



HOUSING PROGRAM MANUAL

Program Years 2020 - 2024
July 1, 2020 - June 30, 2025

City of Urbana Grants Management Division Programs

Whole House Grant/Deferred Loan Payment

Emergency Grant Program

**Emergency Grant - Sewer Repair Program*

**Emergency Grant - Roof Repair/Replacement Program*

Access Grant Program

Senior Repair Program

Secondary Structure Demolition Program

Down Payment Assistance Program

Purchase/Rehab/Resell Program

Property Acquisition/Demolition/Disposition Program

Energy Efficiency Program

CDBG - Down Payment Assistance Program

Prepared by
City of Urbana, Illinois

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**City of Urbana
Housing Program Manual
Program Years 2020-2024**

1.0 Introduction.....	1
1.1 Background.....	1
1.2 Programs.....	1
1.3 Authorized Activities.....	2
1.4 Conflict of Interest.....	3
1.5 General Guidelines	3
1.6 Subordination Policy.....	4
2.0 Definitions	8
3.0 Program Objectives.....	11
4.0 Whole House Grant/Deferred Loan.....	12
4.1 Eligible and Ineligible Activities	12
4.2 General Terms and Conditions.....	13
4.3 Eligibility Criteria	14
4.4 Processing Procedures	15
4.5 Close-Out Procedures	18
5.0 Access Grants.....	19
5.1 Eligible and Ineligible Activities	19
5.2 General Terms and Conditions.....	20
5.3 Eligibility Criteria	20
5.4 Processing Procedures.....	21
5.5 Close-Out Procedures	23
6.0 Emergency Grants	22
6.1 Eligible and Ineligible Activities	22
6.2 General Terms and Conditions.....	23
6.3 Eligibility Criteria	23
6.4 Processing Procedures.....	24
6.5 Close-Out Procedures	26
7.0 Senior Repair Service Grants	26
7.1 Eligible and Ineligible Activities	26
7.2 General Terms and Conditions.....	27
7.3 Eligibility Requirements and Verification	28
7.4 Application Process	29
7.5 Work Procedures and Close Out.....	29

8.0	Secondary Structure Demolition Program	29
8.1	Eligible and Ineligible Activities	29
8.2	General Terms and Conditions.....	30
8.3	Eligibility Criteria	30
8.4	Processing Procedures	31
8.5	Close-Out Procedures	32
9.0	Down Payment Assistance Program	32
9.1	Eligible and Ineligible Expenses	32
9.2	General Terms and Conditions.....	32
9.3	Eligibility Criteria	33
9.4	Processing Procedures	34
9.5	Whole House Deferred Loan	35
10.0	Purchase/Rehab/Resell/Program	35
10.1	Rehabilitation Process.....	36
10.2	Property Requirements	36
10.3	Marketing/Reselling Process.....	37
10.4	Funding.....	47
10.5	Contract Management and Rehabilitation Close Out.....	47
11.0	Property Acquisition/Demolition/Disposition Program	38
11.1	Authorized Activities.....	38
11.2	Property Qualifications	38
11.3	Acquisition Process.....	39
11.4	Demolition Process.....	40
11.5	Contractor Requirements.....	40
11.6	Close-Out Procedures	41
11.7	Property Maintenance and Disposition	41
11.8	Removal of Slum and Blight on a Spot Basis	42
11.8.1	Acquisition	42
11.8.2	Clearance	43
11.8.3	General Terms and Conditions.....	43
12.0	Energy Efficiency Grant Program	43
12.1	Eligible and Ineligible Activities	43
12.2	General Terms and Conditions.....	44
12.3	Eligibility Criteria	44
12.4	Processing Procedures	45
12.5	Close-Out Procedures	46
13.0	CDBG – Down Payment Assistance Program	46
13.1	Eligible and Ineligible Expenses	46
13.2	General Terms and Conditions.....	47

13.3	Eligibility Criteria	47
13.4	Processing Procedures	48
13.5	Close-Out Procedures & Case File Check List.....	49
14.0	Contracting Policies and Procedures.....	50
14.1	General Contracting Policies	50
14.2	Contractor Standards.....	51
14.3	Self-Help in Rehabilitation Assistance Programs.....	53
14.4	Rehabilitation Projects in Conjunction with Non-Profit Organizations, Including Empty Tomb, Inc.	53
Appendix I: HUD Part 5 Income Definitions		55

1.0 INTRODUCTION

1.1 Background

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

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

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

HUD is responsible for the management and oversight of CDBG and HOME Programs. Under these programs, the City is responsible for deciding how the CDBG and HOME funds will be used in its jurisdiction and for the daily administration of the funds.

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

1.2 Programs

This manual contains guidelines for housing programs offered, as funding is available, by the City of Urbana during the period beginning July 1, 2020, and ending June 30, 2025. This manual supersedes all guidelines previously issued by the City of Urbana. Exhibit A summarizes the purpose and general requirements of each program.

- Whole House Grant/Deferred Loans (WHGDL)
- Access Grants (AG)
- Emergency Grants (EG)
- Emergency Grant – Sewer Repair (EG-SEW)
- Emergency Grant – Roof Repair/Replacement (EG-ROOF)
- Senior Repair Service Grants (SRSG)
- Secondary Structure Demolition Program (SSDP)
- Down Payment Assistance Program (DPAP)
- Purchase/Rehab/Resell Program (PRRP)
- Property Acquisition/Demolition/Disposition Program (PADDP)

Housing programs are generally made available to households within the Community Development (CD) Target Area. The CD Target Area is defined according to the federal income guidelines using the U.S. Bureau of the Census enumeration areas. By federal regulation, more than 51% of the residents of the CD Target Area designated by the City must have incomes at or below 80 percent of the median family income for Champaign County. The CD Target Areas, as established are illustrated on page eight.

Households assisted by these housing programs must meet federally mandated income guidelines for very-low and low-income persons. The current figures are included as Exhibit B and Exhibit C and are subject to periodic revision by the U.S. Department of Housing and Urban Development. The income of the household and the location of the property to be renovated determine the program for which the household is eligible. Households must not have assets over \$10,000 if a senior citizen or \$5,000 if not. To determine a household's asset limit, an average of 6 months' worth of bank statements will be calculated. If a household is more than the asset limit, the applicant will be required to contribute the overage amount towards the cost of the program, before any grant funds will be used.

Households will be assisted with the verification of income, assets, and project review. Reimbursements will not be provided for payments or expenses incurred outside the application process.

1.3 Authorized Activities

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

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

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

1.4 Conflict of Interest

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

1.5 General Guidelines

1. Processing & Prioritizing Applications: The City's Grants Management Division shall generally process applicants for assistance through programs described in this manual on a first-come/first-served basis. From time to time, however, the demand for assistance through these programs may exceed the availability of funds or staff time to process all cases. The Grants Management Division may institute a prioritization system on either a temporary or permanent basis to determine the order in which projects will be funded. Any such prioritization system shall give the highest priority for funding to persons of the lowest income and greatest housing need.
2. Project Evaluation: Upon the approval of an applicant's Housing Rehabilitation Application, a City Housing Inspector will be sent to evaluate the necessity of the rehabilitation request. ¹The Grants Management Division will not reimburse rehabilitation costs under \$250. If total rehabilitation costs come to \$250 or less, then the applicant will make payment directly to the contractor.
3. Relocation: If it is determined that there is an immediate threat to the occupant's health or safety, occupants of the home will be required to temporarily relocate to another establishment until rehabilitation is complete. If occupants require relocation to a hotel or other such establishment, the City of Urbana will cover all

¹ 2020 - 2024 Housing Manual Guidelines updated on 2/23/2021 by approval of Community Development Commission.

lodging/room rate charges that are accrued during the duration of the household's stay. If an applicant wishes to cover their own costs up-front, and then request reimbursement from the City, the applicant must provide documentation of the costs incurred from their stay. In the case of reimbursement, the City will reimburse hotel or motel costs, at a maximum of \$100 per day, per room, as defined by the hotel's policy for the number of persons per room.

4. Warranties: Eligible rehabilitation work financed through these programs is covered under a one-year guarantee on labor and product warranties that vary in scope depending on the product. At the time of project closeout, the General Contractor shall provide the applicant with information on the guarantee, warranties, and home maintenance procedures. Defects in work noted within the one-year warranty period are generally repaired under the one-year labor guarantee. Thereafter, the property owner is responsible for home repairs and claims under product warranties. The City of Urbana recognizes that in unusual circumstances defects in renovation work may occur due to errors or omissions on the part of the contractor or City staff after the one-year warranty period. If this is truly the case, the City shall provide the owner with the opportunity to request grant funds to correct the defects through the City's Housing Program. Corrective action grants may be authorized by the Grants Management Division Manager. The income of the homeowner at the time of the request for correction assistance need not meet housing program eligibility requirements. Corrective action grants are processed in accordance with the Emergency Grant guidelines regardless of whether the homeowner would otherwise be eligible for the Emergency Grant Program.
5. Changes to Program Guidelines: The City of Urbana recognizes it may be relevant to make a conditional change to the outlined program guidelines throughout the program years in the manual. In these instances, GMD shall submit the reason or reasons for the conditional change for that specific program. The Community Development Commission (CDC) may authorize GMD to proceed with the changes to the program with a majority vote of a CDC quorum.

1.6 Subordination Policy

The City will subordinate its mortgage if the owner is refinancing for a better interest rate or to shorten the term. The lender will reach out to the City with the request and provide a copy of the appraisal along with the formal request outlining what the new interest rate and/or term will be compared to the old. The Grants Manager will review the request and provide the subordination documents to the lender within 14 days of the request. The lender will record the document along with the refinancing documents.

