



**Community Development Commission (CDC) Meeting Agenda  
October 20, 2025 - 5:30 PM  
City Council Chambers, City Hall, 3rd Floor,  
1528 Third Avenue, Rock Island, IL**

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**1. Call to Order**

**2. Roll Call**

Ametra Carrol-Castaneda Christine Adamson Hershel Jackson Jen Osing Jeremy Crafton K.J. Whitley  
Richinda Sakho Calvin Dane Andrea Muller

**3. Public Comment**

**4. Meeting Minutes**

a. Draft Meeting Minutes from the September 15, 2025 meeting

**5. Old Business**

**6. Other Business/New Business**

a. The Community Development request approval of the amendments to the CDBG Program Manual Appendices.

b. The Community Development Department request approval of a new program, Appendices D- Water and Sewer Replacement Program.

**7. Adjourn**

The next scheduled meeting will be November 17, 2025. The December 16, 2025, meeting will be canceled.

*This agenda may be obtained in accessible formats by qualified persons with a disability by making appropriate arrangements from 8:00 am to 5:00 pm, Monday through Friday, by contacting the City Clerk's Office at (309) 732-2010 or visiting in person at: 1528 Third Avenue, Rock Island, IL 61201.*

## Memorandum



**To:** Rock Island Community Development Commission (CDC)  
**From:** Nichole Mata  
**Subject:** Draft Meeting Minutes from the September 15,2025 meeting  
**Date:** October 20, 2025

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### **Introduction and Background Information:**

Motion: Approval of the draft meeting minutes from the September 15,2025 meeting.  
RC Roll Call vote is needed.

### **Previous Council Action (if any):**

N/A

### **Budget Impact:**

N/A

### **Additional Information as applicable (i.e. provide alternative options, community or staff input, staffing impact; resident impact; etc.):**

N/A

### **Council Goal (if applicable):**

N/A

### **Recommendation:**

Recommend approval of the draft meeting minutes from the September 15, 2025 meeting.

Submitted by: Nichole Mata

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Approved by:



Whitley made the motion and Adamson 2nd the motion. The motion carried unanimously on a vote of 6-0.

Mata discussed the 2026 Community Input Survey in person input opportunity. All questions were answered.

**Adjournment**

Whitley asked for a motion to adjourn the meeting at 6:21 PM. Adamson made the motion and Whitley second the motion. The motion carried unanimously on a vote of 6-0.

## General Owner-Occupied Housing Rehabilitation Program

1. **INTRODUCTION.** This appendix establishes the policies and procedures for the City of Rock Island's General Owner-Occupied Housing Rehabilitation Program (hereafter "the Program" or "the General Rehab Program"). It is funded using a Community Development Block Grant annual entitlement award from the US Department of Housing and Urban Development.
2. **CDBG PROGRAM.** The Community Development Block Grant (CDBG) program was established by Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, 42 United States Code 5301. Under the CDBG program, the U.S. Department of Housing and Urban Development (HUD) awards grants to State and local governments to aid in the development of viable urban communities. To be eligible for funding, program-funded projects must satisfy one of three HUD national program national objectives required in 24 CFR (Code of Federal Regulations) 570.208:
  - a. To benefit low- and moderate-income persons which are identified as persons with incomes below 80% of the area median household income; these income limits are determined and established by HUD utilizing Median Family Income estimates for each metropolitan area. Income limits are updated annually;
  - b. Prevention and elimination of slums and blight; and
  - c. Meeting urgent needs.
3. **NATIONAL OBJECTIVE.** The Program will be administered using the Low-Mod Housing benefit. CDBG funds shall be utilized for housing activities to assist income qualified homeowners with repair and rehabilitation of owner-occupied units. Eligible activities include: general rehabilitation of existing housing structures, including substantial rehabilitation to bring homes up to local codes and standards. The Program will address deferred maintenance. Repair and rehabilitation of the home's principal fixtures and components, including special purpose rehabilitation items that affect quality of life and threaten the health and safety of the homeowners will also be addressed. All program activities shall meet the National Objectives and the Public Benefit to existing income qualified homeowners. CDBG eligible costs for homeowner rehabilitation include:
  - a. Labor and materials,
  - b. Repair directed toward an accumulation of deferred maintenance,
  - c. Repair or replacement of principal fixtures and components of existing structures, d. Installation of safety devices,
  - e. Renovations through alterations, additions to, or enhancement of existing structures and improvements, and
  - f. Special purpose rehabilitation items that affect quality of life and threaten the health and safety of the homeowners
4. **ELIGIBLE HOUSING TYPES.** Single-family structures must be owner-occupied by the primary applicant. Structures containing two units must have one unit occupied by the owner/primary applicant. Rehabilitation services will only take place within the owner-occupied portion of the structure, except for roof replacements. Properties with more than two dwelling units shall not be eligible to receive assistance.

5. **AUTHORITY TO UNDERTAKE HOUSING REHABILITATION.** The Housing and Community Development Act of 1974 (HCDA) and the CDBG regulations permit the use of CDBG funds for repair and rehabilitation activities. Section 105(d) of the HCDA permits the use of CDBG funds for “clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately-owned properties, and including the renovation of closed school buildings).” This provision is codified in the CDBG Entitlement program regulations at 24 CFR 570.202(a)(1) and 24 CFR 570.202(b)(2), which read as follows:
  - (a)(1) Privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building; and
  - (b)(2) Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken individually or in combination with other programs or resources.
6. **FORGIVABLE LOAN.** Financial assistance shall be provided to income eligible homeowners as a forgivable loan secured through a recapture agreement. Recapture agreements in the amount equal to the cost of rehabilitation will be required for rehabilitation projects. Said agreements shall be recorded at the Rock Island County Recorder’s Office for a period of five (5) years to serve as a lien against the property for the duration of the recapture agreement requirements. The terms of the recapture agreement require that the home owner remain in the home for a period of five years. Once the five (5) year period has been fulfilled, either the homeowner or the City may have the lien released from the property.
7. **RECAPTURE EVENTS.** The income qualified homeowner will be responsible for repayment of the grant amount if one or more of the following events occur during the recapture period:
  - a. The homeowner sells, conveys, or transfers title of the property for consideration to another person;
  - b. The homeowner rents or leases the property;
  - c. The homeowner forfeits ownership rights to the property due to foreclosure, bankruptcy, or any other similar means.
8. **NON-RECAPTURE EVENTS.** The following events are not recapture events:
  - a. Transfer of title to homeowners' surviving spouse upon death of a joint tenant-owner;
  - b. Transfer of title to a spouse as a result of a divorce;
  - c. A transfer of title by will upon death;
  - d. Refinancing of the property to reduce interest rates; or
  - e. In the event that extenuating circumstances occur that are not listed above, the City will evaluate the situation and will, at its discretion, determine if the circumstances are appropriate by the City.

- 9. MAXIMUM ASSISTANCE AVAILABLE.** No project undertaken through the Program shall have a hard cost that exceeds \$24,999. The homeowner may, but is not required to, contribute their own matching funds if a broader scope of work is desired. A household may only receive assistance through the Program once every five (5) years. In the event the most responsive and responsible bid exceeds the allowable funding, the homeowner will be notified and given the opportunity to cover the exceeded cost or reduce the scope of work prior to the scheduled contract signing before any work begins.
- 10. APPLICATION REQUIREMENTS.** To be considered eligible to participate in the Program, the residence must be located within the municipal boundary of the City and be owner occupied confirmed as such through title search, tax records, and insurance policy information. The property must also be a legal conforming use according to the City's adopted zoning code, all property taxes must be current, all utility billing with the City must be current, and the applicant must meet all of the following requirements:
- a. **Household Income.** To be considered eligible for assistance, the applicant must meet the HUD income of limit of 80% or lower of the area median income (AMI). The City shall calculate and verify income qualifications using the Adjusted Gross Income as provided on the IRS 1040. Adjusted Gross Income is defined as individuals age 18 and older reporting to the Internal Revenue Service on Form 1040. Other income includes: prizes and awards; gambling, lottery or raffle winnings; jury duty fees; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit). In order to determine applicant eligibility, the applicant shall submit the most current 1040 federal tax return and two months of income verification (pay stubs, social security statements etc.).
  - b. **Household Definition.** A Household shall be defined as any person occupying the housing unit as a permanent resident as of the date of application, regardless of that person's relationship to the homeowner or other members of the household. Persons living outside the residence will not be considered to be household members unless they are a college student living in a dormitory but are claimed as dependents on a resident household member's income tax form.
- 11. APPLICATION PROCESS.** Applicants shall complete an application as provided by the City and include any and all required documentation. In the event that the applicant requires assistance completing the application, the applicant may schedule an appointment with the Housing Officer. The application will be reviewed for completeness and the applicant will be income verified at the time of application in order to determine Program eligibility. Adjusted Gross Income as outlined in IRS form 1040 will be used to determine total household income. Applicants must fall below 80% of the established HUD AMI guidelines for the current year. Upon review of completed application and submission of supporting documentation, the Housing Officer will verify that the applicant does not have weed/grass and nuisance code violations, residency and homeownership requirements, homeowner insurance and income verification will also be completed. Property ownership will be confirmed through the title search using Laredo (Rock Island County Recorder's Office electronic records database). If a copy of the title is not available in Laredo, the applicant will be required to furnish a copy. The Housing Program Officer will ensure that all persons listed on the property's title are listed as an applicant. At this time Laredo will also be used to identify any liens or judgments on the property. An assessment search will be performed via

www.rockislandcounty.org to verify that all Property Taxes have been paid to date. Any delinquent taxes will need to be paid in order to move forward with the application. The completed application shall be valid for six months. After the six-month period has passed, a new application shall be required to proceed. Once an applicant is approved a formal letter will be sent out notifying of the approval and next steps in the process. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surfaces after the rehabilitation application is approved, the project will be terminated at that time and no additional assistance will be provided to the household. The City may deny any loan application based on delinquent property tax, outstanding tax liens, inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements within 30 days of the notification. If the City receives falsified documents such as applicants not disclosing income, residents at the home or rental properties they owned ect the applicant will become disqualified for assistance and removed from the waitlist. Projects may be deemed infeasible for the following reasons.

