

A RESOLUTION  
AMENDING THE COMMUNITY DEVELOPMENT HOUSING  
REHABILITATION PROGRAM OPERATIONAL GUIDELINES AS  
AUTHORIZED BY RESOLUTION NO. 7576-R26

WHEREAS, the City Council of the City of Urbana, Illinois has heretofore, on the 30th day of September, 1974, resolved that the City Administration take steps to initiate and prepare an application under the Community Development Act of 1974; and

WHEREAS, the City Council of the City of Urbana, Illinois has heretofore, on the 17th day of March, 1975, resolved that the Mayor file an application for funds for a Community Development Program under the Housing and Community Development Act of 1974; and

WHEREAS, such application was duly filed in accordance therewith and was approved by the Department of Housing and Urban Development on the 6th day of June, 1975, subject to Federal regulations; and

WHEREAS, the City has duly applied and such application has been duly approved by the Department of Housing and Urban Development in each year subsequent thereto; and

WHEREAS, the City Council of the City of Urbana, Illinois adopted on February 2, 1976, operational guidelines for the implementation of the Community Development Housing Rehabilitation Program; and

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

WHEREAS, the Department of Community Development Services staff and the Community Development Commission of the City of Urbana, Illinois have formulated a Housing Rehabilitation Program

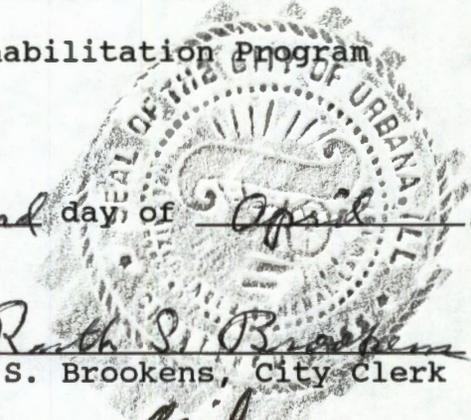
Manual 1990-1992 for the purposes of 1) administering the Fiscal Years 1990-1991 and 1991-1992 housing rehabilitation loan and grant programs and 2) replacing the previous Community Development Housing Program Operational Guidelines, which needed revisions to reflect current housing market conditions and Federal guidelines. A copy of such Housing Rehabilitation Program Manual 1990-1992 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:

Section 1: That the Community Development Services staff is hereby authorized and directed to proceed with implementation of the Community Development housing rehabilitation program as generally outlined in the attached Housing Rehabilitation Program Manual 1990-1992, dated June, 1990, which is hereby approved.

Section 2: That the Community Development Services staff is hereby directed to solicit proposals from Urbana financial institutions for participation in the housing rehabilitation program in conformance with Federal regulations and with guidelines set forth in such Housing Rehabilitation Program Manual.

PASSED by the City Council this 2nd day of April, 1990.

  
Ruth S. Brookens  
Ruth S. Brookens, City Clerk

APPROVED by the Mayor this 9<sup>th</sup> day of April, 1990.

Jeffrey T. Markland  
Jeffrey T. Markland, Mayor

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN  
RESOLUTION NO. 8990-R27 AND IS INCORPORATED  
THEREIN BY REFERENCE.

Ruth S. Brookens  
Ruth S. Brookens, City Clerk

April 11, 1990  
Date

HOUSING REHABILITATION PROGRAM MANUAL  
1990-1992

COST REDUCTION INCENTIVE LOANS  
INSTALLMENT LOANS  
DEFERRED LOANS  
GRANT/DEFERRED LOANS  
EMERGENCY GRANTS  
ACCESS GRANTS

Prepared by

City of Urbana, Illinois  
Community Development Division

Funded by

The United States Department  
of  
Housing and Urban Development

June, 1990

Housing Rehabilitation Program Manual  
1990-1992

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## 1.0 INTRODUCTION

In 1974 Congress adopted the Housing and Community Development Act to encourage preservation and rehabilitation of the nation's housing and infrastructure. The Community Development Block Grant program (CDBG) was authorized by this Act. Through the CDBG program the Federal government provides funds to communities to carry out community development related activities. One of the primary objectives of the CDBG program is to conserve housing for low- and moderate-income persons by providing housing rehabilitation assistance.

The Urbana City Council created the Urbana Community Development Commission in 1975 to develop a Community Development plan for the city. The C.D. 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 CDBG program.

Under the CDBG program the city retains the right to design housing assistance programs to respond to local needs. Because community needs change over time, it is periodically necessary to review and revise the city's housing rehabilitation programs.

This manual contains guidelines for housing rehabilitation programs offered by the City of Urbana during the period beginning July 1, 1990, and ending June 30, 1992. Six programs are described in this manual:

- . Cost Reduction Incentive Loans (CRIL)
- . Installment Loans (IL)
- . Deferred Loans (DL)
- . Grant/Deferred Loans (G/DL)
- . Emergency Grants (EG)
- . Access Grants (AG)

Exhibit A summarizes the purpose and general requirements of each program.

Programs are targeted to the Community Development Target Area except Cost Reduction Incentive Loans, Emergency Grants, and Access Grants which are available city-wide. The C.D. Target Area is defined according to the Federal income guidelines using U.S. Bureau of the Census enumeration areas. The Target Area is illustrated in Exhibit B.

All households assisted by these six programs must meet Federally mandated income guidelines for low- and moderate-income persons. The current figures are included as Exhibit C and are subject to annual revision by the U.S. Department of Housing and Urban Development.

Housing Rehabilitation Program Manual 1990-1992 supercedes all guidelines previously issued by the City of Urbana. These guidelines do not apply to the city's Rental Rehabilitation Program, which is administered under separate guidelines subject to review and monitoring by the Illinois Department of Commerce and Community Affairs.

In adopting this manual the Urbana City Council directs its Community Development Division to implement housing rehabilitation programs as described herein. The Council authorizes the Community Development Manager to enter into contractual agreements with individual property owners to implement housing rehabilitation programs in accordance with these guidelines. The Council further authorizes the Community Development Manager to execute mortgage releases and subordination agreements necessary to implement these housing rehabilitation programs.

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 2) are in a position to participate in the decision-making process relative to CDBG, or 3) may gain insider information with regard to CDBG activities are ineligible for assistance through the CDBG housing rehabilitation program. Such persons include, but are not limited to, the Mayor, City Council members, Community Development Commission members, Chief Administrative Officer, Comptroller, City Attorney, Community and Economic Development Director, and all Community Development Division staff. However, HUD may grant an exception to this rule on a case-by-case basis upon filing by the Community Development 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 rehabilitation assistance.