**EXHIBIT A: CITY OF URBANA DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
GRANTS MANAGEMENT DIVISION (GMD) HOUSING PROGRAMS FOR PROGRAM YEARS 2020-2024**

PROGRAM	PURPOSE	ELIGIBILITY AREA	INCOME ELIGIBILITY	INTEREST RATE	MAXIMUM \$ AMOUNT	UNDER-WRITING CRITERIA
WHGDL Whole House Grant/ Deferred Loan	Provide an owner-occupant a Deferred Loan for whole-house rehabilitation to bring the structure into compliance with the City of Urbana's Property Maintenance Code	Priority to CD Target Area Citywide will be given on a case-by-case basis pending funding availability	Household income < 80% MFI	None	\$25,000 Maximum \$12,500 Grant \$12,500 Deferred loans	GMD
AG Access Grant	Provide grant assistance to an income-eligible homeowner, a renter of a single-family residence, or a trust deed recipient to eliminate physical barriers that inhibit the use of the dwelling unit by the person with a disability.	Citywide	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$10,000 per program year	GMD
EG Emergency Grant	Provide grant assistance for an owner-occupant to alleviate a hazardous condition that poses a threat to the health and safety of the occupants	Citywide	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$10,000 per program year	GMD

<i>*Emergency Grant Subcategory*</i> EG-ROOF Roof Repair Program	Provide grant assistance for an owner-occupant to alleviate a hazardous or degraded roofing condition, which poses a threat to the health and safety of the occupants or the livability of the home.	Citywide	Household income <80% MFI	None	Grant assistance up to a maximum amount of \$15,000 per program year.	GMD
<i>*Emergency Grant Subcategory*</i> EG-SEW Emergency Grant Sewer Repair	Provide grant assistance for an owner-occupant to alleviate hazardous or critical sewer infrastructure issues, which pose a threat to the health and safety of the occupants.	Citywide	Household income <80% MFI	None	Grant assistance up to a maximum of \$15,000 per program year.	GMD
SRS Senior Repair Service Grant	Provide grant assistance for general maintenance repairs which enable seniors and persons with disabilities to maintain their property. Eligible units include single-family residences, units in duplexes, and mobile homes.	Citywide	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$1,750 per program year, \$750 Admin fee per project.	GMD
SSDP Secondary Structure Demolition Program	Provide grant assistance funds to owner-occupied properties.	Priority is given to CD Target Area*	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$5,000	GMD
HOME - DPAP Down Payment Assistance Program	Provide Down Payment and closing cost assistance to income-eligible home buyers. The WHDL program may be offered at the same time to bring structure into compliance	Priority is given to CD Target but available City Wide	Household income < 80% MFI	None Forgivable Deferred Loan	Deferred loan for a down payment and closing costs, up to a maximum of \$14,999	Financial institution, GMD

PRRP Purchase/ Rehab/ Resell Program	Provide additional affordable housing. Purchase of deteriorating or vacant single-family properties, bring the structure up to the City of Urbana's Property Maintenance Code, and market the properties to income-eligible homeowners.	Priority is given to CD Target Area*	Household income < 80% MFI	None	Agreement on the property to remain affordable for the appropriate period of time, as determined by HUD guidelines	Financial institution, GMD
PADP Property Acquisition/ Disposition Program	Provide additional affordable housing. Purchase of dilapidated and vacant properties, clear and maintain for future use for affordable housing.	Priority is given to CD Target Area*	Household income < 80% MFI	None	Agreement on the property to remain affordable for the appropriate period of time, as determined by HUD guidelines	Financial institution, GMD
EEG Energy Efficiency Grant Program	Provide supplemental support to customers who qualify for the Ameren Illinois Home Efficiency Income Qualified (HEIQ) Program.	Priority is given to CD Target Area*	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$3,500 per program year	Ameren, GMD
CDBG – DPAP CDBG funded Down Payment Assistance Program	Provide down payment and closing cost assistance to income-eligible home buyers.	Citywide	Household income < 80% MFI	None	Grant assistance up to a maximum amount of \$7,000 per program year	Financial institution, GMD

*Eligible properties outside of the Target Area will be considered on a case-by-case basis

EXHIBIT B: Median Family Income Limits 2022

Family Size	30% MFI	50% MFI	^60% MFI	80% MFI	MFI
1 Person	18,150	30,250	36,300	48,400	60,500
2 Persons	20,750	34,600	41,500	55,300	69,200
3 Persons	23,350	38,900	46,700	62,200	77,800
4 Persons	25,900	43,200	51,800	69,100	86,400
5 Persons	28,000	46,700	56,000	74,650	93,400
6 Persons	30,050	50,150	60,200	80,200	100,300
7 Persons	32,150	53,600	64,300	85,700	107,200
8 Persons	34,200	57,050	68,500	91,250	114,100

EXHIBIT C: Median Family Income Limits 2023

Family Size	30% MFI	50% MFI	^60% MFI	80% MFI	MFI
1 Person	20,310	33,850	40,620	54,160	67,700
2 Persons	23,220	38,700	46,440	61,920	77,400
3 Persons	26,130	43,550	52,260	69,680	87,100
4 Persons	29,010	48,350	58,020	77,360	96,700
5 Persons	31,350	52,250	62,700	83,600	104,500
6 Persons	33,660	56,100	67,320	89,760	112,200
7 Persons	36,000	60,000	72,000	96,000	120,000
8 Persons	38,310	63,850	76,620	102,160	127,700

^Rounded to the nearest \$100

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

2.0 DEFINITIONS

Accessibility Grant (AG): Grant funds for up to \$10,000 for income-eligible homeowners, or trust deed recipients to eliminate physical barriers, which inhibit the use of the dwelling unit by a person with a disability.

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

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

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

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

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

Contractor: A general contractor who meets the qualification guidelines outlined in Section 12.0 of the manual.

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

Elderly Person: Person 62 years of age or older.

Emergency Grant (EG)/(EG-SEW)/(EG-ROOF): Grant funds of up to \$10,000 for regular emergency rehabilitation and/or up to \$15,000 for emergency sewer or roofing repairs made available to repair a health or safety item. Emergency Grant funds are available only if the repair is immediately needed to mitigate a hazardous condition or if not repaired, would cause structural damage to the home.

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

Whole House Grant/Deferred Loan (WHGDL): A Grant/Deferred Loan of up to \$25,000 is made available to provide labor, materials, and supplies to rehabilitate deteriorating dwelling units for qualified applicants. Through the renovation, property maintenance code violations, lead hazard reduction, and defective or aging systems on the premises shall be addressed.

- Half of the program funds of up to \$12,500 are provided by the City in the form of a grant.
- Half of the program funds up to \$12,500 are provided by the City in the form of a 5-year forgivable no interest deferred payment loan. No monthly, quarterly, or annual payments are required. During the 5-year loan term, if the home is not occupied as the primary residence, vacated, sold, rented to others, or title is otherwise transferred the entire deferred loan portion shall become due and payable to the City.

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

Gross Annual Income: Annual income is the gross amount of income anticipated by all adults in a family during the 12 months following the effective date of determination. To calculate annual gross income the Department of Housing and Urban Development's Part 5 definitions are used for all programs. See Appendix I for the complete HUD Part 5 income inclusions and exclusions. An IRS 1040 is ONLY allowed as a source of income verification when an applicant is applying for the Energy Efficiency Grant. All other grant applications require the applicant to provide 2 months' worth of paystubs and/or any other income verification documents as requested by GMD.

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

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

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

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

Lien: A duly recorded encumbrance upon the property.

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

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

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

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

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

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

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

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

Senior Repair Service Grant (SRSG): Grant funds to up to \$1,750 to provide general maintenance repairs, and up to \$750 for Administrative Costs, which enable seniors and persons with disabilities to maintain their property. Eligible units include single-family residences, units in duplexes, and mobile homes.

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

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

Substandard Dwelling: A dwelling unit that does not meet the criteria for a standard dwelling unit through: lack of maintenance; age of unit; neglect; lack of part or all plumbing, electrical, and heating facilities; or overcrowded conditions. The substandard dwelling can be considered to be one of two classifications: 1) deteriorated unit, i.e., one that is

substandard but is structurally sound or able to be made structurally sound and can be brought up to standard condition with rehabilitation (formally known as substandard, suitable for rehabilitation); or 2) dilapidated unit, i.e., a substandard unit that has deteriorated to the extent it is unsafe, unsanitary, or dangerous to human life, and rehabilitation is not feasible (formally known as substandard, unsuitable for rehabilitation).

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

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

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

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

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

3.0 PROGRAM OBJECTIVES

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

1. To encourage the revitalization and stabilization of low- and moderate-income neighborhoods by implementing housing programs
2. To remove unhealthy or hazardous housing conditions in low- and moderate-income areas
3. To use state, federal, and other grant funding including but not limited to Community Development Block Grant (CDBG), HOME, Illinois Housing Development Authority (IHDA), and Federal Home Loan Bank (FHLB) funds as a catalyst to encourage residents of low- and moderate-income neighborhoods to improve their community
4. To revitalize and preserve the existing housing stock
5. To enable low-income families who cannot obtain conventional financing to rehabilitate their homes
6. To reduce utility costs and to improve the comfort of low-income families by incorporating energy conservation techniques into housing rehabilitation assistance
7. To conserve the property tax base in low- and moderate-income neighborhoods
8. To encourage employment and training opportunities for minority persons and females through the opportunity to bid on rehabilitation contracts

9. To finance needed home improvements using CDBG and HOME funds to the extent necessary and funds from private lenders to the maximum extent possible
10. To remove physical barriers impeding maximum use of the residential property by persons with disabilities and to increase the number of handicapped accessible dwelling units, both owner-occupied and renter-occupied, in the City
11. To further implement the City's Consolidated Plan.