- a. The cost of needed health and safety repairs of the home exceeds the programs maximum amount per house and no other sources are available.
  - b. The homeowner continues to demand improvements that fall outside the requirements of the program, such as repairs that are purely cosmetic. The Homeowner is in violation of the Homeowner Agreement or Construction Contract.
  - c. The homeowner is very non-cooperative and harasses or threatens contractor or the grantee employees.
  - d. The homeowner on more than one occasion or for an extended time prevents contractors from performing work.
12. **INSUFFICIENT PROPERTY VALUE.** For the purposes of this program, the value of a property shall be the estimated market value as determined by the Rock Island County Assessor's Office. To qualify for assistance, the cost of the rehabilitation activity shall not be greater than fifty percent (50%) of the estimated market value. This shall apply on a project by project basis with a new evaluation being assessed each time a given property may utilize the program.
14. **APEAL Process:** If the applicant is unsatisfied with their determination of eligibility; the applicant may appeal the decision to HUD.
15. **WAITING LIST.** Following verification of income eligibility, applicants shall be placed on a waiting list on a first come, first serve basis. Income eligibility shall be reverified every six (6) months.
13. **INITIAL INSPECTION.** When an applicant's turn on the waiting list arrives, an initial inspection of the property shall be undertaken by the Construction Officer using a standardized form. The Program is focused on addressing code violations, making housing both safe and sanitary and accessibility needs. All applicable building, mechanical, electrical, plumbing, and health codes as adopted by the City are used to determine code violations. Such violations are hereafter ranked by severity as major, moderate, of minor. Cosmetic repair items are not allowed in the program and the program cannot necessarily address all the homeowner's concerns. A copy of the General Rehabilitation Program Inspection Checklist is attached at the end of the inspection. The City must have full access to the house during inspections and construction stages of the project. The house must be accessible, clean, safe and sanitary. It is the owner's responsibility to make sure the property is clean and has a clear egress path around all areas where construction will be completed. In the event of insect or rodent infestation, inspections will be postponed until the owner provides documented proof of professional extermination. The property will not be eligible for services until all violations are corrected. The applicant will be given 30 days to

address these violations. If the violations are not addressed the applicant will no longer be eligible for grant funding and be removed from the waitlist. If in the future the violations are addressed, they may apply to be placed back on the waitlist.

16. **SCOPE OF WORK.** Following the initial inspection, a scope of work shall be prepared by the Construction Officer. Activities in the scope shall be undertaken in order of priority corresponding with the code violations described above.
17. **ENVIRONMENTAL REVIEW.** When a scope of work is completed, the environmental review process shall begin. The environmental review record documents shall be prepared by the Geographic Information Systems (GIS) Specialist under the direction of the Planning & Zoning Manager. The Section 106 review process as required by the National Historic Preservation Act of 1966, as part of the environmental review documents, shall be overseen directly by the Planning & Zoning Manager. If the State Historic Preservation Office (SHPO) determines in the course of the Section 106 review process that the proposed undertaking.

## 18. **CONTRACTOR SELECTION.**

### a. **DEFINITIONS**

- i. Contractor - A term used to apply to both general contractors and subcontractors.
- ii. Contractor Guidelines - A shortened term used to refer to "Contractor Selection/Qualification Guidelines for Targeted Neighborhood Housing Stimulation Programs by the Planning and Redevelopment Division, Community and Economic Development Department, City of Rock Island, Illinois."
- iii. General Contractor - A contractor, who contracts to undertake an entire rehabilitation job under the City's Targeted Neighborhood Housing Stimulation Programs, using subcontractors and supervising them as needed while taking full responsibility for the job.
- iv. Subcontractor - A contractor who contracts to undertake one or more phases of a rehabilitation job under the City's Targeted Neighborhood Housing Stimulation Programs, with the City or some other contractor acting as general contractor.
- v. City - The City of Rock Island, Illinois; specifically, with reference to the Targeted Neighborhood Housing Stimulation Programs, is represented by the staff of the Planning and Redevelopment Division of the Community and Economic Development Department. References to the City in these guidelines refer to that staff, its policies and programs as approved by the City Council.
- vi. Housing Officer - A member of the staff of the Planning and Redevelopment Division, Community and Economic Development Department of the City, who processes applications for rehabilitation assistance, including the financial portion.

- vii. Construction Officer - A member of the staff of the Planning and Redevelopment Division, Community and Economic Development Department of the City, who prepares work write-ups manages bids and contract documents, and supervises construction.
- viii. Community and Economic Development Director – the supervisor of the Community and Economic Development Department.

**b. CONTRACTOR QUALIFICATIONS**

- i. Prospective contractors must complete a Contractor Information Form. B. References and credit will be checked.
- ii. Contractors must have satisfactory client references.
- iii. Judgments against a contractor must be released prior to program participation.
- iv. Contractors must be registered with Duns & Bradstreet ([www.dnb.com](http://www.dnb.com)) and System of Award Management ([www.sam.gov](http://www.sam.gov)). There is no registration fee, for both of these federal requirement registrations.
- v. Registration with the City of Rock Island as well Liability insurance coverage is required and a certificate of insurance must be provided. \$100,000 each occurrence/\$300,000 aggregate bodily injury, including death. \$100,000 property damage.
- vi. Lead Certifications and Licenses when applicable to the Scope of Work.
- vii. No contractor will be added to the City's list of qualified contractors until requirements of II-A, B, and C are met.
- viii. Prospective contractors must be bonded and licensed as required by the City Inspection Division and Community and Economic Development Department.
- ix. Contractors must complete work in a manner which meets City Rehabilitation Specifications and all adopted City codes.
- x. Quality work is required.
- xi. Timely completion of work is required.
- xii. Contractors are required to furnish a current address and phone number where they may be contacted.
- xiii. Change of address and/or phone number must be reported immediately.
- xiv. At any time that contractor's address and phone number are incorrect and the Planning and Redevelopment Division cannot contact the contractor, that contractor will be dropped from the list(s) of contractors until the required information is furnished to the Planning and Redevelopment Division.
- xv. It is the contractor's responsibility to notify the Construction Officer and the homeowner of any delays or absences from the job once a Proceed Order has been issued.
- xvi. Working hours shall be from 8:00 a.m. to 5:00 p.m., Monday through Friday unless other arrangements are approved by the homeowner and the Construction Officer.

- c. CONTRACTOR DISQUALIFICATION.** Failure by a contractor to meet the above qualifying criteria shall result in disqualification from further participation in the program. Prior to

execution of the contract, the homeowner may request rejection of a contractor for good and substantiated reasons. The City will approve or deny this request. Additional reasons which may be grounds for contractor disqualification:

- i. Repeated and substantiated homeowner complaints.
- ii. Failure to honor the warranty as specified in the contract with the homeowner, or failure of the contractor to supply homeowner with warranties on products with warranties exceeding one year.
- iii. Failure of a contractor to resolve warranty issues will result in withholding work write-ups and bidding until issues are resolved or disqualification has taken place.
- iv. Repeated credit problems.
- v. Unprofessional or un-businesslike contract negotiation or implementation. vi. Discovery of fraud, life-threatening irresponsibility, or other immediate incapacity.
- vii. Repeated failure to bid with or without notification to the City.

d. **NOTICE OF DISQUALIFICATION.** Contractors considered for disqualification shall be notified of such pending disqualification in writing. The notice shall include at a minimum:

- i. Reason for pending disqualification.
- ii. Maximum time frame for abating disqualifying item(s).
- iii. Mailing of Pending Disqualification Notice –The "Pending Disqualification Notice" shall be mailed or hand-delivered to the latest known address or whereabouts of the contractor. No further notice shall be required. The City retains the right to disqualify any contractor immediately when fraud, life threatening irresponsibility or other immediate incapacity is evident. The City also retains the right to disqualify immediately a contractor who cannot be or one who has repeatedly failed to bid. No "Pending Disqualification Notice" is required. Reinstatement of any contractor after disqualification will be at the sole discretion of the city.

e. **SUBCONTRACTORS.** General contractors must furnish for the City a list of the subcontractors they propose to use on that job when they submit the bid. The City reserves the right to deny the use of any subcontractor who has been previously disqualified. If the contract awarded to the general contractor requires a change in subcontractor(s), the general contractor must notify the City before the new subcontractor begins work. Proposed subcontractors may be rejected by the City for good and substantiated reasons. General contractors are required to show that subcontractors meet appropriate licensing and bonding requirements and that they meet liability insurance coverage requirements as stated in II-C.