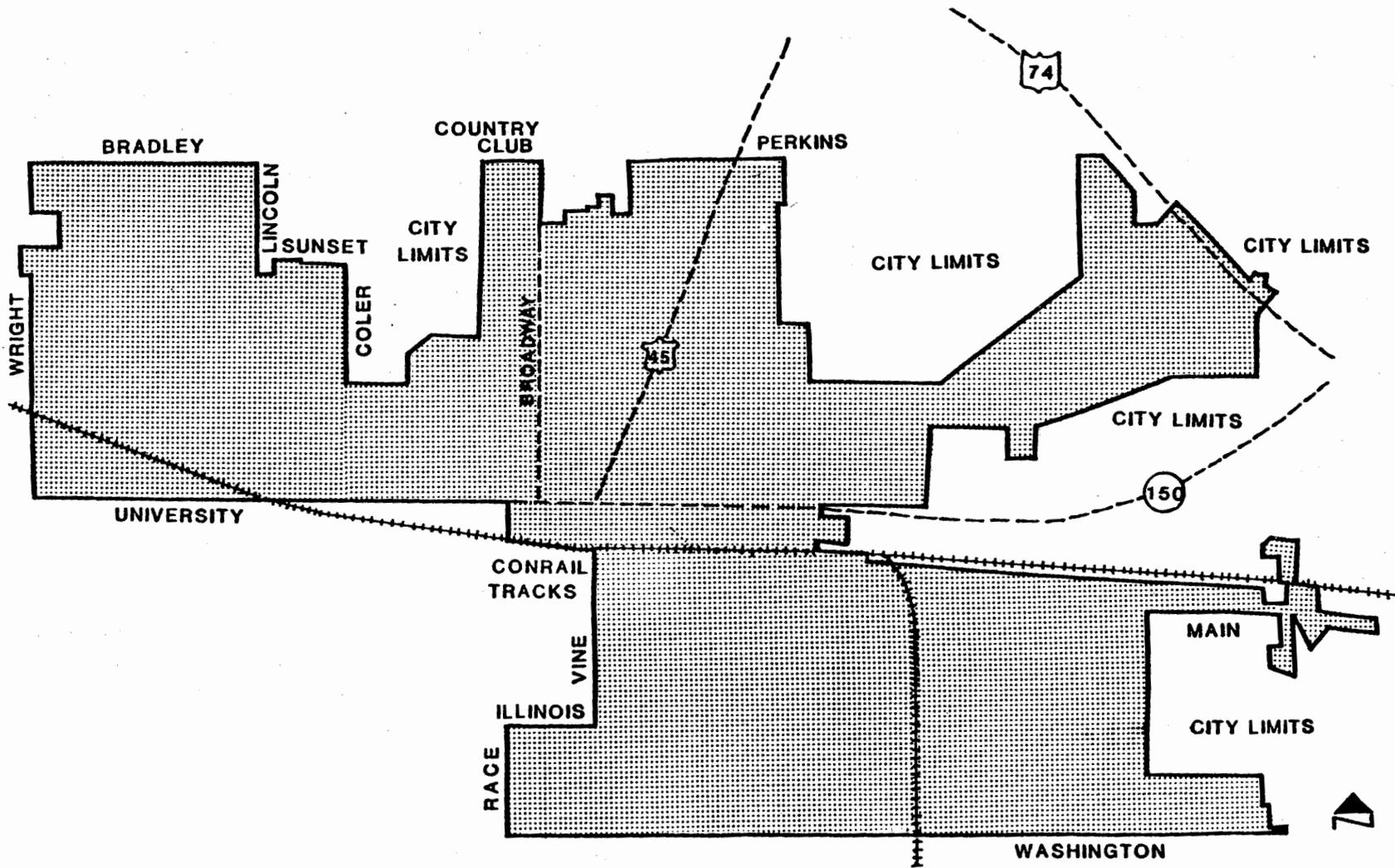
CITY OF URBANA  
 DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES  
 HOUSING REHABILITATION PROGRAMS 1990-1992 - EXCLUDES RENTAL REHAB AND SPECIAL PROGRAMS

Program	Purpose	Area of Eligibility	Target Group	Interest Rate	Maximum Amount	Underwriting Criteria
Cost Reduction Incentive Loan (CRIL)	Provide moderate income owners grant in conjunction with bank loan for housing rehab citywide outside target area	Citywide outside target area	Moderate income up to 80% MFI	Market on bank loan	\$15,000 30% grant Max \$4,500	Bank
	Provide moderate income owners grant in conjunction with bank loan for housing rehab in target area	Target area	Moderate income 80-120% MFI	Market on bank loan	\$15,000 30% grant Max \$4,500	Bank
Installment Loan (IL)	Provide low income owners below market rate funds for housing rehab in target area	Target area	Low income non-elderly 50-80% MFI	50-60% - 1% 60-70% - 2% 70-80% - 3%		CDD
Deferred Loan (DL)	Provide low income elderly owners deferred funds for housing rehab in target area	Target area	Low income elderly 50-80% MFI or very low income 0-50% MFI	None		CDD
Grant/Deferred Loan (G/DL)	Provide very low income owners with grants for housing rehab in target area	Target area	Very low income elderly 0-50% MFI	None	\$15,000	CDD
Emergency Grant (EG)	Provide very low income owners with emergency funds to alleviate emergency health/safety conditions	Citywide	Very low income elderly & non-elderly 0-50% MFI	None	\$ 5,000	CDD
Access Grant (AG)	Retrofit owner-occupied and rental housing units so that they are habitable by disabled individuals	Citywide	Low and moderate income up to 80% MFI	None	\$ 5,000	CDD

Exhibit A

REV 1/18/90

Exhibit B



# CD TARGET AREA

## Median Family Income Limits \*\* Champaign County, Illinois \*\* March 1990

Family Size	50% MFI	80% MFI	MFI	120% MFI
1	12,900	20,600	25,750	30,900
2	14,700	23,550	29,450	35,350
3	16,550	26,500	33,100	39,700
4	18,400	29,450	36,800	44,150
5	19,850	31,300	39,150	47,000
6	21,350	33,150	41,450	49,750
7	22,800	35,000	43,750	52,500
8	24,300	36,800	46,000	55,200

Note: Income figures are subject to change by the U.S. Department of Housing and Urban Development without notice.

## 2.0 DEFINITIONS

Access Grant (AG): A non-repayable grant made to an income-eligible housing owner or renter to eliminate physical barriers which inhibit the use of the dwelling unit by a disabled/handicapped person.

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

As-Is Appraised Value: An evaluation of the market value of a property as determined by a licensed appraiser or, in cases where market value is obviously well within proper limitations, an evaluation by staff as to the estimated market value of the property.

CD Target Area: Designated low- to moderate-income neighborhoods throughout Urbana which qualify to receive federal Community Development Block Grant funds to improve housing conditions and the general neighborhood environment.

Code Violations: Violations of the current BOCA Basic 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 referenced herein.

Community Development Commission: A committee of Urbana residents appointed by the Mayor of the City of Urbana with approval of the Urbana City Council for the purposes of making recommendations regarding the annual Community Development Block Grant program and budget and monitoring CDBG-funded programs.

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

Contractor: A general contractor who meets the qualification guidelines set forth in Section 10.0 of the manual and more specifically in Everything You Always Wanted to Know About Being a Housing Rehabilitation Contractor, prepared by the Urbana Community Development Division, September 1986.

Cost Reduction Incentive Loan (CRIL): A combination grant and loan totalling up to \$15,000 to provide labor, materials, and supplies to repair owner-occupied housing. The City of Urbana provides 30 percent (30%) of the total rehabilitation cost in the form of a nonrepayable grant. The balance of rehabilitation costs are provided by the participating financial institution at market rate.

Deferred Loan: Deferred Loans are made available to provide labor, materials, and supplies to repair deteriorated residential dwelling units for qualified applicants. Deferred loans are made

at no interest (0%) with no monthly payment. When the structure is sold or title otherwise transferred, the Deferred Loan becomes payable from sales proceeds. A mortgage lien is placed against the property. The repayment of all or a portion thereof may be forgiven under special circumstances as described in this manual.

Disabled/Handicapped: A person who is physically and permanently impaired to the extent that he/she cannot fully utilize his/her property without some structural modification.

Elderly Person: Person 62 years of age or older.

Emergency Grant (EG): Grant funds made available to provide labor, material, and supplies to repair a health or safety item in a deteriorating unit if the repair is immediate.

