



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Mayor Laurel Lunt Prussing

**FROM:** Elizabeth H. Tyler, FAICP, Director, Community Development Services

**DATE:** April 8, 2010

**SUBJECT: A RESOLUTION AMENDING HOUSING REHABILITATION PROGRAM OPERATIONAL GUIDELINES AS ORIGINALLY AUTHORIZED BY RESOLUTION NO. 2005-08-012R (CITY OF URBANA HOUSING PROGRAM MANUAL PROGRAM YEARS 2010-2014)**

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### **Description**

Included on the agenda of the April 12, 2010 meeting of the Urbana City Council Committee of the Whole is a resolution for adoption of a revised Housing Program Manual. The manual includes eligibility guidelines and processing procedures for the City's housing programs funded through the Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships (HOME) Program, and other funding sources that the City may acquire, such as the Illinois Department of Public Health Get the Lead Out (GLO) Program, Tax Increment Financing Funds (TIF) and funds from other participating financial institutions. The updated program guidelines would replace current guidelines, which will expire June 30, 2010. The new guidelines would be effective for Program Years 2010-2014 to coincide with the Consolidated Plan term.

### **Issues**

The issue is whether Council should approve the resolution.

### **Background**

City Council has traditionally directed a significant portion of the City's grant funds toward rehabilitation of owner-occupied housing and other housing programs. Federal regulations governing the programs allow the City flexibility in disbursing these funds, provided local guidelines exist to assure that program objectives are met, and funds are expended in an equitable and timely manner. The Housing Program Manual provides the required guidelines and procedures for the programs and projects undertaken by the Grants Management Division of the Department of Community Development Services. This revised manual will run concurrent with the new Consolidated Plan for years 2010-2014.

The proposed Housing Program Guidelines were prepared in order to structure housing assistance in accordance with a household's financial need. Very low-income households (below 50% of the area median income) are offered grants and/or a combination of grants and deferred loans (due upon sale of the property, then at no interest). Households with greater financial means are offered a combination of grants and loans requiring monthly payments. Some programs have been structured to allow City recapture of funds for use by other homeowners. Available funding will continue to be targeted toward very low-income households to comply with provisions of the City's Consolidated Plan.

The proposed guidelines will continue to authorize assistance to low-income households with incomes up to 80% of the area median (current maximum is \$52,150 for a family of four). However, most of the assistance remains targeted for very-low income households with incomes at or below 50% of the area median (current maximum is \$32,600 for a family of four). In order to clarify program guidelines and to achieve a higher level of consistency, the proposed manual includes the following programs:

- Grant/Deferred Loan & Grant/Installment Loan Whole-House Rehabilitation Programs
- Emergency Grant, Access Grant, and Senior Repair Grant Programs
- Purchase/Rehab/Resell Program (City may purchase a structurally sound residential structure, rehab the property, obtain a Certificate of Occupancy and then sell the property to an income-eligible homeowner).
- Secondary Structure Demolition Program to eliminate blight and dilapidated secondary structures: (i.e., sheds and unattached garages).
- Property Acquisition / Disposition Program

The City has implemented the Property Acquisition / Disposition Program over the past several years, and a new section is included in the proposed manual that includes applicable procedures and guidelines to reflect this new program.

All of the included programs are intended to help revive the Community Development Target Areas and assist owner-occupied properties in these neighborhoods. The proposed manual includes revisions throughout to conform to regulations and guidelines required by the funding sources. It also includes additional revisions recommended by staff to address outdated project amounts and needed changes to eligibility guidelines intended to respond to the needs of the community.

Notable changes to the programs include:

- Section 8.0 SENIOR REPAIR SERVICE GRANTS  
Increase the current grant amount of \$850 to **\$1,000** to income-eligible seniors or persons with disabilities of any age for the purpose of providing general maintenance repairs to enable the citizen to maintain his/her property

- Section 8.4 APPLICATION PROCESS

As required to meet HUD regulations and requirements, the following language has been added to the manual for the application process:

- 1) *GMD staff shall interview and advise the client of the objectives and procedures of the Senior Repair Service Program, objectives and procedures of other housing assistance programs that could be combined with the Senior Repair Service project, and specific terms and conditions under which assistance is provided.*
- 2) *GMD staff shall obtain the following information from and about the applicant and the applicant's household:*
  - a) *Verification of employment.*
  - b) *Verification of other earnings, housing expenses, and assets.*
  - c) *Verification of deposits with financial institutions.*

- Section 9.0 SECONDARY STRUCTURE DEMOLITION PROGRAM

Increase the current amount available to each project from \$3,000 to **\$5,000** as a non-repayable grant to income-eligible homeowners to eliminate unsafe secondary structures and deteriorating fence materials located on the property.

Increase the applicants' annual income to qualify from the current 50% up to **80%** MFI as follows:

*The applicant's anticipated household annual (gross) income shall not exceed 80 percent of the median family income (MFI) for Champaign County as released by HUD. The HUD Part 5 definition of annual (gross) income shall be used in calculating annual income.*

A significant addition to the proposed manual is the addition of the guidelines for the Property Acquisition / Disposition Program.

- Section 12.0 PROPERTY ACQUISITION / DISPOSITION PROGRAM

This program allows the City to purchase, clear, improve and maintain lots in order to promote and support the development of affordable housing opportunities. This is accomplished through the conveyance of such properties to local not-for-profit affordable housing developers. To further enhance program objectives, the manual includes a program to purchase dilapidated or vacant properties, and sell/donate them to Community Development Housing Organizations (CDHO), and not-for profit agencies for construction of new affordable housing.

These houses would then be sold as owner-occupied units to households which earn less than 80% of the area median family income, as per HUD guidelines.

When opportunities become available, the Grants Management Division Manager may pursue the purchase of substandard housing and vacant properties, maintain the properties, and market to the CHDOs and not-for profit housing developers. The City maintains the properties until such time as a request is received from the developer with a time line for construction.

**Property Qualifications:** For this program the property must:

1. Be located in the CD Target Area. Properties outside the target area may be considered on a case-by-case basis.
2. Be classified as a "substandard dwelling" by the Grants Management Division in coordination with the Building Safety Division.
3. Be structurally unsound. Units that cannot be cost-effectively purchased, renovated to meet code and resold are eligible under this program. These properties may be used for acquisition/demolition and added to the City's land portfolio to be used for new construction.
4. Be a single-family residential property or duplex unit. Multiple-unit structures may be considered on a case-by- case basis.
5. Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana, as amended. Residential properties which are in violation of the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible under this program.

## **Options**

1. Approve the Resolution approving the proposed Housing Program Manual 2010-2014.
2. Approve the Resolution approving the proposed Housing Program Manual 2010-2014 with changes.
3. Do not approve the Resolution

## **Fiscal Impacts**

The manual does not in itself authorize expenditure of funds; rather the manual prescribes the manner in which funds received through CDBG, HOME, GLO, TIF and other participating financial institutions may be expended for housing programs that will be administered by GMD staff. The current Consolidated Plan and the Annual Action Plan include funding for the programs listed in the manual.

## **Recommendations**

The Urbana Community Development Commission and staff believes that the proposed Housing Program Manual is consistent with the intent of the City's housing goals (i.e., long term benefit to low-income households served through the programs, stability of ownership, and recapture of funds to assist other households).

At its March 22, 2010 meeting, the Community Development Commission voted unanimously to forward the resolution to the Urbana City Council with a recommendation for approval.

**Memorandum Prepared By:**

\_\_\_\_\_  
**Randy Burgett**  
**Housing Rehabilitation Coordinator**  
**Grants Management Division**

### **Attachments:**

1. A RESOLUTION AMENDING HOUSING REHABILITATION PROGRAM OPERATIONAL GUIDELINES AS ORIGINALLY AUTHORIZED BY RESOLUTION NO. 2005-08-012R (CITY OF URBANA HOUSING PROGRAM MANUAL PROGRAM YEARS 2010-2014)
2. Proposed Housing Program Manual, Program Years 2010-2014

RESOLUTION NO. 2010-04-010R

**A RESOLUTION AMENDING HOUSING REHABILITATION PROGRAM  
OPERATIONAL GUIDELINES AS ORIGINALLY AUTHORIZED  
BY RESOLUTION NO. 2005-08-012R**

**CITY OF URBANA  
HOUSING PROGRAM MANUAL  
PROGRAM YEARS 2010-2014**

WHEREAS, on February 2, 1976, the City Council of the City of Urbana, Illinois, adopted operational guidelines for the implementation of housing rehabilitation programs funded through the Community Development Block Grant program; and

WHEREAS, said operational guidelines have been amended by the City Council from time to time thereafter; and

WHEREAS, the Community Development Commission and Grants Management Division of the City of Urbana have formulated the housing program guidelines entitled Housing Program Manual 2010-2014 for the purpose of 1) administering the program years 2010-2014 housing programs funded in part with Community Development Block Grant funds, HOME Investment Partnerships Program funds, and additional funding that may be available through Illinois Department of Public Health, Federal Home Loan Bank, Illinois Housing Development Authority, Tax Increment Funds, or other participating financial institutions to supplement the programs in the manual, 2) replacing previously adopted housing program guidelines which require revisions to clarify existing programs and conform to regulations and guidelines required by the funding source with the addition of new programs to eliminate blight and dilapidated structures to help revive the neighborhood and promote owner-occupied properties; a copy of said housing program manual in substantially the form as written is attached hereto and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

That the Grants Management Division of the City of Urbana is hereby authorized and directed to proceed with the implementation of the housing program guidelines in substantially the form of the attached Housing Program Manual 2010-2014, dated July 2010, which is hereby approved.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor



# **CITY OF URBANA HOUSING PROGRAMS MANUAL**

**PROGRAM YEARS 2010-2014**



## **WHOLE HOUSE REHABILITATION:**

- GRANT/DEFERRED LOANS**
- GRANT/INSTALLMENT LOANS**

## **EMERGENCY GRANTS**

## **ACCESS GRANTS**

## **SENIOR REPAIR SERVICE GRANTS**

## **SECONDARY STRUCTURE DEMOLITION PROGRAM**

## **PURCHASE/REHAB/RESELL PROGRAM**

## **PROPERTY ACQUISITION / DISPOSITION PROGRAM**

### **Prepared By:**

**City of Urbana, Illinois  
Community Development Services  
Grants Management Division**

### **Funded By:**

**United States Department of Housing and Urban Development**



City of Urbana  
Housing Program Manual  
Program Years 2010-2014

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## 1.0 INTRODUCTION

### 1.1 Background

The Urbana City Council created the Urbana Community Development Commission in 1975 to develop a Community Development plan for the City. The Community Development Commission identified the need to provide housing rehabilitation assistance to certain older areas of the City. Low- and moderate-income residents of substandard dwellings were given greatest consideration for this assistance, consistent with national CDBG objectives. Since 1975 housing renovation has been a major component of Urbana's HUD funded programs.

The **Community Development Block Grant (or CDBG) Program** is a federal entitlement program authorized by the Housing and Community Development Act of 1974, as amended. The Program provides annual grants on a formula basis to entitled cities and counties. Congress determines the amount of Community Development Block Grant funds available to entitled cities and counties through passage of the annual federal budget.

The **HOME Investment Partnerships (or HOME) Program** is a federal entitlement grant program authorized by Title II of the National Affordable Housing Act of 1990, as amended. The Program provides annual grants on a formula basis to entitled cities, counties, approved consortia, and states. Local governments receiving HOME funds are called “participating jurisdictions.” Congress determines the amount of HOME funds annually available to participating jurisdictions through passage of the annual federal budget.

The U.S. Department of Housing and Urban Development (or HUD) is responsible for management and oversight of CDBG and HOME Programs. Under these programs the City is responsible for deciding how the CDBG and HOME funds will be used in its jurisdiction and for daily administration of the funds.

The purpose of the CDBG Program is to develop viable urban communities and neighborhoods by providing decent housing and a suitable living environment, and by expanding economic opportunities for low- and moderate-income persons. The HOME Program is intended to increase affordable housing opportunities, particularly for low-income persons. Under the CDBG and HOME Programs, the City retains the right to design housing assistance programs, **as funding is available**, to respond to local needs. Because community needs change over time, it is periodically necessary to review and revise the City's housing programs.

## **1.2 Programs**

This manual contains guidelines for housing programs offered, **as funding is available**, by the City of Urbana during the period beginning July 1, 2010, and ending June 30, 2014. This manual supersedes all guidelines previously issued by the City of Urbana. Exhibit A summarizes the purpose and general requirements of each program.

- Grant/Deferred Loans (GDL)
- Grant/Installment Loans (GIL)
- Emergency Grants (EG)
- Access Grants (AG)
- Senior Repair Service Grants (SRSG)
- Secondary Structure Demolition Program (SSDP)
- Purchase/Rehab/Resell Program (PRRP)
- Property Acquisition / Disposition Program (PADP)

Housing programs are generally made available to households within the Community Development (CD) Target Area. The CD Target Area is defined according to the federal income guidelines using U.S. Bureau of the Census enumeration areas. By federal regulation more than half of the residents of the CD Target Area designated by the City must have incomes at or below 80 percent of median family income for Champaign County. The CD Target Area, as established in 2005, is illustrated on page eight.

