



Arizona Department *of* Housing

2017-2018

National Housing Trust Fund Annual Allocation Plan

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General Overview

The National Housing Trust Fund (HTF) is a new affordable housing program to increase and preserve the supply affordable housing for extremely low-income (ELI) and very low-income households (VLI), including families experiencing homelessness. HTF, established under Title I of the Housing and Economic Recovery Act of 2008, will be distributed through the U.S. Department of Housing and Urban Development (HUD) on a formula basis to the states.

The Arizona Department of Housing (ADOH) is the designated grantee of HTF for Arizona. ADOH will directly fund projects by eligible recipients in accordance with this Allocation Plan. **ADOH expects to receive \$3,317,255 in HTF funds for the program year July 1, 2017 through June 30, 2018.** ADOH will distribute HTF in Arizona on a competitive basis in accordance with the following:

1. Housing Trust Fund Interim Rule (24 CFR Parts 91 and 93);
2. State of 2015-2019 Consolidated Plan (SP 10 - Geographic Priorities and SP 25 - Priority Needs);
and
3. 2017-2018 National Housing Trust Fund Annual Allocation Plan.

HOME funds will be combined with HTF to fund Eligible Projects under this Allocation Plan.

The ADOH is responsible for the administration of HTF for the State of Arizona, including the development of this Allocation Plan which defines the process by which HTF funds are distributed in Arizona. The ADOH Director may make minor modifications deemed necessary to facilitate the administration of the HTF or to address unforeseen circumstances. Further, the ADOH Director is authorized to waive any conditions not mandated by federal statute or regulation on a case by case basis for good cause.

The Plan promotes the selection of those projects which address the most crucial needs of the state within the priorities outlined in the State of Arizona Consolidated Plan.

Arizona Consolidated Plan SP-25 Priority Needs:

- Rental Housing Development and Rehabilitation
- Permanent Housing for Chronically Homeless with an Emphasis for Single Persons

This Allocation Plan promotes the creation of Permanent Supportive Housing (PSH) units using Housing First approach and architectural guidelines. All PSH units funded with HTF must have Project Based Rental Assistance.

This Plan was developed with input from our partners and stakeholders solicited from two (2) public hearings and a public comment period.

Eligible Activities

“Eligible Activities” for HTF are the ten percent (10%) for ADOH Administration and ninety percent (90%) for construction and rehabilitation of affordable rental housing developments as Permanent Supportive Housing for Chronically Homeless Households with extremely low income (thirty percent (30%) of the HUD Area Median Income adjusted for family size with utility costs deducted). Supportive Services must be provided with the purpose of helping residents achieve maximum possible self-sufficiency and maintain their permanent housing.

Eligible Project

Eligible Activities undertaken by Eligible Recipients are “Eligible Projects.” Eligible Projects may have only efficiency (zero (0) bedroom) and one (1) bedroom units.

Eligible Recipients

“Eligible Recipients” are public housing agencies, for-profit entities or non-profit entities.

Geographic Distribution

The Arizona *Consolidated SP-10, Geographic Priorities*, does not target specific geographic areas but allocates each funding sources based on criteria that serves the states priorities. Arizona allocates HTF funds in accordance with the criteria outlined under “Priority Funding Objectives” and in a manner consistent with state and federal certifications to affirmatively further fair housing.

Content of the NOFA

HTF will be distributed to Eligible Projects through a NOFA process; the parameters of which are outlined below. Applicants will be required to provide the following information through an application process, including, but not limited to:

1. a description of the Eligible Activities;
2. how the project responds to needs of chronically homeless households;
3. how the project responds to the Priority Funding Objectives listed below;
4. description of how HTF-assisted units will be integrated with units that have higher income targeting (if applicable);
5. description of how the project affirmatively furthers fair housing;
6. description of the plan and methods for achieving affordability;
7. description of tenant recruitment and selection process;
8. definition of a successful resident;
9. description of services and subsidies that will be provided to maximize resident success;
10. applicant’s credentials to carry out project, including evidence of successful completion and

- operation of similar projects;
11. applicant formation, licensing and business registration;
 12. description of development team;
 13. site control;
 14. planning and zoning verification;
 15. financial ability to proceed; and
 16. market demand.

Priority Funding Objectives

Within the *Consolidated Plan SP-25, Priority Needs*, Arizona has the following two (2) priority needs stated:

1. Rental Housing Development and Rehabilitation; and
2. Permanent Housing for Chronically Homeless.

HTF is identified in the Consolidated Plan as a resource for both priorities. ADOH received widespread support for using HTF for Permanent Supportive for Chronically Homeless during two (2) public hearings. Arizona is prioritizing Permanent Supportive Housing for the Chronically Homeless populations, with an emphasis on single persons, based on recent Point In Time Counts in each Continuum which indicate the following Chronically Homeless Populations (ninety-nine percent (99%) of which are single adults) in each Continuum: Maricopa (745); Balance of State (437); and Pima County (120).

The Arizona *Consolidated Plan SP-10, Geographic Priorities*, does not target specific geographic areas but allocates each funding sources based on criteria that serves the states priorities, geographic and otherwise. In accordance with the Consolidated Plan, HTF will be allocated for the construction of Permanent Supportive Housing for Chronically Homeless based on the following criteria:

1. demand;
2. capacity, experience and past performance of applicant;
3. extent and quality of service to chronically homeless individuals and families;
4. proximity of proposed project to transit, employment, services and amenities;
5. project readiness;
6. sustainable development (energy efficiency);
7. the extent to which the Eligible Project has rental assistance;
8. the duration of the affordability period; and

9. the inclusion of non-federal funding in the Eligible Project.

This criterion is applied in accordance with the Project Selection Methodology outlined below.

Eligible Project Costs

Costs allowed for Eligible Projects are “Eligible Project Costs”. Eligible Project Costs are the following:

1. development hard costs;
2. acquisition costs;
3. related soft costs;
4. staff and overhead costs for ADOH not to exceed ten percent (10%) of the annual allocation; and
5. relocation costs.

State Assisted Units

The number of HTF Units within each Eligible Project is determined in accordance with Notice CPD 98-2 which provides the formula for designating “State Assisted Units”.

Eligible Forms of Assistance

HTF will be distributed in Arizona by ADOH directly to Eligible Recipients in the form of loans to partially (Gap Financing) or fully fund (Primary Financing) Eligible Projects. Loans will be low to no interest loans with minimum payments or deferred forgivable for terms of at least thirty (30) years. Financing will be made available only to the extent it is needed as determined by the underwriting guidelines as outlined herein.

Maximum per Unit Development Subsidy

Arizona Maximum per Unit Development Subsidies are based on the actual costs of constructing Permanent Supportive Housing (efficiencies and one (1) bedroom) in both urban and rural (outside of Maricopa and Pima Counties) Arizona.

Project Area in Arizona	Cost per unit for 0 bedroom	Cost per unit for 1 bedroom
Balance of State (rural)	\$185,686	\$219,847
Urban Area	\$189,462	\$255,535

Period of Affordability

HTF Units in Eligible Projects must be affordable for a period of at least thirty (30) years. Affordability will be secured through a Deed of Trust and CC&Rs recorded against the property.

Funding Agreement

HTF funds will be provided to Eligible Recipients through a Funding Agreement entered into between ADOH and the Eligible Recipient. The Funding Agreement will contain the following:

1. certifications by the Eligible Recipient to comply with all HTF requirements and associated federal and state laws and regulations;
2. performance goals and benchmarks consistent with ADOH proposed accomplishments (Scope of Work);
3. restrictions to use funds for Eligible Project Costs (Budget); and
4. requirement for completing Eligible Project in timely manner (Schedule of Completion).

Construction and Rehabilitation Standards

Rehabilitation projects must adhere to Arizona Department of Housing National Housing Trust Fund Rehabilitation Standards attached to this plan as Attachment 1 and posted on the ADOH website at: <https://housing.az.gov/sites/default/files/documents/files/ADOH-HTF-Rehabilitation-Standards-10-06-16.pdf>. The following provisions from 24 CFR part 93 apply to all HTF Eligible Projects.

UPCS

Eligible Projects must follow property standards which include all inspectable items and inspectable areas specified by HUD based on the HUD physical inspection procedures, known as the Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR Part 5.705.

Lead Paint Hazards

Eligible Projects must mitigate lead hazards in accordance with the applicable provisions of 24 CFR part 35.

Accessibility

Eligible Projects must provide accessibility in accordance with the applicable provisions of 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36. Eligible Projects that are “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205

Disaster Mitigation

Where relevant, construction design will mitigate the potential impact of potential disasters (i.e. earthquakes, hurricanes, floods and wildfires) in accordance with state or local codes, ordinances and requirements or such other requirements that HUD may establish.

State and Local Codes, Ordinances and Zoning Requirements

Eligible Projects must meet all applicable state and local codes, ordinances and requirements. In the absence of state or local building codes, the housing must meet the International Building Code of the International Code Council.

Capital Needs Assessment

A Capital Needs Assessment (CNA) must be submitted with an application package involving rehabilitation (including adaptive reuse projects). The CNA must be completed by a competent, independent third party acceptable to ADOH such as a licensed architect or engineer, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs and improvements, pending repairs and existing or chronic physical deficiencies. The assessment will include a site visit and a physical inspection of the interior and exterior of all units and structures. The assessment must determine the work to be performed and identify the long-term physical needs of the project. The work to be undertaken must meet the State of Arizona National Housing Trust Fund Rehabilitation Standards.

The assessment must address Health and Safety issues identifying life-threatening deficiencies and must address major systems including structural support; roofing; cladding and weatherproofing (i.e. windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation and air conditioning. The assessment must provide an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system.

The assessment will consider the presence of environmental hazards such as asbestos, lead paint and mold on the site. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. If the remaining useful life of any component is less than fifty percent (50%) of the expected useful life, immediate rehabilitation will be required unless capitalized. If the remaining useful life of a component is less than the term of the HTF loan, the application package must provide for a practical way to finance the future replacement of the component. The assessment will examine and analyze the following:

1. site including topography; drainage; pavement; curbing; sidewalks; parking; landscaping; amenities; water; sewer; storm drainage; and gas and electric utilities and lines;
2. structural systems, both substructure and superstructure including exterior walls and balconies; exterior doors and windows; roofing system and drainage; and interiors including unit and common area finishes (carpeting, tile, plaster walls, paint).