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 (G/DL): A Grant/Deferred Loan is made available to provide labor, materials, and supplies to repair deteriorating dwelling units for qualified applicants. A lien is placed on the property for the deferred loan portion, which constitutes fifty percent (50%) of the rehabilitation cost. The deferred loan portion is made at 0% interest. When the structure is sold or title otherwise transferred, the deferred loan portion becomes payable from sales proceeds. The grant portion constitutes the other 50%. No lien is placed on the property and repayment is not required for this portion.

Gross Monthly Income: The applicant's gross monthly income shall include the following:

- 1) gross earnings of the applicant and her/his spouse; gross earnings shall include all income which constitutes a regular contribution to household income, including but not limited to
  - a) wages, tips, commissions
  - b) income from real estate or business operations
  - c) pensions
  - d) annuities
  - e) social security
  - f) supplemental security income
  - g) unemployment
  - h) aid to families with dependent children
  - i) food stamps
  - j) interest income
  - k) child support payments (if court-ordered or otherwise stable and verifiable)
- 2) gross earnings (as described above) of any other member of the household 18 years or older if the member has ownership interest in the property

- 3) 30 percent of gross earnings (as described above) regularly received by any other member of the household by any other member of the household 18 years old or older if
- a) the member does not have ownership interest in the property, and
  - b) the income is stable and verifiable

Gross monthly income shall be adjusted for anticipated verifiable changes in the applicant's income. For self-employed and seasonal workers, gross monthly income shall be based on the applicant's average gross income during the three calendar years prior to the application date, as reported to the Internal Revenue Service.

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.

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.

Installment Loan (IL): A loan made to provide labor, materials, and supplies necessary to repair deteriorating dwelling units for qualified applicants. The loan shall be fully repaid to the city in equal monthly payments at a below market interest rate based on household size and income. A mortgage lien is placed against the property for the loan amount and is released upon full payment of principal and interest.

Lien: A duly recorded encumbrance upon a property.

Manager: The division head of the Urbana Community Development Division, or other person as authorized by the Community and Economic Development Director of the City of Urbana.

Owner: The property owner as recorded in the Champaign County Recorder of Deed's office or the contract purchaser under a bonafide recorded land sales contract.

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/Champaign-Urbana Center for Independent Living, a non-profit organization registered in the State of Illinois and existing to serve the needs of disabled/handicapped persons in Champaign-Urbana and surrounding communities.

Participating Financial Institution: The banks or savings and loan associations with which the City of Urbana enters into contract for participation in CDBG housing rehabilitation programs described in this manual.

Rehabilitation: The restoration 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 Community Development Division or other persons as authorized by the Community Development Manager of the City of Urbana.

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

Staff Assistant: The staff assistant of the Urbana Community Development Division or other person as authorized by the Community Development Manager of the City of Urbana.

Standard Dwelling Unit: A dwelling unit in compliance with the current BOCA Basic 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; or 2) dilapidated unit, i.e., a substandard unit that has deteriorated to the extent that it is unsafe, unsanitary, or dangerous to human life, and rehabilitation is not feasible.

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 (10%) of the outstanding card balance, whichever is higher.

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 Rehabilitation Programs are designed to further the following objectives:

1. To encourage the revitalization and stabilization of low- and moderate-income neighborhoods by implementing housing rehabilitation programs;
2. To remove unhealthy or hazardous housing conditions in low- and moderate-income areas;
3. To use Community Development Block Grant (CDBG) 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- and moderate-income families who cannot obtain conventional financing to rehabilitate their homes;
6. To reduce utility costs and to improve the comfort of low- and moderate-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 target area residents and minority persons through the opportunity to bid on housing rehabilitation contracts;
9. To finance needed home improvements in the target areas using CDBG funds to the extent necessary and funds from private lenders to the maximum extent possible;
10. To encourage owner self-help;
11. To remove physical barriers impeding maximum use of residential property by disabled/handicapped persons and to increase the number of handicapped accessible dwelling units, both owner-occupied and renter-occupied, in the city.

#### 4.0 COST REDUCTION INCENTIVE LOANS

A cost reduction incentive loan or CRIL is a combination grant and market rate loan totalling up to \$15,000 for renovation of owner-occupied housing. The City of Urbana provides 30 percent (30%) of the total rehabilitation cost in the form of a nonrepayable grant. The balance of rehabilitation costs are provided by the participating financial institution at market rate. These loans are fully amortizing over a period of up to 120 months (10 years). The borrower makes payments to the financial institution after loan closing. Cost reduction incentive loans are available city-wide to income-eligible persons.

##### 4.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. 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;
- . energy conservation activities, i.e., insulation of attics and sidewalls, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of garages;
- . renovation of garages.

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;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then 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 rehabilitation assistance described in this manual at any given time (i.e., one cost reduction incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property (if otherwise eligible for the emergency grant program) and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
  - . special maintenance programs such as paint rebate;
  - . work needed to address an emergency health/safety problem (see Section 8.0 - Emergency Grants);
  - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.

3. Total project cost shall not exceed \$15,000. The Manager may increase the maximum assistance to \$17,500 in extenuating circumstances with the concurrence of the participating financial institution.
4. Of the total project cost 30 percent (30%) shall be provided by CDD in the form of a nonrepayable grant (up to \$4,500). This amount shall be used to pay initial rehabilitation costs. Once all grant funds obligated to the project have been paid, loan funds provided by the participating financial institution shall be disbursed to pay the remaining rehabilitation costs.
5. The loan portion of the cost reduction incentive loan is available at market rate. The loan is fully amortizing over a period of up to 120 months (10 years). Loan amortization shall begin at loan closing. Any loan funds not disbursed by project completion shall be retained by the financial institution and the loan repayment schedule adjusted accordingly. Under no circumstances shall undisbursed loan funds be paid to the borrower.
6. The loan portion of the CRIL is generally secured by a subordinate lien on the property to be rehabilitated. In extenuating circumstances with approval of the participating financial institution and Manager, a mortgage lien will be placed on some other property held by the borrower.
7. Existing indebtedness on the property, including the CRIL shall not exceed 90 percent (90%) of the after-rehabilitation appraised value.
8. Loan processing costs shall be the responsibility of the applicant. These costs include appraisals, title work, pest inspection, and credit reports. The applicant shall not be charged an application fee, an origination fee, or points.
9. The applicant's monthly housing expenses shall not exceed 35 percent (35%) of his/her gross monthly income, including the rehabilitation loan payment except in cases warranting special consideration by CDD 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 incentive loan;

- b) one twelfth (1/12) of yearly real estate taxes; and
- c) one twelfth (1/12) of hazard insurance premiums.

Housing expenses shall not include utility payments.

10. The applicant's total monthly expenses, including monthly housing expenses, shall not exceed 45 percent (45%) 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 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 (10%) of the outstanding card balance, whichever is greater.

#### 4.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a cost reduction incentive loan, the unit must meet the following criteria:

1. Be located within the city limits of Urbana;
2. Be classified as "substandard, suitable for rehabilitation" by the Community Development Division;
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation;
4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violations);
5. Title to the unit must be vested in the owner-occupant, who shall provide proof of ownership. Units purchased under a land

sales contract wherein title does not pass to the buyer until the contract is paid in full are not generally eligible for rehabilitation loan assistance. However, exceptions may be made on a case-by-case basis with the consent of the CDD, the financial institution, the applicant, and the owner of record.

6. Be a single-family owner-occupied residential property;
7. 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 1982 Comprehensive Plan for Urbana as amended.

