

**City of Decatur's
Owner-Occupied Housing
Rehabilitation Program**

**Program Manual
2023**



**NEIGHBORHOOD
REVITALIZATION DIVISION**

**CITY OF DECATUR
1 Gary K. Anderson Plaza, Decatur, Illinois 62523**

July 2023

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I) PROGRAM OBJECTIVES

Program goals will be met through the use of the following objectives:

- 1) To remove unhealthy or hazardous housing conditions in low- and moderate-income areas.
- 2) To use funds as a catalyst to encourage residents of low- and moderate-income neighborhoods to improve their homes and community.
- 3) To revitalize and preserve the existing housing stock.
- 4) To reduce utility costs of low- and moderate-income families, by incorporating energy conservation systems into housing rehabilitation programs.
- 5) To preserve and increase the property values in low- and moderate-income neighborhoods.
- 6) To encourage employment and training opportunities for local and minority businesses through the opportunity to bid on housing rehabilitation programs.
- 7) To create sustainable mixed-income neighborhoods.

II) ELIGIBILITY REQUIREMENTS

The following information is to provide overall eligibility criteria for participation in the Owner-Occupied Housing Rehabilitation Program.

Project Unit Eligibility

- 1) For a dwelling unit to qualify as eligible for work under the Owner-Occupied Housing Rehabilitation Program, it must meet all the following criteria:
 - a) Be located within a designated low to moderate income target area inside the corporate limits of Decatur (see Exhibit A, page 12).
 - b) Be classified as "substandard, suitable for rehabilitation" by the Neighborhood Revitalization Division (NRD). The unit should be free from infestation (ICC code PM 308.1), free from excrement (ICC code PM 305.3), free from rubbish or garbage (ICC code PM 307.1), and maintained in a clean, safe, and sanitary condition (ICC code PM 302.1).
 - c) Be structurally sound or able to be rendered structurally sound through reasonable rehabilitation.

- d) Be a single-family, Owner-Occupied residential property. Units being purchased under a land sales contract (contract for deed) wherein title does not pass to the buyer until the contract is paid in full are **not** eligible. Properties for sale and mobile homes are **not** eligible.
 - e) Title to the unit must be vested in the owner that is making application for rehabilitation funding. The city will require proof of ownership.
 - f) Not located in an area that is in conflict with environmental or zoning regulations, or where rehabilitation is contrary to the city's land use and development plans.
 - g) Properties must not be tax-exempt (with the exception of disabled veterans). Properties must remain taxable for three consecutive years after the completion of the project.
- 2) The total project amount may **not** exceed \$70,000.
 - 3) The property owner will be required to carry homeowners' insurance. The City of Decatur shall be named on the insurance policy. If homeowners' insurance is denied due to necessary home repairs, the denial letter must be provided to the program staff. Once the repairs have been completed, insurance must be obtained, listing the City of Decatur on the policy for the duration of the three-year mortgage lien period.
 - 4) The property owner will be required to provide proof of paid real estate taxes (with the exception of disabled veterans) to the Neighborhood Revitalization Division as part of their application. Properties whose taxes have been sold do not qualify for this program.
 - 5) A mortgage lien will be recorded on the property. At the end of the three-year period (from the rehabilitation completion date), as long as the owner satisfies the terms and conditions of the mortgage and note, a release of mortgage lien will be prepared, filed, and mailed to the homeowner by program staff.
 - 6) The rehabilitated structure must be used for residential purposes only. If the property is sold or the title transferred during these three years, the city requires that a pro-rata portion (1/3 of the full project cost per year not fulfilled) the rehabilitation funding be returned to the city.

Applicant Eligibility

- 1) The applicant must be the owner of the residential dwelling for which assistance is sought.
- 2) Applicant must have owned and occupied the property for one (1) year prior to the date of application.

- 3) The title must be free of delinquent liens, taxes, and encumbrances. Payments must be current on all mortgages secured against the property. The city will verify ownership and lien status through a title search or title policy.
- 4) The applicant shall not have any outstanding fees, water bills, parking tickets, charges, or liens (of any kind) owed to the City of Decatur.
- 5) If the applicant owns property which has an active code enforcement (housing) case with the City of Decatur, they may be ineligible for assistance under this program. However, if the proposed rehabilitation addresses the housing case in its entirety, the applicant may receive assistance. All code enforcement violations should be addressed with assistance from the program as long as it's within the program financial limits as a condition of project approval.
- 6) All applicants will be required to disclose any conflict-of-interest relationships in writing. The Neighborhood Revitalization Division will process all documents which relate to a potential conflict-of-interest. The Neighborhood Revitalization Division will prepare a memo which identifies the nature of the potential conflict of interest and provide a recommendation for or against the project based upon the regulations and law. Written approval will be required before the project can proceed.
- 7) The city must have access to all areas of the home during the inspection and construction stages of the project.
- 8) During construction, the applicant must have active utilities.
- 9) Applicants will be required to have all documentation to the Neighborhood Revitalization Division before an application can be completed. Failure to do so will result in a delay in or termination from the program.
- 10) Access to the home must be available Monday through Friday during normal construction hours. If access to the interior of the home cannot be provided during these hours, only external work (if necessary) will be addressed.
- 11) For the safety of the contractors and their ability to access areas of the home and move materials in and out, any excess clutter must be cleared out and cleaned up. If safe access cannot be provided to the interior of the home, only external work (if necessary) will be addressed.