Tenant Selection Policies

Tenant Selection Policies will be in compliance with all provisions of 24 CFR93.350 and 24 CFR 93.303 (d)(3).

Project Selection Methodology

ADOH staff will review the project applications and make funding awards. Only the projects with the highest competitive score that meet underwriting, threshold and eligibility requirements will qualify for an award of HTF.

Scoring

Applications shall be competitively scored in accordance with the following criteria.

Point Scoring Summary	Maximum Points
Months to Place in Service	Up to 15
Cost Effectiveness	Up to 20
Developer Experience	Up to 12.5
Service Enriched Location	Up to 20
Transit Oriented Design	Up to 20
Chronically Homeless Demand by Continuum of Care Point in Time Counts	Up to 30
Total Maximum Points	117.5

A. Months to Place Units in Service
Up to 15 points
Applications that reasonably demonstrate that the Project will be placed in service (including all PSH Units) in fourteen (14) or fewer months from the date the awards are announced shall receive fifteen (15) points.
Applications that reasonably demonstrate that the Project will be placed in service in service (including all PSH Units) in eighteen (18) or fewer months from the date the awards are announced shall receive ten (10) points.
In the event an Applicant is unable to meet their commitment in this category for any reason and it is not reasonably feasible to revoke the entire award, the Department shall reduce the award by an amount equal to ten percent (10%) of the total Developer Fee for each month of delay.

B. Cost Effectiveness
Up to 20 points
Applications will be ranked in the order from the highest number of PSH Units to the lowest number of PSH Units committed in the Application. Applications will also be ranked in order from the lowest to the highest Total Development Cost per Unit excluding land cost (“TDC”). The rank for the two (2) criteria will be added together to determine the total ranking of each Application. In the event that there is a tie between more than one (1) Application in one (1) criteria, they will receive the same rank. In the event that there is a tie between more than one (1) Application rank when both criteria are added, the Applications will be ranked first by the lowest TDC per Unit to the highest TDC per Unit and then from the most Units produced to the fewest Units produced.
The Application with the highest rank under the ranking above of the most units produced at the lowest cost will receive twenty (20) points. The Application ranking second will receive fifteen (15) points. The Application ranked third will receive ten (10) points. Each subsequent application will

receive five (5) less points. If there are more than seven (7) Applications, it is possible to receive negative points.

C. Developer Experience in Permanent Supportive Housing

Up to 6 points

Permanent Supportive Housing Experience: Up to six (6) points are available to Developers who demonstrate that they have experience in the development of Permanent Supportive Housing based on criteria below.

Certificate evidencing attendance by the Developer at the Supportive Housing Institute held by the Corporation for Supportive Housing at Valley of the Sun United Way.	1 point
One (1) PSH Project Placed in Service	2 points
Two (2) PSH Projects Placed in Service	Additional 3 points

D. Service Enriched Location

Up to 12.5 points

Up to twelve and one-half (12.5) points are available to Projects with existing facilities in the below categories that are located in an Urban Area and within one (1) mile or less in a straight line radius of the Site and specifically serve the proposed resident population or are located in a Balance of State Area and within two (2) miles or less in a straight line radius of the Site and specifically serve the proposed resident population.

Grocery Store (maximum 5 points)	<i>That is WIC Vendor</i>	5 points
	<i>Without WIC contract</i>	4 points
VA Health Care Center (Veterans Project only); Hospital, Urgent Care Clinic or Federally Qualified Health Center (all Projects)		2.5 points
Recreation Center or Public Park		2.5 points
Public Library		2.5 points

E. Transit Oriented Design

Up to 20 points (can only get points in one (1) category)

Project is located in a certain proximity of a Frequent Bus Transit System (<i>See QAP Section 2.9(R)(1)(I)</i>)	15 points
Project is located in a certain proximity of a High Capacity Transit Station (<i>See QAP Section 2.9(R)(1)(II)</i>)	20 points

F. Chronically Homeless Demand by Continuum of Care Point in Time Counts.

Scoring categories are based on the relative demand in Arizona as documented in the 2016 Point In Time Counts, Chronically Homeless category. Chronically Homeless numbers are depicted in parenthesis.

Up to 30 points	
Maricopa County Continuum of Care (745)	30 points
Balance of State County Continuum of Care (437)	15 points
Pima County Continuum of Care (120)	5 points

Underwriting

A thirty (30) year pro forma financial projection for the property shall accompany the application using the income, expenses, replacement reserves and debt service as represented in the application. The rental income should reflect the vacancy rate as stated in the application.

The applicant must be able to demonstrate, as part of the application package, that the project would not be feasible without financial assistance from the HTF. This will be evaluated in terms of the gap between cost of construction and amount of debt the project can reasonably obtain and support. The applicant must provide information outlining both the short and long term financial feasibility of the project. Project proposals will be underwritten to achieve a target debt service coverage ratio of one point two zero (1.20).

The reasonableness of development costs and operating expenses in relation to other similar developments will be assessed in evaluating the financial feasibility of applications.

ADOH will review development costs, permanent financing sources and amounts, public funding amounts, Developer Fees, projected rents, projected Operating Expenses and vacancy rates. ADOH restricts costs in the operating budget to the costs directly associated with operating the Project.

Rental Analysis

Project rents shall undergo verification against area rents with any adjustments to rent made during the underwriting process to be in line with the market.

Vacancy

ADOH will underwrite to a vacancy rate no greater than ten percent (10%).

Replacement Reserves

ADOH underwrites replacement reserves for new construction of Housing for Older Persons Projects at the rate of \$250 per Unit per year and other new construction projects and all acquisition/rehabilitation projects at \$350 per Unit per year.

Annual Operating Expenses

ADOH underwrites annual Operating Expenses for new construction Projects at \$4,200 per Unit per

year and for acquisition/rehabilitation Projects at \$4,500 per Unit per year.

Replacement Reserves

ADOH underwrites replacement reserves for new construction of Housing for Older Persons Projects at the rate of \$250 per Unit per year and other new construction projects and all acquisition/rehabilitation projects at \$350 per Unit per year.

Project Pro forma/Cash Flow Analysis

Revenues and expenses shown on the pro forma must increase annually at two percent (2%) and three percent (3%) respectively. Annual replacement reserve obligations must increase at three percent (3%) per year.

Debt Service Requirement

The amount of the primary loan shall be fully amortized for no less than twenty-five (25) years, with a loan term of no less than the Period of Affordability, written at a competitive market rate of interest, and the annual debt service coverage ratio (“DSCR”) shall be no less than one point two zero (1.20) for each year of operation during the Period of Affordability.

Development Budget - Form 3

Applicants shall disclose all uses of development funds. Costs are limited to those that are necessary to build the Project.

Construction Contingency

Applications shall include a minimum hard cost contingency of five percent (5%) of the Total Direct Construction Cost line item for New Construction and seven percent (7%) of the Total Direct Construction Cost line item for all other project types.

Developer Fee Limits

For the purpose of the limits in the table below, the Developer Fee also includes overhead and profit, construction management fees, non-profit fees and consultant fees as part of the total Developer Fee. The total amount of Developer Fee shall be limited as set forth in the table below.

Developer Fee Limits as A Percent Acquisition, Direct Construction, Professional Fees and Construction Financing	
Number of Units	Percent Allowed
1 - 30	Seventeen percent (17%)
31 - 60	Fifteen percent (15%)
61+	Fourteen percent (14%)

Builder Profit, Overhead and General Requirement Limits

These limits are calculated as a percentage Direct Construction Costs:

Builder’s Profit, Overhead and General Requirements	Percent of Costs				
Project size in Units	1 - 15	16 - 30	31 - 45	46 - 60	61+
Builder’s profit	06.00	05.75	05.50	05.25	05.00
Builder’s overhead	03.00	02.75	02.50	02.25	02.00
General requirements	06.00	05.75	05.50	05.25	05.00
Total maximum percentage	15.00	14.25	13.50	12.75	12.00

Architectural and Engineering Fees

Architectural and engineering fees, including design and inspection costs shall be limited to \$4,500 per Unit for acquisition/rehabilitation and the limits in the following table for new construction, acquisition/demolition/new construction or adaptive re-use.

Architectural and Engineering Fee Limits for New Construction, Acquisition/ Demolition/New Construction and Adaptive Re-use Projects	
Number of Units	Per Unit Allowed
1 - 30	\$9,000
31 - 60	\$8,000
61+	\$7,000

Capitalized Reserve Requirements

The Development Budget must include capitalized reserves as follows:

Lease-up Reserve: Four (4) months of Operating Expenses plus four (4) months of primary debt service must be shown in the Development Budget.

Operating Reserve: Four (4) months of operating expenses plus four (4) months of primary debt service must be shown in the Development Budget.

Replacement Reserve: The Development Budget may include an annual replacement reserve in the following amounts: \$250 per Unit per year for new construction of Housing for Older Persons Projects and \$350 per Unit per year for other new construction and all acquisition/ rehabilitation and adaptive/re-use Projects.

Subsidies: The application package must include a signed certification as to the full extent of all federal, state and local subsidies that are expected to apply to the property.

Threshold

When an application is received, it shall first be reviewed for eligibility to be scored and ranked. In

order to be eligible for scoring and ranking, the application must be complete and include the following information, unless waived by ADOH for good cause.

Housing First Model

All projects must adhere to the Housing First Model, as explained in the attached two (2) documents published by the Corporation for Supportive Housing, which are hereby incorporated into this Allocation Plan.

1. CSH Housing First Criteria.
2. Physical Design Standards in Supportive Housing Developments, July 2013.

Supportive Services

Services must be tenant-centered and flexible with a focus on housing retention. Individual person-centered planning, twenty-four (24) hour emergency on-call coverage, group and individual programming, on-site case management and life skills services, collaborative treatment with area providers and on-site property management and client support staffing are hallmarks of effective supportive services programming in a Housing First Model.

All projects must have an on-site Food Pantry and all residents must be connected to a Federally Qualified Health Center. In addition, the applicant must coordinate to bring the following Supportive Services provided by a qualified service provider and financed through the Regional Behavioral Health Authority (“RHBA”) to the Project. Services provided to each tenant may be limited by the tenant’s eligibility for the service to be covered by the RHBA.