- f. **BIDDING.** All projects shall be put out for competitive bidding for no less than one (1) week and no more than four (4) weeks.
    - i. Bids shall be posted on the City website and provided to any contractor in any format upon their request. Contractors shall submit bids for consideration in sealed envelopes labeled as instructed in the invitation to bind instructions. Late bids will not be accepted.
    - ii. All bids will be opened in public at a set time and place. At least two City staff members shall be present at any bid opening. Contractors retain the right to attend all bid openings.
    - iii. After the bid opening, the successful bidder will be allowed to bid on another rehabilitation job but may only hold a maximum of three projects at one time unless approved by the city.
    - iv. The contractor may decline to bid one job (pass). This pass will be treated as if the contractor had submitted an unsuccessful bid.
    - v. Contractors who repeatedly decline to bid or fail to notify the City of their intent to pass may be dropped from the contractor list at the discretion of the City.
    - vi. When a contractor is already under contract for or has been awarded the bid for a total of three (3) rehabilitation jobs through City programs, the contractor will not be invited to bid on a new job until no more than one contract remains open unless approved by the City.
    - vii. If a contractor has been dropped from the City's list(s) of qualified bidders, the City reserves the right to refuse to accept a bid from that contractor even if that contractor would otherwise qualify under V-D.
    - viii. The policy of the City, in general, shall be to award the contract(s) to the lowest qualified, responsive, responsible bidder(s):
      - 1. Bidders may be disqualified at the discretion of the City, as having bid too low, if a bid is more than 10% lower than the in-house estimate.
      - 2. Bidders may also be disqualified for having a bid too high in excess of 20% of the in-house estimate.
      - 3. Bids submitted with miscalculations will be disqualified.
      - 4. Any or all bids may be rejected at the discretion of the City for good cause.
    - ix. Each bidder is required to bid each line item in the work write-up individually (if a general contractor) or each line item of the relevant trade (if a subcontractor).
    - x. The City retains the right to delete any line item(s) after bidding is complete.
    - xi. The City retains the right to negotiate modifications to the contract with the successful bidder in each case.
18. **PRE-CONSTRUCTION.** For every project undertaken through the Program, there shall be a preconstruction meeting with the homeowner, contractor, and staff. At this meeting there shall be a review of the contract documents, the scope of work, and the project timeline. Following this, contract documents shall be signed by the respective parties. The Project may thereafter begin.
19. **CONTRACTOR PAYMENT.** When work is complete, a final inspection of the property shall be undertaken using a standardized form. If the work is determined to be satisfactory and

complete, the contractor may submit a request for payment using a standardized form provided by the City. The request for payments must include a final lien waiver, sworn statement, signed one (1) year warranty, and invoice. The Housing Officer, Construction Officer, and the homeowner must sign off to approve the request for payment before it can be processed. If seven (7) days elapse from the date the request has been received and the homeowner is unable or unwilling to sign despite reasonable attempts to address their concerns, the City shall retain the right to process the request and issue payment to the contractor. Once payment has been submitted the Housing Officer will mail out a letter stating the project has been completed with a one-year warranty on the work completed. If the homeowner fails to sign off for the final payment and/or access to the final inspection, the one-year warranty is voided.

- a. If the Construction Officer judges a change order to be excessive, the City reserves the right to obtain other bids.
- b. Payments to contractors shall be made in accordance with the provisions in the Rehabilitation Contract.
- c. Lump sum payments will be made after the inspection division's final inspection, approval by the Construction Officer(s) of the completed work, and approval by the Planning and Redevelopment Administrator and the Community and Economic Development Director is completed.
- d. In situations deemed appropriate by the City, progress payments may be approved, however, no more than 75% of the total contract (less the usual 10% retainer) may be paid in progress payments. The final payment will be made only after final inspection and approval and after all punch list items have been completed, inspected, and approved.
- e. There shall be no more than a total of two-progress payments and one final payment on a contract totaling \$15,000 or less (total of three payments).
- f. The total number of payments on a contract in excess of \$15,000 may be increased by one payment for each \$5,000 or portion thereof. (Examples: Maximum of four payments on a contract for \$18,000; maximum of five payments on a contract for \$24,900.)
- g. Each general contractor shall be required to furnish to the City the Federal Employer Identification Number for the general contractor's firm and for all subcontractor's firms.

## 20. GENERAL PROGRAM GUIDELINES.

- a. EXPENSES. Eligibility of expenses for the CDBG program are itemized in the most recent version of "Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities" as published by HUD. A summary of the eligible costs are as follows:
  - i. Rehabilitation (hard costs) — Rehabilitation hard costs are actual costs to accomplish rehabilitation. Costs of labor, materials, supplies and other expenses required for completion of the rehabilitation of property, including repair or replacement of principal fixtures and components of existing structures (e.g., items eligible for repair within the program, individually or combined). This will be the total amount of the Contractor's invoice and the amount noted on the Recapture Agreement.
  - ii. Service Delivery (soft costs) — Staff costs and related expenses required for outreach efforts for marketing the program, rehabilitation counseling, screening

potential applicant households and structures, energy auditing, preparing work specifications, loan underwriting and processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities who are participating or seeking to participate in rehabilitation. The following are examples of soft costs:

1. Financing fees, credit reports, title binders and insurance, recording fees, transaction taxes, impact fees, legal and accounting, appraisals, architectural and engineering fees.
  2. Administrative costs.
  3. Environmental review costs.
  4. Lead Safe Housing Rule Compliance expenses. This includes any costs that are associated with complying with the Lead Rule that are not normally incurred as part of rehabilitation if the Rule did not apply. This can include:
    - a. Evaluation costs (risk assessments, visual assessments or inspections)
    - b. Laboratory and analysis fees
    - c. Lead sample testing supplies
    - d. Occupant protection, including relocation, storage or protection of belongings
    - e. Waste handling attributable to lead-based paint hazard reduction.
    - f. Specialized cleaning designed to remove LBP dust. The contractor can provide an estimate of the incremental costs associated with LBP hazard reduction.
    - g. Clearance activities, including visual assessments, dust wipes, and reports.
- b. **LMH HOUSING DOCUMENTATION REQUIRED.** In addition to the main documentation required for each project/activity, the following records must be maintained for projects/activities that are using LMH as a national objective:
- i. A written agreement with each landlord or developer receiving CDBG assistance. The agreement must specify:
    1. Total number of dwelling units in each multi-unit structure, and
    2. The number of those units which will be occupied by LMI households after assistance.
  - ii. Total cost of the activity, including both CDBG and non-CDBG funds
  - iii. The household size, ethnicity and income eligibility for each of the LMI households occupying assisted units
  - iv. Accomplishments for LMH activities include the number of owner-occupied units rehabilitated, including the number of these units occupied by the elderly.
- c. **HOUSEHOLD INCOME DOCUMENTATION REQUIRED.** The following definitions shall be used in the determination of a household's total AGI:

- i. Adjusted Gross Income shall be defined as adjusted gross income reported to the Internal Revenue Service on Internal Revenue Service (IRS) Form 1040 as follows:
    - 1. Wages, salaries, tips, etc.
    - 2. Taxable interest.
    - 3. Dividends.
    - 4. Taxable refunds, credits or offsets of State and local income taxes.  
There are some exceptions - refer to Form 1040 instructions.
    - 5. Alimony (or separate maintenance payments) received.
    - 6. Business income (or loss).
    - 7. Capital gain (or loss).
    - 8. Other gains (or losses) (i.e., assets used in a trade or business that were exchanged or sold).
    - 9. Taxable amount of individual retirement account (IRA) distributions.  
(Includes simplified employee pension [SEP] and savings incentive match plan for employees [SIMPLE] IRA.)
    - 10. Taxable amount of pension and annuity payments.
    - 11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.
    - 12. Farm income (or loss).
    - 13. Unemployment compensation payments.
    - 14. Taxable amount of Social Security benefits.
    - 15. Other income. (Includes: prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit).
  - ii. Total Adjusted Gross Income for the household shall be defined as the sum of the total adjusted gross income of each household member aged 18 or over. A household member shall be defined as any person occupying the housing unit as a permanent resident as of the date of application, regardless of that person's relationship to the homeowner or other members of the household. Persons living outside the home will not be considered to be household members unless they are a college student living in a dormitory but are claimed as dependents on a resident household member's income tax form.
- d. RECORD RETENTION PERIOD. Under the uniform administrative requirements of the CDBG regulations, grantees and sub recipients are required to retain CDBG records for a period of not less than four years. For sub recipients, the record retention period begins from the date of the submission of the CAPER in which the specific activity was reported on for the final time rather from the date of submission of the final expenditure report for the award.
  - e. ACCESS TO RECORDS. HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access grantee and sub recipient program

records. This right is not limited to the retention period. Requirements regarding public access to records include:

- i. CDBG grantees are required to provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable state and local laws regarding privacy and confidentiality; and
  - ii. The Consolidated Plan regulations require that grantees provide citizens, public agencies and other interested parties with reasonable and timely access to information and records relating to the jurisdiction's Consolidated Plan and the use of assistance under the programs covered by the Consolidated Plan.
- f. CDBG ALLOCATION PROCESS. Refer to the City's main CDBG Program Manual to find details on how the City's overall application and allocation process works. The TNHSP submits two applications for Entitlement funds, one for staffing and support costs and another application for programmatic costs (hard costs and soft costs). City Council normally finalizes the allocation recommendations for the upcoming program year (April 1st-March 31st) in September of each year yet final Entitlement allocation amounts from HUD are announced in the Spring/Summer each year (after the program year has already started).
- g. CONSOLIDATED PLAN. The Community Development Manager is responsible for making sure that the Consolidated Plan is completed accurately and timely. The Consolidated Plan is prepared by the City of Rock Island every five years and describes needs, resources, priorities and proposed activities to be undertaken with respect to CDBG funds. An approved Consolidated Plan is one which has been approved by HUD. TNHSP staff is responsible for making sure that their proposed activities for the next five years are included in this analysis in order to continue being funded.
- h. ANNUAL ACTION PLAN. The Community Development Manager is responsible for making sure that the Annual Action Plan is completed accurately and timely. This document serves as an annual application to HUD for funding and must reflect the proposed activities that are in the Consolidated Plan. If a new activity is being proposed for funding, the Consolidated Plan must be amended. Further information on what triggers a Consolidated Plan amendment can be found in the City's main CDBG Policies and Procedures manual. Information on TNHSP staff and support costs are detailed in the Annual Action Plan as well as the expected accomplishments for each activity. A majority of the information used for the Annual Action Plan will be used from the applications submitted for funding for that program year. It is the TNHSP staff responsibility to make sure that the proposed accomplishments are adjusted with the final allocation amounts. Also, it is the TNHSP staff responsibility to track accomplishments on a 5-year basis to ensure that the Consolidated Plan goals are being met. If they are not, then a possible amendment to the Consolidated Plan may need to be made.
- i. DRAWDOWN REQUESTS. Drawdown requests should be made on a routine basis from TNHSP staff to Planning and Redevelopment Administrator. The information that should be included in these drawdown requests include:
  - i. Funds budgeted for project;
  - ii. Funds received in drawdowns to date;

- iii. Funds obligated in most recent period and to date; iv. Funds expended in most recent period and to date;
- v. Cash on hand (including program income identified as such); and
- vi. Previous drawdowns requested but not yet received.
- j. QUARTERLY PROGRESS REPORTS. Quarterly accomplishment reports are due to the Planning and Redevelopment Administrator from sub recipients by the following dates: April 15, July 15, October 15, and January 15. These progress reports should contain the following information: track actual project accomplishments, obligations, and spending patterns against planned operations and accomplishments.

**21. OTHER REGULATIONS.**

- a. RECORDS TO BE MAINTAINED (570.506). HUD regulation § 570.506 defines the process and types of records that must be maintained by the city. Records and documentation are maintained in order to demonstrate activity eligibility, national objective compliance, allowability of costs, and cost reasonableness. Appropriate staff will maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded. Such records shall include but are not limited to:
  - i. Records providing a full description of each activity undertaken;
  - ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program; iii. Records required to determine the eligibility of activities;
  - iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
  - v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
  - vi. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21–28; and
  - vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

The CED department shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the HUD CDBG program. The retention period begins on the date of the activities are recorded in IDIS. In the event of litigation, claims, audits, negotiations, or other actions that involve the above cited records that have been initiated before the expiration of the five-year period, then such records shall be retained through the resolution of all issues.

- b. CONFIDENTIALITY. The City of Rock Island and its employees shall maintain the confidentiality of all applicant information. Confidentiality shall apply to the applicant's identity and location of the subject property, as well as personal information supplied by the applicant and received by the City of Rock Island to determine the applicant's eligibility.
- c. FINANCIAL MANAGEMENT SYSTEMS (85.20). CDBG funded Neighborhood Housing programs execute outside contracts. The City of Rock Island CDBG program records an encumbrance/obligation when contracts are executed, purchase orders issued, etc. The city's CDBG program maintains grant compliance by maintaining supporting documentation for expenditures with invoices, contracts, or purchase orders, etc. The

City of Rock Island has segregated the duties and controls to effectively reduce the opportunity for the perpetration or concealment of errors or irregularities in the normal course of duties. The City of Rock Island has internal control procedures that support its ability to prepare financial statements that are fairly presented in conformity with generally accepted and appropriate accounting principles and regulatory requirements. The city undergoes an annual single audit, which ensures the accuracy and integrity of data provided through a qualified opinion on the audited annual financial statements and internal controls. Staff reviews financial information (e.g., drawdowns, unexpended balances) recorded in HUD's financial management systems (e.g., LOCCS, IDIS) to ensure that it matches the official accounting records of the Program for the period covered by the last CPD-required performance report? [24 CFR 570.507; 24 CFR 91.520] The Community Economic Development, Budget and Grant Manager works directly with the Finance Department to ensure that the information on obligations, expenditures, and program income submitted to HUD reconcile with the program participant's accounting records? [24 CFR 570.504; 24 CFR 570.507; 24 CFR 91.520]

- d. **TIMESHEETS.** The City of Rock Island internal payroll control procedures support its ability to meet HUD regulatory requirements. All CDBG funded staff position timesheets are reviewed and approved by the supervisor prior to submission for payroll processing. Community and Economic Development Department employees working on the CDBG programs shall have their salaries and wages supported by periodic monitoring to ensure that CDBG funds have been appropriately allocated and expended for the period covered by the monitoring. [24 CFR 570.502; 2 CFR Part 225, Appendix B (2013 edition)]. Monitoring will be conducted annually prior to the completion of the Consolidated Annual Performance Evaluation Report. [24 CFR 570.502; 2 CFR Part 225, Appendix B (2013 edition)]
- e. **PROGRAM INCOME (24 CFR 570.503 AND 570.504).** All proceeds collected under the recapture requirements of the Neighborhood Housing Programs shall be considered Program Income. Program Income shall be receipted into IDIS as Program Income and shall be expended on other projects before entitlement funds are obligated to projects.
- f. **PROCUREMENT, EQUIPMENT, AND REAL PROPERTY.** The Rock Island's CDBG programs shall follow the City of Rock Island procurement standards or the HUD procurement standards at § 85.36 (whichever is more stringent) when equipment and services are procured. All expenses for supplies and equipment and their use (e.g., uniforms/coveralls, handheld computers, gasoline, vehicle lease payments or use allowances) are eligible expenses for the delivery of Neighborhood Housing Program services.
- g. **LABOR STANDARDS (24 CFR 570.603).** The City of Rock Island's CDBG program shall adhere to all applicable regulations regarding labor standards. All laborers and mechanics employed by contractors or subcontractors on construction work in excess of \$2,000 and financed in whole or in part with CDBG funds must be paid "prevailing wages" that have been determined in accordance with the Davis-Bacon Act as amended (40 U.S.C. 276a–276a-5). The Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333) also applies to such activities. These labor standards shall apply only to the rehabilitation of residential property if the property contains more than four (4) units.

- h. ENVIRONMENT REQUIREMENTS (24 CFR 570.604). At the start of every Program Year an environmental review of CDBG Service Delivery programs is completed and up loaded in to the HUD HEROS system. Grantees are required to assume responsibility for environmental review, decision making, and other actions that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law. Under no circumstance shall CDBG assistance be obligated to the project. This includes but is not limited to, incurring project costs, entering into an agreement, or letting bids until the appropriate environmental review and public notification process has been completed, and it has been determined that no other environmental measures are to be undertaken. Activities not subject to this restriction are those the regulations define as exempt from environmental review. However, before any party involved with the project can incur costs, even for activities that are exempt, the grantee must first make a formal determination that the activity is exempt. (The list of activities that are exempt from environmental review are found in 24 CFR part 58.34 and 58.35(b).)
- i. HISTORIC PRESERVATION (36 CFR PART 800). It is the responsibility of the city to evaluate properties receiving federal assistance and consult with the State Historic Preservation Office as to whether the property:

  - i. is or could be determined eligible for listing on the National Register of Historic Places; ii. is located in a historic district or an area which could be determined eligible as a historic district;
  - iii. involves proposed changes that could have an adverse effect to a historic property that has been landmarked.

