

## **PHYSICAL NEEDS ASSESSMENT GUIDE**

The Physical Needs Assessment (PNA) is required for all rehabilitation and/or renovation applications, including Historic properties, being presented for potential funding from programs administered by the DCA Office of Affordable Housing.

All construction work scopes must give consideration to the marketability of the property including the upgrading of the exterior appearance of the buildings, the interior of the units, energy efficiency upgrades and the site conditions. DCA requires upgrades to the property that will improve the marketability and quality of life for the residents. These upgrades should be reflected in the Threshold and Scoring portions of the DCA Application.

The Physical Needs Assessment Report must include all immediate needs identified on the property, and a comprehensive work scope that incorporates all immediate needs and all upgrades that will improve the property and meet the DCA requirements along with a detailed construction cost estimate. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL Tables for repair or replacement of components. Additional work to be completed beyond the immediate work scope to improve the property must not substitute components or systems that are recommended in the Physical Needs Assessment. Any major (“big ticket”) components with a Effective Remaining Life of less than 15 years and minor components with a Effective Remaining Life of less than five (5) years must be included in the work scope for immediate replacement. It is expected that the property as a whole will exceed the life of the Compliance Period or HOME loan, whichever is greater, by five years. The report must include a 20 year replacement reserve study with no capital replacements within the first five years apart from regular maintenance and turn key operations that are part of the management and operation of the property.

All rehabilitation work scopes must meet the applicable federal and state accessibility laws and DCA requirements. This includes DCA requirements for 5% of the units to be equipped for the physically disabled, with an additional 2% to be equipped for the hearing and sight impaired. See DCA Accessibility Guide contained within the DCA Application Manual for further guidance.

Refer to the Architectural Standards contained in this manual for further guidance to the DCA minimum construction quality standards.

The Physical Needs Assessment Report must address the immediate needs for all existing conditions on the site, and must contain an analysis of the site in relation to all applicable building codes. Immediate Needs must include the replacement of all minor components with a useful life of less than five years and all major components with a useful life of less than 15 years. The Report must state whether or not there are violations of the referenced building codes and if there are any conditions that might threaten the health and/or safety of current or future residents. In addition to the immediate needs work scope and cost estimate, a comprehensive work scope and construction cost estimate must include all other work contemplated on the property to meet DCA requirements, environmental remediation, market considerations and the scoring selections indicated in the formal application. This work scope must be compiled by the Applicant/Owner, the architect, engineer and the construction contractor. The work scope must contain the recommendations to correct any conditions identified in the Physical Needs Assessment Report, building code investigation, applicable federal and state accessibility standards and the Environmental Site Assessment, Phase I (and Phase II as applicable).

The Physical Needs Assessment investigation and Report must be undertaken and completed by a competent professional in the construction industry. **The report must include a resume of the education, background and experience of the individual or company** presenting this assessment. The Report must also include three letters of recommendation and endorsement attesting to the Consultant's prior work. At least one of these references should be from a real estate development or construction firm, that used the Consultant to support a real estate rehabilitation to completion.

**The Physical Needs Assessment investigation and immediate work scope must be completed by a third party** and not by the applicant, sponsor or owner of the property.

The Report must include a statement that the investigation has been completed in accordance with DCA requirements and the information included is accurate and can be relied upon by DCA as a true evaluation of the existing conditions of the property. The statement must be signed by the Consultant completing the Report.

The inspection and Report must be no more than **6 (six) months** old at the time the

Application is submitted.

DCA reserves the right to verify all information contained in the Report, with an on site inspection of the property, which will be conducted during the application process. DCA reserves the right at its sole and absolute discretion, to decline any property for rehabilitation, if it is determined the work scope and construction cost estimate is inadequate, in that it does not address the issues of the Physical Needs Assessment, does not address major structural issue(s), building code, health, safety or any other conditions observed on the site, or the work scope will not result in safe and decent housing or will not result in a property with a longevity exceeding the life of the HOME loan or the Compliance Period, whichever is greater, of any DCA funding by at least five years.