Households assisted by these eight housing programs must meet federally mandated income guidelines for very-low and low-income persons. The current figures are included as Exhibit B and are subject to periodic revision by the U.S. Department of Housing and Urban Development. The income of the household and the location of the property to be renovated determine the program for which the household is eligible.

## **1.3 Authorized Activities**

In adopting this manual the Urbana City Council directs its Grants Management Division (GMD) to implement housing programs as described herein. The Council authorizes the Manager of Grants Management Division to enter into contractual agreements with individual property owners to implement housing programs in accordance with these guidelines. The Council further authorizes the Manager of Grants Management Division to execute mortgages, releases, and subordination agreements necessary to implement these housing programs.

The Council authorizes the Manager of the Grants Management Division to enter into negotiations as may become available to purchase properties to be used through the City's programs such as Purchase/Rehab/Resell or Acquisition/Disposition Program to add properties to the City's portfolio for later use in the construction of new affordable housing.

The Council directs the Grants Management Division to pursue additional funding that may be available to help fund the programs listed in the manual. Additional funds may be used as Grants, Deferred Loans, Loans, etc., depending on the guidelines attached to said funds. Additional funding agents may be Get the Lead Out (GLO), Tax Increment Finance (TIF), Federal Home Loan Bank (FHLB), Illinois Housing Development Authority (IHDA), or other participating financial institutions.

#### **1.4 Conflict of Interest**

Employees, agents, consultants, officers, elected officials, and appointed officials of the City of Urbana who either 1) exercise functions or responsibilities with respect to CDBG or HOME, 2) are in a position to participate in the decision-making process relative to CDBG or HOME, or 3) may gain inside information with regard to CDBG or HOME activities are ineligible for assistance through the housing program. Such persons include, but are not limited to, the Mayor, City Council Members, Community Development Commission members, the Chief Administrative Officer, Comptroller, City Attorney, Community Development Services Director, and all Grants Management Division staff. However, HUD may grant an exception to this rule on a case-by-case basis upon filing by the Grants Management Division of 1) disclosure of the conflict, 2) an assurance that public disclosure of the conflict has been made, and 3) a legal opinion that the interest would not violate state or local law. City employees who are not otherwise excluded by this conflict of interest provision are eligible to apply for housing assistance.

#### **1.5 General Guidelines**

The City's Grants Management Division shall generally process applicants for assistance through programs described in this manual on a first-come/first-served basis. From time to time, however, the demand for assistance through these programs may exceed the availability of funds or staff time to process all cases. At the discretion and direction of the Community Development Commission, the Grants Management Division may institute a prioritization system on either a temporary or permanent basis to determine the order in which projects will be funded. Any such prioritization system shall give highest priority for funding to persons of lowest income and greatest housing need.

Rehabilitation work financed through these programs is covered under a one-year guarantee on labor and product warranties that vary in scope depending on the product. At the time of project close out, the Grants Management Division shall provide the applicant with information on the guarantee, warranties, and home maintenance procedures. Defects in work noted within the one-year warranty period are generally repaired under the one-year labor guarantee. Thereafter, the property owner is responsible for home repairs and for claims under product warranties.

The City of Urbana recognizes that in unusual circumstances defects in renovation work may occur due to errors or omissions on the part of the contractor or City staff after the one-year warranty period. If this is truly the case, the City shall provide the owner with the opportunity to request grant funds to correct the defects through the City's Housing Program. Corrective action grants may be authorized by the Grants Management Division Manager. The income of the homeowner at the time of the request for correction assistance need not meet housing program eligibility requirements. Corrective action grants are processed in accordance with the Emergency Grant guidelines regardless of whether the homeowner would otherwise be eligible for the Emergency Grant Program.

The City of Urbana recognizes that in extenuating circumstances it may be relevant to make a conditional change to the outlined program guidelines on a case-by-case basis so the project can proceed without delay. In these instances GMD shall submit the reason or reasons for the conditional change for that specific project. The Community Development Commission (CDC) may authorize GMD to proceed with the project with a majority vote of a CDC quorum.

**EXHIBIT A:  
CITY OF URBANA  
DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES  
GRANTS MANAGEMENT DIVISION (GMD)  
HOUSING PROGRAMS FOR PROGRAM YEARS 2010-2014**

<b>PROGRAM</b>	<b>PURPOSE</b>	<b>ELIGIBILITY AREA</b>	<b>INCOME ELIGIBILITY</b>	<b>INTEREST RATE</b>	<b>MAXIMUM \$ AMOUNT</b>	<b>UNDER-WRITING CRITERIA</b>
GIL Grant/Installment Loan	Provide an owner-occupant a combination grant/bank loan for whole-house rehabilitation. Financing of the loan funds shall be the best suited for each individual case as not to put a greater financial burden on the owner-occupant	Community Development Target Area	50% - 80% MFI	Determined by the financial institution and the applicant	\$25,000 Maximum 50% bank loan 50% grant	Financial Institution /GMD
GDL Grant/Deferred Loan	Provide an owner-occupant a combination Grant/Deferred Loan for whole-house rehabilitation	Community Development Target Area	0 – 50% MFI	None	\$25,000 Maximum Up to \$12,500 deferred loan Up to \$12,500 grant	GMD
EG Emergency Grant	Provide grant assistance for an owner-occupant to alleviate a hazardous condition that poses a threat to the health and safety of the occupants	Citywide	0 – 50% MFI	None	Grant assistance up to a maximum amount of \$5,000 per program year	GMD
AG Access Grant	Provide grant assistance to owner-occupant, renter, or trust deed recipient to eliminate physical barriers which inhibit the use of the dwelling by the person residing in the dwelling. Units in multiple-unit structures are ineligible for assistance under this program.	Citywide	0 – 80% MFI	None	Grant assistance up to a maximum amount of \$5,000 per program year	GMD

**EXHIBIT A (Continued)**

<b>PROGRAM</b>	<b>PURPOSE</b>	<b>ELIGIBILITY AREA</b>	<b>INCOME ELIGIBILITY</b>	<b>INTEREST RATE</b>	<b>MAXIMUM \$ AMOUNT</b>	<b>UNDER-WRITING CRITERIA</b>
SRSB Senior Repair Service Grant	Provide grant assistance for general maintenance repairs which enable seniors and persons with disabilities to maintain their property Units in multiple-unit structures are ineligible for assistance under this program.	Citywide	0 – 50% MFI	None	Grant assistance up to a maximum amount of \$1,000 per program year (subject to annual review by CDC)	GMD
SSDP Secondary Structure Demolition Program	Provide grant assistance funds to owner-occupied properties.	Priority given to CD Target Area (eligible properties outside the Target Area will be considered on a case-by-case basis)	0-80% MFI	None	Grant assistance up to a maximum amount of \$5,000 (subject to annual review by CDC)	GMD
PRRP Purchase/Rehab/Resell Program	Provide for additional affordable housing. Purchase of deteriorating or vacant single family properties, bring the structure up to code, market the properties to income eligible homeowners.	Priority given to CD Target Area (eligible properties outside of Target Area will be considered on a case by case basis)	Homeowners income < 80% MFI	None	Mortgage from financial institution with agreement the property to remain affordable for the appropriate period of time, as determined by HUD guidelines	Financial Institution GMD
PADP Property Acquisition / Disposition Program	Provide for additional affordable housing. Purchase of dilapidated and vacant properties, clear and maintain for future use for affordable housing.	Priority given to CD Target Area (eligible properties outside of Target Area will be considered on a case by case basis)	Homeowners income < 80% MFI	None	Mortgage from financial institution with agreement the property to remain affordable for the appropriate period of time, as determined by HUD guidelines	Financial Institution GMD



**EXHIBIT B**

**Median Family Income (MFI) Limits \*\*Champaign County, Illinois\*\***

**FY 2009 Income Limits Summary (To be updated annually or as provided by HUD)**

**Champaign County, Illinois**

<b>FY 2009 Income Limit Area</b>	<b><u>Median Income</u></b>	<b>FY 2009 Income Limit Category</b>	<b>1 Person</b>	<b>2 Person</b>	<b>3 Person</b>	<b>4 Person</b>	<b>5 Person</b>	<b>6 Person</b>	<b>7 Person</b>	<b>8 Person</b>
		<b><u>Very Low (50%) Income Limits</u></b>	\$22,800	\$26,100	\$29,350	<b>\$32,600</b>	\$35,200	\$37,800	\$40,400	\$43,050
<b>Champaign County</b>	\$65,200	<b><u>Low (80%) Income Limits</u></b>	\$36,500	\$41,700	\$46,950	<b>\$52,150</b>	\$56,300	\$60,500	\$64,650	\$68,850
		<b>Median Family Income (MFI)</b>	\$45,600	\$52,200	\$58,700	<b>\$65,200</b>	\$70,400	\$75,600	\$80,800	\$86,100

NOTE: Champaign County is part of the **Champaign-Urbana, IL MSA**. The **Champaign-Urbana, IL MSA** contains the following areas: Champaign County, IL ; Ford County, IL ; and Piatt County, IL .

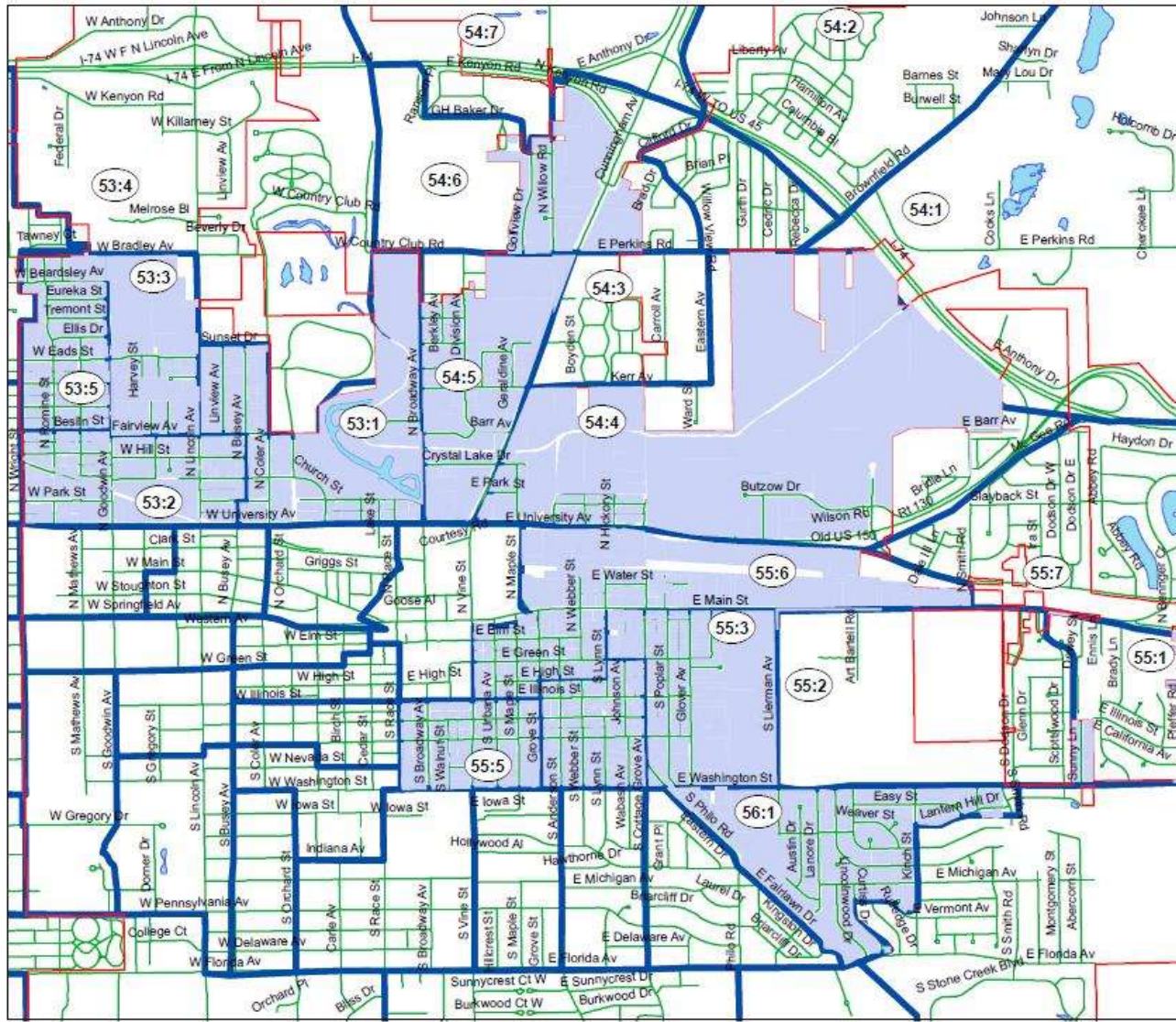
SOURCE: U. S. Department of Housing and Urban Development

\* This figure is calculated and set by HUD, and is updated annually. This table contains figures current as of **MARCH 10, 2009**

# EXHIBIT C

## Community Development Target Area

Approved July 1, 2005  
Urbana City Council



CENSUS TRACT	BLOCK GROUP	LOW MOD INCOME%
53	1	64.1%
53	2	87.4%
53	3	81.0%
53	5	76.7%
54	4	79.3%
54	5	68.7%
54	6	51.5%
55	1	91.9%
55	3	69.5%
55	4	39.4%
55	5	48.1%
55	6	61.0%
56	1	58.7%

\* Based on Census 2000 Data

### Legend

- Urbana Corporate Boundary
- Roads
- Lakes
- CD Target Area
- Census Block Group Boundary
- Census Tract 55  
Block Group 1

## **2.0 DEFINITIONS**

Access Grant (AG): A non-repayable grant made to an income-eligible homeowner, or renter of a unit in a one to four unit structure, or trust deed recipient to eliminate physical barriers, which inhibit the use of the dwelling unit by a person with disability.