For an applicant to qualify for a cost reduction incentive loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a base-by-case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default and the participating financial institution agrees to make the loan under those circumstances.
2. The loan applicant must meet the participating financial institution's loan underwriting criteria for the cost reduction incentive loan program.
3. Applicants in the CD Target Area are eligible for a cost reduction incentive loan if household income does not exceed 120 percent of the median income figure set by HUD for Urbana.
4. Applicants outside of the CD Target Area are eligible for a cost reduction incentive loan if household income does not exceed 80 percent of the median income figure set by HUD for Urbana.

#### 4.4 Processing Procedures

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

##### Application Process

1. 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. 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.

##### Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of deficiencies including code violations, incipient code violations and general property improvements.
3. Transmit the application to the lender for a preliminary review if necessary.
4. Provide the homeowner with a list of work items, contract documents, instructions for securing a contractor, contractor forms, and specifications; specify the date for submission; advertise for proposals on behalf of homeowner if proposals are not submitted within 30 days of provision of deficiency list to homeowner or if homeowner requests assistance in procuring a contractor.

5. Review contractor proposal for cost reasonableness and compliance with program requirements, including affirmative action.
6. Verify that the contractor meets program requirements.
7. Approve contractor's proposal and notify homeowner.
8. Transmit the final application package including the loan application to the lender and attend the loan closing.
9. Conduct preconstruction conference and contract signing, and prepare proceed order.
10. Issue proceed order after three (3) day rescission period has expired.

### Contracting

Construction is undertaken only through a written contract between the contractor and recipient of the cost reduction incentive loan. CDD 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 cost reduction incentive loan recipient, and approved by the 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 CDD to show the scope and detail of the work involved.

The contractor's proposal shall comply with general specifications as supplied by CDD. 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.

The applicant shall be responsible for obtaining and submitting to CDD an acceptable contractor's proposal. At the direction of the homeowner or in the event that a proposal is not submitted by the homeowner within 30 days of provision of the deficiency list to the homeowner, the Rehabilitation Specialist shall advertise for proposals on behalf of the homeowner. The final selection of contractor shall remain the choice of the homeowner.

Depending upon the type of work and the skill of the owner, a property owner may complete some or all of the tasks required to rehabilitate her/his property. Self-help is usually appropriate

for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition of small buildings, removal and disposal of debris, and work that involves minimal use of costly materials and equipment. If the owner possesses such skills the items in the proposal which she/he agrees to perform should be determined in advance, and the specifications and proposal should indicate those items to be performed by the owner.

If the owner possesses more technical skills and prefers to do that portion of the labor that the skills warrant, an Owner Self-Help Agreement is prepared. This agreement must be in addition to the general contract. The Owner Self-Help Agreement states the work that the owner is to do, materials to be used, and a timetable for work completion. In the event of non-performance by the applicant, CDD shall hire a contractor to finish the specified work. The applicant must pay the contractor for material and labor costs associated with this work. If the applicant refuses to pay the contractor or repay CDD after the contractor has been reimbursed for the work, a lien is placed against the owner's property in the amount of this work.

To participate in self-help at this more technical level, the owner must be licensed for work in Urbana (in the case of electrical, plumbing, mechanical, roofing work) or must have a verifiable work record in the trade (in the case of general carpentry).

Building permits and building permit fees shall be required for construction work funded through the Cost Reduction Incentive Loan Program.

#### Contract Management

1. 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.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturers' and suppliers' warranties, release of liens, final invoices, contractor's sworn statement, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

#### 4.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractors' telephone numbers, and a copy of the contract.
2. CDD staff shall also provide information on taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection report, and a schedule of follow-up inspections.
4. Follow-up inspections shall be scheduled for six months and 11 1/2 months after the completion of rehabilitation work.
5. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

## 5.0 INSTALLMENT LOANS

An installment loan is a loan made to hire a contractor to provide labor, materials, and supplies necessary to repair deteriorating dwelling units for qualified applicants. The loan shall be fully repaid to the city in equal monthly payments at a below market interest rate based on household size and income. A mortgage lien is placed against the property for the loan amount and is released upon full payment of principal and interest.

### 5.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. 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;
- . energy conservation activities, i.e., insulation of attics and sidewalks, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of garages;
- . renovation of garages.

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;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation, and lastly any eligible interior renovation.

## 5.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
  
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
  - . special maintenance programs such as paint rebate;
  - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
  - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
  
3. The applicant's monthly housing expenses shall not exceed 35 percent (35%) of his/her gross monthly income, including the rehabilitation loan payment except in cases warranting special consideration by CDD. 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 installment loan;
  - b) one twelfth (1/12) of yearly real estate taxes; and
  - c) one twelfth (1/12) of yearly hazard insurance premiums

Housing expenses shall not include utility payments.
  
4. The applicant's total monthly expenses, including monthly housing expenses, shall not exceed 45 percent (45%) 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 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 (10%) of the outstanding card balance, whichever is higher.
5. The loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
  6. Existing indebtedness on the property, including the installment loan, shall not exceed 90 percent of the after-rehab appraised value.
  7. Loans are available to the applicant at 1, 2, or 3 percent interest depending on household income in relation to the median family income for Champaign County as determined by HUD.

<u>Annual HH Income as % of MFI</u>	<u>Annual Interest Rate</u>
50-59%	1%
60-69%	2%
70-79%	3%

Installment loans are amortized over a period of up to 120 months (10 years) and are repaid by the borrower in equal monthly payments.

8. Loans are generally secured by a subordinate lien on the property to be rehabilitated. In extenuating circumstances, the manager may approve placement of a mortgage lien on some other property held by the applicant.
9. Payments shall be made to the city housing fund care of the participating financial institution.
10. Escrow payments for property taxes and insurance may be required by the manager as a condition of participating in the installment loan program. The manager shall consider property tax and insurance payment history when determining whether escrowed payments will be required. Tax and insurance payments shall be made to participating financial institutions and deposited in a dedicated account established solely for payment of the borrower's tax and insurance assessments. Payment into

this account shall be adjusted annually to accurately reflect tax and insurance payments.

11. Payment schedules shall be issued annually to the loan recipient by the participating financial institution.
12. Loan processing fees shall be the responsibility of the applicant. Costs for mortgage recording, appraisals, credit reports, and title work shall be either paid by the borrower at closing or added to the loan proceeds subject to repayment to the city.
13. Loan amortization begins the first day of the first month following issuance of a certificate of occupancy for the completed project by CDD. The first payment shall be due on the first day of the month following commencement of the amortization period. All further monthly payments shall be due on the first calendar day of the month.
14. In the event that the borrower fails to make a timely payment the following collection procedure shall be initiated by the participating financial institution:

<u>Days Past Due</u>	<u>Action</u>
15-30	Telephone call to borrower.
30-45	Letter sent to borrower notifying borrower of delinquency. Notify credit bureau of one missed payment.
45-60	Second letter sent to borrower.
60-75	Request city attorney send letter to borrower. Notify credit bureau of two missed payments.
More than 75	Direct city attorney to initiate foreclosure proceedings.

### 5.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with an installment loan, 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 Community Development Division;
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation;

4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violations).
5. Title to the unit must be vested in the owner-occupant, who shall provide proof of ownership. Units purchased under a land sales contract wherein title does not pass to the buyer until the contract is paid in full are not generally eligible for an installment loan. However, exceptions may be made on a case-by-case basis with consent of the Manager, applicant, and owner of record.
6. Be single-family owner-occupied residential property;
7. 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 which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana, as amended.