**Rehabilitation Hard Costs.** Average per unit rehabilitation hard costs must equal or exceed \$20,000 for properties 20 years old or less and the average per unit rehabilitation hard costs equal or exceed \$25,000 for properties that exceed 20 years old. The total hard cost of any rehabilitation project must not exceed 90% of the as-completed unrestricted appraised value of the property. The costs of furniture, fixtures, construction of community buildings and common area amenities are not included in these amounts. In any event, the work scope must represent a minimum construction hard cost expenditure of **\$20,000 per unit for properties 20 years old or less; \$25,000 per unit for properties that exceed 20 years old,** and include the complete replacement of at least two (or more) major (“big ticket”; i.e. HVAC system, roofing system, windows & doors, exterior finishes, utility lines etc) systems or components with an Effective Remaining Life of 15 years or less. All materials, components and systems replacement must be considered with reference to the Expected Useful Life Tables contained in this guide as well as the recommendations contained in the Physical Needs Assessment. All minor systems or components with a remaining useful life of less than 5 years must be replaced under the proposed immediate work scope included in the application. All recommendations of the Physical Needs Assessment, all issues of building code violations, including attic fire and smoke separation and unit fire separation, accessibility, hazardous substances, health and safety must be included in the work scope and construction cost estimate included in the Report. Refer to Appendix I of the Qualified Allocation Plan, Project Feasibility and Viability Analysis and the Architectural Standards for further guidance.

The work scope should propose either a wholesale or piecemeal rehabilitation work

scope for the property. A wholesale rehabilitation is one where the established work scope is identical in all units and buildings on the property. In a piecemeal rehabilitation, the work scope can differ in each unit. This approach is not recommended. However, Applicants choosing to undertake piecemeal rehabilitation must provide both a complete unit-by-unit assessment of the existing property and buildings and a unit-by-unit matrix for the proposed rehabilitation work scope, identifying all work to be completed in each unit and on the property.

Refer to the Architectural Standards for minimum unit/room sizes, ratio of bathrooms/bedrooms, materials and systems requirements and replacement of existing components. DCA may consider waiving minimum requirements for the rehabilitation of existing housing in a situation where new construction is not more appropriate or if Public policy requires consideration. However, as a general rule no project will be accepted for any DCA funding or approved for tax credits if, in DCA's opinion the rehabilitation of the property will not result in improved, safe and decent long term housing.

## **1.0 SPECIFIC GUIDANCE TO THE EVALUATION CONSULTANT**

The purpose of the Physical Needs Assessment is to identify and provide cost estimates for the following key items:

1. Immediate Physical Needs - repairs, replacements and significant maintenance problems that should be addressed immediately. (Particularly to correct any building code violations and health and safety and environmental hazards, identified in the inspection and reporting process)
2. Physical Needs Over the Term - repairs, replacements and significant maintenance problems that will be needed over the next 20 years.

The assessment is based on the Consultant's judgment of the actual physical condition of the improvements and the expected useful life of those improvements. (Note: Refer to Architectural Standards and the Expected Useful Life Tables, for component replacement requirements with reference to Effective Remaining Life.) It is understood that the conclusions presented are based on the Consultant's professional judgment and that the actual performance of individual components after the date of the evaluation may vary.

This guide explains how to use the Fannie Mae Physical Needs Assessment forms. These

forms are provided for guidance to the Property Evaluator and are used by permission of ON-SITE INSIGHT of Needham Ma © 1991 ON-Site Insight, Inc. Use, reproduction and distribution of these materials may be made solely in connection with the Affordable Housing Programs as administered by the Georgia Department of Community Affairs. All other rights reserved.

The forms are intended to help the Consultant conduct a comprehensive and accurate assessment, and to present the results of that assessment in a relatively standard format. As such, these forms must be submitted. However, the forms should not constrain the Consultant from fully presenting his or her concerns and findings. The forms should be supplemented as may be necessary to fully and accurately assess and report on the physical needs of the property.

The Systems and Conditions forms may be computerized to serve the Consultants' needs so long as information is provided on the condition and Effective Remaining Life of all components and the Effective Remaining Life is compared to the standard Expected Useful Life (EUL). The summary forms may also be extended or computerized, for use in association with the DCA affordable housing programs, so long as the basic format is maintained and the same information is presented.