Administrative Assistant: The Administrative Assistant of the Grants Management Division or other person as authorized by the Manager of the Grants Management Division of the City of Urbana.

Amortization: The gradual extinguishment of a debt (including interest) by periodic payments.

CD Target Area: Designated low-income neighborhoods throughout Urbana, which qualify to receive federal funds to improve housing conditions and the general neighborhood environment (see page eight). The CD Target Area is eligible to receive federal funds for area benefit activities such as capital improvements and neighborhood beautification.

Code Violations: Violations of the current Building Safety Property Maintenance Code as adopted and amended by the City of Urbana, other applicable codes and ordinances adopted by the City, and applicable Department of Housing and Urban Development (HUD) standards.

Community Development Commission: A committee of Urbana residents appointed by the Mayor of the City of Urbana with the approval of the Urbana City Council for the purpose of making recommendations regarding the annual Community Development Block Grant and HOME programs and budgets, and monitoring CDBG/HOME-funded programs.

Contractor: A general contractor who meets the qualification guidelines set forth in Section 11.0 of the manual.

Grants Management Manager: The division head of the Urbana Grants Management Division.

Disability: See "Person with a Disability."

Elderly Person: Person 62 years of age or older.

Emergency Grant (EG): Grant funds up to \$5,000 made available to repair a health or safety item. Emergency Grant funds are available only if the repair is immediately needed to mitigate a hazardous condition.

General Property Improvements: Work which is not required to bring a building into code compliance but which generally improves the condition and economic life of the property (painting, replacement of wood, floor covering, etc.).

Grant/Deferred Loan (GDL): A combined Grant/Deferred Loan up to \$25,000 is made available to provide labor, materials, and supplies to rehabilitate deteriorating dwelling units for qualified applicants. Through the renovation, code violations on the premises must be eliminated. A lien is placed on the property to secure repayment of the deferred loan portion of the assistance.

Half of the program funds up to \$12,500 are provided by the City in the form of a grant.

Half of the program funds up to \$12,500 are provided by the City in the form of a no-interest deferred payment loan. No monthly, quarterly, or annual payments are required. The loan is due in full and payable to the City upon transfer of title of the property through sale or other means.

Grant/Installment Loan (GIL): A combination grant and loan totaling up to \$25,000 to provide labor, materials, and supplies to rehabilitate owner-occupied housing. Through the renovation, code violations on the premises must be eliminated. Half of the total rehabilitation cost is provided by the Homeowner through a financial institution. The other program funds are provided through the program by the City in the form of a grant.

Grants Management Division (GMD): The division responsible for administering the Community Development Block Grant Program (CDBG) and HOME Program for Urbana and coordinating all CDBG/HOME activities. GMD is a division of the Urbana Department of Community Development Services.

Gross Annual Income: Annual income is the gross amount of income anticipated by all adults in a family during the 12 months following the effective date of determination. To calculate annual gross income the Department of Housing and Urban Development's Part 5 definition (commonly referred to as Section 8) is used for all programs. See Appendix I for the complete HUD Part 5 income inclusions and exclusions.

Household: All persons who occupy a housing unit at the time the application is taken. GMD staff shall use the guidelines provided by the HUD Part 5 definition of household to determine whether or not persons with an ownership interest in the property who do not reside at the property shall be considered to be an "occupant" of the household for the purposes of determining household eligibility. Regardless of whether such individuals are counted as household members, they will be required to sign all applicable agreements, liens and other documents provided by the City in order for the property to be eligible for City programs.

Housing Expenses: The sum of payments for principal and interest on loans secured by a lien on the property, hazard insurance premiums, and real estate taxes.

Housing Rehabilitation Coordinator: Coordinates and monitors rehabilitation services for eligible property owners; provides technical assistance; coordinates special rehabilitation, cleanup and clearance projects. Reviews and recommends approval of applications from residents and property owners for rehabilitation assistance.

Incipient Code Violations: An element of the structure which is not in violation of the housing code but which will likely deteriorate into a code violation in the near future.

Lien: A duly recorded encumbrance upon a property.

Owner: The property owner as recorded in the Champaign County Recorder of Deed's office.

Owner-Occupant: A person who occupies the property of which he/she is the owner (as defined above) and uses the property entirely for residential purposes or a person who has purchased a vacant structure for occupancy after the structure meets applicable codes.

PACE: Persons Assuming Control of Their Environment, a non-profit organization registered in the State of Illinois and existing to serve the needs of persons with disabilities in Urbana and surrounding communities.

Person with Disability: A person who is receiving Supplemental Security Disability Income (SSDI) and/or is permanently impaired to the extent that he/she cannot fully utilize his/her living space without some physical modification(s).

Rehabilitation: The renovation of a reusable structure which overcomes deterioration and provides a satisfactorily improved physical condition for residential purposes.

Rehabilitation Specialist: A rehabilitation specialist of the Urbana Grants Management Division or other persons as authorized by the Manager of the Grants Management Division of the City of Urbana.

Residential Property: A property used solely as a dwelling unit.

Self-Help: Completion of all or a portion of housing rehabilitation work by the property owner/borrower. Self-help is not allowed in any project funded in accordance with this manual.

Senior Repair Service Grant (SRSG): Grant funds to up \$1000. to provide general maintenance, repairs, and services that would enable senior citizens and persons with disabilities to maintain their property.

Single-Family Residence: A single-family owner-occupied residential unit.

Standard Dwelling Unit: A dwelling unit in compliance with the current Building Safety Property Maintenance Code, the current NFPA Life Safety Code as amended, and HUD Minimum Property Standards. Generally, a dwelling unit which meets all existing minimum housing code standards for habitation.

Substandard Dwelling: A dwelling unit that does not meet the criteria for a standard dwelling unit through: lack of maintenance; age of unit; neglect; lack of part or all plumbing, electrical, and heating facilities; or overcrowded conditions. The substandard dwelling can be considered to be one of two classifications: 1) deteriorated unit, i.e., one that is substandard but is structurally sound or able to be made structurally sound and can be brought up to standard condition with rehabilitation (formally known as substandard, suitable for rehabilitation); or 2) dilapidated unit, i.e., a substandard unit that has deteriorated to the extent it is unsafe, unsanitary, or dangerous to human life, and rehabilitation is not feasible (formally known as substandard, unsuitable for rehabilitation).

Three-Day Truth-in-Lending Recision Period: A three-day period generally commencing with loan closing during which a borrower may legally cancel a real estate loan without penalty. The three-day period commences with the latest of the following dates.

- 1) The date of loan closing
- 2) The date Truth-in-Lending disclosures are received
- 3) The date the owner receives the Notice of Right to Cancel

To cancel a loan transaction the borrower must return a signed and dated cancellation notice to the lender during the three-day recision period. A contract proceed order is issued after expiration of the three-day recision period if the loan has not otherwise been canceled.

Total Expenses: The sum of housing expenses (see definition above) and payments on installment loan debts with more than ten remaining payments; alimony, child support, and maintenance payments; total negative cash flow from all properties presently owned (except the subject property); and credit card payments in either the amount stated by the applicant or 10 percent of the outstanding card balance, whichever is higher. Childcare expenses shall be considered part of total expenses.

Vested Title: An interest in real estate carrying a legal right of present or future enjoyment and a legal right to convey the interest to another party.

### **3.0 PROGRAM OBJECTIVES**

The City of Urbana Housing Programs are designed to further the following objectives:

- 1) To encourage the revitalization and stabilization of low- and moderate-income neighborhoods by implementing housing programs
- 2) To remove unhealthy or hazardous housing conditions in low- and moderate-income areas
- 3) To use Community Development Block Grant (CDBG) and HOME funds as a catalyst to encourage residents of low- and moderate-income neighborhoods to improve their community
- 4) To revitalize and preserve the existing housing stock
- 5) To enable low-income families who cannot obtain conventional financing to rehabilitate their homes
- 6) To reduce utility costs and to improve the comfort of low-income families by incorporating energy conservation techniques into housing rehabilitation assistance
- 7) To conserve the property tax base in low- and moderate-income neighborhoods
- 8) To encourage employment and training opportunities for minority persons and females through the opportunity to bid on rehabilitation contracts
- 9) To finance needed home improvements using CDBG and HOME funds to the extent necessary and funds from private lenders to the maximum extent possible
- 10) To remove physical barriers impeding maximum use of residential property by persons with disabilities and to increase the number of handicapped accessible dwelling units, both owner-occupied and renter-occupied, in the City
- 11) To further implement the City's Consolidated Plan.

#### **4.0 GRANT/DEFERRED LOANS**

A Grant/Deferred Loan up to \$25,000 is made available to provide labor, materials, and supplies to repair deteriorating dwelling units for qualified applicants. Through the renovation, code violations and lead hazards on the premises must be eliminated. A lien is placed on the property to secure repayment of the deferred loan portion of the assistance.

Half of the program funds up to \$12,500 are provided by the City in the form of a grant.

Half of the program funds up to \$12,500 are provided by the City in the form of a no-interest deferred payment loan. No monthly, quarterly, or annual payments are required. The loan is due in full and payable to the City upon transfer of title of the property through sale or other means.

#### **4.1 Eligible and Ineligible Activities**

Eligible activities include general repairs which will bring the house into compliance with City codes while eliminating lead-based paint hazards. Eligible activities include but are not limited to the following:

- repair or replacement of defective mechanical systems, i.e., electrical, plumbing and heating
- repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows, siding and trim
- energy conservation activities, i.e., insulation, caulking and weather-stripping, siding, doors, and windows
- lead-based paint hazard reduction
- accessibility for disabled persons
- incipient repairs and general property improvements of a non-luxury nature
- site improvements and utility connections
- construction of house additions but only if necessary to meet code and funding is available



Ineligible activities include:

- temporary improvements
- fixtures not permanently attached including appliances and window air conditioners
- fees for professional services of architects, engineers and other consultants
- construction or renovation of detached garages or out buildings

Priority is placed on renovation necessary to meet City code, elimination of lead-based paint hazards, exterior renovation, and lastly any eligible interior renovation.

#### **4.2 General Terms and Conditions**

- 1) An applicant may not apply for more than one type of whole-house rehabilitation assistance described in this manual at any given time. An applicant may, however, receive assistance through the other programs listed in the manual and then additional assistance through the Whole House Rehabilitation Program if the applicant is otherwise eligible to receive assistance through the program.
- 2) The applicant may not apply for rehabilitation assistance through the Grant/Deferred Loan Program if the property to be rehabilitated received whole-house rehabilitation assistance from the Grants Management Division within ten years of the application date. The date of the Certificate of Occupancy of previously funded work shall be used to determine when the ten-year period begins.
- 3) A Grant/Deferred Loan shall not exceed \$25,000.
- 4) A Grant/Deferred Loan recipient shall not be required to pay for administrative expenses related to processing of the Grant/Deferred Loan application, such as title searches, appraisals, and recording fees.
- 5) A lien shall be placed against the property for the purpose of recovering a portion of the cost of rehabilitation. The lien amount shall be calculated as the full amount of the deferred loan portion of the assistance. The deferred loan portion of the assistance is due in full and payable to the City upon transfer of title of the property through sale or other means. The City will take a subordinate position in the mortgage placed against the property in favor of a first mortgage if appropriate.

- 6) Indebtedness secured by the property shall not exceed 100 percent of the after-rehabilitation value of the property as estimated by Grants Management Division. After Rehab Value is calculated by adding the current tax assessment value to the deferred loan portion. However if an appraisal has been completed within three years of the application, the appraisal may be used in place of the assessed value.
- 7) In the event of the death of the Grant/Deferred Loan recipient and in the event that title to the property rehabilitated under the Grant/Deferred Loan Program is passed to a person who will reside in the residence and meets the income requirements then, if the person executes an agreement with the City to assume responsibility for the Grant/Deferred Loan, the lien on the property continues under all of the conditions of the Grant/Deferred Loan Program. In the event of subsequent title transfer by said survivor either through sale or death, the full amount of the lien shall become due to the City of Urbana.
- 8) Before documents can be executed to initiate the renovation project (i.e., note, mortgage, construction contract), the applicant must pay all sums necessary to release outstanding liens on the property other than a first mortgage and tax liens in good standing. Liens that must be released before work can proceed include, but are not limited to, liens for past-due income and sewer benefit taxes and liens for junk and debris removal. Property tax payments on the subject premises must be current at the time documents for the renovation project are executed.
- 9) Before documents can be executed to initiate the renovation project, the applicant must provide evidence in the form of a Certificate of Insurance that she/he has insured subject premises against loss by fire and hazards included within the term "extended coverage." **The City of Urbana must be shown as an additional insured on the policy.** This insurance shall be maintained in the amounts required by the City for as long as the property remains encumbered by the mortgage.