III) APPLICATION AND PROCESSING

This section outlines procedures for preparing, processing, and approving an application for the Owner-Occupied Housing Rehabilitation Program.

1) Application Process

- a. Advise prospective applicants of the eligibility requirements, availability of funds, and the benefits of the Owner-Occupied Housing Rehabilitation Program.
- b. The Neighborhood Revitalization Division shall provide the address to the city's Housing Rehabilitation Specialist to determine feasibility.
- c. Obtain the following information:
 - o Photo ID.
 - o Proof of ownership (i.e., recorded deed).
 - o Proof of household income.
 - o Most current tax return or affidavit of not filing.
 - o Proof of current paid property taxes (with the exception of disabled veterans).
 - o Most recent utility bills: power, garbage, and water.
 - o Proof of homeowner's insurance or letter from insurance company showing reason for denial.
 - o Recent mortgage statement of account (showing the account current, payment date, payment amount, and principal amount) or proof of mortgage being paid in full.
- d. The applicant will be provided the EPA notices "***Protect Your Family from Lead in Your Home***" and "***Renovate Right***."
- e. The Housing Rehabilitation Specialist will provide inspection information to the Neighborhood Revitalization Division.
- f. All files will have a checklist to ensure all requirements are satisfied. Upon completion, the file will be reviewed by the Assistant Director, Neighborhood Revitalization Division.
- g. The applicant will be notified by the Neighborhood Revitalization Division of the next step(s), approval, denial, etc.

2) Construction Monitoring

- a. The Neighborhood Revitalization Division will provide project details (location, homeowner(s) name(s), telephone number(s) and any other

pertinent details) to the Housing Rehabilitation Specialist who will perform a proposed project inspection.

- b. The Housing Rehabilitation Specialist will schedule and conduct an initial inspection on the subject dwelling and will terminate the project if it is found to not be classified as "substandard, suitable for rehabilitation" by the Neighborhood Revitalization Division (NRD).
- c. The Housing Rehabilitation Specialist will prepare a work write-up for work related to the following categories:
 - Energy efficiency updates – Including siding, insulation, gutters & soffits.
 - Mechanical - HVAC.
 - Plumbing – Water heaters.
 - Smoke and carbon monoxide detectors.
 - Windows and doors.
 - Roofs.
- d. Homes built before 1978 will be treated as a Remodeling, Repair and Painting (RRP) project to reduce lead paint hazards.
- e. The Housing Rehabilitation Specialist will schedule a bid walk and provide bid specifications to the contractors.
- f. The Housing Rehabilitation Specialist will conduct a bid opening and review contractor proposals for cost reasonableness and compliance.
- g. The Housing Rehabilitation Specialist verifies that the contractor meets program requirements and performs any other due diligence on the contractor.
- h. The Housing Rehabilitation Specialist makes a recommendation to the Neighborhood Revitalization Division and, if the contractor's proposal is approved, notifies all participating contractors of the winning bid.
- i. The Neighborhood Program Specialist notifies the homeowner and sets a contract signing date to include the contractor and the Housing Rehabilitation Specialist.

3) Contract Management Conducted by the Housing Rehabilitation Specialist

- a. The Housing Rehabilitation Specialist will inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship. The Housing Rehabilitation Specialist will maintain a chronological sheet identifying the dates and times of the visits and the progress.
- b. The Housing Rehabilitation Specialist will obtain from contractor:
 - o Release of liens including all subcontractor's lien waivers.
 - o Final invoices.
 - o Contractor's sworn statements and a warranty from the general contractor prior to final payment for rehabilitation work. The Housing Rehabilitation Specialist will verify with the homeowner that all operating manuals and warranties were provided by the contractor to the homeowner.
- c. The contractor shall be allowed a specified number of days, as determined by the Housing Rehabilitation Specialist, to complete the full rehabilitation of the property from the date on the Notice to Proceed unless otherwise extended in writing by the city. This time limit can be extended for material or weather delays, or necessary changes to the scope of work, and does not include holidays. Documentation must accompany these delays.
- d. Change orders may be authorized for unforeseen safety issues or code violation(s) which are identified during the construction period. The change order should be initiated prior to the improvement being completed. The change order requires the signature of the owner, Housing Rehabilitation Specialist, Neighborhood Program Specialist, and the Assistant Director Neighborhood Revitalization Division. The change order shall be dated.
- e. Any work requiring a permit will be inspected by the City of Decatur's Building Inspection Division and must pass all inspections. The Housing Rehabilitation Specialist will make the final inspection of rehabilitation work to ensure conformance with contract specifications.
- f. The Housing Rehabilitation Specialist will initiate the Certificate of Final Inspection.

