

Cost Estimate Rehabilitation Guidelines

Substantial Rehabilitation is defined as: Required repairs, replacements, and improvements which:

- 1) Involve the replacement of two (2) or more major building components,

OR

- 2) Cost exceeds fifteen percent (15%) of the property's replacement cost (fair market value) after completion of all required repairs, replacements, and improvements. (Exclusive of any soft costs)

Major Building Component is defined as: Roof structures, wall or floor structures, foundations, plumbing, central heating and air conditioning, or electrical systems.

- 1) Major refers to the importance of the component and the extent of replacement. The element must be significant to the building and its use, normally expected to last the useful life of the building, and not minor or cosmetic.
- 2) Total replacement is not required, but at least fifty percent (50%) must be replaced.

SCOPE OF WORK AND COST ESTIMATE:

Scope of Work

- 1) Work Write-Up must describe in narrative form the required rehabilitation and be divided as follows:
 - a. General Requirements – Include work items applicable to all elements in the project
 - b. Special Requirements – Describe work for a specific item, room, space, unit, or building
- 2) In cases of “gut” rehabilitation, where only the structure will remain and the drawings and specification will be as detailed as for new construction, the work write-up need only be detailed enough to be the basis for the cost estimate
- 3) Include any Historic requirements
- 4) Work write-up/specifications, at a minimum, must clearly define the scope of the rehabilitation and establish the quality of materials, workmanship, and the conditions of construction.

Required Professional Services – The services of an architect, engineer, or designer, licensed or registered to practice architecture in the State will be required for design and construction of a rehabilitation project when working drawings and specifications are necessary to properly define the scope and concept of the rehabilitation, such as an addition to the existing structure, change in building use, existing spaces are to be altered, or structural changes are necessary.

Cost Estimate - The Cost Estimate must separately identify labor costs and itemize the cost of materials particular to a specific repair or improvement that will be performed. The Cost Estimate must be reasonable for the area in which the property is located. Lump sum costs are permitted only in line items where a lump sum estimate is reasonable and customary.