### 4.3 Eligibility Criteria

For a dwelling unit to qualify for rehabilitation through the Grant/Deferred Loan Program, the unit must meet the following criteria:

- 1) Be located in the CD Target Area.
- 2) Be classified as "substandard, suitable for rehabilitation" by the Grants Management Division.

- 3) Be structurally sound or be able to be rendered structurally sound through rehabilitation. Units that cannot be cost-effectively renovated to meet code are ineligible for assistance under this program.
- 4) Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violation).
- 5) Be a single-family owner-occupied residential property. Owner-occupied units in multiple-unit structures are ineligible for assistance under this program.
- 6) Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana as amended. Single-family residential properties which in violation of the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible for renovation under this program.

For an applicant to qualify for a Grant/Deferred Loan, he/she must meet the following criteria:

- 1) The applicant must have owned and lived in the residence for one year prior to applying for assistance.
- 2) The applicant must be the person or persons in whose name title to the property is vested.
- 3) The applicant's anticipated household annual (gross) income shall not exceed 50 percent of the median family income for Champaign County as released by HUD.
- 4) The HUD Part 5 definition of annual (gross) income shall be the method used in calculating annual income.

#### **4.4 Processing Procedures**

This section outlines procedures for preparing, processing, and approving an application for a Grant/Deferred Loan, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

#### 4.4.1 Application Process

- 1) GMD staff shall interview and advise the applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and the specific terms and conditions under which assistance is provided.
- 2) GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
  - a) Verification of employment.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.
  - d) Verification of mortgage or deed of trust from each holder of a lien secured by the property.
  - e) Verification of additional information, such as credit references, necessary to make a determination of eligibility.
- 3) GMD staff shall create a Priority List based on the Prioritization List Scoring Form (see Appendix II).

#### 4.4.2 Work Determination/Contractor Procurement

- 1) During the initial walk-through, the Rehabilitation Specialist informs the homeowner of the contractor selection process. Rehabilitation Specialist advises the owner that he/she will be asked to select at least four contractors to bid on his/her project. The owner may choose a general contractor whose firm is not on the GMD Qualified General Contractor List provided that, prior to bid opening, the contractor not on the list will be required to meet the same criteria as Qualified General Contractors on the GMD list. If the owner intends to have such a contractor bid on the project, the Rehabilitation Specialist shall provide an application packet to the contractor as soon as possible (provided the contractor is interested in bidding on the project).
- 2) Schedule and conduct code inspections on the subject dwelling.
- 3) Schedule and conduct lead hazard evaluation.
- 4) Prepare work description describing work to be accomplished, including code reports and lead hazard control plan.

- 5) Consult with applicant on preliminary work description and cost estimate to reach an agreement on work to be done.
- 6) After owner has reviewed the work description, Rehabilitation Specialist offers GMD Qualified General Contractor List to the owner for selection of at least four contractors. Owner selects four contractors then signs at bottom of list. If chosen contractor decides not to bid, owner may choose another contractor if he/she desires.
- 7) Owner and Rehabilitation Specialist set date and time for pre-bid conference at the site.
- 8) Rehabilitation Specialist notifies selected contractors and contractors on the GMD Minority-Female Owned list by mail of the pre-bid conference and solicits response from general contractors regarding intent to attend pre-bid and submit proposal. *Specialty Contractors notified should generally be those whose area of expertise or specialty encompasses work included in the specific job work description.*
- 9) All attend pre-bid conference where concerns and questions are addressed. Contractor will be allowed to visit the site between pre-bid and bid opening with their subcontractors.
- 10) Coordinate the solicitation of formal sealed bids from qualified general contractors selected by the applicant. The contract shall be awarded to that qualified contractor selected by the applicant so long as that contractor's bid is within 10 percent of the Rehabilitation Specialist's cost estimate for the job.
- 11) Bids are opened at the time designated by the Rehabilitation Specialist within 14 days after pre-bid. Owner may wish to be present. Owner has ten days to select a contractor. If no bids are within 10 percent of the Rehabilitation Specialist's estimate, the project will be reviewed and modified as needed, then if required, rebid.
- 12) GMD schedules preconstruction loan closing and contract signing as soon as possible after contractor selection.
- 13) Issue Proceed Order after the expiration of the three-day Truth and Lending Disclosure period.

#### 4.4.3 Contracting

Construction is undertaken only through a written contract between the contractor and the recipient of the Grant/Deferred Loan. GMD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the homeowner, and approved by the Grants Management Manager. It shall contain the proposal amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies deem necessary.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety Inspector to show the scope and detail of the work involved, so misunderstandings can be avoided.

The contractor's proposal shall comply with general specifications, work description, code reports and lead hazard control plan as supplied by GMD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

GMD staff shall establish and, on the basis of the contractors' experience and qualifications, maintain a current list of contractors, subcontractors, specialty contractors, and material suppliers who are qualified and who are interested in doing rehabilitation work. GMD shall to the greatest extent feasible contract with Champaign County companies, firms, etc.

Contracts shall be awarded per bid procedures outlined in Section 11.0.

Self-Help shall not be permitted in the Housing Rehabilitation Program.

Rehabilitation Permit, utilities and building permit fees shall be required for construction work funded through the Grant/Deferred Loan Program. These fees are the responsibility of the contractor and his subcontractors.

#### 4.4.4 Contract Management

- 1) Rehabilitation Specialist shall inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines and safe work practices for lead hazard control.

- 2) Rehabilitation Specialist shall conduct final inspection of rehabilitation work to ensure conformance with contract specifications and issue certificate of final approval when appropriate.
  - a) The contractor and/or subcontractor shall coordinate with code officials, Rehabilitation Specialist and Owner for final approval on each segment of work performed at the residence.
  - b) Rehabilitation Specialist shall schedule a clearance test for the lead reduction work performed at the residence.
- 3) Rehabilitation Specialist shall obtain from the contractor all manufacturer's and supplier's warranties, release of liens, final invoices, and contractor's sworn statements prior to final pay request for the rehabilitation work. The Rehabilitation Specialist shall obtain a Certificate of Occupancy for the residence prior to final payment to the contractor.

#### **4.5 Close Out Procedures**

- 1) Rehabilitation Specialist shall present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor telephone numbers, and a copy of the contract, lead hazard clearance report, and the Certificate of Occupancy.
- 2) GMD staff shall provide information regarding energy conservation and maintenance, and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
- 3) GMD staff shall give the recipient a copy of the recorded mortgage and note.
- 4) GMD staff shall add information on the completed case to the Community Development Property Log.

## **5.0 GRANT/INSTALLMENT LOANS**

A combination grant and loan totaling up to \$25,000 is available to provide labor, materials, and supplies to repair owner-occupied housing. Through the renovation, code violations and lead hazards on the premises must be eliminated. Half of the total rehabilitation cost is provided by the Owner through a financial institution in the form of a loan or mortgage refinance. This portion of funding shall be put in escrow with the City prior to issuing the notice to proceed. Up to \$12,500 of the funds provided through the program are provided by the City in the form of a grant. Grant/Installment Loan assistance is available to income-eligible residents in the CD Target Area.

### **5.1 Eligible and Ineligible Activities**

Eligible activities include general repairs which will bring the house into compliance with City codes while eliminating lead-based paint hazards. Eligible activities include but are not limited to the following:

- repair or replacement of defective mechanical systems, i.e., electrical, plumbing and heating
- repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows, siding and trim
- energy conservation activities, i.e., insulation, caulking and weather-stripping, siding, doors, and windows
- lead-based paint hazard reduction
- accessibility for disabled persons
- incipient repairs and general property improvements of a non-luxury nature
- site improvements and utility connections
- construction of house additions but only if necessary to meet code if funding is available

Priority is placed on renovation necessary to meet City code, elimination of lead-based paint hazards, exterior renovation, and lastly any eligible interior renovation.



Ineligible activities include:

- temporary improvements
- any fixtures not permanently attached to the house, including appliances and window air conditioners
- fees for professional services of architects, engineers, and other consultants
- construction or renovation of detached garages and out buildings

## **5.2 General Terms and Conditions**

- 1) An applicant may not apply for more than one type of whole-house rehabilitation assistance described in this manual at any given time. An applicant may, however, receive assistance through other programs listed in the manual and then additional assistance through the whole-house rehabilitation program if the applicant is otherwise eligible to receive assistance through the programs.
- 2) The applicant may not apply for whole-house rehabilitation assistance through the Grant/Installment Loan Program if the property to be rehabilitated received whole-house rehabilitation assistance from GMD within ten years of the application date. The date of the Certificate of Occupancy of previously funded work shall be used to determine when the ten-year period begins.
- 3) Total project cost shall not exceed \$25,000.
- 4) Of the total project cost, 50 percent shall be provided by the Owner from a financial institution or through mortgage refinance in the form of a loan. Up to \$12,500 of project costs are provided by the City in the form of a grant.
- 5) The owner and financial institution shall negotiate the loan terms so as not to create a greater cost burden on the homeowner as may necessarily be with a first mortgage on the property.
- 6) Indebtedness on the property including the loan portion of the Grant/Installment Loan shall not exceed 95 percent of the after-rehabilitation appraised value. After Rehab Value is calculated by adding the current tax assessment value to the loan portion. However if an appraisal has been completed within three years of the application, the appraisal may be used in place of the assessed value.

- 7) Loan processing costs shall be the responsibility of the applicant. These costs include appraisals, title services, and credit reports. The applicant shall not be charged an application fee.
- 8) The applicant's monthly housing expenses shall not exceed 31 percent of his/her gross monthly income including the rehabilitation loan payment except in cases warranting special consideration by GMD and the financial institution. Housing expenses consist of:
  - a) monthly payments of principal and interest on any and all loans secured by a lien on the property including the proposed rehabilitation loan;
  - b) one twelfth (1/12) of annual real estate taxes; and
  - c) one twelfth (1/12) of annual hazard insurance premiums.

Housing expenses shall not include utility payments.

- 9) The applicant's total monthly expenses, including monthly housing expenses, shall not exceed 43 percent of his/her gross monthly income. Total expenses consist of:
  - a) monthly housing expenses as described above;
  - b) payments on installment loan debts with more than ten remaining payments;
  - c) alimony, child care, child support, or maintenance payments;
  - d) total negative cash flow from all properties presently owned (except the subject property);
  - e) credit card payments in either the amount stated by the applicant or 10 percent of the outstanding card balance, whichever is greater.
- 10) Before documents can be executed to initiate the renovation project construction contract, the applicant must pay all sums necessary to release outstanding liens on the property other than mortgage and tax liens in good standing. Liens that must be released before work can proceed include, but are not limited to, liens for past-due income and sewer benefit taxes and liens for junk and debris removal. Property tax payments on the subject premises must be current at the time documents for the renovation project are executed.

- 11) Before documents can be executed to initiate the renovation project, the applicant must provide evidence that she/he has insured the subject premises against loss by fire and hazards included within the term "extended coverage."

### **5.3 Eligibility Criteria**

For a dwelling unit to qualify for rehabilitation through the Grant/Installment Loan Program, the unit must meet the following criteria:

- 1) Be located within the CD Target Area.
- 2) Be classified as "substandard, suitable for rehabilitation" by the Grants Management Division.
- 3) Be structurally sound or able to be rendered structurally sound through rehabilitation; units that cannot be cost-effectively renovated to meet code are ineligible for assistance under this program.
- 4) Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violations).
- 5) Be a single-family owner-occupied residential property. Owner-occupied units in multiple-unit structures are ineligible for assistance under this program.
- 6) Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of the Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana as amended. Single-family residential properties which are in violation of the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible for assistance under this program.

For an applicant to qualify for the Grant/Installment Loan Program, he/she must meet the following criteria:

- 1) The applicant must have owned and lived at the residence one year prior to applying for assistance.
- 2) The applicant must be the person or persons in whose name title to the property is vested.

- 3) The loan applicant must meet the participating financial institution's loan underwriting criteria for the Grant/Installment Loan Program including credit history.
- 4) The applicant's household annual income shall be greater than 50 percent but not more than 80 percent of median family income for Champaign County.
- 5) The HUD Part 5 definition of annual (gross) income shall be the method used in calculating annual income.

## **5.4 Processing Procedures**

This section outlines procedures for preparing, processing, and approving an application for the Grant/Installment Loan Program, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

### 5.4.1 Application Process

- 1) GMD staff shall interview and advise loan applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and specific terms and conditions under which assistance is provided.
- 2) GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
  - a) Verification of employment.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.
  - d) Verification of mortgage or deed of trust from each holder of a lien secured by the property.
  - e) Verification of additional information, such as credit references, necessary to make a determination of eligibility.
- 3) GMD staff shall create a Priority List based on the Prioritization List Scoring Form (see Appendix II).