4.0 WHOLE HOUSE GRANT/DEFERRED LOAN

A Grant/Deferred Loan of up to \$25,000 is made available to provide labor, materials, and supplies to rehabilitate deteriorating dwelling units for qualified applicants. Through the renovation, property maintenance code violations, lead hazard reduction, and defective or aging systems on the premises shall be addressed. A lien is placed on the property to secure repayment of the forgivable deferred payment.

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

Half of the program funds up to \$12,500 are provided by the City in the form of a 5-year forgivable no interest deferred payment loan. No monthly, quarterly, or annual payments are required. During the 5-year loan term, if the home is not occupied as the primary residence, vacated, sold, rented to others, or the title is otherwise transferred the entire deferred loan portion shall become due and payable to the City.

4.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with the City of Urbana's property maintenance code while eliminating lead-based paint hazards. Eligible activities include but are not limited to the following:

- Repair or replacement of defective or aging mechanical systems, i.e., electrical, plumbing, and heating
- Repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairs, floors, ceilings, walls, doors, windows, siding, and trim
- Lead-based paint hazard reduction
- Energy conservation activities, i.e., insulation, caulking, weather-stripping, siding, doors, and windows
- accessibility for disabled persons
- Incipient repairs and general property improvements of a non-luxury nature
- Site improvements and utility connections

Ineligible activities include:

- Temporary improvements
- Fixtures not permanently attached including appliances and window air conditioners
- Fees for professional services of architects, engineers, and other consultants
- Construction or renovation of detached garages or outbuildings

Priority is placed on renovation necessary to meet the City of Urbana's property maintenance code, elimination of lead-based paint hazards, exterior renovation, energy conservation, and any eligible interior renovation.

4.2 General Terms and Conditions

1. The applicant may not apply for rehabilitation assistance through the Whole House Deferred Loan Program if the applicant or the property to be rehabilitated received whole house rehabilitation assistance from the Grants Management Division in the past 10 years or the lien is still outstanding. However, the applicant may receive assistance through other programs listed in the manual if conditions arise and qualifications are met.
2. A Whole House Grant/Deferred Loan shall not exceed \$25,000.
3. A Whole House Grant/Deferred Loan recipient shall not be required to pay for administrative and program delivery expenses related to the processing of the application, such as title searches and recording fees.
4. A lien shall be placed against the property to recover a portion of the cost of rehabilitation. The lien amount shall be calculated as the full amount of the deferred loan portion. During the 5-year loan term, if the home is not occupied as the primary residence, vacated, sold, rented to others, or the title is otherwise transferred the entire deferred loan portion shall become due and payable to the City.
5. Indebtedness secured by the property shall not exceed 100 percent of the after-rehabilitation value of the property as estimated by the Grants Management Division. After Rehab Value is calculated by adding the current tax assessment value to half of the deferred loan portion. However, if an appraisal has been completed within three years of the application, the appraisal or a current Comparative Market Analysis CMA, provided by a licensed real estate broker may be used in place of the assessed value.
6. During the loan term of the applicant, if the home is not occupied as the primary residence, vacated, sold, rented to others, or title is otherwise transferred, the deferred loan portion shall become immediately due and payable to the City.
7. Before documents can be executed to initiate the renovation project (i.e., note, mortgage, construction contract), the applicant must pay all sums necessary to release outstanding liens on the property other than a first mortgage and tax liens in good standing. Liens that must be released before work can proceed, include, but are not limited to, liens for past-due income and sewer benefit taxes, and liens for junk and debris removal. Property tax payments on the subject premises must be current at the time documents for the renovation project are executed.
8. Before documents can be executed to initiate the renovation project, the applicant must provide evidence in the form of a Certificate of Insurance that she/he has insured subject premises against loss by fire and hazards included within the term "extended coverage." This insurance shall be maintained in the amounts required by the City for as long as the property remains encumbered by the Deferred Loan. The City shall be listed as an additional insured on the property through the term of the loan.

4.3 Eligibility Criteria

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

1. Priorities shall be given to properties located in the CD Target Area. Owner-Occupants and persons participating in the Down Payment Assistance Program outside the CD target area shall be considered on a case-by-case basis as funding is available and approved by the GMD Manager.
2. Be classified as "substandard, suitable for rehabilitation" by the Grants Management Division in coordination with the Building Safety Division.
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation. Units that cannot be cost-effectively renovated to meet the City of Urbana's property maintenance code are ineligible for assistance under this program. GMD shall work with the owner in order to try and secure other alternatives as may be available to render a solution.
4. Be a unit that, after rehabilitation, will be a standard unit (i.e., without code violations, lead hazards, and more energy efficient).
5. Be a single-family owner-occupied residential property. Owner-occupied units in multiple-unit structures are ineligible for assistance under this program.
6. Not be located in an area that conflicts with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2015 Comprehensive Plan for Urbana as amended. Single-family residential properties that violate the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible for renovation under this program.

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

1. The applicant must have owned and lived in the residence for one year prior to applying for assistance. (Exception, applicants participating in the Down Payment Assistance Program may participate in the Whole House Deferred Loan Program pending funding availability and the applicant and structure meet the guidelines established for the program.
2. The applicant must be the person or persons in whose name title to the property is vested and remain the same for the duration of the Deferred Loan. In cases of dual ownership (resident and non-resident jointly own the property), any non-residents on the title must provide documentation of primary residence elsewhere.
3. The anticipated household annual (gross) income shall not exceed 80 percent of the median family income for Champaign County as released by HUD.
4. The HUD Part 5 definition of annual (gross) income shall be the method used in calculating annual income.

4.4 Processing Procedures

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

4.4.1 Application Process

1. GMD staff shall interview and advise the applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and the specific terms and conditions under which assistance is provided.
2. GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment.
 - b. Verification of other earnings 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 reports, necessary to make a determination of eligibility.
 - f. If applicable dependent on the number of applications the applicant may be placed on a prioritization list created by the GMD to prioritize based on household and need.

4.4.2 Work Determination/Contractor Procurement

1. During the initial walk-through, the Rehabilitation Specialist informs the homeowner of the contractor selection process. Proposals shall be solicited from the GMD Qualified General Contractor list. The owner may choose a general contractor whose firm is not on the GMD Qualified General Contractor List provided that, prior to bid opening, the contractor not on the list will be required to meet the same criteria as Qualified General Contractors. If the owner intends to have such a contractor bid on the project, the Rehabilitation Specialist shall provide an application packet to the contractor as soon as possible (provided the contractor is interested in bidding on the project).
2. Schedule and conduct with Building Safety a property maintenance code inspection and lead hazard evaluation on the subject dwelling.
3. Prepare a work description describing work to be accomplished, including code reports and a lead hazard control plan.
4. Consult with the applicant on preliminary work description and cost estimate including bid alternates.
5. After the owner has reviewed the work description, the Rehabilitation Specialist offers the GMD Qualified General Contractor List to the owner for review.
6. Owner and Rehabilitation Specialist set the date and time for the pre-bid conference at the site.
7. The Rehabilitation Specialist notifies contractors by mail of the pre-bid conference and solicits responses from the general contractors regarding intent to attend the pre-bid and submit a proposal. *Specialty Contractors notified shall generally be those whose area of expertise or specialty is included in the work description.*
8. All attend pre-bid conferences where concerns and questions are addressed. The General Contractors and Subcontractors will be allowed to schedule with the owner and visit the site between pre-bid and bid openings to determine the materials and labor required to submit a bid.

9. Coordinate the solicitation of formal sealed bids from qualified general contractors. The contract shall be awarded to that qualified contractor selected by the applicant so long as that contractor's bid is within 10 percent of the Rehabilitation Specialist's cost estimate.
10. Bids are opened at the time designated by the Rehabilitation Specialist within 14 days after pre-bid. The owner may wish to be present. The owner has ten days to select a contractor. If no bids are within 10 percent of the Rehabilitation Specialist's estimate, the project will be reviewed and modified as needed, then if required, rebid.
11. GMD schedules preconstruction loan closing and contract signing as soon as possible after contractor selection.
12. Issue a Proceed Order after the expiration of the three-day Truth and Lending Disclosure period.

4.4.3 Contracting

Construction is undertaken only through a written contract between the contractor and the recipient of the Whole House Deferred Loan. GMD acts as the lender and is not a party to the contract. However signature of the GMD Manager indicates the approval and review of an acceptable construction contract.

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

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

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

GMD staff shall establish and, based on the contractors' experience and qualifications, maintain a current list of contractors, subcontractors, and specialty contractors who are qualified and who are interested in doing rehabilitation work. GMD shall to the greatest extent feasible contract with Champaign County companies, firms, etc. Contracts shall be awarded per bid procedures outlined in Section 12.0.

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

Reimbursements will not be provided for payments or expenses incurred outside the application process.

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

4.4.4 Contract Management

1. The Rehabilitation Specialist shall inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines and safe work practices for lead hazard control.
2. The contractor and/or subcontractor shall coordinate with code officials, the Owner, and the Rehabilitation Specialist for final approval and inspection on each segment of work performed at the residence.
3. The Contractor shall schedule with the Rehabilitation Specialist a lead hazard clearance test for the work performed at the residence.
4. The Rehabilitation Specialist shall conduct a final inspection of rehabilitation work to ensure conformance with contract specifications and issue a certificate of final approval when appropriate.
5. The Rehabilitation Specialist shall obtain from the contractor the release of liens, final invoices, the contractor's sworn statements, and the Certificate of Occupancy for the residence before pay requests and before final payment to the contractor.

