- Average Total Federal Funds (Total from the above items)

Notification of Lead Hazard Reduction (Minnesota Department of Health (MDH))- Contractor must notify MDH at least five (5) days before starting any lead hazard reduction work. The developer is to provide this notice to the CMS five (5) days prior to work starting and confirm the date this notice was sent to MDH.

POST-CLOSING- CONSTRUCTION

Demolition Process:

1. Remove all asbestos and complete an air clearance (Must be complete by licensed firm).
2. Abate all lead from the from the property (Lead Hazard Reduction Notice Must be provided to CMS prior to any lead abatement taking place, and Abatement must be completed by licensed firm).
3. Complete Interim Lead Clearance and provide a copy of the lead clearance to CMS.
4. Complete remaining demolition/rehab work.

Step 1- Construction Process Requests (Hard Cost Approvals):

➤ *Minneapolis Homes- Funded Rehab Housing Development Checklist*

- Copy of approved stamped plans provided to CMS.
- G702 and G703 forms must be submitted for payments
- Change Order

Payment requests- Form G702 and G703 are to be completed by the developer and submitted to the Construction Management Specialist (CMS), and carbon copies in the same email the Project Coordinator (PC). The amount requested should reflect the work which has been completed, and the GC fee should match the percentage of work completed. The G703 must have all the contractors who are doing the work listed and their contract amounts which should be reflective of the approved sworn and subcontractor agreements the GC submitted prior to the project closing. Contractor who has material off site, they can provide proof of the cost of material, and insurance on material, pictures.

Once the CMS reviews the pay applications, completes an onsite visit, and approves of the payment, the CMS will email the approved G702 and G703 back to the developer, carbon copying the PC. The Developer will then need to complete a draw application including all soft and hard costs and submit the payment request to the PC for payment (PC may request additional information which the Developer will need to provide). The Project Coordinator will process all payment requests.

Change Orders: Are to be completed on a form, by the developer, which indicates any changes from the original plan specifications, or if there is an unforeseen condition. The change order should document in detail what the change is, and the cost. The CMS may request additional documentation of the labor and material breakdown on a case-by-case basis. Change orders are to be submitted to the CMS prior to the change taking place. Upon payment where applicable, the G703 should be updated to reflect any changes in cost, when submitting for payment. Change orders should be listed on the G703 as Change Order 1, Change Order 2 etc. and should document the costs per contractor involved in that change order, which includes any additional GC fees.

Contingency Funds (As available on the Proforma): Are funds used through change orders. To use these funds, the developer will need to complete a change order, signed by the developer and contractor, and submit to the CMS. Once the CMS approves the change order the, the developer will need to list the change order details on the G702 and G703. If the change order is not approved by the CMS, the change order cannot be paid or through CPED funds.

Links to AIA Documents: Paid for by the developer:

<https://shop.aiacontracts.com/>

Step 2- Construction Completed

➤ *Minneapolis Homes- Funded New Construction/Rehab Housing Development Checklist*

- Code Compliance Certification/TISH
- Final Green Communities Compliance Report
- Home Energy Rating System (HERS Report)/Final Energy Audit
- Final Radon Testing
- Asbestos Manifest if applicable
- 2-year Paint Warranty- Exterior Paint
- Mechanical Certification- applicable only if a New Furnace was installed.
- Proof of Sewer Cleanout Certification
- Roofing Certification- applicable only if a new roof was not installed.
- Electrical Certification
- Plumbing Certification
- Water Test
- Interim Lead Clearance
- Lead Clearance Report- Post Abatement
- Lead Record Keeping Checklist
- Lead Hazard Reduction Report
- Lead Safe Practices Form- CPED Form
- CMS Completes Final Project walkthrough and CMS Final Project Completion Form

Truth in Sale of Housing (TISH): Applies only on rehab projects where the property was not condemned. The City of Minneapolis requires an evaluator licensed by the City of Minneapolis to perform this evaluation. This evaluation is paid for by the developer, and any issues identified in the TISH report must be corrected by the developer. Once the repairs are corrected or if there are no repairs the City will issue a Certificate of Approval (COA). This certificate must be provided to the Construction Management Specialist.

Code Compliance: The Code Compliance program ensures that all buildings that have been condemned are safe and meet code standards before they are sold or occupied. Owners of condemned properties must apply for and obtain a code compliance inspection before offering a condemned property for sale. The final inspection is scheduled with City staff and will be attended by Building, Plumbing, Mechanical and Housing inspectors. After the code compliance inspection, if there are no additional issues identified which need to be corrected, the City of Minneapolis will issue a Certificate of Code Compliance.

