

# Mayor's Office of Housing and Community Development

## City and County of San Francisco

### **PROPERTY INSPECTION AND REPAIRS POLICY** (FOR BMR RESALES)

The Mayor's Office of Housing and Community Development ("MOHCD") of the City and County of San Francisco ("City") requires owners of Below Market Rate units ("BMR units") to maintain the quality of their BMR units. Owners of BMR units ("Owners") must keep their BMR units in compliance with all applicable laws and regulations. If an Owner desires to sell their BMR unit, the Owner is required to ensure the BMR unit is in a good and clean condition for the subsequent Owner. In addition, all appliances, finishes and fixtures must be fully operable and free of deficiencies or any damage. No BMR units may be sold as-is, and any damage by abnormal or excessive wear and tear or because of neglect, abuse, or insufficient maintenance, must be repaired as a condition of resale, including components that are not damaged but have reached the end of their useful lives have to be replaced.

This Property Inspection and Repairs Policy (this "Policy") outlines the obligations of an Owner regarding property inspection requirements and policies and procedures for repairs when selling a BMR unit.

#### **I. Property Inspection Requirements**

To determine a BMR unit's condition and identify repair needs, MOHCD requires that ALL of the following property inspection and disclosure documents be submitted as part of the Owner's request for pricing of a BMR unit, and each document must be dated no earlier than ninety (90) days prior to submission to MOHCD.

**Home/Property Inspection Report:** The Owner must order, at their own cost, a home/property inspection report performed by a certified and independent third party home inspector. The inspection should include, but is not limited to, electrical system, wiring, heating and air conditioning, insulation, plumbing, window and door operation, and functional condition of appliances and finishes.

**Agent Visual Inspection Disclosure (California Association of Realtors Form AVID):** The Owner's listing agent must conduct a reasonably competent and diligent visual inspection of the BMR unit, and fill out the AVID form. Any material fact affecting the BMR unit's value, desirability, and intended use shall be properly disclosed pursuant to California Civil Code 2079.

**Real Estate Transfer Disclosure Statement (TDS):** The Real Estate Transfer Disclosure Statement is a property disclosure statement that includes Owner's mandatory disclosure of specified items and any known adverse material conditions, as well as sections for the Owner's listing agent to comply with diligent visual inspection requirements.

**Seller Disclosure:** A “Seller Disclosure” is a document provided by the Owner to a home buyer that outlines known issues with a property and other historical details, including details about defective appliances or systems, known repair issues or history of leaks or environmental contamination. To the best of their knowledge, the Owner must complete a Seller Disclosure, listing any known issues with the BMR unit and any remodel or improvement to the BMR unit completed without the necessary City permits during the time the Owner owned the home.

## **II. Repair Policies and Procedures**

### **Repair Policies**

The damage that must be repaired include but is not limited to:

- 1) Violations under the San Francisco Building Code (the “Code”) either through visual inspection or notice from the City;
- 2) Defects in electrical system, wiring, heating and air conditioning, insulation, plumbing, and functional condition of finishes.
- 3) Appearance of toxic substances (such as Asbestos, Lead, and/or Mold);
- 4) Needed repair to appliances furnished to owner upon purchase of the property;
- 5) Holes and other defects (except for holes from picture hangers) in walls, ceilings, floors, doors, windows, screens, carpets, countertops and similar appurtenances; and
- 6) Repairs needed, as determined by MOHCD, to put the property into a good and clean condition, including without limitation cleaning and painting.

In order to document completion of the repairs, owners must submit a written list of each repair and cost along with full documentation, such as after-repair pictures, invoices and receipts. Unless waived by MOHCD, correction of any reported repairs that pose immediate health and safety hazard or Code violation must be verified with a certificate of completion or clearance report showing that the home is free and clear of such damage or hazard.

Violations or corrections may be referred to the MOHCD’s Rehabilitation Department for evaluation and program qualification. Please visit MOHCD’s rehabilitation webpage at [www.sfmohcd.org](http://www.sfmohcd.org) for program requirements.

