

# Walsenburg URA Spot Blight Demolition and Voluntary Acquisition/Rehabilitation/Resale Program

## **Program Mission**

The purpose of the Walsenburg Urban Renewal Authority (WURA) Spot Blight Demolition (“Demo”) Program and the Acquisition/Rehabilitation/Resale (“ARR”) Program is to identify individual blighted properties within Walsenburg and complete specific improvements which result in improved neighborhood characteristics and values. Numerous properties throughout Walsenburg have been neglected and fallen into disrepair and have created negative impacts on surrounding properties and neighborhoods. This program seeks grant funding to complete Demo and ARR improvements on selected properties. Properties assisted by the Demo and ARR programs will have restrictions for future use by households earning up to 80% of Area Median Income, as defined by the U.S. Department of Housing and Urban Development (“Low-Moderate Income Households”).

## **Walsenburg Urban Renewal Authority**

WURA was established in 2015 by the City of Walsenburg. Shortly after establishment a Tax Increment Financing (TIF) District was formed comprising the commercial portions of Main Street and 7<sup>th</sup> Street West. No new work was identified and the WURA Commission was dormant for several years. In 2020, the Mayor and City Council sought to reactivate WURA as a better way to address and deal with dilapidated properties in Walsenburg than was done in recent years through the Building Division. The WURA Commission is comprised of the Walsenburg City Council and began meeting in the summer of 2020 to learn about a program established by Monte Vista, Colorado that addresses the need to demolish, rehabilitate, and acquire dilapidated properties. Like Monte Vista, Walsenburg is seeking a Community Development Block Grant (CDBG) to assist in the cost of implementing this program.

## **Demolition Program History**

In 2017 or so, the City’s building inspector and a second part-time employee identified many dilapidated properties and worked to condemn them and schedule them for demolition. The program was funded and operated out of the Building Division in the Community Development Department of the General Fund. Through the program 19 houses were demolished by the City or the property owner. During the time it existed, there were many complaints that City staff was too aggressive in conducting the program in the way they entered properties and moved to demolish them. Based on City Council concerns, the program was halted in Spring 2020. The Interim City Administrator recommended looking at the Monte Vista Program that works with property owners to renovate or demolish houses. One difference is the Monte Vista program gains ownership of properties when the City injects the money necessary to demolish a building. WURA is beginning a thorough review and assessment of properties that were in various stages of disrepair and neglect. Simultaneously, the City of Walsenburg and WURA is seeking CDBG funding the Colorado Department of Local Affairs (“DOLA”) to financially support the program. Once implemented, WURA plans to ensure all activities comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (“Uniform Act” or “URA”) and Section 104(d) of the Housing and Community Development Act of 1974, as amended (“Section 104(d)"). The WURA is working closely with the City of Walsenburg on this project.

## Governance and Responsibilities

### Governance

The Demo and ARR Program is directed and overseen by the WURA, and specifically the WURA Commission, which is comprised of the Walsenburg City Council. The WURA has Bylaws that were approved in 2015 and which provided specific guidance and direction consistent with Colorado State Statutes at that time. Just one year after WURA was established, State law changed regarding urban renewal authorities. One of the major changes is new or reconstituted urban renewal authorities after the date of the new laws are required to include representatives of other local governments having jurisdiction in the City. In recognition of the new laws, the City plans to invite new members to the WURA Commission representing Huerfano County, the Huerfano County School District, and one representative the special districts that include Walsenburg. The WURA enjoys specific authority vested in it by Colorado State Statutes and will approve a plan that defines intended work phases. The WURA will work closely with the Walsenburg City Council, the City Administrator and City staff. The City Administrator will serve as Program Manager on this project and will continue to work for the WURA and receive specific direction from the WURA Commission throughout the project. The WURA will retain consultants and support staff when needed for various project phases. WURA meetings are open to the public and all applicable laws and statutes will be adhered to at all times.

Below is a list of Program tasks and responsibilities for the WURA Commission:

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- 1) The Commission shall meet monthly to discuss program activities and progress, approved meeting minutes and program expenses, and generally conduct and complete required business functions.
- 2) The Commission shall review and approve all marketing and customer communications materials, forms, contracts, and policy manuals.
- 3) The Commission shall work with the Program Manager to identify properties for both Demo and ARR improvements.
- 4) The Commission shall work with other non-profit or government agencies associated with housing and utilize resources and expertise when necessary to ensure compliance with all grant responsibilities.
- 5) The Commission shall ensure all grant responsibilities and requirements are adhered to during both phases of work and into future aspects of the program.
- 6) The Commission shall receive, review and approve an annual report detailing the Program activities for the year. The annual report shall provide details on grant funding and include funds spent and funds remaining.

- 7) The Commission shall oversee the Programs throughout the target areas needing rehabilitation in their jurisdiction and shall provide marketing assistance. Each member shall also participate and actively assist the Program in securing the necessary funds to maintain the operations of the Program.

### **City of Walsenburg**

The City of Walsenburg (City) will work closely with the WURA to ensure compliance with all program grant requirements and coordination on various program elements. The City Council will receive monthly reports on Program activities and will approve appointment of new Commissioners when necessary. The City Administrator will work with and between the WURA and the City Council and ensure both entities are briefed on program achievements. The City Administrator will work with the WURA to coordinate all Demo work on approved properties, demo work will also be completed by a contractor or when possible, Public Works Department staff. City staff will assist the WURA with financial management services including establishment of restricted fund accounts, distribution of funds, financial reporting, and other necessary support deemed necessary by the City Administrator.

### **Support Staff, Consultants and Contractors**

Support staff, consultants and contractors will be retained when needed to ensure the Program requirements are fulfilled.