#### **A. Terms of Reference Form**

The Owner/Applicant completes this form for the Consultant. It serves as a reference point for the assessment and provides the Consultant with basic information about the property and the term of the loan. Specific guidance concerning some sections of the form is as presented below:

1. Sampling Expectation

The Owner/Applicant's expectations about the number and/or percentage of dwelling units, buildings and specialized systems to evaluate may be stated. However, at a minimum, the Consultant must inspect all vacant and down units, **PLUS** at least 10% of the occupied units including at least one unit in each building, in order to state **with confidence** the present and probable future condition (EUL) of each system and every unit at the property. If a higher level of sampling is required, the Consultant should so advise the Owner/Applicant, and a higher number of units are to be inspected. The final work scope for the rehabilitation must meet the requirements for the type of

rehabilitation—wholesale or piecemeal (see above). Note: a piecemeal work scope requires a unit-by-unit matrix that accurately delineates the proposed work to be completed in each unit.

Considerations in determining an adequate sample size are age, number of buildings (especially if the property was developed in phases), total number of units, and variations in size, type and occupancy of units. Effective sampling is based on observation of a sufficient number of each significant category. Using the above criteria, categories could include:

- **Buildings by age** (e.g. inspect buildings in the eight (8) year old phase and in the eleven (11) year old phase),
- **Buildings by type** (e.g. row house, walkup, elevator) and/or buildings by construction materials (e.g. inspect the garden / flat-roof / brick buildings. and the garden / pitched-roof / clapboard buildings.).
- **Dwelling units by size.** Sampling a representative proportion of each unit size (0/1/2/3/4 bedrooms) is required.

There may be further categories if units are differently configured or have different occupant types (especially family or elderly). Systems that are not unit specific, such as boilers, compactors, elevators and roofs, will have a one hundred percent (100%) sample.

The overriding objective is to **inspect enough of each type and system to be able to state with confidence the present condition of the property. If the work scope contemplated is piecemeal, 100% of the units and all buildings on the property must be inspected and tabulated to ensure an accurate unit by unit matrix and accompanying work scope.**

## 2. Market Issues

In certain instances, market conditions and the useful life of major and minor components may necessitate action on certain systems. Examples are early kitchen/bathroom replacement or replacement of flooring, vinyl and carpet, new entry paving, special plantings, and redecorated community areas. If the Owner/Applicant has identified such an action, the cost estimate for such action must be included in the work scope. This information must be included in the comprehensive work scope to be compiled by the Owner/Applicant,

architect/engineer and construction contractor.

3. Work In Progress

In some instances, work may be underway (which can be observed) or under contract. When known by the Owner/Applicant, this must be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope in which case percentage complete must be noted.

4. Management-Reported Replacements

The property management should provide the Owner/Applicant with information about prior repairs or replacements that have been completed in recent years. The Owner/Applicant should provide this information to the Consultant to assist in the assessment of these components. The Consultant should include enough units, buildings, or systems in the sample to provide reasonable assurance that the reported repairs or replacements were made and to determine when such repairs were completed.

## **B. Systems and Conditions Forms**

It is the responsibility of the Consultant to assess the condition of **every major system and component** present at a property. All conditions requiring action during the life of the loan or other funding resource must be addressed regardless of whether the action anticipated is a capital or operating expense.

To assist the Consultant in reviewing all systems at a property, Systems and Conditions Forms are provided. Each form lists a group of systems typically related by trade and/or location. The forms are Site, Architectural, Mechanical and Electrical, and Dwelling Units. While the forms have several columns in which information may be recorded, in many instances only the first three columns will be completed. If the condition of a system or component is acceptable, the Effective Remaining Life exceeds the term of the mortgage by five (5) years, and no action is expected or required, no other columns need to be completed.

The report is not expected to identify minor, inexpensive repairs or other maintenance items that are clearly part of the property owner's current operating responsibility as long as these items appear to be maintained on a regular basis. Examples of such minor

operating items are occasional window glazing replacement and/or caulking, minor plumbing repairs, and annual HVAC and appliance servicing, turn key operations such as painting and carpeting etc. However, the Consultant **must** comment on such items in the report if they do not appear to be routinely addressed or are in need of immediate repair. The Consultant **must** also report on any **violations of all applicable building codes** observed and documented during the inspection process.