In the event that the undertaking has been determined to be an adverse effect to a historic property, the city will identify all consulting parties to discuss the project impact and possible mitigation measures. Once the consulting parties agree on the mitigation, a Memorandum of Agreement must be completed with stipulations that provide clear and concise mitigation measures with all parties identified (36 CFR Part 800).
- j. NATIONAL FLOOD INSURANCE PROGRAM (24 CFR 570.605). The City of Rock Island participates in the National Flood Insurance Program and is protected by a United States Army Corps of Engineers flood wall, which has been certified by the National Emergency Management Agency. Areas within the flood wall are prone to ponding, projects undertaken in the ponding areas are required to have flood insurance and provide proof of flood insurance prior to and during the completion of the project.

  - i. Note: There is a statutory prohibition against providing Federal assistance to a person who had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance (24 CFR 58.6(b)).
- k. FLOODPLAIN MANAGEMENT (24 CFR PART 55). Potential projects receiving federal assistance that propose new construction or substantial improvements of existing buildings located within the floodplain or special flood hazard areas shall be subject to 24 CFR Part 55.20, the "Eight Step Decision Making Process." Until such time as the Decision-Making Process is complete and mitigation measures in place, no federal funding or commitments can be obligated or agreements entered into.

i. Note: Executive Order 11988, Floodplain Management, directs agencies “to avoid direct or indirect support of floodplain development wherever there is a practicable alternative” (24 CFR Part 55).

I. RELOCATION AND ONE-FOR-ONE HOUSING REPLACEMENT (24 CFR 570.606). The City of Rock Island’s CDBG Neighborhood Housing Programs comply with the following:

i. the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 24 CFR 570.606(b), and 49 CFR Part 24; ii. the requirements of 24 CFR 570.606(c) and 24 CFR Part 42 governing the Residential Anti-displacement and Relocation Assistance Plan (Plan) under Section 104(d) of the HCD Act.

Under the URA and the Plan, the city provides relocation assistance to persons (families, individuals, businesses, non-profit organizations, and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project. All property occupants must be issued certain notices on a timely basis. The Plan also requires the one-for-one replacement of any occupied or vacant occupiable low/moderate-income housing that is demolished or converted to another use in connection with a CDBG-assisted project. Finally, the Plan requires the identification of the steps that will be taken to minimize displacement.

m. LEAD-BASED PAINT (24 CFR 570.608). CDBG-funded activities, such as the acquisition, construction, or rehabilitation of residential structures, may not use lead-based paint. Certain requirements apply to the use of CDBG funds for the rehabilitation of a residential property that was constructed before 1978. At a minimum, grantees are required to:

i. notify a purchaser or lessee of the presence of any known lead-based paint and/or lead-based paint hazards;

ii. paint test surfaces to be disturbed or removed during rehabilitation for the presence of lead-based paint, or presume lead-based paint and notify the occupants of the results within 15 days of when the evaluation report is received, or the presumption is made;

iii. provide each occupied dwelling unit outlined in the preceding section with the EPA-approved lead hazard information pamphlet “Protect Your Family From Lead in Your Home” or an EPA-approved equivalent; iv. reduce lead hazards as required by the applicable subparts of Part 35;

v. performs clearance testing, including dust testing, before re-occupancy after all but minimal (“de minimis”) amounts of paint disturbances. (See in the following section for details). The CDBG regulation at 24 CFR 570.608 states that the following subparts of Part 35 apply to the use of CDBG funds in pre-1978 housing:

1. Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards Upon Sale or Lease of Residential Property,
2. General Lead-Based Paint Requirements and Definitions for All Programs,
3. Rehabilitation,
4. Acquisition, Leasing, Support Services, or Operation, and

5. Methods and Standards for Lead-Based Paint Hazard Evaluation and Hazard Reduction Activities. Part 35, Subpart A, is called the Lead Disclosure Rule; and Part 35, Subparts B through R, are called the Lead Safe Housing Rule. vi. Certain properties are exempt from the requirements of the Lead Safe Housing Rule. They include:

1. Housing built on or after January 1, 1978;
2. Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks;
3. Housing exclusively for the elderly or people with disabilities, unless a child age 6 or under resides or is expected to reside there;
4. Units that have been found to be free of lead-based paint by a certified lead-based paint inspector;
5. Units where all lead-based paint has been removed;
6. Unoccupied housing that will remain vacant until it is demolished;
7. Non-residential portions of mixed-use buildings, except that spaces serving both residential and non-residential uses are covered by the rule;
8. Units that are to be rehabilitated without disturbing a painted surface; and
9. Units that are subject to emergency repair action needed to safeguard against imminent danger to human life, health or safety, or to protect the property from further structural damage.

vii. For properties that are covered by the Lead Safe Housing Rule, the lead-based paint requirements for rehabilitation is contingent upon the amount of Federal rehabilitation assistance provided. The amount of Federal rehabilitation assistance is the average per unit amount of Federal assistance provided for the hard costs of rehabilitation, excluding lead-based paint hazard evaluation and hazard reduction activities. In calculating this assistance amount, the total amount of Federal assistance to be used (including CDBG and other funds) and the hard costs of rehabilitation (including Federal and non-Federal funds) must be considered. Whenever these two amounts are not the same, the smaller of the two determines the type and level of lead-based paint requirement. For a structure with more than one dwelling unit, the thresholds are applied against the average amount of Federal assistance per unit or the average hard cost of rehabilitation per unit, whichever is lower. The following guide outlines the funding amounts and the level of lead safe work practices (Subpart J:

Rehabilitation):

1. Up to \$4,999 per unit hard costs
  - a. Paint testing and repair
  - b. Use Lead Safe Work Practices (LSWP)
  - c. Clearance
2. \$5,000 up to \$24,999 per unit hard costs
  - a. Risk Assessment

- b. Interim Controls
    - c. Clearance
  - 3. Over \$25,000 per unit hard costs
    - a. Risk Assessment
    - b. Abatement of all identified LBP Hazards (Not all LBP)
    - c. Clearance
- viii. For federally assisted projects that only requires repair, the de minimis levels for lead safe work practices will apply (24 CFR Part 35.1350 (d)). Safe work practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total more than:
  - 1. 20 square feet (2 square meters) on exterior surfaces;
  - 2. 2 square feet (0.2 square meters) in any one interior room or space; or
  - 3. 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.
- ix. The City shall follow 24 CFR 35.1350(d) for minor repairs undertaken as part of the program. Compliance shall be documented using project specifications. Substantial rehabilitation activities undertaken shall follow the lead safe rules as outlined in 24 CFR 35.1350.
- n. CONFLICT OF INTEREST (24 CFR 570.611). The Program shall follow the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:
  - The city maintains a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds (All employee policies and guidelines can be found at [intranet.rigov.org/human-resources/personnel policies](http://intranet.rigov.org/human-resources/personnel-policies)).
  - No employee, officer, or agent of the city shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or perceived, would be involved.

No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a “covered person” includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency. There are two conflict of interest provisions applicable to activities carried out with CDBG funding. The first, applies to the procurement of goods and services by subrecipients (24 CFR 84.42 and 85.36 and 24 CFR 570.611(a)(1)) The second provisions is located at 24 CFR 570.611(a)(2). These provisions cover situations not covered by parts 84 and 85. With respect to procurement activities, the subrecipient must maintain written standards of

conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or perceived conflict would be involved. Such a conflict would arise when any of the following parties have a financial or other interest in the firm selected for an award:

- An employee, officer, or agent of the subrecipient;
- Any member of an employee's, officer's, or agent's immediate family;
- An employee's, agent's, or officer's partner; or
- An organization which employs or is about to employ any of the in the preceding section.

It is also required that employees, agents, and officers of subrecipients neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to sub agreements. However, subrecipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. Disciplinary actions for any violations of the regulations or policies by employees, agents, or officers of the subrecipient agency will be handled according to the above policies. With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient, who exercises decision-making responsibility with respect to CDBG funds and activities, is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include:

- Any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a subrecipient, and to their immediate family members, and business partner(s).
- During employee tenure and for a period of 1 year after leaving the grantee or subrecipient organization.

Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at 24 CFR 570.611(d), and only with: (a) full disclosure of the potential conflict, and (b) a legal opinion of the grantee's attorney that there would be no violation of state or local laws in granting the exception.

- o. PROGRAM MONITORING (24 CFR 570.501(B), 24 CFR 85.40(A) AND (E), AND 24 CFR 84.51(A)). The Community and Economic Development Department is responsible for ensuring that all CDBG funds under its oversight are used in accordance with all program requirements, and for determining the adequacy of its subrecipients' performance. Accordingly, the Community Development staff is empowered to make site visits and review program files of the CDBG recipients as necessary to fulfill these responsibilities.
- p. SUSPENSION AND TERMINATION (24 CFR 570.503 (B) (6), 24 CFR 85.43 AND 44, AND 24 CFR 84.62). When problems arise in the performance of a subrecipient, the grantee is responsible for taking appropriate actions for correcting these deficiencies, including suspending or terminating the CDBG activities being carried out by the subrecipient (24 CFR 570.501(b)). Consistent with 24 CFR 570.503(b)(6), the written agreement between

the grantee and the subrecipient must specify that suspension or termination may occur if the subrecipient materially fails to comply with any term of the CDBG award, and that the agreement may also be terminated for convenience (also see 24 CFR 85.43–85.44 and 84.62).

