



## EXAMPLE #2: SAMPLE SCOPE OF SERVICES/SCHEDULE OF PAYMENT FOR HOUSING REHABILITATION ACTIVITIES

In this example, the housing rehabilitation effort is aimed primarily at owner-occupied properties. The Subrecipient administers the activity, but the actual rehabilitation work is conducted by private contractors. (Other likely scenarios include a local rehabilitation program where the Subrecipient's staff perform some or all of the rehabilitation, and/or where the Subrecipient itself owns the property; in such cases, the specifics of the Scope of Services would need to be changed accordingly.)

The illustrative Scope of Services and Schedule of Payment that follow could be used along with the overall "boilerplate" agreement language found earlier in this Appendix to create a complete Subrecipient Agreement for housing rehabilitation activities.

In reviewing the following, however, keep in mind that this is only one of the many acceptable ways a Scope of Services could be structured for such work, and the particular language and level of detail contained in this example are not mandatory. Essentially, a grantee should develop a Scope of Services that is sufficient to provide clarity about all the activities that the subrecipient is expected to carry out, with explicit review and approval mechanisms that are adequate to permit the grantee to exercise its oversight responsibilities.

### Scope of Services

#### A. Principal Tasks

The Subrecipient will be responsible for administering a CDBG Year\_\_\_ housing rehabilitation program, also referred to as (specific name of program), for the city/county of (name of Grantee), hereinafter referred to as "the Grantee." The Subrecipient will administer all tasks in connection with the aforesaid program in compliance with all applicable Federal, state, and local rules and regulations governing these funds, and in a manner satisfactory to the Grantee.

The major goal of the Subrecipient's efforts under this Agreement will be the completion of rehabilitation of thirty-five (35) eligible housing units, per the Subrecipient's proposal of [date], as amended and approved by the Grantee on [date]. Changes to the program goals, scope of services, schedule, or budget, unless otherwise noted, may only be made through a written amendment to this Agreement, executed by the Subrecipient and Grantee. Toward the goal of the completion of rehabilitation for 35 eligible units, the major tasks that the Subrecipient will perform include, but are not necessarily limited to, the following:

1. Refinement of housing rehabilitation program plans, procedures, and forms: subject to review and approval by the Grantee, the Subrecipient will establish, or make any necessary revisions to, the housing rehabilitation program design and procedures (including but not limited to the priorities among applicants and among rehabilitation measures, the limits and structure of financial assistance, and the recapture and affordability policies), as well as any other necessary forms, documents or sample contracts.
2. Outreach: the Subrecipient will conduct sufficient advertisement of the housing rehabilitation program and other forms of outreach to ensure that enough eligible applicants from the designated target neighborhood(s) of [names of neighborhoods] participate in the program to meet the CDBG Year\_\_\_ housing rehabilitation goal of 35 completed units.
3. Intake/assessment of eligibility: the Subrecipient will assist property owners and residents in the designated neighborhoods in the completion of applications to permit eligibility determinations for rehabilitation assistance. The Subrecipient will make provision for translation services to meet

the needs of non-English-speaking applicants. In the event of applicants who have impaired mobility or other disabilities, the Subrecipient will make provisions for completing the application at the applicant's residence or other acceptable procedures for ensuring equal access to services.

Initial eligibility determination of households/structures will be made by the Subrecipient on the basis of satisfaction of income requirements (single-unit structures must be occupied by a low- and moderate-income household; if a two-unit structure, at least one must be so occupied; and if three or more units in a structure, at least 51 percent of the units must be occupied by low- and moderate-income households [at affordable rents, where applicable] according to the most current income limits established by HUD), , and any other pertinent criteria set forth in the approved program design.