Certain improvements and repairs for the BMR unit that has been occupied for ten (10) or more years may qualify for capital improvement credits. For more information, please see MOHCD’s capital improvements policy located at <https://sfmohcd.org/capital-improvements-and-special-assessments> for.

Tip: to avoid any delay in selling your BMR unit, please follow the attached **Home Inspection and Cleaning Checklist** (Attachment A) to ensure a smooth selling process.

### **Repair Procedures**

In the event any repair is noted, MOHCD will deliver written notice to the Owner specifying the repairs and requesting the repairs be completed as a condition of resale. The Owner must complete the repairs at the Owner's cost prior to listing the BMR unit for sale. In very limited cases, MOHCD may permit the Owner to commence the resale process while completing the documented repairing, but all documented repairs must be completed to the satisfaction of MOHCD before closing escrow.

MOHCD, in its sole discretion, may make reasonable entries upon and inspections of the BMR unit to assess the repairs, view the progress of work, and verify the completion of repairs. MOHCD's approval of any repairs does not guarantee the quality of repair work performed, compliance with the Code, or representation of the costs associated with the repair work. The qualified buyer may obtain additional inspections if necessary to confirm compliance and adequacy of the repairs. In addition, the City will not be held liable for any misrepresentation, false claims or information contained in the Owner's or qualified buyer's inspection reports. The qualified buyer must submit a signed General Release and Waiver of Liability prior to MOHCD's final approval of the sale of the BMR unit.

If MOHCD determines that the documented repairs have been completed to the satisfaction of MOHCD, the Owner will receive written notification of such completed and can continue with the resale process. If MOHCD determines that documented repairs have not been completed, MOHCD may require the owner may to select a contractor from the city-certified vendors to complete the documented repairs to MOHCD's satisfaction. To select a city-certified contractor, please visit <http://mission.sfgov.org/OCABidPublication/>.

Owners who demonstrate a financial hardship may be eligible to apply for a short-term emergency hardship loan through MOHCD. If the Owner is determined to be eligible for an emergency hardship loan, the Owner can use the loan funds to complete the documented repairs, and cause the escrow agent at close of escrow to pay off the emergency hardship loan. The following steps apply:

- 1) The Owner must submit a complete loan application package along with sufficient documentation to justify their financial inability to complete the needed repairs prior to closing.
- 2) If approved by MOHCD, the Owner must utilize a city-certified contractor to complete the needed repairs, and follow the attached **Work & Cost Estimate Sheet** (Attachment B) for the bid process. Please visit <http://mission.sfgov.org/OCABidPublication/> to find a city-certified contractor.
- 3) The Owner must submit at least 2 bids and written confirmation of preliminary choice of contractor to MOHCD for review and approval.
- 4) The Owner must submit a signed letter to MOHCD acknowledging their satisfaction with the repair work before the City issues a payment to the selected contractor.
- 5) At the close of escrow, the escrow agent shall issue a full repayment to the emergency hardship loan, following the City's escrow instructions.

## **Attachment A: Home Inspection and Cleaning Checklist: for Sellers to Follow**

*Note: this checklist addresses the basic property inspection compliance items reviewed by a MOHCD staff prior to approval of marketing the property. The following checklist is meant to be used as tool only and may not be all-inclusive. Please the Property Inspection and Repairs Policy for the detailed guidelines.*

### **1. Complete Your Own Walk-Through**

Take note of not just the sights, but also the smells and sounds that could potentially raise questions. During the walk-through, you may also want to check smoke and carbon monoxide detectors to ensure they're working properly.

### **2. Perform Minor Repairs**

Prior to the home inspection, complete minor repairs that you're capable of doing yourself. Patch holes in the wall (except for holes from picture hangers), replace cracked floor tiles, test all light fixtures and replace any dead lightbulbs.

### **3. Check Appliances**

BMR units must be resold with the same categories of appliances as they were purchased, but the appliances need not be the same one installed at the time of purchase. Run all of those appliances to make sure everything works as it should through the entire cycle, and if you decide to repair or replace anything, do so before the home inspection.