4.5 Close-Out Procedures

1. The Rehabilitation Specialist shall present the recipient with a copy of the contract, lead hazard clearance report, and the Certificate of Occupancy.
2. GMD staff shall give the recipient a copy of the recorded mortgage and note.
3. GMD staff shall request that the recipient complete and return a questionnaire about the program delivery.
4. GMD staff shall add information on the completed case to the Community Development Property Log

5.0 ACCESSIBILITY GRANTS

An Access Grant is a non-repayable grant made to an income-eligible homeowner or renter of a single-family residence as defined by HUD or up to a four-unit complex or trust deed recipient to eliminate physical barriers that inhibit the use of the dwelling unit by a Person with Disability. Grants may be made for the renovation of single-family detached dwelling units as well as duplex units.

5.1 Eligible and Ineligible Activities

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

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

Ineligible activities include general improvements not related to the 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.

5.2 General Terms and Conditions

1. An Access Grant shall not exceed \$10,000.
2. An applicant may receive an Access Grant and then receive additional assistance through another rehabilitation assistance program described in this manual.
3. Access Grant assistance can be offered to an applicant even if the same property received assistance from the Grants Management Division through another program.
4. Access Grant processing costs shall be the responsibility of the GMD.
5. If a rental unit is retrofitted through the Access Grant Program and the tenant for which the unit is retrofitted vacates the unit, the owner agrees as follows:
6. The owner shall notify the GMD that the unit has been vacated. The GMD retains the right to reclaim any detachable equipment funded by the program but abandoned by a person with a disability (i.e., no longer in use and not expected to be used).
7. The owner agrees that the priority in renting vacated units shall be given to persons with disabilities.

5.3 Eligibility Criteria

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

1. Be located within the corporate limits of Urbana.
2. Be structurally sound and relatively free of any building deficiencies that would render the property "substandard."
3. Not be located in an area that conflicts with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise source that has a day/night sound level in excess of the Department of Housing and Urban Development Sound Level Standards) or with the 2015 Comprehensive Plan for Urbana, as amended.

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

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

5.4 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.

5.4.1 Application Process

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

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

5.4.2 Work Determination/Contractor Procurement

1. GMD staff shall schedule and inspect the property to determine barriers to be removed and to verify that the dwelling is generally safe and sound. The Inspection team consists of a Rehabilitation Specialist, a Housing Inspector as required by the applicant, and the owner (if other than the applicant).
2. Prepare a list of necessary property improvements and preliminary cost estimates and determine project feasibility, including a lead hazard evaluation as required of surfaces that will be disturbed.
3. Timing of completion of work under the Access Grant Program is especially important because the occupant often must rely on Access Grant improvements to be able to use (even enter) her or his dwelling unit. Consequently, advertised bidding is not required in the Access Grant Program.
 - a. For Access Grant projects with costs not exceeding \$1,000, no bid solicitation shall be required. The Rehabilitation Specialist assigned to the case may select any qualified general contractor or minority/female-owned specialty contractor if a general contractor is not needed, so long as the contractor's proposal is reasonable and appropriate. If a bid cannot be obtained from firms on these lists

in a timely manner, the Grants Management Manager may authorize the solicitation of bids from firms not on the lists.

- b. For Access Grant projects with costs more than \$1,000 but not exceeding the \$10,000 program limit, the Rehabilitation Specialist assigned to the case shall solicit bids from the qualified general contractor list. Formal advertising shall not be required. The construction contract shall be awarded to the qualified general contractor submitting the lowest responsible bid.
4. GMD staff shall consult with the applicant and owner (if any other than the applicant) to reach an agreement on the construction contract.
5. GMD staff shall conduct a preconstruction conference and contract signing, and prepare the proceed order.

5.4.3 Contracting

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

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

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

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

Reimbursements will not be provided for payments or expenses incurred outside the application process.

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

5.4.4 Contract Management

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

5.5 Close-Out Procedures

1. Final inspection or Building Safety approval of the work to ensure conformance with contract specifications and issues.
2. Obtain from the contractor the lien waiver and invoice, prior to final payments.

3. Review the file to be certain that all documentation is in order and that all necessary signatures have been obtained. Include before and after photographs in the file.
4. GMD staff shall add information on the completed case to the Community Development Property Log.

6.0 EMERGENCY GRANTS

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

6.1 Eligible and Ineligible Activities

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

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

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

6.2 General Terms and Conditions

1. An applicant may receive an Emergency Grant to alleviate a hazardous condition and then receive additional assistance through another rehabilitation assistance program described in this manual.
2. Emergency Grant assistance can be offered to an applicant even if the same property received assistance through other programs administered by the Grants Management Division. Before the approval of an Emergency Grant application, the applicant will be required to provide evidence of **property insurance** to the GMD. The GMD may then investigate whether any emergency repairs are eligible for insurance reimbursement. In the event the applicant applies for and receives reimbursement for emergency repair work from his/her insurance company, said insurance proceeds shall be used to reimburse GMD for costs incurred in making emergency repairs to the property.
3. Emergency Grant assistance is provided as outlined in the following table:

Type of Repair	Income	Maximum Amount of Assistance
General Emergency Repair	0 – 80% AMI	\$10,000
Roof and Sewer Repair	0 – 80% AMI	\$15,000

1. An Emergency Grant recipient shall not be required to pay administrative expenses related to the processing of the Emergency Grant application.

2. Repayment of the Emergency Grant is not required, even if the grant is provided in conjunction with another rehabilitation assistance program. No lien is placed against the property to recover all or part of the Emergency Grant.

6.3 Eligibility Criteria

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

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

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

1. The applicant has owned and resided at the residence one year prior to applying for assistance.
2. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers and trust deed recipients will be considered on a case-by-case basis depending on the contract and legal terms but then only if the owner of record or contract seller consents to the Emergency Grant work.
3. The applicant must pay all sums necessary to release outstanding liens on the property other than mortgage and tax liens in good standing. Liens that must be released before work can proceed include but are not limited to, liens for past-due income and sewer benefit taxes and liens for junk and debris removal
4. The applicant's household annual income shall not exceed 80 percent of the median family income figure determined by HUD for Champaign County.
5. The HUD Part 5 definition of annual (gross) income shall be the method used in calculating annual income.

6.4 Processing Procedures

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

6.4.1 Application Process

1. GMD staff shall interview and advise the client of the objectives and procedures of the Emergency Grant Program, objectives and procedures of other housing assistance programs that could be combined with the Emergency Grant project, and specific terms and conditions under which assistance is provided.
2. GMD staff shall obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment.

- b. Verification of other earnings, housing expenses, and assets.
- c. Verification of homeowners insurance.
- d. Verification of deposits with financial institutions.
- e. Verification of mortgage or deed of trust from each holder of a lien secured by the property.
- f. Verification of additional information, such as credit references, necessary to make a determination of eligibility.

6.4.2 Work Determination/Contractor Procurement

1. GMD staff shall schedule and inspect the property. Urbana Building Safety Division may be required to verify the dwelling is generally safe and sound. A complete list of code violations is not required for this program nor must the property meet all City codes after completion of the project.
 - a. If the emergency visual inspection of the property reveals numerous code violations and deteriorated conditions, the applicant will be asked to participate in the Whole House Deferred Loan Program if funds are available. This would address the entire structure and bring the house into code compliance.
 - b. If the applicant declines the Whole House Rehabilitation Program without just cause, the GMD shall not be required to complete the Emergency Grant for the resident. However, if the applicant does not qualify for the Whole House Rehabilitation Program but qualifies for the Emergency Grant Program, GMD staff shall proceed to eliminate the emergency condition.
2. GMD staff shall prepare a list of hazardous deficiencies that need immediate attention and correction, including a lead hazard evaluation as required of surfaces that will be disturbed during the Emergency Grant work.
3. GMD staff shall reach an agreement with the applicant on work to be done and on the schedule for grant activities.
4. Due to the immediacy of Emergency Grant projects, formal advertised bidding need not occur. The GMD shall solicit a cost estimate or cost estimates from qualified contractors and contractors on the GMD Minority-Female Owned list. For projects with estimated costs of \$1,000 or less, multiple contractor quotations are not required. For projects with estimated costs exceeding \$1,000, quotations shall be solicited from a qualified general contractor list. Formal advertising shall not be required. The construction contract shall be awarded to the qualified general contractor submitting the lowest responsible bid.

6.4.3 Contracting

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

The contractor's proposal shall comply with general specifications, work descriptions, and code reports as supplied by GMD. Drawings and/or detailed specifications shall be prepared

by the contractor only when deemed essential by GMD or Building Safety to show the scope of work involved so misunderstandings can be avoided.

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

Reimbursements will not be provided for payments or expenses incurred outside the application process.

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

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

6.4.4 Contract Management

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

6.5 Close Out Procedures

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

7.0 SENIOR REPAIR SERVICE GRANTS

A Senior Repair Service Grant is a non-repayable grant made to income-eligible seniors or persons with disabilities of any age to provide general maintenance repairs to enable the citizen to maintain his/her property. The Senior Repair Grant Program is administered by the Champaign County Regional Planning Commission (RPC). RPC is responsible for screening program applicants for eligibility and monitoring the construction contractors for quality of work.