#### 5.4.2 Work Determination/Contractor Procurement

- 1) During the initial walk-through, the Rehabilitation Specialist informs the homeowner of the contractor selection process. Rehabilitation Specialist advises owner that he/she will be asked to select at least four contractors to bid on his/her project. The owner may choose a general contractor whose firm is not on the GMD Qualified General Contractor List provided that, prior to bid opening, the contractor not on list will be required to meet the same criteria as Qualified General Contractors on the GMD list. If the owner intends to have such a contractor bid on the project, the Rehabilitation Specialist should provide an application packet to the contractor as soon as possible (provided the contractor is interested in bidding on the project).
- 2) Schedule and conduct code inspections on the subject dwelling.
- 3) Schedule and conduct a lead hazard evaluation.
- 4) Prepare work description describing work to be accomplished, including the code reports and lead hazard control plan.
- 5) Consult with applicant on preliminary work description and cost estimate to reach an agreement of work to be done.
- 6) After owner has reviewed the work description, Rehabilitation Specialist offers GMD Qualified General Contractor List to the owner for selection of at least four contractors. Owner selects four contractors then signs at bottom of list. If chosen contractor decides not to bid, owner may choose another contractor if he/she desires.
- 7) Owner and Rehabilitation Specialist set date and time for pre-bid conference at the site.
- 8) Rehabilitation Specialist notifies selected contractors and contractors on the GMD Minority-Female Owned list by mail of the pre-bid conference and solicits response from general contractors regarding intent to attend pre-bid and submit proposal. *Specialty Contractors notified should generally be those whose area of expertise or specialty encompasses work included in the specific job work description.*
- 9) All attend pre-bid conference where concerns and questions are addressed. Contractor will be allowed to visit the site between pre-bid and bid opening with their subcontractors.
- 10) Coordinate solicitation of formal sealed bids from four qualified general contractors selected by the applicant. The contract shall be awarded to that qualified contractor selected by the applicant so long as that contractor's bid is within 10 percent of the Rehabilitation Specialist's cost estimate for the job, contingent upon final loan approval by the participating financial institution.

- 11) Bids are opened at a time designated by the Rehabilitation Specialist within 14 days after pre-bid. Owner may wish to be present. Owner has ten days to select a contractor. If no bids are acceptable, the project will be reviewed and modified as needed, and if required, rebid.
- 12) GMD schedules preconstruction and contract signing as soon as possible after contractor selection.
- 13) Issue Proceed Order after the owner's portion of financing has been put in escrow with the City.

### 5.4.3 Contracting

Construction is undertaken only through a written contract between the contractor and recipient of the Grant/Installment Loan. GMD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the homeowner, and approved by the Grants Management Manager. It shall contain the proposal amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies deem necessary.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety Inspector to show the scope and detail of the work involved.

The contractor's proposal shall comply with general specifications, work description, code reports, and lead hazard control plan as supplied by GMD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

GMD staff shall establish and, on the basis of the contractors' experience and qualifications, maintain a current list of contractors, subcontractors, specialty contractors, and material suppliers who are qualified and who are interested in doing rehabilitation work. GMD shall to the greatest extent feasible contract with Champaign County companies, firms, etc. Contracts shall be awarded per bid procedures outlined in Section 11.0.

Self-Help shall not be permitted with the Housing Rehabilitation Program.

Rehabilitation Permits, utility and building permit fees shall be required for construction work funded through the Grant/Installment Loan Program. These fees are the responsibility of the contractor and his Subcontractors.

#### 5.4.4 Contract Management

- 1) Rehabilitation Specialist shall inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines, including safe work practices for each hazard control.
- 2) Rehabilitation Specialist shall make final inspection of rehabilitation work to ensure conformance with contract specifications.
  - a) The contractor and/or subcontractors shall coordinate with code officials, Rehabilitation Specialist, and Owner for final approval on each segment of work performed at the residence.
  - b) Rehabilitation Specialist shall schedule a clearance test for the lead reduction work performed at the residence.
- 3) Rehabilitation Specialist shall obtain from the contractor the manufacturers' and suppliers' warranties, release of liens, final invoices, and contractor's sworn statement prior to final pay request for rehabilitation work. The Rehabilitation Specialist shall obtain a Certificate of Occupancy for the residence prior to issuing final payment to the contractor.

#### **5.5 Close Out Procedures**

- 1) Rehabilitation Specialist shall present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor telephone numbers, and a copy of the contract, lead hazard clearance report, and the Certificate of Occupancy.
- 2) GMD staff shall also provide information regarding energy conservation and maintenance, and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
- 3) GMD staff shall add information on the completed case to the Community Development Property Log.

## **6.0 EMERGENCY GRANTS**

An Emergency Grant is available to single-family, owner occupied residential properties to repair a health or safety item. Emergency Grant funds are available only if the repair is immediately needed to mitigate a hazardous condition.

### **6.1 Eligible and Ineligible Activities**

Eligible activities include only those repairs necessary to alleviate a hazardous condition which poses a threat to the health and safety of the occupant, including repair or replacement of defective mechanical, electrical or plumbing systems, building components, and surfaces.

An actively leaking roof over a living space may be considered a condition warranting Emergency Grant assistance. At the discretion of the GMD, the course of action taken to eliminate the existing emergency may include additional work to prevent an imminent emergency (i.e., replace furnace rather than repair, replace sewer line rather than repair, reroof rather than patch).

Ineligible activities include any repair that is not of an emergency nature, including weatherization activities, fixtures not permanently attached to the property, and fees for professional consulting services.

### **6.2 General Terms and Conditions**

- 1) An applicant may receive an Emergency Grant to alleviate a hazardous condition and then receive additional assistance through another rehabilitation assistance program described in this manual.
- 2) Emergency Grant assistance can be offered to an applicant even if the same property received assistance through other programs administered by the Grants Management Division. Prior to approval of an Emergency Grant application, the applicant will be required to provide evidence of **property insurance** to the GMD. The GMD may then investigate whether any emergency repairs are eligible for insurance reimbursement. In the event the applicant applies for and receives reimbursement for emergency repair work from his/her insurance company, said insurance proceeds shall be used to reimburse GMD for costs incurred in making emergency repairs to the property.
- 3) An Emergency Grant shall not exceed \$5,000.
- 4) An Emergency Grant recipient shall not be required to pay administrative expenses related to processing of the Emergency Grant application.



- 5) Repayment of the Emergency Grant is not required, even if the grant is provided in conjunction with another rehabilitation assistance program. No lien is placed against the property for the purpose of recovering all or part of the Emergency Grant.

### **6.3 Eligibility Criteria**

For a dwelling unit to qualify as eligible for work under the Emergency Grant Program, the unit must meet the following criteria:

- 1) Be located within the corporate limits of Urbana.
- 2) Be a single-family, owner occupied residential property. Owner-occupied units in multiple-unit structures are ineligible for assistance under this program.
- 3) Be a dwelling unit with a situation deemed threatening to the safety and/or health of the occupants based on a determination made by the GMD. An inspection may be required by the Urbana Building Safety Division. Such items could include a malfunctioning furnace, a problem with plumbing that renders sanitary facilities inoperable, roof leakage which impairs the structural integrity of the roof and its supports, or lead-based paint hazards.

For an applicant to qualify for an Emergency Grant, he/she must meet the following criteria:

- 1) The applicant has owned and resided at the residence one year prior to applying for assistance.
- 2) The applicant must be the person or persons in whose name title to the property is vested. Contract buyers and trust deed recipients will be considered on a case-by-case basis depending on the contract and legal terms but then only if the owner of record or contract seller consents to the Emergency Grant work.
- 3) The applicant must pay all sums necessary to release outstanding liens on the property other than mortgage and tax liens in good standing. Liens that must be released before work can proceed include, but are not limited to, liens for past-due income and sewer benefit taxes and liens for junk and debris removal.
- 4) The applicant's household annual income shall not exceed 50 percent of the median family income figure determined by HUD for Champaign County.
- 5) The HUD Part 5 definition of annual (gross) income shall be the method used in calculating annual income.

## **6.4 Processing Procedures**

This section outlines procedures for preparing, processing, and approving an application for an Emergency Grant, determining work to be done on the property, procuring a contractor, and managing the rehabilitation work.

### 6.4.1 Application Process

- 1) GMD staff shall interview and advise the client of the objectives and procedures of the Emergency Grant Program, objectives and procedures of other housing assistance programs that could be combined with the Emergency Grant project, and specific terms and conditions under which assistance is provided.
- 2) GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
  - a) Verification of employment.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.
  - d) Verification of mortgage or deed of trust from each holder of a lien secured by the property.
  - e) Verification of additional information, such as credit references, necessary to make a determination of eligibility.

### 6.4.2 Work Determination/Contractor Procurement

- 1) GMD staff shall schedule and conduct an inspection of the property. Urbana Building Safety Division may be required to verify the dwelling is generally safe and sound. A complete list of code violations is not required for this program nor must the property meet all City codes at the completion of the project.
  - a) If the emergency visual inspection of the property reveals numerous code violations and deteriorated conditions, the applicant will be asked to participate in the Grant/Deferred Loan Program if funds are available. This would address the entire structure and bring the house into code compliance.

- b) If the applicant declines the Whole House Rehabilitation Program without just cause, the GMD shall not be required to complete the Emergency Grant for the resident. However, if the applicant does not qualify for the Whole House Rehabilitation Program but qualifies for the Emergency Grant Program, GMD staff shall proceed to eliminate the emergency condition.
- 2) GMD staff shall prepare a list of hazardous deficiencies which need immediate attention and correction, including a lead hazard evaluation as required of surfaces that will be disturbed during the Emergency Grant work.
- 3) GMD staff shall reach agreement with the applicant on work to be done and on the schedule for grant activities.
- 4) Due to the immediacy of Emergency Grant projects, formal advertised bidding need not occur. The GMD shall solicit a cost estimate or cost estimates from qualified contractors and contractors on the GMD Minority-Female Owned list. For projects with estimated costs of \$1,000 or less, multiple contractor quotations are not required. For projects with estimated costs exceeding \$1,000, quotations shall be solicited from at least three contractors, with the contractor submitting the lowest responsible bid receiving the job.

#### 6.4.3 Contracting

Construction on Emergency Grant projects exceeding \$1,000 is undertaken only through a written contract between the contractor and the Emergency Grant recipient. The contract shall contain the bid amount, all general conditions, and a description of emergency rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations or policies deem necessary.

The contractor's proposal shall comply with general specifications, work description, and code reports as supplied by GMD. Drawings and/or detailed specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety to show the scope of work involved so misunderstandings can be avoided.

Self-Help shall not be permitted in Emergency Grant projects.

The contractor shall be required to obtain and pay for building and utility permits for work funded through the Emergency Grant Program.

Contracts shall be awarded per bid procedures outlined in Section 11.0.

#### 6.4.4 Contract Management

Inspect rehabilitation work to see that work is progressing satisfactorily and to monitor the quality of materials and workmanship.

#### **6.5 Close Out Procedures**

- 1) Final inspection or Building Safety approval of the work to ensure conformance with contract specifications and issues.
- 2) Obtain from the contractor the lien waiver and invoice prior to final payments.
- 3) Review file to be certain that all documentation is in order and that all necessary signatures have been obtained. Include before and after photographs in file.
- 4) GMD staff shall add information on the completed case to the Community Development Property Log.

## **7.0 ACCESS GRANTS**

An Access Grant is a non-repayable grant made to an income-eligible homeowner, renter of a single family residence as defined by HUD or up to a four unit complex, or trust deed recipient to eliminate physical barriers which inhibit the use of the dwelling unit by a Person with Disability. Grants may be made for renovation of single-family detached dwelling units as well as duplex units. Complexes with 5 or more units are not eligible to participate in this program.

### **7.1 Eligible and Ineligible Activities**

Eligible activities include all types of general improvements necessary to remove barriers for accessibility by persons with disabilities. These activities include but are not limited to:

- 1) Permanent improvements to the property, such as ramp installation, door widening, installation of lowered light panels, renovation of kitchens and bathrooms, installation of visual fire/smoke alarms and doorbells for the hearing-impaired.
- 2) Detachable equipment to eliminate obstacles in the bathroom and kitchen but only if permanent improvements are impractical, exorbitant in cost, or unacceptable to the property owner (in the case of rental property).

Ineligible activities include general improvements not related to removal of barriers. These include:

- 1) Removal of code deficiencies and incipient code deficiencies.
- 2) Furnishings (items not permanently affixed to the property), except equipment noted above.

### **7.2 General Terms and Conditions**

- 1) An Access Grant shall be limited to \$5,000.
- 2) An applicant may receive an Access Grant and then receive additional assistance through another rehabilitation assistance program described in this manual.
- 3) Access Grant assistance can be offered to an applicant even if the same property received assistance from the Grants Management Division through another program.
- 4) Access Grant processing costs shall be the responsibility of the GMD.

- 5) If a rental unit is retrofitted through the Access Grant Program and the tenant for which the unit is retrofitted vacates the unit, the owner agrees as follows:
  - a) The owner shall notify the GMD that the unit has been vacated. The GMD retains the right to reclaim any detachable equipment funded by the program but abandoned by a person with disability (i.e., no longer in use and not expected to be used).
  - b) The owner agrees that first priority in renting vacated units shall be given to persons with disabilities.