- Twenty-four (24) hour on-call coverage.
- On-site case management and coordination services.
- On-site habilitation/life skills training.
- On-site or contiguous and accessible to the Project, Benefits Specialist.
- On-site or contiguous and accessible to the Project, on-going job training, search assistance and/or placement.
- On-site or contiguous and accessible to the Project, financial literacy classes.
- On-site or contiguous and accessible to the Project, computer training.

Project Based Rental Assistance

All projects must provide Project Based Rental Assistance using Section 8, VASH, private or other sources that meet the definition of Rental Assistance in the most recent QAP. Applicants will be required to provide a narrative describing the source of the Project Based Rental Assistance.

Audited Financial Statements

Eligible Applicants must provide audited financial statements.

Beneficiary Income Limits

This Allocation Plan is for PSH units that will serve chronically homeless households and receive project based rental assistance. Units assisted by HTF may not have incomes that exceed the greater of:

1. thirty percent (30%) of the area median income adjusted by family size; or
2. the poverty line adjusted for family size.

The 2016 poverty line was published in the Federal Register on January 25, 2016 (FR Doc. 2016-01450) by the Department of Health and Human Services. HUD has published income limits for the HTF program. Projects submitted for consideration may include additional units assisted by other financing sources which are subject to their respective income limits.

Tenant Parameters

Rents on the State-assisted units do not exceed thirty percent (30%) of the HUD Area Median Income adjusted for family size with tenant-paid utilities deducted. Applicant must provide written, acceptable Tenant Selection Policies and Criteria with formal adoption by the applicant's governing body in the form of a motion or resolution.

For permanent housing, applicant must provide an acceptable tenant lease agreement which complies with the provisions of the Arizona Residential Tenant Landlord Act and the Fair Housing Act. Applicants must provide a completed Supportive Service Plan.

For projects consisting of five (5) or more units, applicant must complete and provide an acceptable Affirmative Fair Housing Marketing Plan. Applicant must provide an acceptable Management Plan. Applicants must provide an acceptable Fair Housing Accessibility Checklist fully completed and signed by the project architect.

Site Parameters

Applicant must provide evidence it has legal control of the property by submitting a recorded deed (if already owned), a fully executed ninety-nine (99) year leasehold on the property (fifty (50) years for tribal land), contract for purchase or lease, option for purchase or lease or an approved and executed governmental resolution and other documentation indicating the intent to sell to the applicant. Applicants must submit a preliminary site plan and elevations drawings. Applicants must acquire land and buildings for the project from unrelated third parties in arms-length transactions.

Utilities Availability

Evidence must be provided to demonstrate that appropriate utilities (water, sewer, electricity, natural gas) will be available to the project site and will have adequate capacity (i.e. a letter from a utility

company or city official stating appropriate utilities are in place or forthcoming).

Applicant must provide a letter from the unit of local government indicating whether the property is appropriately zoned for the intended use. The letter must not be older than sixty (60) days from the date of submission deadline for the application.

A Preliminary Title Report must be provided for the proposed property dated within sixty (60) days of the date of the application for each property. For projects on tribal land, a title report must be received from the Bureau of Indian Affairs ("BIA").

If the project involves acquisition of real property, an appraisal conducted within the last six (6) months must be provided indicating the value of the real property to be acquired. This includes both vacant land and land with existing buildings and improvements. If no acquisition is to take place, an appraisal is not necessary.

Applicant must provide a Phase I and/or II Report that meets the standards of ASTM E1527-13 (not older than one (1) year at time of application).

Applications in which a property is currently inhabited by tenants must submit a relocation/temporary relocation plan that is in accordance with the requirements of the Uniform Relocation Act (URA) even if the applicant does not anticipate temporary relocation. All costs associated with relocation/temporary relocation of tenants must be reflected in the development budget. Prior to application, all current tenants must be notified that the applicant intends to apply for funding in conformance with the URA and must be notified regarding the potential acquisition in writing.

For projects intending to rehabilitate or demolish buildings, if asbestos is found present in the Phase I and/or II Report, an asbestos assessment report and Operations and Maintenance Plan must be provided, complying with Federal and State requirements.

For projects intending to rehabilitate or demolish pre-1978 buildings, applicant must provide a Lead-based Paint Analysis with an Operations and Maintenance Plan in accordance with 24 CFR Part 35.

For projects proposing to rehabilitate/preserve affordable housing with existing project-based rental assistance (i.e. Section 8 or Rural Development rental assistance), a copy of the rental assistance contract must be provided indicating the amount of assistance and number of rental units to be served/preserved. A confirmation letter must be provided from HUD or RD insuring the rental assistance will remain with the rehabilitated units once they are completed.

Development Team Ability

The development team must demonstrate the ability to develop, own and operate the property in accordance with the requirements of this Allocation Plan and the HTF program. Eligible applicants must demonstrate that all members of the development team have the experience, ability and financial capacity, in their respective roles, to undertake, maintain and manage the property, as well as comply with all federal cross-cutting requirements of this Allocation Plan. Applicants with limited experience

in the development, ownership and management of multi-family rental property using federal programs are encouraged to partner with an experienced developer or sponsor.

Applicants who have been convicted of, enter an agreement for immunity from prosecution for or plead guilty, including a plea of nolo contendere, to a crime of dishonesty, moral turpitude, fraud, bribery, payment of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records are ineligible. Applicants who have been debarred from any ADOH or federal program are ineligible. Applicants having an Identity of Interest with any debarred entity may not be eligible at the sole discretion of ADOH.

Applicants who are currently under contract with ADOH for other projects

All project contract and/or annual reporting required by ADOH is up to date. All ADOH monitoring findings have been cleared. All fees payable to ADOH are paid.

Applicant Team is compliant with all current contracts. Applicant Team has no existing contracts in which individual activity, project completion or closeout reports and data have not been submitted and accepted by ADOH within sixty (60) days of a final draw. Applicant Team has no current contract in which funds have not been drawn for six (6) months. Applicant Team has no outstanding or unresolved contractual, property or beneficiary-related compliance issues.

Additional Eligibility

The applicant is an eligible party to apply for funding through ADOH. The activity, project and property type is eligible. HTF and HOME are budgeted for eligible uses. The proposed beneficiaries are eligible. The amount of HOME invested per unit does not exceed the program limits and is at least \$1,000/unit. Applicant has certified that all development or rehabilitation will meet, at a minimum, all local building codes and the property is properly zoned for the proposed use and meets local ordinances. The applicant (and all of its team members) is not included on the Federal Excluded Parties List located at www.sam.gov. All funding sources (loans, grants, fee waivers, land donations, etc.) must be secured with written binding commitments at application and the project must be scheduled to start within ninety (90) days of executing a Funding Agreement with the ADOH.

Self-Scoring

The applicant must provide a self-scoring of the project proposal as part of the application package. The self-scoring assessment should indicate the number of points being sought in each scoring category as well as a brief explanation of the project proposal's eligibility for those points.

Federal Cross-Cutting Requirements

Environmental Review

The environmental effects of each project carried out with HTF funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321). All new

construction, acquisition, or acquisition/rehabilitation activities must meet the applicable environmental requirements specified in 24 CFR Part 93.301(f) for historic preservation, archaeological resources, farmland, airport zones, Coastal Barrier Resource System, coastal zone management, floodplains, wetlands, explosives and hazards, contamination, noise, endangered species, wild and scenic rivers, safe drinking water and sole source aquifers. Applicants should refer to 24 CFR Part 93.301(f), as well as CPD Notice 16-14.

Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires, in the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, that opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3. Applicants should refer to 24 CFR Part 135.

ADA and Section 504

Housing assisted with HTF funds must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act, implemented at 28 CFR Parts 35 and 36, as applicable. "Covered multi-family dwellings", as defined at 24 CFR Part 100.201, must also meet the design and construction requirements at 24 CFR Part 100.205, which implements the Fair Housing Act.

Energy Efficiency New Construction

The Project must comply with the latest local building and energy code. Compliance with this code shall be determined in accordance with applicable Sections of the local code. In addition, projects must comply with the following ADOH standards.

Insulation: Insulation must be installed so that there are no gaps, voids, air intrusion or compression of the insulation. The insulation and a rigid air barrier (i.e. gypsum board) must be continuously in contact and aligned in all cases. Slab edge insulation shall be installed in accordance with the IECC 2012 or later requirements.

Minimum HVAC efficiencies by Energy Code:

- a. AC: 14 SEER
- b. Heat Pump: 14 SEER and 8 HSPF
- c. Combustion furnace: eighty percent (80%) AFUE in IECC Climate Zones 1 and 2; ninety percent (90%) AFUE in IECC Climate Zones 3 and higher.

- d. Size heating and cooling equipment in accordance with the Air Conditioning Contractors of America Manual, Parts J and S, ASHRAE handbooks or equivalent software.

Electric resistance heating can be used only if the owner documents, in accordance with IECC Section R405 Simulated Performance Alternative approach, that the utility costs for the structure are equal to or less than the IECC standards design of like architectural characteristics. The analysis will be completed utilizing a combustion furnace for the standard design with an efficiency value of eighty percent (80%) AFUE.

Air Distribution Systems:

- a. All joints in the air distribution system shall be sealed with duct mastic or approved equivalent to comply with IBC, IRC or IMC.
- b. For duct systems located outside the conditioned envelope, leakage to outdoors shall be less than or equal to two (2) CFM per 100 square feet of conditioned floor area (CFA) or a total leakage less than or equal to four (4) CFM per 100 square feet of CFA when tested at a pressure differential of twenty-five (25) Pa across the entire system, including the manufacturer's air handler enclosure. If the air handler is not installed, leakage to outdoors shall be less than or equal to one (1) CFM per 100 square feet of CFA or a total leakage less than or equal to three (3) CFM per 100 square feet of CFA.
- c. If the entire system, including the manufacturer's air handler enclosure, is located entirely within the building thermal envelope, duct leakage testing is not required.
- d. Airflow to each room will match design airflow calculations to within +/- ten percent (10%).

Room Pressure:

Under normal operating conditions, an air handler cannot create a differential pressure greater than +/- three point zero (3.0) Pascals between room and any area outside the room, anywhere in the unit.