### **Housing and Other Non-Profit Agencies**

The WURA will seek support and participation from local and regional housing agencies to assist with constructing affordable homes on properties vacated by the Demo Program, reselling properties acquired and rehabilitated by the ARR Program, and identifying and qualifying Low-Moderate Income Households to purchase and occupy properties restricted to such households ("Participating Non-Profit Agencies"). The WURA will coordinate with each Participating Non-Profit Agency to develop a Memorandum of Understanding ("MOU"), which shall be approved by each respective governing body. At a minimum, each MOU shall describe the process for recruiting, identifying, and qualifying Low-Moderate Income Households to purchase the deed-restricted properties. If applicable, the MOU shall also include the process to transfer ownership of Demo Program deed-restricted properties to the a Participating Non-Profit Agency and the parties' understanding of their respective responsibilities to construct homes on cleared properties and sell them at affordable sales prices to Low-Moderate Income Households. The WURA may choose to designate a Participating Non-Profit Agency as a recipient or designee of a First Right of Refusal, as detailed below.

### **General Program Guidelines**

#### **Acquisition/Rehabilitation/Resale Program**

Grant funds are being sought for the Acquisition/Rehabilitation/Resale of blighted structures that are deteriorated but still retain useful and structural integrity. The WURA had a housing Marketing Feasibility Study completed in May of 2015, which established a range of housing prices in Walsenburg ("Study"). This Study will be utilized to estimate the market value of housing for acquisition and resale. The WURA will seek to acquire identified properties following the completion of the requirements, inspections, and negotiations below:

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1. The WURA will categorize its list of identified blighted properties into those for which participation in the ARR Program would benefit the community, and those that are critical sites that must be acquired and rehabilitated in order for the program to be successful. For the former type of property, the WURA will pursue a Voluntary Acquisition. If negotiations fail with the property owner, the WURA will not acquire the property and it will not be assisted by the program. For the latter type of property, the WURA will pursue an Involuntary Acquisition with the option to use eminent domain. Each acquisition process is described in detail below.
2. To minimize displacement and relocation costs under the URA, the WURA will only target properties which are currently vacant and have not been occupied for at least 12 months.
3. Prior to acquisition of properties, WURA program staff, consultants, and/or contractors will inspect structures on participating properties to assess their condition, including determining the presence of hazardous materials. These inspections will inform the scope of rehabilitation work and cost estimate for each home if it is ultimately acquired.
4. Prior to acquisition, each subject property must obtain a site-specific environmental clearance from DOLA.
5. Upon acquisition, the WURA shall record a deed restriction limiting the initial occupancy of the property to Low-Moderate Income Households and limiting future sales of the property to low-moderate income buyers. The contract requirements for the ARR Program stipulate that 100% of properties must be restricted for this use.
6. Following acquisition, the WURA will complete the rehabilitation of the property in accordance with the requirements of the grant with DOLA. Rehabilitation work will conform to the DOLA Division of Housing Single-Family Housing Rehabilitation Standards available on DOLA's website.
7. Following completion of home construction on each site, the WURA or the Participating Non-Profit Agency shall establish an affordable sales price for the home, based on what a Low-Moderate Income Household can afford according to standard practices of mortgage underwriting ("Affordable Sales Price").
8. Each buyer of an ARR home reserved for Low-Moderate Income Households shall record a deed restriction upon purchase of the home, requiring that they maintain the home as their primary residence, and restricting future sales to Low-Moderate Income Households. These restrictions shall remain in effect for five (5) years from the date of purchase by the original Low-Moderate Income buyer.

#### **Voluntary Acquisition**

The WURA will identify properties that it may want to acquire for the ARR Program, but that are not critical to the program's success. To pursue acquisition of these sites, WURA will complete and document each requirement for a Voluntary Acquisition:

1. The WURA will determine the estimated value of the property, with either an appraisal or another documented reasonable method to determine value.

2. The WURA will contact the owner to notify them of the WURA's interest in purchasing the property by issuing a Voluntary Acquisition Notice\*, either personally served with signature obtained to acknowledge receipt, or via certified mail with a return receipt requested. This notice shall include:
  - The date of the notice;
  - The address of the property;
  - Identification of the WURA as the entity interested in purchasing the property;
  - Notification that federal funds may be used to purchase the property, including the specific source (i.e., CDBG);
  - A statement that if negotiations fail, WURA will not acquire the property;
  - The estimated value of the property, which shall be the initial price offered for purchase if the sale is completed (subject to negotiations);
  - Notification that the owner shall not be eligible for relocation benefits; and
  - The name and contact information for the relevant WURA staff person.

\*A sample Voluntary Acquisition Notice is attached as Exhibit 1.

3. The WURA will require the owner to provide and certify as accurate information on occupancy of the property for the prior 12-month period. This will assist the WURA to determine if acquisition of the property may trigger URA requirements and will inform the WURA's decision to move forward with acquisition of the site. Structures must be vacant, not have had a tenant within one year and cannot hold any tenant property for the WURA to proceed.
4. The WURA will lead negotiations with the owner and will discuss the terms of the acquisition with and obtain approval from the WURA Commission prior to finalizing negotiations.
5. If the WURA and the owner come to mutual agreement on the terms of the sale, the WURA will acquire the property, but in no cases will the purchase price exceed market value.
6. The WURA will maintain a copy of the Settlement Statement and the recorded deed in the acquisition case file.

#### **Involuntary Acquisition/Eminent Domain**

The WURA will only consider involuntary acquisition or the use of eminent domain in a situation in which a property creates an immediate threat to the safety of the public and has been designated as a dangerous building under Walsenburg Municipal Code, Section 14-6-70. Each involuntary acquisition/use of eminent domain must be approved in advance by DOLA. In these cases, the WURA will follow the below process as required by the Uniform Act and Section 104(d). Documentation of the below steps, as applicable, shall be maintained in each acquisition case file.