The report is expected to address “big ticket” systems/components, all deferred maintenance of any kind, and repairs or replacements that normally involve significant expense or outside contracting. This would apply to major systems/components with Expected Useful Life in excess of 15 years, such as roofing, exterior siding and utility lines as examples. The Consultant must note any suspected environmental hazards seen in the course of the inspection. Confirmation of such suspected environment-related hazards, such as mold, lead-based paint or asbestos containing materials, will be addressed in a separate report prepared by an environmental engineer. **The immediate work scope must include the costs of any abatement or other environmentally related activities in the completed Report.**

The forms can be used both to record actual observations at a specific location and for an overall summary. For example, the architectural form can be used for a specific building (or group of identical buildings) as well as for summarizing all information for buildings at a property. The same is true for the Dwelling Unit form. An unlabeled form is included which can be used as a second page for any of the Systems and Conditions Forms.

In some instances, the Consultant will note systems/components that, while still functional, may reduce marketability of the property. For example, appliances in outmoded colors and designs may have such an impact on the marketability at some properties. The Consultant should note these items, discuss them with the Owner/Applicant, and provide separate estimates of the cost to replace such items if requested.

### **1. Items (EUL)**

Each of the forms has a number of frequently occurring systems and components listed. This list represents only the most frequently observed and is not meant to be all-inclusive. **Every system present at the property must be observed and**

**recorded.** Any system not listed on the form may be included in the spaces labeled “Other.” Note that the assessment includes the systems and components in both residential and non-residential structures, thus, community buildings, management offices, pools, and other areas are included.

The Expected Useful Life (EUL) figure that appears in parentheses after the Item is taken from the Expected Useful Life Table provided in this section. This table provides standard useful lives of many components typically found in apartment complexes. In some instances the parentheses do not contain a number because of various types of similar components with differing useful lives. The Consultant should turn to the Expected Useful Life Table (EUL) and select and insert the appropriate Expected Useful Life (EUL) number.

*Note: DCA recognizes that the Expected Useful Life Tables represent reasonable estimates of the expected life of the various components. If DCA receives substantial material to the effect that one or more of the estimates are inappropriate, DCA will make adjustments. Until such changes are made, the Tables provide a useful and consistent standard for all Consultants to use. They avoid debate on what the appropriate expected life is and permit focus on the Consultant's judgment of the effective remaining life of the actual component in place, as discussed below.*

## **2. Age**

The Consultant should insert the actual age of the component. If the actual age is unknown, an estimate is acceptable. If there is a range in age (for example, components replaced over time), the Consultant may note the range (i.e., 5-7 years) or may use several lines for the same system, putting a different age of that system on each line.

## **3. Condition**

This space is provided to indicate the condition of the component, generally excellent, good, fair, or poor, or a similar and consistent qualitative evaluation.

## **4. Effective Remaining Life**

This space is provided for the Consultant to indicate the remaining life of the component as is. For standard components with standard maintenance, the

Expected Useful Life Table provided by DCA should be used to determine Effective Remaining Life by deducting the Age from Expected Useful Life (EUL). However, this should not be done automatically. A component with unusually good original quality or exceptional maintenance could have a longer life. On the other hand, if the component has been poorly maintained or was of below standard original quality, the useful life could be shorter than expected. **The Consultant should apply his or her professional judgment in making a determination of the Effective Remaining Life.**

If the Effective Remaining Life is longer than the term of the loan or Compliance Period, plus five (5) years, no deferred maintenance exists, and no action needs to be taken during the life of the loan, and no other columns need to be filled out. The only exception may be “Diff?” (Difference), as discussed below. This should be noted when the Consultant’s estimate of the Effective Remaining Life varies by more than two years from the standard estimate. If the Effective Remaining Life is less than five (5) years (or in the case of a major “big ticket” component the Effective Remaining Life is less than 15 years), the item must be included in the current work scope for immediate replacement.

#### **5. “Diff?” (Difference)**

The age of the component should be deducted from the Expected Useful Life (EUL) in parentheses and the answer compared to the Effective Remaining Life estimated by the Consultant. Where there is a difference of over two years, the Consultant should insert a footnote number in the “Diff?” column and provide, in an attached list of footnotes, a brief statement of why, in his or her judgment, the Effective Remaining Life of the component varies from the standard estimate. This approach provides consistency among Consultants while making best use of the Consultant’s professional judgment.