Indoor Air Quality:

- a. Exhaust hoods above ranges must be vented to the outside. Install power vented fans or range hoods that exhaust to exterior.
- b. Install Energy Star labeled bathroom fans that exhaust to the outdoors and are connected to a switch or timer.
- c. Clothes dryers must exhaust directly to the outdoors.
- d. Unvented combustion appliances (fireplaces, heaters or gas logs) are not allowed.
- e. A carbon monoxide detector, hardwired, shall be installed in all units with an attached garage or with any combustion appliance located in the conditioned space.

- f. Applicant must install a ventilation system for the dwelling unit, providing adequate fresh air per ASHRAE 62.1-2007 for buildings over three (3) stories or ASHRAE 62.2 for single family and low rise multi-family.
- g. All particleboard and MDF must be certified compliant with ANSI A208.1-2009 Particleboard and ANSI A208.2-2009 NDF for Interior Applications. All adhesives shall comply with Rule 1168 of the South Coast Air Quality Management District. Caulks and sealants must comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District.
- h. All interior paints and primers must comply with current Green Seal standards for low VOC limits.
- i. Seal all registers and any open duct work during construction and perform an extended occupancy flush (run all ventilation fans with the windows open) for forty-eight (48) hours prior to occupancy. The forty-eight (48) hours do not need to be contiguous.

Energy Efficiency Rehabilitation

All additions, alterations or renovations shall comply with latest local building and energy code. Perform an energy analysis of existing building condition, estimate costs of improvements and implement measures that will improve building energy performance by a minimum of fifteen percent (15%) from pre-renovation figures. Applicant shall provide a ten percent (10%) unit sampling by an independent Building Performance Institute certified professional to determine the scope of work for energy improvements. The sampling must include all unit sizes. A RESNET certified Home Energy Rater must perform the analysis. All work must be completed to the Department of Energy Standard Work Specifications.

In addition, the following ADOH standards must be met:

HVAC replacements and new installations shall include:

- a. Sealing of all accessible duct connections including the drywall to boot connections with duct mastic or approved equivalent.
- b. Installation of new duct systems that comply with the new construction Energy Conservation Air Distribution Systems standard.
- c. Room pressures shall comply with the new construction Energy Conservations standard.

Insulation:

- a. Insulation must be installed such that there are no gaps, voids, compression or wind intrusion of the insulation. The insulation and air barrier (i.e. gypsum board) must be continuous and aligned in all cases.

Uniform Relocation Act

The development of housing with HTF assistance is required to follow the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The Act applies to persons both temporarily and permanently relocated as a result of the HTF-assisted project. Applicants should see 24 CFR Part 93.352 for additional detail regarding the Uniform Relocation Act.

Lead Based Paint

Housing assisted with HTF funds is subject to the regulations at 24 CFR Part 35, subparts A, B, J, K, and R.

Affirmative Marketing

Each HTF recipient must adopt and follow affirmative marketing procedures and requirements for rental projects containing five (5) or more HTF-assisted housing units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. If a grantee's written agreement with the project owner permits the rental housing project to limit tenant eligibility or to have a tenant preference in accordance with 24 CFR Part 93.303(d)(3), the grantee must have affirmative marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project. Applicants should see 24 CFR Part 93.350 and HUD Form 935.2 for additional detail regarding the Affirmative Marketing requirements of the HTF program.

Eminent Domain

No HTF funds may be used in conjunction with property taken by eminent domain, unless eminent domain is employed only for a public use, except that, public use shall not be construed to include economic development that primarily benefits any private entity.

Davis-Bacon

The Davis-Bacon and Related Acts do not apply to the HTF program.

Application Process (Notice of Funds Available - NOFA)

ADOH will announce the NOFA through its website and its widely subscribed Information e-Bulletin. Applicants must apply (using ADOH forms).

Application and Submittal Format

In order to be considered for funding, upon or before the Application Deadline, applicant must submit both:

1. One (1) legible electronic version of the complete application (in color where applicable) via the *ADOH Rental Development Portal* which may be found at the following location on ADOH's

website: <https://housing.az.gov/portals/document-upload-portals/rental-development-upload-portal>. The electronic copy must be organized to correspond to the Tabs listed in the Application Workbook sheet "Tab Req" immediately preceding the pages of the Form 3. Each Tab shall be one (1) separate document in PDF format and named as follows: "Project name - Tab #". Tabs with large documents should be bookmarked or in a PDF Binder to clearly show each exhibit required in the Tab. The Form 3 shall be submitted in *both* PDF and Excel formats.

2. Evidence of the electronic submittal in the form of an e-mail receipt issued by ADOH which follows a successful upload along with a hard copy of the following documents:
 - a. Application Certification with original signature.
 - b. Market Study.
 - c. Appraisal.
 - d. Capital Needs Assessment (if Rehabilitation included in Project).
 - e. Environmental and Inspection Reports.
 - f. Contracts and Legal documents exceeding ten (10) pages (i.e. a Purchase and Sale Contract, partnership agreement that each exceed ten (10) pages).

Hard copy application materials must be in eight and one-half by eleven (8 1/2 x 11) format, placed in one (1) adequate sized three (3) ring binder, indexed and tabbed.

Each Application must comply with the format and content of the NOFA and accompanying documents (Application Guide, QAP, and accompanying Exhibits). ADOH may reject any application or application information that does not conform to the requirements of the NOFA. ADOH retains the sole discretion in determining and interpreting whether an application or Project meets state law, federal law or the NOFA criteria, terms, conditions or definitions. The application package and any subsequent revisions or clarifications, if approved for funding, will become part of the agreement with the Department.

Application Deadline

Applications (both electronic upload and hard copy components under item #2 in the *Application and Submittal Format* section directly above) must be received by the Department no later than 4:00 p.m. on Application Deadline TBD based upon ninety (90) days from NOFA publication. Applications uploaded and/or delivered after 4:00 p.m. on the Deadline Date will not be accepted.

The hard copy portion of the application must be delivered to:

Arizona Department of Housing
Attn: Rental Programs
1110 West Washington Street, Suite 280
Phoenix, AZ 85007

Conditional Award Letter

The highest scoring applications will be issued a conditional award letter describing the terms and conditions of the funding. When funding is contingent upon the applicant meeting certain criteria, the applicant will be given a timeline to meet the criteria outlined in the Conditional Award Letter. If conditions are not met within the specified timeline, the conditional award of funds will be withdrawn. Federal regulation requires that all HTF funds must be committed by ADOH within twenty-four (24) months and expended within five (5) years of HUD's agreement with ADOH.

Funding Notification

The Department will make every effort to make its funding decisions within sixty (60) days of the application due date, depending upon the number and complexity of the applications received.

Attachment I: ADOH National Housing Trust Fund Rehabilitation Standards



Arizona
Department
of Housing

National Housing Trust Fund Rehabilitation Standards

Revision Date: October 6, 2016

1110 West Washington Street, Suite 280 | Phoenix, AZ 85007
Telephone: (602) 771-1000 | Facsimile: (602) 771-1002 | TTY: (602) 771-1001



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Introduction

This document is intended to provide the minimum acceptable standards for existing multi-family household dwelling units rehabilitated in whole or in part with National Housing Trust Fund (HTF) program funds in Arizona. These standards are not intended to reduce or exclude the requirements of any local or state building or housing codes, standards or ordinances that may apply. In the event of any conflicting code(s), the more restrictive code(s) will apply.

These standards were designed to assist in achieving consistency throughout the State of Arizona for all rehabilitation activities funded with HTF funds.

These standards provide four (4) major types of information:

1. The identified hazardous and substandard conditions that must be corrected on a property receiving comprehensive housing rehab.
2. The standard that each component of the property must achieve through assistance under the program.
3. The minimum life expectancies for components addressed with the rehab assistance.
4. The methods to be used (additional information on construction methodology is found in the codes, specifications and standards listed below).

All work undertaken must meet or exceed applicable codes and specifications included in the following documents which are incorporated herein by reference:

- Arizona HTF Standard Material Specifications
- National Association of State Contractors Licensing Agencies (NASCLA)
- IFC - International Fire Code
- IRC - International Residential Code
- ASTM - American Standard Testing Material
- NEC - National Electrical Code
- ASHRAE - American Society of Heating, Refrigeration and Air Conditioning Engineers
- Radon Gas Regulations
- Section 504, Rehabilitation Act of 1973
- Fair Housing Amendments Act of 1988
- American with Disabilities Act of 1992
- Fair Housing Accessibility Guideline
- Model Energy Code (MEC) 3 Section 504

- Flood Plain Regulations
- Noise Regulations
- Asbestos Regulations
- Lead-Based Paint Poison Prevention Act
- High Pressure Gas Regulations
- PCB Regulations
- NFPA - National Fire Protection Association
- Wet Land Regulations
- Uniform Federal Accessibility Standards
- American National Standards Institute

All work must obtain a permit, associated inspections and approvals from the local jurisdiction.

A. General Features

I. Capital Needs Assessment

- a) A Capital Needs Assessment (“CNA”) is required for each Project.
- b) All areas of the proposed project must be inspected to develop a work write up that will result in the project meeting these minimum standard after rehabilitation. These standards are minimum standards which each rehabilitation project must meet upon completion of construction.

These standards also assume the CNA will take into account any extraordinary circumstances of the prospective occupants of the dwelling (i.e. physical, sensory, developmental disabilities) and reflect a means to address such circumstances in their inspection and in the preparation of a work write-up/project specifications for that dwelling.

The purpose of these standards is to ensure those who are assisted are provided housing that is safe, decent and affordable that meets the requirements of 24 CFR Part 93.

- c) All rooms, service porches, exterior areas, accessory buildings, crawl spaces and attic spaces must be included in all inspections.
- d) Applications for projects with existing tenants must be supported by a relocation plan. The relocation plan must comply with the Uniform Relocation Assistance Act, 42 U.S.C. § 4621, et seq. The relocation plan must detail the actual dates that required notices are anticipated to be issued. The project budget and the relocation plan must both include an estimate of all associated relocation costs including, but not limited to, temporary relocation, permanent

relocation and replacement housing payments.