4. **Work write-ups:** for each eligible unit to be assisted, the Subrecipient will complete a detailed work write-up of the rehabilitation to be performed, including estimated costs of each activity, materials to be used, and industry or regulatory standards to be met. This write-up will be initialed and dated by the homeowner.
5. **Bank financing:** for those applicants who will be securing some of the financing for the rehabilitation work through private loans from a bank or other type of private financial institution, the Subrecipient will provide assistance to applicants when applying for such complementary financing upon request.
6. **Solicitation and selection of contractors:** the Subrecipient will assist approved applicants in the identification, proper solicitation, and selection of contractors qualified to perform the authorized rehabilitation of eligible housing units. The Subrecipient will provide forms and sample contract formats for the applicants to use in contracting with the contractors and will assist the applicant in ensuring that the description of the work contained in any contracts with contractors is accurate and complete.
7. **Periodic and final inspections:** the Subrecipient will perform periodic site visits to ascertain that approved and contracted rehabilitation work is proceeding properly and satisfactorily, will authorize (with the owner's written approval, including signature and date) appropriate change orders, and will mediate in the event of owner dissatisfaction with the work done by the contractor.
8. **Approval of contractor payments:** as rehabilitation progresses and as invoices are submitted by contractors, the Subrecipient will verify that the expenses are reasonable and the work has been completed properly (including a sign-off by the owner), and will authorize drawdown of funds from the Grantee, and disbursement to the contractors.
9. **Maintenance of case files and other records:** for each applicant, the Subrecipient will maintain case files, including application and documentation of eligibility, work write-ups, the assistance agreement between the property owner and Subrecipient (along with repayment/ recapture provisions), documentation of liens and any other forms of security, contractor selection criteria, copy of contract between owner and contractors), documentation on all necessary licenses and permits, site visit/inspection reports (including final inspection), change orders, and approved contractor invoices for payment (with owner sign-off). The Subrecipient will also maintain appropriate information on persons residing in the property, including a list or lists identifying persons in a project immediately before the project, after project completion, and those moving in during the project, as well as information on those displaced or temporarily relocated (per 24 CFR 570.606 and 49 CFR 24). The Subrecipient will maintain these and other program and financial records in accordance with the general requirements for recordkeeping specified in Section \_\_ of this Agreement.

**B. Staffing**

The Subrecipient shall assign the following staff as Key Personnel to the CDBG Year \_\_\_\_ housing rehabilitation program:

<b>Staff Member Title</b>	<b>General Program Duties</b>	<b>Time Allocation</b>
Jane Smith, Program Manager	General program oversight and administration; revision of forms and procedures; approval of contractor selection; submission of approved contractor invoices	10 hours/week
John Doe, Asst. Program Manager	Assist with revision of forms and procedures; outreach; intake and eligibility determinations; solicitation of contractors; supervision of Rehabilitation Specialist; maintenance of program records	30 hours/week
Harold Baker, Rehabilitation Specialist	Work write-ups; inspections	25 hours/week
Alice Glass, Bookkeeper	Financial Records	5 hours/week

Any changes in the Key Personnel assigned or their general responsibilities under this project are subject to the prior approval of the Grantee.

**C. Project Schedule**

Unless amended by mutual written agreement by the Subrecipient and the Grantee, (Subrecipient's name) will perform the described housing rehabilitation tasks and complete the rehabilitation of eligible units in conformance with the schedule attached as Exhibit 1.

**D. Line Item Budget**

The following is the budget for the CDBG FY\_\_\_\_ housing rehabilitation program to be administered by (name of Subrecipient). Unless otherwise noted, this budget may only be modified through a formal written amendment approved by the Grantee.

Rehabilitation Loans and Grants		\$310,000. 00
Relocation Assistance		20,000. 00
Operations and Administration		83,804. 00
Salaries	50,860. 00	
Fringe @ 40%	20,344. 00	
Office space (program only)	4,800. 00	
Communications	440. 00	
Reproduction/printing	600. 00	
Supplies and materials	660. 00	
Mileage	1,200. 00	
Audit	3,000. 00	
TOTAL		<u>\$413,804. 00</u>

## Method of Compensation/Schedule of Payments

### A. Direct Rehabilitation Expenses

The Subrecipient may draw down funds (against the “Rehabilitation Loans and Grants” budget line item) to establish escrow accounts for individual participating property owners to finance payments to contractors for the rehabilitation of eligible property. The loan agreement with the homeowner must specify that an escrow account will be used. Drawdowns for such escrow accounts may be initiated at the time that the assistance agreement between the Subrecipient and property owner is executed, but any funds drawn for such escrow accounts must be limited to the amount expected to be disbursed within 10 working days from the date of drawdown, must be placed in one interest-bearing account, and must be disbursed to contractors within 10 days of receipt by the Subrecipient. Payments to contractors from such escrow accounts should be made on the basis of work completed, with a set-off of at least 10 percent until final inspection and sign-off of the completed rehabilitation by the Subrecipient’s staff and property owner.

#### Exhibit 1

Housing Rehabilitation Program  
Work Schedule – CDBG YEAR \_\_\_\_

Task/Program Goals	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
1. Refinement of Forms and Procedures									
2. Outreach/Intake									
3. Number of Applicants Determined Eligible (cumulative)	0	5	15	5	35+				
4. Number of Work Write-ups Completed (cumulative)	0	3	12	22	32	35+			
5. Number of Eligible Units Out-to-Bid (cumulative)	0	2	10	18	28	35			
6. Number of Eligible Units Where Rehab Started (cumulative)	0	2	5	13	21	29	35		
7. Number of Eligible Units Where Rehab 50% Complete (cumulative)	0	0	1	5	13	21	29	35	
8. Number of Eligible Units Where Rehab/Final Inspection Completed (cumulative)	0	0	0	2	4	8	16	32	35
9. Submission of Quarterly Reports	X			X			X		

### B. Relocation Assistance

The Subrecipient may draw down funds as Relocation Assistance expenses are incurred, up to the approved line item budget level. Relocation Assistance must be provided in accordance with 24 CFR 570.606 and 49 CFR 24.