#### **6. Action**

If any action is required -- immediately, over the life of the loan, or within three years thereafter -- the action should be recorded as repair, replace or maintain. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor. Replace is used when the entire item is to be replaced, Maintain is used where special, non-routine maintenance is required, such as the resurfacing of a swimming pool. In cases where repair or

maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

### **7. Now?**

If the item involves a threat to the immediate health and safety of the residents, clearly affects curb appeal, will result in more serious problems if not corrected, or should otherwise be addressed as part of an immediate repair, maintenance or replacement program, this space should be checked. Replacements that may be needed in year one through year five, must be checked, and must be included in the immediate work scope of the current application.

### **8. DM (Deferred Maintenance)**

The “DM” space is marked in any instances where current management practice is clearly inadequate and the Owner/Applicant’s attention should be called to the item, even if no major expenditure or significant labor may be required.

### **9. Quantity**

For items requiring action, the Consultant should note the quantity of the system, with the applicable unit of measure entered (each, unit, square feet, square yards, linear feet, lump sum, etc.).

### **10. Field Notes**

This space, as well as attachments, may be used to record the type of component (16 cf, frost free, Hotpoint), the problem (valves leaking) or other information (consider replacement for marketing purposes, replace 30% per year, work in progress, etc.) that the Consultant will need to complete the Evaluator’s Summary.

### **11. Sample Form**

The following is an example of how the Dwelling Unit Systems and Conditions Form should be used. The example presumes an eleven (11) story building containing one- and two-bedroom units. There are 100 units. The age of the building is 10 years. The term of the proposed loan is 10 years.

1. Countertop/sinks are 10 years old. Condition is excellent, with an

Effective Remaining Life of 10 years. This is significantly different from the anticipated Effective Remaining Life of 0 (an EUL of 10 years minus an Age 10 years). Therefore, there is a footnote entry “0” in the Diff? (Difference) column. The footnote will indicate that this item is made of an exceptionally durable material (Corian), along with a top quality stainless steel sink. No capital need would be reported if the Consultant’s estimate of an Effective Remaining Life of 10 years+ is beyond the term of the resource +5 years.

2. Refrigerators are also original, reported as 16 cf frost free Hotpoints. Replacement is expected around the Effective Remaining Life, noted as 20% annually and beginning in the 5th year of the loan when the refrigerators are 15 years old. In this case all refrigerators must be replaced as part of the current work scope.
3. Disposals range from new to original (Age = 0-10) 20 % per year replacements will be needed starting in year 1. The Consultant notes that disposals appear to be replaced as part of the development’s normal maintenance operations. In this case all disposals must be replaced as part of the current work scope.
4. Bath fixtures are original, and in good condition. No replacement is expected to be required during the term +5 years. The note indicates that they are “dated looking”, which may prompt a market consideration for replacement or refinishing as is appropriate.
5. Ceiling is a special entry. The “04” stack of units has experienced water damage to ceiling from a major plumbing leak. This is noted for repair NOW. As this apparently occurs in all 10 units in this stack and therefore is likely to have more than a modest cost, this action would be reported on the Immediate Physical Needs summary form.

### **C. Evaluator’s Summary: Immediate Physical Needs**

All of the items for which Now? is checked on the Systems and Conditions Forms are transferred to this form. This form provides for the listing of Items, Quantity, Unit Cost and Total Cost of each system needing immediate replacement. The Item and Quantity

are transferred directly from the Systems and Conditions Form.

1. Unit cost:

This is the cost per unit (sf, ea, lf, etc.) in current dollars to implement the required action. The source of the cost estimate should be listed in a separate attachment. The sources may include a third-party estimation service (e.g., R. S. Means: Repair and Remodeling Cost Data), actual bid or contract prices for the property, estimates from contractors or vendors, the Consultant's own cost files, or published supplier sources.

2. Total Cost:

This is the result of multiplying the quantity times the unit cost. It is expressed in current year dollars.

3. DM (Deferred Maintenance):

If the item evidences deferred maintenance, this column is checked.