- e) The CNA report must be prepared by a qualified professional (architect or engineer) who has no financial interest in the project and no identity of interest with the developer. For purposes of this document, a “qualified professional” is a licensed professional architect or engineer, who can substantiate a minimum of five (5) years’ experience providing CNA reports in accordance with ADOH standards and who performs the assessment and supplies ADOH with their professional opinion of the property’s current overall physical condition. The CNA must include the identification of significant deferred maintenance, existing deficiencies, and material building code violations that affect the property’s use and its structural or mechanical integrity. Furthermore, the CNA must examine and analyze the following building components:
1. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, storm drainage, gas and electric utilities and lines.
 2. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage.
 3. Interiors, including unit and common area finishes (carpeting, vinyl tile, interior walls, paint condition, etc.), unit kitchen finishes and appliances, unit bathroom finishes and fixtures and common area lobbies and corridors.
 4. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical and fire protection.
 5. Elevators (if applicable).
 6. Provide building life cycle study that lists each building component, the base cost and opinions of probable cost immediately (critical repair item), within two (2) years and within ten (10) years, along with an analysis of the reserves for replacement needed to fund long-term physical needs of the project, accounting for inflation, the existing reserves for replacement balance and the expected useful life of major building systems.
 7. Provide written cost estimates in order that the PJ may and determine that costs are reasonable.
- f) The CNA must also include the following major parts:
1. The assessment must address health and safety issues identifying life-threatening deficiencies and must address major systems including structural support, roofing, cladding and weatherproofing (i.e. windows, doors, siding, gutters), plumbing, electrical and heating, ventilation and air conditioning. The assessment must provide an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system.

2. The assessment will consider the presence of environmental hazards such as asbestos, lead paint and mold on the site. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. If the remaining useful life of any component is less than fifty percent (50%) of the expected useful life, immediate rehabilitation will be required unless capitalized. If the remaining useful life of a component is less than the term of the HTF loan, the application package must provide for a practical way to finance the future replacement of the component. The assessment will examine and analyze the following:
 - i. site including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage and gas and electric utilities and lines;
 - ii. structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage, interiors including unit and common area finishes (carpeting, tile, plaster walls, paint).
 3. Repairs, replacements and significant deferred and other maintenance items that need to be addressed within twenty-four (24) months of the date of the CNA. Include any necessary redesign of the project and market amenities needed to restore the property to these standards. Repairs and replacements beyond the first two (2) years that are required to maintain the project's physical integrity over the next twenty (20) years, such as major structural systems.
- g) The professional preparing the CNA report must:
1. Conduct site inspections on all units.
 2. Identify any physical deficiencies as a result of:
 - i. visual survey;
 - ii. review of pertinent documentation; and
 - iii. interviews with the property owner as of the date of the CNA, management staff, tenants, community groups and government officials.
 3. Identify physical deficiencies, including critical repair items, two (2) year physical needs and long-term physical needs. These must include repair items that represent an immediate threat to health and safety and all other significant defects, deficiencies, items of deferred maintenance and material building code violations that would limit the expected useful life of major components or systems.
 4. Explain how the project will meet the requirements for accessibility to persons with

disabilities. Identify the physical obstacles and describe methods to make the project more accessible and list needed repair items in the rehabilitation plan.

5. Prepare a rehabilitation plan, addressing separately all two (2) year and long-term physical needs.
6. Conduct a cost/benefit analysis of each significant work item in the rehabilitation plan (items greater than \$5,000) that represents an improvement or upgrade that will result in reduced operating expenses (i.e. individual utility metering, extra insulation, thermo-pane windows, setback thermostats). Compare the cost of the item with the long-term impact on rent and expenses, taking into account the remaining useful life of building systems.
7. The assessment must include a site visit and physical inspection of the interior and exterior of the units and structures, as well as an interview with available on-site property management and maintenance personnel, to inquire about past repairs/improvements and an examination of invoices, contracts or work orders relating to the repairs/improvements over the last twenty-four (24) months, pending repairs and existing or chronic physical deficiencies. Any information from the interview must be included in the CNA. The assessment must also consider the presence of hazardous materials on the site.

II. Work Specifications and Scope of Repairs

- a) Work specifications should include enough detail to specify each item to be repaired, the quantity of materials to be used and the exact location of each repair.
- b) Repairs needed to correct basic safety, durability, mechanical and efficiency deficiencies.

III. Materials

- a) All materials used must meet Arizona HTF Standard Material Specifications. All work must be done with skilled craftsmen and accomplished with care.

IV. Completion of Work

Upon completion of construction, the contractor will:

- a) Remove all construction debris from the site.
- b) Clean all floors impacted by the work.
- c) Clean all new and existing paint from other finished surfaces including window glass and mirrors.
- d) Leave all newly installed items in operating condition.
- e) Light gas water heater pilots, stove/oven pilots and gas heater pilots, if impacted by scope of

work.

- f) Start all other electrical and mechanical systems.
- g) Put all hardware in operating condition.
- h) Deliver new keys to homeowners for any newly installed hardware.

B. Site

I. Minimum Site Standards

- a) The lot or defined site must be free of debris, garbage or other accumulations of site stored items that create possibilities of infestations. The site should be generally level, well drained and accessible.
- b) All exterior property and premises must be maintained in a clean, safe and sanitary condition.
- c) Replacement landscaping and grading must direct water away from structures and will be of native and drought resistant.
- d) Fencing and gates must not be damaged, missing sections or have holes per UPCS.
- e) Grounds must be erosion and rut free, not overgrown or penetrating vegetation and have functional ponding and site drainage per UPCS.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous and substandard conditions include any condition that threatens the health and or safety of the occupants. Substandard conditions include any condition that threatens, defeats or will lead to the lack of functional viability of a single feature of a home. These conditions must include but not be limited to:
 - 1. Accumulated debris, waste or garbage, either in enclosed areas such as storage buildings or in yard areas.
 - 2. Environmental conditions such as flooding, mudslides, abnormal air pollution, smoke or dust, gas smells, sewer odor.
 - 3. Eroding soil and accumulation of stagnant water.
 - 4. Excessive noise, vibration or vehicular traffic;
 - 5. Excessive accumulations of trash;
 - 6. Excessive weeds or plant growth.
 - 7. Fire hazards.
 - 8. Deteriorated and/or irreparable outbuildings, sheds, wells, privies or other structures

- that are no longer in use or are made unusable by their condition;
9. Holes, ditches, exposed meter boxes or other conditions that create a tripping hazard, excluding drainage ditches that are part of a designed drainage system;
 10. Rodents, insects or other infestations;
 11. Grading that directs water toward any structure.
 12. Sewer odor.
 13. Standing water or depressions that hold water during wet weather, leaking water supply, septic tank back-ups, percolating or leaking sewage.
 14. Exposed pipes, railings or other installations creating tripping hazards.
 15. Damaged, missing or deteriorated walkways, steps and decks that create tripping hazards or are otherwise unsafe.
 16. Stairways or steps with four (4) or more risers and without a functional handrail. Stairways, decks, porches, balconies and all appurtenances without proper anchorage or capable of supporting the imposed loads.
 17. Handrails and guards in poor condition or not properly fastened or capable of supporting normally imposed loads.

C. Improvements to Accessory Structures

I. Minimum Improvements Standards

a) Paving and Walks

1. All walkways and decks should be continuous and usable, free from tripping hazards or other defects. Badly deteriorated, essential paving, such as front sidewalks, will be repaired to match. Non-essential deteriorated paving such as sidewalks that are unnecessary, may be removed and appropriately landscaped.
2. Walkways that include four (4) or more risers should include appropriate handrail and decks more than thirty (30) inches high should include appropriate guardrail.
3. Repairs to walkways must have a life expectancy of a minimum of five (5) years.

b) Outbuildings

1. Unsafe and blighted structures, including sheds, garages and barns, may be repaired or removed.
2. Discovered lead hazards must be controlled.
3. Repairs to outbuildings must have a life expectancy of a minimum of one (1) year.

c) Fencing

1. Deteriorated fencing may be repaired, replaced or removed. If required to limit access by children, pets or dangerous neighborhood conditions, removal will not be an option.
2. Repairs to fencing must have a life expectancy of a minimum of three (3) years. Replacement fencing must have a life expectancy of minimum of ten (10) years.

d) Porches, Decks and Required Railings

1. Steps, stairways and porch decks will be structurally sound, reasonably level with smooth and even surfaces.
2. Handrails will be present on one (1) side of all interior and exterior steps or stairways with more than four (4) risers and guardrails will be present around porches or platforms over thirty (30) inches above ground level.
3. Unsafe or unsightly porches will be repaired. Porch repairs will be structurally sound with smooth and even decking surfaces.
4. Repairs to steps, decks and railing must have a life expectancy of a minimum of five (5) years. Replacement steps and decks must have a life expectancy of a minimum of twenty (20) years. Replacement railings, repair or replacement porches must have a life expectancy of a minimum of ten (10) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Must include conditions that threaten the health and or safety of the occupants.
- b) Tripping hazards in primary walkways or decks caused by upheaval, broken or damaged wood or concrete or other condition creating a hazard.
- c) Any condition not mentioned that meets the definition of a hazardous or substandard condition should be repaired and/or rehabilitated to meet applicable standards.

D. Extermination

I. Minimum Extermination Standards

- a) All structures in which insects or rodents are found shall be promptly exterminated by approved processes that will not be injurious to human health. After extermination, proper precautions shall be taken to prevent re-infestation.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Must include conditions that threaten the health and or safety of the occupants. These conditions include but are not be limited to:
 1. Infestations of pest, wood destroying insects or vermin.

2. Untreated wood having direct ground contact and used for structural purposes.
 3. Cluttered debris or stored materials suitable for rodent or insect habitat.
- b) Other conditions not mentioned here that meets the definition of a hazardous or substandard condition if noted by the rehab inspector.

E. Space and Use

I. Minimum Space and Use Standards

- a) The dwelling unit must have a living room, a kitchen area and a bathroom.
- b) Dwelling units shall not be occupied by more occupants than permitted under the local jurisdiction's minimum area requirements for occupancy.
- c) In order to be considered habitable rooms requirements outlined in Items II through VII below must be met.

II. Minimum Standards for Ceilings

- a) Habitable spaces including hallways, corridors, laundry areas, bathrooms, toilet rooms and habitable basements must have a ceiling height of not less than seven (7) feet with the following exceptions:
 1. Where beams or girders are spaced not less than four (4) feet on center and project not more than six (6) inches below the required ceiling height.
 2. Basement rooms occupied exclusively for laundry, study or playroom purposes, having a ceiling height of not less than six (6) feet eight (8) inches, with not less than six (6) feet four (4) inches of clear height under beams, girders, ducts and similar obstructions.
 3. Rooms occupied exclusively for sleeping, study or similar purposes and having a sloped ceiling over all or part of the room, with a clear ceiling height of at least seven (7) feet over not less than one third (1/3) of the required minimum floor area. In calculating the floor area of such rooms, only those portions of the floor area with a clear ceiling height of five (5) feet or more shall be included.

