

City of Champaign
Neighborhood Services Department

Neighborhood Programs Manual

DRAFT Proposed for Adoption May 2016



**City of Champaign
Neighborhood Services Department**

HOUSING ASSISTANCE PROGRAM MANUAL

Definitions	02
1. Full Home Improvement Program	12
2. Emergency Home Repair Program	26
3. Home Accessibility Retrofit Program	35
4. Accessory Structure Demolition Program	43
5. Acquisition-Rehabilitation Program	50
6. Vacant Nuisance Residential	61
7. Displacement Full Home Improvement	66
8. Residential Exterior Rehab	72
9. Small Business Exterior Rehab	85
10. MBE/WBE Revolving Loan	93
Appendix A: Median Family Income Chart	95
Appendix B: Temporary Relocation Guidelines	96
Appendix C: HOME Rehab Standards	98
Appendix D: Planning Area Maps	100
Appendix E : Target Area Maps	101

City of Champaign

Neighborhood Services Department

HOUSING ASSISTANCE PROGRAM MANUAL

Definitions

ACCESSIBLE: The public and common use areas of the building can be approached, entered, and readily used by persons with different types and varying degrees of accessibility needs.

ACCESSORY STRUCTURE: The detached structures located on the property, including but not limited to: fences, garages, and sheds.

ACCREDITED COUNSELING AGENCY: The HUD-certified housing counseling agencies working in partnership with the City of Champaign to offer credit counseling services to rehabilitation program customers.

ADAPTABLE: A dwelling unit which is designed, constructed, and equipped so it can be converted with minimal structural change for use by persons with different types and varying degrees of accessibility needs.

AFFORDABLE HOUSING: The cost of housing cannot exceed 30% of gross monthly income for a household earning at or below 80% of the area median income.

AMORTIZATION: The gradual elimination of a debt (including interest) by periodic payments.

APPLICANT: All property owners of record for a property when rehabilitation or demolition assistance is sought from the City. In the cases of a tenant seeking accessibility repair assistance, the tenant serves as the original applicant, while the property owner must authorize the assistance and sign a forgivable deferred payment loan.

APPRAISED VALUE: An evaluation of the market value of a property as determined by a licensed appraiser.

BOARDING HOUSE: Individual sleeping rooms that share kitchen and/or bath facilities.

CHDO: Non-profit organizations certified through the Urbana HOME Consortium as Community Housing Development Organizations for the purpose of furthering affordable housing in Champaign County.

CLOSING: The meeting where the borrower and lender execute all the documents necessary to establish a loan or conditional grant.

CODE VIOLATIONS: Violations of the current International Property Maintenance Code as amended and adopted by the City of Champaign, other applicable codes and ordinances adopted by the City, and applicable Department of Housing and Urban Development (HUD) standards referenced herein.

CONDOMINIUM: A type of property in which owners hold title to the space they occupy in a multi-unit dwelling. The property is divided between living units and common areas such as parking lots, driveways, elevators, and recreation areas such as playgrounds and swimming pools. Common areas are collectively owned by all owners.

COOPERATIVE (CO-OP) HOUSING: A type of multiple ownership in which a corporation owns property (usually an apartment building) and whereby the occupants own shares in the corporation equal to their portion of the building. Each occupant is entitled to use a certain dwelling unit or other units of space.

DEBT-TO-INCOME RATIO (or EXPENSE-TO-INCOME RATIO): The percentage of debt or expenses to income, usually calculated as a monthly percentage.

DEED: A written document by which the ownership of land is transferred from one party to another.

DEFAULT: A breach or nonperformance of the terms of a contract, note or the covenants of a mortgage.

DELINQUENT: The status of a mortgage or other debt with a payment past due.

DIVORCED: Individuals who are legally divorced and have not remarried. Individuals for whom a divorce decree or order has been legally granted.

DWELLING UNIT: One or more rooms, designed, occupied or intended for occupancy as

separate living quarters for the exclusive use of one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

ELDERLY PERSON: Person 62 years of age or older.

EQUALIZED ASSESSED VALUE (EAV): The value that a taxing authority places upon real property for the purposes of taxation. In Champaign County, the EAV is approximately 1/3 of estimated market value.

ESCROW: Segregated funds held for a specific purpose, such as payment of taxes and insurance.

EQUITY: The difference between the fair market value of a property and all debts recorded against it.

FAIR MARKET VALUE: The price at which property is transferred between a willing buyer and a willing seller, each of whom has a reasonable knowledge of all pertinent facts and neither being under any compulsion to buy or sell.

FAMILY: All persons living in the same household who are related by birth, marriage, or adoption.

FDPL: Forgivable deferred payment loan.

FIXTURE: Personal property that becomes real property upon being attached to real estate.

HOUSEHOLD: All persons who occupy a housing unit. The occupants may be a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living space. Non-marital cosigners who have an ownership interest only for debt consideration in the property but can verify that their principal residence is elsewhere shall not be considered to be "occupants" of the household for purposes of determining household eligibility.

HOUSEHOLD INCOME: Gross amount of income for all adult household members that is anticipated to be received during the coming 12-month period. The applicant's household income, as defined in 24 CFR Part 5, shall include the following:

1. Gross earnings of the applicant's household; gross earnings shall include all income which

constitutes a regular contribution to household income, including but not limited to:

- Wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- Net income from the operation of a business or profession.
- Interest, dividends, and other net income of any kind from real or personal property.
- The full amount of periodic amounts 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 of prospective monthly amounts for the delayed start of a period amount (except for certain exclusions defined in 24 CFR Part 5).
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions defined in 24 CFR Part 5).
- Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income as defined in 24 CFR Part 5.
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
- All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in Income Exclusions as defined in 24 CFR Part 5).

Household income shall be adjusted for anticipated verifiable changes in the applicant's income. For self-employed and seasonal workers, income should be estimated using the best available information that provides an estimate of the number of hours expected and rate of pay over the coming 12-month period.

(A more extensive explanation of each type of income specified above can be found in HUD's *Technical Guide for Determining Income and Allowances for the HOME Program 24 CFR Part 5 definition*)

HOUSING EXPENSES FOR OWNER-OCCUPIED UNITS: 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 EXPENSES FOR RENTAL UNITS: The sum of payments for tenant-paid utilities and rent.

IMMEDIATE FAMILY: Persons related by blood, marriage, or adoption who are husband, wife, son, daughter, father, and mother, grandchildren; or, grandparent(s) who are parenting grandchildren on a full-time basis.

IMMEDIATE NATURE: In the context of housing condition, repair actions are urgently needed to safeguard against imminent danger to human life, health, or safety, or to protect property from further structural damage.

INTEREST: Consideration in the form of money paid for the use of money, usually expressed as an annual percentage. Also refers to a right, share, or title in property.

LAND SALE CONTRACT: A contract between a purchaser and a seller of real property to convey a title after certain conditions have been met. Usually the buyer does not receive title to the property until the final payment is made.

LEGALLY SEPARATED: Married couples who are living apart under a court order or separate court-ordered maintenance agreement.

LIEN: A duly recorded encumbrance on a property.

LINEAL HEIR: Persons related by blood, marriage, or adoption who are husband, wife, son, daughter, father, and mother, grandchildren; or, grandparent(s) who are parenting grandchildren on a full-time basis.

LIQUID ASSETS: For purposes of determining eligibility, liquid assets shall include the following as defined in 24 CFR Part 5:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average six month balance.
2. Cash value of stocks, bonds, T-bills, CDs, mutual funds, money market funds, and other investment accounts.
3. Equity in rental property or other capital investment. Equity is considered to be the difference between the balance of all liens secured by the property and the current market value of the property. In Champaign County, estimated market value is generally derived by multiplying the current equalized assessed value (EAV) by three. Market value based on

EAV will be used to determine equity, unless the owner can provide a recent appraisal which indicates a different value.

4. Cash value of revocable trusts that are available to the household.
5. Assets which, although owned by more than one person, allow unrestricted access by the applicants.
6. Lump sum or one time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements, and other amounts not intended as periodic payments.
7. Personal property held as an investment, such as gems, jewelry, coins, collector autos.
8. Mortgages or deeds of trust held by an applicant.
9. Individual retirement, 401(k), and Keogh accounts (even though withdrawal would result in a penalty).*
10. Retirement and pension funds.*
11. Cash value of life insurance policies that are available to the individual before death.*

* Items 9-11 shall be included in the HOME formula used to determine actual income from assets, but shall not be considered liquid assets when determining if the household exceeds the program's asset allowance.

LIVING SPACE: A space at least seven feet in one direction, situated on a permanent foundation, permanently heated.

LOAN TO VALUE RATIO: The ratio between the total indebtedness on a property and the assessor's estimate of market value.

MARKET VALUE ANALYSIS: An evaluation by staff as to the estimated market value of the property where market value of comparable housing in a comparable location can be documented.

MANUFACTURED/MODULAR HOUSING: A dwelling unit located on a permanent foundation with the land also owned by the same homeowner.

MOBILE HOME: A dwelling unit not on a permanent foundation or not situated on ground owned by the same owner.

MORTGAGE: An agreement to pledge a certain property as security for a loan, resulting in a lien against the property.

OWNER: The property owner as recorded in the Champaign County Recorder of Deed's office as determined by staff or a title search conducted by a professional title company.

OWNER-OCCUPANT: A person who occupies the property of which he/she is the owner (as defined above) and uses the property for residential purposes. An owner-occupant must maintain the subject property, and no other, as the person's principal residence.

PERSONS WITH DISABILITIES: A person who has physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment as defined in 24 CFR 5.403. For home accessibility consideration, the person may be physically and permanently impaired to the extent that the person cannot fully utilize the dwelling unit without some structural modification.

PROGRAM EXCEPTION: Must be approved by the City Manager and Neighborhood Services Director when underwriting criteria are exceeded or a project has unforeseen repairs.

PROMISSORY NOTE: A written promise to repay a specified sum of money at a specified interest rate over a certain period of time.

REHABILITATION: The restoration or renovation of a reusable structure to overcome deterioration and improve the physical condition of residential structures.

REPEAT NUISANCE OFFENDER: Property owners with more than one nuisance violation on any property located within the City of Champaign within one calendar year.

RESIDENTIAL PROPERTY: A property used solely as a dwelling unit.

SALES CONTRACT (Contract of Sale): A contract between a purchaser and a seller of real property to convey a title after certain conditions have been met and payments have been made.

SENIORS: Persons over the age of 62.

SINGLE-FAMILY UNIT: A detached dwelling containing 1 unit only, unless otherwise defined within the individual program requirements.

STANDARD DWELLING UNIT: A dwelling unit in compliance with the current adopted codes of the City of Champaign and HUD Housing Quality Standards. Generally, a dwelling unit that meets all existing minimum housing code standards for habitation.

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

TARGET AREAS: Designated low- to moderate-income neighborhoods throughout Champaign which qualify to receive federal Community Development Block Grant funds to improve housing conditions and the general neighborhood environment or Planning Areas designated as preservation and restoration in the City's adopted Neighborhood Wellness Plan.

TITLE SEARCH: An examination of public records, laws, and court decisions to disclose the past and current facts regarding ownership of real estate.

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, daycare expenses, 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 5 percent (5%) of the outstanding card balance, whichever is higher.

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

VISITABLE: A home designed and constructed with basic access features so that persons with mobility impairments can visit the home. Typically the access features include at least one no-step entrance, 32 inch wide door openings on the ground floor (including the bathroom doors),

reinforced walls in the bathroom for the installation of grab bars, and placing light switches, electric outlets, and other controls at reachable heights. Technical standards for visitability are provided in the Neighborhood Services Rehab Contractor's Specification Handbook.

ZERO LOT LINE PROPERTY: A form of cluster housing development in which individual dwelling units are placed on separately platted lots. The dwelling units may be separated by a common wall and are placed on the lot so that one wall is on the property boundary.

1. FULL HOME IMPROVEMENT PROGRAM

The Full Home Improvement Program provides forgivable deferred payment loans and installment loans to eligible Champaign homeowners to make repairs to deteriorated single-family dwelling units. Funding shall be used to hire contractors to provide labor and materials to make required repairs. Homes renovated through this program will generally be in need of moderate to substantial rehabilitation. Depending upon verified annual income of the qualifying household, funds may be provided in the form of a forgivable deferred payment loan (FDPL), combination FDPL/installment loan, or an installment loan. The combination FDPL and loan projects will be partially funded through a participating lender and may also receive funding through the Federal Home Loan Bank of Chicago.

1.1 Eligible and Ineligible Activities

Eligible activities include general repairs that will bring the house into compliance with City codes as determined by the Building Safety Inspection and HOME Rehab Standards. Eligible activities include, but are not limited to, the following:

- a. Repair or replacement of defective or aging mechanical systems, i.e. electrical, plumbing, heating and air conditioning
- b. Repair or replacement of defective building components and surfaces, i.e. foundations, roofs, porches and stairs, floors, ceilings, walls, doors, and windows (including attached garages)
- c. Repairs that enhance energy conservation, i.e. insulation, caulking, and weather stripping
- d. Exterior painting or siding
- e. Construction of room additions only if necessary to remedy code requirements of overcrowded conditions
- f. Modifications to the dwelling to improve accessibility of the structure for occupants or visitors with disabilities
- g. Addressing lead hazards present in the home

Ineligible activities include:

- a. Temporary improvements
- b. Additions or installations of personal property or fixtures which are not permanently attached
- c.
- d. Repairs to garages **EXCEPTION NOTE:** Some repairs may be made to garages in cases where the repair is a critical part of the overall rehabilitation project, i.e. siding or roofing (attached), required electrical repairs (attached or detached), or where lead paint hazards are present on the garage (attached or detached).

Priority shall be given to repairs or renovation necessary to meet City code requirements or to address lead-based paint hazards. Second priority shall be given to exterior repairs that will result in an overall upgrading effect on the entire neighborhood or provide for greater energy efficiency.

1.2 Form of Assistance

Full Home Improvement funds are provided in the form of a full forgivable deferred payment loan (FDPL), a partial FDPL and installment loan, or a full installment loan depending upon the actual verified income for the household. The form of assistance will be determined as follows:

MFI Limits	Form of Assistance	Project Cost Split
< 50% MFI	FDPL to \$25,000 from the City	City 100% (\$4,000 in grant funding may be contributed by FHLBC, when available)
51 – 60% MFI	FDPL of \$4,000 from the FHLBC* FDPL up to \$ 12,500 from the City* Loan up to \$ 12,500 from a participating lender at current rate	FHLBC \$4,000 (when available) City 50% of balance Lender 50% of balance
61– 80% MFI	FDPL of \$4,000 from the FHLBC Loan up to \$12,500 from the City at 0%	FHLBC \$4,000 (when available)

	Loan up to \$12,500 from a participating lender at current rate	City 50% of balance Lender 50% of balance
--	---	--

*Note: "City" refers to the City of Champaign

"FHLBC" refers to the Federal Home Loan Bank of Chicago

"FDPL" refers to Forgivable Deferred Payment Loan

If no grant funding from the FHLB is available, assistance will be split evenly between the City and the participating lender for households between 51-80% MFI.

1.3 General Terms and Conditions

- a. The home must be a single-family detached (1 unit) owner-occupied structure located within the City limits of the City of Champaign.
- b. City funds provided to a household under the Full Home Improvement Program shall not exceed \$25,000. If rehab cost proposals exceed the program dollar limit, the applicant can provide the difference between the rehab amount and the program limit. Those funds must be placed in a separate escrow account at the time the rehab contract is executed.
- c. For a dwelling unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound and brought up to City of Champaign existing housing codes through rehabilitation within the dollar limits of this program.
- d. The structure to be rehabilitated must not be located in any redevelopment area designated for clearance. If the property is located within the 100-year floodplain, the homeowner must have flood insurance in place.
- e. The property must conform to the City's zoning requirements or ordinances. The City's Zoning Administrator will provide a determination of property conformance, if necessary.
- f. Self-help contracts will not be allowed through this program. Exceptions may be allowed if the contractor can demonstrate compliance with the City's rehab contractor approval requirements. The owner/contractor must also be able to meet the City's insurance and licensing requirements for residential rehab and lead hazard reduction work.
- g. The Full Home Improvement program is offered on a target area by target area basis. The

City will announce the availability of the program in each target area through a direct mailing or other advertisement. If applicants miss their opportunity to apply when the program is announced in their neighborhood, they may apply during the very next application round. However, if they miss that round of applications, they must wait until the program becomes available in their neighborhood again.

- h. On occasion, it may become necessary to temporarily relocate occupants from the home during periods of lead hazard reduction work. If this is required, the City will provide some financial assistance to cover the costs of relocation. Occupants that do not adhere to the requirements for non-entry during lead hazard reduction work may be subject to contract termination. No further assistance will be provided. See Appendix B of this manual.

1.4 Loan Terms

- a. **Interest Rate:** The interest rate of loan funds provided by the City will be 0%. Loan rates will be determined by the participating lender.
- b. **Terms:** The loan amortization period will be determined by the lender and the City, depending upon the financial capabilities of the applicant. Households who will be receiving loans from the participating lender and the City of Champaign will have both loans amortized on the same payment cycle. The total housing debt of the borrower shall not exceed 30% of their monthly gross income in order to maintain affordability.

The *forgivable deferred payment loan (FDPL)* portion of the Full Home Improvement assistance includes a condition that the recipient maintain the home as the primary residence for five years from the date of the promissory note. During that time, the assistance will be secured by a lien against the property. No repayment will be made to the City, as long as all of the conditions of the lien are met.

The *loan* funding will also be secured by a lien against the property for the life of the loan. In cases where funding is provided in the form of a FDPL from the City and the Federal Home Loan Bank, and a loan from a participating lender, the City and FHLB portions will be secured by a lien for five years, while the participating lender's loan will be secured by a lien for the length of the loan repayment period.

If the home is not occupied as the primary residence, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City rehab assistance may become due and payable to the City.

- c. **Subordination of the City's Lien:** The City places liens against the title of the property in order to secure its rehabilitation or homebuyer assistance. The City acknowledges that it will generally take second position behind the borrower's primary home mortgage. In cases where a participating lender is providing a loan for a portion of the rehabilitation, the City acknowledges a lower lien position may be required for the City's lien. Occasionally, the City is asked to sign a subordination agreement behind an additional loan or a refinanced version of the first loan.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms, or the first mortgage and the participating lender loan are being refinanced to secure better mortgage terms in one note.
- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. A subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate:

- If the City will be in a worse lien position than it originally held.
- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package.

The Legal Department will review each subordination request received.

- d. **Loan Payments:** Loan payment coupons will be sent to the customer from the participating lender. The due date of the payments will be either the 1st or the 15th of the month, depending on what the customer and the participating lender have determined at the time of the rehabilitation loan closing. For customers who are receiving a 0% loan from the City in addition to the loan from the participating lender, the payment coupon will include both loan payments in one statement.
- e. **Late Fees:** Any payments received twenty days past the established due date will incur a

late fee of 5%, payable to the participating lender.

Loan amortization begins on the due date of the first loan payment.

- f. **Lien Release:** The lien will be secured to the subject property title for the term of the forgivable deferred payment loan or the loan. At the end of the loan term, the lien will be released and the applicant will no longer be obligated to the City, as long as the applicant has complied with all provisions of the agreement. The lien held by the participating lender will be released after the lender's loan terms have been met.

The City's lien may be forgiven by the Neighborhood Services Director prior to the release date under the following circumstances:

- If the dwelling is subject to an involuntary acquisition initiated by a federal, state or local agency, including but not limited to the City, local school district, or park district.

1.5 Applicant Eligibility Criteria

- a. **Previous Assistance:** Owner-occupants within the City of Champaign are eligible to receive Full Home rehab assistance one time only at a single address. However, full home assistance can be provided to a prior recipient who now owns and occupies a new residential dwelling in the City, as long as the property owner has remained in good standing with the City. Likewise, full home rehab assistance may be provided to the new owner of a previously-rehabbed property.

If a homeowner has received any emergency assistance through the City's program within the five-year period prior to the application for Full Home Improvement Program assistance, the amount provided for the emergency repair will be subtracted from the amount available through the Full Home Improvement Program. An exception to this provision shall be emergency assistance for water and sewer lines.

Any other assistance previously provided to a homeowner under the City's Home Accessibility Retrofit, Caulk and Paint, Senior Home Repair, or homebuyer assistance programs (after the City's HOME affordability period ends), will not impact future assistance through the Full Home Improvement Program.

- b. **Priority Assistance:** Applicants who have never received Full Home assistance from the City will receive priority over other applicants (see part "a" above) who have been assisted

through these programs previously.

Properties that have been fully inspected and found to contain imminent health or safety hazards, including but not limited to serious lead paint hazards or electrical dangers, may be given priority over other properties currently pending Full Home rehab assistance. These properties will be evaluated on a case-by-case basis and the decision will be made by the City's Neighborhood Programs Manager.

Properties occupied by children who have been tested and found to have elevated blood lead levels (that can be directly attributed to the dwelling unit) may also receive priority assistance over other pending Full Home projects. In these cases, a referral will immediately be made to the Public Health Department so that they may be handled in accordance with all appropriate regulations. If warranted, the City will provide relocation assistance (see Appendix B) to remove families from further harm while the lead hazards are addressed.