### C. Operations/Administrative Expenses

During start-up of the CDBG FY \_\_\_ housing rehabilitation program (Months 1–3), the Subrecipient may draw down on a monthly basis up to one-twelfth of the budgeted amount for Operations and Administration, to cover expenses actually incurred. After Month 3, drawdowns against the balance of budgeted funds for Operations and Administration must be based on costs actually incurred, and proportional to the percentage of the total authorized amount for Rehabilitation Loan/Grant funds and Relocation Assistance that have been expended.

[NOTE: A grantee might structure compensation for operations/administrative expenses in this way to allow for start-up costs, and to ensure that the subrecipient does not exhaust its CDBG operations budget before the rehabilitation of all the assisted units is completed.

Alternatively, a grantee could choose to reimburse the subrecipient simply on the basis of operations/administrative expenses incurred, or at a fixed rate per unit completed (in this case, \$2,394.40 per unit based on a budget for operations and administration of \$83,804 and a volume of 35 units). This latter approach may only be used if it is supported by a cost allocation plan to ensure that the reimbursement is tied to the actual cost of services.]

In addition to the provisions outlined above, it is especially important that a grantee should ensure that a Subrecipient Agreement for the operation of a housing rehabilitation program also includes citations relative to the following program requirements:

- **Affordability provisions [24 CFR 570. 208(a)(3)]:** for activities benefiting low- and moderate-income persons, the subrecipient must adopt and make public the grantee's standards for determining that for rental housing assisted under the program, the rents of units occupied by low- and moderate-income persons are "affordable."
- **Davis-Bacon requirements and other Labor Standards [24 CFR 570.603]:** these statutes require the payment of prevailing wages for CDBG-assisted construction work, including construction or rehabilitation of residential property containing eight units or more, in excess of \$2000. The Contract Work Hours and Safety Standards Act also applies to such activities.
- **Historic Preservation [16 U.S.C. 470 et seq. and 36 CFR 800]:** these requirements mandate (a) consultation with specified agencies having responsibility for historic preservation to identify properties listed (or eligible for inclusion) in the National Register of Historic Places that may be subject to adverse effects by the proposed CDBG activities, and (b) compliance with procedures or other requirements to avoid or mitigate such adverse effects.
- **National Flood Insurance Program [24 CFR 570.605]:** if a community has had notice for more than a year that an area has been identified by FEMA as having special flood hazards, CDBG funds cannot be spent for acquisition or construction purposes within that area unless the community is participating in the National Flood Insurance Program and such insurance has been purchased for the properties in question.
- **Relocation, Real Property Acquisition, and One-For-One Housing Replacement [24 CFR 570.606]:** The acquisition of real property for a CDBG-assisted project and the displacement of any person (family, individual, business, non-profit organization or farm) as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project must comply with 24 CFR 670.606 and 49 CFR 24. The Subrecipient must also conduct its CDBG activities so as to minimize displacement, and if displacement occurs, the displaced persons or entities must be provided assistance consistent with the Uniform Relocation Act, as amended, or Section 104(d), as applicable. In addition, there must be a one-for-one replacement of any occupied (or vacant, occupiable) low- and moderate-income dwelling that is demolished or converted to another use in connection with a CDBG-funded activity.
- **Lead-based Paint [24 CFR 570.608 and 24 CFR 35]:** There is a general prohibition against the use of any lead-based paint in connection with any CDBG activity involving the construction or rehabilitation of residential structures. If the structure was constructed prior to 1978, the tenants or purchasers must be notified of the hazards of lead-based paint poisoning; and, depending on the level of Federal assistance made available to the structure, paint inspection, risk assessment, treatment, and/or abatement must be provided.
- **Program Income [24 CFR 570.500; 570.503(a), (b)(3) and (b)(7); and 570.504]:** A grantee must approve (a) whether a Subrecipient will be allowed to retain and use program income, and (b) for what activities the program income may be used. The use of such program income must be in compliance with all other applicable program requirements and, upon the expiration of the Subrecipient Agreement, any program income on hand or subsequently received by the Subrecipient must be returned to the grantee.

Examples of language that can be incorporated into a Subrecipient Agreement for most of these additional requirements can be found in the sample "boilerplate" Agreement in the preceding section of this Appendix.