4. Comments:

The comments column, should clearly provide information on the location and the nature of problem being addressed. The information should be adequate for the owner to begin to implement the action for each item.

#### **D. Evaluator's Summary: Physical Needs Over The Term**

Those items not listed on the Immediate Physical Needs form, but for which action is anticipated during the Compliance Period or term of the loan plus five years, are listed on this form. The Item and Quantity are transferred directly from the Systems and Conditions Forms. The Unit Cost is calculated in the same manner as on the Immediate Physical Needs Form. Provide any necessary information on the location of action items and the problem being addressed for each item.

1. Cost by Year:

The result of multiplying the quantity times the unit cost, in current dollars, is inserted in the column for the year in which the action is expected to take place. Generally, the Effective Remaining Life estimate provided by the Consultant on the Systems and Conditions Form will indicate the action year. For example, if the Consultant has indicated that the Effective Remaining Life of the parking lot paving is 4 years, the cost, in current dollars, is included in the immediate work scope

2. Total Un-inflated:

After inserting all of the appropriate action items, the Consultant should total the items for each year.

3. Total Inflated:  
The Consultant should multiply the Total Un-inflated time the factor provided to produce the Total Inflated.
4. Total Inflated All Pages:  
The Consultant should include the Total Inflated Dollars for that page and all prior pages.
5. Cumulative Total All Pages:  
The Consultant should insert the Total Inflated Dollars of that year and all prior years.

#### **E. Narrative Conclusion and Attachments**

A complete narrative summary of the property and its components is required. The Consultant should include a concise summary of the conclusions reached concerning the overall condition of the property, its future prospects, and the quality of the current maintenance program.

**Any Building Code violations, or items affecting the health and safety of existing residents should be clearly flagged and included in the immediate work scope and construction cost estimate.**

**DCA requires that the work scope includes unit fire separation. This work scope must include at a minimum attic draft and fire separation to meet current codes, rated party walls and floor/ceiling components and caulking/sealing of all penetrations in these fire assemblies.**

The summary should include a discussion of the sampling approach described above, and any market issues which the Consultant believes may be appropriate to address or noted by the Owner/Applicant. The narrative, the forms used and the attachments (footnotes explaining differences, information regarding sources of costs, and, if necessary, information needed to identify the location and type of problem addressed in the Evaluator's Summary: Physical Needs Over the Term) should be supplied to the Owner/Applicant and included in all applications for funding from DCA.

#### **F. Construction Work Scope and Cost Estimate:**

The immediate work scope based on the Physical Needs Assessment must be included in the Report with a construction cost estimate. The immediate work scope must include

costs for all identified code violations, health and safety violations, removal/abatement of all identified hazardous materials as applicable, sound remediation as applicable and repair/replacement of all systems/components that do not meet the requirements delineated in this Manual. This information must be prepared by the Consultant completing the investigation and the Report. The immediate work scope must include all recommendations relating to the condition of the existing property.

**In addition the Applicant/Owner in association with the Architect/Engineer and Construction Contractor, must prepare a comprehensive work scope and construction cost estimate for the property. This comprehensive work scope must include a complete budget for all work to be completed in all units, including:**

- 1. immediate work scope from the Report**
- 2. scoring upgrades as indicated in the DCA Application including amenities construction**
- 3. issues identified in the Phase I and II environmental reports such as hazardous materials and noise remediation**
- 4. all costs associated in complying with applicable federal and state accessibility laws and DCA requirements. This includes DCA requirements for 5% of the units to be equipped for the physically disabled, with an additional 2% to be equipped for the hearing and sight impaired. See DCA Accessibility Guide contained within the DCA Application Manual for further guidance.**

**A unit by unit breakdown of construction in the residential units is required for a ‘piecemeal’ work scope.**

## **2.0 SPECIAL REPAIR AND REPLACEMENT REQUIREMENTS**

While performing a property inspection, the Consultant must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements. If any of the following requirements are not met or if the Consultant determines that the following conditions (or others) are present, **the Consultant must contact the Owner/Applicant immediately to discuss the timing as well as the cost of the repairs or replacements.**

The Consultant should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment. These items should also be part of the immediate work scope contained in the application.