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

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.
2. The applicant's household income must be at least 50 percent but less than 80 percent of the median household income for Champaign County as released by HUD.
3. The applicant cannot have excess assets that would permit him/her to finance the necessary rehabilitation. Excess assets are defined as saving accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

#### 5.4 Processing Procedures

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

### Application Process

1. 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. 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 necessary, such as credit references, to make a determination of eligibility.

### Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of deficiencies including code violations, incipient code violations, and general property improvements.
3. Provide the homeowner with a list of work items, contract documents, instructions for securing a contractor, contractor forms, and specifications; specify the date for submission; advertise for proposals on behalf of the homeowner if proposals are not submitted within 30 days of receipt of deficiency list by homeowner or if homeowner requests assistance in procuring a contractor.
4. Review contractor proposal for cost reasonableness and compliance with program requirements including affirmative action.
5. Verify that the contractor meets program requirements.
6. Approve contractor's proposal and notify homeowner.
7. Loan recipient signs construction contract at closing.
8. Conduct preconstruction conference and contract signing; prepare proceed order after expiration of truth-in-lending rescission period.

### Contracting

Construction is undertaken only through a written contract between the contractor and borrower. CDD staff helps the borrower arrange an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor and borrower and approved by the 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.

The contractor selected by the borrower must be approved by the manager before signing of the contract.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by CDD to show the scope and detail of the work involved. The contractor's proposal shall comply with general specifications as supplied by CDD. 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.

At the direction of the homeowner or in the event that a proposal is not submitted by the homeowner within 30 days of receipt of the deficiency list by the homeowner, the Rehabilitation Specialist shall advertise for proposals on behalf of the homeowner. The final selection of contractor shall remain the choice of the homeowner.

Self-Help shall not be permitted with installment loan funds.

Building permits and building permit fees shall be required for construction work funded through the Installment Loan Program.

### Contract Management

1. 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.
2. Make final inspection of rehabilitation work to ensure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

## 5.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also provide information on property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection report, and a schedule of follow up inspections.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information and shall provide the recipient with a coupon book for the first year of payments and a copy of the CDD delinquency policy.
5. Follow-up inspections shall be scheduled for 6 months and 11 1/2 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

## 6.0 DEFERRED LOANS

A deferred loan is an interest free loan up to \$15,000 for renovation of owner-occupied housing. Loan funds are provided by the City of Urbana. No periodic payments are due upon completion of the project. Instead the loan amount is due upon sale or transfer of the property.

### 6.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. 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;
- . energy conservation activities, i.e., insulation of attics and sidewalls, caulking and weather-stripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of garages;
- . renovation of garages.

Ineligible activities include:

- . temporary improvements;
- . fixtures not permanently attached including appliances and window air conditioners;
- . consulting fees for architects and engineers;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation and lastly any eligible interior renovation.

## 6.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
  - . special maintenance programs such as paint rebate;
  - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
  - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. A deferred loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
4. A deferred loan recipient shall not be required to pay for administrative expenses related to processing of the deferred loan application, such as title searches and appraisals.
5. A deferred loan is made at no (0%) interest with no monthly payment. A subordinate position lien shall be placed against the property in the amount of the rehabilitation. When the structure is sold or title otherwise transferred, the deferred loan becomes payable from sales receipts.
6. In the event of death of the deferred loan recipient and in the event that title to the property rehabilitated under the deferred loan program is passed to a descendant of the recipient or title to the property passes under a valid will to a person who resided in the premises for one year next preceding the death of the recipient, then the lien on the property continues

under all of the conditions of the deferred loan program. Except for transfers of an undivided interest in the said property between persons who inherited title to the premises, in the event of subsequent title changes either through sale or death the full amount of the deferred loan becomes payable to the Community Development Division.

7. In the event of transfer of title after three years where such transfer is an arm's length transaction and the sales proceeds are less than the outstanding liens on the subject property including the deferred loan, the Manager with concurrence of the Community Development Commission may release the deferred loan lien in an amount equal to the outstanding difference between the debt on the property and the anticipated net sales proceeds.

### 6.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a deferred loan, 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 Community Development Division;
3. Be structurally sound or be able to be made sound through rehabilitation;
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;
6. Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a flood plain 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 (HUD) Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana, as amended.

For an applicant to qualify for a deferred loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.

2. The applicant must be an elderly head of household with income at least 50 percent of the median family income for Champaign County as released by HUD but less than 80 percent of the median family income or a non-elderly head of household with income less than 50 percent of the median family income.
3. The applicant cannot have excess assets that would permit him/her to finance the necessary rehabilitation. Excess assets are defined as saving accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

#### 6.4 Processing Procedures

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

##### Application Process

1. Interview and advise loan 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. 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.

##### Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.

2. Prepare work write-up describing work to be accomplished.
3. Consult with the applicant on preliminary work write-up and cost estimate to reach an agreement on work to be done.
4. Coordinate the solicitation of bids from a list of prequalified and qualified contractors.
5. Issue proceed order only after termination of truth-in-lending rescission period.

### Contracting

Construction is undertaken only through a written contract between the contractor and recipient of the deferred loan. CDD 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 deferred loan recipient, and approved by the Manager. It shall contain the bid 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 demand.

CDD staff shall prepare and amend, as required, general conditions and specifications for use in all rehabilitation construction work.

Specifications based on the work write-up and illustrative sketches, if any, covering the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that a fair bid for the work can be obtained and so that misunderstandings can be avoided. The specifications and drawings shall be based on the work write-ups resulting from an inspection of the property and interviews with the applicant. The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions. All specifications shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

CDD staff shall establish and, on the basis of its experience, maintain a current list of Champaign County contractors, subcontractors, and material suppliers who are qualified and who are interested in doing rehabilitation work financed through deferred loan. The list shall not be used as a means of excluding bidders who are not on the list at the time of submission of a bid.

Contracts shall be awarded per bid procedures outlined in Section 10.

Self-Help shall not be permitted with deferred loan funds.

Building permits and building permit fees shall be required for construction work funded through the Deferred Loan program.

#### Contract Management

1. 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.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

#### 6.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also provide information on property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection, and a schedule of follow up inspection.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information.
5. Follow-up inspections shall be scheduled for 6 months and 11 1/2 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed use to CDLOG and shall update the CD case map index.

## 7.0 GRANT/DEFERRED LOANS

A grant/deferred loan up to \$15,000 is available for renovation of owner-occupied housing. Half of the assistance is a direct grant to the owner and need not be repaid to the city. The other half is due to the city at the time the property is sold. No periodic payments are due on the deferred loan portion, and no interest is charged on the deferred loan.

### 7.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. 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;
- . energy conservation activities, i.e., insulation of attics and sidewalls, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of garages;
- . renovation of garages.

Ineligible activities include:

- . temporary improvements
- . fixtures not permanently attached including appliances and window air conditioners
- . consulting fees for architects and engineers
- . installation of air conditioning except when recommended by a physician due to health of the client.
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation, and lastly any eligible interior renovation.

## 7.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
  - . special maintenance programs such as paint rebate;
  - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
  - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. A grant/deferred loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
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 and appraisals.
5. A lien shall be placed against the property for the purpose of recovering fifty percent (50%) of the cost of rehabilitation. The deferred loan portion is made at no (0%) interest with no monthly payment. A subordinate position lien shall be placed against the property in the amount of the rehabilitation. When the structure is sold or title otherwise transferred, the deferred loan becomes payable from sales receipts.
6. In the event of 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 descendants of the recipient or title to the property passes under a valid will to a person who resided in the premises for one year next preceding the

death of the recipient, then the lien on the property continues under all of the conditions of the grant/deferred loan program. Except for transfers of an undivided interest in the said property between persons who inherited title to the premises, in the event of subsequent title changes either through sale or death the full amount of the deferred loan portion becomes payable to the Community Development Division. The fifty percent (50%) grant portion shall not constitute a lien against the property.