- c. **Application Workshops:** Applicants must attend two City-sponsored workshops prior to approval for Full Home Improvement assistance. The first workshop will focus on the application process and credit issues. The second workshop will cover home maintenance and lead-based paint issues. Alternate arrangements or accommodations may be made for elderly or disabled applicants.
- d. **Ownership:** The applicant must own and occupy the property as the primary residence at the time of application and throughout the term of the lien. In cases of dual ownership (resident + non-resident jointly own the property), any non-residents on the title must provide documentation of their primary residence elsewhere.

The title must be free of delinquent liens or encumbrances. Payments must be current on all mortgages secured against the title. The City will verify ownership and lien status through a search of title records.

- e. **Households Containing Children Age 6 or Under:** Applicants who have small children residing in their household will be asked to have those children tested by the public health department or other qualified medical personnel for elevated levels of lead in their systems. These tests will be encouraged both prior to the beginning of any construction work and after such work is completed. Pregnant women may also be asked to obtain similar tests.
- f. **Municipal Code Violations:** The applicant must not have any outstanding municipal code

violations on the subject property or any other property owned within the City at the time of application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.

- g. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.
- h. **Household Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income as described in Part 1.2 above.
- i. **Asset Limit:** Non-elderly, non-disabled applicants must not have liquid assets in excess of \$5,000. Elderly or persons with disabilities (head of household) must not have liquid assets in excess of \$10,000 (see definitions). Applicants with assets in excess of the allowed amount shall not be eligible for housing rehab assistance unless the excess is applied to the actual cost of rehabilitation.
- j. **Expense to Income:** The applicant's total monthly expenses (see definition) shall not exceed 42% of the household monthly income, including the rehabilitation loan payment. The total expense to income ratio may not exceed 60% for households with verifiable annual incomes of less than 50% MFI.
- k. **Loan to Value:** Additional secured loan funding cannot be approved if the existing indebtedness on the property, including the City's rehab assistance, exceeds 95 % of the after-rehab value. Property values will generally be determined based on the assessor's estimate of market value. In situations where the loan to value cannot be accurately determined based on available information, an appraisal or market value analysis may be conducted. The City will cover appraisal costs.
- l. **Bankruptcy:** In the case of the applicant filing bankruptcy, the application will be

considered if two years have passed since the bankruptcy was discharged and there has been a satisfactory credit history during that time period.

- m. **Credit Issues:** To be approved for Full Home Improvement assistance, applicants must have satisfactory credit or be in the process of improving their credit through an accredited counseling agency. Applicants will be deemed not to have satisfactory credit if any of the collection activities listed in the table below are noted on the applicant's credit report. Applicants with credit problems must work with an accredited counseling agency to establish payment plans with all creditors before proceeding with a rehab application. Depending upon the type of debt or collection, they must also have re-established a satisfactory payment schedule for some period of time, in accordance with the table below:

Type of Collections		Program Requirement
Category 1	Medical and utility debt	Two months of on-time payments
Category 2	Phone bill, credit cards, department stores, bad checks, and rent-to-own credit	Six months of on-time payments
Category 3	Profit/loss write-off, repossessions	Six months of on-time payments
Category 4	Judgments	Must be paid in full

Applicants who are receiving partial loan funding through the participating lender must have all category 3 collections paid in full.

Applicants with a combination of ten or more collections listed above must establish a satisfactory payment pattern of twelve (12) months before an application will be taken. The collections may be from one or any combination of the categories listed above.

The City has the option to deny any loan application based on insufficient equity, delinquent property tax, outstanding federal tax lien(s), inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements in a timely manner.

n. **Full Disclosure:**

- i. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehab

application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.

- ii. The participating lender has the option to deny any loan application based on insufficient equity, excessive debt, poor credit history, inability to demonstrate a stable income pattern, failure to provide accurate and requested information, or failure to meet the participating lender's underwriting standards.
- iii. The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.
- o. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

1.6 Processing Procedures

The following section outlines the procedures for processing an application for Full Home Improvement assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. The City will announce the program through various media outlets and will request interested applicants to submit a written authorization for the City to process a credit report. The City will obtain credit reports for clients prior to the workshop
- b. The City will meet with prospective clients in "The Application Process" workshop.

1. The City will interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided.
 2. The City will estimate eligibility for the program based on stated income and assets.
 3. The City will schedule appointments for credit counseling with HUD-certified credit counseling representatives, if necessary.
 4. The City will schedule appointments for FHIP applications to be taken in the customer's home with rehab staff.
- c. The City will meet with prospective customers at the "Home Maintenance" workshop sponsored by the City of Champaign.
1. Explain lead hazards that can be found in the home.
 2. Review basic home maintenance techniques.
- d. The City will obtain a written application from the applicant at the dwelling unit, including signed forms that will be used to verify:
- Employment
 - Other income, housing expenses, and assets
 - Deposits with financial institutions
 - Mortgage or other liens against the property
- e. The City will distribute the EPA pamphlet entitled, "Protect Your Family From Lead In Your Home".
- f. The City will verify information provided by the applicant in the application. If the applicant can provide pay stubs, bank account statements, or other proof of income or assets, copies of that information may be used as documentation. Otherwise, written verification requests must be mailed to obtain the remaining information. The City will also order other information as needed to make an eligibility determination, such as additional credit reports, appraisals, and title certificates. If using the applicant's tax return(s) as a source of income verification, the applicant should complete IRS Form 4506, *Request for Copy of Tax Return*.
- g. The City will make a final determination of income eligibility to establish the amount and source of funding for which the applicant qualifies.
- h. After the City approves the file, an application package will be sent to the participating lender (for loan request) if the customer is between 51-80% MFI.

- i. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant household data.

Work Determination

- a. City staff will complete a Building Safety code inspection and a Property Maintenance nuisance inspection.
- b. The City will conduct a walk-through of the property and compile a work write-up based on code violations, lead assessment, weatherization, and energy efficiency. Photos of the property will be taken at this time.
- c. The City will prepare a written cost estimate.
- d. The City will review cost estimate with the homeowner during the home visit, provide him/her with a list of qualified contractors, and advise him/her as to how to choose contractors to bid on the project.
- e. The City will solicit proposals from approved contractors to complete the scope of work.
- f. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor.
- g. The homeowner may choose the contractor from among all reasonable proposals.
- h. Conduct contract signing with customer, rehab staff and contractor.
- i. Conduct closing:
 - i. The closing location shall be determined by the type of the financing in the project, which is based on the customer's income:
 - a. **0-50% MFI Customers: FDPL with City funds only.** The City will conduct FDPL closing. Issue three-day "Right to Cancel" notice and contractor's notice to proceed after rescission period expires.

- b. **51-60% MFI Customers: FDPL with City funds and loan with participating lender.** The participating lender and the City will conduct the FDPL/loan closing at the lender's office (for blended City FDPL and lender loan funds). Issue three-day "Right to Cancel" notice and contractor's notice to proceed after rescission period expires.
- c. **61-80% MFI Customers: 0% loan with City funds and loan with participating lender.** The participating lender and the City will conduct a loan/loan closing at the lender's office (for blended City loan and lender loan funds). Issue three-day "Right to Cancel" notice and contractor's notice to proceed after rescission period expires.

ii. The contract document shall be of a form specified by the City of Champaign. Generally, it will be a standardized form, and shall include proposed amount, timeframe for completion, general conditions, and a description of work. It will also include other applicable federal regulations, including lead-based paint restrictions and drug-free workplace requirements. Construction contracts shall be signed by the homeowner(s) and the contractor, as parties to the contract. The City acts as the lender and is not a party to the construction contract. The signature of the Neighborhood Programs Manager on the contract document indicates review and approval as to content.

iii. The contractor shall be required to obtain all required building permits.

Construction Management

- a. The City will inspect rehab work on a frequent basis to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to in accordance with HUD regulations at 24 CFR Part 35.135 and a high level of homeowner satisfaction.
- b. The City will inspect rehab work to ensure completion of work for which payment is requested. Homeowner will sign off on pay-out documents indicating satisfaction with work completed. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation.
- c. The City will obtain lien waivers from contractor and subcontractors in support of payments. All required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.

- d. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- e. Must obtain clearance as required by lead hazard reduction standards.
- f. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- g. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

2. MINOR HOME REPAIR PROGRAM

The Minor Home Repair Program provides grants and forgivable deferred payment loans to eligible Champaign homeowners to correct housing deficiencies of an immediate nature which threaten the health or safety of the occupants of the home or the structural integrity of the building. Assistance through this program is provided to correct the immediate safety concern only. Other code deficiencies contained within the structure must be addressed through one of the other Neighborhood Services rehab programs.

2.1 Eligible and Ineligible Activities

Eligible activities include repairs of an immediate nature. To be defined as an emergency, the housing condition in question must present an immediate threat to the health or safety of the occupants or the structural integrity of the home. Eligible activities include, but are not limited to, the following:

- a. Repair or replacement of inoperable mechanical systems, i.e. electrical, plumbing, and heating. (A furnace that becomes inoperable during a non-heating season will not be deemed an emergency condition unless it impacts the functioning of a central air conditioning system for medically eligible occupants.)
- b. Repairs that remedy sewer drainage problems, or plumbing line deterioration and blockage.
- c. Emergency repair of roofs that are actively leaking into the living space of the home.
- d. Addressing lead hazards present in the home. This is limited to homes where pregnant women and/or children age 6 and under reside.
- e. Extermination of active termites or other pests that pose immediate threat to the structural integrity of the home.

Ineligible activities include:

- a. Repairs which are not determined to be immediate or a threat to health, safety, or the structural integrity of the home.
- b. Repairs or renovation of detached garages or other out-buildings, unless it is required to

alleviate a lead paint hazard to a household where pregnant women or children under age 6 reside.

2.2 Form of Assistance

Emergency Repair funds are provided in the form of a grant or a forgivable, deferred payment loan, as outlined in the table below. The Emergency Repair-Neighborhood Infrastructure funds are provided in the form of a repayable loan at 0% over 10 years to households between 51-80% MFI in need of sewer or water line repair.

Ownership/MFI Limits	Amount of Repair		
	0-\$250	\$251-\$1,750	\$1,751-\$8,000
Owner-occupied < 50% MFI	Homeowner's responsibility	Grant	5-year forgivable, deferred payment loan
Owner-occupied 51% - 80% MFI Senior or Persons with Disabilities	Homeowner's responsibility	Grant	5-year forgivable, deferred payment loan
Owner-occupied or Contract Sales – Neighborhood Infrastructure 51-80% MFI	Homeowner's responsibility	10 year, 0% Loan	10 year, 0% Loan
Contract Sales 0 – 50% MFI	Homeowner's responsibility	5-year forgivable, deferred payment loan	
Contract Sales 51-80% MFI Senior or Persons with Disabilities	Homeowner's responsibility	5-year forgivable, deferred payment loan	

Any repair of \$250 or less will be the homeowner's responsibility to pay.

2.3 General Terms and Conditions

- a. The home must be a single-family (1 unit) owner-occupied structure located within the City limits of the City of Champaign. Zero lot line and condominium owners are eligible to apply for assistance under this program with work limited to interior repairs.
- b. If the emergency repair cost is less than or equal to \$250, the payment to the contractor shall become the responsibility of the homeowner.
- c. For households between 0-50% MFI, Emergency Repair assistance shall not exceed

\$5,000, with the exception of roof repairs, sewer line repairs, and lead hazards which may not exceed \$8,000.

- d. For households between 51-80% MFI, Emergency Repair assistance shall be limited to households with senior or persons with disabilities.
- e. For households between 51-80% MFI with water or sewer line repair needs, the Emergency Repair-Neighborhood Infrastructure assistance will make up to \$8,000 available for homeowners at 0% to be repaid over 10 years.
- f. If rehab costs are known to exceed \$5,000 (or \$8,000 in the case of roof/sewer work), prior to beginning of any work, the applicant can provide the difference between the rehab amount and the program dollar limit. Those funds must be placed in a separate City escrow account at the time the rehab contract is executed.
- g. Program Exceptions may be requested for roof, sewer, underground water lines, and lead hazard repair once the project is underway yet unforeseen repair arise that would push the project cost above the dollar limits. In cases of lead hazards in the home that have been positively tested, then a program exception for the necessary lead repairs may be authorized with a lien on the property for any amount exceeding \$8,000. The limit of the exception shall be determined by the City Manager and the Neighborhood Services Director.
- h. For a dwelling unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound through rehabilitation within the dollar limits of this program.
- i. The structure to be rehabilitated must not be located within any redevelopment area designated for clearance. If the structure is located within the 100-year floodplain, the applicant must have flood insurance in place.
- j. Self- help contracts will not be allowed through this program.

2.4 Grant/Loan Terms

- a. **City Lien:** As noted in the table in Section 2.2 above, some assistance may require the filing of a lien against the title to the property, which will remain in place for a period of five years for the FDPL and ten years for the no-interest repayable loans. The lien will take the

form of a mortgage and a promissory note, which contain the condition that the property be maintained as the owner's primary residence for the duration of the lien term. If the home is not occupied as the primary residence, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City rehab assistance may become due and payable to the City .

- b. **Subordination of the City's Lien:** The City places liens against the title of the property in order to secure its rehabilitation or homebuyer assistance. The City acknowledges that it will generally take second position behind the borrower's primary home mortgage. Occasionally, the City is asked to sign a subordination agreement behind an additional loan or a refinanced version of the first loan.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms.
- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. Generally, a subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate when:

- The City would be in a worse lien position than it originally held.
- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package refinanced first mortgage if includes debt consolidation or cash back to the borrower.

The Legal Department will be consulted on each subordination request received.

2.5 Applicant Eligibility Criteria

- a. **Ownership:** The applicant must own and occupy the property as the primary residence at the time of application and throughout the term of the lien. In cases of dual ownership (resident + non-resident jointly own the property), any non-residents on the title must

provide documentation of their primary residence.

The title must be free of delinquent liens or encumbrances. Payments must be current on all mortgages secured against the title. The City will verify ownership and lien status through a search of title records.

Applicants who are purchasing their homes through a land sales contract agreement may be approved for assistance under the following conditions:

- They must have lived in the dwelling unit for at least one year from the date of contract execution.
 - The buyers must not be delinquent on any contract payments at the time of approval for City assistance.
 - The contract must be a valid contract, recorded on the title to the property with the signed deed held in escrow until the terms are fulfilled. A review of the contract document will be required.
 - The contract sellers must sign the construction contract and lien documents in addition to the contract buyers.
 - The contract buyers must meet all other terms and conditions of approval as specified herein.
- c. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.
- d. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.
- c. **Pre-existing Hazards:** Assistance may be denied if it is determined that the emergency condition pre-dates the purchase of the property by the current owner. If the owner

purchased the home with the knowledge that it contained a hazardous condition and subsequently applies to the City for assistance to repair it, such assistance may be denied. The homeowner can, however, apply for assistance through the Full Home Improvement Program.

- d. **Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income as described in Part 2.2 above.
- e. **Asset Limit:** Non-elderly applicants must not have liquid assets in excess of \$5,000. Elderly or persons with disabilities (head of household) must not have liquid assets in excess of \$10,000 (see definitions). Applicants with assets in excess of the allowed amount shall not be eligible for housing rehab assistance unless the excess is applied to the actual cost of rehabilitation.
- f. **Full Disclosure:**
 - i. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehab application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.
 - ii. The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.
- g. **Other Information:** The City has the option to deny any loan application based on insufficient equity, delinquent property tax, outstanding federal tax lien(s), inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements in a timely manner.
- h. **Appeal Process:** the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and

should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

2.6 Processing Procedures

The following section outlines the procedures for processing an application for Emergency Repair assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. Staff takes initial information over the phone and proceeds to check for City liens. Potential applicant is instructed to gather documentation of the following information:
 - Employment
 - Other income and assets
 - Deposits with financial institutions

If the applicant is a contract buyer, the applicant must provide a copy of the recorded contract to the City along with the application for assistance.

- b. Once lien information has come back, rehab staff will interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided. An application will be taken at the property. At the initial appointment, an inspection of the emergency housing condition is conducted, photos of the emergency condition are taken at this time, and all collected documentation is submitted to the City.
- c. If the applicant is unable to furnish sufficient proof of income and assets, verification of financial information should be obtained by mailing written requests to the appropriate sources. If telephone verifications are possible, this method should be utilized to expedite the verification of income and assets
- d. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine ownership and relevant household data.

Work Determination

- a. The City will inspect the property at the time of the application appointment.
- b. The City will provide the EPA pamphlet entitled, "Protect Your Family From Lead In Your Home".
- c. Several contractors with the appropriate expertise will be contacted from the City's approved contractor list for estimates on the work to be done. At least two written estimates will be obtained.
- d. The City will review proposals for completeness and reasonableness. If a contractor can start a project immediately, the contractor may be chosen for the job even though another proposal may be lower.
- e. A City-approved contract and *Notice to Proceed* is prepared for the homeowner and contractor to sign, for all work exceeding \$1,750. When the repair work totals less than \$1,750, the homeowner should sign the contractor's proposal, as it will suffice as the contract for the project.
- f. Conduct loan closing (if applicable). This step will typically occur in conjunction with the contract signing.
- g. The contractor is required to obtain all required building permits.

Construction Management

- a. Inspect rehab work underway to monitor progress and workmanship, and to ensure a high level of homeowner satisfaction. Payment for emergency work is generally provided at the end of the project. No interim payments are typically necessary.
- b. Before submitting the contractor's pay request for payment, the rehab staff will obtain the homeowner's signature on the pay request document. By signing the document, the homeowner concurs that the work has been completed satisfactorily. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation. If interim payments are needed, all required

permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.

- c. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- d. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- e. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

3. HOME ACCESSIBILITY RETROFIT PROGRAM

The Home Accessibility Retrofit Program (HARP) provides grants or loans to eligible Champaign homeowners or property owners to eliminate barriers, modify the layout, or add structural accessories or improvements to the dwelling to make it more accessible for occupants with disabilities. The program may also be used to make “visitability” modifications to dwelling units to allow immediate family members with disabilities to visit the subject property. Assistance through this program is provided to make accessibility modifications only. Any other code deficiencies identified within the structure must be requested through one of the other Neighborhood Services rehab programs.

3.1 Eligible and Ineligible Activities

Eligible activities include installation of permanent fixtures, modifications to the structure, or the removal of barriers to accessibility in the dwelling. Eligible activities include, but are not limited to, the following:

- a. Installation of ramps
- b. Door alterations
- c. Lowering of fixtures
- d. Renovation of kitchens or baths
- e. Installation of visual smoke alarms, carbon monoxide detectors, or doorbells for the hearing impaired
- f. Installation of detachable equipment - if permanent improvements cannot adequately or economically be made

Ineligible activities include:

- a. Full home repairs, renovations, or code-related work not related to accessibility modifications
- b. Furnishings, except equipment as noted above

3.2 Form of Assistance

HARP funds are provided in the form of a grant or loan depending upon the tenure of the household. The form of assistance will be determined as follows:

Ownership/MFI Limits		Amount of Assistance	
		\$0-\$1,500	\$1,501-\$8,000
Owner-Occupied	≤ 50% MFI	Grant	5-year forgivable, deferred payment loan
	51% - 80% MFI	Grant	5-year forgivable, deferred payment loan
Contract Sales and Renter-Occupied	0% - 80% MFI	5-year forgivable, deferred payment loan	

3.3 General Terms and Conditions

- a. The home may be an owner-occupied dwelling or rental unit located within the City limits of the City of Champaign.
- b. HARP assistance shall not exceed \$8,000. For HARP assistance, a lead assessment may need to be conducted by a trained and licensed risk assessor. Depending upon the findings, some lead reduction work may also need to be completed. If lead work causes the total project amount to exceed \$8,000, federal funding allocated by the City to the stabilization or removal of lead hazards may be used to complete the project, if the budget allows.
- c. In the case of HARP assistance to a tenant of a rental unit, the property owner must provide verification that the tenant will be allowed to remain in the unit for a period of 12 months after completion of the unit modifications. As long as the tenant remains in compliance with the lease agreement, the tenant would have the ability to remain in that modified unit for at least one year after the work is completed.
- d. Other Information:
 - i. For a dwelling unit to qualify for HARP assistance through the City of Champaign, it must be structurally sound. If additional assistance is needed beyond accessibility

modifications, the applicant's name must be placed on the list for Full Home rehab assistance. (Full Home assistance is available to owner-occupants only.)

- ii. The structure to be rehabilitated must not be located within any redevelopment area designated for clearance. If the structure is located within the 100-year floodplain, the applicant must have flood insurance in place.

3.4 Loan Terms

- a. **City Lien:** As noted in the table in Section 3.2 above, some assistance may require the filing of a lien against the title to the property, which will remain in place for a period of five years for the FDPL. The lien will take the form of a mortgage and a promissory note, which contain the condition that the property be maintained as the owner's primary residence for the duration of the lien term. If the home is not occupied as the primary residence, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City rehab assistance may become due and payable to the City.
- b. **Subordination of the City's Lien:** The City places liens against the title of the property in order to secure its rehabilitation or homebuyer assistance. The City acknowledges that it will generally take second position behind the borrower's primary home mortgage. Occasionally, the City is asked to sign a subordination agreement behind an additional loan or a refinanced version of the first loan.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms.
- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. Generally, a subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate when:

- The City would be in a worse lien position than it originally held.

- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package.

The Legal Department will be consulted on each subordination request received.