- q. UNALLOWABLE COSTS. The City of Rock Island excludes any unallowable costs as itemized in 2 CFR Part 225, Appendix B, including: entertainment, contributions and donation, fines and penalties, general government expenditures, lobbying and political activities from direct or indirect funding through the CDBG Code Enforcement Program.
- r. LOBBYING. The City of Rock Island prohibits the use of any federal, state, or locally appropriated funds to be used to compensate any person for influencing, or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. If any federal, state, or locally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the city will complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.
- s. POLITICAL ACTIVITY (24 CFR 570.207(A)(3)). Pursuant to the Hatch Act, no Neighborhood Housing program funds will be used for political activities. Personnel employed with CDBG funding will in no way, or to any extent, engage in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C. The City prohibits the use of CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as sponsoring candidate forums, distributing brochures, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold meetings, candidate forums, or voter registration, provided that all parties and organizations have access to the facility on an equal basis and are assessed equal rent or use charges, if any.
- t. NON-DISCRIMINATION AND ACTIONS TO FURTHER FAIR HOUSING. Pursuant to 24 CFR 5.105 (a), CDBG grantees and sub-grantees must also comply with various fair housing and civil rights laws, including but not limited to the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973. Grantees and subgrantees must assure that all CDBG-funded activities, including Code Enforcement and Neighborhood Housing Program activities, do not discriminate on the basis of race, color, religion, sex, disability, familial status, or national origin.
  - i. Title Vi of the Civil Rights Act of 1964 (Public Law 88-352 Implemented in 24 CFR Part 1). This law states that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
  - ii. Women and Minority Business Enterprises – Refer to 570.506(g), 85.36(e), and 84.44, affirmative steps documentation.

- iii. Section 109 of Title I of the Housing and Community Development Act of 1974 prohibits CDBG grantees and sub-grantees from conduct that will cause discrimination on the ground of race, color, national origin, religion, or sex, in the participation in any program or activity funded in whole or in part with Federal financial assistance.
- iv. Executive Order 11063, as amended by Executive Order 12259 (implemented in 24 CFR Part 107): This order and its implementing regulations require HUD to take all actions necessary to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental, or other disposition of residential property assisted with Federal loans, advances, grants, or contributions.
- v. Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq.): This law provides that any grant under Section 104 shall be made only if the grantee certifies to the satisfaction of the Secretary of HUD that the grantee will, among other things, affirmatively further fair housing.
- vi. Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq., particularly 42 U.S.C. 6101 et. seq., and 29 U.S.C. 794): This law mandates that no person on the grounds of race, color, national origin, sex, or religion shall be excluded from participation, denied the benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with CDBG funds.
- vii. Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u): This section implemented at 24 CFR Part 135 requires that, to the greatest extent feasible, a subrecipient must:
  - 1. Ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low-and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low-and very low-income residents within the service area of the project or the neighborhood in which the project is located, and to low and very low-income participants in other HUD programs.
  - 2. Award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to business concerns that provide economic opportunities for low and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns which provide economic opportunities to low-and very low-income residents within the service area or the neighborhood in which the project is located and to low-and very low-income participants in other HUD programs.

- viii. Section 504 of the Rehabilitation Act of 1973, as amended (implemented at 24 CFR Part 135): This section specifies that no otherwise qualified individual shall solely by reason of his or her handicap be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance. Part 8 requires that recipients ensure that their programs are accessible to and usable by persons with disabilities. Part 8 also prohibits recipients from employment discrimination based upon disability.
- ix. The Americans with Disabilities Act (ADA) of 1990: This law prohibits discrimination on the basis of disability in employment by state and local governments and in places of public accommodation and commercial facilities. The ADA also requires that facilities that are newly constructed or altered, by, on behalf of, or for use of a public entity, be designed and constructed in a manner that makes the facility readily accessible to and usable by persons with disabilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities.
- x. The Age Discrimination Act of 1975, as amended: This law provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal assistance.
- xi. Executive Order 11246 (as amended by Executive Orders 11375 and 12086) — Equal Opportunity Under HUD Contracts and HUD-assisted Construction Contracts: This order requires that grantees and subrecipients and their contractors and subcontractors agree not to discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- xii. The Architectural Barriers Act of 1968: The Architectural Barriers Act (ABA) of 1968 (ABA) (42 U.S.C. 4151-4157) requires that certain buildings financed with Federal funds must be designed, constructed, or altered in accordance with standards that ensure accessibility for persons with physical disabilities. The ABA covers any building or facility financed in whole or in part with Federal funds, except privately owned residential structures. Covered buildings and facilities designed, constructed, or altered with CDBG funds are subject to the ABA and must comply with the Uniform Federal Accessibility Standards.
- xiii. Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (Public Law 90-234): The Fair Housing Act prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin. The Fair Housing Act was amended in 1988 to provide protections from discrimination in any aspect of the sale or rental of housing for families with children and persons with disabilities. The Fair Housing Act also establishes requirements for the design and construction of new rental or for-sale multi-family housing to ensure a minimum level of accessibility for persons with disabilities.

- xiv. Limited English Proficiency. Recipients of CDBG funds should take reasonable steps to ensure meaningful access to their programs and activities to limited English proficient individuals. As an aid to recipients, the Department published Final Guidance to Federal Financial Assistance Recipients: Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (LEP Guidance) in the Federal Register at 72 FR 2732. For assistance regarding LEP obligations, go to:  
[www.justice.gov/crt/lep/guidance/HUD\\_guidance\\_Jan07.pdf](http://www.justice.gov/crt/lep/guidance/HUD_guidance_Jan07.pdf) For more information on LEP, please visit:  
[www.hud.gov/offices/fheo/promotingfh/lep.cfm](http://www.hud.gov/offices/fheo/promotingfh/lep.cfm)
- xv. Affirmatively Further Fair Housing. CDBG recipients and subrecipients must affirmatively further fair housing in their use of such funds. Grantees may offer services to affirmatively further fair housing through the Program. Such costs, examples of which follow, are not eligible code enforcement expenses but could be eligible as public services or program administrative costs. Both of these categories have caps on the overall activity expenses.
  - 1. Providing mobility counseling or referrals to housing counseling agencies for persons temporarily or permanently displaced by code enforcement actions;
  - 2. Training staff on fair housing requirements;
  - 3. Providing outreach to marginalized populations
  - 4. Establishing partnerships with Fair Housing Organizations, state and local fair housing agencies, and community-based organizations representing protected classes under the Fair Housing Act.

## Memorandum

**To:** Rock Island Community Development Commission (CDC)  
**From:** Nichole Mata  
**Subject:** The Community Development Department request approval of a new program, Appendices D- Water and Sewer Replacement Program.  
**Date:** October 20, 2025



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### Introduction and Background Information:

The Community Development Department request approval of a new program, Appendices D- Water and Sewer Replacement Program.

This program has been developed by the Community Development Department and is designed to assist eligible low- and moderate-income homeowners with the repair or replacement of private water and sewer service lines. The program's purpose is to eliminate health and safety hazards associated with deteriorated, leaking, or failing service lines, and to maintain safe, sanitary, and functional housing conditions within the City.

CDBG funding may be used for the following eligible activities related to water or sewer line repairs or replacements serving owner-occupied residential properties:

1. Replacement of deteriorated, leaking, or collapsed water service lines between the public main and the dwelling unit.
2. Repair or replacement of private sanitary sewer laterals between the dwelling unit and the public sewer main.
3. Associated restoration work necessary to return disturbed areas (lawns, driveways, sidewalks, etc.) to their pre-construction condition.
4. Required inspections and permits associated with eligible work

CDBG funds under this program may not be used for:

1. Installation or maintenance of private septic systems.
2. Routine maintenance or cleaning of lines.
3. Improvements not related to an imminent or existing health/safety hazard.
4. Cosmetic upgrades or work are not essential to restore service.
5. Work completed prior to written program approval.

We believe this program will provide significant benefits to our residents. The Community Development Department has thoroughly outlined the program's details, objectives, and anticipated impact in the attached documentation.

**Motion:** The Community Development Department request approval of a new program, Appendices D- Water and Sewer Replacement Program.

RC

Roll Call vote is needed.

**Previous Council Action (if any):**

N/A

**Budget Impact:**

N/A

**Additional Information as applicable (i.e. provide alternative options, community or staff input, staffing impact; resident impact; etc.):**

N/A

**Council Goal (if applicable):**

N/A

**Recommendation:**

The Community Development Department recommends approval from the CDC to city council policy and procedures for, Appendices D- Water and Sewer Replacement Program.