Home Energy Rating System (HERS Report)/Final Energy Audit: This final report should be provided by the Energy Rater, to the developer. This report should confirm the improved energy efficiency of the house, with a confirmed HERS score.

Radon Testing: If a passive radon system was installed and testing resulted in 4.0 or higher, it will need to be converted into an active radon system (installing a fan within the system), and re-tested. Test should be provided to CMS in a scientific report from a licensed consultant.

Asbestos Manifest: Federal regulations require generators and transporters of hazardous waste and owners or operators of hazardous waste treatment, storage, or disposal facilities (TSDFs) to use the uniform hazardous waste manifest, and if necessary, the continuation sheet. Additional information can be found on the EPA's website regarding hazardous waste.

Exterior Paint Warranty: Contractor to provide a 2- Year Paint Warranty on all exterior paint. Warranty information including the date exterior painting was completed on the structure (start date) and the date the warranty expires (end date) to be submitted on company letterhead, to the developer. The developer is to provide this letter to the CMS.

Mechanical Certification: If an existing heating plant shall be retained, it must be less than 10 years old, and a City of Minneapolis Heating and Ventilation Certificate form must be completed by a licensed heating contractor. The developer is to provide this completed form to the CMS. If a new heating plant is installed, no certification is required, but it must comply with the approved building specifications and green communities, and the permit approved by the City of Minneapolis Mechanical Inspector.

Proof of Sewer Cleanout- Developer to provide invoice from a license plumbing company showing the sewer line from the house to the street has been cleared of any debris, and there are no issues with the waste pipe. If an issue is discovered with the sewer line, the developer will need to resolve the issue and provide documentation indicating this.

Roofing Certification: When the roof is retained and/or repaired, provide materials to match existing and written certification from a licensed building contractor that the roof (shingles, sheathing, flashing and vents) are functional with a minimum economic life of 10 years remaining. The developer is to provide this form to the CMS. This certificate is not required where the entire roof has been removed from the house and installed with new by permit and approved by the building inspector. The new roof must comply with the building specifications.

Electrical Certification: A licensed master electrician is required to inspect the existing electrical system within the structure and complete the City of Minneapolis Electrical Certification Form. The developer is to provide this completed form to the CMS. This certificate is not required where the entire electrical system has been removed from the house and installed with new by permit and approved by the electrical inspector. This certification form can be obtained from the CMS.

Plumbing Certification: A licensed master plumber is required to inspect the existing drain-waste-vent system (DWV) and water supply system within the structure and provide written certification the plumbing system is functional and compliant with MN Plumbing Code. The developer is to provide this completed form to the CMS. This certificate is not required where the entire plumbing system has been removed from the house and installed with new by permit and approved by the plumbing inspector.

Water Test- Developer is responsible for obtaining a water test, in compliance with the Green Communities. Water tests at minimum should include coliform bacteria, nitrates, total dissolved solids, and PH levels.

Interim Lead Clearance- Lead clearance report showing all the lead hazards have been abated, and the site is safe for all other workers.

Lead Clearance Report: An environmental consultant, who is a lead-based paint inspector, risk assessor, or sampling/clearance technician may conduct a clearance inspection. A clearance inspection is a visual identification of deteriorated paint and bare soil and resample analysis of interior dust lead concentrations in a residence to ensure that the lead standards established in rules adopted under MN Administrative Rules section 144.9508 are not exceeded.

The clearance inspection is scheduled by the developer or contractor, and the final report is provided to the CMS.

Record Keeping Checklist- Completed by the Lead Renovator, found on the EPA website under lead.

Lead Hazard Reduction Report- Completed by the contractor who did the lead hazard reduction. The report is found on the Minnesota Department of Health website.

Lead Safe Practices Form: This is a confirmation of compliance form which needs to be signed by the contractor and developer and provided to the CMS. This certification form can be obtained from the CMS.

Green Communities Compliance Report: This original report approved by the CMS, should now be signed by the contractor and developer at the end of the project indicating all provisions listed in the initial Green Communities Report have been completed. The completed signed document is to be provided to the CMS.

CMS Final Completion Report: Once the project is completed and the developer provides all the required documents to the CMS, the CMS will then schedule a final walk through of the project. During this final walk through, the CMS will take pictures of the project. If all the work is completed the CMS will then complete the Final Project Completion Form. Once the form is completed the developer will be able to close on any sale of the property and obtain their Good Faith Deposit Back. If any work is not completed due to weather or other reasons, the project will be partially completed by the CMS and an escrow amount of 1.5 percent of the work yet to be completed will be held back until the work is completed.