3.5 Applicant Eligibility Criteria

- a. **Ownership:** The applicant may own or rent the property.
- b. **Rental Properties:** In the case of rental property, the following conditions apply:
 - The owner must provide a signed statement indicating that he/she has provided permission for the modifications to be made.
 - The owner must also agree to enter into a long-term lease agreement with the eligible tenant that allows him/her to remain in that modified unit for at least 12 months after completion of the work, as long as the tenant complies with all other lease terms. A copy of this long-term lease must be provided to the City.
 - The owner must sign a forgivable deferred payment loan and promissory note for the affordability period to ensure the unit will be offered to future tenants with disabilities. This may include contacting PACE, Inc for referrals, placing an ad in the local papers, or other marketing tools concerning the availability of an accessible unit.
 - If the initial tenant vacates the property prior to the end of the lease term, the owner must agree to give first priority in renting that unit to another person(s) with a disability.
- c. **Contract Sales:** Applicants who are purchasing their homes through a land sales contract agreement may be approved for assistance under the following conditions:
 - The contract must be a valid contract, recorded on the title of the property with the signed deed held in escrow until the terms are fulfilled. A review of the contract document will be required.
 - The buyer must not be in arrears with contract payments to the seller.
 - The contract sellers must sign the construction contract in addition to the contract buyers.
 - The contract buyers must meet all other terms and conditions of approval as specified herein.
- d. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of

application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.

- e. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.

- f. **Household Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income as described in Part 3.2 above.

- g. **Asset Limit:** The applicant must not have liquid assets in excess of \$10,000 (see definitions). Applicants with assets in excess of the allowed amount shall not be eligible for housing rehab assistance unless the excess is applied to the actual cost of rehabilitation.

- h. **Other Information:** The City has the option to deny any loan application based on insufficient equity, delinquent property tax, outstanding federal tax lien(s), inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements in a timely manner.

- i. **Full Disclosure:**
 - i. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehab application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.

 - ii. The City must have access to all areas of the home during the inspection and

construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.

- j. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

3.6 Processing Procedures

The following section outlines the procedures for processing an application for HARP assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. The City will meet with the applicant in their home to interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided. At the initial appointment, a summary of the requested modifications or additions is prepared and photos are taken.
- b. Obtain a written application from the applicant, including signed forms which will be used to verify:
- Employment
 - Other income, housing expenses, and assets
 - Deposits with financial institutions
 - Mortgage or other liens against the property (if owner-occupied)
 - Title work on the property if staff deems appropriate

If the applicant is a contract buyer, a copy of the recorded contract must be provided to the City along with the application for assistance.

- c. If the applicant is a tenant, the property owner will need to provide documentation

concerning the rents, incomes of borrowers, and lease agreements.

- d. Mail written verifications to obtain information as specified above. If the applicant can provide original pay stubs, bank accounts statements, or other proof of income or assets, this information can be used to document financial eligibility. If telephone verifications are possible, this method can also be utilized to expedite the verification of income and assets. Also order other information if needed to make an eligibility determination, such as a title certificate.
- e. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant household data.

Work Determination

- a. The inspection of the property should be conducted at the time of the application appointment.
- b. Provide the EPA pamphlet entitled, "Protect Your Family From Lead In Your Home"
- c. Several contractors with the appropriate expertise should be contacted for estimates on the work to be done. At least two written estimates should be obtained.
- d. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor. If a contractor can start a project immediately, the contractor may be chosen for the job even though another proposal may be lower.
- e. A City-approved contract and a *Notice to Proceed* are prepared for the property owner and contractor to sign, for all work exceeding \$1,500. When the repair work totals less than \$1,500, the property owner should sign the contractor's proposal, as it will suffice as the contract for the project.
- f. Conduct loan closing (if applicable). This step will typically occur in conjunction with the contract signing.
- g. The contractor is required to obtain all required building permits.

Construction Management

- a. Inspect rehab work to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to in accordance with 24 CFR Part 35.135 and all work is completed to City standards and a high level of homeowner satisfaction. Payment for HARP work is generally provided at the end of the project. No interim payments are typically necessary. If interim payments are needed, all required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.
- b. Obtain clearance as required by lead hazard reduction standards.
- c. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- d. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- e. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

4. ACCESSORY STRUCTURE DEMOLITION PROGRAM

The Accessory Structure Demolition Program provides funding to eligible Champaign homeowners to demolish dilapidated accessory structures on their property. Assistance through this program is provided to demolish unsafe structures such as garages, sheds, and fences on the property.

Accessory Structure Demolition assistance is provided in the form of a forgivable deferred loan or grant depending on the amount of the assistance and the ownership structure.

4.1 Eligible and Ineligible Activities

Eligible activities include, but are not limited to, the following:

- a. Demolition of garages
- b. Demolition of sheds
- c. Demolition of fences

Ineligible activities include:

- a. Demolition of the primary structure
- b. Demolition of buildings attached to the primary structure

4.2 Form of Assistance

Accessory Structure assistance is provided in the form of a grant or loan depending upon the property's ownership status or amount of assistance. The form of assistance will be determined as follows:

Ownership/MFI Limits		Amount of Assistance	
		\$0-\$1,500	\$1,501-\$5,000
Owner-Occupied	≤ 50% MFI	Grant	5-year forgivable, deferred payment loan
	51% - 80% MFI	Grant	5-year forgivable, deferred payment loan

Contract Sales	0% - 80% MFI	5-year forgivable, deferred payment loan
----------------	--------------	--

4.3 General Terms and Conditions

- a. The home must be an owner-occupied one-unit structure located within the City limits of the City of Champaign.
- b. Accessory Structure Demolition assistance shall not exceed \$5,000. If demolition cost proposals exceed \$5,000, the applicant can provide the difference between the demolition amount and \$5,000. Those funds must be placed in a separate City escrow account at the time the demolition contract is executed.
- c. For a structure to qualify for demolition assistance through the City of Champaign, it must be structurally unsound or severely dilapidated.
- d. Self-help contracts will not be allowed through this program.

4.4 Grant/Loan Terms

- a. **City Lien:** As noted in the table in Section 5.2 above, some assistance may require the filing of a lien against the title to the property, which will remain in place for a period of five years. The lien will take the form of a mortgage and a promissory note, which contain the condition that the property be maintained as the owner's primary residence for the duration of the lien term. If the home is vacated, not maintained as the principal residence, sold, rented, or title is otherwise transferred prior to the end of the lien period, the entire amount of the assistance will become due and payable to the City
- b. **Subordination of the City's Lien:** When a City mortgage is recorded against the title of the property in order to secure its rehabilitation or homebuyer assistance. The City acknowledges that it will generally take second position behind the borrower's primary home mortgage. Occasionally, the City is asked to sign a subordination agreement behind an additional loan or a refinanced version of the first loan. The City will subordinate only under the follow circumstances:
 - If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms, or the first mortgage and the lender's rehab loan are being refinanced to secure better mortgage terms in one note.

- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. Generally, a subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate in the following situations:

- The City will take no less than second position, unless the first note filed by the City was already in a lesser position. The City will not take a worse position than it originally held.
- The City will not subordinate behind a refinanced first mortgage if the refinancing includes debt consolidation or cash back to the borrower.

The Legal Department will be consulted on each subordination request received.

4.5 Applicant Eligibility Criteria

- a. **Ownership:** The applicant must own the property. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant household data.

Applicants who are purchasing their homes through a land sales contract agreement may be approved for assistance under the following conditions:

- The buyers must not be delinquent on any contract payments at the time of approval for City assistance.
 - The contract must be a valid contract, recorded on the title to the property with the signed deed held in escrow until the terms are fulfilled. A review of the contract document will be required.
 - The contract sellers must sign the construction contract and lien documents in addition to the contract buyers.
 - The contract buyers must meet all other terms and conditions of approval as specified herein.
- b. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of

application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.

- c. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.
- d. **Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development.
- e. **Asset Limit:** Elderly or persons with disabilities (head of household) must not have liquid assets in excess of \$10,000. Other applicants must not have liquid assets in excess of \$5,000 (see definitions). Applicants with assets in excess of the allowed amount shall not be eligible for demolition assistance unless the excess is applied to the actual cost of demolition.
- f. **Other Information:** The City has the option to deny any loan application based on insufficient equity, delinquent property tax, outstanding federal tax lien(s), inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements in a timely manner.
- g. **Full Disclosure:**
 - i. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehab application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.

- ii. The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project

- h. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

4.6 Processing Procedures

The following section outlines the procedures for processing an application for Accessory Structure Demolition assistance, determining the work to be done, procuring a contractor, and managing the demolition contract.

Application process

- a. Interview and advise the applicant of the design and objectives of the program, and the specific terms and conditions under which assistance is provided. At the initial appointment, an inspection of the secondary structure condition is conducted. Photos are taken at this time.

- b. Obtain a written application from the applicant, including signed forms which will be used to verify:
 - Employment
 - Other income, housing expenses, and assets
 - Deposits with financial institutions
 - Mortgage or other liens against the property

- c. If the applicant is a contract buyer, a copy of the recorded contract must be provided to the City along with the application for assistance.

- d. Verify information provided by the applicant in the application. If the applicant can provide

pay stubs, bank account statements, or other proof of income or assets, copies of that information may be used as documentation. Otherwise, written verification requests must be mailed to obtain the remaining information.

- e. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant household data.

Work Determination

- a. The inspection of the property should be conducted at the time of the application appointment. The City staff will determine if a permit would be required prior to demolition.
- b. Several contractors with the appropriate expertise should be contacted for proposals on the work to be done. At least two written estimates will be obtained.
- c. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor. If a contractor can start a project immediately, the contractor may be chosen for the job even though another proposal may be lower.
- d. A short-form construction contract should be executed between the owner and the contractor. The City-approved form shall be used for this purpose.
- e. The contractor is required to obtain all necessary demolition permits.

Construction Management

- a. Inspect demolition work to monitor progress and workmanship, and to ensure a high level of homeowner satisfaction. Payment for demolition work is generally provided at the end of the project. No interim payments are typically necessary. If interim payments are needed, all required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors
- b. Conduct final inspection and obtain certification from Building Safety inspectors that all work is in compliance with codes, if applicable.

c. Obtain final lien waivers and make final payment to contractor.

5. ACQUISITION-REHABILITATION PROGRAM

The Acquisition-Rehabilitation Program provides forgivable deferred payment loans to eligible Champaign homebuyers to purchase homes and make repairs to deteriorated single-family dwelling units. Funding shall be used for down payment assistance and to hire contractors to provide labor and materials to make required repairs. Homes renovated through this program will generally be in need of moderate to substantial rehabilitation.

5.1 Eligible and Ineligible Activities

Eligible activities include down payment assistance, which will be the lesser of 10% of the purchase price or \$14,999, as well as general repairs that will bring the house into compliance with City codes as determined by the Building Safety Inspection and Section 8 Housing Quality standards. Eligible activities include, but are not limited to, the following:

- a. Repair or replacement of defective or aging mechanical systems, i.e. electrical, plumbing, heating and air conditioning
- b. Repair or replacement of defective building components and surfaces, i.e. foundations, roofs, porches and stairs, floors, ceilings, walls, doors, and windows (including attached garages)
- c. Repairs that enhance energy conservation, i.e. insulation, caulking, and weather stripping
- a. Exterior painting or siding
- b. Construction of room additions only if necessary to remedy code requirements of over-crowded conditions
- c. Modifications to the dwelling to improve accessibility of the structure for occupants or visitors with disabilities
- d. Addressing lead hazards present in the home

Ineligible activities include:

- a. Temporary improvements

- b. Additions or installations of personal property or fixtures which are not permanently attached

- d. Repairs to garages **EXCEPTION NOTE:** Some repairs may be made to garages in cases where the repair is a critical part of the overall rehabilitation project, i.e. siding or roofing (attached), required electrical repairs (attached or detached), or where lead paint hazards are present on the garage (attached or detached).

Priority shall be given to repairs or renovation necessary to meet City code requirements or to address lead-based paint hazards. Second priority shall be given to exterior repairs that will result in an overall upgrading effect on the entire neighborhood or provide for greater energy efficiency.

5.2 Form of Assistance

Acquisition-Rehabilitation funds are provided in the form of a full forgivable deferred payment loan (FDPL).

5.3 General Terms and Conditions

- a. The home must be a single-family detached (1 unit) owner-occupied structure located within the City limits of the City of Champaign.

- b. City funds provided to a household under the Acquisition-Rehabilitation Program shall not exceed the lesser of 10% of the purchase price or \$14,999 for down payment assistance and \$25,000 for rehabilitation. If rehab cost proposals exceed the program dollar limit, the applicant can provide the difference between the rehab amount and the program limit. Those funds must be placed in a separate escrow account at the time the rehab contract is executed.

- c. For a dwelling unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound and brought up to City of Champaign existing housing codes through rehabilitation within the dollar limits of this program.

- d. The structure to be rehabilitated must not be located in any redevelopment area designated for clearance. If the property is located within the 100-year floodplain, the homeowner must

have flood insurance in place.

- e. The property must conform to the City's zoning requirements or ordinances. The City's Zoning Administrator will provide a determination of property conformance, if necessary.
- f. Self-help contracts will not be allowed through this program. Exceptions may be allowed if the contractor can demonstrate compliance with the City's rehab contractor approval requirements. The owner/contractor must also be able to meet the City's insurance and licensing requirements for residential rehab and lead hazard reduction work.
- g. The Acquisition-Rehabilitation Program is available to any homebuyer in neighborhoods that are designated as Targeted Neighborhoods for this program. Persons applying in non-targeted neighborhoods must be first time homebuyers. Targeted neighborhoods are Planning Areas 1, 2, 4, 7, 8 and 14. See Appendix D of this manual, on page 88.
- h. On occasion, it may become necessary to temporarily relocate occupants from the home during periods of lead hazard reduction work. If this is required, the City will provide some financial assistance to cover the costs of relocation. Occupants that do not adhere to the requirements for non-entry during lead hazard reduction work may be subject to contract termination. No further assistance will be provided. See Appendix B of this manual, on page 84.

5.4 Loan Terms

- a. **Terms:** The *forgivable deferred payment loan (FDPL)* portion of the Acquisition-Rehabilitation assistance includes the following conditions: 1) the recipient maintains the home as the primary residence for five years from the date of the promissory note, 2) the recipient complies with the post purchase requirements of the program, and the property remains free of nuisance violations. During that time, the assistance will be secured by a lien against the property. No repayment will be made to the City, as long as all of the conditions of the lien are met. If the conditions are not met, the lien becomes due when the home is sold or transferred.

Lien Requirements

Property Occupancy and Conditions: If the home is not occupied as the primary residence, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City down payment and rehab assistance may become due and payable to the City. The buyer must maintain the property in accordance

with property maintenance codes.

Pre-Purchase Counseling: The buyer will be required to attend a *Pre-Purchase Counseling* session at either a City approved non-profit housing agency(ies) offering the NeighborWorks pre-purchase curriculum or the Parkland Homebuyers Seminar. http://www.parkland.edu/bdc/work_certs/homebuyers.html

Post-Purchase Counseling: The buyer will be required to attend *Post Purchase Counseling* with the first year modules including: *Financial Management, Home Maintenance, and Community Involvement*. A review of the buyer's credit report will be completed annually by the Grant Compliance Coordinator. If the buyer continues to make existing payments on time and has not increased their debt to income ratio, no additional financial management classes will be required. If the buyer's debt-to-income ratio increases and/or late payment(s) are noted on the credit report, additional *Financial Management* counseling may be required. All buyers will be encouraged to become involved in their neighborhood either by attending neighborhood meetings, joining the PTA, becoming involved in their Homeowner's Association, participating in the Neighborhood Watch Program, etc. If the buyer becomes involved and can document their participation with one of the above mentioned groups, no additional counseling will be required after the first year. However, if a buyer does not become active with their neighborhood or school, additional participation with the *Community Involvement* module may be required. Attendance at the city-sponsored *Home Maintenance* workshop covering the basics of seasonal chores, lead based paint hazards, and basic home maintenance, etc. will be required within the first year *after* purchasing the home. A survey will be sent to buyers annually requesting information on topics of interest. Additional Home Maintenance workshops will be designed around these surveys and participation will be voluntary.

- b. **Subordination of the City's Lien:** The City will place liens against the title of the property in order to secure its homebuyer and rehabilitation assistance. The City acknowledges that it will generally take second and third position behind the borrower's primary home mortgage. Occasionally, the City is asked to sign a subordination agreement behind an additional loan or a refinanced version of the first loan.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms, or the first mortgage and the participating lender loan are being refinanced to secure better mortgage terms in one note.

- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. A subordination agreement will not be approved if the new loan to value ratio, including the City's downpayment lien, exceeds 95%.

The City will not subordinate:

- If the City will be in a worse lien position than it originally held.
- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package.

The Legal Department will review each subordination request received.

- c. **Lien Release:** The lien will be secured to the subject property title for the term of the forgivable deferred payment loan or the loan. At the end of the loan term, the lien will be released and the applicant will no longer be obligated to the City, as long as the applicant has complied with all provisions of the agreement. The lien held by the participating lender will be released after the lender's loan terms have been met.

The City's lien may be forgiven by the Neighborhood Services Director prior to the release date under the following circumstances:

- If the dwelling is subject to an involuntary acquisition initiated by a federal, state or local agency, including but not limited to the City, local school district, or park district.

5.5 Applicant Eligibility Criteria

- a. **Previous Assistance:** Owner-occupants within the City of Champaign are eligible to receive Acquisition-Rehabilitation assistance or Full Home Assistance one time only at a single address. However, down payment and rehabilitation assistance can be provided to a prior recipient who now owns and occupies a new residential dwelling in the City, as long as the property owner has remained in good standing with the City and is purchasing the new home in a targeted neighborhood. Likewise, Acquisition-Rehabilitation assistance may be provided to the new owner of a previously rehabilitated property.

If a homeowner has received any emergency assistance through the City's program while waiting for the rehabilitation assistance to start, the amount provided for the emergency repair will be subtracted from the amount available through the Rehabilitation portion of the program.

Any other assistance previously provided to a homeowner under the City's Home Accessibility Retrofit, Accessory Structure Demolition, Caulk and Paint, Senior Home Repair, or homebuyer assistance programs (after the City's HOME affordability period ends), will not impact future assistance through the Acquisition-Rehabilitation Program.

- b. **Priority Assistance:** Applicants who have never received Acquisition-Rehabilitation or Full Home assistance from the City will receive priority over other applicants (see part "a" above) who have been assisted through these programs previously.

Properties that have been fully inspected and found to contain imminent health or safety hazards, including but not limited to serious lead paint hazards or electrical dangers may be given priority over other properties currently pending Acquisition-Rehabilitation or Full Home rehab assistance. These properties will be evaluated on a case-by-case basis and the decision will be made by the City's Neighborhood Programs Manager.

Properties occupied by children who have been tested and found to have elevated blood lead levels (that can be directly attributed to the dwelling unit) may also receive priority assistance over other pending rehabilitation projects. In these cases, a referral will immediately be made to the Public Health Department so that they may be handled in accordance with all appropriate regulations. If warranted, the City will provide relocation assistance (see Appendix B) to remove families from further harm while the lead hazards are addressed.

- c. **Application Workshop:** Applicants must attend a pre-purchase workshop offered by the Community Reinvestment Group at Parkland College or through a City approved non-profit housing agency(ies) offering the NeighborWorks pre-purchase curriculum. This workshop must be completed prior to approval for Acquisition-Rehabilitation assistance. The pre-purchase workshop will focus on credit, budgeting, mortgage loans, loan closing process, shopping for a home, etc. Alternate arrangements or accommodations may be made for elderly or disabled applicants.
- d. **Households Containing Children Age 6 or Under:** Applicants who have small children residing in their household will be asked to have those children tested by the public health

department or other qualified medical personnel for elevated levels of lead in their systems. These tests will be encouraged both prior to the beginning of any construction work and after such work is completed. Pregnant women may also be asked to obtain similar tests.

- e. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of application and throughout the forgivable deferred payment loan period. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the Acquisition-Rehabilitation loans if municipal code violations are noted after the project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.
- f. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.
- g. **Household Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income as described in Part 8.2 above.
- h. **Asset Limit:** Non-elderly, non-disabled applicants must not have liquid assets in excess of \$5,000. Elderly or persons with disabilities (head of household) must not have liquid assets in excess of \$10,000 (see definitions). Applicants with assets in excess of the allowed amount shall not be eligible for assistance unless the excess is applied to the actual cost of acquisition.
- i. **Expense to Income:** The applicant's total monthly expenses (see definition) shall not exceed 42% of the household monthly income.
- j. **Bankruptcy:** In the case of the applicant filing bankruptcy, the application will be considered if two years have passed since the bankruptcy was discharged and there has been a satisfactory credit history during that time period.

k. **Loan Products:** Persons must be eligible for a mortgage through a local participating lender of the Community Reinvestment Group. The lender is required to have a signed agreement on file with the City of Champaign. In cases where an applicant does not qualify for a fixed-rate loan product, the lender may qualify an applicant with a portfolio adjustable rate mortgage (ARM) with an initial adjustment period of no less than five years and interest rate caps not to exceed 2% adjustment per year and 5% over the life of the loan. Prior to closing, the lender must provide documentation to the City of Champaign to show why the ARM was the only loan product available to the buyer.

l. **Full Disclosure:**

Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehabilitation application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.

The participating lenders have the option to deny any loan application based on insufficient equity, excessive debt, poor credit history, inability to demonstrate a stable income pattern, failure to provide accurate and requested information, or failure to meet the participating lender's underwriting standards.