### **4. Gather Receipts and Warranties**

Another important item on your home inspection checklist is to gather all necessary paperwork. Assemble a folder of warranty and maintenance information. Include receipts you've filed away to prove the age of fixtures and appliances. For example, MOHCD may need to know when you last you have your carpet cleaned or replaced to determine any replacement or cleaning is needed.

### **5. Investigate Toilets and Plumbing**

Make sure to check out your plumbing system before your inspection. Many times, running toilets may simply be the result of a bad seal. This small repair can be corrected by purchasing a new flapper prior to the inspector's visit.

### **6. Check for Mold and Mildew**

Mold is a health issue for homebuyers. Even the minor appearance of mold will need to be fixed prior to selling your home. Make sure bathrooms are caulked, and then check for signs of mold and mildew in damp areas of the home, such as bathrooms.

### **7. Change Air-Conditioning and Heater Filters**

A clogged HVAC filter can significantly alter your heater or air-conditioner's performance. Ensure that you change the filters before the inspector tests your system.

## **8. Cleaning**

Make sure you thoroughly clean the entire home including but not limited to:

Surfaces: Throughout the home, thoroughly clean the surfaces of all walls, doors, door framing, trim and baseboards.

Flooring: Clean flooring, vacuum and steam clean the carpeting throughout the home. Treat stains with an appropriate product. If stains cannot be satisfactorily removed, the carpet will need to be replaced.

Windows: Clean all windows, window coverings and window sills, including the interior areas revealed when windows are opened. Remove appearance of stains or rust on the window framing.

Kitchen and Bathroom: Clean all appliances inside and out. Clean out interiors and surfaces of all kitchen and bathroom cabinetry and drawers, as well as hardware and towel bars. Clean all sinks, bathtubs and showers.

If you are unable to thoroughly clean the entire home, you shall hire a cleaning service to have it professionally cleaned.

## **Attachment B: Work and Cost Estimate Sheet Instructions**

### **A. INSTRUCTIONS FOR CONTRACTOR**

1. Price each line item. Do not leave line items blank. General Conditions, profit, overhead and incidentals are to be included within each individual price.
2. Unless qualified, line items left blank will be included in the work and will be assumed to be done at contractor's expense.
3. Estimates may be qualified.
  - a) Submit any estimate qualification with an explanation on a separate sheet of paper.
  - b) Cite the line item and/or the related Scope of Work item and submit with Estimate Sheet.
4. Write the number of days needed to complete the work in spaces provided.
5. Write name of company submitting estimate, signature and title of responsible company representative, and date in spaces provided at end of Estimate Sheet.
6. If addenda have been issued, sign and submit all addenda with Estimate Sheet.
7. Submit all estimates to the PROPERTY OWNER.

### **B. INSTRUCTIONS FOR PROPERTY OWNER**

1. Request at least 2 work & cost estimates from 2 different contractors for price & work comparison.
2. Once all estimates have been provided by the contractors, review and consider each estimate carefully.
3. Submit all estimates and written confirmation of preliminary choice of contractor to the Mayor's Office of Housing and Community Development (MOHCD) for review and approval.

## WORK AND COST ESTIMATE SHEET

**PROJECT ADDRESS:**

Line Item	Description	Price
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
<i>(Add another sheet or attachment if needed)</i>		<b>Estimate Total</b>

Are addenda enclosed with Estimate Sheet? Please check one. **Yes**  / **No**

Completion Time Commitment

This work will be completed within \_\_\_\_\_ days of onsite commencement (do not include time to order windows prior to actual onsite commencement).

\_\_\_\_\_  
Name of Firm Date

\_\_\_\_\_  
Printed Name Signature Title

The contractor must inspect the property. Submission of a bid is presumptive evidence that the bidder has thoroughly examined the site and is conversant with the requirements of the local jurisdiction. The lowest responsible bid is to be held for 90 days. All bids must be provided to MOHCD for review and approval.