### 7.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a grant/deferred loan, 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 Community Development Division;
3. Be structurally sound or be able to be made sound through rehabilitation;
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;
6. Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a flood plain 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 1982 Comprehensive Plan for Urbana as amended.

For an applicant to qualify for a deferred loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the term of the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.
2. The applicant must be an elderly head of household having income less than 50 percent of the median family income for Champaign County as released by HUD.
3. The applicant cannot have excess assets that would permit her/him to finance the necessary rehabilitation. Excess assets are defined as savings accounts, savings bonds, stocks, securities, real estate equity (other

than applicant's homestead), or any other readily convertible items. The applicant is allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

#### 7.4 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.

##### Application Process

1. 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. 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.

##### Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare work write-up describing work to be accomplished.
3. Consult with applicant on preliminary work write-up and cost estimate to reach an agreement on work to be done.
4. Coordinate the solicitation of bids from a list of prequalified and qualified contractors.
5. Issue proceed order after termination of truth-in-lending rescission period.

### Contracting

Construction is undertaken only through a written contract between the contractor and the recipient of the grant/deferred loan. CDD 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 grant/deferred loan recipient, and approved by the Manager. It shall contain the bid 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 demand.

CDD staff shall prepare and amend as required provisions of general conditions and specifications for use in all rehabilitation construction work.

Specifications based on the work write-up and illustrative sketches, if any, covering the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that a fair bid for the work can be obtained and so that misunderstandings can be avoided. The specifications and drawings shall be based on the work write-ups resulting from an inspection of the property and interviews with the applicant. The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions. All specifications shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

CDD staff shall establish and, on the basis of its experience, maintain a current list of Champaign County contractors, subcontractors, and material suppliers who are qualified and who are interested in doing rehabilitation work financed through a grant/deferred loan. The list shall not be used as a means of excluding bidders who are not on the list at the time of submission of a bid.

Contracts shall be awarded per bid procedures outlined in Section 10.

Self-Help shall not be permitted with grant/deferred loan funds.

Building permits and building permit fees shall be required for construction work funded through the Grant/Deferred Loan Program.

### Contract Management

1. 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.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

#### 7.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall provide information about property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection, and a schedule of follow-up inspections.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information.
5. Follow-up inspections shall be scheduled for 6 months and 11 1/2 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

## 8.0 EMERGENCY GRANTS

An Emergency Grant is available to homeowners to repair a health or safety item. Emergency grant funds are available only if the repair is immediately needed to mitigate a hazardous condition.

### 8.1 Eligible and Ineligible Activities

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

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

### 8.2 General Terms and Conditions

1. An applicant may receive an emergency grant to secure a property and then receive additional assistance through another rehabilitation assistance program described in this manual. An applicant may receive an emergency grant to secure a property and then receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. Emergency grant assistance can be offered to an applicant even if the same property received assistance from the Community Development Division within seven (7) years of the application date.
3. An emergency grant shall not exceed \$5,000 or the actual cost of emergency work, whichever is less. If additional work is deemed feasible under another rehabilitation assistance program after completion of emergency repairs, the amount of the emergency grant shall be deducted from the maximum amount available through that rehabilitation assistance program.
4. An emergency grant recipient shall not be required to pay administrative expenses related to processing of the emergency grant application.
5. No payback of the emergency grant is 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.

### 8.3 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 in the city limits of Urbana;
2. Be a single-family, owner-occupied residential property;
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 Building Safety Division technical inspector. Such items could include a severely malfunctioning furnace, a major problem with plumbing that renders sanitary facilities inoperable, roof leakage which impairs the structural integrity of the roof and its supports.

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

1. The applicant cannot have assets that would permit him/her to finance the emergency work.
2. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the contract terms but then only if the contract seller consents to the emergency grant work.
3. The applicant household income must not exceed 50 percent of the median income figure determined by HUD for Champaign County.

#### 8.4 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.

##### Application Process

1. 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. Obtain the following information from and about the applicant and subject dwelling.
  - a. employment earnings
  - b. other earnings, housing expenses, assets
  - c. deposits in financial institutions
  - d. mortgage or deed of trust from each holder of a

- lien secured by the property
- e. any additional information necessary to make a determination of eligibility

If time allows this information should be verified prior to proceeding with emergency grant work. If the work is of an immediate nature, however, work can proceed simultaneously with information verification.

#### Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of hazardous deficiencies which need immediate attention and correction.
3. Reach agreement with the applicant on work to be done and on the schedule for grant activities.
4. Solicit cost estimates from at least two (2) contractors on the prequalified/qualified contractor list or on the minority/female-owned subcontractor list. If the scope of work cannot be determined at the time of estimate solicitation, hourly rate quotations shall be used to determine the contractor for the job. Due to the immediacy of emergency grant projects, formal advertised bidding need not occur.

#### Contracting

Construction on an emergency grant project is undertaken only through a written contract between the contractor and the CD Division. 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 demand.

Specifications based on the work write-up and illustrative sketches, if any, concerning the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that misunderstandings can be avoided. The specifications and drawings shall be based on the work writeups resulting from an inspection of the property and interviews with the applicant.

The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions.

Self-Help shall not be permitted in emergency grant projects.

Building permits and building permit fees shall be required for construction work funded through the Emergency Grant Program.

#### Contract Management

1. Inspect rehabilitation work to see that work is progressing satisfactorily and to monitor the quality of materials and workmanship.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor sworn statements, and a warranty from the general contractor prior to final payments.

#### 8.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone number, and a copy of the contract.
2. CDD staff shall provide the recipient with information on other housing assistance programs for which the recipient is eligible.
3. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

## 9.0 ACCESS GRANTS

An access grant is a non-repayable grant made to an income-eligible housing owner or renter to eliminate physical barriers which inhibit the use of the dwelling unit by a disabled/handicapped person. Grants may be made for renovation of single-family detached dwelling units as well as duplex units and units in multiple-family dwellings.

### 9.1 Eligible and Ineligible Activities

Eligible activities include all types of general improvements necessary to remove barriers to accessibility by handicapped persons. 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 deaf;
- 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.

An access grant shall be limited to the lesser of the actual cost of retrofitting or

- 1) \$5,000 if the unit is in a structure having less than eight (8) units,
- 2) \$5,000 if the unit is in a structure having eight (8) or more units and prevailing wage rates are paid to laborers in accordance with Davis-Bacon and related acts,
- 3) \$2,500 if the unit is in a structure having eight (8) or more units and prevailing wage rates are not paid to laborers in accordance with Davis-Bacon and related acts.

If additional work is deemed feasible under another rehabilitation assistance program for owner-occupants after completion of the retrofit, the amount of the access grant shall be deducted from the maximum amount available through that

rehabilitation program.

An access grant may be used in conjunction with the Urbana Rental Rehabilitation Program. The amount of the access grant shall not be deducted from the amount otherwise available through the Urbana Rental Rehabilitation Program but shall be an addition to that amount.