1. Issue Notice of Interest to Owner (49 CFR 24.102(b)). This notice is the WURA's initial communication to the property owner. It shall be issued in writing and provide notice informing the owner of the WURA's interest in acquiring their property. It is not a commitment and does not establish relocation eligibility. It also includes an informational brochure on the basic protections of property owners under the Uniform Act and regulations. A sample form is

attached as Exhibit 2. The case file shall include a copy of this notice and shall indicate the manner (e.g., certified mail, return receipt requested) and date of delivery.

2. Appraise Property/Review Appraisal (49 CFR 24.102(c), 103 & 104). The WURA will develop a scope of work and define the problem for the appraisal consistent with 49 CFR 24.103(a)(1). The WURA shall hire each appraiser in accordance with federal procurement requirements (found at 2 CFR Part 200 §§318-326). The property owner shall be invited to accompany the appraiser during the on-site assessment. Once the initial appraisal is complete, a qualified review appraiser shall examine the presentation and analysis of market information in the appraisal to ensure it supports the appraiser's opinion of value, and meets the definition of appraisal in the regulations and other applicable requirements, including, as appropriate, the UASFLA. Where the owner or another person or entity provides an alternative appraisal, the review appraiser shall examine the presentation and analysis of market information in all appraisals to assure that they meet the definition of appraisal found in 49 CFR 24.2(a)(3), the appraisal requirements found in 49 CFR 24.103, and other applicable requirements (including, to the extent appropriate, the UASFLA), and support the appraiser's opinion of value.
3. Establish Offer of Just Compensation/Written Offer (49 CFR 24.102(d), 104). A WURA official shall establish just compensation for the property. The amount shall not be less than the approved appraisal of the fair market value of the property, accounting for the value of allowable damages or benefits to any remaining property. Promptly thereafter, the WURA shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation.
4. Provide Owner Written Offer and Summary Statement for Property (49 CFR 24.102(e)). The WURA shall provide owner an initial written purchase offer, including a written statement of the basis for the offer of just compensation. The offer shall include a description and location identification of the property, the interest in the property to be acquired, and identification of all improvements included in the offer.
5. Negotiate with Owner (49 CFR 24.102(f)). The WURA shall make a reasonable effort to contact the owner or their representative to discuss the purchase offer, including the basis for the offer of just compensation and the acquisition policies and procedures, including payment of incidental expenses. The owner shall be given reasonable opportunity to consider the offer and present material which the owner believes is relevant to determining the value of the property and to suggest modification in the proposed terms and conditions of the purchase, which the WURA shall consider. If negotiations are successful, the WURA and owner will complete the sale.
6. Administrative Settlement (49 CFR 24.102(i)). If negotiations described in step 5 are unsuccessful, the WURA will consider an administrative settlement. The purchase price for the property may exceed the just compensation amount when reasonable efforts to negotiate an agreement fail and the WURA approves the administrative settlement as reasonable, prudent, and in the public interest. The WURA shall prepare a written justification detailing available information, including trial risks, in support of the administrative settlement. Appraisers/review appraisers shall not be asked to adjust the estimate of value to justify the administrative settlement amount.

7. Eminent Domain. If the administrative settlement negotiations are unsuccessful, the WURA may acquire the property through eminent domain by filing for condemnation.

If occupied, the Owner will be eligible for relocation benefits. However, because the WURA will only acquire properties that are vacant, anticipated relocation costs are minimal. For instance, owners may be eligible for moving expenses if they move personal property from the acquired real property.

#### **Demolition Program**

Grant funds are being sought for the demolition of vacant, blighted, substandard structures not suitable for rehabilitation. These are dilapidated or deteriorated housing units, for which repair is financially infeasible which is defined as rehabilitation costs would exceed 50 percent of the cost to replace the dwelling. The WURA will contact owners of identified properties, ask them to participate in this program, and notify them that their participation is voluntary and they will not qualify for any relocation assistance under the URA. The WURA will proceed only with properties for which the owners are willing to participate. Following receipt of site-specific environmental clearance and removal/abatement of all hazardous materials, WURA will demolish the dilapidated structures. The WURA will cover all costs of hazardous material testing and removal, and no grant funds will be used for this work. In order to minimize displacement and 1-for-1 replacement under URA and Section 104(d) requirements, the WURA will limit eligible properties to those that are vacant, not suitable for rehabilitation have not been occupied by tenants within the past 12 months, and which are not used to store personal property of anyone other than the owner.

In order to participate, the owner shall comply with the conditions detailed below:

1. The owner and the WURA will execute a voluntary demolition agreement, WURA will provide information on the URA protections and the agreement will state that the owner will not qualify for relocation assistance.
2. The owner will execute and record a deed restriction establishing the amount of and the requirement to repay expenses incurred in the demolition of the improvements upon sale of the property. The amount will include the costs of hazardous material testing and removal and costs associated with demolishing and disposing of dilapidated structures and any personal property the owner does not wish to keep.
3. The owner will execute and record a deed restriction providing a first Right of Refusal to the WURA to purchase the property when the owner desires to sell. Once the property becomes available for sale, the WURA may assign the First Right of Refusal to a participating housing or non-profit agency.
4. If applicable, the owner will execute and record a deed restriction limiting the resale of the vacant land and the initial occupancy of the property to Low-Moderate Income Households. Applicability shall be determined by the WURA to ensure that program wide, for each set of three properties demolished, two are deed restricted for occupancy to meet DOLA's contractual requirement that 65% of the lots assisted under the Demo Program ultimately result in affordable housing for purchase by such households.

A maximum of 35% of Demo Program properties are not required to be deed restricted for occupancy by Low-Moderate Income Households.