The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.

m. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

5.6 Processing Procedures

The following section outlines the procedures for processing an application for Acquisition-Rehabilitation assistance, determining the work to be done, procuring a contractor, and managing the rehabilitation contract.

Application process

- a. A complete application packet is forwarded by the bank to the City which includes verification of income, assets, housing expenses, etc. The City will meet with prospective clients, interview, and advise the applicant of the program policies/procedures, and the specific terms/conditions under which assistance is provided. The City will determine eligibility for the program based on documentation provided by the lender. A tentative approval is forwarded to the lender. This tentative approval must occur prior to a sales contract being signed due to timing limitations.
- b. When a buyer enters into a sales contract, a four-week contingency must be included in the sales contract to allow for the required code, rehabilitation, and private third-party inspections to be completed. The buyer or the buyer's representative will contact the Neighborhood Programs Division to schedule the code and rehabilitation inspections within two business days of the acceptance of the sales contract. The inspections will occur within three weeks of the date requested. Prior to the expiration of the contingency period, the Rehabilitation Technician will complete a cost estimate based on the items found in all three inspections. The Rehabilitation Technician will inform the lender of *final approval* if the work needed to bring the home into code compliance is estimated below \$25,000.
- c. Once the buyer is approved but before the transfer of the homeownership interest, the project must meet the HOME Property Standards as outlined in Appendix C.
- d. Prior to closing, the Rehabilitation Technician will schedule an appointment to meet with the buyer to review the Building Safety report and the work write-up and project specifications.
- e. The mortgage closing takes place, which includes a mortgage, note, and deed restriction for the acquisition (downpayment) portion and a mortgage and note for the rehabilitation work to be completed on the home after transfer of ownership. Additional documents will be signed at this time, which can include: right to cancel and loan settlement sheet. The mortgage and note for the rehabilitation work will be recorded at the time the contractor agreement is finalized with the homeowner. This must occur within six month of the buyer

taking ownership.

Work Determination

- a. City staff will complete a Building Safety code inspection and a Property Maintenance nuisance inspection. *(This step is completed during the application phase above)*
- b. The City will conduct a walk-through of the property and compile a work write-up based on code violations, lead assessment, weatherization, and energy efficiency. Photos of the property will be taken at this time. *(This step is completed during the application phase above)*
- b. The City will prepare a written cost estimate. *(This step is completed during the application phase above)*
- c. The City will review cost estimate with the homeowner during the home visit, provide him/her with a list of qualified contractors, and advise him/her as to how to choose contractors to bid on the project.
- d. The City will solicit proposals from approved contractors to complete the scope of work.
- e. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor.
- f. The homeowner may choose the contractor from among all reasonable proposals.
- g. Conduct contract signing with customer, rehab staff and contractor.
- h. The contract document shall be of a form specified by the City of Champaign. Generally, it will be a standardized form, and shall include proposed amount, timeframe for completion, general conditions, and a description of work. It will also include other applicable federal regulations, including lead-based paint restrictions and drug-free workplace requirements. Construction contracts shall be signed by the homeowner(s) and the contractor, as parties to the contract. The City acts as the lender and is not a party to the construction contract. The signature of the Neighborhood Programs Manager on the contract document

indicates review and approval as to content.

- i. The contractor shall be required to obtain all required building permits.
- j. The City will record the rehabilitation mortgage and note documents.

Construction Management

- a. The City will inspect rehab work on a frequent basis to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to in accordance with HUD regulations at 24 CFR Part 35.1350 and a high level of homeowner satisfaction.
- b. The City will inspect rehab work to ensure completion of work for which payment is requested. Homeowner will sign off on pay-out documents indicating satisfaction with work completed. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation.
- c. The City will obtain lien waivers from contractor and subcontractors in support of payments. All required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.
- d. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- e. Must obtain clearance as required by lead hazard reduction standards.
- f. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- g. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

6. VACANT NUISANCE RESIDENTIAL BUILDING PROGRAM

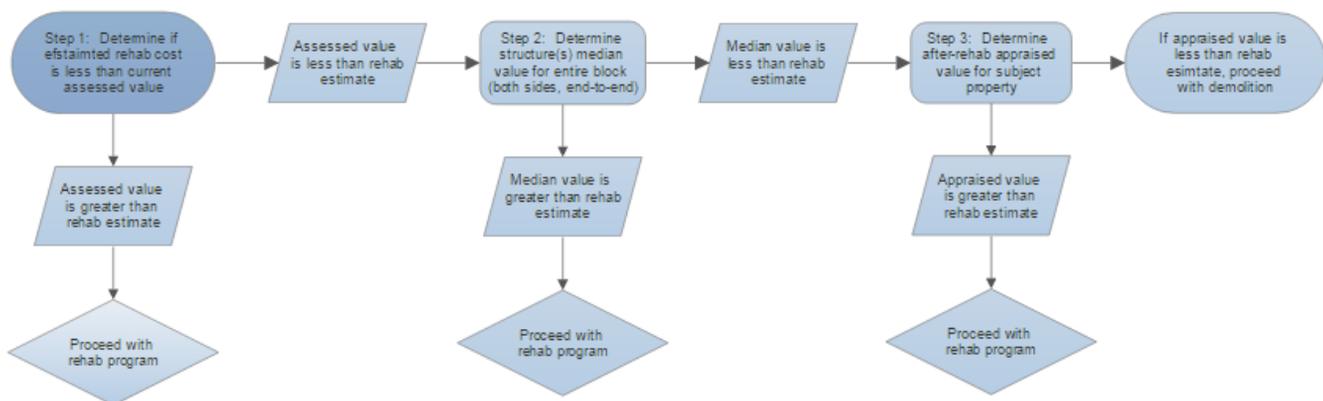
VACANT NUISANCE RESIDENTIAL BUILDING (VNRB) REHABILITATION PROGRAM

The Vacant Nuisance Residential Building (VNRB) Rehabilitation Program provides residential structures in need of rehabilitation to private citizens, non-profit agencies or for-profit housing partners ("**developer**") for the purpose of placing vacant residential properties back into productive use.

All homes rehabilitated using this program must begin rehabilitation within one year of the date of the property transfer and completed and occupied by the renter or buyer within two years. Properties may be used for rental or owner-occupied housing and may be designated as either affordable or market rate housing. For properties designated as affordable, the developer must provide appropriate documentation throughout the affordability period. Once all terms and conditions outlined in the developer's agreement are successfully met, the City will release the lien on the property.

6.1. Property Requirements. Neighborhood Services Department staff from the Neighborhood Code Compliance and Neighborhood Programs divisions will work with the Legal Department to obtain an administrative search warrant and complete an assessment of the building. This assessment will include a list of all code deficiencies and an estimate of cost to rehabilitate the building. Then, staff will complete the following steps to determine whether a home moves to "court-ordered demolition" or "rehabilitation by a developer" status:

Vacant Nuisance Residential Building - Rehab vs. Demo Flowchart



Step 1: Determine if estimated rehabilitation cost is less than current assessed value of structure(s) only (not land)

- If estimate is less than current assessed value - proceed with rehabilitation
- If estimate exceeds current assessed value - proceed to Step 2.

Step 2: Determine structure(s) median value for that block (both sides of the street, end-to-end)

- If estimate is less than median value - proceed with rehabilitation
- If estimate exceeds median value - order an "after rehab value" appraisal from an accredited appraiser

Step 3: Determine if estimated rehabilitation cost is less than as-improved appraised value

- If estimate is less than appraised value - proceed with rehabilitation
- If estimate exceeds appraised value, proceed with demolition case

Other factors to consider moving from rehabilitation status to court-ordered demolition status:

- Length of vacancy (greater than 10 years, determine through utilities)
- Evidence of an active roof leak that may lead to extensive rehabilitation that cannot be determined during initial assessment
- Foundation/structural concerns

6.2 Property Acquisition Methods. The City can acquire VNRB rehabilitation program properties through a variety of methods (listed in order of highest frequency to least frequency): judicial deed, donation, foreclosure and receivership. This step will be completed by the Legal Department in consultation with the Neighborhood Services Department.

6.3 Program Requirements. The program requirements for rehabilitating vacant property are outlined below:

- a. The agency shall have two years to convert the property to affordable housing. The two-year period begins at the time of acquisition and is secured with a mortgage on the property. If the property is not redeveloped into affordable housing within this time period, the funding assistance shall be repaid to the City.
- b. The agency should make every effort to identify the existence of utility connections to the site, prior to agreeing to purchase any property. Each utility company – gas, sewer, water – should be able to help identify existing connections.

6.4 Selecting the VNRB Rehabilitation Program Developers. All interested rehabilitation partners will need to demonstrate financial capacity to carry out the work needed to bring the home up to code and to then successfully sell/lease or occupy the same property upon completion. The following section outlines the procedures for becoming an approved developer and the process for disposing of properties in the VNRB Program:

- a. **Private Citizens/Neighborhood Residents:** The neighborhood residents near a VNRB property may desire to submit a proposal to rehabilitate the VNRB property.
- b. **Community Housing Development Organizations:** All existing CHDOs (as defined in the HUD HOME regulations at 24 CFR Part 92) will be given priority status under this program in order to build capacity and increase affordable housing opportunities.
- c. **Other Non-Profit Housing Developers:** Other agencies providing affordable housing may participate. Examples may include shelter (emergency, transitional or permanent supportive housing providers), special needs or the local Housing Authority. In addition, a local neighborhood association or homeowner's association may submit a proposal for property that is within their jurisdiction.
- d. **For-Profit Developers:** Properties can be awarded under this program to for-profit entities. Examples may include private landlords, property managers, Realtors®, housing developers and construction companies.

6.5 Developer Application and Property Request for Proposal (RFP) Process

- a. **Qualified Developer Pool.** Any anticipated interested investors and developers may include nonprofits, neighborhood property owners, landlords/property management

companies, realtors and contractors. Any of the people or agencies desiring to be on a pre-approved list must demonstrate the following: financial capacity to fund rehabilitation, ability to carry insurance on a building while the work is underway and throughout the affordability period (i.e. if rental use is proposed); prior successful experience with owning, rehabilitating and/or renovating property, property management, property sales, etc; and no known fair housing or code compliance concerns with prior properties. The benefit of the qualified developer pool is the time saved by not collecting/submitting multiple documents with each property RFP.

There may be situations where a neighbor or interested investor or developer desires to only rehabilitate a particular building and not apply to be in the qualified developer pool for future building rehabilitations. This is acceptable and will only require the interested party to submit the same information (prior experience, capacity, etc) when they respond to the property's RFP.

b. **Request for Proposals on Vacant Nuisance Residential Buildings.** Staff will publish the RFP and allow developers four weeks to submit their plan for rehabilitation. The following information will be required in the proposal (*if not already provided and in the qualified developer pool):

- *A brief description of the company or agency. The description must include how the agency plans to use properties from the VNRB program to provide permanent housing.
- *Specific information about capacity for rehabilitation, property management (if proposing rental use) and selling (if proposing home sales).
- *Proof of financial capacity to carry out rehabilitation (line of credit, bank information (proof of financing)
- Eligibility information about the proposed homebuyer or renter
- Types of improvements to be made (above the required code items), including energy efficiency improvements
- Timeline for beginning and completing the rehabilitation
- Proposed occupancy date

Applications will be reviewed by the Neighborhood Programs Manager and the Neighborhood Services Director. A recommendation will then be forwarded to the City Manager. Upon City Manager approval, a development agreement will be prepared for execution by the City and the developer.

c. **Developer Selection.** Staff will review all responsive proposals and rate on the following criteria:

- Creation of affordable owner-occupied housing
- Creation of affordable rental housing
- Creation of market-rate owner-occupied housing
- Energy efficiency improvements
- Tiebreaker - financial compensation for acquisition

d. **Developer Agreement.** The following items will be incorporated into the developer agreement to ensure the proposal terms are carried out through the rehabilitation and prior to property transfer:

- Terms. The developer agreement terms will consist of the developer's proposal for the property: the proposed rehabilitation timeline and work plan (i.e. start date,

proposed rehabilitation items beyond code repair, energy efficiency improvements, etc), the proposed occupancy plan (rental or owner-occupied, any affordability considerations, etc.)

- Execution. A developer agreement will be executed at the same time the property is transferred to the investor. This real estate closing would involve a mortgage, note and developer agreement. The mortgage and note would protect the City if the developer defaults on the developer agreement. The mortgage would be for the assessed value of the property at the time of transfer. If the terms of the developer agreement are met, the City would release the mortgage and note, allowing the developer to own the property free and clear.

Any closing costs (including title insurance, transfer fees, etc) will be paid by the developer. If the developer fails to complete the terms of the developer agreement, the City can choose to begin foreclosure and then start the process over with another developer (by re-issuing the RFP) or, if the home is determined to not be a candidate for rehabilitation using the program criteria, moved to demolition status.

- Compliance. The purpose of the developer agreement is to ensure the residential property is rehabilitated to meet minimum housing standards, rehabilitation is started and completed on time, and is either rented or sold to an end user that matches the developer's proposal (i.e. owner-occupied, low income vs. rental, no income restriction). Staff will conduct a review of public records of the property, owners, and /or occupants to determine or confirm ownership/occupancy and relevant household data. The developer may need to provide supplemental information when necessary to show compliance with the terms of the developer agreement. Outlined below are potential occupancy outcomes and methods to ensure compliance:

"For sale - affordable" - the developer must provide income documentation of buyer for Neighborhood Programs Division staff to review/approve prior to sale (to homebuyer), then lien released

"For sale - no income limitation" - no income documentation required but must show sales for occupancy (not for rental) - affidavit from buyer that this is for owner occupancy, then lien released

"Affordable Rental" - they set the terms (MFI, rent limit, years) - then must submit documentation to the Neighborhood Programs Division annually - lien will be released at the end of affordability period if successfully completed; if documentation was not sent or property was not properly leased to low income households, then lien will be required to be repaid (foreclosure if necessary; terms/conditions of a loan repayment plan can be structured by the Neighborhood Programs Manager and the Assistant City Attorney).

"Market Rate Rental" (no income limitations) - no income documentation but must show occupancy, then lien released

6.6 Title Work. The City will request a title search of the property. The cost for the title search will be covered by the City.

6.7 Inspections. Prior to occupancy or sale of the property, Neighborhood Programs staff will

inspect the site to ensure completion of work as outlined in the developer agreement.

6.8 Permits. All permits must be obtained by the participating agency. Permits are required for demolition work. The City's Building Safety Division must be contacted prior to the start of any clearance or redevelopment work.

6.9 Amending the Contract. If changes in the scope of work arise during the rehabilitation period, the developer shall notify the City of said changes and an amended developer agreement may be required.

6.10 Property Lien (Mortgage/Note).

- a. **Terms:** The *forgivable deferred payment loan (FDPL)* during the rehabilitation phase is to ensure the housing unit will be completed within two years of the date of contract approval. If the home is sold or leased as a market rate unit, then the initial FDPL shall be released once the home is occupied and/or transferred to the homebuyer. If the home is sold or leased as an affordable unit (as outlined by the developer in the proposal), then the lien will stay in place for the duration of the affordability period.
- b. **Subordination of the City's Lien:** When a City mortgage is recorded against the title to the property, the City anticipates being in the first lien position.
- c. **Lien Release:** The lien will be secured to the subject property title for the term of the FDPL. At the end of the lien term, the lien will be released and the property owner will no longer be obligated to the City, as long as the applicant has complied with all provisions of the agreement.

The City's lien may be forgiven by the Neighborhood Services Director prior to the release date under the following circumstances:

If the dwelling is subject to an involuntary acquisition initiated by a federal, state, or local agency, including but not limited to the City, local school district, or park district.

- d. **Appeal Process:** If the applicant is unsatisfied with the determination of the property disposition, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 15 days after the proposal is awarded to a developer and sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

7. Displacement Full Home Improvement Program

The Displacement Full Home Improvement Program provides grants to Champaign homeowners to make repairs to deteriorated single-family dwelling units they have purchased as a result of displacement due to government action. Funding shall be used to hire contractors to provide labor and materials to make required repairs. Homes renovated through this program will generally be in need of moderate to substantial rehabilitation.

7.1 Eligible and Ineligible Activities

Eligible activities include general repairs that will bring the house into compliance with City codes as determined by the Building Safety Inspection and Section 8 Housing Quality standards. Eligible activities include, but are not limited to, the following:

- a. Repair or replacement of defective or aging mechanical systems, i.e. electrical, plumbing, heating and air conditioning
- b. Repair or replacement of defective building components and surfaces, i.e. foundations, roofs, porches and stairs, floors, ceilings, walls, doors, and windows (including attached garages)
- c. Repairs that enhance energy conservation, i.e. insulation, caulking, and weather stripping
- d. Exterior painting or siding
- h. Construction of room additions only if necessary to remedy code requirements of over-crowded conditions
- i. Modifications to the dwelling to improve accessibility of the structure for occupants or visitors with disabilities
- j. Addressing lead hazards present in the home

Ineligible activities include:

- a. Temporary improvements

- b. Additions or installations of personal property or fixtures which are not permanently attached
- c. Repairs to garages EXCEPTION NOTE: Some repairs may be made to garages in cases where the repair is a critical part of the overall rehabilitation project, i.e. siding or roofing (attached), required electrical repairs (attached or detached), or where lead paint hazards are present on the garage (attached or detached).

Priority shall be given to repairs or renovation necessary to meet City code requirements or to address lead-based paint hazards. Second priority shall be given to exterior repairs that will result in an overall upgrading effect on the entire neighborhood or provide for greater energy efficiency.

7.2 Form of Assistance

Full Home Improvement funds are provided in the form of a grant for the full cost of rehabilitation. Homeowners must have an income lower than 80% of the MFI.

7.3 General Terms and Conditions

- a. The home must be a single-family detached (1 unit) owner-occupied structure located within the City limits of the City of Champaign.
- b. City funds provided to a household under the Displacement Full Home Improvement Program shall not exceed \$25,000. If rehab cost proposals exceed the program dollar limit, the applicant can provide the difference between the rehab amount and the program limit. Those funds must be placed in a separate escrow account at the time the rehab contract is executed.
- c. For a dwelling unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound and brought up to City of Champaign existing housing codes through rehabilitation within the dollar limits of this program.
- d. The structure to be rehabilitated must not be located in any redevelopment area designated for clearance. If the property is located within the 100-year floodplain, the homeowner must have flood insurance in place.

- e. The property must conform to the City's zoning requirements or ordinances. The City's Zoning Administrator will provide a determination of property conformance, if necessary.
- f. Self-help contracts will not be allowed through this program. Exceptions may be allowed if the contractor can demonstrate compliance with the City's rehab contractor approval requirements. The owner/contractor must also be able to meet the City's insurance and licensing requirements for residential rehab and lead hazard reduction work.
- g. The Displacement Full Home Improvement program is only offered to persons that have been displaced by government acquisition. If you are displaced by government acquisition of your previous property and purchase a new property as a result of that acquisition, you may be eligible for this program. If you are displaced by a City of Champaign acquisition of your previous property you will be notified of your eligibility during your first relocation assistance appointment.
- h. On occasion, it may become necessary to temporarily relocate occupants from the home during periods of lead hazard reduction work. If this is required, the City will provide some financial assistance to cover the costs of relocation. Occupants that do not adhere to the requirements for non-entry during lead hazard reduction work may be subject to contract termination. No further assistance will be provided. See Appendix B of this manual, on page 71.

7.4 Applicant Eligibility Criteria

- a. **Displacement:** Clients are only eligible for this program if they have been displaced by government action.
- b. **Ownership:** The applicant must own and occupy the property as the primary residence at the time of application. In cases of dual ownership (resident + non-resident jointly own the property), any non-residents on the title must provide documentation of their primary residence elsewhere.
- c. **Households Containing Children Age 6 or Under:** Applicants who have small children residing in their household will be asked to have those children tested by the public health department or other qualified medical personnel for elevated levels of lead in their systems. These tests will be encouraged both prior to the beginning of any construction work and after such work is completed. Pregnant women may also be asked to obtain similar tests.

- d. **Household Income Limit:** The applicant's gross annual household income cannot exceed 80% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income.
- e. **Asset Limit: no asset limit**
- f. **Full Disclosure**
 - iv. Applicants who do not fully disclose all income and asset information will be denied assistance.
 - v. The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.
- g. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

7.5 Processing Procedures

The following section outlines the procedures for processing an application for Displacement Full Home Improvement assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. The Displacement Full Home Improvement program is only offered to persons that have been displaced by government acquisition. If you are displaced by government acquisition

of your previous property and purchase a new property as a result of that acquisition, you may be eligible for this program. If you are displaced by a City of Champaign acquisition of your previous property you will be notified of your eligibility during your first relocation assistance appointment.

- b. The City will meet with prospective clients during the relocation process as their property is acquired
 - The City will interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided.
 - The City will estimate eligibility for the program based on stated income and assets.
 - The City will schedule appointments for FHIP applications to be taken in the customer's home with rehab staff.
- c. The City will obtain a written application from the applicant at the dwelling unit, including signed forms that will be used to verify:
 - Employment
 - Other income, housing expenses, and assets for income calculation only
 - Deposits with financial institutions
 - Mortgage or other liens against the property
- d. The City will distribute the EPA pamphlet entitled, "Protect Your Family From Lead In Your Home".
- e. The City will verify information provided by the applicant in the application. If the applicant can provide pay stubs, bank account statements, or other proof of income or assets, copies of that information may be used as documentation. Otherwise, written verification requests must be mailed to obtain the remaining information. The City will also order other information as needed to make an eligibility determination, such as additional credit reports, appraisals, and title certificates. If using the applicant's tax return(s) as a source of income verification, the applicant should complete IRS Form 4506, *Request for Copy of Tax Return*.
- f. The City will make a final determination of income eligibility to establish the amount and source of funding for which the applicant qualifies.