### **7.3 Eligibility Criteria**

For a dwelling unit to qualify for remodeling with an Access Grant, the unit must meet the following criteria:

- 1) Be located within the corporate limits of Urbana.
- 2) Be structurally sound and relatively free of any building deficiencies that would render the property "substandard."
- 3) Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of the Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana, as amended.

The applicant for an Access Grant is the person intending to occupy the unit upon retrofitting. For an applicant to qualify for an Access Grant, he/she must meet the following criteria:

- 1) The applicant can be the owner of record, a renter of record, or a trust deed recipient. If the applicant is not the owner of record, the Access Grant can be made for retrofit of the property only if the owner of record agrees to the retrofit.
- 2) The applicant's household income shall not exceed 80 percent of the median family income for Champaign County as determined by HUD.
- 3) The applicant must be 18 years old or older with a disability or have a dependent with a disability who is a permanent resident of the dwelling unit to be retrofitted.

## **7.4 Processing Procedures**

This section outlines procedures for preparing, processing, and approving an application for an Access Grant, determining work to be done on the property, procuring a contractor and managing the rehabilitation contract.

### 7.4.1 Application Process

GMD will accept inquiries concerning Access Grants from owners of rental property and from social services agency personnel. The applicant for an Access Grant must, however, be the expected occupant of the unit to be renovated, either as the owner, renter, or trust deed recipient.

- 1) GMD staff shall interview and advise the Access Grant applicant of the design and objectives of the Access Grant Program and the availability and benefits of the Access Grant Program. GMD staff shall advise the applicant and owner (if different from applicant) concerning the specific terms and conditions under which assistance is provided.
- 2) GMD staff shall obtain and verify the following information concerning the applicant and subject dwelling:
  - a) Verification of employment.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.
  - d) Applicant's interest in the property to be renovated.
  - e) Owner's approval of the proposed retrofit (if applicant is not the owner of record).
  - f) Any additional information necessary to make a determination of eligibility including disability if not otherwise obvious.

### 7.4.2 Work Determination/Contractor Procurement

- 1) GMD staff shall schedule and conduct an inspection of the property to determine barriers to be removed and to verify that dwelling is generally safe and sound. Inspection team consists of Rehabilitation Specialist, applicant, owner (if other than applicant),.

- 2) Prepare a list of necessary property improvements and preliminary cost estimates and determine project feasibility, including a lead hazard evaluation as required of surfaces that will be disturbed.
- 3) Timing of completion of work under the Access Grant Program is especially important because the occupant often must rely on Access Grant improvements to be able to use (even enter) her or his dwelling unit. Consequently, advertised bidding is not required in the Access Grant Program.
  - a) For Access Grant projects with costs not exceeding \$1,000, no bid solicitation shall be required. The Rehabilitation Specialist assigned to the case may select any qualified general contractor or minority/female-owned specialty contractor in the event that a general contractor is not needed, so long as the contractor's proposal is reasonable and appropriate. In the event that a bid cannot be obtained from firms on these lists in a timely manner, the Grants Management Manager may authorize solicitation of bids from firms not on the lists.
  - b) For Access Grant projects with costs more than \$1,000 but not exceeding the \$5,000 program limit, the Rehabilitation Specialist assigned to the case shall solicit bids from at least three contractors. Formal advertising shall not be required. The construction contract shall be awarded to the qualified general contractor submitting the lowest responsible bid.
- 4) GMD staff shall consult with applicant and owner (if other than applicant) to reach agreement on the construction contract.
- 5) GMD staff shall conduct preconstruction conference and contract signing, and prepare proceed order.

### 7.4.3 Contracting

Construction is undertaken only through written contracts between the contractor, the recipient of the Access Grant, and the owner if other than the applicant. GMD staff assists each applicant with arranging an acceptable construction contract or contracts.

The construction contract shall consist of an agreement or agreements signed by the contractor, accepted by the grant recipient and owner, and approved by the Grants Management Manager. It shall contain the proposed amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations or policies deem necessary.



Drawings and/or specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety to show the scope and detail of the work involved. The contractor's proposal shall comply with general specifications as supplied by GMD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist, owner, and applicant. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

Self-Help work shall not be permitted in conjunction with an Access Grant project.

The contractor shall be responsible for utility and building permit fees required for construction work funded through the Access Grant Program.

#### 7.4.4 Contract Management

GMD staff shall inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.

### **7.5 Close Out Procedures**

- 1) Final inspection or Building Safety approval of the work to ensure conformance with contract specifications and issues.
- 2) Obtain from the contractor the lien waiver and invoice, prior to final payments.
- 3) Review file to be certain that all documentation is in order and that all necessary signatures have been obtained. Include before and after photographs in file.
- 4) GMD staff shall add information on the completed case to the Community Development Property Log.

## **8.0 SENIOR REPAIR SERVICE GRANTS**

A Senior Repair Service Grant is a non-repayable grant made to income-eligible seniors or persons with disabilities of any age for the purpose of providing general maintenance repairs to enable the citizen to maintain his/her property.

### **8.1 Eligible and Ineligible Repairs**

Eligible repairs shall include the following:

- 1) repairs that help the applicant maintain independence, including but not limited to:
  - handrail installation and repair
  - porch and step repair/replacement
  - installation of non-slip stair treads
  - grab bar installation
  - installation of accessible water closet
  - installation of handheld shower unit
  
- 2) repairs that conserve financial and energy resources, including but not limited to:
  - repair/replace leaky faucets or water connections
  - roof patching/soffit/fascia & gutter repair/replace
  - repair of furnace/air conditioners
  - replacement /repair of entry and storm doors
  - replacement/repair of deteriorating windows and storm windows and screens
  - replacement of obsolete water heaters
  - plumbing repairs

- 3) repairs that insure minimum health and safety standards, including but not limited to:
  - door hanging/replacement
  - installation of locks/deadbolts or level lock hardware
  - installation of smoke detectors/carbon monoxide detectors
  - wall and ceiling repairs/plaster patching
  - electrical repairs
  - floor repair/replacement to eliminate trip hazards

### Ineligible Repairs

The following repairs shall not be provided to the applicant through the Urbana Senior Repair Service Program:

- 1) roof replacement
- 2) total exterior house painting
- 3) house restoration (historic preservation)
- 4) redecorating
- 5) lawn mowing, leaf raking, or snow removal
- 6) tree or brush trimming

## **8.2 General Terms and Conditions**

- 1) An applicant may receive a Senior Repair Service Grant to address an eligible activity and also be eligible to receive additional assistance through another rehabilitation assistance program described in this manual.
- 2) A Senior Repair Service Grant may be offered to an applicant, even if the property received assistance from GMD through another rehabilitation program in the same program year.
- 3) A Senior Repair Service Grant shall not exceed the maximum amount of \$1,000 within the program year. The maximum available amount shall be

reviewed and determined by the Community Development Commission periodically.

- 4) A Senior Repair Service Grant recipient shall not be required to pay administrative expenses related to processing of the application.
- 5) Repayment of the grant is not required even if the grant is provided in conjunction with another rehabilitation assistance program.

### **8.3 Eligibility Requirements and Verification**

To be eligible for assistance through this program, an individual/household must meet the following criteria:

- 1) The applicant must own and occupy the dwelling unit on which the repairs are to be made. (Trust Deeds and contract purchases are allowable with the approval of the owner of record.)
- 2) Eligible owner-occupied dwelling units include single-family residences, units in duplex structures, and mobile homes.
- 3) The dwelling unit on which repairs are to be made must be located within the corporate limits of the City of Urbana at the time repairs are made.
- 4) The individual for whom repairs are made must be 62 years old or older or be a person with a disability of any age.
- 5) The applicant's household income shall not exceed 50 percent of the median family income for Champaign County as released by HUD.
- 6) Cost of repairs shall not exceed the maximum allotment amount per household per program year.
- 7) A Senior Repair Service Grant shall not exceed the maximum amount of \$1,000 within the program year.

### **8.4 Application Process**

- 1) GMD staff shall interview and advise the client of the objectives and procedures of the Senior Repair Service Grant Program, objectives and procedures of other housing assistance programs that could be combined with the Senior Repair Service Grant project, and specific terms and conditions under which assistance is provided.

- 2) GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
  - a) Verification of employment.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.

## **8.5 Work Procedures and Close Out**

- 1) GMD shall prepare a Senior Repair Service work order/invoice requiring the applicant's signature prior to the work being performed, including a lead-based paint hazard evaluation as required.
- 2) The work order/invoice will be given to a qualified contractor from the list maintained by GMD. Selection of the contractor shall be conducted as per applicable HUD methods of procurement, as outlined in 24 CFR 85.36. A list of eligible contractors who have completed an application and provided all pertinent information to participate in the program shall be maintained by GMD. The projects shall be distributed among the contractors on a rotation basis determined by availability, hourly price, expertise in the project and by applicant request.
- 3) The contractor shall begin work at his/her earliest convenience. It shall be the responsibility of the contractor to coordinate the work hours with the client.
- 4) At the completion of the work the GM staff will confirm satisfactory completion of the work.

## **9.0 SECONDARY STRUCTURE DEMOLITION PROGRAM**

This program provides up to \$5,000 as a non-repayable grant to income-eligible homeowners to eliminate unsafe secondary structures and deteriorating fence materials located on the property.

### **9.1 Eligible and Ineligible Activities**

#### Eligible Activities

- Demolition of garages including foundation materials
- Demolition of sheds including foundation materials
- Demolition of carports
- Demolition of dilapidated fencing materials
- Backfill of removed sub-grade materials to a rough grade, anticipate and compensate for settling

#### Ineligible Activities

- Demolition of the primary structure
- Demolition of buildings attached to the primary structure
- Removal of toxic or hazardous materials left inside the structure
- Removal of vehicle left inside the structure
- Landscaping such as leveling to finish grade, replacing sod, grass seeding, replanting of shrubs and trees, etc.

### **9.2 General Terms and Conditions**

- 1) The property must be a single-family residential property owned and occupied by the applicant. Grant assistance can be offered to an applicant even if the same property received assistance through other programs administered by the Grants Management Division.
- 2) The demolition grant shall not exceed \$5,000. If demolition cost proposals exceed \$5,000, the applicant/owner can provide the difference to complete the

project. Those funds shall be required to be put in an escrow account with the City at the time the demolition contract is executed.

- 3) For the structure to qualify for demolition assistance, it must be structurally unsound or severely dilapidated.

Self-help shall not be permitted through this program.

### **9.3 Eligibility Criteria**

For the structure to qualify through the Program, the unit must meet the following criteria:

- 1) Be located in the CD Target Area. Properties outside of the Target Area will be considered on a case-by-case basis determined by funding availability and approval by the Grants Management Division Manager.
- 2) Be classified as substandard, severely dilapidated.
- 3) Be structurally unsound. Units that do not meet this criteria are ineligible for assistance under this program.
- 4) Be a single-family owner-occupied residential property. Owner-occupied units in multiple-unit structures are ineligible for assistance under this program.

For an applicant to qualify for this type of assistance, he/she must meet the following criteria:

- 1) The applicant must have owned and lived at this residence for one year prior to applying for assistance.
- 2) The applicant must be the person or persons in whose name title to the property is vested.
- 3) The applicant must pay all sums necessary to release outstanding liens on the property other than mortgage and tax liens in good standing. Liens that must be released before work can proceed include, but are not limited to, liens for past-due income and sewer benefit taxes and liens for junk and debris removal.
- 4) The applicant's anticipated household annual (gross) income shall not exceed 80 percent of the median family income for Champaign County as released by HUD. The HUD Part 5 definition of annual (gross) income shall be used in calculating annual income.

## **9.4 Processing Procedures**

This section outlines procedures for preparing, processing, and approving an application for the program, determining work to be done on the property, procuring a contractor, and managing the project.

### Application Process

- 1) GMD staff shall interview and advise the applicant of the design and objectives and specific terms of the program and conditions under which assistance is provided.
- 2) GMD staff shall obtain the following information from and about the applicant and the subject property:
  - a) Verification of household income.
  - b) Verification of other earnings, housing expenses, and assets.
  - c) Verification of deposits with financial institutions.
  - d) Verification of additional information, such as necessary to make a determination of eligibility.

### Contracting

Demolition projects are undertaken only through a written contract between the contractor and the program recipient. The contract shall contain the bid amount, all general conditions, and a description of work to be performed. The contract may be changed as federal, state, and local laws, regulations or policies deem necessary.

The contractor's proposal shall comply with general demolition specifications, as supplied by GMD. Drawings and/or detailed specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety to show the scope of work involved so misunderstandings can be avoided.

Self-Help shall not be permitted in these projects.

The contractor shall be required to obtain and pay for all required utility and demolition permits.

## **9.5 Close Out Procedures**

- 1) Final inspection or Building Safety approval of demolition work to ensure conformance with contract specifications and issues.
- 2) Obtain from the contractor the lien waiver and invoice prior to final payments.
- 3) Review file to be certain that all documentation is in order and that all necessary signatures have been obtained.