For the remainder of properties, deed restrictions will be placed upon them requiring that they be made available for development of housing for Low-Moderate Income Households. When a deed-restricted Demo Program property goes on the market, WURA may exercise its First Right of Refusal or assign the right to a Participating Non-Profit Agency. In either case, the WURA will work with a Participating Non-Profit Agency to construct a modest home on the site for purchase by a Low-Moderate Income Household or the WURA may undertake the construction itself. Following completion of home construction, the WURA or the Participating Non-Profit Agency shall establish an Affordable Sales Price. Upon closing of the home purchase by a Low-Moderate Income Household, a 5-year deed restriction shall be executed and recorded on the property requiring the following:

1. The purchasing household shall maintain the home as its primary residence for the term of the restriction.
2. If the purchasing household chooses to sell the property during the term of the restriction, it shall be at an Affordable Sales Price, and the WURA or Participating Non-Profit Agency shall have the First Right of Refusal to purchase the home to re-sell it to another Low-Moderate Income Household at an Affordable Sales Price. The WURA or Participating Non-Profit Agency may also assign its First Right of Refusal to another Low-Moderate Income Household.

All deed restriction and program documents will be developed and approved by the WURA Commission and Participating Non-Profit Agencies. All program reimbursements will require the completion and recording of deed restrictions with evidence provided to DOLA prior to disbursement of grant funding for a given property.

### **Qualifying Properties**

#### **The Service Area**

All homes must be located within the corporate limits of the City of Walsenburg.

#### **Housing Types**

The following is a list of housing stock that is eligible for rehabilitation through the WURA:

1. Single Family residential properties
2. Site built single-family homes.
3. Duplexes
4. Town homes
5. Manufactured homes on permanent foundations (or properly tied-down) on land owned by the homeowner.
6. No residences may be occupied by tenants or have been occupied by tenants within the past 12-month period.



## **Policies & Procedures**

THE WURA IS AN EQUAL OPPORTUNITY PROVIDER. IT DOES NOT DISCRIMINATE AGAINST ANY PERSON IN ITS PRACTICES BECAUSE OF RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

### **ARR Program Rehabilitation Process & Procedure**

#### **Contractor Selection**

Once the initial rehab specifications (project components include health, safety, habitability and minor cosmetic issues, consistent with the DOLA Division of Housing Single-Family Housing Rehabilitation Standards) have been completed, the process of securing competitive bids from qualified contractors can begin. The WURA will be responsible for selecting the contractor.

The WURA will follow federal procurement requirements, including those at 2 CFR 200.318- 326, and Section 3 of the HUD Act of 1968. Selection methods shall maximize free and open competition and require that every attempt is made to ensure that women, disadvantaged, and minority-owned businesses and residents benefit from the economic opportunities generated by this program.

#### **Section 3 and MBE/WBE**

- The WURA will identify and maintain a list of local Section 3 businesses and minority and women's business enterprises (MBEs and WBEs), their services, supplies and/or products. This information will be provided within bid packets issued for each project;
- WURA will also utilize local media, electronic and print, to market and promote contract and business opportunities for Section 3 businesses and residents, MBEs, and WBEs in relation to the program and individual project activities;
- WURA will provide materials (fact sheets, program guides, etc.) that include contract/subcontract opportunities for Section 3 businesses and residents, MBEs, and WBEs and in each procurement activity highlight those opportunities;
- At the time of initial contracting opportunities and as new phases open, the WURA will hold opportunity-related meetings open to Section 3 businesses and residents, and minority and women business organizations; and
- WURA will maintain centralized records with statistical data on the outreach to and hiring of Section 3 businesses and residents, and MBEs and WBEs as contractors/subcontractors in all HUD-assisted program contracting activities.

#### **Construction Contract**

Once a contractor has been selected, the WURA shall enter into a contract for the work to be completed.

#### **Labor, Construction and Procurement Policies**

Labor and construction must conform to the specifications and provisions of the Federal Labor and Construction Standards. This ensures compliance with the Copeland Anti-kickback Act, the Contract Work Hours and Safety Standards Act, the Fair Labor Standards Act, Review Process for Water Works

and Wastewater Projects, Minimum Wage Standards, Discrimination and Affirmative Action, Colorado Labor Preference Guidelines, and Federal and State procurement standards. The Commission shall also utilize the City of Walsenburg Purchasing Policy with the Commission taking on the role generally assigned to the City Council.

### **Contractors**

The construction contract is between the WURA and the contractor. The City Administrator and/or the appointed staff person acts as technical assistant and advisor for the Commission in dealing with the contractor during the rehab process. The City's Building Inspector will do project inspections to ensure all work is done according to local building code and program rehab standards (see rehab standards guide). The City Building Inspector shall also conduct inspections of all rehab work drawn under the appropriate building permit. Before and after pictures will be taken on all rehab projects. On small projects it may only require an initial inspection and a final inspection upon completion of the work. Larger projects where the contractor is making payment draws throughout the project will require the inspector to do progress inspections to ensure work being paid for is complete at the draw request.

### **Lead-based Paint Testing**

Homes built prior to 1978 shall be inspected for lead-based paint to comply with The Lead-Based Paint Poisoning Prevention Act--Title IV (42 USC 4831) prohibiting the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. In addition, applicants are provided with the informational brochure, Lead-Based Paint, A Threat to Your Children (Revised: January 1993, U.S. Government Printing Office: 1993-351-568) to comply with the notification requirements of the Act. Contractors and remodelers must be certified in lead paint mitigation when working on homes built prior to 1978 and provide Program with certification. If homes are found to need any significant amount of LBP remediation, they may be disqualified from the program. Any home receiving more than \$25,000 in Federal Funds will require full remediation.

### **Contractor Verifications**

Before contractor selection takes place, the Program staff person checks for contractor eligibility at [www.sam.gov](http://www.sam.gov) to verify the contractor is not actively excluded from federal contracts. Contractor must carry a minimum liability insurance of \$500,000 and provide a certificate of insurance to the program. Contractor must provide a copy of his license and proof of Worker's Compensation Insurance when applicable. Each program will make every effort to work with Section 3 and minority and women owned businesses in compliance with MBE/WBE and Section 3 requirements. The WURA will advertise all biddable project components giving preference to Section 3 residents and businesses, Minority Owned Business Enterprises and Women Owned Business Enterprises. Pre-bid documents will also feature this preference.