III. Minimum Room Widths

- a) Habitable rooms, other than kitchens, shall not be less than seven (7) feet wide in any plan dimension.

IV. Minimum Standards for Kitchens

- a) Kitchens shall have a minimum floor area of fifty (50) square feet and shall provide clear passageways of not less than three (3) feet between counter fronts, counter fronts and appliances or counter fronts and walls.

- b) All kitchens must have a working refrigerator, cook-top and oven. All equipment must be in proper operating condition.
- c) The kitchen must have a sink in proper operating condition, with a sink trap and hot and cold running water connected, to an approvable water supply system and an approvable public or private sewer disposal system.
- d) There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (i.e. garbage cans).

V. Minimum Standards for Bathrooms

- a) The bathroom must be located in a separate private room with lockable door(s).
- b) The bathroom must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water. The kitchen sink cannot be used as the required lavatory/basin.
- c) The bathroom must have a tub/shower in proper operating condition with hot and cold running water.
- d) A flush toilet in proper operating condition is required.
- e) The bathtub and/or shower may be in the same room as the flush toilet/water closet and lavatory/basin or said bathtub and/or shower may be in a separate room. The facilities must utilize an approvable water supply system and an approvable waste water disposal system.

VI. Minimum Standards for Bedrooms

- a) Every bedroom shall comply with the local government minimum size requirements for bedrooms. One (1) person occupancy shall contain at least seventy (70) square feet of floor area. Two (2) or more person occupancy shall contain at least forty (40) square feet of floor area per occupant.
- b) Every bedroom shall have access to at least one (1) water closet and one (1) lavatory without passing through another bedroom. Every bedroom in a dwelling unit shall have access to at least one (1) water closet and lavatory located within one (1) story (floor) from the story in which the bedroom is located.
- c) Bedrooms must not constitute the only means of access to other bedrooms or habitable spaces and shall not serve as the only means of egress from other habitable spaces, except when the unit contains fewer than two (2) bedrooms.

VII. Minimum Standards for Living Rooms

- a) Living rooms for three (3) to five (5) persons shall have a minimum area of 120 square feet and those holding in excess of six (6) persons shall have a minimum area of 150 square feet.

VIII. Hazardous and Substandard Conditions Requiring Correction

- a) Must include any condition that threatens the health and or safety of the occupants. Substandard conditions include any condition that threatens, defeats or will lead to the lack of functional viability of a single feature of a home. These conditions must include but not be limited to:
 - 1. Lack of adequate food storage, food preparation area, refrigeration or cooking facilities.
 - 2. Spaces that are so small as to be unusable or inadequate for their intended purpose.
 - 3. Any other condition not mentioned above that meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

F. Foundations

I. Minimum Foundation Standards

- a) All foundation walls shall be maintained plumb and free from open cracks and breaks and shall be kept in such condition so as to prevent the entry of rodents.
- b) All newly installed foundations should be designed and constructed in accordance with the currently adopted Residential Building Code.
- c) Repairs to the foundation must have a life expectancy of a minimum of twenty (20) years.

II. Hazards and Substandard Conditions Requiring Correction

- a) Hazardous conditions include any condition that threatens the health and or safety of the occupants. These conditions should include but not be limited to:
 - 1. Termite or other wood destroying insect damage to structural members.
 - 2. Water damage or dry rot to structural members.
 - 3. Broken, fire damaged or otherwise compromised beams, joist or sills.
 - 4. Unsupported beams or sills that have inadequate support.
 - 5. Water draining and/or pooling under foundation area.
 - 6. Ground contact of untreated wooden structure.
 - 7. Severe slab cracks that create or threaten structural or other systems.
- b) Any other condition not mentioned above that meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

G. Floors

I. Minimum Floor System Standards

- a) All flooring must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage.

- b) All sub-floors should be solid and continuous, without liberal movement or bounce, free from rot and deterioration.
- c) All flooring must be free from tripping hazards with a minimum of seams spaced at logical locations, such as doorways and matched to the existing floor.
- d) All flooring must be sealed and/or tight at the edges.
- e) Bathroom and kitchen floors shall be covered with water resistant flooring. Damaged wood floors will be repaired.
- f) Basement floors should be continuous concrete. If not, certain appliances located in this area will be properly elevated above grade with concrete blocks.
- g) Repairs to flooring must have a life expectancy of a minimum of three (3) years. Replacement flooring must have a life expectancy of a minimum of six (6) years, if properly maintained.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions must include any condition that threatens the health and or safety of the occupants. These conditions should include but not be limited to:
 - 1. Damaged, rotted or deteriorated sub-floor surfaces.
 - 2. Torn, missing, worn, burned or otherwise damaged floor coverings that create a tripping hazard or unsanitary condition.
 - 3. Missing base board, shoe mold or sealant that creates an unsanitary condition.
- b) Any other condition not mentioned which meets the definition of a hazardous or substandard condition should be repaired and/or rehabilitated to meet applicable standards.

H. Walls

I. Minimum Wall System Standards

- a) Repair and replacement standards:
 - 1. Repairs to structural walls must have a life expectancy of a minimum of fifteen (15) years.
 - 2. Repairs to interior walls must have a life expectancy of a minimum five (5) years. Replacement interior walls must have a life expectancy of a minimum of ten (10) years.
 - 3. Repairs to exterior surfaces must have a life expectancy of a minimum of ten (10) years. Replacement exterior surfaces must have a life expectancy of a minimum of twenty (20) years.
 - 4. Repairs to firewalls must have a life expectancy of a minimum five (5) years.

Replacement firewalls must have a life expectancy of a minimum of ten (10) years.

- b) All walls including doors and windows should be maintained plumb in good, sanitary condition and free from any serious defects such as severe bulging or leaning, holes, cracks, breaks, loose surface materials, severe buckling, missing parts, rotting materials, chipped, cracked or peeling paint, falling plaster or other serious damage.
- c) Exterior wall surfaces should be free from chipped, cracking or peeling paint. All such loose paint should be properly prepared, primed, properly painted and maintained weatherproof and properly surface coated where required to prevent deterioration,
- d) Exterior siding should be free from gaps, buckling, cracks, rot, termite damage and holes. All gaps, seams and laps should be properly sealed. All rotted, fire or termite damaged materials should be removed and replaced.
- e) Interior wall surfaces, including doors and windows, shall be maintained in good, sanitary condition and free from chipping, cracking or peeling paint with no loose, cracked or falling plaster. All such loose paint should be completely removed and bare wood surfaces primed. All primed surfaces should be properly painted.
- f) Interior walls should be plumb.
- g) When frame walls and floors adjoining other dwellings are gutted, new wall finish installations will conform to local codes for fire ratings.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions should include any condition that threatens the health and/or safety of the occupants. These conditions should include but not be limited to:
 - 1. Termite or other wood destroying insect damage.
 - 2. Water damage or dry rot of siding, trim and/or structural members.
 - 3. Broken, fire damaged or otherwise compromised siding, trim and/or structural members.
 - 4. Water incursion through wall structure resulting in drywall damage.
 - 5. Holes, cracks or gaps in interior or exterior wall structures.
 - 6. Exposed nails, popped seams or other defects not representative of normal wear and tear.
 - 7. Cracked, peeling or chipped paint. Exposed unpainted or untreated wood, drywall or other wall surface.
- b) Any other condition not mentioned above which meets the definition of a hazardous or substandard condition as noted by rehab inspector.

I. Roofs

I. Minimum Roof Systems Standards

- a) The roof and flashing must be structurally sound and weather tight.
- b) Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs.
- c) Roof surfaces should be free from defects. No indication of excessive wear or potential failure will be acceptable.
- d) Roof drainage must be adequate to prevent dampness or deterioration in the walls and interior portion of the structure.
- e) Roof drains, gutters and downspouts must be in good repair and free from obstructions. Roof water discharge shall not be directed toward foundations.
- f) Roofing materials should be applied in accordance with the manufacturer's instructions and prevailing Residential Code.
- g) All rotted or damaged roof sheathing must be removed and replaced.
- h) All replaced sheathing must be of compatible thickness with the existing sheathing, thus making the roof sub-surface smooth and free from defects.
- i) Repairs must have a life expectancy of a minimum of five (5) years and replacements must have a life expectancy of a minimum of twenty-five (25) years. Replacements to flat and low sloping roofing must have a life expectancy of a minimum of ten (10) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions should include any condition that threatens the health and/or safety of the occupants. These conditions must include but not be limited to:
 1. Water damage caused by water leaking through the roofing materials.
 2. Missing, worn or upturned shingles or other visible wear on the exterior of the roof envelope.
 3. Damaged or rusting roof jacks, leads, flashings, drip edges or other component.
 4. Structural damage evidenced by buckling, sagging or broken members.
 5. Delamination of materials, uplifted edges or other failure of materials or application.
 6. Any condition, including normal wear which, in the best judgment of the inspector, would lead to the failure of the roof envelope within five (5) years.
- b) Any other condition not mentioned above which meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

J. Windows and Doors

I. Minimum Window and Door Standards

- a) Every window, exterior door and basement or cellar hatchway must be substantially tight, water and rodent proof and be kept in a state of maintenance and repair.
- b) All exterior doors to the outside or to a common public hall must be solid core and be equipped with adequate security locks. All windows accessible from ground level must be lockable.
- c) Every window sash must be:
 1. Sealed at window panes with an adequate amount of putty. Putty must not be cracked, broken or missing.
 2. In good condition and must fit tightly within its frame.
 3. Must be capable of being easily opened and shut with appropriate window hardware unless it is a fixed window.
- d) Every exterior and interior door, when closed, must fit tightly within its frame.
- e) Every exterior and interior door, door hinge and door latch and/or lock must be maintained in good working condition.
- f) Every exterior window, door and frame must be constructed and maintained in such a manner as to be weather tight with adequate weather stripping. All glazing must be free from cracks or breaks.
- g) Every basement or cellar hatchway must be constructed and maintained as to prevent the entrance of rodents, vermin, rain and surface drainage water into the dwelling or structure.
- h) Habitable rooms shall have an aggregate glazing area of not less than seven percent (7%) of the floor area of such rooms. Natural ventilation shall be through windows, doors, louvers or other approved openings to the outdoor air. Such openings shall be provided with ready access or shall otherwise be readily controllable by the building occupants. The minimum openable area to the outdoors shall be four percent (4%) of the floor area being ventilated. The following exceptions apply:
 1. Glazed areas need not be openable where an approved mechanical ventilation system is provided.
 2. Glazed areas need not be installed where the requirement for natural light capable of producing an average illumination of six (6) foot candles over the area of the room at a height of thirty (30) inches above the floor is provided.
- i) A kitchen and or bathroom may pass without a window area provided there is a mechanical

means of ventilation which is maintained in working order.