Work Determination

- a. City staff will complete a Building Safety code inspection and a Property Maintenance nuisance inspection.
- b. The City will conduct a walk-through of the property and compile a work write-up based on code violations, lead assessment, weatherization, and energy efficiency. Photos of the property will be taken at this time.
- c. The City will prepare a written cost estimate.
- d. The City will review cost estimate with the homeowner during the home visit, provide him/her with a list of qualified contractors, and advise him/her as to how to choose contractors to bid on the project.
- e. The City will solicit proposals from approved contractors to complete the scope of work.
- f. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor.
- g. The homeowner may choose the contractor from among all reasonable proposals.
- i. Conduct contract signing with customer, rehab staff and contractor.
- j. Conduct closing:
 - i. The closing location shall be determined by the type of the financing in the project, which is based on the customer's income:
 - ii. The contract document shall be of a form specified by the City of Champaign. Generally, it will be a standardized form, and shall include proposed amount, timeframe for completion, general conditions, and a description of work. It will also include other applicable federal regulations, including lead-based paint restrictions and drug-free workplace requirements. Construction contracts shall be signed by the homeowner(s) and the contractor, as parties to the contract. The City acts as the lender and is not a party to the construction contract. The signature of the Neighborhood Programs Manager on the contract document indicates review and approval as to content.
 - iii. The contractor shall be required to obtain all required building permits.

Construction Management

- a. The City will inspect rehab work on a frequent basis to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to in accordance with HUD regulations at 24 CFR Part 35.135 and a high level of homeowner satisfaction.
- b. The City will inspect rehab work to ensure completion of work for which payment is requested. Homeowner will sign off on pay-out documents indicating satisfaction with work completed. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation.
- c. The City will obtain lien waivers from contractor and subcontractors in support of payments. All required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.
- d. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- e. Must obtain clearance as required by lead hazard reduction standards.
- h. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- i. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

8. Residential Exterior Rehabilitation Program (NEW TBD)

The Residential Exterior Rehab Program program would provide eligible homeowners a loan or grant for exterior renovation and beautification of single family properties. In general repairs are limited to visible portions of the home exterior. Funding shall be used to hire contractors to provide labor and materials to make required repairs.

8.1 Eligible and Ineligible Activities

Eligible activities include, but are not limited to, the following:

- a. Repair or replacement of defective siding and windows
- b. Repair or replacement of defective brick or masonry siding
- c. Repair or replacement of fascia and soffits
- d. Repair or replacement of defective exterior building components and surfaces, i.e. foundations, roofs, porches and stairs
- e. Installation or Repair of defective driveways
- d. Repair or installation of wooden fencing
- e. Repair or installation of a wooden shed
- f. Repairs to garages that are structurally sound
- g. Repair or installation of exterior lighting including yard lighting
- h. Limb and/or tree removal
- k. Modifications to the dwelling to improve accessibility of the structure for occupants or visitors with disabilities

Ineligible activities include:

- a. Temporary improvements
- b. Additions or installations of personal property or fixtures which are not permanently attached
- c. Landscaping
- d. Replacement of Garages

Priority shall be given to repairs or renovation necessary to meet City code requirements or to address lead-based paint hazards. Second priority shall be given to exterior repairs that will result in an overall upgrading effect on the entire neighborhood or provide for greater energy efficiency.

8.2 Form of Assistance

Residential Exterior Rehabilitation funds will match 50% of a project’s cost up to \$10,000. The funds are provided in the form of a *grant* for homeowners with less than 80% MFI and are provided as a full installment 0% interest loan for those making 80-120% MFI. The form of assistance will be determined as follows:

MFI Limits	Form of Assistance	Project Cost Split
< 80% MFI	Grant up to \$10,000 from the City	City 50%
80-120%% MFI	0% interest intstallment loan (5 years) of up to \$10,000	City 50%

*Note: “City” refers to the City of Champaign

8.3 General Terms and Conditions

- a. The home must be a single-family detached (1 unit) owner-occupied structure located within the City limits of the City of Champaign.
- b. City funds provided to a household under the Residential Exterior Rehab Program not exceed \$10,000. If rehab cost proposals exceed the program dollar limit, the applicant can provide the difference between the rehab amount and the program limit. Those funds must be placed in a separate escrow account at the time the rehab contract is executed.

- c. For a dwelling unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound.
- d. The structure to be rehabilitated must not be located in any redevelopment area designated for clearance. If the property is located within the 100-year floodplain, the homeowner must have flood insurance in place.
- e. The property must conform to the City's zoning requirements or ordinances. The City's Zoning Administrator will provide a determination of property conformance, if necessary.
- f. Self-help contracts will not be allowed through this program. Exceptions may be allowed if the contractor can demonstrate compliance with the City's rehab contractor approval requirements. The owner/contractor must also be able to meet the City's insurance and licensing requirements for residential rehab and lead hazard reduction work.
- g. The Residential Exterior Rehab Program is offered on a target area by target area basis. The City will announce the availability of the program in each target area through a direct mailing or other advertisement. If applicants miss their opportunity to apply when the program is announced in their neighborhood, they may apply during the very next application round. However, if they miss that round of applications, they must wait until the program becomes available in their neighborhood again.
- h. On occasion, it may become necessary to temporarily relocate occupants from the home during periods of lead hazard reduction work. If this is required, the City will provide some financial assistance to cover the costs of relocation. Occupants that do not adhere to the requirements for non-entry during lead hazard reduction work may be subject to contract termination. No further assistance will be provided. See Appendix B of this manual.

8.4 Loan Terms

- a. **Interest Rate:** The interest rate of loan funds provided by the City will be 0%.
- b. **Terms:** The loan amortization period will be determined by the City, depending upon the financial capabilities of the applicant.

The *loan* funding will also be secured by a lien against the property for the life of the loan.

If the home is not occupied as the primary residence, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City rehab assistance may become due and payable to the City.

- c. **Subordination of the City's Lien:** The City places liens against the title of the property in order to secure its rehabilitation or homebuyer assistance. The City acknowledges that it will generally take second position behind the borrower's primary home mortgage.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms, or the first mortgage and the participating lender loan are being refinanced to secure better mortgage terms in one note.
- If the homeowner is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. A subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate:

- If the City will be in a worse lien position than it originally held.
- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package.

The Legal Department will review each subordination request received.

- d. **Loan Payments:** Loan payment coupons will be sent to the customer from the participating lender. The due date of the payments will be either the 1st or the 15th of the month, depending on what the customer and the participating lender have determined at the time of the rehabilitation loan closing. For customers who are receiving a 0% loan from the City in addition to the loan from the participating lender, the payment coupon will include both loan payments in one statement.
- e. **Late Fees:** Any payments received twenty days past the established due date will incur a late fee of 5%, payable to the participating lender.

Loan amortization begins on the due date of the first loan payment.

- f. **Lien Release:** The lien will be secured to the subject property title for the term of the forgivable deferred payment loan or the loan. At the end of the loan term, the lien will be released and the applicant will no longer be obligated to the City, as long as the applicant has complied with all provisions of the agreement. The lien held by the participating lender will be released after the lender's loan terms have been met.

The City's lien may be forgiven by the Neighborhood Services Director prior to the release date under the following circumstances:

- If the dwelling is subject to an involuntary acquisition initiated by a federal, state or local agency, including but not limited to the City, local school district, or park district.

8.5 Applicant Eligibility Criteria

- a. **Previous Assistance:** Owner-occupants within the City of Champaign are eligible to receive Residential Exterior Rehab assistance one time only at a single address. However, Residential Exterior Rehab assistance can be provided to a prior recipient who now owns and occupies a new residential dwelling in the City, as long as the property owner has remained in good standing with the City. Likewise, Residential Exterior Rehab assistance may be provided to the new owner of a previously-rehabbed property.

Any other assistance previously provided to a homeowner under the City's Home Accessibility Retrofit, Senior Home Repair, or homebuyer assistance programs (after the City's HOME affordability period ends), will not impact future assistance through the Full Home Improvement Program.

- b. **Priority Assistance:** Applicants who have never received Full Home assistance from the City will receive priority over other applicants (see part "a" above) who have been assisted through these programs previously.

Properties that have been fully inspected and found to contain imminent health or safety hazards, including but not limited to serious lead paint hazards or electrical dangers may be given priority over other properties currently pending Residential Exterior Rehab assistance. These properties will be evaluated on a case-by-case basis and the decision will be made by the City's Neighborhood Programs Manager.

- c. **Application Workshops:** Applicants must attend two City-sponsored workshops prior to approval for Residential Exterior Rehab assistance. The first workshop will focus on the application process. The second workshop will cover home maintenance and lead-based paint issues. Alternate arrangements or accommodations may be made for elderly or disabled applicants.

- d. **Ownership:** The applicant must own and occupy the property as the primary residence at the time of application and throughout the term of the lien. In cases of dual ownership (resident + non-resident jointly own the property), any non-residents on the title must provide documentation of their primary residence elsewhere.

The title must be free of delinquent liens or encumbrances. Payments must be current on all mortgages secured against the title. The City will verify ownership and lien status through a search of title records.

- e. **Households Containing Children Age 6 or Under:** Applicants who have small children residing in their household will be asked to have those children tested by the public health department or other qualified medical personnel for elevated levels of lead in their systems. These tests will be encouraged both prior to the beginning of any construction work and after such work is completed. Pregnant women may also be asked to obtain similar tests.

- f. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.

- g. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.

- h. **Household Income Limit:** The applicant's gross annual household income cannot exceed

120% of the median family income as defined by the U.S. Department of Housing and Urban Development. The assistance will be provided based on verified income as described in Part 8.2 above.

- h. **Asset Limit:** No asset limit
- i. **Expense to Income:** The applicant's total monthly expenses (see definition) shall not exceed 42% of the household monthly income, including the rehabilitation loan payment. The total expense to income ratio may not exceed 60% for households with verifiable annual incomes of less than 50% MFI.
- j. **Loan to Value:** Additional secured loan funding cannot be approved if the existing indebtedness on the property, including the City's rehab assistance, exceeds 95 % of the after-rehab value. Property values will generally be determined based on the assessor's estimate of market value. In situations where the loan to value cannot be accurately determined based on available information, an appraisal or market value analysis may be conducted. The City will cover appraisal costs.
- k. **Bankruptcy:** In the case of the applicant filing bankruptcy, the application will be considered if two years have passed since the bankruptcy was discharged and there has been a satisfactory credit history during that time period.
- l. **Credit Issues:** To be approved for Residential Exterior Rehab assistance, applicants must have satisfactory credit or be in the process of improving their credit through an accredited counseling agency. Applicants will be deemed not to have satisfactory credit if any of the collection activities listed in the table below are noted on the applicant's credit report. Applicants with credit problems must work with an accredited counseling agency to establish payment plans with all creditors before proceeding with a rehab application. Depending upon the type of debt or collection, they must also have re-established a satisfactory payment schedule for some period of time, in accordance with the table below:

Type of Collections		Program Requirement
Category 1	Medical and utility debt	Two months of on-time payments
Category 2	Phone bill, credit cards, department stores, bad checks, and rent-to-own credit	Six months of on-time payments

Category 3	Profit/loss write-off, repossessions	Six months of on-time payments
Category 4	Judgments	Must be paid in full

Applicants who are receiving partial loan funding through the participating lender must have all category 3 collections paid in full.

Applicants with a combination of ten or more collections listed above must establish a satisfactory payment pattern of twelve (12) months before an application will be taken. The collections may be from one or any combination of the categories listed above.

The City has the option to deny any loan application based on insufficient equity, delinquent property tax, outstanding federal tax lien(s), inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements in a timely manner.

m. **Full Disclosure:**

vi. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surface after the rehab application is approved, the project will be terminated at that time and no additional assistance will be provided to that household. If undisclosed income or asset information surface after the project is completed, the mortgage and promissory note will be considered in default and accelerated for immediate repayment.

vii. The participating lender has the option to deny any loan application based on insufficient equity, excessive debt, poor credit history, inability to demonstrate a stable income pattern, failure to provide accurate and requested information, or failure to meet the participating lender's underwriting standards.

viii. The City must have access to all areas of the home during the inspection and construction stages of the project. The applicant must agree to provide power and water to the contractor during the project.

n. **Appeal Process:** If the applicant is unsatisfied with the determination of eligibility, the applicant may appeal the decision to the Neighborhood Services Director. This appeal should be received no later than 30 days after the applicant was denied assistance and should be delivered or sent to:

Neighborhood Services Director
City of Champaign
102 North Neil Street
Champaign, IL 61820

9.6 Processing Procedures

The following section outlines the procedures for processing an application for Residential Exterior Rehab assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. The City will announce the program through various media outlets and will request interested applicants to submit a written authorization for the City to process a credit report. The City will obtain credit reports for clients prior to the workshop
- b. The City will meet with prospective clients in "The Application Process" workshop.
 - The City will interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided.
 - The City will estimate eligibility for the program based on stated income and assets.
 - The City will schedule appointments for credit counseling with HUD-certified credit counseling representatives, if necessary.
 - The City will schedule appointments for REXRE applications to be taken in the customer's home with rehab staff.
- c. The City will meet with prospective customers at the "Home Maintenance" workshop sponsored by the City of Champaign.
 - Explain lead hazards that can be found in the home.
 - Review basic home maintenance techniques.
- d. The City will obtain a written application from the applicant at the dwelling unit, including signed forms that will be used to verify:
 - Employment
 - Other income, housing expenses, and assets

- Deposits with financial institutions
 - Mortgage or other liens against the property
- e. The City will distribute the EPA pamphlet entitled, “Protect Your Family from Lead in Your Home”.
 - f. The City will verify information provided by the applicant in the application. If the applicant can provide pay stubs, bank account statements, or other proof of income or assets, copies of that information may be used as documentation. Otherwise, written verification requests must be mailed to obtain the remaining information. The City will also order other information as needed to make an eligibility determination, such as additional credit reports, appraisals, and title certificates. If using the applicant’s tax return(s) as a source of income verification, the applicant should complete IRS Form 4506, *Request for Copy of Tax Return*.
 - g. The City will make a final determination of income eligibility to establish the amount and source of funding for which the applicant qualifies.
 - h. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant household data.

Work Determination

- a. City staff will complete a Building Safety code inspection and a Property Maintenance nuisance inspection.
- b. The City will conduct a walk-through of the property and compile a work write-up based on code violations, lead assessment, weatherization, and energy efficiency. Photos of the property will be taken at this time.
- c. The City will prepare a written cost estimate.
- d. The City will review cost estimate with the homeowner during the home visit, provide him/her with a list of qualified contractors, and advise him/her as to how to choose contractors to bid on the project.
- e. The City will solicit proposals from approved contractors to complete the scope of work.

- f. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor.
- g. The homeowner may choose the contractor from among all reasonable proposals.
- h. Conduct contract signing with customer, rehab staff and contractor.
- i. Conduct closing:
 - i. The closing location shall be determined by the type of the financing in the project, which is based on the customer's income:
 - a. **0-80% MFI Customers: Matching 50% Grant.** The City will conduct closing.
 - b. **80-120% MFI Customers: 50% Matching Loan.** The the City will conduct the closing. Issue three-day "Right to Cancel" notice and contractor's notice to proceed after rescission period expires.
 - ii. The contract document shall be of a form specified by the City of Champaign. Generally, it will be a standardized form, and shall include proposed amount, timeframe for completion, general conditions, and a description of work. It will also include other applicable federal regulations, including lead-based paint restrictions and drug-free workplace requirements. Construction contracts shall be signed by the homeowner(s) and the contractor, as parties to the contract. The City acts as the lender and is not a party to the construction contract. The signature of the Neighborhood Programs Manager on the contract document indicates review and approval as to content.
 - iii. The contractor shall be required to obtain all required building permits.

Construction Management

- a. The City will inspect rehab work on a frequent basis to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to in accordance with HUD regulations at 24 CFR Part 35.1350 and a high level of homeowner satisfaction.
- b. The City will inspect rehab work to ensure completion of work for which payment is requested. Homeowner will sign off on pay-out documents indicating satisfaction with work

completed. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation.

- c. The City will obtain lien waivers from contractor and subcontractors in support of payments. All required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.
- d. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- e. Must obtain clearance as required by lead hazard reduction standards.
- f. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- g. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

9. SMALL BUSINESS EXTERIOR REHABILITATION PROGRAM

The purpose of the Small Business Exterior Rehab Program is to encourage business and property owners within specified neighborhood target areas to improve their storefronts, making these areas more attractive to shoppers and growing their vitality and economic performance. The program reimburses owners 50% for façade improvements for a maximum reimbursement of \$15,000 for a single commercial building.

9.1 Eligible and Ineligible Activities

- a. Restoration or replacement of storefront façade including windows, siding, and masonry/brick tuck pointing visible from the public right of way
- b. Signage
- c. Exterior building lighting
- d. Restoration or replacement of glass fixtures and windows
- e. Reopening of bricked or boarded up windows
- f. Installation of exterior entry equipment to meet American with Disabilities Act (ADA)
- g. Paint Removal and Brick Restoration
- h. Restoration of installation of awning structures

Ineligible expenses

- a. Roofs
- b. Rear façade (does not face public right of way)
- c. Landscaping
- d. Parking lots
- e. Security roll down grates or window bars

Intent

The city of Champaign is interested in neighborhood development and preservation. The SBER is intended to provide funding to help building and business owners improve the physical appearance of the exterior of their buildings/businesses. By improving individual storefronts, the program will help revitalize neighborhood target areas, enhance and beautify streetscape, and promote sustainability of small businesses.

9.2 Forms of Assistance

Assistance is provided as a 0% loan for 50% of eligible costs up to \$15,000

9.3 General Terms and Conditions

- a. The business must be a small business located within a priority target area
- b. City funds provided to a business shall not exceed \$15,000.
- c. For a unit to qualify for rehab assistance through the City of Champaign, it must be structurally sound or be capable of being made structurally sound and brought up to City of Champaign existing code.
- d. The structure to be rehabilitated must not be located in any redevelopment area designated for clearance. If the property is located within the 100-year floodplain, the property owner must have flood insurance in place.
- e. The property must conform to the City's zoning requirements or ordinances. The City's Zoning Administrator will provide a determination of property conformance, if necessary.
- f. Self-help contracts may be allowed through this program. Exceptions may be allowed if the contractor can demonstrate compliance with the City's rehab contractor approval requirements. The owner/contractor must also be able to meet the City's insurance and licensing requirements for residential rehab and lead hazard reduction work.
- g. The Small Business Exterior Rehab assistance is offered on a target area basis. The City will announce the availability of the program in each target area through a direct mailing or other advertisement. If funds are still available after the first year of the program, target area may be changed to city wide.

9.4 Loan Terms

- a. **Interest Rate:** The interest rate of loan funds provided by the City will be 0%.
- b. **Terms:** The loan amortization period will be determined by the City, depending upon the financial capabilities of the applicant.

The *loan* funding will also be secured by a lien against the property for the life of the loan.

If the property is not occupied by the assisted business, vacated, sold, rented to another party, or title is otherwise transferred prior to the end of the lien period, the entire balance of the City rehab assistance may become due and payable to the City.

- c. **Subordination of the City's Lien:** The City places liens against the title of the property in order to secure its program assistance. The City acknowledges that it will generally take second position behind the borrower's primary mortgage.

The City will subordinate:

- If the borrower is refinancing only the existing balance of the first mortgage loan and is securing better mortgage terms, or the first mortgage and the participating lender loan are being refinanced to secure better mortgage terms in one note.
- If the borrower is borrowing additional funds to make repairs to the secured dwelling unit. However, a review of the new loan to value ratio will be required before the subordination is approved and loan proceeds may be required to be held in escrow for the documented repairs. A subordination agreement will not be approved if the new loan to value ratio, including the City's lien, exceeds 95%.

The City will not subordinate:

- If the City will be in a worse lien position than it originally held.
- If the borrower is refinancing and debt consolidation or cash back to the borrower is part of the refinancing loan package.

The Legal Department will review each subordination request received.

- d. **Loan Payments:** Loan payment coupons will be sent to the customer from the participating lender. The due date of the payments will be either the 1st or the 15th of the month, depending on what the customer and the participating lender have determined at the time of the rehabilitation loan closing. For customers who are receiving a 0% loan from the City in addition to the loan from the participating lender, the payment coupon will include both loan payments in one statement.
- e. **Late Fees:** Any payments received twenty days past the established due date will incur a late fee of 5%, payable to the participating lender.

Loan amortization begins on the due date of the first loan payment.

- f. **Lien Release:** The lien will be secured to the subject property title for the term of the forgivable deferred payment loan or the loan. At the end of the loan term, the lien will be released and the applicant will no longer be obligated to the City, as long as the applicant has complied with all provisions of the agreement. The lien held by the participating lender will be released after the lender's loan terms have been met.

The City's lien may be forgiven by the Neighborhood Services Director prior to the release date under the following circumstances:

- If the dwelling is subject to an involuntary acquisition initiated by a federal, state or local agency, including but not limited to the City, local school district, or park district.