7.1 Eligible and Ineligible Repairs

Eligible repairs shall include the following:

1. Repairs that help the applicant maintain independence, including but not limited to:
 - Handrail installation and repair
 - Porch and step repair/replacement
 - Grab bar installation
 - Installation of an accessible water closet
 - Installation of handheld shower unit
2. Repairs that conserve financial and energy resources, including but not limited to:
 - Repair/replace leaky faucets or water connections
 - Repair/replace soffit, fascia, and gutters, as well as roof patching

- Repair of furnace/central air conditioners
 - Replacement /repair of entry and storm doors
 - Replacement/repair of deteriorating windows and storm windows and screens
 - Replacement of obsolete water heaters
 - plumbing repairs
3. Repairs that ensure minimum health and safety standards, including but not limited to:
- Door hanging/replacement
 - Installation of locks/deadbolts or level lock hardware
 - Installation of smoke detectors/carbon monoxide detectors
 - Wall and ceiling repairs/plaster patching
 - Electrical repairs
 - Floor repair/replacement to eliminate trip hazards

Ineligible Repairs

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

1. Roof replacement
2. Interior or exterior house painting
3. House restoration (historic preservation)
4. Redecorating
5. Lawn mowing, leaf raking, or snow removal
6. Tree or brush trimming

7.2 General Terms and Conditions

1. An applicant may receive a Senior Repair Service Grant to address an eligible activity and also be eligible to receive additional assistance through another rehabilitation assistance program described in this manual.
2. A Senior Repair Service Grant may be offered to an applicant, even if the property received assistance from GMD through another rehabilitation program in the same program year.
3. A Senior Repair Service Grant shall not exceed the maximum amount of \$1,750 within the program year.
4. A Senior Repair Service Grant recipient shall not be required to pay administrative expenses related to the processing of the application.
5. Repayment of the grant is not required even if the grant is provided in conjunction with another rehabilitation assistance program.
6. Reimbursements will not be provided for payments or expenses incurred outside the application process.

7.3 Eligibility Requirements and Verification

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

1. The applicant must own and occupy the dwelling unit on which the repairs are to be made. (Trust Deeds and contract purchases are allowable with the approval of the owner of record.)
2. Eligible owner-occupied dwelling units include single-family residences, units in duplex structures, and mobile homes.
3. The dwelling unit on which repairs are to be made must be located within the corporate limits of the City of Urbana at the time repairs are made.
4. The individual for whom repairs are made must be 62 years old or older or be a person with a disability of any age.
5. The applicant's household income shall not exceed 80 percent of the median family income for Champaign County as determined by HUD.
6. Cost of repairs shall not exceed the maximum allotment amount per household per program year.
7. A Senior Repair Service Grant shall not exceed the maximum amount of \$1,750 within the program year.

7.4 Application Process

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

7.5 Work Procedures and Close Out

1. RPC staff shall prepare a Senior Repair Service work order/invoice requiring the applicant's signature before the work is performed, including a lead-based paint hazard evaluation as required.
2. The work order/invoice will be given to a qualified contractor from the list maintained by RPC. Selection of the contractor shall be conducted as per applicable HUD methods of procurement, as outlined in 24 CFR 85.36. A list of eligible contractors who have completed an application and provided all pertinent information to participate in the program shall be maintained by RPC. The projects shall be distributed among the contractors on a rotation basis determined by availability, hourly price, and expertise in the project and by applicant request.
3. The contractor shall begin work at his/her earliest convenience. It shall be the responsibility of the contractor to coordinate the work hours with the client.
4. If necessary, RPC staff shall monitor the progress of construction to ensure that safe practices, including lead-based paint practices, are being followed during the rehab project. The Agency shall also ensure that any necessary permits have been obtained, inspected, and finalized.

5. After the work the owner shall confirm satisfactory completion and approve invoice and payment to the contractor.
6. Once work is completed, RPC shall verify that all work was completed by the specifications outlined at the time of the work proposal. RPC staff and the homeowner will need to sign a satisfaction statement for the work completed. The invoice for repairs and a completed signed satisfaction statement shall be included as part of the invoice when the Agency requests reimbursement from the City. RPC will request reimbursement for its administrative fee and for the construction costs due to the selected contractor on completed projects at a minimum of once per quarter.
7. Administrative fees shall not exceed Seven Hundred Fifty Dollars (\$750.00) per project.

8.0 SECONDARY STRUCTURE DEMOLITION PROGRAM

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

8.1 Eligible and Ineligible Activities

Eligible Activities:

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

Ineligible Activities:

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

8.2 General Terms and Conditions

1. The property must be a single-family residential property owned and occupied by the applicant. Grant assistance can be offered to an applicant even if the same property received assistance through other programs administered by the Grants Management Division.
2. The demolition grant shall not exceed \$5,000. If demolition cost proposals exceed \$5,000, the applicant/owner can provide the difference to complete the project. Those funds shall be required to be put in an escrow account with the City at the time the demolition contract is executed.
3. For the structure to qualify for demolition assistance, it must be structurally unsound or severely dilapidated.

Self-Help shall not be permitted through this program.

8.3 Eligibility Criteria

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

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

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

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

8.4 Processing Procedures

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

8.4.1 Application Process

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

8.4.2 Contracting

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

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

Self-Help shall not be permitted in these projects.

Reimbursements will not be provided for payments or expenses incurred outside the application process.

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

8.5 Close-Out Procedures

1. Final inspection or Building Safety approval of demolition work to ensure conformance with contract specifications and issues.
2. Obtain from the contractor the lien waiver and invoice prior to final payments.

9.0 DOWN PAYMENT ASSISTANCE PROGRAM

This program provides up to \$14,999 as a deferred loan to income-eligible homebuyers to acquire single-family housing within the Urbana City limits or Consortium limits if funded with HOME.

9.1 Eligible and Ineligible Expenses

Eligible Expenses:

- Down payment assistance
- Closing cost assistance

Ineligible Expenses:

- Earnest money

9.2 General Terms and Conditions

1. The property must be a single-family residential property that is either owned and occupied by the seller or is vacant and has not been rented out in the past six months. Assistance can be offered to a buyer even if the same property received assistance through other programs administered by the Grants Management Division.
2. For the home to qualify for assistance, it must be located within the Urbana City limits or Consortium limits if funded with HOME.

3. Down payment assistance shall be provided in the form of a deferred loan to be forgiven in five years.
4. Homebuyers participating in the program must maintain the unit as his/her principal residence for five years.

9.2.1 Amount of Assistance

1. GMD staff will determine the amount of assistance to be provided each program year based on market conditions, lender feedback, funding availability, and programmatic requirements for the given program year. The maximum amount of assistance to a homebuyer shall not exceed \$14,999 or 10 percent of the purchase price of the home, whichever is less. Deferred loans offered to low-income buyers may not fall below \$1,000.

9.3 Eligibility Criteria

1. For the structure to qualify through the Program, the unit must meet the following criteria:
 2. The unit must be located in the Urbana City limits.
 3. The unit must be currently occupied by the Seller or vacant – the property may not have been rented within the past 6 months.
 4. Be a single-family owner-occupied residential property. Buyers purchasing a duplex unit may only receive assistance if one-half of the duplex is being acquired. The City cannot assist buyers purchasing more than one dwelling unit in a single transaction.

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

1. The applicant must contribute a minimum of \$1,000 toward the purchase of the property. Earnest money may count towards this contribution requirement.
2. The applicant must demonstrate that he/she has sufficient funds to sustain the property over the life of the deferred loan.
3. The applicant must have total combined assets no greater than \$10,000.
4. The applicant must be the person or persons in whose name title to the property is acquired. Co-signers are not permitted through this program.
5. The buyer must acquire a clear title to the property.
6. The applicant's anticipated household annual (gross) income shall not exceed 80 percent of the median family income for Champaign County as released by HUD. The HUD Part 5 definition of annual (gross) income shall be used in calculating annual income.

For a loan to qualify for this type of assistance, the following underwriting restrictions must be met:

1. The loan payments charged by the lender must incorporate an escrow account for property taxes and homeowners insurance.
2. The front-end ratio for the loan may not exceed 31 percent.
3. The back-end, or debt-to-income, ratio may not exceed 40 percent.
4. The City will not accept a position lower than second. Any financing other than the principal loan must subordinate to the City's lien.

5. The loan procured must be fixed-rate for the life of the loan with no prepayment penalty. Balloon payments are not acceptable.

9.4 Processing Procedures

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

9.4.1 Application Process

1. GMD staff shall obtain the following information from and about the applicant and lender:
 - a. Verification of household income.
 - b. Verification of other earnings, housing expenses, and assets.
 - c. Verification of deposits with financial institutions.
 - d. Verification of additional information, as necessary to determine eligibility.
 - e. Universal Residential Loan Application
 - f. Sales Contract
 - g. Appraisal

9.4.2 Inspections

A City Inspector will inspect the property before closing to verify that the subject property complies with the Property Maintenance Code of the City of Urbana. Any code violations will be cited in a formal memo from the Inspector and must be addressed before re-inspection. The house must meet the City of Urbana's Property Maintenance Code before closing.

9.4.3 Agreements

Both a Homebuyer Program Agreement and a Mortgage will be recorded against the property as part of the deferred loan. The lien will be forgiven after five years, and the mortgage will be released upon the request of the homeowner or a representative of the homeowner (such as a lender). The homeowner will be responsible for paying the City's release fee as well as any recording fee charged by the County Recorder's Office.

9.5 Whole House Rehabilitation Grant/Deferred Loan Program

Applicants approved for the Down Payment Assistance Program may also qualify and participate in the Whole House Grant/Deferred Loan Program at the same time.