Submitted by: Nichole Mata

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Approved by:

## **Owner Occupied Water and Sewer Replacement Program**

1. **INTRODUCTION.** This appendix establishes the policies and procedures for the City of Rock Island's Owner-Occupied Water and Sewer Replacement. It is funded using a Community Development Block Grant annual entitlement award from the US Department of Housing and Urban Development.
2. **CDBG PROGRAM.** The Community Development Block Grant (CDBG) program was established by Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, 42 United States Code 5301. Under the CDBG program, the U.S. Department of Housing and Urban Development (HUD) awards grants to State and local governments to aid in the development of viable urban communities. To be eligible for funding, program-funded projects must satisfy one of three HUD national program national objectives required in 24 CFR (Code of Federal Regulations) 570.208:
  - a. To benefit low- and moderate-income persons which are identified as persons with incomes below 80% of the area median household income; these income limits are determined and established by HUD utilizing Median Family Income estimates for each metropolitan area. Income limits are updated annually;
  - b. Prevention and elimination of slums and blight; and
  - c. Meeting urgent needs.

3. **NATIONAL OBJECTIVE.** The Water/Sewer Repair or Replacement Program is established under the City of Rock Island's Community Development Block Grant (CDBG) Program to assist eligible low- and moderate-income homeowners with the repair or replacement of private water and sewer service lines. The program's purpose is to eliminate health and safety hazards associated with deteriorated, leaking, or failing service lines, and to maintain safe, sanitary, and functional housing conditions within the City.

**ELIGIBLE HOUSING TYPES.** Single-family structures must be owner-occupied by the primary applicant. Structures containing two units must have one unit occupied by the owner/primary applicant. Properties with more than two dwelling units shall not be eligible to receive assistance. The Program prioritizes rehabilitation items that focus on health and safety hazards, local code violations, and accessibility needs.

**AUTHORITY TO UNDERTAKE HOUSING REHABILITATION.** The Housing and Community Development Act of 1974 (HCDA) and the CDBG regulations permit the use of CDBG funds for repair and rehabilitation activities. Section 105(d) of the HCDA permits the use of CDBG funds for "clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately-owned properties, and including the renovation of closed school buildings)." This provision is codified in the CDBG Entitlement program regulations at 24 CFR 570.202(a)(1) and 24 CFR 570.202(b)(2), which read as follows:

- (a)(1) Privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building; and

(b)(2) Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken individually or in combination with other programs or resources.

**3. PROGRAM GUIDELINES.**

CDBG funding may be used for the following eligible activities related to water or sewer line repairs or replacements serving owner-occupied residential properties:

Replacement of deteriorated, leaking, or collapsed water service lines between the public main and the dwelling unit.

Repair or replacement of private sanitary sewer laterals between the dwelling unit and the public sewer main.

Associated restoration work necessary to return disturbed areas (lawns, driveways, sidewalks, etc.) to their pre-construction condition.

Required inspections and permits associated with eligible work.

CDBG funds under this program may not be used for:

Installation or maintenance of private septic systems.

Routine maintenance or cleaning of lines.

Improvements not related to an imminent or existing health/safety hazard.

Cosmetic upgrades or work not essential to restore service.

-Work completed prior to written program approval.

4. **FORGIVABLE LOAN.** Financial assistance shall be provided to income eligible homeowners as a forgivable loan secured through a recapture agreement. Recapture agreements in the amount equal to the cost of rehabilitation will be required for rehabilitation projects. Said agreements shall be recorded at the Rock Island County Recorder's Office for a period of five (5) years to serve as a lien against the property for the duration of the recapture agreement requirements. The terms of the recapture agreement require that the home owner remain in the home for a

period of five years. Once the five (5) year period has been fulfilled, either the homeowner or the City may have the lien released from the property.

5. **RECAPTURE EVENTS.** The income qualified homeowner will be responsible for repayment of the grant amount if one or more of the following events occur during the recapture period:

- a. The homeowner sells, conveys, or transfers title of the property for consideration to another person;
- b. The homeowner rents or leases the property;
- c. The homeowner forfeits ownership rights to the property due to foreclosure, bankruptcy, or any other similar means.

6. **NON-RECAPTURE EVENTS.** The following events are not recapture events:

- a. Transfer of title to homeowners' surviving spouse upon death of a joint tenant-owner;
- b. Transfer of title to a spouse as a result of a divorce;
- c. A transfer of title by will upon death;

- d. Refinancing of the property to reduce interest rates; or
  - e. In the event that extenuating circumstances occur that are not listed above, the City will evaluate the situation and will, at its discretion, determine if the circumstances are appropriate by the City.
7. **MAXIMUM ASSISTANCE AVAILABLE.** No project undertaken through the Program shall have a hard cost that exceeds \$10,000. The homeowner is responsible to pay all costs that exceed \$10,000 on the project.
8. **APPLICATION REQUIREMENTS.** To be considered eligible to participate in the Program, the residence must be located within the municipal boundary of the City and be owner occupied confirmed as such through title search, tax records, and insurance policy information. The property must also be a legal conforming use according to the City's adopted zoning code, all property taxes must be current, all utility billing with the City must be current, and the applicant must meet all the following requirements:
- a. **Household Income.** To be considered eligible for assistance, the applicant must meet the HUD income of limit of 80% or lower of the area median income (AMI). The City shall calculate and verify income qualifications using the Adjusted Gross Income as provided on the IRS 1040. Adjusted Gross Income is defined as individuals age 18 and older reporting to the Internal Revenue Service on Form 1040. Other income includes: prizes and awards; gambling, lottery or raffle winnings; jury duty fees; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit). In order to determine applicant eligibility, the applicant shall submit the most current 1040 federal tax return and two months of income verification (pay stubs, social security statements etc.).
  - b. **Household Definition.** A Household shall be defined as any person occupying the housing unit as a permanent resident as of the date of application, regardless of that person's relationship to the homeowner or other members of the household. Persons living outside the residence will not be considered to be household members unless they are a college student living in a dormitory but are claimed as dependents on a resident household member's income tax form.
9. **APPLICATION PROCESS.** Applicants shall complete an application as provided by the City and include any and all required documentation. In the event that the applicant requires assistance completing the application, the applicant may schedule an appointment with the Housing Officer. The application will be reviewed for completeness and the applicant will be income verified at the time of application in order to determine Program eligibility. Adjusted Gross Income as outlined in IRS form 1040 will be used to determine total household income. Applicants must fall below 80% of the established HUD AMI guidelines for the current year.
10. Upon review of completed application and submission of supporting documentation, the Housing Officer will verify that the applicant does not have weed/grass and nuisance code violations, residency and homeownership requirements, homeowner insurance and income verification will also be completed. Property ownership will be confirmed through the title search using Laredo (Rock Island County Recorder's Office electronic records database). If a copy of the title is not available in Laredo, the applicant will be required to furnish a copy. The Housing Program Officer will ensure that all persons listed on the property's title are listed as an applicant. At this time Laredo will also be used to identify any liens or judgments on the property. An assessment search

will be performed via [www.rockislandcounty.org](http://www.rockislandcounty.org) to verify that all Property Taxes have been paid to date. Any delinquent taxes will need to be paid in order to move forward with the application. The completed application shall be valid for six months. After the six-month period has passed, a new application shall be required to proceed. Once an applicant is approved a formal letter will be sent out notifying of the approval and next steps in the process. Applicants who do not fully disclose all income and asset information will be denied assistance. If undisclosed income or asset information surfaces after the rehabilitation application is approved, the project will be terminated at that time and no additional assistance will be provided to the household. The City may deny any loan application based on delinquent property tax, outstanding tax liens, inability to demonstrate a stable income pattern, failure to provide accurate and requested information, and/or failure to adhere to program requirements within 30 days of the notification. If the City receives falsified documents such as applicants not disclosing income, residents at the home or rental properties they owned ect the applicant will become disqualified for assistance and removed from the waitlist. If the applicant is applying for assistance for sewer and or water replacement or repairs they must first check to see if they are on the city's insurance program, if they are they are ineligible for this type of assistance. Projects may be deemed infeasible for the following reasons.

- a. The cost of needed health and safety repairs of the home exceeds the programs maximum amount per house and no other sources are available.
- b. The homeowner continues to demand improvements that fall outside the requirements of the program, such as repairs that are purely cosmetic. The Homeowner is in violation of the Homeowner Agreement or Construction Contract.
- c. The homeowner is very non-cooperative and harasses or threatens contractor or the grantee employees.
- d. The homeowner on more than one occasion or for an extended time prevents contractors from performing work.

**10. APPEAL Process:** If the applicant is unsatisfied with their determination of eligibility; the applicant may appeal the decision to HUD.

**11. WAITING LIST.** Following verification of income eligibility, applicants shall be placed on a waiting list on a first come, first serve basis. Income eligibility shall be reverified every six (6) months.

**12. INITIAL INSPECTION.** When an applicant's turn on the waiting list arrives, an initial inspection of the property shall be undertaken by the Construction Officer using a standardized form.

**13. SCOPE OF WORK.** Following the initial inspection, a scope of work shall be prepared by the Construction Officer. Activities in the scope shall be undertaken in order of priority corresponding with the code violations described above.