9.5 Applicant Eligibility Criteria

- a. Owners and tenants (with owner's written consent) of street level commercial or retail small business located within the neighborhood target neighborhood planning areas 1, 2, and 8 (see attachment)
- b. Applicants must be operating legally in accordance with all federal, state, and local laws and regulations and current with all city taxes, fees, and licenses.
- c. **Previous Assistance:** Small businesses within the City of Champaign are eligible to receive Small Business Exterior Rehab assistance one time only at a single address.
- d. **Ownership:** The applicant must be owner, or have the owners permission, of the property as at the time of application and throughout the term of the lien.

The title must be free of delinquent liens or encumbrances. Payments must be current on all mortgages secured against the title. The City will verify ownership and lien status through a search of title records.

- e. **Municipal Code Violations:** The applicant must not have any outstanding municipal code violations on the subject property or any other property owned within the City at the time of application and through construction. If municipal code violations are cited while the application is being reviewed, the application will be voided and the applicant must re-apply during the next application cycle after the violations are cleared. If municipal code violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on the rehab loans if municipal code violations are noted after rehab project closeout. Applicants that are determined by the City to be repeat nuisance offenders will be required to maintain the property nuisance-free for six months prior to approval for all City programs.
- f. **City Fees and Charges:** The applicant must not have any outstanding fees, charges or liens owed to the City of Champaign. These include, but are not limited to, parking tickets, sewer fees, and nuisance abatement fees, charges, or liens.
- g. **Bankruptcy:** In the case of the applicant filing bankruptcy, the application will be considered if two years have passed since the bankruptcy was discharged and there has been a satisfactory credit history during that time period.
- h. **Local Landmarks:** Projects listed as local landmarks, within a historic district or on the National Register of Historic Places must adhere to the design and regulatory procedures spelled out in their designation. For local landmark buildings and those in historic districts will require certificate of appropriateness from the Planning Director or Historic Preservation Commission

9.6 Processing and Procedures

An application will only be reviewed after receipt of all application materials listed below. The application must be received and approval letter issued before work commences

The following section outlines the procedures for processing an application for Small Business Exterior Rehab assistance, determining the work to be done, procuring a contractor, and managing the rehab contract.

Application process

- a. The City will announce the program through various media outlets
- b. The City will meet with prospective clients Meet with city staff to review the scope of the project and receive a copy of the program application.
- c. The City will interview and advise the applicant of the program policies and procedures, and the specific terms and conditions under which assistance is provided.
- d. The City will estimate eligibility for the program based on stated income and assets.
- e. The City will obtain a written application from the applicant at the dwelling unit, including signed forms that will be used to verify:
 - Complete photo documentation of existing building conditions
 - Estimates of proposed improvements
 - Estimated timeline of construction
 - Applicant availability of funds for 50% of project costs
- f. The City will verify information provided by the applicant in the application. If the applicant can provide pay stubs, bank account statements, or other proof of income or assets, copies of that information may be used as documentation. Otherwise, written verification requests must be mailed to obtain the remaining information. The City will also order other information as needed to make an eligibility determination, such as title certificates. If using the applicant's tax return(s) as a source of income verification, the applicant should complete IRS Form 4506, *Request for Copy of Tax Return*.
- g. The City will make a final determination of eligibility to establish the amount of funding for which the applicant qualifies.
- h. Neighborhood Services will conduct a review of public records of the property, owners, and occupants to determine or confirm ownership and relevant data.

Work Determination

- a. City staff will complete a Building Safety code inspection and a Property Maintenance nuisance inspection.

- b. The City will conduct a walk-through of the property and compile a work write-up
- c. The City will prepare a written cost estimate.
- d. The City will review cost estimate with the applicant and provide him/her with a list of qualified contractors, and advise him/her as to how to choose contractors to bid on the project.
- e. The City will solicit proposals from approved contractors to complete the scope of work.
- f. The City will review proposals for completeness and reasonableness. Contractor estimates must fall within 10% of rehab staff estimate, high or low, to be considered reasonable. Those that are more than 10% lower than the cost estimate may be considered reasonable if the proposed amount can be sufficiently justified by the contractor.
- g. The applicant may choose the contractor from among all reasonable proposals.
- i. Conduct contract signing with customer, rehab staff and contractor.
- k. Conduct closing:
 - i. The contract document shall be of a form specified by the City of Champaign. Generally, it will be a standardized form, and shall include proposed amount, timeframe for completion, general conditions, and a description of work. It will also include other applicable federal regulations, including lead-based paint restrictions and drug-free workplace requirements. Construction contracts shall be signed by the property owner and the contractor, as parties to the contract. The City acts as the lender and is not a party to the construction contract. The signature of the Neighborhood Programs Manager on the contract document indicates review and approval as to content.
 - ii. The contractor shall be required to obtain all required building permits.

Construction Management

- a. The City will inspect rehab work on a frequent basis to monitor progress and workmanship. Rehab staff will ensure safe work practices are adhered to

- b. The City will inspect rehab work to ensure completion of work for which payment is requested. Homeowner will sign off on pay-out documents indicating satisfaction with work completed. If the owner refuses to sign and the City verifies that the work has been completed in accordance with the specifications and workmanship standards, City staff may approve payment to the contractor with appropriate documentation.
- c. The City will obtain lien waivers from contractor and subcontractors in support of payments. All required permits must be inspected and approved by the Building Safety Division of the Champaign Fire Department prior to any payments to the contractor or subcontractors.
- d. If unforeseen safety issues or code violations are identified during the construction project a change order may be requested to modify the scope of work. The Neighborhood Programs Manager may authorize such change orders, including an extension of the contract term or increase in the amount of the contract within the program dollar limitation. If the change order causes the contract amount to exceed the program dollar limitation, the change order can be approved by the Neighborhood Services Director or the designee on an exception form, which then must be authorized by the City Manager.
- e. Conduct final inspection and verify all permitted work has been approved and finalized by Building Safety Division of the Champaign Fire Department.
- f. Obtain final lien waivers and make final payment to contractor. The contractor should provide all applicable warranty information to the homeowner.

10. MBE/WBE CONSTRUCTION LOAN PROGRAM

This program would provide loans to minority and women owned businesses to purchase insurances, licenses or training for small contractors who would like to do business with the City or gain the ability to bid on larger jobs. Upon payment for the job, the contractor would pay the loan back to the City.

10.1 Eligible Activities

Eligible activities include, but are not limited to, the following:

- a. Training for employees
- b. Licensing fees
- c. Insurance

Ineligible Activities

- a. Equipment

10.2 Forms of Assistance

Assistance is structured as a loan that is built into the bid for the city projects. Applicant will bid for the eligible activity cost twice (double) in the bid, once to pay for the service, and once to pay back the loan fund.

Maximum assistance available is \$10,000

10.3 General Terms and Conditions

- a. Small Business – No construction business is a small business if its annual sales and receipts exceed \$14,000,000. [in accordance with 30 Illinois Compiled Statutes 500/45-45 as of January 1, 2015].
- b. Minority - Shall mean an individual who is a citizen or lawful permanent resident of the United States and who has origins in one or more of the following groups: African American, Hispanic, Asian American and Native American [in accordance with 30 Illinois Compiled Statutes 575/0.01].
- c. MBE/WBE - Shall mean the business is at least 51% owned by one or more minority/female persons, or in the case of a corporation, at least 51% of the stock in which is owned by one or more minority/female persons; and the management and daily business operations of which are controlled by one or more of the minority/female individuals who own it. [in accordance with 30 Illinois Compiled Statutes 575/0.01].

10.5 Applicant Eligibility Criteria

- a. Applicant must fit the definitions of small business and MBE/WBE
- b. Applicant must be bidding on a city contract

10.6 Processing Procedures

- a. Interested applicants should meet with city staff to discuss program parameters
- b. Applicant will provide these additional items when submitting a bid on a city contract
 - Registration for eligible course or training
 - Insurance/Bond Estimate
 - Proof of licensing cost

Appendix A

Median Family Income

As of April 2015

Family Size	30% MFI	50% MFI	60% MFI	80% MFI	MFI	120%
1 person	15,100	25,200	30,250	40,250	50,350	60,420
2 persons	17,250	28,800	34,550	46,000	57,500	69,000
3 persons	19,400	32,400	38,900	51,750	64,700	77,640
4 persons	21,550	35,950	43,150	57,500	71,850	86,220
5 persons	23,300	38,850	46,600	62,100	77,650	93,180
6 persons	25,000	41,750	50,100	66,700	83,350	100,020
7 persons	26,750	44,600	53,500	71,300	89,150	106,980
8 persons	28,450	47,500	57,000	75,900	94,850	113,820

* **Note:** HUD updates this information annually.

APPENDIX B

TEMPORARY RELOCATION GUIDELINES

During the construction phase of each City-funded housing rehab project, the contractor will be responsible for taking every measure to ensure the safety of the occupants of the dwelling unit. HUD guidelines that govern the assessment and elimination of lead-based paint hazards in the home (24 CFR Part 35) establish procedures for protecting the dwelling unit and the occupants from lead contamination during hazard reduction activities. The contractor will use safe work practices as defined by HUD and the State of Illinois during the lead hazard reduction work.

Occupant Protection.

- Occupants shall not be permitted to enter the worksite during hazard reduction activities, until the work is completed and the area is deemed lead-safe. Signs will be posted to prevent unauthorized entry into work areas.
- The occupant may need to be temporarily relocated from the dwelling unit, unless:
 - a. The work does not disturb lead paint or lead hazards.
 - b. All rehab work is on the exterior of the unit and does not have to be completed from the interior of the unit.
 - c. Hazard reduction work on the interior can be completed within one 8-hour period and can be isolated from the remainder of the home.
 - d. Hazard reduction work can be completed within 5 calendar days and can be isolated from the remainder of the home while still allowing the occupants access to the kitchen and bath through non-impacted areas of the dwelling.
- The occupant's belongings shall be protected from contamination during hazard reduction activities.

Occupant Relocation.

The City will determine if the occupants of the home will be required to temporarily relocate from the dwelling unit. Occupants will have their choice of relocation dwellings, as long as the rehab staff has determined that the replacement dwelling does not contain lead hazards. If occupants require relocation to a hotel or other such establishment, the City will reimburse the household for the actual cost of the stay, up to the maximum price limits outlined below. To receive reimbursement, the household must provide documentation of the costs incurred. The City will also cover the cost of food for each day that the household is relocated from their dwelling.

To receive payment for relocation expenses, the household must provide receipts for costs incurred. For the City's owner-occupied projects, the following expenditures will be eligible for reimbursement:

- Hotel, motel, rooming house: Actual costs up to a maximum of \$100 per day per room as defined by the hotel policy for number of persons per room.
- Food: Actual costs up to the federal per diem for Champaign County. If any meals are included in the lodging costs, those meals will be deducted from the per diem and will not be eligible for reimbursement.

Appendix C

HOME REHAB STANDARDS

URBANA HOME CONSORTIUM



City of Urbana

City of Champaign

Champaign County

URBANA HOME CONSORTIUM PROPERTY REHABILITATION STANDARDS

OCTOBER 2015 DRAFT



Urban: EQUAL HOUSING
Property Reh... OPPORTUNITY

Urbana HOME Consortium Property Rehabilitation Standards

Contents

- 1. ADMINISTRATION3
 - A. Introduction.....3
 - B. Applicable Codes, Regulations, Standards and Guidelines3
 - C. Categorization and Prioritization of Work.....4
 - D. Minimum Property Standard4
 - E. Code Compliance4
 - F. Suitability for Rehabilitation5
 - G. Enforcement.....5
- 2. WORK REQUIRED, ALLOWED AND PROHIBITED6
 - A. Substandard Conditions and Allowed Improvements6
 - B. General Prohibited Work / Ineligible Items7
- 3. QUALITY.....8
 - A. Material Quality8
 - B. Work Quality Performance8
- 4. LEAD-BASED PAINT HAZARD ELIMINATION.....8
 - A. Risk Assessment.....8
 - B. Work Practices and Occupant Protection8
 - C. Security9
 - D. Clearance.....9
- 5. HISTORIC PRESERVATION.....9
- 6. FLOOD PLAIN MANAGEMENT9
- 7. ACCESSIBILITY AND UNIVERSAL DESIGN9
 - A. Accommodation of Resident’s Needs.....9

B. Modifications.....	10
C. Levels.....	10
8. PEST MANAGEMENT	10
9. FIRE PROTECTION AND SMOKE ALARMS.....	11
A. Smoke Alarms.....	11
B. Foam Plastic, Flame Spread and Smoke Density.....	11
10. ENERGY CONSERVATION.....	11
11. ENVIRONMENTAL QUALITY	12
12. WATER CONSERVATION	13
13. STREET PRESENCE OF THE PROPERTY	14
14. ON-SITE SEWAGE SYSTEMS	14
15. PRIVATE WATER SYSTEMS.....	14
16. ACCESSORY STRUCTURES AND OUTBUILDINGS.....	15
17. REHABILITATION STANDARDS FOR MOST COMMONLY SPECIFIED WORK AND PROBLEMATIC ISSUES	15
A. Site Improvements	15
B. Exterior Surfaces	16
C. Foundations and Structure	18
D. Windows and Doors.....	19
E. Roofing.....	21
F. Insulation and Ventilation.....	22
G. Interior Surfaces.....	23
H. Electric	26
I. Plumbing System.....	27
J. HVAC1/30/2013.....	29

1. ADMINISTRATION

A. Introduction

The Urbana HOME Consortium Property and Rehabilitation Standards (PRS) are designed to provide a standard framework for single-family housing (1-4 units) rehabilitation projects that are funded under the Urbana HOME Consortium (Consortium) through the HOME Investment Partnerships Program. All funded entities and/or subrecipients receiving funds from the Consortium shall adopt and agree to abide by these standards.

Staff members of Consortium-funded entities shall therefore use this document to:

- Implement the Consortium's priorities (see Urbana HOME Consortium Consolidated Plan)
- Define the scope of work for each project
- Develop project work write-ups
- Assure required compliance with regulations
- Provide standards for quality, performance and durability

B. Applicable Codes, Regulations, Standards and Guidelines

These codes, regulations, standards and guidelines are hereby referenced as a part of the PRS:

- 1) The 2013 International Property Maintenance Code
- 2) State and local Building Codes, Zoning Codes and ordinances in force in each jurisdiction
- 3) The International Energy Conservation Code
- 4) The Uniform Physical Condition Standards (UPCS) of the Department of Housing and Urban Development
- 5) Manufacturers' Standards and Installation Instructions
- 6) Residential Construction Performance Guidelines for Professional Builders and Remodelers
- 7) Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings
- 8) Regulation on Lead-Based Paint Hazards in Federally-Owned Housing and Housing Receiving Federal Assistance
- 9) The EPA Renovation, Repair and Painting Program Final Rule (RRP)
- 10) Residential Remodeling and Universal Design: Making Homes More Comfortable and Accessible
- 11) Uniform Federal Accessibility Standards (UFAS) and Illinois Accessibility Code (Note: Check applicability to single-family)
- 12) HUD Maintenance Guidebook #7 – Termite, Insect and Rodent Control

- 13) Uniform Federal Accessibility Standards or ANSI A117-1
- 14) The Materials and Methods Standards adopted by each subrecipient as per 24 CFR 92.251(b)(i)
- 15) 77 IAC 845.255
- 16) The Zoning Ordinances of the City of Urbana, City of Champaign, and Champaign County
- 17) City of Champaign Property Maintenance Code
- 18) International Fire Code
- 19) Other standards as referenced in the text of the PRS

Per 24 CFR 92.251(a)(1), "Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion," but that the "participating jurisdiction must have written standards for rehabilitation that ensure that HOME-assisted housing is decent, safe, and sanitary." This Property Rehabilitation Standards document is designed to fulfill that requirement for written standards. All HOME-assisted housing not described in 24 CFR 92.251(a)(1) "must meet all applicable State and local housing quality standards and code requirements"

Per 24 CFR 92.251(a)(3), "housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973"

C. Categorization and Prioritization of Work

The Property and Rehabilitation Standards seek to set priorities for the scope of work to be completed in the rehabilitation of houses. The following definitions shall apply:

Shall: Means that the work related to this item must be done

Should: Means that, when economically feasible, work related to this item will be done

May: Means that, when economically feasible, work related to this item may, but will not necessarily, be done

Shall not: Designates items of work prohibited from being done

D. Minimum Property Standard

All rehabilitated properties shall, after rehabilitation, comply with the minimum requirements of the 2013 International Property Maintenance Code (IPMC), International Fire Code, City of Champaign Property Maintenance Code, and the Uniform Physical Condition Standards (UPCS) of the Department of Housing and Urban Development, whichever regulation is most stringent. Provisions of the PRS shall supersede the Property Standard where more stringent, or protective, or in disallowance of work as ineligible. At no time shall a standard, specification or code be permitted that is less stringent than the minimum property standard hereby adopted. Repairs made to owner-occupied structures as a part of

the rehabilitation shall have a life expectancy of at least 5 years with a goal life expectancy of 15 years. Installations completed during the course of rehabilitation shall have a life expectancy of 15 or more years.

For rental housing, upon project completion, each of the following major systems must have a remaining useful life for a minimum of the same period of time as the affordability period based on the amount of HOME investment in the project, otherwise the major systems must be rehabilitated or replaced as part of the rehabilitation work: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. A Capital Needs Assessment must also be conducted if the project includes a rental structure of 26 or more units.

The term "minimum life" shall refer to manufacturer's or installer's warranty. Should the product not perform as expected to that warranty, then the recipient of the rehabilitation with HOME funds must seek replacement from the manufacturer or installer.

E. Code Compliance

All work shall be done in compliance with the Building Codes, Zoning Codes and applicable ordinances in force in each jurisdiction.

Permits shall be obtained as required by the jurisdiction and permitted work shall be inspected and approved by the local jurisdiction or its designee. Documentation of permits, inspections and approvals shall be maintained in the Subrecipient's property case file for each project and submitted upon request to the Consortium.

F. Suitability for Rehabilitation

Substandard dwellings that cannot be brought into compliance with these Property and Rehabilitation Standards and applicable code requirements shall be deemed not suitable for rehabilitation and shall not be rehabilitated. If the after rehab value of the assisted property is determined to exceed 95% of the median purchase price for the area as published by HUD, the property shall be considered not suitable for rehabilitation for non-compliance with 92.254 of the HOME regulation. In 2015, this amount is \$149,000 as an unadjusted median value. This figure is higher or lower depending on how many units are within the home and. It is also updated regularly by HUD and distributed by the Urbana HOME Consortium.

G. Enforcement

Any subrecipient, beneficiary, developer or contractor funded under the any of the applicable programs is contractually obligated to comply with the provisions of the PRS and failure to comply shall be considered a violation of the written agreement, loan agreement or contract and may result in termination of funding and repayment of funds expended.

2. WORK REQUIRED, ALLOWED AND PROHIBITED

A. Substandard Conditions and Allowed Improvements

Each item of work conducted under the Consortium's programs shall contribute to one or more of the following priorities, and items that do not contribute to one or more of the following priorities shall not be done. Conditions, the addressing of which contribute to achieving the following, shall be or should be considered to be substandard conditions, depending upon their seriousness and status of compliance with the applicable codes, standards and guidelines.

Priority 1 – Shall be addressed immediately.

- a. Life threatening deficiencies

- b. Protect health and safety of occupants and make the unit a “Healthy Home”
- c. Uphold the structural integrity of residences

Priority 2– Deficiencies shall be remediated by the rehabilitation.

- a. Meet all applicable code requirements for existing residential structures and the rehabilitation work conducted upon them.
- b. Control or eliminate lead hazards
- c. Treat incipient conditions which will result in deficiencies to the main system areas defined in 24 CFR 92.251(b)(i) within the HUD-defined affordability period.
- d. Improve accessibility to permit use by an occupant with a disability

Priority 3– Should be remediated and shall be remediated to the extent that project funding allows before addressing Priority 4 items.

- a. Enhance energy efficiency
- b. Protect and extend the life expectancy of the dwelling

Install disaster mitigation improvements

Priority 4– Discretionary housing improvements may include modest amenities and aesthetic features if funding is sufficient. Examples include, but are not limited to:

Improvements to the street presence (appearance) of the property, improving low (but adequate) water pressure, cracked window glass not posing a safety hazard, replacement of worn flooring, repair of defective paint in post-1978 homes, replacement of worn countertops. Discretionary housing improvements shall be in keeping with housing of a similar type in the community and must avoid luxury improvements. (See B below)

B. General Prohibited Work / Ineligible Items

Examples of prohibited work/ineligible items include, but are not limited to the installation of:

All materials, fixtures or equipment of a type or quality exceeding that customarily used on properties of the same general type as the property to be rehabilitated or reconstructed or built; reimbursement for an owner’s labor; room additions (unless required to comply with occupancy limitations at IPMC Section 404); purchase, installation or repair of furnishings; demolition that does not improve the structure or remediate a deficiency or unsafe condition; free standing concrete block walls; interior wood paneling; bookcases; barbeque pits/outdoor fireplaces; bath houses; swimming pools; dumbwaiters; greenhouses; photo murals; kennels; new installation or repair of TV antennas; tennis courts; valances, cornice boards, and drapes; saunas and hot

tubs; flower boxes; and installation of greenhouse windows.