Participation in the program is based on funding availability and priority is placed on properties located in the CD target area.

This program is designed to provide a grant/deferred loan for the rehabilitation of properties requiring substantial repair and or upgrades to structural, mechanical, electrical, deficiencies, or hazards with the property.

The applicant if approved must provide the Rehabilitation Specialist a copy of the housing inspection that was performed by a professional housing inspector before the purchase of the property.

The one-year ownership and residency requirement for participation in the Whole House Grant/Deferred Loan Program shall be waived if used in coordination with the Down Payment Assistance Loan Program. This renovation will help eliminate code violations, lead hazards, and repairs to help with energy conservation.

Program Guidelines and Procedures shall be completed as described and incorporated in Section 4.0 Whole House Deferred Loan section of this manual.

10.0 PURCHASE/REHAB/RESELL PROGRAM

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

10.1 Rehabilitation Process

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

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

Any property acquired, rehabilitated, and sold shall only be used for homeownership. Any property rehabilitated through this program shall comply with the City's Property Maintenance Code and all applicable building, zoning, and occupancy, codes upon its completion. Compliance with this section shall be documented through the issuance of a **Certificate of Occupancy** by the City of Urbana Building Safety Division. All rehabilitation work performed with the project shall be subject to the issuance of permits and payment of permit fees.

10.2 Property Requirements

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

1. Be located in the CD Target Area. Properties outside of the Target Area will be considered on a case-by-case basis.
2. Be classified as "substandard, suitable for rehabilitation" by the Grants Management Division in coordination with the Building Safety Division.
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation. Units that cannot be cost-effectively purchased, renovated to meet code, and resold are ineligible under this program. These properties may be used as

an acquisition for demolition and the property added to the City's land portfolio to be used for new construction.

4. Be a unit that, after rehabilitation, will be a standard unit (i.e., without code violation).
5. Be a single-family residential property. Multiple-unit structures are ineligible for this program.
6. Not be located in an area that conflicts with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2015 Comprehensive Plan for Urbana as amended. Residential properties that violate the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible under this program.

10.3 Marketing/Reselling Process

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

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

Any property acquired, rehabilitated, and sold under this program shall be used solely for homeownership for persons at or below 80 percent of the median family income for Champaign County as determined by HUD.

10.4 Funding

Funding sources for initial purchase and rehabilitation may include but are not limited to: the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Tax Increment Financing (TIF), the Federal Home Loan Bank (FHLB), Illinois Housing Development Authority (IHDA), or other participating financial institutions.

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

The City shall comply with the Uniform Relocation Act when acquiring property pursuant to this program, including issuance of required notices to property owners, and occupants, and payment of relocation benefits when required. All of the funds obtained through the sale of the acquired and rehabilitated property shall be returned to the City as required by the

funding source to be used for other activities within the Purchase/Rehab/Resell program or other eligible projects.

10.5 Contract Management and Rehabilitation Close-Out

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

11.0 PROPERTY ACQUISITION/DISPOSITION PROGRAM

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

11.1 Authorized Activities

When opportunities become available, the Grants Management Division Manager may negotiate and purchase substandard housing and vacant properties primarily in the CD Target Area. Properties outside of the Target Area may be considered on a case-by-case basis and funding availability. These properties shall then be cleared and maintained in the City's land portfolio until the desired national objective is for low and moderate-income housing, donation, or sale to a local non-profit housing developer or CHDO for new construction of affordable housing. Households, that earn less than 80 percent of the area median family income as determined by guidelines, may purchase these homes. If the applicable national objective is the reduction of slums and blight, then projects may be completed as soon as the blighting factor has been eliminated.

11.2 Property Qualifications:

1. Be located in the CD Target Area. Properties outside the target may be considered on a case-by-case basis. Properties that are acquired and cleared as part of the slum and blight national objective can be located Citywide.
2. Be classified as a "substandard dwelling" by the Grants Management Division in coordination with the Building Safety Division.
3. Be structurally unsound. Units that cannot be cost-effectively purchased, renovated to meet code, and resold are eligible under this program. These properties may be

used for acquisition/demolition and added to the City's land portfolio to be used for new construction.

4. Be a single-family residential property or duplex unit. Multiple-unit structures may be considered on a case-by-case basis.
5. Not be located in an area that conflicts with environmental or zoning regulations (e.g. not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 2015 Comprehensive Plan for Urbana, as amended. Residential properties that violate the Urbana Zoning Ordinance, as determined by the Zoning Administrator and/or the Zoning Review Board, are ineligible under this program.

11.3 Acquisition Process

To successfully acquire properties, the Council authorizes the Manager of the Grants Management Division to enter into negotiations as may become available to purchase dilapidated and vacant properties. The properties will be used through the City's programs as Purchase/Rehab/Resell or Property Acquisition/Disposition to add properties to the City's portfolio for later use in the construction of affordable housing. Procedures to ensure compliance with HUD and program guidelines including relocation benefits shall include but not be limited to the following.

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

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

11.4 Demolition Process

The property shall be secured, and an asbestos inspection and report shall be completed. The project shall be advertised for bid, and contractors who have previously bid on demolition projects shall be notified. The Invitation for Bid shall include Instructions to Bidders,

Specifications, Bid Proposal Form, Purchase Certification Form, Equal Employment Opportunity Form, and Pre-Demolition Asbestos Survey. The contractor shall familiarize themselves with the documents before submitting their Proposal.

Demolition projects are undertaken only through a written contract between the contractor and the City. Contracts shall be awarded to the party submitting the Lowest Responsible Bid. The lowest responsible bid shall generally be the bid proposal from the bidder who has (1) complied with all bid specifications, bid instructions, and contract requirements and (2) offers to perform the contract for the lowest price. The City reserves the right to reject any bids. The contract shall contain the bid amount, all general conditions, and a description of the work to be performed. If the lowest responsible bidder is unable to provide the required documentation in a timely manner, the City may reject the bid and negotiate with the bidder who submitted the next lowest responsible bid. The City may continue this process until a successful bidder is determined. The contract may be changed as federal, state, and local laws, regulations or policies deem necessary.

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

11.5 Contractor Requirements

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

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

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

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

11.6 Close-Out Procedures

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

11.7 Property Maintenance and Disposition

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

of new construction of affordable housing if the low and moderate-income housing national objective is sought. The following shall be the process in which the properties shall be disbursed.

- The GMD shall notify non-profit housing developers and CHDOs of any properties the City owns that may be used for the construction of new affordable housing. The GMD shall maintain and update the list.
- A residence shall be constructed by all applicable land development, zoning, and building codes, and the Visitability standards of the City of Urbana, Illinois, and with any covenants recorded for the subdivision in which Subject Property is located.
- A request for each property from the non-profit housing developer or CHDO shall be submitted in writing to the Manager of the Grants Management Division with the proposed time frame for construction, sale, and all other applicable information that may be pertinent to the project (i.e. funding appropriated for the construction, income qualifications for a potential owner, building design, etc.) At no time shall the housing developer request properties to land banks for future development.
- The City shall convey properties by good and sufficient Warranty Deed, subject to current general taxes, covenants, conditions, restrictions, easements apparent or of record, and to all applicable zoning laws and ordinances.
- The Developer shall accept the property in its “as-is” condition, and the City disclaims all warranties express or implied as to the condition of the Subject Property.
- After the transfer of the property, the Developer shall be responsible for property maintenance and obtaining and paying for all permits required under said codes.
- The residence constructed on these properties shall be substantially compatible in design and quality of construction as required by the Building Safety Division and the Grants Management Division Manager, acting on behalf of the City. Additional alterations to the proposed design may be required before the issuance of any building permit.

The residence constructed on Subject Property must subsequently be sold only to a family having income at or below 80 percent of the Median Family Income for Champaign County based on household size. The developer shall keep a record of compliance with this Section on file for inspection by representatives of the City and the U.S. Department of Housing and Urban Development.

11.8 Removal of Slum and Blight on a Spot Basis

Properties may be acquired and/or cleared to ameliorate a blighting factor outside of a designated slum or blighted area when the property cannot be immediately transferred to a non-profit housing developer or CHDO. In such instances, the process described below shall be followed.

To comply with the national objective of elimination or prevention of slums or blight on a spot basis, i.e., outside a slum or blighted area, an activity must meet the following criteria:

- The activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area; and
- The activity must be limited to Clearance alone or Acquisition and Clearance

11.8.1 Acquisition

1. Acquisition may qualify under the Slum or Blighted Area category if the acquired real property is in an area designated by the grantee as a slum or blighted area, and the property will be used in a manner that addresses one or more of the conditions that contributed to the deterioration of the area.
2. Acquisition may qualify under the Spot Blight category if the acquired property is located outside a designated slum or blighted area and the acquisition is required for clearance which will eliminate specific conditions of blight or physical decay on a spot basis.
3. The acquisition of property that is located outside a designated slum/blight area and the acquisition is a prerequisite for clearance, which will eliminate specific conditions of blight or physical decay on a spot basis.

11.8.3 Clearance

1. Clearance may qualify under the Slum or Blighted Area category if the clearance activities are in an area designated by the grantee as a slum or blighted area and address one or more of the conditions that contributed to the deterioration of the area.
2. Clearance may qualify under the Spot Blight category if the activity eliminates specific conditions of blight or physical decay on a spot basis not located in a designated slum/blight area.
3. Clearance activities not involving acquisition can only be undertaken once the legal authority to proceed has been obtained from the owner of the property. Clearance activities alone will be undertaken upon the availability of funds.