4) Project Closeout

- a. The contractor will provide the homeowner with all warranties pertaining to the rehabilitation, the contractor's telephone numbers, and a copy of the final inspection report.

- b. The contractor will explain maintenance information to the homeowner. The Contractor agrees to give the property owner a one-year warranty on all rehabilitation work.
- c. The homeowner or their representative must attend the property maintenance training provided by the city.

IV) CONTRACTING FOR REHABILITATION WORK

This section sets forth requirements and procedures with respect to construction contracts for rehabilitation. For the Owner-Occupied Housing Rehabilitation Program, construction will be undertaken only through a written agreement between the City of Decatur and the homeowner. The City of Decatur will act as the payee.

1) Form of Contract

The Construction Agreement shall consist of a single agreement signed by the contractor and Housing Rehabilitation Specialist, accepted, and signed by the homeowner, and approved by the Assistant Director, Neighborhood Revitalization Division. The Housing Rehabilitation Specialist should be present during the construction contract session. It shall contain the proposal amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations or policies require.

2) General Conditions and Specifications for Rehabilitation Work

The Neighborhood Revitalization Division staff will prepare and amend (as required) provisions of general conditions and specifications for use in all rehabilitation construction work.

3) Obtaining Contractors' Bid Proposals

The Neighborhood Revitalization Division shall establish and, on the basis of its experience, maintain a current listing of contractors who are prequalified, qualified, and disqualified for doing rehabilitation work. The list shall not be used as a means of excluding bidders who are not on the list at the time of submission of a bid. (See the Neighborhood Revitalization Division's **Contractor Qualification Manual** for Prequalification and Qualification Standards.)

The Housing Rehabilitation Specialist will prepare and/or submit the bid specifications for each project. At least two (2) bids for the proposed rehabilitation work must be received. Staff will document in writing the reasons for acceptance of a single bid. Where city staff believes that a contractor's or subcontractor's bid is too high, they may require one or more bids from qualified contractors.

V) CONTRACTING POLICY

Contracting Policy

The City of Decatur shall, to the greatest extent feasible, utilize minority and female contractors and material suppliers on housing rehabilitation projects. The City of Decatur also encourages contractors awarded a bid for housing rehabilitation to use Decatur area and minority or female owned subcontractors.

Contracts will be awarded to prequalified contractors or qualified contractors who submit the lowest, most responsive, and most responsible bid as set forth in the bid documents. It is the right of the city to reject any and all bids deemed not responsive or responsible. It is the Neighborhood Revitalization Division's responsibility to select any contractor submitting a responsive and responsible bid.

The contractor submitting a proposal for rehabilitation work on the program must meet all the criteria set forth herein and requirements related to equal opportunity, insurance, and bonding requirements.

VI) ELIGIBLE AND INELIGIBLE PROGRAM ACTIVITIES AND COSTS

Rehabilitation funds can be used to finance repair and rehabilitation activities for Owner-Occupied residential units. Owner-Occupied Housing Rehabilitation Program funds are not intended to address all of the residential unit issues. However, the program may be used to address property code deficiencies.

- 1) Eligible activities include, but are not limited to, the following:
 - Energy efficiency updates – Including siding, insulation, gutters & soffits.
 - Mechanical - HVAC.
 - Plumbing – Water heaters.
 - Smoke and carbon monoxide detectors.
 - Windows and doors.
 - Roofs.
- 2) Ineligible activities include the following:
 - Temporary improvements.
 - Appliances not permanently attached to the home.

- New construction and additions, except where overcrowding requires an addition by local code requirements.
- Repairs to attached garages except where the repair is a necessary part of the overall rehabilitation project (i.e.: siding or roofing, required electrical repairs, or where lead paint hazards are present on the garage, where pregnant women or children under the age of 6 reside).

EQUAL OPPORTUNITY PROVISIONS

The City of Decatur's Owner-Occupied Housing Rehabilitation Program does business in accordance with the Federal Fair Housing Act and Federal Equal Credit Opportunity Act. These laws state that it is illegal to discriminate against any person because of race, color, age, religion, sex, marital status, or national origin. All applicants applying for assistance will be processed within priorities and guidelines established for this program. The Neighborhood Revitalization Division will not discriminate against any person or family in the application processing, approving, or denying of a grant, or in any other terms and conditions of an Owner-Occupied Housing Rehabilitation Program grant. Any individual who believes that she/he may have been discriminated against should discuss the matter with the Assistant Director, Neighborhood Revitalization Division at (217) 424-2797 or contact:

**City of Decatur
Neighborhood Revitalization Division
#1 Gary K. Anderson Plaza
Decatur, IL 62523-1196**



EXHIBIT A - Owner-Occupied Rehabilitation Program Target Area Map