Abandonment, repair or replacement of the above mentioned items is permissible as only required to mitigate a life safety risk, if disturbed during rehabilitation, or if required, per code, or to comply with these Property and Rehabilitation Standards.

3. QUALITY

A. Material Quality

New material of appropriate quality, meeting the requirements of referenced codes, standards and guidelines or codes in force in the jurisdiction, and meeting the specifications of the nationally recognized authority for the type of material, shall be used. The funded entity shall specify the appropriate material in the work write-up and specifications and materials and methods standards. Used material shall not be installed unless specified in the work write-up and approved by the property owner and by the funded jurisdiction prior to installation. Equipment and materials shall comply with the work write-up, materials and methods specifications and the Manufacturer's Standards.

B. Work Quality Performance

Work quality shall conform to work write-ups and materials and methods specifications, which shall require compliance with Manufacturer's Standards and Installation Instructions. The level of quality for the product installations delivered shall meet or exceed the "Residential Construction Performance Guidelines for Professional Builders and Remodelers," Fourth edition or later.

4. LEAD-BASED PAINT HAZARD REDUCTION

All residential properties subject to Title X (Residential Lead-Based Paint Hazard Reduction Act) and 24 CFR Part 35, HUD's "Regulation on Lead-Based Paint Hazards in Federally Owned Housing and Housing Receiving Federal Assistance", shall be rehabilitated in accordance with that regulation and the Illinois Lead Poisoning Prevention Code, 410 ILCS Part 845. All work on properties subject to the EPA Renovation, Repair and Painting Final Rule, 40 CFR 745, shall be rehabilitated in compliance with those rules. (See Section 16 below regarding accessory structures and outbuildings.)

A. Lead Hazard Presumption Notice

For all properties constructed prior to 1978, it shall be presumed that lead-based paint or lead-based paint hazards are present. A certified Risk Assessor shall complete a lead hazard presumption notice identifying lead-based paint hazards presumed to be present. Therefore all standard treatment methods

must follow the same safe work practice and clearance requirements that apply to interim control activities.

The General Contractor must be a Licensed Lead Supervisor and be present at the site throughout the duration of the project or must employ a Lead Supervisor that will be present at the site throughout the project to insure the use of Safe Work Practices is carried out.

B. Work Practices and Occupant Protection

A Work Practice and Occupant Protection Plan shall be produced for each subject property in accordance with 77 IAC 845.255. When occupants are present in a property, occupants shall be temporarily, voluntarily relocated as required in the HUD regulation. With some exceptions, the occupants shall be temporarily relocated before and during lead hazard reduction activities to a suitable, decent, safe and similarly accessible dwelling that does not have lead hazards. Occupants shall be allowed to remain in place only if they will be protected during their continued occupancy in accordance with the Work Practice and Occupant Protection Plan, which shall include a project time schedule and floor plans describing required containment areas, and which shall be submitted by the contractor and shall be approved by the Risk Assessor and the Rehabilitation Specialist, and acknowledged by the property owner and occupants before any work begins.

C. Security

When occupants are relocated, measures appropriate to maintaining the security of the property may be incorporated into the project.

D. Clearance

Prior to re-occupancy, clearance examinations shall be performed by qualified personnel and final clearance shall be achieved as required by the HUD and Illinois regulations. (77 IAC 845.295)

5. HISTORIC PRESERVATION

The rehabilitation of dwellings subject to the Section 106 review process of 36 CFR Part 800 and located within a residential historical district, or listed on the National Register of historic places, or locally landmarked, shall comply with the findings and recommendations of any pertinent historic preservation public body recognized or established by the local municipal jurisdiction in which the Consortium-assisted property is located. Rehabilitation work shall be guided by the U.S. Department of the Interior's, "Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings."

6. FLOOD PLAIN MANAGEMENT

The rehabilitation of flood-prone residential structures shall comply with applicable federal, state and local regulations and laws. The rehabilitation of dwellings located in a floodplain in jurisdictions participating in the Flood Protection Management System shall comply with the applicable Federal Emergency Management Agency regulations and the "Design Manual for Retrofitting Flood-Prone Residential Structures", or design standards determined by the local certified community participating in the National Flood Insurance Program.

7. ACCESSIBILITY AND UNIVERSAL DESIGN

A. Accommodation of Resident's Needs

Modifications to accommodate the needs of residents with respect to accessibility and safety shall be made to the extent feasible and as limited by the configuration and construction of the property.

B. Modifications

All architectural elements newly built, modified, replaced or installed in the course of rehabilitation should, to the extent feasible, be in conformance with the precepts of Universal Design, as described in the HUD publication, "Residential Remodeling and Universal Design: Making Homes More Comfortable and Accessible". Modifications made to improve accessibility should meet or exceed the requirements set forth in the Uniform Federal Accessibility Standards or ANSI A117.1.

C. Levels

One of the following levels of accessibility may be met, dependent upon the clients' physical needs and financial resources:

Visitability:

- 1) No-step entry
- 2) Adequate doorways
- 3) Usable bathroom

Usable Home:

- 1) Accessible route into and through the dwelling unit
- 2) Accessible switches, outlets and controls
- 3) Reinforced walls for grab bar installation
- 4) Usable kitchens
- 5) Ground floor bedroom

Full Accessibility: If requested by a physically disabled occupant, home shall meet this level of accessibility when funding is available:

- 1) Wheelchair turning space in kitchen, bath and hall areas
- 2) Doors – maximize space and lever hardware throughout
- 3) Kitchen – accessible to wheelchair bound
- 4) Bathroom fixtures per universal design standard
- 5) Accessible controls in all areas
- 6) Communication devices in bath and at front and rear door

8. PEST MANAGEMENT

All required extermination of pests and vermin should be carried out by a pest management professional using the precepts of integrated pest management as outlined in the publications, "Guidance in Integrated Pest Management" from the U.S. Department of Housing and Urban Development and the HUD "Maintenance Guidebook #7 – Termite, Insect and Rodent Control." Extermination activities shall minimize the use of poisons and pollutant substances within the living environment.

9. FIRE PROTECTION AND SMOKE ALARMS

All fire protection systems and devices shall be maintained in operable condition.

A. Smoke Alarms

Smoke alarms shall be installed in accordance with the International Residential Code, Section R313 Smoke Alarms or the requirements of the code in force in the local jurisdiction where its requirements are more protective. Smoke alarms shall receive primary power from the building wiring and shall have battery backup. Multiple smoke alarms shall be interconnected, such that activation of any one alarm will activate all others. Smoke alarms shall, at a minimum, be installed in the following locations:

- 1) On each story including basement and cellar
- 2) Alarms are not required in unfinished attics and crawlspaces
- 3) Outside of each bedroom
- 4) In each bedroom

Exceptions: Battery operated smoke alarms may be installed, and existing smoke alarms are not required to be interconnected, in existing areas of buildings where repairs do not disturb interior finishes, unless wires may be run through an attic or other space without disturbing interior surfaces.

When a dwelling is occupied by any hearing impaired person, smoke alarms shall have an alarm system

designed for hearing impaired persons in accordance with NFPA 72 (or Successor Standards)

B. Foam Plastic, Flame Spread and Smoke Density

Foam plastic materials, walls and ceiling finish materials and insulation materials that have a flame-spread classification greater than 200, or a smoke-developed index greater than 450, shall not be installed during construction, rehabilitation, or repair, as outlined in the International Residential Code, Section 315. Where these types of materials exist, they shall be covered with safe materials or removed and replaced. (Note: This section may not pertain to conditions commonly found)

10. ENERGY CONSERVATION

- a) Each assisted dwelling unit should be made more energy efficient.
- b) Energy evaluation shall be conducted either by a local program representative, using the Applicable Project Recommendations and the Home Energy Saver calculation of the HUD Energy Efficient Rehab Advisor available at www.rehabadvisor.pathnet.org, or by a qualified Energy Evaluator using an equivalent or more detailed analytic system.
- c) Energy conservation measures evaluated to have a payback period of 5 years or less shall be accomplished to the maximum extent feasible and as limited by available funding and the existing construction in accordance with the International Energy Conservation Code.
- d) Equipment, appliances, windows, doors and appurtenances replaced during rehabilitation shall be replaced with Energy Star qualified products.
- e) All heating and cooling systems shall undergo system-specific maintenance and all fuel burning heating systems shall undergo system-specific maintenance and combustion efficiency analysis.
- f) Heating and cooling equipment over 15 years old, or which cannot be repaired to a condition having a life expectancy of at least 5 years, shall be replaced. Replacement heating and/or cooling systems shall be properly sized as evidenced by completion of ACCA/ANSI Manual J® or an equivalent sizing calculation tool. Replacement gas-fired forced air furnaces shall be 90% or more efficient and shall be of two-pipe design drawing combustion air from the exterior.
- g) All air ducts shall be tightly sealed where accessible.
- h) Heating or cooling supply runs through unconditioned space shall be avoided and, when present, should be rerouted. When runs through unconditioned space are present, in a condition where they must remain in unconditioned space, they shall be insulated.
- i) Install lighting fixtures shall be of the compact fluorescent or similarly energy efficient type. Bulbs replaced in existing fixtures should be of the compact fluorescent or LED type.

11. ENVIRONMENTAL QUALITY

The scope and conduct of rehabilitation of each dwelling unit shall take into consideration the improvement and maintenance of satisfactory and healthy air quality within the unit.

- a) Carbon monoxide alarms shall be installed in residential units where fossil fuels are combusted, and residential units with attached garages. Carbon monoxide alarms installed as per manufacturers' recommendations shall be present in such dwelling units within 15 feet of each room used for sleeping as per 430 ILCS 135. Carbon monoxide alarms should be present or installed on each floor of the dwelling, may be installed in each bedroom, or in accordance with local code where requirements are more protective. Alarms should receive primary power from the building wiring. When installed in combination with interconnected smoke alarms, they shall be hardwired and interconnected with the smoke alarms.
- b) In any planned work area where it is suspected that friable asbestos may exist or be disturbed, rehabilitation work shall not be conducted until a determination is made by properly licensed firms, and trained or accredited persons. Such work shall be conducted in a manner which complies with applicable asbestos laws and regulations. Remediation shall be accomplished as required by the assessment.
- c) Any presence of mold is unacceptable and shall be addressed per the National Center for Healthy Housing protocol "Creating a Healthy Home" at http://www.nchh.org/Portals/0/Contents/FloodCleanupGuide_screen_.pdf
- d) Water infiltration and dampness shall be eliminated. Elements of the building envelope and site drainage shall shed water and shall provide drainage to a suitable location. Sources of excess moisture and condensation within the building envelope shall be mitigated.
- e) Mechanical ventilation (HVAC systems) to remove excess moisture and indoor pollutants from the living spaces may be installed.
- f) Installations shall use paperless gypsum board or cement board at all potentially damp areas to prevent mold.
- g) Installed flooring shall be of a type with low or no off-gassing such as concrete, ceramic tile, Forest Stewardship Council (FSC) certified wood flooring, or bamboo with low urea formaldehyde content in its binders.
- h) Installation of carpeting should be minimized. Installed carpeting should be of a type with low VOC content and recyclable fiber and backing content.
- i) Onsite building materials shall be protected from rain and moisture to prevent mold growth.

12. WATER CONSERVATION

All plumbing fixtures, faucets and accessories replaced in the course of rehabilitation shall bear the EPA WaterSense® label. Where faucets, spray devices, shower heads and similar fittings remain in place, they may be retrofitted with a WaterSense® labeled aerator, laminar flow device or spray device. These requirements are subject to the availability of appropriate products as listed at http://www.epa.gov/watersense/product_search.html

13. STREET PRESENCE OF THE PROPERTY

Amenities of a non-luxury nature, enhancing the street presence of the property, may be installed. When installed, documentation that such amenities are comparable to unassisted homes in the market area, shall be a part of the Subrecipient's project file.

- a) The exterior of the property should present a positive street presence, contributing to the quality of the neighborhood. Work necessary to achieve a positive street presence should be accomplished. When repainting of the property is required, it should be painted in a **non-monochromatic color scheme**, as selected from a recommended palette of the paint manufacturer, consistent with the neighborhood character.

14. ON-SITE SEWAGE SYSTEMS

All plumbing fixtures shall be connected to an approved sewage disposal system. All private sewage systems shall be tested to ensure that they are properly and adequately functioning. If problems exist, they shall be corrected in compliance with the Illinois Private Sewage Disposal Licensing Act and Code, and applicable public health codes. Each such system shall be individually assessed with respect to cost and its impact upon project feasibility.

15. PRIVATE WATER SYSTEMS

Private water systems shall be approved and shall be tested for contamination. Water samples shall be properly taken and tested for common contaminants by an approved testing laboratory. Unhealthful contamination and system defects shall be remediated. Each such system shall be individually assessed with respect to cost and its impact upon project feasibility.

16. ACCESSORY STRUCTURES AND OUTBUILDINGS

All accessory structures, including detached garages, fences and walls, shall be maintained structurally sound and in good repair as per IPMC 302.7.

All elements of the residential property including surrounding land, outbuildings, fences, play equipment available for use by residents, but not including land used for agricultural, commercial, industrial or other non-residential purposes, not including paint on pavement of parking lots, garages or roadways, shall be subject to lead-based paint hazard elimination requirements at #4 above.

17. REHABILITATION STANDARDS FOR MOST COMMONLY SPECIFIED WORK AND PROBLEMATIC ISSUES

A. Site Improvements

1. *Outbuildings / Removal*

Repair standard: 75% or more salvageable

Minimum life – 5 years

Unsafe, illegal or unapproved structures, including outbuildings, additions and patio covers may be removed (up to \$5,000).

2. *Paving and Walks*

Repair standard: Minimum

Minimum life – 5 years

Deficient, essential paving, such as front sidewalks, will be repaired to match. Non-essential, deteriorated paving may be removed.

Replacement standard:

Minimum life – 5 years

3. *Landscaping and Drainage*

Repair standard:

Site shall be graded to direct water to run away from foundation.

B. Exterior Surfaces

1. *Exterior Cladding*

Repair standard:

Minimum life – 5 years

Siding, trim, soffit and fascia will not be deficient as per Section 304 of the IPMC. All exterior wood components will have a minimum of one continuous coat of paint, and no exterior painted surface will have any deteriorated paint as per Section 304.2.

Replacement standard:

Minimum life – 5 years

Historically sensitive vinyl siding, with 45 year material warranty and/or aluminum trim.

2. Exterior Porches / Balconies

Repair standard: Minimum

Minimum life – 5 years

Unsafe or unsightly porches and balconies will be repaired to conform closely to porches in the neighborhood. Porch repairs will be structurally sound, with smooth and even decking surfaces.

Replacement standard:

Minimum life – 5 years

Deteriorated porches and balconies shall be replaced with preservative-treated structural lumber or synthetic deck material. Replace with concrete if appropriate and economically possible.

3. Exterior Railings

Repair standard: None

Replacement standard:

Minimum life – 5 years

Railings that do not meet the current code shall be brought up to code or removed and replaced with wrought iron, pressure-treated wood sanded smooth or synthetic wood.

4. Exterior Steps and Patios

Repair standard: Minimum

Minimum life – 5 years

Steps, stairs and decks shall be structurally sound and compliant as per the IPMC and free from all significant deterioration

Replacement standard:

Minimum life – 5 years

Any replacement patio, deck or stoop shall be of a minimum functional size, design and construction.

C. Foundations and Structure

1. *Fire-Resistance-Rated Assemblies*

Repair standard: Minimum

Minimum life – 5 years

Required fire-resistance-rated assemblies and openings shall be maintained functional without cracks and deterioration and upgraded as required with 5/8" type X gypsum glued and screwed, and a minimum of one coat of fire tape to structure.

Replacement standard:

Minimum life – 5 years

All party walls and assemblies requiring fire-resistance rating shall conform to the fire and building code requirements of the jurisdiction for fire separation.

2. *Foundations*

Repair standard: Minimum

Minimum life – 5 years

Foundations shall be repaired to be sound and water resistant, if financially feasible.

Replacement standard:

Minimum life – 5 years

Foundation replacement shall only be permitted if the project is financially feasible.

3. *Structural Members*

Repair standard: Minimum

Minimum life – 5 years

All structural members shall be free from deterioration, rot and termite damage and be sized in conformance to the IPMC. Any member not in conformance with code shall be re-supported as to meet structural design code or as determined by a structural engineer.

Replacement standard:

Minimum life – 5 years

4. *Masonry Structure*

Repair standard: Minimum

Minimum life – 5 years

Masonry structure elements shall be sound, functional and in accordance with the IPMC.

Replacement standard:

Minimum life – 15 years

D. Windows and Doors

1. *Interior Doors*

Repair standard: Minimum

Minimum life – 5 years

All doors and hardware shall function as intended. Privacy locksets shall be present on bath and master bedroom doors. All other doors shall have passage locks (not including closets).

Replacement standard:

Minimum life – 15 years

Doors may be solid core, hollow core, or composite in paint grade jambs. Where all doors are not replaced, replacement doors should match existing doors. Replaced operating locksets shall be of the lever type.

2. *Exterior Doors*

Repair standard: Minimum

Minimum life – 5 years

Exterior doors shall be sound, weather stripped, and operate smoothly. They should have a deadbolt, an entrance lockset and window or security peep sight.

Replacement standard:

Minimum life – 5 years

All replacement doors at the front of the property will be neighborhood sensitive, Energy Star, steel or fiberglass doors with window or peep sight and deadbolt. Garage/house doors shall be fire-rated with self-closing hinges. Energy Star, doors with peep sight, deadbolt, and entrance locksets shall be installed at entrances not visible from the front street. Garage/house doors shall be R-5, embossed metal with a lockable assembly.

3. *Storm Doors*

Repair standard: Minimum

Minimum life – 5 years

Storm doors shall be weather-tight, operate smoothly, function as intended and have intact screen panels as designed.

Replacement standard:

Minimum life – 5 years

Swing shall be coordinated with the swing of the prime door.

4. Windows and Sliding Glass Doors

Repair standard: Minimum

Minimum life – 5 years

All windows and sliding glass doors shall be weather-tight, meet the requirements of the IPMC, and where required for egress, be fully functioning/operational.

Replacement standard:

Minimum life – 5 years

Double glazed, PVC, clad wood or fiberglass, a minimum R-value of 2.8 (U=.32), SHGC of 0.30 and DP of 45.

5. Basement windows

Repair standard: Minimum

Minimum life – 5 years

Windows must be weather-tight, operable for ventilation, in good working order and lockable.

Replacement standard:

Minimum life – 5 years

Basement windows may be replaced with glass block provided with operable and lockable center vents.

E. Roofing

1. Flat and Low Slope Roofing

Repair standard: Minimum

Minimum life – 5 years

Repair roofing when cost effective. Built-up roofing, flashing and accessories shall be repaired wherever a 5-year leak-free warranty is available from a an Illinois licensed roofing company.

Replacement standard:

Minimum life – 5 years

The most cost effective Energy Star certified roof of: T.P.O. or EPDM. Flat ceiling homes can use standard 8 x 8 roof vents calculated per the BPI standard for free vent area/attic volume distributed through vented eaves and vented roof. Work to be conducted by an Illinois licensed roofing company.

2. Pitched Roofs

Repair standard:

Minimum life – 5 years with warranty

Repair when cost effective. Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs. Concrete, metal and tile roofs shall be repaired when at all possible. Antennae and communication disks shall be permanently removed if no longer used. Work to be conducted by an Illinois licensed roofing company.

Replacement standard:

Minimum life – 25 years

Fiberglass, asphalt, architectural style, class A shingle weighing at least 220, and up to 300 lbs., 25 year warranty with ridge and soffit ventilation system. Vaulted and cathedral ceiling areas require continuous ridge venting that meets the BPI standard noted above for attic ventilation in flat-roofed buildings. Install drip edge on all edges. Work to be conducted by an Illinois licensed roofing company.

3. Gutters and Downspouts

Repair standard: Minimum

Minimum life – 5 years

Gutters and downspouts must be in good repair, functional, leak-free and configured to functionally direct water away from the structure.

Replacement standard:

Minimum life – 5 years

Gutters and downspouts will be installed to collect storm water from all lower roof edges and to direct

water away from the structure without accumulation or ponding.

F. Insulation and Ventilation

1. *Attic Ventilation*

Repair standard: Minimum

Minimum life – 5 years

Any pre-installed ventilation shall be maintained, or if powered and not functioning, replaced.

Replacement standard:

Minimum life – 5 years

Attics will be ventilated with a minimum of 1 square foot of free vent for each 300 square feet of roof area or be redesigned for integration with new insulation system. Solar powered roof vents may be used when possible. Attic access panels must be insulated with rigid insulation to meet the local climate minimum of R-38 and weather-stripped to ensure a tight seal.

2. *Bath Ventilation*

Repair standard: None

Replacement standard:

Minimum life – 5 years

Energy Star, exterior ducted, 70 CFM, max 20 sones and separate switch or humidistat sized for space in all full and three quarter baths.

3. *Infiltration*

Repair standard: Minimum

Minimum life – 5 years

4. *All exterior doors and attic hatches shall be weather-stripped. All visible cracks shall be caulked.*

5. *Insulation*

Repair standard:

Not applicable where existing insulation meets an estimated R-value of R-17 or where not cost effective as per energy evaluation.

Replacement standard:

Minimum life – 5 years

Insulation will be installed when determined to be cost effective by energy evaluation. Attic insulation goal is R-38, crawl spaces R-19. New walls will be insulated to capacity with blown cellulose, fiberglass or closed cell foam to cavity capacity. Attic access panel must be insulated to R-9 with rigid foam.