### **Statement of Work & Estimated Costs**

Each property must have a minimum of one building code or HQS deficiency to be eligible for rehab. If the property does, a Statement of Work and a preliminary cost estimate is prepared from the designated staff's report. A listing of estimated costs is developed by designated staff.

After HQS repairs are corrected, elective improvements may be done but may not exceed 40% of the project with no more than 20% of the costs being cosmetic. Public sidewalks, driveways, roads, streets, and out buildings are not eligible. A 10% allowance is added as a contingency to cover the unknowns found in remodeling. The initial project cost is then determined by adding the estimated cost with the contingency plus any applicable fees.

#### **Rehabilitation Contract Prior to Work Start**

The contractor and the Program staff person execute the Rehabilitation Contract that outlines the responsibilities of each of the parties to the contract. All parties must sign the Agreement. Attached to the Rehabilitation Contract is the Exhibit A - Statement of Work document and the contractor's written bid. The Rehabilitation Contract will clarify such details as work to be done is started and completion date, verification of liability and workers compensation insurance, liquidated damages, progress payments, final payments, warranties, and building permits. All work must be performed in accordance with Local and State building codes as referenced in the contract.

#### **Progress Payments**

Progress payments may be made in accordance with the contract. To initiate a progress payment, the contractor must submit an invoice signed by the Program staff to the Program for approval. After approval is granted, and a periodic inspection made, the invoice is submitted to the WURA for payment, with 5% retainage withheld from each pay request.

#### **Change orders**

Change orders must be in writing and signed by all those who signed the original contract. Change orders must be pre-approved prior to additional work being done.

#### **Final Inspection, Lien Waiver & Payment to Contractor(s)**

##### **Final Inspection/Certificate of Completion**

At the completion of the contractor's work, the Program staff performs a final inspection of the premises. The contractor and inspector who oversaw the construction are all present at the final walk-through. The Program staff signing of the Certificate of Completion verifies the WURA's acceptance of the work. A vote of the Commission shall be required to award final payment.

In the event items are identified on a punch list, those items must be completed/repared before the Certificate of Completion and Final Inspection are signed off by all parties. When all work is completed to the satisfaction of all parties involved, a Certificate of Completion is signed by all parties. The final inspection report should not be signed until all are satisfied that the work has been completed as required by contract.

##### **Request for Final Payment & Lien Waiver**

The contractor must submit his/her invoice with the Program staff's signature. Once the final inspection has taken place, the Program staff person will prepare a Request for Final Payment and the WURA will prepare the check. Before the check is released to the contractor, lien waivers must be signed and

submitted by all subcontractors and contractors who worked on the project. The Final Payment will include the release of all retainage.

#### **Payment to Contractor(s)**

The final check is mailed or presented to the contractor within the normal monthly check payment cycle as specified in their contract.

#### **Grievance Procedure**

If an applicant or participant has a grievance concerning the Program (i.e., actions of the Programs staff, contractor staff, procedures of The Program, work progress, work quality, completion, etc.), the grievance must be submitted in writing no later than 30 days following completion and certification of the rehab. A copy of all written correspondence regarding the grievance will be kept in the participant's or applicant's file.

#### **Complaints Concerning Contractors**

Complaints dealing with contractors must first be filed, in writing, with the City Administrator. Complaints should be addressed to: WURA Program Manager 525 S Albert Ave, Walsenburg, CO 81089

The City Administrator will acknowledge receipt of the complaint within 10 working days of receiving the complaint. The City Administrator will investigate the complaint and decide what needs to be done to mitigate the complaint.

The complainant has a right to present any or all information in regard to their position. Working with the contractor, the City Administrator will decide on a plan of action and will notify the contractor, in writing, of this plan of action.

In some cases, it may be necessary to conduct a hearing in order to determine all the facts in the case. In that event, all parties will be asked to attend the appeals hearing to present their case.

#### **Grievances Concerning The Program Staff**

In the event that applicants or borrowers have complaints pertaining to actions by the Program staff, they should first make their grievances in writing to the Commission, addressed to the WURA Commission, 525 S Albert Ave., Walsenburg, CO 81089. A phone vote on the disposition to be taken may be performed or a special meeting of the Commission will be called. The Commission will provide its decision in writing.

#### **Defective Materials, Workmanship and/or Equipment**

All claims for defective workmanship, materials and/or equipment must be made by the buyer/owner during the warranty period as specified in the Rehabilitation Contract. Such claims should be made to the contractor directly. The Program requires at a minimum all contractors provide a 1-year warranty.

#### **Legal Remedies**

All decisions of the Commission are considered final. The findings of the Commission will be conveyed in writing. If the participant is not satisfied with the action of the Commission, the applicant may take

whatever legal steps he/she deems necessary and all costs shall be the responsibility of the applicant/participant.

### **The Program Rights**

The City Administrator, staff or Commission members may present evidence and all or any information pertinent to the issues of the Informal Hearing. The City Administrator, staff and board members have the right to examine relevant documents before the Informal Hearing.

The Program shall be notified if any party intends to be represented by legal counsel or another party at least 5 days prior to hearing. The Program has the right to have its attorney present and have any staff person or board member familiar with the case present.

## **Accounting & Record Keeping**

### **General Recordkeeping Guidelines**

- All records must be kept for three years after the latest of:
  - The date by which all homes have been sold to Low-Moderate Income Households
  - The date the project has been completed
  - The date by which all issues resulting from litigation, negotiation, audit, or other action have been resolved and final action taken
  - For all real property acquired with HUD funds, the date of final disposition
- Records maintained must be kept confidential. Only authorized staff, HUD, or the State of Colorado shall have access to them. However, upon written request of an affected person, WURA shall give the person the opportunity to inspect and copy records pertinent to his/her case, except materials which are classified as confidential.