1. Building Code Violations:

Any code violation identified must be clearly and adequately addressed. Code violations must be categorized according to health and safety of any existing tenants, and must be the first items listed and remediated. This includes handrails, smoke detectors, compliance with current electrical and mechanical codes and state energy and accessibility code items. All attic construction must include fire and smoke separation to meet the most current codes. All units must have fire separation walls and floor/ceiling assemblies to meet current codes, and all penetrations through such fire separations must be sealed/caulked to meet current fire codes. **Fire separations that do not meet current codes will not be ‘grandfathered’ in, and DCA requires these upgrades whether or not local codes require the modifications.**

2. Minimum Electrical Capacity:

Each apartment unit must have sufficient electrical capacity (amperage) to handle the number of electrical circuits and their use within an apartment. Therefore, the Consultant must determine, based on referencing the most current National Electric Code as well as local building codes, to determine the minimum electrical service needed. In any event, that service must not be less than 100 amperes or as per code.

3. Electrical Circuit Overload Protection:

All apartment unit circuits, as well as electrical circuits elsewhere in an apartment complex, must have circuit breakers as opposed to fuses as circuit overload protection.

4. Aluminum Wiring:

In all cases where aluminum wiring runs from the panel to the outlets of a unit, the Consultant’s inspection should ascertain that the aluminum wiring connections (outlets, switches, appliances, etc.) are made to receptacles rated to accept aluminum wiring or that corrective repairs can be done immediately by the Owner/Applicant.

5. Polybutylene Piping:

In all case where polybutylene piping is identified on the property, an investigation must be conducted to adequately confirm the condition and

performance of the plumbing system. The Consultant must document the investigation and provide an opinion on the system and whether or not the piping should be repaired or replaced. Particular note must be made of the condition of the fittings, and in all cases the last 3'-0" of the hot water lines from the water heater must be replaced with copper piping if this is identified as polybutylene piping.

6. All minor components of the project, that have less than five (5) years Effective Remaining Life and all major components that have less than fifteen (15) years Effective Remaining Life, must be replaced as part of the immediate construction work scope. Refer to the Expected Useful Life Table (EUL) which can be used to determine whether a component is in need of replacement. See the Qualified Allocation Plan and the Architectural Standards for life expectancy requirements for the completed property.

- Roof Replacement: If 50% or more of the roof needs replacement, the entire roof must be replaced. The replacement should include roof structure, roof decking and underlayment as is necessary.
- Plumbing/Electrical Systems: If 50% of the system needs replacement, the entire system must be replaced. This would include all piping for the plumbing system and all wiring for the electrical system.
- Site sewer pipelines and site water pipelines that have less than five (5) years Effective Remaining Life or have been in place for more than 30 years must be investigated as part of the immediate work scope and either repaired or replaced. If more than 50% of the pipelines of either or both systems are identified as leaking or failed, the entire pipelines of whichever or both systems identified must be replaced.
- HVAC: If there is less than five (5) years Effective Remaining Life in the major heating and cooling components or the major components do not meet applicable building codes, the entire system must be replaced. The duct system must be replaced as required to meet applicable codes, and at minimum, least must be cleaned and sealed to meet current energy codes.

7. Fire Retardant Treated Plywood:

While performing the roof inspection, the Consultant should investigate whether there is any indication that fire-retardant treated plywood was used in the construction of the roof (primarily roof sheathing). This inspection should focus on sections of the roof that are subjected to the greatest amount of heat (e.g., areas that are not shaded or that are poorly ventilated) and, if possible,

inspect the attic for signs of deteriorating fire-retardant treated plywood or plywood that is stamped with a fire rating.

Certain types of fire-retardant treated plywood rapidly deteriorate when exposed to excessive heat and humidity or may cause nails or other metal fasteners to corrode. Common signs of this condition include a darkening of the wood and the presence of a powder-like substance, warping of the roof and the curling of the shingles. Fire-retardant treated plywood is most likely to be in properties with pitched, shingled roofs that were constructed after 1981.