## 9.2 General Terms and Conditions

1. Access grant processing costs shall be the responsibility of the CDD.
2. 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. For a period of seven (7) years from project completion the Community Development Division retains the right to reclaim any detachable equipment funded by the program but abandoned by a disabled/handicapped client (i.e., no longer in use and not expected to be used).
  - b. If the completed unit is vacated at any time during a period of seven (7) years from project completion, the owner agrees to contact the Community Development Division. When the Community Development Division learns of the vacancy, it will make information about the unit known to potential disabled/handicapped tenants by contacting the following organizations:
    - . PACE
    - . Developmental Services Center
    - . Champaign County Housing Authority
    - . Illinois Department of Rehabilitation Services

The owner agrees that first priority in renting vacated units shall be given to disabled/handicapped persons.

## 9.3 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 city 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 1982 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 either the owner of record or a renter of record. 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 household income for Champaign County as determined by HUD.
3. The applicant cannot have excess assets that would permit him/her to finance the necessary rehabilitation. Excess assets are defined as savings accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$5,000 plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for an access grant unless the excess is applied to the actual cost of rehabilitation.
4. The applicant must be 18 years old or older and disabled/handicapped or have a disabled/handicapped dependent who is a permanent resident of the dwelling unit to be retrofitted.

#### 9.4 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.

##### Application Process

CDD 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 or renter.

1. Interview and advise access grant applicant of the design and objectives of the access grant program and the availability and benefits of the access grant program. Advise applicant and owner (if different from applicant) concerning the specific terms and conditions under which assistance is

- provided.
2. Obtain and verify the following information concerning the applicant and subject dwelling:
    - a. employment earnings
    - b. other earnings, assets, and deposits
    - c. applicant's interest in the property to be renovated
    - d. owner's approval of the proposed retrofit (if applicant is not the owner of record)
    - e. any additional information necessary to make a determination of eligibility including disability if not otherwise obvious.

#### Work Determination/Contractor Procurement

1. Schedule and conduct an inspection of the property to determine barriers to be removed and to verify that dwelling is otherwise free of code deficiencies. Inspection team consists of Rehabilitation Specialist, applicant, owner (if other than applicant), and PACE representative (if requested by the applicant).
2. Prepare a list of necessary property improvements and preliminary cost estimates and determine project feasibility.
3. Coordinate solicitation of bids from a list of prequalified and qualified contractors; the formal bid procedure shall apply to access grant projects.
4. Consult with applicant and owner (if other than applicant) to reach agreement on the construction contract.
5. Conduct preconstruction conference and contract signing, and prepare proceed order.

#### 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. CDD 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 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 CDD to show the scope and detail of the work involved. The contractor's proposal shall comply with general specifications as supplied by CDD. 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.

Self-Help work shall not be permitted in conjunction with an access grant project.

Building permits and building permit fees shall be required for construction work funded through the Access Grant Program.

#### Contract Management

1. 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.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following retrofit.

#### 4.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also explain conservation and maintenance information and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient a copy of the final inspection report and a schedule of follow-up inspections.
4. Follow-up inspections shall be scheduled for 6 months and 11 1/2 months after completion of rehabilitation work.
5. Staff assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

## 10.0 CONTRACTING POLICIES AND PROCEDURES

This section describes the general contracting policy of the City of Urbana as it pertains to rehabilitation assistance projects, procedures whereby contractors can become eligible to contract for CDBG-funded projects, policies governing use of self-help in rehabilitation assistance programs, and rehabilitation projects conducted in conjunction with Empty Tomb, Inc.

### 10.1 General Contracting Policies

The City of Urbana shall to the greatest extent feasible utilize Section 3 minority and female contractors, subcontractors, and material suppliers on housing rehabilitation projects funded by CDBG. For the purpose of CDBG housing rehabilitation programs, Section 3 firms are defined as those firms located within Champaign County. The City of Urbana encourages general contractors awarded CDBG-funded contracts to utilize subcontracting firms and material suppliers which are located in Urbana and employ Urbana residents, and further affirmative action goals as determined by Federal, State, and local governments.

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

Contracts for work funded through these programs are awarded to the prequalified or qualified general contractor who submits the lowest responsible bid as set forth in the Instruction to Bidders and contract documents through the formal competitive bidding process. However, if there are one or more bids within 5 percent (5%) of the lowest responsible bid, the homeowner may select from among the eligible bids. It is the right of the City of Urbana to reject any and all bids deemed not responsible and/or bids not within 10 percent (10%) of the CDD cost estimate.

To implement these policies it shall be the responsibility of CDD to 1) insure that all general contractors awarded bids for these programs are located within Champaign County, 2) encourage general contractors to utilize Urbana-based and minority-owned subcontractors and material suppliers, and 3) take such actions as are deemed necessary to improve the ability of Urbana-based minority firms to competitively bid on these projects.

#### Contracting Policies Pertaining to Access Grants

For access grant projects extensive enough to require a general contractor, contracts are awarded to the prequalified or qualified general contractor who submits the lowest responsible bid as set forth in the Instruction to Bidders and contract documents through the formal competitive bidding process. It is the right of the City of Urbana to reject any and all bids deemed not responsible and/or bids not within 10 percent (10%) of the CDD cost estimate.

Some access grant projects may not require management of subcontracts. In some access grant projects significant cost

savings may be realized by having CDD staff coordinate subcontractors. In these instances contracts for access grant work are awarded to the prequalified or qualified general contractor or minority/female-owned subcontractor which submits the lowest responsible bid as set forth in the Instruction to Bidders and contract documents through the formal competitive bidding process. It is the right of the City of Urbana to reject any and all bids deemed not responsible and/or bids not within 10 percent (10%) of the CDD cost estimate.

To implement these policies it shall be the responsibility of CDD to 1) ensure that all contractors awarded bids for these programs are located within Champaign County, 2) encourage general contractors to utilize Urbana-based and minority-owned subcontractors and material suppliers, and 3) take such actions as are deemed necessary to improve the ability of Urbana-based minority firms to competitively bid on these projects.

#### Contracting Policies Pertaining to Cost Reduction Incentive Loans and Installment Loans

Contracts are awarded to the contractor of the homeowner's choice, provided that the contractor's proposal is deemed complete and adequate by the CDD staff. It is the right of the City of Urbana to reject all proposals that are not within 10 percent of the CDD staff estimate. To be eligible a contractor must meet all criteria set forth in this manual pertaining to equal opportunity and insurance (see Section 10.2) and must be located within Champaign County.

#### Contracting Policies Pertaining to Emergency Grants

Due to the immediate nature of emergency grant work, insufficient time is available to seek formal competitive bids or to allow the homeowner to solicit bids from prequalified or qualified contractors. Consequently, the Rehabilitation Specialist assigned to the case shall solicit bids from at least two (2) contractors on the list of prequalified or qualified contractors or on the list of minority/female-owned subcontractors. In the event that bids cannot be obtained from firms on these lists in a timely manner, the CD Manager may authorize solicitation of bids from firms not on the lists. The emergency grant contract shall be awarded to the contractor with the lowest responsible bid. It is the right of the City of Urbana to reject all proposals that are not within 10 percent of the CDD staff estimate.

In the event that the scope of work cannot be determined at the time bids are solicited, hourly rate quotations may be used to select the contractor.

#### 10.2 Contractor Standards

As described above, some CDD rehabilitation projects are bid to prequalified/qualified contractors, some projects are bid to prequalified/qualified contractors and minority/female-owned

companies, and some projects are undertaken by contractors selected by the homeowner. To implement procurement procedures, CDD maintains lists of prequalified/qualified/disqualified contractors and minority/female-owned companies. CDD has adopted minimum standards for inclusion on these lists. CDD has also adopted minimum standards for contractors selected by the homeowner.