### **Real Property Acquisition Recordkeeping**

- Identification of Project Area: street map showing all parcels to be acquired for the project or the proposed area in which parcels will be identified for acquisition at a later date.
- Maintain a list of parcels acquired and to be acquired for the project
- Proof that the house was vacant for one year and a record of personal property must be recorded on: date of initial contact and date of acquisition. A sample form is attached as "Residential Relocation Management Report."
- For each property acquired and each property for which acquisition was initiated but not completed (voluntary acquisition which was not completed), a separate case file should be created to include the documentation necessary to substantiate the agency's actions and compliance with URA. See example form "Acquisition Checklist". It is important to maintain copies of each of the below items in their respective files.
  - Voluntary Acquisition Notice or Notice of Interest to Owner (Eminent Domain), URA brochure (Exhibit), and evidence of delivery by signature on a receipt (Post Office or other)
  - Certification of Occupancy of the property for the prior 12-month period.
  - Appraisal(s) and review appraisal(s), WURA Waiver Valuation (if applicable), evidence that owner was offered opportunity to accompany appraiser during property inspection

- Written establishment of just compensation signed by authorized WURA official. Offer letter(s) and summary statements that outline the basis for the offer of just compensation
- Records of negotiations with property owner
- Administrative settlement documentation and support (if applicable)
- Eminent domain filings, court decisions (if applicable)
- Closing statements (HUD-1), title documents (preliminary opinion and final opinion), copy of recorded deed indicating book and page, and claim forms of Copies of any inspection(s) of personal property at the property

#### **Other Recordkeeping**

- Documentation of compliance with the federal procurement requirements at 2 CFR 200.317-200.326
- Site Specific Environmental Clearance
- Documentation that the homes/lots were sold at Affordable Sales Prices
- Documentation of compliance with DOLA program requirements, including, without limitation:
  - Section 3
  - MBE/WBE
  - HQS Inspections
- Before and after photos
- Citizen Participation Plan
- Residential Anti Displacement/Relocation Assistance Plan
- Excessive Force Policy
- Applicant Statement of Assurances and Certifications
- Sam.gov clearance
- HQS Inspections
- Owner/Contractor Agreement
- Certificate of completion
- Lien waivers
- Eligible Immigration Status
- Income verification
- HQS inspections

#### **General Ledger**

The Program fund within the WURA includes a balancing general ledger and financial statements which have been set up specifically for the Program. Each project has a unique number which identifies the source of funds and address of the house.

#### **Keeping Accounts Separate**

Within the fund, the sources (i.e., matching money, Program income, revolving funds, or CDBG funds) and uses are segregated by address so that at any time the Commission may review the status of the Program by each address.

### **Reporting to the Commission**

The City Administrator prepares a report for presentation at the Commission meetings. The report reflects a snap-shot of the current activity and balance in each fund. The City Administrator also presents a full status report on the number of homes rehabilitated and completed and the number remaining to be rehabilitated at the Commission meeting. The Commission can request additional information such as balance sheets, operating statement and/or audits for the Program.

### **Reporting to the State of Colorado Division of Housing (DOH)**

The City's Finance Department, which serves as the accounting arm of the Commission is audited as required by the State of Colorado Division of Housing (DOH). The Program will comply with format and reporting procedures outlined by DOH in its Monitoring Manual.

DOH requires that a Fiscal and Program Report to be filed quarterly when a Contract with DOH is open. That report is completed by the City Administrator and submitted to DOH by the required deadlines provided in the agreement.

### **Program Income**

Program income is defined as all revenues received by the Program which result directly from a DOH subsidized activity. Program Income and expenditures must be reported to the DOH on a quarterly basis during the term of the contract, and biannually thereafter. Program Income includes, but is not limited to:

- Proceeds from the sale of acquired real property
- Interest earned

All income generated by the Program will be used to provide funds that would be available to other properties for demolition/rehabilitation. All funds are subject to DOH guidelines and regulations. (See DOH Program guidelines for full details.)

### **Audit by an Independent Auditing Firm**

The Program books are audited during the City of Walsenburg's annual audit because WURA is considered a Component Unit of the City. That audit is performed by an independent auditing firm. A copy will be sent annually to the Colorado Division of Housing.

### **Audit by the State of Colorado Division of Housing (DOH)**

DOH conducts a comprehensive on-site audit of the Program books and records prior to acceptance of the Project Completion Report (HOME/CDBG project close-out Report). In some cases, DOH may choose to conduct additional reviews in certain performance and compliance areas more than once during the course of the project.

EXHIBIT 1 – SAMPLE VOLUNTARY ACQUISITION NOTICE

GUIDEFORM

- VOLUNTARY ACQUISITION –

- Informational Notice - (Agencies With Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear :

The Walsenburg Urban Renewal Authority is interested in acquiring property you own at (address) for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the program.

We are prepared to offer you (\$) to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

Please be advised that the Walsenburg Urban Renewal Authority possesses eminent domain authority to acquire property, however, we will not pursue your property acquisition under eminent domain.

If you have any questions about this notice or the proposed project, please contact \_\_\_\_\_, City Administrator, 525 S Albert Ave, Walsenburg, CO 81089, 719-695-1030.

Sincerely,

City Administrator



EXHIBIT 1 – SAMPLE VOLUNTARY ACQUISITION NOTICE

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., certified mail, return receipt requested) and the date of delivery.
2. Tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be so informed per 49 CFR 24.2(a)(15)(iv) – Initiations of negotiations, and 49 CFR 24 Appendix A - 24.2(a)(15)(iv).
3. This guide form may only be used if all of the requirements of 49 CFR 24.101(b)(1)(i)-(iv) are met.
4. This is a guide form. It should be revised to reflect the circumstances.