11.8.3 General Terms and Conditions

1. The full amount of any demolition and acquisition expenses may be secured with a lien placed on the property that will be payable upon transfer of the property. The lien may be forgiven by the Grants Management Division if the property is transferred to a non-profit housing developer or CHDO.
2. The City of Urbana is required to expend 70 percent of its CDBG funds to benefit low and moderate-income persons. Actions taken through the slum and blight national objective do not count toward this amount.

12.0 ENERGY EFFICIENCY GRANT

The City of Urbana Energy Efficiency Grant program provides support to residents who live in single-family, owner-occupied properties to supplement the cost of improving the energy efficiency of their homes. Support is provided as a non-repayable grant to the resident. This program is available to those who qualify for and participate in the Ameren Illinois Home Efficiency Income Qualified (HEIQ) Program. For more information on Ameren's HEIQ program, please visit: [Home Efficiency | Ameren Illinois \(amerenillinoisavings.com\)](https://www.amerenillinoisavings.com)

The HEIQ program is designed to assist both low and moderate-income customers with energy efficiency upgrades to their homes. To qualify for the HEIQ program, an applicant must be a current Ameren Illinois customer, live in a single-family residence, heat their home

with an Ameren fuel source, and provide income verification within the program income guidelines.

12.1 Eligible and Ineligible Activities

Eligible activities include:

- Paying the remaining balance after Ameren’s HEIQ support has been applied to a project (Generally those who qualify as Tier 2 customers under the Ameren HEIQ program.)
- Installation or replacement of an energy-efficient furnace for those households who qualify as senior or disabled.

Ineligible activities include:

- Energy efficiency requests made outside of the Ameren HEIQ program.

12.2 General Terms and Conditions

1. To qualify for the Energy Efficiency Grant, applicants must already be enrolled in the Ameren HEIQ program.
2. The maximum amount of assistance through this program is \$3,500 within one program year.
3. Applicants can receive an Energy Efficiency Grant and then receive assistance through another rehabilitation program described in this manual for the same property.
4. The Grants Management Division (GMD) will pay all administrative expenses for processing the Energy Efficiency Grant.
5. Payments made outside of the approved application process will not be reimbursed.
6. Self-help work is not permitted.
7. GMD uses IRS form 1040 to determine adjusted gross income for the Energy Efficiency Grant program.

12.3 Eligibility Criteria

1. A **dwelling unit** must meet the following criteria to qualify for the Energy Efficiency Grant:
 - a. Qualify for the Ameren HEIQ Program
 - b. Be located within the corporate limits of Urbana.
 - c. Be structurally sound and relatively free of building deficiencies that would render the property “substandard.”
 - d. Not located in an area that conflicts with environmental or zoning regulations (e.g., located in a floodplain, adjacent to a railroad, or other noise source) or with the City’s 2020/2024 Consolidated Plan, as amended.
 - e. Be a single-family, owner-occupied residential property. Owner-occupied units in multiple-unit structures, duplexes, or mobile homes are ineligible for assistance under this program.
 - f. Rental units are ineligible for assistance under this program

2. For an **applicant** to qualify for an Energy Efficiency Grant, they must meet the following criteria:
 - a. Be a current customer of Ameren.
 - b. Be enrolled in the Ameren HEIQ program as a Tier 2 customer with a copay.
 - c. Have a household income that does not exceed 80 percent of the median family income for Champaign County MSA as determined by HUD.
 - d. Property title must be in the applicant's name. Contract buyers and trust deed recipients will be considered on a case-by-case basis depending on the contract and legal terms.
 - e. Applicant must pay all sums necessary to release outstanding liens on the property other than mortgage and tax liens in good standing.

12.4 General Processing Procedures

12.4.1 Application Process

The applicant for an Energy Efficiency Grant must be the occupant of the unit to be assisted, either as the owner or trust deed recipient. They must also be enrolled in the Ameren HEIQ program.

1. Following the approval of the work scope from Ameren which will require a copay, an automated email will be sent to the customer including their project number, total copay, a link to the City of Urbana Energy Efficiency application, and a message encouraging them to apply.
 - a. It is the responsibility of the applicant to apply for supplemental assistance through the Energy Efficiency Grant. GMD staff will reach out **one** time as a reminder and to encourage the customer to apply.
 - b. GMD staff shall advise the applicant of the objectives and procedures of the Energy Efficiency Grant Program, objectives and procedures of other housing assistance programs that could be combined with the Energy Efficiency Grant program, and specific terms and conditions under which assistance is provided.
2. GMD staff will help the applicant apply for the Energy Efficiency Grant program through the Neighborly Software portal.
3. Required documentation includes:
 - a. Verification of employment.
 - b. Verification of other earnings and assets.
 - c. Verification of deposits with financial institutions.
 - d. Applicant's interest in the property to be renovated.
 - e. Verification of mortgage or deed of trust.
 - f. Verification of homeowners insurance.
 - g. Verification of Ameren account.
 - h. Any additional information necessary to make a determination of eligibility.

12.4.2 Work Determination/Contractor (Program Ally) Procurement

1. Once an Energy Efficiency Grant applicant has been approved, GMD staff will email confirmation to the applicant and Ameren. GMD staff, Ameren, and the applicant will agree on the scope and schedule of work to be done. An Environmental Review will

be completed by GMD staff and on-site work will be completed by an approved Ameren Program Ally.

2. Ameren will prepare the overall project scope of work per their program limits, which will be available for both the homeowner and GMD staff to review. Ameren will conduct all preconstruction conferences and contract signings.
3. Due to the collaborative nature of the Energy Efficiency Grant program with Ameren's HEIQ program, no bid solicitation is required. The construction contract will be awarded to the most qualified contractor per the work scope from a list of Program Allies kept by Ameren.
 - a. The Program Ally will begin work at their earliest convenience. The Program Ally is responsible for coordinating work hours with the client.
 - b. The Program Ally is also responsible for utility and building permit fees required for the project.

12.4.3 Contract Management

GMD staff may inspect energy efficiency projects at any time to ensure compliance with guidelines, monitor the quality of materials and workmanship, and confirm that progress meets the agreed-upon work schedule.

12.5 Close-Out Procedures

1. The Program Ally will submit to Ameren all final paperwork, including a work scope. The work scope must be signed by the customer.
2. If necessary, GMD staff will conduct a final inspection and approval of the work to ensure compliance with contract specifications.
3. GMD staff will obtain from the Program Ally a signed lien waiver before delivery of the final Energy Efficiency Grant payment.
4. GMD staff will review customer files to be certain that all documentation and signatures have been collected. All relevant documentation will be uploaded into Neighborly.

13.0 CDBG - Down Payment Assistance Program

The CDBG – Down Payment Assistance Program is a grant available to income-eligible homebuyers to acquire single-family housing within the Urbana City limits. The amount of the grant is determined by the lender and the Grants Management Division based on which Eligible Activity best meets the needs of the homebuyer.

13.1 Eligible and Ineligible Expenses

Eligible Expenses: The following activities are eligible for financial assistance using CDBG funds. The program is limited to only one of the following:

- Subsidize interest rates and mortgage principal amounts, including making a grant to reduce the effective interest rate on the amount needed by the purchaser to an

affordable level. The funds granted would have to be applied toward the purchase price. Alternatively, the grantee/subrecipient could make a subordinate loan for part of the purchase price, at little or no interest, for a number of funds the payments on which, together with that required under the first mortgage, would be affordable to the purchaser.

- Finance the cost of acquiring property already occupied by the household at terms needed to make the purchase affordable.
- Pay all or part of the premium (on behalf of the purchaser) for mortgage insurance required up-front by a private mortgagee. This would include the cost of private mortgage insurance.
- Pay any or all of the reasonable closing costs associated with the home purchase on behalf of the purchaser including:
 - Financing fees
 - Credit reports
 - Title binders and insurance
 - Surety fees
 - Recordation fees, transactions taxes
 - Legal and accounting fees, including cost certification
 - Appraisals
 - Private Home Inspections by independent vendor
- Pay up to 50% of the down payment required by the mortgagee for the purchase on behalf of the purchaser.

The lender will review the above options and select the activity that best meets the needs of the homebuyer.

Ineligible Expenses:

- Earnest money
- Homebuyer counseling

13.2 General Terms and Conditions

1. The property must be a single-family residential property that is either owned and occupied by the seller or is vacant and has not been rented out in the past six months unless the tenant is purchasing the home. Assistance can be offered to a buyer even if the same property received assistance through other programs administered by the Grants Management Division.
2. The property must be located within the Urbana City limits.
3. Assistance may be provided in conjunction with other eligible rehabilitation assistance programs as described in this manual, within the same program year.
4. Homebuyers participating in the program must maintain the dwelling as their primary residence for a minimum of 12 months after closing.

13.2.1 Blended Down Payment Assistance

CDBG assistance can be combined with other down payment programs such as the Illinois Housing Development Authority (IHDA) and Federal Home Loan Bank (FHLB).

13.3 Eligibility Criteria

Property Eligibility

To qualify for assistance, the property must:

1. Be located within the corporate limits of the City of Urbana.
2. Be currently occupied by the Seller or vacant – the property may not have been rented within the past 6 months unless the tenant is the purchaser.
3. Be a single-family owner-occupied residential property. Buyers purchasing a duplex unit may only receive assistance if one-half of the duplex is being acquired. The City cannot assist buyers purchasing more than one dwelling unit in a single transaction.