- j) The requirements for emergency egress from sleeping rooms must be per the current applicable residential building code.
- k) Every window or other opening to outdoor space which is used or intended to be used for ventilation must likewise be supplied with screens covering all of the window areas required for ventilation. The material used for all such screens (doors and windows) must be not less than sixteen (16) mesh per twenty-five (25) mm and must be properly installed, maintained and repaired to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed provided they are properly installed and are bug and insect tight.
- l) Replacement of doors (both interior and exterior) and windows must have a life expectancy of a minimum of ten (10) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions must include any condition that threatens the health and or safety of the occupants. These conditions must include but not be limited to:
 - 1. Broken, missing or cracked glass.
 - 2. Rotten or deteriorated sills, frames or trim.
 - 3. Dried, cracked or missing putty or gasket. Any missing seal or sealant resulting in loose panes or air leaks.
 - 4. Sealed or blocked windows that are considered the secondary means of egress including windows which have been painted shut, windows which are not operational or windows which will not function as a viable fire exit such as windows with burglar bars which cannot be opened readily from the inside.
 - 5. Windows that do not lock or locks that do not function with ease.
 - 6. Any door that is broken, deteriorated or otherwise damaged so that it does not provide a sealed entry.
 - 7. Any doors which does not shut neatly in order to provide a seal with the passage set or lock set fitting neatly within the strike plate.
 - 8. Any exterior door which is not solid core, sealed or painted and which does not have a functioning lockable dead-bolt.
 - 9. Rotted, deteriorated or broken thresholds, jambs, frames, trim or other functioning or passive pieces to the door system warrant replacement.
 - 10. For new construction including reconstruction, windows and/or doors that fail to meet

the requirements of all applicable codes.

- b) Any other condition not mentioned which meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

K. Electrical

I. Minimum Electrical Standards

- a) The minimum electrical service for each dwelling and/or dwelling unit must be one-hundred (100) amps or based upon a load calculation, whichever is greater.
- b) All wiring in the project must be three (3) wire grounded.
- c) Service should be of a three (3) wire type grounded with service entry on an approved weather head at least twelve (12) feet from grade and may not extend beyond three (3) feet unsupported above the roof.
- d) Ground Fault Circuit Interruption
 1. At a minimum, ground fault circuit interrupters shall be installed in all bathrooms. When updating of electrical devices is required. GFCI's shall be installed where required in kitchens, bathrooms, garages/carports, and exterior outlets.
 2. Receptacles located at counter top level within 6 feet of the kitchen sink shall have ground fault interrupter protection.
 3. Each habitable structure with sleeping quarters shall have a smoke alarm system installed in accordance with local code.
- e) All exposed wiring, service lines and feeders must be protected and properly shielded in approved conduit in locations subject to damage.
- f) All outlets must be of the grounded type, tamper resistant and spaced a maximum of twelve (12) feet apart. Temporary wiring, extension or zip cords must not be used as permanent wiring.
- g) Every habitable room must have at least one (1) ceiling or wall type electric light fixture, controlled by a wall switch or a wall type grounded electric convenience outlet controlled by a wall switch.
- h) Every toilet room, bathroom, laundry, furnace room must contain at least one (1) ceiling or wall type electric light fixture controlled by a wall switch.
- i) All common halls and stairways connected to living spaces must be well lighted with a fixture controlled by a switch located at the ends of the hall or stairway. The fixture shall contain at least a sixty (60) watt standard incandescent light bulb or equivalent and be spaced a maximum of thirty (30) feet apart for each 200 square feet of floor area.

- j) New kitchen electrical work must be wired to meet the requirements of the NEC based on the size and layout of each individual kitchen.
- k) All electric stoves and electric dryers must be supplied with its own proper outlets on dedicated circuits, as applicable.
- l) Receptacle convenience outlets installed in or on open porches, breezeways, garages, etc. must be a functioning GFCI protected receptacle with approved covers.
- m) Boxes for lights controlled by a pull string must be secured to framing members or otherwise properly supported.
- n) All electric lighting fixtures installed on the exterior must be of the type approved for exterior use.
- o) All broken and/or missing switch plates and/or receptacle plates must be replaced.
- p) All outlets and fixtures must be in accordance with the electrical code of the city and/or the NEC, as applicable. Outlets and fixtures must be properly installed, maintained in working condition and properly connected to the approved source of electric power.
- q) All work done must have an approved permit and inspected and approved by the city's electrical inspector.
- r) Life expectancy standards are addressed by the proper application of sections n and o.

II. Hazardous and Substandard Conditions Requiring Correction.

- a) Hazardous conditions must include any condition that threatens the health and or safety of the occupants. These conditions must include but not be limited to:
 - 1. Equipment or wiring which is missing, broken, disconnected, loosely connected, burnt, unsupported, corroded, cracked, split, has evidence of overheating, physical damage or misuse.
 - 2. Device or equipment is dirty, full of debris, infested etc.
 - 3. Frayed wiring is present.
 - 4. Unshielded, knob and tube wiring is present.
 - 5. Circuit breaker, switch, receptacle, fixed equipment, wiring or cable is not compatible with the phase, voltage, amperage or other characteristics of the electricity in use.
 - 6. Improper operation of fixed equipment, switches, outlets or other devices or equipment that may overload existing circuitry (i.e. temporary heaters).
 - 7. Flexible cord is used as a permanent wiring method.
 - 8. Interior wiring is surface mounted and not in conduit or raceway. This excludes crawl

spaces and other allowable installations where access to wiring is limited.

9. Exterior wiring, which is exposed to damp conditions, sunlight or potential damage and is not in approved conduit.
 10. Bathroom and kitchen receptacles located along counter tops, garage receptacles or other outdoor receptacles that are not protected by a ground fault interrupting device.
 11. Polarity is reversed in connections or receptacles.
 12. Branch circuits, feeder lines, cable size, device rating, circuit breakers, sub-panels or service panels are inadequate for the load as calculated by the current NEC.
 13. Circuits that have been expanded past their original design limits.
- b) Any other condition not mentioned which meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

L. Lighting

I. Minimum Lighting Systems Standards

- a) At least one (1) overhead or other switch operated light or switch operated receptacle must be installed in each interior room.
- b) All exterior doorways will be well lit and either switched at the interior side of the door or the light will be controlled by an automated means (i.e. photo electric cell or motion detector).

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions should include any condition that threatens the health and or safety of the occupants. These conditions should include but not be limited to:
 1. Missing or non-functional overhead or other switch operated lighting in each interior room.
 2. Missing or non-functional lighting at each exterior door. Such lighting must be operated by an interior switch that is within reach of the door.
- b) Any other condition not mentioned which meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

M. Water Supply and Wastewater Systems

I. Minimum Water Supply and Wastewater Systems Standards

- a) A potable water supply system shall be installed so as to prevent contamination into the potable water supply. Every dwelling unit must have an accessible and properly functioning main shut-off valve with a provision for discharge near the water service

entrance point.

- b) Supply lines and fittings for every plumbing fixture shall be installed to prevent backflow. All galvanized piping is to be replaced. A backflow preventer shall be provided in accordance with Chapter 24 or the current Residential Building Code for One (1) and Two (2) Family Dwellings.
- c) All deteriorated, blocked, inoperable or leaky equipment shall be repaired or replaced.
- d) Every dwelling unit must contain a bathtub and/or shower that is properly connected to both hot and cold running water lines under pressure and must be maintained in working order. Faucets, shut off valves and plumbing lines should be maintained free from leaks or drips and should be capable of shutting off completely. New tub and shower valves must have balanced pressure/thermostatic valves.
- e) The following shut off valves will be installed when a fixture is replaced:
 - 1. One (1) owner's shut off at the meter or supply source.
 - 2. One (1) shut off at each toilet.
 - 3. One (1) shut off each for hot and cold water at each sink/lavatory.
 - 4. One (1) supply side shut off at each water heater.
- f) Repair and replacement standards:
 - 1. Replacement showerheads will have maximum flow ratings of two point five (2.5) GPM at eighty (80) PSI and faucets will have maximum flow ratings of two point two (2.2) GPM at sixty (60) PSI.
 - 2. Replacement toilets will have one point six (1.6) GPFC maximum rating.
 - 3. Existing drain, waste and vent lines and repairs must be inspected for durable condition; replacements must have a life expectancy of a minimum of twenty (20) years.
 - 4. Other existing plumbing equipment and fixtures and repairs must be inspected for durable condition. Replacement fixtures must have a life expectancy of a minimum of twenty (20) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions must include any condition that threatens the health and or safety of the occupants. These conditions should include but not be limited to:
 - 1. Lack of a continuous sanitary water supply. Where ground wells are/have been in use, this source should be approved for drinking or a secondary source of drinking water should be available.

2. Lack of connection to a continuously functioning sanitary wastewater disposal system.
3. Missing, non-functional or non-existent sanitary facilities including a functioning toilet. The lack of at least one (1) sink and or lavatory for hygiene and at least one (1) sink for kitchen purposes, each providing a continuous flow of both hot and cold water. The lack of at least one (1) functional bathing facility.
4. Deteriorated, rotted, broken or otherwise worn water supply or waste water pipes.
5. Evident leaks either continuous or intermittent of either wastewater or water supply lines. This includes evidence of pooling underground of water mains, sewer feeds or septic drain fields.
6. Missing or blocked vent pipes.
7. The lack of fully functioning faucets at each sink/lavatory, bathtub/shower.
8. Any other condition not mentioned which meets the definition of a hazardous or substandard condition as noted by rehab inspector.