EXHIBIT 2 – SAMPLE INVOLUNTARY ACQUISITION NOTICE OF INTEREST

GUIDEFORM NOTICE TO OWNER - INVOLUNTARY ACQUISITION - (Threat/Use Of Eminent Domain)

Grantee or Agency Letterhead

(date)

Dear :

The Walsenburg Urban Renewal Authority (WURA) is interested in acquiring property you own at (address) for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the program.

The purpose of this notice is to inform you of your rights under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). Enclosed is a HUD brochure entitled "When A Public Agency Acquires Your Property". This brochure provides useful information about the public acquisition of real property (real estate) under the URA. At this stage, your property is only under consideration for acquisition. This notice is not a contractual offer or commitment to purchase your property.

If your property is selected for acquisition, under the URA, you will have the right to receive just compensation for your property. In order to determine the amount of just compensation to be offered to you, an appraisal of your property would be required. In such a case, an appraiser will contact you to provide you an opportunity to accompany him or her on the inspection of your property. It would be in your best interest to accompany the appraiser during the property inspection so that you can point out any unique features of your property which should be considered in the valuation process and so that you can also answer any questions the appraiser may have.

For your information, WURA possesses eminent domain authority to acquire the property needed for this project, however, our goal is to attempt to negotiate amicable agreements for all property acquisitions prior to its use. If negotiations fail, acquisition under eminent domain may be considered.

If you have any questions about this notice or the proposed project, please contact (name) , City Administrator, 525 S Albert Ave, Walsenburg, CO 81089, 719-695-1030 .

Sincerely,

(name)  
City Administrator

Enclosure

## EXHIBIT 2 – SAMPLE INVOLUNTARY ACQUISITION NOTICE OF INTEREST

WHEN A PUBLIC AGENCY

ACQUIRES YOUR PROPERTY U.S. Department of

[www.hud.gov/relocation](http://www.hud.gov/relocation)

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

### Introduction

This booklet describes important features of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and provides general information about public acquisition of real property (real estate) that should be useful to you.

Most acquisitions of real property by a public agency for a Federal project or a project in which Federal funds are used are covered by the URA. If you are notified that your property will be acquired for such a project, it is important that you learn your rights under this important law.

This booklet may not answer all of your questions. If you have more questions about the acquisition of your property, contact the Agency responsible for the project. (Check the back of this booklet for the name of the person to contact at the Agency.) Ask your questions before you sell your property. Afterwards, it may be too late.

### General Questions

#### **What Right Has Any Public Agency To Acquire My Property?**

The Federal Government and every State government have certain powers which are necessary for them to operate effectively. For example, they have the power to levy taxes and the power to maintain order. Another government power is the power to acquire private property for public purposes. This is known as the power of eminent domain.

The rights of each of us are protected, however, by the Fifth and Fourteenth Amendments of the U.S. Constitution and by State constitutions and eminent domain laws which guarantee that if a public agency takes private property it must pay "just compensation" to the owner. The URA provides additional protections, as explained in this booklet.

### **Who Made The Decision To Buy My Property?**

The decision to acquire a property for a public project usually involves many persons and many determinations. The final determination to proceed with the project is made only after a thorough review which may include public hearings to obtain the views of interested citizens.

If you have any questions about the project or the selection of your property for acquisition, you should ask a representative of the Agency which is responsible for the project.

### **How Will The Agency Determine How Much To Offer Me For My Property?**

Before making you an offer, the Agency will obtain at least one appraisal of your property by a competent real property appraiser who is familiar with local property values. The appraiser will inspect your property and prepare a report that includes his or her professional opinion of its current fair market value. After the appraiser has completed his work, a review appraiser will examine the appraisal report to assure that the estimate is fair and the work conforms with professional appraisal standards.

The Agency must offer you "just compensation" for your property. This amount cannot be less than the appraised fair market value of the property. "Just compensation" for your property does not take into account your relocation needs. If you are eligible for relocation assistance, it will be additional.

### **What Is Fair Market Value?**

Fair market value is sometimes defined as that amount of money which would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy. In some areas a different term or definition may be used.

The fair market value of a property is generally considered to be "just compensation." Fair market value does not take into account intangible elements such as sentimental value, good will, business profits, or any special value that your property may have for you or for the Agency.

### **How Does An Appraiser Determine The Fair Market Value Of My Property?**

Each parcel of real property is different and therefore no single formula can be devised to appraise all properties. Among the factors an appraiser typically considers in estimating the value of real property are:

- How it compares with similar properties in the area that have been sold recently.
- How much rental income it could produce.
- How much it would cost to reproduce the buildings and other structures, less any depreciation.

### **Will I Have A Chance To Talk To The Appraiser?**

Yes. You will be contacted and given the opportunity to accompany the appraiser on his or her inspection of your property. You may then inform the appraiser of any special features which you believe may add to the value of your property. It is in your best interest to provide the appraiser with all the useful information you can in order to ensure that nothing of allowable value will be overlooked. If

you are unable to meet with the appraiser, you may wish to have a person who is familiar with your property represent you.

#### **How Soon Will I Receive A Written Purchase Offer?**

Generally, this will depend on the amount of work required to appraise your property. In the case of a typical single-family house, it is usually possible to make a written purchase offer within 45 to 60 days of the date an appraiser is selected to appraise the property.

Promptly after the appraisal has been reviewed (and any necessary corrections obtained), the Agency will determine just compensation and give you a written purchase offer in that amount along with a "summary statement," explaining the basis for the offer. No negotiations are to take place before you receive the written purchase offer and summary statement.

#### **What Is In The Summary Statement Of The Basis For The Offer Of Just Compensation?**

The summary statement of the basis for the offer of just compensation will include:

- An accurate description of the property and the interest in the property to be acquired.
- A statement of the amount offered as just compensation. (If only part of the property is to be acquired, the compensation for the part to be acquired and the compensation for damages, if any, to the remaining part will be separately stated.)
- A list of the buildings and other improvements covered by the offer. (If there is a separately held interest in the property not owned by you and not covered by the offer (e.g., a tenant-owned improvement), it will be so identified.)