Buyer Eligibility

1. Buyers are pre-qualified to enroll in the CDBG-DPA program if they are projected to earn 80% or less of the area median income for their family size (as defined annually by HUD) in the upcoming 12 months and intend to occupy the home they would like to purchase as their permanent residence.
2. The City of Urbana will verify that the potential Buyer is income-qualified using HUD's online income calculator <https://www.hudexchange.info/incomesssincomecalculator/>. The lender must be associated with a bank and be located within Champaign County.
3. The buyer must complete Homebuyer Counseling.
4. The Champaign County lenders who are associated with a bank are eligible to use the program. Brokers are ineligible.

13.4 Processing Procedures

Inspection and Appraisal

1. The City of Urbana will review the private home inspection before closing. The Bank will need to discuss the details of the work to be done with the Buyer, particularly if the Seller is not willing to pay for the repairs outright.
2. The Bank will ascertain the appraised value of the Seller's property, either by hiring a licensed residential appraiser or through disclosure of the Buyer or Seller, and verify that the appraised value does not exceed 95% of the median purchase price for Champaign County as defined annually by HUD (<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>). If the appraised value of the property exceeds 95% of the median purchase price for Champaign County, then the Buyer must choose an eligible property.
3. Repairs noted in the private home inspection that fall within the City of Urbana's current housing programs may be eligible for escrow options utilizing CDBG funds.

Underwriting and Closing

1. The Lender will send the contact information for the Seller's Realtor/Attorney to the City of Urbana at least 21 days before the closing date. The City of Urbana will send the Seller's Realtor/Attorney copies of the Affidavit of Occupancy and the Voluntary Letter to be signed and returned to the City of Urbana.
2. After approval of the Homebuyer Mortgage Analysis Spreadsheet, the City of Urbana will forward an approval letter to the lender.
3. The Bank must forward a closing disclosure and/or settlement sheet to the City of Urbana by 10:00 a.m. the day before the closing. This will allow staff to verify the City's grant amounts are listed correctly. The City will process the down payment assistance check and deliver it at the time of the closing.

13.5 CDBG - Down Payment Assistance Program Checklist & Closeout Procedure

Step 1. Pre-approval

- ___ Lender pre-approves buyer for a loan (35% maximum front-end, 43% maximum back-end). Exceptions can be made for good credit or other cause.
- ___ Lender refers the buyer to Homebuyer Counseling.
- ___ Lender submits the property appraisal, contract, income verification, homebuyer counseling, and release to the City of Urbana.

Step 2. Process and Income Verification

- ___ The City of Urbana staff verifies that the homebuyer is income-qualified using HUD's online income calculator and also retains the following information in the project file: Six months' checking and/or savings account statements from all homebuyer financial accounts
 - Most recent statements for any investment accounts
 - Evidence of the buyer's completion of homebuyer counseling
- ___ The City of Urbana staff sends a preapproval to the lender along with a summary of the income qualification.
- ___ The City of Urbana staff completes the environmental review for the file.
- ___ The City of Urbana ensures that the appraised value of the property does not exceed 95% of the **median purchase price for Champaign County** as defined annually by HUD.
- ___ The City of Urbana or lender sends the Homebuyer Mortgage Analysis Spreadsheet to the City of Urbana for approval.

Step 3. Inspection (est. time to schedule and complete inspection, then complete repairs and re-inspection: 1 week)

- ___ City of Urbana staff reviews the private home inspection.
- ___ City of Urbana staff obtains Uniform Relocation Act (URA) acknowledgments from the seller.

Step 4. Approval

- ___ The City of Urbana confirms with the Lender the eligible activity and requested the amount of the grant to be brought to closing.

___ The City of Urbana approves the Homebuyer Mortgage Analysis Spreadsheet and submits the request for a check (est. time to release check: 1 week).

___ The City of Urbana staff sends an approval letter to the lender. Staff must have the following documents in hand to complete this step:

- Private Home Inspection report
- URA acknowledgments from the seller
- Confirmation from the City of Urbana that the buyer is income-eligible and has received counseling

___ An invoice from the lender is necessary to provide down payment assistance.

Step 5. Closing

___ Lender provides closing disclosure to the City of Urbana before the closing

The City of Urbana brings the following to the closing:

___ Check made out to the homebuyer, lender, or Title Company as needed.

14.0 CONTRACTING POLICIES AND PROCEDURES

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

14.1 General Contracting Policies

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

Contracting Policies Pertaining to Whole House Deferred Loan

See the WHDL Program described in this manual.

Contracting Policies Pertaining to Access Grants

See the Accessibility Grant Program described in this manual.

Contracting Policies Pertaining to Emergency Grants

See the Emergency Grant Program described in this manual.

Contracting Policies Pertaining to Senior Repair Service Grants

See Senior Repair Service Grant Program described in this manual.

Contracting Policies Pertaining to the Secondary Structure Demolition Program

See the Secondary Structure Demolition Program described in this manual.

Contracting Policies Pertaining to Purchase/Rehab/Resell Program

See the Purchase/Rehab/Resell Program described in this manual.

Contracting Policies Pertaining to Property Acquisition/Disposition Program

See the Property Acquisition/Disposition Program described in this manual.

14.2 Contractor Standards

As described above, all Urbana housing rehabilitation programs utilize a list of qualified general contractors, minority/female-owned specialty contractors, or both. To implement these programs, GMD maintains lists of qualified general contractors and minority/female-owned specialty contractors. The City has adopted the following minimum standards for inclusion on these lists.

14.2.1 Standards for Qualified General Contractor List

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

1. The contractor has completed at least two similar cases of nature and cost to those funded through the Urbana housing rehabilitation program to the satisfaction of clients, vendors, and subcontractors. The two cases must involve the management of at least one subcontractor and direct experience in one or more construction trades.
2. The contractor must provide evidence of insurance of the types and amounts as follows. The amounts are minimum levels.
3. The Contractor shall maintain during the entire period of his performance under this Contract for Rehabilitation the following minimum levels of insurance. All policies shall be written with insurance carriers qualified to do business in the State of Illinois.
 - a. Worker's Compensation Insurance - Per Illinois Statutory Requirements **(REQUIRED BY THE CITY)**
 - b. Comprehensive General Liability policy to cover bodily injury to persons other than employees and for damage to tangible property, including loss of use thereof, including the following exposures.
 - I. All premises and operations.
 - II. Explosion, collapse, and underground damage.
 - III. Contractor's Protective coverage for independent contractors or subcontractors employed by him/her.
 - IV. Contractual Liability for the obligation assumed in the Indemnification and Hold Harmless agreement of the contract.
 - V. Personal Liability endorsement with no exclusions pertaining to employment.
 - VI. Products and completed operations coverage. Combined single limits of at least one million (\$1,000,000) per occurrence.
 - c. Automobile Liability - Combined single limits of at least Five Hundred Thousand (\$500,000) per occurrence of bodily injury/property damage. Auto liability shall include owned, non-owned, and hired vehicles.
 - d. Umbrella Liability Policies may be used to satisfy the limits named above.
 - e. Pollution Liability (if applicable) - as required by the State of Illinois Department of Public Health for Lead Abatement Contractors.

4. The contractor must have financial resources including working capital and sufficient credit necessary to purchase building materials and retain subcontractors for housing rehabilitation work.
5. The contractor must be capable of securing permits required for housing rehabilitation. The contractor must have licenses required for construction trades or must be able to subcontract with firms that do.
6. The contractor must be in good standing with other federal, state, and local agencies and may not be on any government-maintained debarred contractor list.
7. The contractor must be in good standing with the Federal Internal Revenue Service and the State Department of Revenue. The contractor may not be subject to federal or state tax levy or lien.
8. The contractor adheres to the City's Equal Employment Opportunity Ordinance (or for companies new to City contracting, agrees to adhere to the ordinance and has the necessary written policies and procedures to do so). Continued participation in the housing rehabilitation programs is based in part on efforts by the contractor to retain minority/female-owned subcontractors in GMD-funded construction work.

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

GMD reserves the right to remove a contractor from the qualified general contractor list or to limit the scope of work by the contractor in the program for any of the following reasons. Before taking such action, GMD shall provide the contractor with written notification of the deficiency and shall allow the contractor reasonable time to correct the said deficiency.

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

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

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

Before the commencement of any work funded through GMD, the company must meet the following additional standards.

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

14.3 Self-Help in Rehabilitation Assistance Programs

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

14.4 Rehabilitation Projects in Conjunction with non-profit agencies such as Empty Tomb, Inc.

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

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

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

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

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

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

APPENDIX I: HUD PART 5 INCOME DEFINITIONS

HUD Part 5 Income Inclusions:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets over \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except Supplemental Security Income (SSI) or Social Security).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in paragraph 3 under Income Exclusions).
6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:
 - a. Qualify as an assistance under the TANF program definition at 45 CFR 260.31; and
 - b. Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).
 - c. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that are subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
 - d. the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; **plus**
 - e. The maximum amount that the welfare assistance agency could allow the family for shelter and utilities. If the family welfare assistance is reduced from the

- standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
 8. All regular pay, special days, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

HUD Part 5 Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family who are unable to live alone).
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide (as defined in 24 CFR 5.403).
6. Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a))
7. The full amount of student financial assistance paid directly to the student or the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income.
 - a. Amounts received under training programs funded by HUD.
 - b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
 - c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program.
 - d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period.
 - e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be

received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participated in the employment training program.

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

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

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- Payments received under the Alaskan Native Claims Settlement Act;
- Income derived from the disposition of funds to the Grant River Band of Ottawa Indians;
- Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services Low-Income Home Energy Assistance Program (LIHEAP);
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income

received by individual Indians from funds derived from interests held in such trust or restricted lands;

- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or the Bureau of Indian Affairs student assistance programs;
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from Spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act;
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.