N. Mechanical Systems

I. Minimum Mechanical Systems Standards

- a) Each dwelling must be supplied with a functioning heating and cooling system.
- b) Heating unit must be AC: 14 SEER, Heat Pump: 14 SEER and 8 HSPF. Combustion furnace: eighty percent (80%) AFUE in IECC Climate Zones 1 and 2; ninety percent (90%) AFUE in IECC Climate Zones 3 and higher. Size heating and cooling equipment in accordance with the Air Conditioning Contractors of America Manual, Parts J and S, ASHRAE handbooks or equivalent software. Electric resistance heating can be used only if the owner documents, in accordance with IECC Section R405 Simulated Performance Alternative approach that the utility costs for the structure are equal to or less than the IECC standards design of like architectural characteristics. The analysis will be completed utilizing a combustion furnace for the standard design with an efficiency value of eighty percent (80%) AFUE.
- c) Air Distribution Systems. All joints in the air distribution system shall be sealed with duct mastic or approved equivalent to comply with IBC, IRC or IMC. For duct systems located outside the conditioned envelope, leakage to outdoors shall be less than or equal to two (2) CFM per one-hundred (100) square feet of conditioned floor area (CFA) or a total leakage less than or equal to four (4) CFM per one-hundred (100) square feet of CFA when tested at a pressure differential of twenty-five (25) Pa across the entire system, including the manufacturer's air handler enclosure. If the air handler is not installed, leakage to outdoors shall be less than or equal to one (1) CFM per one-hundred (100) square feet of CFA or a total leakage less than or equal to three (3) CFM per one-hundred (100) square feet of CFA.

If the entire system, including the manufacturer's air handler enclosure, is located entirely within the building thermal envelope, duct leakage testing is not required. Airflow to each room will match design airflow calculations to within +/- ten percent (10%).

- d) Room Pressure. Under normal operating conditions, an air handler cannot create a differential pressure greater than +/- three point zero (3.0) Pascals between room and any area outside the room, anywhere in the unit.
- e) Inoperative, hazardous or inefficient (less than sixty percent (60%) AFUE) heating systems shall be replaced to perform at least at eighty percent (80%) efficiency.
- f) Replacement gas and oil fired systems shall be rated at eighty percent (80%) AFUE or better. Heat pumps shall be rated at fourteen (14) SEER or better.
- g) Ductwork and radiator piping shall be well supported, insulated in unconditioned space and adequate to maintain the standard lay out in section B.
- h) The central heating unit must be safe and in good working condition.
- i) Every heat duct, steam pipe and hot water pipe must be free of leaks and must function so an adequate amount of heat is delivered where intended.
- j) Every seal between any of the sections of a hot air furnace must be airtight so noxious gases and fumes will not escape into the heat ducts. Flue liners must meet or exceed the requirements of the local building/heating code and must be installed according to same.
- k) All combustion appliances will be provided directly with adequate air for combustion and all such appliances with air or water distribution systems will be sealed off so there is no potential exchange of combustion or exhaust gases.
- l) Every supplied space heater must comply with all of the following requirements:
 - 1. No space heater burning solid, liquid or gaseous fuels may be of a portable type.
 - 2. Every space heater burning solid, liquid or gaseous fuels must be properly vented to a chimney or duct leading to outdoor space and must be so installed as to provide proper draft (except when a functioning ODS system and a CO testing device is installed).
- m) Unsound chimneys shall be repaired or removed. When chimneys are to be used for combustion ventilation, they shall be lined as required for the fuel used. Unused chimneys will be secured to prevent drafts.
- n) Unvented freestanding space heaters must be removed.
- o) All "T" valves must be replaced with approved shut off valves.
- p) All mechanical work must be inspected and approved by the city's local mechanical/heating inspector.

- q) Existing heating and distribution systems must be inspected for durable condition and repairs must have a life expectancy of a minimum of five (5) years; replacements must have a life expectancy of a minimum of ten (10) years. Repairs to chimneys must have a life expectancy of a minimum of fifteen (15) years; replacements must have a life expectancy of twenty (20) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions must include any condition that threatens the health and or safety of the occupants. These conditions should include but not be limited to:
 - 1. The lack of a steady and dependable heating and cooling system which will be able to provide adequate heat as defined in this section.
 - 2. Open flame gas or propane heaters, which exhaust fumes to the interior, must be removed.
 - 3. Leaking, damaged or inadequate heat exchange units or venting systems which create the danger of CO build up.
 - 4. Leaking, corroded or damaged gas supply lines.
 - 5. The lack of a functioning supply shut off valve for each gas or oil fired devices.
 - 6. The lack of a functional pilot light or electric start for each gas or oil fired device.
 - 7. Free standing heaters used for sole source of heat.

O. Water Heaters

I. Minimum Water Heater Standards

- a) Water heating facilities shall: be properly installed in accordance with manufacturer's installation and the requirements of the current residential code, be maintained and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature of not less than 110 degrees Fahrenheit. A gas fired water heater shall not be located in any sleeping room, bathroom, toilet room, storage closet or space that is open to other such rooms unless allowed by Chapter 24, Section G2406 of the current residential code. All water heaters must be properly vented, sealed and equipped with a pressure release valve and discharge pipe.
- b) The water supply system shall be installed and maintained to provide a supply of water to plumbing fixtures, devices and appurtenances in sufficient volume and at pressures adequate to enable the fixtures to function properly, safely and free from defects and leaks. Each unit should be equipped with a functioning pressure release valve and temperature release valve. Such valves can be a combination thereof. The relief rating shall be adequate to meet the pressure conditions for the appliance or equipment being protected and shall

not exceed the tanks rated working pressure. The valve shall be set to open between twenty-five (25) PSI and 150 PSI above system pressure but no greater.

- c) Fuel fired water heaters shall not be located in rooms used as storage closets. Water heaters located in a bedroom or bathroom shall be installed in a sealed enclosure so that combustion air will not be taken from living space except where the unit is a direct vent appliance. When installed in garage areas, water heaters having an ignition source shall be located with the ignition source at least eighteen (18) inches above the floor in order to prevent combustion of fuel vapors. Water heaters must be inspected for durable condition; replacements must have minimum life expectancy of eight (8) years.

II. Hazardous and Substandard Conditions Requiring Correction

- a) Hazardous conditions must include any condition that threatens the health and/or safety of the occupants. These conditions should include but not be limited to:
 - 1. Gas water heaters are prohibited in bathrooms, sleeping rooms and closets unless they meet the exclusion requirements of Chapter 24 of the current residential code.
 - 2. Missing gas shut off valve.
 - 3. Missing water supply shut off valve.
 - 4. Combustion air taken from living area.
 - 5. Missing or nonfunctional TPL valve. TPL drain shall flow by gravity and shall not connect directly to drainage system and should discharge to an indirect waste receptor or to outdoors. Termination point shall be readily observable by occupant and should not occur more than six (6) inches above floor or waste receptor.
 - 6. Inadequate exhaust pipe. New combustion exhaust should be double walled and skirted at all penetrations.
 - 7. Storage tanks less than thirty (30) gallons.
 - 8. Storage tanks that have calcified.
 - 9. Pipes, nipples or tanks elements that are severely corroded.
- b) Any other condition not mentioned that meets the definition of a hazardous or substandard condition as noted by the rehab inspector.

P. Lead Based Paint

- a) All homes constructed before January 1, 1978 will be evaluated for lead based paint hazards. *Please note: This standard is required by federal regulation.*
- b) Evaluation will be done by a qualified, certified or licensed person as required under the regulations at 24CFR35. A qualified lead based paint inspector or risk assessor is certified or

regulated by a state or local health or housing agency or an organization recognized by HUD.

- c) As required under 24 CFR 35, 24 CFR 570.608, 24 CFR 982.401 all lead based hazards will be identified and reduced through paint stabilization, interim controls or abatement as required.
- d) Safe work practices will be followed at all times.
- e) During lead hazard reduction efforts, the work area will be sealed and the family will be protected or relocated as required by the regulations.
- f) Final Clearance will be achieved on all lead hazard reduction activities as required under the regulations.

Q. Smoke Detectors

- a) Each dwelling unit must have at least one (1) hard-wired smoke detector, in proper operating condition, on each level of the dwelling unit on the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms, including basements but excepting crawl spaces and unfinished attics. *Please note: This standard is required by federal regulation.*
- b) Smoke detectors must be installed in each room used for sleeping purposes.
- c) Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74.
- d) If the dwelling unit is occupied by any hearing impaired person, smoke detectors must have an alarm system, designed for hearing impaired persons as specified in the National Fire Protection Standard.

R. Energy Efficiency

- a) All additions, alterations or renovations shall comply with latest local building and energy code. Perform an energy analysis of existing building condition, estimate costs of improvements and implement measures that will improve building energy performance by a minimum of fifteen percent (15%) from pre-renovation figures. Applicant shall provide a ten percent (10%) unit sampling by an independent Building Performance Institute certified professional to determine the scope of work for energy improvements. The sampling must include all unit sizes. A RESNET certified Home Energy Rater must perform the analysis. All work must be completed to the Department of Energy Standard Work Specifications.
- b) HVAC replacements and new installations shall include:
 - 1. Sealing of all accessible duct connections including the drywall to boot connections with duct mastic or approved equivalent.

2. Installation of new duct systems that comply with the new construction Energy Conservation Air Distribution Systems standard.
 3. Room pressures shall comply with the new construction Energy Conservations standard.
- c) Insulation must be installed such that there are no gaps, voids, compression or wind intrusion of the insulation. The insulation and air barrier (i.e. gypsum board) must be continuous and aligned in all cases.
 - d) Eligible projects must provide accessibility in accordance with the applicable provisions of 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36. Eligible Projects that are “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205.

S. Disaster Mitigation

Where relevant, construction design will mitigate the potential impact of potential disasters (i.e. earthquakes, hurricanes, floods and wildfires) in accordance with state or local codes, ordinances and requirements or such other requirements that HUD may establish.

T. State and Local Codes, Ordinances and Zoning Requirements

Eligible Projects must meet all applicable state and local codes, ordinances and requirements. In the absence of state or local building codes, the housing must meet the International Building Code of the International Code Council.