## **10.0 PURCHASE/REHAB/RESELL PROGRAM**

To further enhance program objectives as described in this manual, the City may engage in a program to purchase properties that are in danger of becoming blighted, rehabilitate them, and resell them as affordable housing. When opportunities become available, the City may purchase houses that do not fully meet local building codes but do not warrant demolition. The City shall initiate rehabilitation of those properties to preserve the affordable housing stock and maintain continuity of the neighborhood. These houses may then be sold as owner-occupied units to households which earn less than 80% of the area median family income, as per HUD guidelines.

### **10.1 Rehabilitation Process**

In order to successfully rehabilitate acquired properties, the City may pursue a variety of partnerships, including but not limited to:

- Working with not-for-profit groups and/or Community Housing Development Organizations (CHDOs)
- Directly hiring contractors and overseeing the work internally
- Bidding out the project to for-profit developers and stipulating terms that will ensure an affordable end product

Any property acquired, rehabilitated, and sold shall only be used for homeownership.

Any property rehabilitated through this program shall comply with HUD Housing Quality Standards and all applicable building, zoning, occupancy, and property maintenance codes upon its completion. Compliance with this section shall be documented through an issuance of a **Certificate of Occupancy** by the City of Urbana Building Safety Division. All rehabilitation work performed with the project shall be subject to issuance of permits and payment of permit fees.

### **10.2 Property Requirements**

For a dwelling unit to qualify for this program, the unit must meet the following criteria:

- 1) Be located in the CD Target Area. Properties outside of the Target Area will be considered on a case-by-case basis.
- 2) Be classified as "substandard, suitable for rehabilitation" by the Grants Management Division in coordination with the Building Safety Division.

- 3) Be structurally sound or be able to be rendered structurally sound through rehabilitation. Units that cannot be cost-effectively purchased, renovated to meet code and resold are ineligible under this program. These properties may be used as acquisition for demolition and the property added to the City's land portfolio to be used for new construction.
- 4) Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violation).
- 5) Be a single-family residential property. Multiple-unit structures are ineligible for this program.
- 6) Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana as amended. Residential properties which are in violation of the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible under this program.

### **10.3 Marketing/Reselling Process**

After the acquisition and successful rehabilitation of the property, the City shall work to ensure it is sold as an owner-occupied home to a low- or moderate-income family. In order to market the property to the appropriate market segment, the City may engage in one of the following tactics:

- Working with not-for-profit groups and/or CHDOs
- Hiring a realtor with experience in affordable housing
- Promoting through the Grants Management Division's extensive list of contacts with participating lenders, other housing agencies, or the general public

Any property acquired, rehabilitated and sold pursuant to this program shall be used solely for the purpose of homeownership for persons at or below 80% MFI.

### **10.4 Funding**

Funding sources for initial purchase and rehabilitation may include but are not limited to: CDBG, HOME, TIF, FHLB, IHDA, or other participating financial institutions.

Agreements and Deed restrictions may be required for use and occupancy and shall be secured through the contract documents as required by the funding used throughout the project. For example, if \$40,000 or less of HOME funds are expended in connection through the project, the property shall be used for owner-occupied housing and must remain affordable to a low-income family for a period of not less than ten (10) years. If more than \$40,000 is expended, the property must remain affordable for a period of not less than fifteen (15) years.

The City shall comply with the Uniform Relocation Act when acquiring property pursuant to this program, including issuance of required notices to property owners, and occupants, and payment of relocation benefits when required.

All of the funds obtained through the sale of the acquired and rehabilitated property shall be returned to the City as required by the funding source to be used for other activities within the Purchase/Rehab/Resell program or other eligible projects.

#### **10.5 Contract Management and Rehabilitation Close Out**

- 1) The GMD or the organization in charge of the project shall inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship.
- 2) The GMD or organization in charge of the project shall make final inspection of rehabilitation work to ensure conformance with contract specifications.
- 3) The contractor and/or subcontractors shall coordinate with code officials, GMD, and/or the organization for final approval on each segment of work performed at the residence.
- 4) The GMD or organization shall schedule and complete a lead clearance test for the lead reduction work performed at the residence.
- 5) The GMD or the organization shall obtain from the contractors any manufacturers' and suppliers' warranties, release of liens, invoices, and contractor's sworn statement prior to final pay request for rehabilitation work. The GMD or organization shall obtain a Certificate of Occupancy for the residence prior to issuing final payment to the contractor.
- 6) Review file to be certain that all documentation is in order and that all necessary signatures have been obtained. Include before and after photographs in file.

## **11.0 CONTRACTING POLICIES AND PROCEDURES**

This section describes the general contracting policies of the City of Urbana as they relate to housing rehabilitation projects, procedures whereby contractors can become eligible to contract for CDBG- and HOME-funded projects, policies governing use of self-help in housing rehabilitation assistance programs, and housing rehabilitation projects conducted in conjunction with for profit individuals and companies, non-profit organizations, Empty Tomb, Inc.

### **11.1 General Contracting Policies**

The City of Urbana encourages general contractors awarded CDBG- and HOME-funded contracts to utilize subcontractors and material suppliers located in Champaign County, employing Champaign County residents, and furthering federal, state, and local affirmative action goals.

#### Contracting Policies Pertaining to Grant/Deferred Loans and Grant/Installment Loans

See GDL and GIL Programs described in this manual

#### Contracting Policies Pertaining to Emergency Grants

See Emergency Grant Program described in this manual

#### Contracting Policies Pertaining to Access Grants

See Access Grant Program described in this manual

#### Contracting Policies Pertaining to Senior Repair Service Grants

See Senior Repair Service Grant Program described in this manual

#### Contracting Policies Pertaining to Secondary Structure Demolition Program

See Secondary Structure Demolition Program described in this manual

#### Contracting Policies Pertaining to Purchase/Rehab/Resell Program

See Purchase/Rehab/Resell Program described in this manual

#### Contracting Policies Pertaining to Property Acquisition / Disposition Program

See Property Acquisition/ Disposition Program described in this manual

### **11.2 Contractor Standards**

As described above, all Urbana housing rehabilitation programs utilize a list of qualified general contractors, minority/female-owned specialty contractors, or both. To implement these programs, GMD maintains lists of qualified general contractors and minority/female-

owned specialty contractors. The City has adopted the following minimum standards for inclusion on these lists.

### Standards for Qualified General Contractor List

Qualified general contractor status indicates the contractor has the financial resources and the experience in both project management and construction trades necessary to successfully complete housing rehabilitation projects of the nature undertaken through the City's housing rehabilitation programs. GMD maintains a list of qualified general contractors eligible to participate in the City's housing rehabilitation programs. To qualify for inclusion on the list, a general contractor must submit an application to GMD, which evidences that the contractor meets the following standards.

- 1) The contractor has successfully completed at least two similar cases of nature and cost to those funded through the Urbana housing rehabilitation program to the satisfaction of client, vendors, and subcontractors. The two cases must involve management of at least one subcontractor and direct experience in one or more construction trades.
- 2) The contractor must provide evidence of insurance of the types and amounts as follows. The amounts are minimum levels.
- 3) The Contractor shall maintain during the entire period of his performance under this Contract for Rehabilitation the following minimum levels of insurance. All policies shall be written with insurance carriers qualified to do business in the State of Illinois.
  - a) Worker's Compensation Insurance - Per Illinois Statutory Requirements **(REQUIRED BY THE CITY)**
  - b) Comprehensive General Liability policy to cover bodily injury to persons other than employees and for damage to tangible property, including loss of use thereof, including the following exposures.
    1. All premises and operations.
    2. Explosion, collapse, and underground damage.
    3. Contractor's Protective coverage for independent contractors or subcontractors employed by him/her.
    4. Contractual Liability for the obligation assumed in the Indemnification and Hold Harmless agreement of the contract.
    5. Personal Liability endorsement with no exclusions pertaining to employment.

6. Products and completed operations coverage. Combined single limits of at least one million (\$1,000,000) per occurrence.
  - c) Automobile Liability – Combined single limits of at least Five Hundred Thousand (\$500,000) per occurrence bodily injury/property damage. Auto liability shall include owned, non-owned, and hired vehicles.
  - d) Umbrella Liability Policies may be used to satisfy the limits named above.
  - e) Pollution Liability (if applicable) - as required by the State of Illinois Department of Public Health for Lead Abatement Contractors.
- 4) The contractor must have financial resources including working capital and sufficient credit necessary to purchase building materials and retain subcontractors for housing rehabilitation work.
- 5) The contractor must be capable of securing permits required for housing rehabilitation. The contractor must have licenses required for construction trades or must be able to subcontract with firms that do.
- 6) The contractor must be in good standing with other federal, state, and local agencies and may not be on any government-maintained debarred contractor list.
- 7) The contractor must be in good standing with the Federal Internal Revenue Service and the State Department of Revenue. The contractor may not be subject to federal or state tax levy or lien.
- 8) The contractor adheres to the City's Equal Employment Opportunity Ordinance (or for companies new to City contracting, agrees to adhere to the ordinance and has the necessary written policies and procedures to do so). Continued participation in the housing rehabilitation programs is based in part on efforts by the contractor to retain minority/female-owned subcontractors in GMD-funded construction work.

GMD will approve contractors for the qualified general contractor list. GMD reserves the right to approve contractors for listing on the qualified general contractor list with conditions such as limits on project size and/or on the number of contracts the contractor will be allowed to undertake simultaneously.

GMD reserves the right to remove a contractor from the qualified general contractor list or to limit the scope of work by the contractor in the program for any of the following reasons.

Prior to taking such action, GMD shall provide the contractor written notification of the deficiency and shall allow the contractor reasonable time to correct said deficiency.

- 1) The contractor fails to continue to meet any of the qualification standards listed herein.
- 2) The contractor fails to comply with provisions of a program construction contract and is declared in default of said contract. Grounds for declaration of default include, but are not limited to, the following:
  - a) Poor workmanship
  - b) Unable to secure and maintain the proper licenses and insurance requirements
  - c) Continued violation of a contract start or completion date
  - d) Abuse of change-order provisions
  - e) Bankruptcy or insufficient financial resources to complete work
- 3) The contractor's and subcontractor's conduct toward program clients is inconsistent with public policy.

#### Standards for Minority/Female-Owned and Specialty Contractor List

A minority/female-owned and specialty contractor is a firm specializing in one or more construction trades in which more than half of the assets are owned and controlled by a minority or female person or persons.

Prior to commencement of any work funded through GMD the company must meet the following additional standards.

- 1) The contractor must submit the appropriate Equal Employment Opportunity forms in an acceptable manner.
- 2) The contractor must provide evidence that she/he has insurance of the type and minimum amounts cited in Standards for Qualified General Contractor List.
- 3) The contractor is capable of securing building and utility permits as necessary for the construction work proposed by the contractor.
- 4) The contractor is judged by GMD to have an acceptable record of performance, integrity, financial resources, and technical expertise as

determined by investigation of information requested by GMD and provided by the contractor.

### **11.3 Self-Help in Rehabilitation Assistance Programs**

Self-help is not allowed in any project funded in accordance with this manual.

### **11.4 Rehabilitation Projects in Conjunction with non-profit agencies including Empty Tomb, Inc.**

Rehabilitation assistance through programs described in this manual is limited to a maximum funding amount per program. Recognizing that some projects cannot be completed at that cost, GMD may enter into a cooperative arrangement with a non-profit service organization such as Empty Tomb, Inc., a private, non-profit social service organization based in Champaign. GMD will provide CDBG/HOME funds to a homeowner for purchase of building materials up to the maximum amount available per program. The materials are then installed by the organization staff and volunteers pursuant to a contract between the organization and the homeowner. Staff and volunteers of such organizations are not eligible for reimbursement for their labor. The decision to involve any non-profit service organization in the project is ultimately made by the homeowner.

Non-profit agencies may be utilized through the City's Purchase/Rehab/Resell Program on a case-by-case basis as determined by the work to be accomplished, funding availability, and time allotted for the project. The City shall enter into a memorandum of understanding with the agency to provide funding for the materials and specialty contractors required to complete the project. Non-profit agencies and volunteers are not eligible for reimbursement for their time and labor. The agencies shall be required to submit proof of insurance. All policies shall be written with insurance carriers qualified to do business in the State of Illinois.

- 1) **Worker's Compensation Insurance - Per Illinois Statutory Requirements (REQUIRED BY THE CITY)**
- 2) Comprehensive General Liability policy to cover bodily injury to persons other than employees and for damage to tangible property, including loss of use thereof, including the following exposures.
  - a) All premises and operations.
  - b) Explosion, collapse, and underground damage.
  - c) Contractor's Protective coverage for independent contractors or subcontractors employed by him/her.



- d) Contractual Liability for the obligation assumed in the Indemnification and Hold Harmless agreement of the contract.
  - e) Personal Liability endorsement with no exclusions pertaining to employment.
  - f) Products and completed operations coverage. Combined single limits of at least one million (\$1,000,000) per occurrence.
- 3) Automobile Liability – Combined single limits of at least (\$500,000) per occurrence bodily injury/property damage. Auto liability shall include owned, non-owned, and hired vehicles.
  - 4) Umbrella Liability Policies may be used to satisfy the limits named above.
  - 5) Pollution Liability (if applicable) - as required by the State of Illinois Department of Public Health for Lead Abatement Contractors.