#### Standards for Prequalified Contractor List

A prequalified contractor is a contractor who has met prequalification standards but who has yet to perform work through CDD. Prequalification standards are as follows:

- 1) Submission of:
  - a) Personal and/or business financial statements;
  - b) Contractor's responsibility verification form;
  - c) Prequalification form for Equal Employment Opportunity purposes;
  - d) Verification forms for reference confirmation;
  - e) Other forms as may be required.
- 2) Insured to the limits required by the standard contract and agreement used by CDD or able to secure such insurance as follows:

TYPE	MINIMUM LIABILITY AMOUNTS
Comprehensive General Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage
Workman's Compensation Insurance	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage

- 3) Capable of securing permits as required.
- 4) Judged to have an acceptable record of performance, integrity, financial resources, and technical expertise as determined by investigation of information provided in the required form.

#### Standards for Qualified Contractor List

Qualified contractor status indicates that the contractor has successfully completed at least one CDD project and is in good standing. Standards are as follows:

- 1) The contractor operates her/his business in Champaign County.
- 2) Successful completion of a community development contract agreement includes:
  - a) Completion of the construction work, including the work of all subcontractors, per specifications and with quality workmanship;
  - b) Compliance with all contract requirements.
- 3) Maintenance of required insurance and licenses.
- 4) Maintenance of good standing with all federal and state agencies.
- 5) Conduct consistent with public policy.

Standards for Disqualified Contractor List

Disqualified contractor status indicates that the contractor is ineligible to bid on CDD projects. A disqualified contractor shall receive from CDD written notification of the cause of disqualification and the actions necessary for reinstatement. Upon reinstatement, a contractor assumes prequalified status. Causes of disqualification include, but are not limited to, the following:

- 1) Failure to meet any prequalification standard, including but not limited to:
  - a) Provision of false, misleading, or incomplete information on the contractors responsibility verification form or provision of false information on financial status;
  - b) Inadequate construction experience or expertise;
  - c) Poor reference;
  - d) Inadequate financial requirements;
  - e) Failure to meet federal requirements.
- 2) Inability to secure or failure to maintain required insurance, license, or permit.
- 3) If, after fair process as provided for in the contract agreement, the owner terminates a contract agreement, the terminated contractor is automatically disqualified by CDD. Grounds for termination, and thus disqualification, include, but are not limited to:
  - a) Poor workmanship;
  - b) Violation of contract start date or completion date;

- c) Abuse of change order provisions;
  - d) Bankruptcy or insufficient financial resources to complete work;
  - e) Failure to perform work in accordance with specifications;
  - f) Failure to comply with a contract provision.
- 4) Disqualified by any federal or state agency.
  - 5) Documentation of conduct inconsistent with public policy.

Standards for Minority/Female-Owned Contractors List

A minority/female-owned contracting company is a firm in which at least 51 percent of the assets are owned and controlled by a minority or female person or persons. The company must operate in Champaign County. Prior to commencement of any work funded through CDD the company must meet the following additional standards:

- 1) Submit the prequalification form for Equal Employment Opportunity purposes.
- 2) Insured to the limits required by the standard contract and agreement used by CDD or able to secure such insurance as follows:

TYPE	MINIMUM LIABILITY AMOUNTS
Comprehensive General Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage
Workman's Compensation Insurance	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage

- 3) Capable of securing permits as required.
- 4) Judged to have an acceptable record of performance, integrity, financial resources, and technical expertise as determined by investigation of information provided in the required forms.

Standards for Contractors Selected by the Homeowner (Cost Reduction Incentive Loan, Installment Loan)

Contractors participating in these programs need not be on a CDD-maintained list but must meet the following standards. Failure to meet these standards and/or verified previous incidents of

poor workmanship constitute grounds for rejection of any proposal.

- 1) The contractor operates her/his business in Champaign County.
- 2) Submit the prequalification form for Equal Employment Opportunity purposes.
- 3) Insured to the limits required by the standard contract and agreement used by CDD or able to secure such insurance as follows:

TYPE	MINIMUM LIABILITY AMOUNTS
Comprehensive General Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage
Workman's Compensation Insurance	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage

- 4) Capable of securing permits as required.
- 5) Judged to have an acceptable record of performance, integrity, financial resources, and technical expertise as determined by investigation of information provided in the required forms.

### 10.3 Self-Help in Rehabilitation Assistance Programs

Self-Help means completion of all or a portion of rehabilitation work by the property owner. Self-Help is allowed only on projects funded through the Cost Reduction Incentive Loan Program and then only in extraordinary circumstances.

Depending upon the type of work and the skill of the owner, a property owner may complete some or all of the tasks required to rehabilitate her/his property. Self-Help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition of small buildings, removal and disposal of debris, and work that involves minimal use of costly materials and equipment. If the owner possesses such skills the items in the proposal which she/he agrees to perform should be determined in advance, and the specifications and proposal should indicate those items to be performed by the owner.

If the owner possesses more technical skills and prefers to do that portion of the labor that the skills warrant, an Owner Self-Help Agreement is prepared. This agreement must be in addition to the general contract. The Owner Self-Help Agreement states the work that the owner is to do, materials to be used, and a timetable for work completion. In the event of nonperformance by

the applicant, CDD shall hire a contractor to finish the specified work. The applicant must pay the contractor for material and labor costs associated with this work. If the applicant refuses to pay for the work, a lien is placed against the owner's property in the amount of this work. To participate in self-help at this more technical level, the owner must be licensed for work in Urbana (in the case of electrical, plumbing, mechanical, roofing work) or must have a verifiable work record in the trade (in the case of general carpentry).

Persons wishing to do self-help work on a rehabilitation incentive loan project should be advised by CDD staff that payments will be due to the participating financial institution regardless whether self-help work is completed.

#### 10.4 Rehabilitation Projects in Conjunction with Empty Tomb, Inc.

Rehabilitation assistance through programs described in this manual is generally limited to \$15,000 per dwelling unit. Recognizing that some dwelling units cannot be brought into code compliance at that cost, the Community Development Division has entered into a cooperative arrangement with Empty Tomb, Inc., a non-profit neighborhood improvement organization based in Urbana. Through this special arrangement and in cases of extreme housing deterioration, the Community Development Division provides CDBG funds for purchase of building materials up to \$15,000. These materials are then installed by Empty Tomb volunteers. Empty Tomb personnel are not eligible for reimbursement.

Involvement by Empty Tomb is determined on a case-by-case basis but is generally limited to a portion of the rehabilitation work at any particular site. Empty Tomb work is based on the type of renovation to be undertaken and on the availability of Empty Tomb volunteers. Work not undertaken by Empty Tomb is assigned to a contractor in accordance with contracting policies and procedures applicable to the type of case.

Projects funded through Deferred Loan and Grant/Deferred Loan programs are eligible for Empty Tomb volunteer work. Projects funded through all other programs described herein are ineligible for Empty Tomb work.

Requests for payment submitted by Empty Tomb to CDD shall be carefully reviewed by the Rehabilitation Specialist assigned to the case for reasonableness and completeness. Reimbursement for any material purchases may be disallowed if the Rehabilitation Specialist determines that the material cost significantly exceeds the suggested retail price of the material or if the Rehabilitation Specialist determines upon inspection of the property that the material has not been used in the rehabilitation.

CDD shall encourage Empty Tomb, Inc. to purchase material supplies from Urbana vendors whenever possible.