#### **Must I Accept The Agency's Offer?**

No. You are entitled to present your evidence as to the amount you believe is the fair market value of your property and to make suggestions for changing the terms and conditions of the offer. The Agency will consider your evidence and suggestions. When fully justified by the available evidence of value, the offer price will be increased.

#### **May Someone Represent Me During Negotiations?**

Yes. If you would like an attorney or anyone else to represent you during negotiations, please inform the Agency. However, the URA does not require the Agency to pay the costs of such representation.

#### **If I Reach Agreement With The Agency, How Soon Will I Be Paid?**

If you reach a satisfactory agreement to sell your property and your ownership (title to the property) is clear, payment will be made at a mutually acceptable time. Generally, this should be possible within 30 to 60 days after you sign a purchase contract. If the title evidence obtained by the Agency indicates that further action is necessary to show that your ownership is clear, you may be able to hasten the payment by helping the Agency obtain the necessary proof. (Title evidence is basically a legal record of the ownership of the property. It identifies the owners of record and lists the restrictive deed covenants and recorded mortgages, liens, and other instruments affecting your ownership of the property.)

### **What Happens If I Don't Agree To The Agency's Purchase Offer?**

If you are unable to reach an agreement through negotiations, the Agency may file a suit in court to acquire your property through an eminent domain proceeding. Eminent domain proceedings are often called condemnations. If your property is to be acquired by condemnation, the Agency will file the condemnation suit without unreasonable delay.

An Agency may also decide not to buy your property, if it cannot reach agreement on a price, and find another property to buy instead.

### **What Happens After The Agency Condemns My Property?**

You will be notified of the action. Condemnation procedures vary, and the Agency will explain the procedures which apply in your case.

Generally, when an Agency files a condemnation suit, it must deposit with the court (or in an escrow account) an amount not less than its appraisal of the fair market value of the property. You should be able to withdraw this amount, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property.

During the condemnation proceeding, you will be provided an opportunity to introduce your evidence as to the value of your property. Of course, the Agency will have the same right. After hearing the evidence of all parties, the court will determine the amount of just compensation. If that amount exceeds the amount deposited by the Agency, you will be paid the difference, plus any interest that may be provided by law.

To help you in presenting your case in a condemnation proceeding, you may wish to employ an attorney and an appraiser. However, in most cases the costs of these professional services and other costs which an owner incurs in presenting his or her case to the court must be paid by the owner.

### **What Can I Do If I Am Not Satisfied With The Court's Determination?**

If you are not satisfied with the court judgment, you may file an appeal with the appropriate appellate court for the area in which your property is located. If you are considering an appeal, you should check on the applicable time limit for filing the appeal and consult with your attorney on whether you have a basis for the appeal. The Agency may also file an appeal if it believes the amount of the judgment is too high.

### **Will I Have To Pay Any Closing Costs?**

You will be responsible for the payment of the balance on any mortgage and other liens on your property. Also, if your ownership is not clear, you may have to pay the cost of clearing it. But the Agency is responsible for all reasonable and necessary costs for:

- Typical legal and other services required to complete the sale, recording fees, revenue stamps, transfer taxes and any similar expenses which are incidental to transferring ownership to the Agency.
- Penalty costs and other charges related to prepayment of any recorded mortgage on the property that was entered into in good faith.

- Real property taxes covering the period beginning on the date the Agency acquires your property.

Whenever possible, the Agency will make arrangements to pay these costs directly. If you must incur any of these expenses yourself, you will be repaid--usually at the time of closing. If you later discover other costs for which you should be repaid, you should request repayment from the Agency immediately. The Agency will assist you in filing a claim. Finally, if you believe that you were not properly repaid, you may appeal the decision to the Agency.

#### **May I Keep Any Of The Buildings Or Other Improvements On My Property?**

Very often, many or all of the improvements on the property are not required by the Agency.

This might include such items as a fireplace mantel, your favorite shrubbery, or even an entire house. If you wish to keep any improvements, please let the Agency know as soon as possible.

If you do arrange to keep any improvement, the Agency will deduct only its salvage value from the purchase price you would otherwise receive. (The salvage value of an item is its probable selling price if offered for sale on the condition that the buyer will remove it at his or her own expense.) Of course, if you arrange to keep any real property improvement, you will not be eligible to receive a relocation payment for the cost of moving it to a new location.

#### **Can The Agency Take Only A Part Of My Property?**

Yes. But if the purchase of only a part of your property reduces the value of the remaining part(s), you will be paid for the loss in value. Also, if any remaining part would have little or no utility or value to you, the Agency will offer to buy that remaining part from you.

Occasionally, a public project will increase the value of the part which is not acquired by the Agency. Under some eminent domain laws, the amount of such increase in value is deducted from the purchase payment the owner would otherwise receive.

#### **Will I Have To Pay Rent To The Agency After My Property Is Acquired?**

If you remain on the property after the acquisition, you may be required to pay a fair rent to the Agency. Such rent will not exceed that charged for the use of comparable properties in the area.

#### **How Soon Must I Move?**

If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for your property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice.

If you reach a voluntary agreement to sell your property, you will not be required to move before you receive the agreed purchase price. If the property is acquired by condemnation, you cannot be required to move before the estimated fair market value of the property has been deposited with the court so that you can withdraw your share.

If you are being displaced from your home, you will not be required to move before a comparable replacement home is available to you.

**Will I Receive Relocation Assistance?**

Title II of the URA requires that certain relocation payments and other assistance must be provided to families, individuals, businesses, farms, and nonprofit organizations when they are displaced or their personal property must be moved as a result of a project that is covered by the URA.

The Agency will furnish you a full explanation of any relocation assistance to which you may be entitled. If you have any questions about such assistance, please contact the Agency. In order