Involvement by a non-profit agency is determined on a case-by-case basis but is generally limited to a portion of the rehabilitation work at any particular site. Work is based on the type of renovation to be undertaken and on the availability of volunteers. Work requiring licensing such as electrical, plumbing, etc. shall be completed by licensed subcontractors and shall be paid accordingly.

Requests for payment submitted by the non-profit agencies to GMD shall be carefully reviewed by GMD for reasonableness and completeness. Reimbursement for any material purchases may be disallowed if the GMD determines that the material cost significantly exceeds the suggested retail price of the material or if the GMD determines upon inspection of the property that the material has not been used in the rehabilitation.

GMD shall encourage non-profits to purchase material supplies from Champaign County vendors whenever possible.

## **12.0 PROPERTY ACQUISITION / DISPOSITION PROGRAM**

Property Acquisition in Support of New Construction Relocation/Clearance/Disposition is part of an ongoing effort to sustain and maintain neighborhoods. In accordance with Section

### **12.1 Authorized Activities**

When opportunities become available, the Grants Management Division Manger may negotiate and purchase substandard housing and vacant properties primarily in the CD Target Area. Properties outside of the Target Area may be considered on a case-by-case basis and funding availability. These properties shall then be cleared and maintained in the City's land portfolio until of donation or sale to a local non-profit housing developer or CHDO for new construction of affordable housing. Households, which earn less than 80% of the area Median Family Income as determined by guidelines, may purchase these homes.

### **12.2 Property Qualifications:**

1. Be located in the CD Target Area. Properties outside the target may be considered on a case-by-case basis.
2. Be classified as a "substandard dwelling" by the Grants Management Division in coordination with the Building Safety Division.
3. Be structurally unsound. Units that cannot be cost-effectively purchased, renovated to meet code and resold are eligible under this program. These properties may be used for acquisition/demolition and added to the City's land portfolio to be used for new construction.
4. Be a single-family residential property or duplex unit. Multiple-unit structures may be considered on a case-by- case basis.
5. Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2005 Comprehensive Plan for Urbana, as amended. Residential properties which are in violation of the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible under this program.

### **12.3 Acquisition Process**

In order to successfully acquire properties, the Council authorizes the Manager of the Grants Management Division to enter into negotiations as may become available to purchase dilapidated and vacant properties to be used through the City's programs as Purchase/Rehab/Resell or Purchase Demolition and Clearance to add properties to the City's portfolio for later use in the construction of affordable housing.

Procedures to ensure compliance with HUD and program guidelines including relocation benefits shall include but not be limited to the following.

- Letter of interest with accompanying return receipt of notice
- Information Notice for Voluntary Acquisition of Property
- Title Policy as proof of ownership and outstanding liens
- Appraisal and Appraisal review (if applicable)
- Offer to purchase with statement for just compensation, response to the offer and negotiation
- City Council Ordinance approval of the purchase
- Environmental Review and clearance achieved
- Property purchase (closing), Warranty Deed recorded, Title Insurance Policy
- Proper maintenance of the property until disposition

As listed above, these steps are followed in the property acquisition process. However throughout the process, additional concerns and/or complications may arise that could include additional requirements as imposed by HUD or other governing bodies, such as possible relocation assistance, numerous persons listed on the title, numerous liens against the property, etc. In these instances, the GMD shall ensure the proper documentation, assistance, lien releases, and negotiations per HUD requirements. The GMD shall incorporate the Uniform Relocation Act Acquisition & Relocation Section 104(d) Replacement Housing and Relocation as required by HUD.

### **12.4 Demolition Process**

The property shall be secured and an asbestos inspection and report shall be completed. The project shall be advertised for bid and contractors who have previously bid on demolition projects shall be notified. The Invitation For Bid shall include Instruction to Bidders, Specifications, Bid Proposal Form, Purchase Certification Form, Equal Employment Opportunity Form, and Pre-Demolition Asbestos Survey. The contractor shall familiarize themselves with the documents prior to submitting their Proposal.

Demolition projects are undertaken only through a written contract between the contractor and the City. Contracts shall be awarded to the party submitting the Low Responsible Bid. The low responsible bid shall generally be the bid proposal from the bidder who has (1)

complied with all bid specifications, bid instructions, and contract requirements and (2) offers to perform the contract for the lowest price. The City reserves the right to reject any and all bids. The contract shall contain the bid amount, all general conditions, and a description of work to be performed. In the event that the low responsible bidder is unable to provide the required documentation in a timely manner, the City may reject the bid and negotiate with the bidder who submitted the next lowest responsible bid. The City may continue this process until a successful bidder is determined. The contract may be changed as federal, state, and local laws, regulations or policies deem necessary.

The contractor's proposal shall comply with general demolition specifications, as supplied by GMD including a Pre-Demolition Asbestos Survey. Drawings and/or detailed specifications shall be prepared by the contractor only when deemed essential by GMD or Building Safety to show the scope of work involved so misunderstandings can be avoided.

### **12.5 Contractor Requirements**

The contractor shall be required to obtain and pay for all required utility and demolition permits.

The contractor shall be responsible for the cost of transportation and verification of disposal of all materials to a licensed landfill area, which will accept these materials. The City encourages recycling of demolition materials where possible.

Demolition permit is required and may be obtained from the City of Urbana.

Contractor must be bonded with the City of Urbana and is required to have evidence of such bond on file with the Urbana Engineering Division prior to contract signing.

### **12.6 Close Out Procedures**

- Interim and a Final Inspection by Building Safety Division for approval of demolition work to ensure conformance with contract specifications and issues.
- Obtain from the contractor the disposal verification, lien waiver and invoice prior to final payments.
- Review file to be certain that all documentation is in order and that all necessary signatures have been obtained.

### **12.7 Property Maintenance and Disposition**

Properties acquired in support of new construction of an ongoing effort to sustain and maintain neighborhoods shall be maintained until such time disposition occurs. Properties shall be donated, transferred, or sold to a non-profit housing developer or CHDO for the use of new construction of affordable housing. The following shall be the process in which the properties shall be disbursed.

- The GMD shall notify non-profit housing developers and CHDO of any and all properties the City owns that may be used for the construction of new affordable housing. The GMD shall maintain and update the list.
- A residence shall be constructed in accordance with all applicable land development, zoning, and building codes, and the visitability standards of the City of Urbana, Illinois, and with any and all covenants recorded for the subdivision in which Subject Property is located.
- A request for each property from the non-profit housing developer or CHDO shall be submitted in writing to the Manager of the Grants Management Division with the proposed time frame for construction, sale, and all other applicable information that may be pertinent to the project, i.e. funding appropriated for the construction, income qualifications for potential owner, building design, etc. At no time shall the housing developer request properties to land bank for future development.
- The City shall convey properties by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.
- The Developer shall accept the property in its “as-is” condition, and City disclaims all warranties express or implied as to the condition of Subject Property.
- The Developer after transfer of the property shall be responsible for property maintenance and obtaining and paying for all permits required under said codes.
- The residence constructed on these properties shall be substantially compatible in design and quality of construction as required by the Building Safety Division and the Grants Management Division Manager, acting on behalf of the City. Additional alterations to the proposed design may be required prior to issuance of any building permit.
- The residence constructed on Subject Property must subsequently be sold only to a family having income at or below 80 percent of Median Family Income for Champaign County based on household size. Developer shall keep record of compliance with this Section on file for inspection by representatives of the City and the U.S. Department of Housing and Urban Development.

## **APPENDIX I: HUD PART 5 INCOME DEFINITIONS**

### **HUD Part 5 Income Inclusions:**

- 1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
- 2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- 3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
- 4) The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except Supplemental Security Income (SSI) or Social Security).
- 5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, as listed in paragraph 3 under Income Exclusions).
- 6) Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:

- Qualify as an assistance under the TANF program definition at 45 CFR 260.31; and
- Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).

If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:

- the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; **plus**
    - the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- 7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
  - 8) All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

#### **HUD Part 5 Income Exclusions**

- 1) Income from employment of children (including foster children) under the age of 18 years.
- 2) Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family who are unable to live alone).
- 3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
- 4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.

- 5) Income of a live-in aide (as defined in 24 CFR 5.403).
- 6) Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
- 7) The full amount of student financial assistance paid directly to the student or to the educational institution.
- 8) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- 9) Self-Sufficiency Program Income.
  - a) Amounts received under training programs funded by HUD.
  - b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
  - b) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program.
  - c) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.
  - d) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participated in the employment training program.



- 10) Temporary, nonrecurring, or sporadic income (including gifts).
- 11) Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
- 12) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household or spouse).
- 13) Adoption assistance payments in excess of \$480 per adopted child.
- 14) Deferred periodic amounts from Supplemental Security Income (SSI) and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
- 15) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
- 16) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
- 17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.

Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion.

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- Payments received under the Alaskan Native Claims Settlement Act;

- Income derived from the disposition of funds to the Grant River Band of Ottawa Indians;
- Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP);
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- Payments received from programs funded under Title V of the Older American's Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- Payments received on or after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the child Care and Development Block Grant Act of 1990;
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);

- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act;
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

**APPENDIX II:**

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**Housing Rehabilitation Program  
Prioritization List Scoring Form**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Scored by: \_\_\_\_\_

Date: \_\_\_\_\_

**PART 1: HOUSEHOLD FACTORS**

- \_\_\_\_\_ Income
  - 0 – 20 percent MFI            *20 points*
  - 21- 30 percent MFI        *15 points*
  - 31- 40 percent MFI        *10 points*
  - 41- 50 percent MFI        *5 points*
  - above 50 percent MFI     *0 points*
  
- \_\_\_\_\_ Number of children in household
  - (5 point for each child 6 years of age or younger)*
  - (2 points for each person under 18 years of age)*
  
- \_\_\_\_\_ Age of applicant
  - (3 points for each person in household 62 years old or older)*
  
- \_\_\_\_\_ Previous City-funded whole-house rehabilitation at the property
  - Project completed within the last ten years    *applicant ineligible*
  - Completed more than 10 years ago            *5 points*
  - No such assistance ever provided            *10 points*
  
- \_\_\_\_\_ **Subtotal, Part 1: Household Factors**

\_\_\_\_\_ Subtotal, Part 1: Household Factors

\_\_\_\_\_ Subtotal, PART 2: Unit Factors

\_\_\_\_\_ **TOTAL SCORE (sum of Part 1 and Part 2)**

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## PART 2: UNIT FACTORS

- \_\_\_\_\_ There is a lack of a sound, water-tight roof membrane over the living space. *(up to 15 points)*
- \_\_\_\_\_ There is an inadequate and unsafe heating system serving all of the living space, with a heating unit in poor operating condition without any expectation of its having a relatively long operating life. *(up to 15 points)*
- \_\_\_\_\_ The plumbing system is not in good working order and is considered unsafe and unsanitary. Domestic hot water is not provided for the kitchen or bath. *(up to 15 points)*
- \_\_\_\_\_ The electrical service is 60 amps or less and its existing condition is considered unsafe. *(up to 15 points)*
- \_\_\_\_\_ Structural components (e.g., floor, walls, foundation, roof structure, etc.) are not sound, and corrections need to be made for them to be considered serviceable for the expected useful life of the building. *(up to 15 points)*
- \_\_\_\_\_ Rooms are not large enough to meet minimum space or occupancy requirements including proper light and ventilation. *(up to 10 points)*
- \_\_\_\_\_ The exterior is in a state of disrepair. Paint is missing from wood or metal surfaces, materials are rotted, and there is a threat of further deterioration if the condition of the exterior is not stabilized. *(up to 10 points)*
- \_\_\_\_\_ All interior surfaces (walls, floors, ceilings) are not in a finished condition that will impair normal usage of the space or create health hazards (e.g., lead-based paint). *(up to 10 points)*
- \_\_\_\_\_ Windows, doors and impact surfaces show signs of deterioration that will impair normal usage and may create health hazards (e.g., lead-based paint). *(up to 10 points)*
- \_\_\_\_\_ There is a lack of adequate kitchen facilities, including a sink, cooking and refrigeration equipment, and storage space. *(up to 7 points)*
- \_\_\_\_\_ The sitting of the house on the lot is such that there is a threat of water penetration into the house and this condition might affect the structural integrity, particularly the foundation, in the future. There is a lack of an adequate rain-carrying system (e.g., gutters) or controlled method of disposal of water from the roof to prevent damage to the property. *(up to 7 points)*
- \_\_\_\_\_ There is a lack of adequate weather-proofing or weatherization (including attic and crawl spaces). *(up to 5 points)*
- \_\_\_\_\_ The building has evidence of active termite infestation or other wood-boring insects or vermin. *(up to 5 points)*
- \_\_\_\_\_ The house needs protection from fire hazards where possible (e.g., install smoke detectors, egress windows, etc.) and is also not secured (e.g., locks). *(up to 5 points)*

\_\_\_\_\_ **Subtotal, PART 2: Unit Factors**