### **3.0 HISTORIC REHABILITATION GUIDELINES**

#### **A. Summary**

DCA recognizes that certain projects deemed to be historic in nature may require rehabilitation which varies from the general requirements set forth in the other sections of this PNA Guide. Therefore, if a Preservation Professional, as defined in the Environmental Manual, determines that the proposed project has an adverse effect or is a contributing structure which is either listed in the National Register or is eligible for listing in the National Register (or a lot within such a listed or eligible district) and Georgia State Historic Preservation Office (SHPO) has cleared the proposed activities to proceed, then, depending upon the action approved (rehabilitation, demolition and/or new construction), the general rehabilitation standards set forth in the other Sections of this PNA Guide would not necessarily apply. Applicant must submit to DCA a detailed scope of work which sets forth the proposed rehabilitation or new construction activity in accordance with recommended practices as set forth in *“The Secretary of the Interior’s Standards for Rehabilitation”*.

#### **B. Review the Historical Significance of the Property**

If the historic building is to be rehabilitated, it is critical that the new use not require substantial alteration of distinctive spaces or removal of character defining architectural features or finishes. The construction materials, the form and style of the property, the principal elevations, the major architectural or landscape features, and the principal public spaces constitute some of the elements that should be preserved. Every effort should be made to minimize damage to the materials and features that convey a property’s historical significance. Review of any record documentation on file with the National Register of Historic Places or local preservation commissions and supplemented

with a physical investigation to identify which character defining features and spaces must be protected whenever any changes are anticipated.

### **C. Rehabilitation**

Rehabilitation is defined by the Secretary of the Interior as "the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values." As such, the standards to be applied to specific rehabilitation projects must be done so in a reasonable manner, taking into consideration economic and technical feasibility. The *Secretary of the Interior's Standards for Rehabilitation* should be followed to rehabilitate the property's interior and exterior features, including, but not limited to, windows, doors, siding, masonry, ceilings, walls, floors, closets, fireplaces and floor plans. DCA's environmental requirements, including the testing and abatement (encapsulation) of lead, must be completed. These exterior and interior guidelines can be found at <http://www.nps.gov/history/hps/tps/tax/rhb/stand.htm>. Additional guidance can also be found at [www.nps.gov/history/hps/tps/briefs](http://www.nps.gov/history/hps/tps/briefs)

1. Rehabilitation: prior to the initiation of rehabilitation activities, the Preservation Professional shall review work write-ups or plans and specifications to determine the effects of the proposed activities to historic properties.
2. All rehabilitation work scopes must meet the *Secretary of the Interior's Standards for Rehabilitation* requirements and DCA's guidelines as illustrated in the PNA Assessment Guide.

### **D. Reconstruction (demolition and replacement) of Historic Properties**

The Applicant shall ensure that, to the greatest extent feasible, the reconstruction of any historic structure deemed infeasible for rehabilitation shall be carried out in a manner that is compatible with the architecture of the original unit and/or other buildings within the surrounding historic district in terms of set-backs, size, scale, massing, design, color, features, and materials, and is responsive to the recommended approaches for new construction set forth in the Secretary's *Standards for the Treatment of Historic Properties* (36 CFR Part 68) Therefore, the Applicant shall consult with the Preservation Professional to develop a set of historically compatible model replacement building plans in advance of any planned reconstruction activities which shall be shared with the public during the initial public hearings held. Final construction drawings used in the bidding

process, including elevations, shall be submitted to the Preservation Professional for review and comment and forwarded to SHPO for final approval prior to the award of a construction contract and the initiation of construction activities. If the Applicant determines that the proposed plans and specifications for the reconstruction do not meet the *Standards* as interpreted by the Preservation Professional, the Applicant shall notify the Advisory Council on Historic Preservation and initiate consultation as set forth at 36 CFR Section 800.5 (e). The Applicant shall follow the recordation and demolition guidelines as established by the Secretary of the Interior prior to the start of any demolition activities.

1. New Construction, In-Fill Construction and Additions to Existing Buildings in Historic Districts : the Preservation Professional shall review work write-ups to ensure that all work is compatible with the architecture of the historic district or adjacent historic buildings in terms of set-backs, size, scale, massing, design, color, features, and materials; and is responsive to the recommended approaches for new construction set forth in the *Standards* and input received through the required public notification process.

Questions concerning these requirements should be directed to SHPO and DCA prior to application submission.

**Any modifications of these Architectural Standards for a rehabilitation work scope must be approved in writing by DCA in advance of the project start-up.**