6. Kitchen Ventilation

Repair standard: N/A

Replacement standard:

Minimum life – 5 years

Energy Star, exterior ducted range hoods or exhaust fans with less than 10 sones, at least 120 CFM and capped with a functional back draft.

G. Interior Surfaces

1. Interior Railings

Repair standard: Minimum

Minimum life – 5 years

Handrails and guardrails will conform to the IPMC and minimum building code requirements. At a minimum, handrails will be present on one side of all interior steps or stairways with more than two risers, and guardrails will be present around platforms over 30" above floor level with adequate structural attachment, in compliance with the local code.

Replacement standard:

Minimum life – 5 years

Hand and guardrails shall be replaced with universal design standard material and construction. Repair standard: Minimum life – 5 years

Holes, cracks and deteriorated surfaces shall be patched and sanded as to create a smooth surface and recoated using premium, low VOC, vinyl acrylic paint.

Replacement standard:

Minimum life – 5 years

Walls shall be plumb, ceiling level with a smooth finish on at least ½" gypsum with water-resistant or

paperless board in wet areas. 5/8" type X over 24" on center studs installed per the American Gypsum Association. Water-resistant wallboard must be used in kitchen tile backsplashes and in ceramic tile baths.

3. Interior Wall Tile

Repair standard: Minimum

Minimum life – N/A

Replace rather than repair.

Replacement standard:

Minimum life – 15 years

Replace with similar economically feasible material or waterproof sheet material as per manufacturers' instructions.

4. Closets

Repair standard: Minimum

Minimum life – 5 years

Existing closets will be maintained. If there is any part of a door (i.e., track for bi-fold, etc.) then it must be complete and working properly.

Replacement standard:

Minimum life – 5 years

If a closet is replaced, it must include a clothes rod and shelf. Closet doors are not required. Coat hooks and other hardware in lieu of a closet shall be supplied by the occupant.

5. Flooring

Repair standard: Minimum

Minimum life – 5 years

Flooring may be repaired, if deficient, and wood floors sanded and refinished. Salvageable carpet may be cleaned and must have a minimum remaining life of 5 years.

Replacement standard:

Minimum life – 5 years

Stone, tile, or vinyl flooring may be installed over reinforced cement underlayment in baths. Wood or laminate flooring may be installed in living and dining rooms and halls. Kitchen and utility may be

installed as ceramic tile or vinyl flooring. FHA approved carpet over 6 lb. rebound underlayment is allowed in bedrooms when economically feasible. New carpeting shall have a minimum life of 10 years.

6. *Kitchen Cabinets and Countertop*

Repair standard: Minimum

Minimum life – 5 years

All cabinets and countertops will be sound and cleanable. Existing cabinets with hardwood doors and face frames may be repaired.

Replacement standard:

Minimum life – 5 years

New kitchen cabinets will meet the ANSI A208.1 and A208.2 standard for formaldehyde content of particleboard and MDF, or have exposed edges of particleboard and MDF sealed to prevent the out-gassing of formaldehyde. Cabinets will have hardwood doors and face frames. There will be a minimum of 10 lineal feet of post-formed countertop with corresponding base cabinets and wall cabinets. Corners in countertop designs are permitted if factory assembled. A drawer base (12" or 15") will be included in new cabinetry.

H. Electric

1. *Specialized Circuits GFCI and Arc Fault*

Repair standard: Minimum

Minimum life – 5 years

Retrofit devices as required for safety

Replacement standard:

Minimum life – 5 years

Install devices in accordance with local code. At a minimum, protect kitchen receptacles and countertop within 6 feet of a sink, all bath receptacles and any exterior receptacle with GFCI devices. Arc fault receptacles shall be installed to serve all bedrooms.

2. *Kitchen Electric Distribution*

Repair standard: Minimum

Minimum life – 5 years

Permanently installed stoves, refrigerators, freezers, dishwashers and disposals, washers and dryers shall have separate circuits sized to NEC. Two separate 20 amp counter circuits are required with each kitchen area.

Replacement standard:

Minimum life – 5 years

Electric service shall be supplied to trash compactors, microwave ovens, double ovens, range grills, and any appliance proposed for installation.

3. Fixtures

Repair standard: None

Replacement standard:

Minimum life – 5 years

All halls and rooms necessary to cross to other rooms, and stairways must be well lighted and controlled per NEC code. Attics must have utility fixtures. All fixtures shall be Energy Star. Exterior door lighting shall provide 100 lumens at ground level (motion detectors allowed). Garage doors shall be equipped with laser safety devices. All closet light fixtures must be fluorescent type rated for use in closets.

4. Interior Electric Distribution

Repair standard:

All unsafe electrical issues shall be resolved.

Replacement standard:

Minimum life – 5 years

All electrical deficiencies will be remediated in accordance with the electric code in force in the jurisdiction using affordable fixture allowances and Energy Star fixtures.

5. Service and Panel

Repair standard: Minimum

Minimum life – 5 years

Distribution panels shall have a main disconnect, at least 10 circuit breaker protected circuits, a 100 amp minimum capacity and be adequate to safely supply existing and proposed devices. Electrical panel shall be replaced if not adequate in capacity, or if unsafe for any reason to local codes.

Replacement standard:

Minimum life – 5 years

A load calculation shall be made and the electric service and panel shall be sized to serve the home and its occupancy uses with at least a 100 amp service with a 20 circuit panel provided for homes of up to 1800 SF. Homes larger than 1800 SF or all-electric, should be provided with at least a 200 amp service with a main disconnect panel containing at least 42 circuit breaker positions.

I. Plumbing System

1. *Drain, Waste, Vent Systems*

Repair standard:

Minimum life – 5 years

System shall be in safe, sanitary and functional condition free of obstructions, leaks and defects.

Replacement standard:

Minimum life – 5 years

Shall be replaced in accordance with local code, with a preference for replacement with PVC piping. Install anti-backflow devices where appropriate.

2. *Plumbing Fixtures and Fittings*

Repair standard: Minimum

Minimum life – 5 years

All fixtures and fittings shall be in safe, sanitary and functional condition. Anti-backflow devices shall be installed where appropriate.

Replacement standard:

Minimum life – 5 years

Single lever, low flow, 2.2 gal/min kitchen and 1.6 gal/min bath, metal faucets and 2.5 gal/min maximum shower diverters with lifetime drip-free warranty. White ceramic, 1.6 GPF toilets, double bowl stainless steel or porcelain kitchen sinks, fiberglass tubs and surrounds, and steel or porcelain enameled 5' tubs with tile surrounds. A dual flush toilet shall be permitted if it is demonstrably the equivalent of the above standard.

3. *Water Heaters*

Repair standard: Minimum

Minimum life – 5 years

Water heaters shall be code compliant, in working order, leak-free, in safe condition and capable of meeting expected demand.

Replacement standard:

Minimum life – 5 years

Energy Star, high efficiency, pilotless, Energy Star, gas fired or dual element electric (0.97) water heaters. 40 gallons electric for 1 and 2 bedroom units and 40 gallons gas or 52 gallons electric for 3 and 4 bedroom units. Efficiency shall be a 90% sealed combustion system (power vented) throughout.

4. *Sump Pump*

Repair standard: Minimum

Minimum life – 5 years

Sump pump drainage systems shall be safe and function as intended with an approved discharge which outflows away from the dwelling. Sump pits shall have covers.

Replacement standard:

Minimum life – 5 years

Sump pumps shall be installed only to mitigate existing moisture conditions.

5. *Water Supply*

Repair standard: Minimum

Minimum life – 5 years

All homes shall be tested to identify and eliminate all leaks. All fixtures must be supplied with 2 gallons per minute water flow and shut off valves. All accessible copper hot water lines shall be insulated; maximum static pressure is 60 psi. Replacement of galvanized pipe with copper pipe is recommended, but not required.

Replacement standard:

Minimum life – 5 years

All fixtures shall have brass shutoff valves of ¼ turn and compliant type. One, freeze-protected exterior hose bib is required.

J. HVAC1/23/2013

1. *Chimney / Fireplace Repair*

Repair standard: Minimum

Minimum life – 5 years

Unsound chimneys shall be repaired or removed. When chimneys must be used for combustion ventilation, they shall be relined or replaced. When structurally unsound, they shall be replaced.

If the service life of the chimney is comparable to service life of heating plant, then no replacement is necessary. If the chimney needs replacing, where appropriate, the chimney will be eliminated and replaced with a high efficiency, power vented unit.

Replacement standard:

Minimum life – 5 years

Replacement furnace flues, when required, shall be metal, double or triple walled as recommended by the equipment manufacturer.

2. *Distribution / Ventilation System*

Repair standard: Minimum

Minimum life – 5 years

Central air conditioning shall be inspected, serviced and refurbished per diagnostic testing of unit and distribution system – per (Building Performance Institute) technical standards for air conditioning and heat pump specialists as described in Chapter 6 of the Saturn Mechanical Systems Field Guide, 2006.

Replacement standard:

Minimum life – 5 years

All ductwork shall be insulated to R-4, seams sealed with Mastic, and run in conditioned space within the building envelope. Ducts in unconditioned spaces are allowable provided that they meet the leakage minimum of $\leq 3\text{CFM}$ and are insulated with an R-8 value material.

3. *Central Equipment*

Repair standard: Minimum

Minimum life – 5 years

Heating plants that are less than 5 years old, and rated 65 AFUE efficiency or better, shall be tested and tuned up as per Building Performance Institute standards. Energy Star setback thermostats shall be

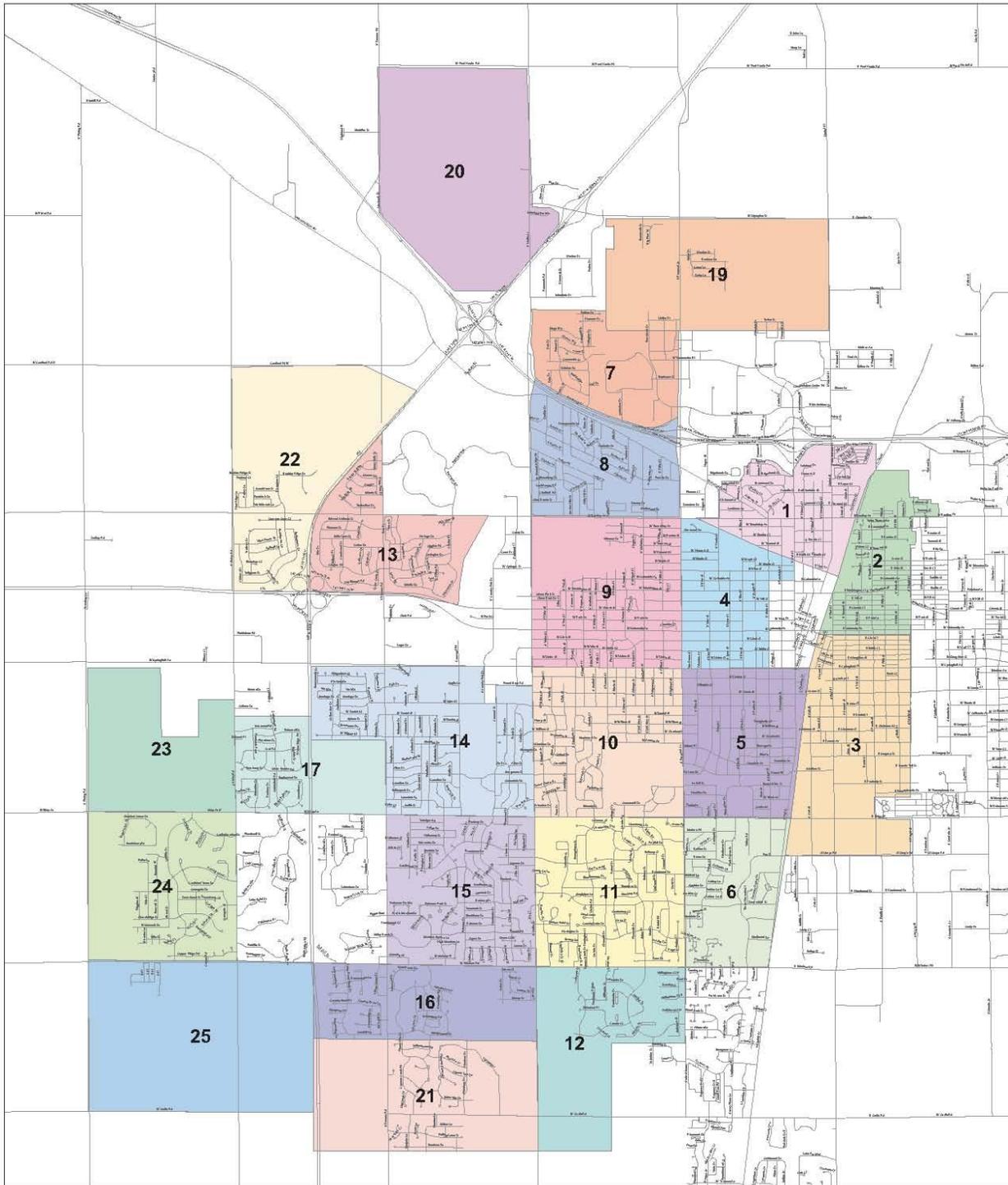
installed.

Replacement standard:

Minimum life – 5 years

Condensing gas furnaces rated over 86 AFUE and heat pumps over 13.5 SEER with 10 year warranty on parts and 5 years labor. Air to air heat exchangers are eligible for this program. HVAC system shall be sized to maintain interior design temperature used for heating and cooling load calculations per ASHRAE Manual J and sizing documentation shall be maintained in the case file

Appendix D
Planning Area Maps

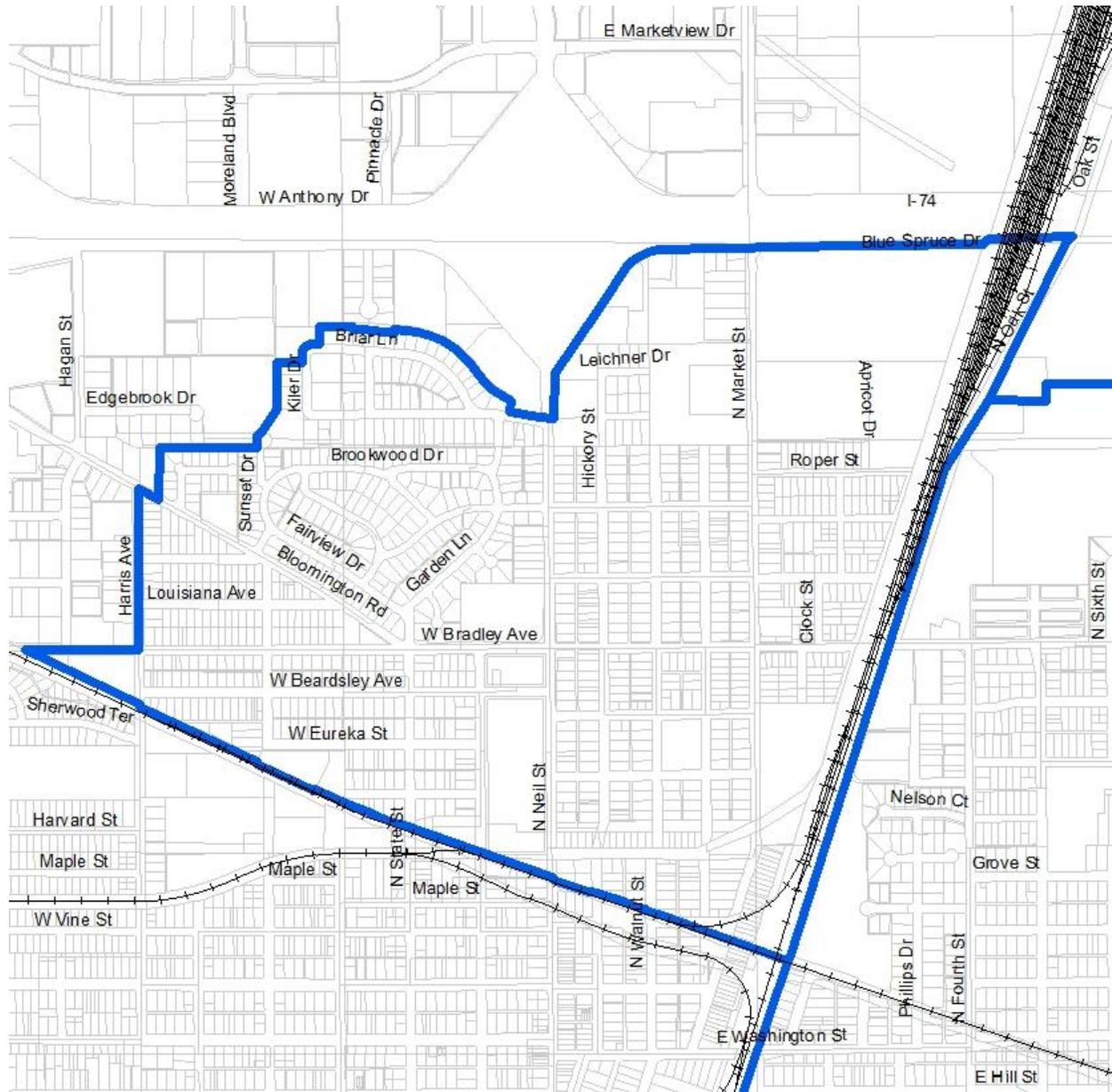


Neighborhood Planning Areas
Champaign Planning Department

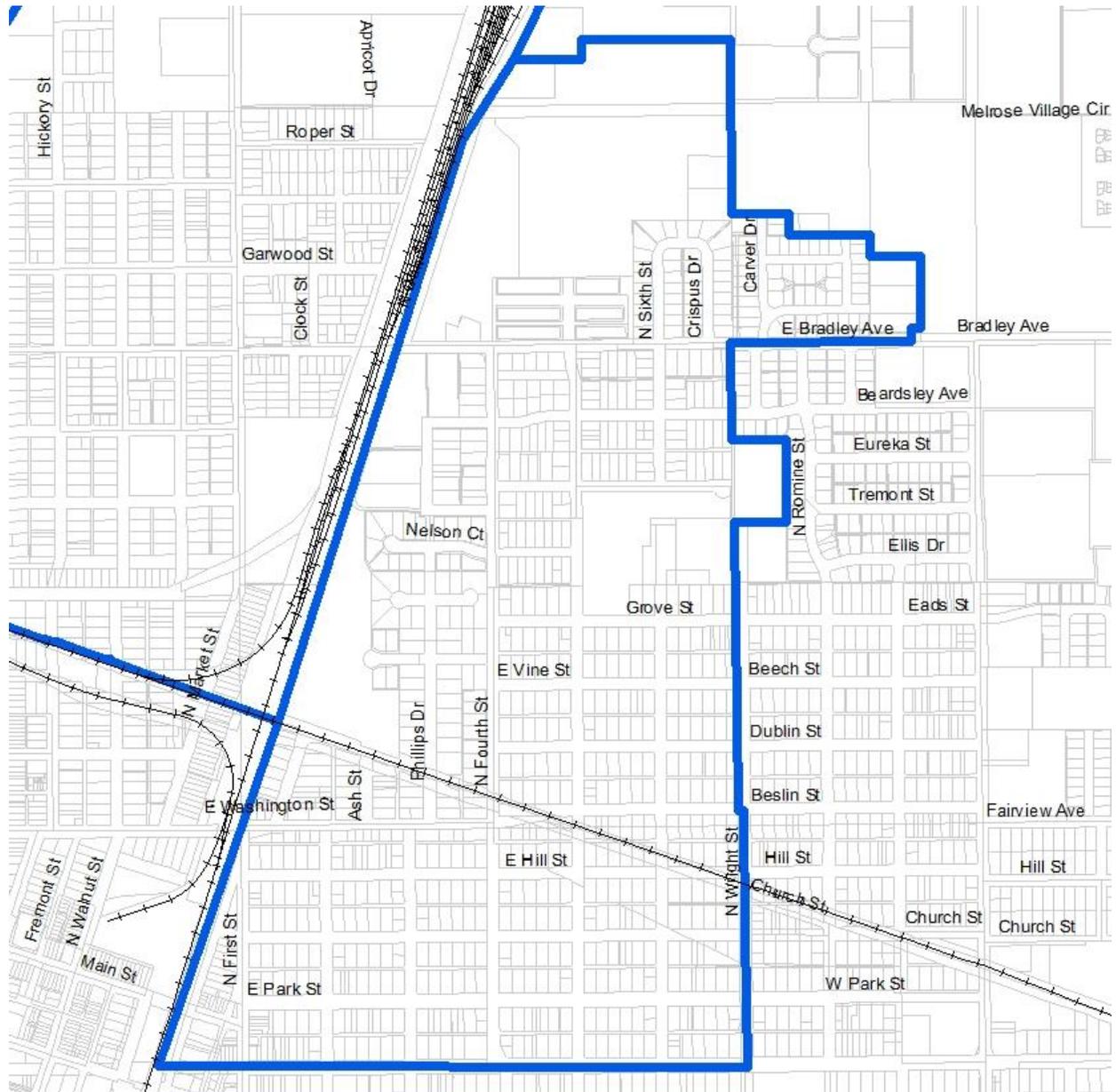


January 2006

Appedix E Planning Area 1



Planning Area 2



Planning Area 8