**14. ENVIRONMENTAL REVIEW.** When a scope of work is completed, the environmental review process shall begin. The environmental review record documents shall be prepared by the Geographic Information Systems (GIS) Specialist under the direction of the Planning & Zoning Manager. The Section 106 review process as required by the National Historic Preservation Act of 1966, as part of the environmental review documents, shall be overseen directly by the Planning

& Zoning Manager. If the State Historic Preservation Office (SHPO) determines in the course of the Section 106 review process that the proposed undertaking.

**15. CONTRACTOR SELECTION.**

**a. DEFINITIONS**

- i. Contractor - A term used to apply to both general contractors and subcontractors.
- ii. Contractor Guidelines - A shortened term used to refer to "Contractor Selection/Qualification Guidelines for Targeted Neighborhood Housing Stimulation Programs by the Planning and Redevelopment Division, Community and Economic Development Department, City of Rock Island, Illinois."
- iii. General Contractor - A contractor, who contracts to undertake an entire rehabilitation job under the City's Targeted Neighborhood Housing Stimulation Programs, using subcontractors and supervising them as needed while taking full responsibility for the job.
- iv. Subcontractor - A contractor who contracts to undertake one or more phases of a rehabilitation job under the City's Targeted Neighborhood Housing Stimulation Programs, with the City or some other contractor acting as general contractor.
- v. City - The City of Rock Island, Illinois; specifically, with reference to the Targeted Neighborhood Housing Stimulation Programs, is represented by the staff of the Community Development Department. References to the City in these guidelines refer to that staff, its policies and programs as approved by the City Council.
- vi. Housing Officer - A member of the staff of the Planning and Redevelopment Division, Community and Economic Development Department of the City, who processes applications for rehabilitation assistance, including the financial portion.
- vii. Construction Officer - A member of the staff of the Planning and Redevelopment Division, Community and Economic Development Department of the City, who prepares work write-ups manages bids and contract documents, and supervises construction.
- viii. Community Development Director – the supervisor of the Community and Economic Development Department.

**b. CONTRACTOR QUALIFICATIONS**

- i. Prospective contractors must complete a Contractor Information Form. B. References and credit will be checked.
- ii. Contractors must have satisfactory client references.
- iii. Judgments against a contractor must be released prior to program participation.

- iv. Contractors must be registered with Duns & Bradstreet ([www.dnb.com](http://www.dnb.com)) and System of Award Management ([www.sam.gov](http://www.sam.gov)). There is no registration fee, for both of these federal requirement registrations.
- v. Registration with the City of Rock Island as well Liability insurance coverage is required, and a certificate of insurance must be provided. \$100,000 each occurrence/\$300,000 aggregate bodily injury, including death. \$100,000 property damage.
- vi. Lead Certifications and Licenses when applicable to the Scope of Work.
- vii. No contractor will be added to the City's list of qualified contractors until requirements of II-A, B, and C are met.
- viii. Prospective contractors must be bonded and licensed as required by the City Inspection Division and Community and Economic Development Department.
- ix. Contractors must complete work in a manner which meets City Rehabilitation Specifications and all adopted City codes.
- x. Quality work is required.
- xi. Timely completion of work is required.
- xii. Contractors are required to furnish a current address and phone number where they may be contacted.
- xiii. Change of address and/or phone number must be reported immediately.
- xiv. At any time that contractor's address and phone number are incorrect and the Planning and Redevelopment Division cannot contact the contractor, that contractor will be dropped from the list(s) of contractors until the required information is furnished to the Planning and Redevelopment Division.
- xv. It is the contractor's responsibility to notify the Construction Officer and the homeowner of any delays or absences from the job once a Proceed Order has been issued.
- xvi. Working hours shall be from 8:00 a.m. to 5:00 p.m., Monday through Friday unless other arrangements are approved by the homeowner and the Construction Officer.

c. **CONTRACTOR DISQUALIFICATION.** Failure by a contractor to meet the above qualifying criteria shall result in disqualification from further participation in the program. Prior to execution of the contract, the homeowner may request rejection of a contractor for good and substantiated reasons. The City will approve or deny this request. Additional reasons which may be grounds for contractor disqualification:

- i. Repeated and substantiated homeowner complaints.
- ii. Failure to honor the warranty as specified in the contract with the homeowner, or failure of the contractor to supply homeowner with warranties on products with warranties exceeding one year.
- iii. Failure of a contractor to resolve warranty issues will result in withholding work write-ups and bidding until issues are resolved or disqualification has taken place.
- iv. Repeated credit problems.

- v. Unprofessional or un-businesslike contract negotiation or implementation. vi. Discovery of fraud, life-threatening irresponsibility, or other immediate incapacity.
- vii. Repeated failure to bid with or without notification to the City.

d. **NOTICE OF DISQUALIFICATION.** Contractors considered for disqualification shall be notified of such pending disqualification in writing. The notice shall include at a minimum:

- i. Reason for pending disqualification.
- ii. Maximum time frame for abating disqualifying item(s).
- iii. Mailing of Pending Disqualification Notice –The "Pending Disqualification Notice" shall be mailed or hand-delivered to the latest known address or whereabouts of the contractor. No further notice shall be required. The City retains the right to disqualify any contractor immediately when fraud, life-threatening irresponsibility or other immediate incapacity is evident. The City also retains the right to disqualify immediately a contractor who cannot be or one who has repeatedly failed to bid. No "Pending Disqualification Notice" is required. Reinstatement of any contractor after disqualification will be at the sole discretion of the city.

e. **SUBCONTRACTORS.** General contractors must furnish for the City a list of the subcontractors they propose to use on that job when they submit the bid. The City reserves the right to deny the use of any subcontractor who has been previously disqualified. If the contract awarded to the general contractor requires a change in subcontractor(s), the general contractor must notify the City before the new subcontractor begins work. Proposed subcontractors may be rejected by the City for good and substantiated reasons. General contractors are required to show that subcontractors meet appropriate licensing and bonding requirements and that they meet liability insurance coverage requirements as stated in II-C.

f. **BIDDING.** All projects shall be put out for competitive bidding for no less than one (1) week and no more than four (4) weeks.

- i. Bids shall be posted on the City website and provided to any contractor in any format upon their request. Contractors shall submit bids for consideration in sealed envelopes labeled as instructed in the invitation to bid instructions. Late bids will not be accepted.
- ii. All bids will be opened in public at a set time and place. At least two City staff members shall be present at any bid opening. Contractors retain the right to attend all bid openings.
- iii. After the bid opening, the successful bidder will be allowed to bid on another rehabilitation job but may only hold a maximum of three projects at one time unless approved by the city.

- iv. The contractor may decline to bid one job (pass). This pass will be treated as if the contractor had submitted an unsuccessful bid.
- v. Contractors who repeatedly decline to bid or fail to notify the City of their intent to pass may be dropped from the contractor list at the discretion of the City.
- vi. When a contractor is already under contract for or has been awarded the bid for a total of three (3) rehabilitation jobs through City programs, the contractor will not be invited to bid on a new job until no more than one contract remains open unless approved by the City.
- vii. If a contractor has been dropped from the City's list(s) of qualified bidders, the City reserves the right to refuse to accept a bid from that contractor even if that contractor would otherwise qualify under V-D.
- viii. The policy of the City, in general, shall be to award the contract(s) to the lowest qualified, responsive, responsible bidder(s):
  1. Bidders may be disqualified at the discretion of the City, as having bid too low, if a bid is more than 10% lower than the in-house estimate.
  2. Bidders may also be disqualified for having a bid too high in excess of 20% of the in-house estimate.
  3. Bids submitted with miscalculations will be disqualified.
  4. Any or all bids may be rejected at the discretion of the City for good cause.
- ix. Each bidder is required to bid each line item in the work write-up individually (if a general contractor) or each line item of the relevant trade (if a subcontractor).
- x. The City retains the right to delete any line item(s) after bidding is complete.
- xi. The City retains the right to negotiate modifications to the contract with the successful bidder in each case.

**17. PRE-CONSTRUCTION.** For every project undertaken through the Program, there shall be a preconstruction meeting with the homeowner, contractor, and staff. At this meeting there shall be a review of the contract documents, the scope of work, and the project timeline. Following this, contract documents shall be signed by the respective parties. The Project may thereafter begin.

18. **CONTRACTOR PAYMENT.** When work is complete, a final inspection of the property shall be undertaken using a standardized form. If the work is determined to be satisfactory and complete, the contractor may submit a request for payment using a standardized form provided by the City. The request for payments must include a final lien waiver, sworn statement, signed one (1) year warranty, and invoice. The Housing Officer, Construction Officer, and the homeowner must sign off to approve the request for payment before it can be processed. If (7) days elapse from the date the request has been received and the homeowner is unable or unwilling to sign despite reasonable attempts to address their concerns, the City shall retain the right to process the request and issue payment to the contractor. Once payment has been submitted the Housing Officer will mail out a letter stating the project has been completed with a one-year warranty on the work completed. If the homeowner fails to sign off for the final payment and/or access to the final inspection, the one-year warranty is voided.
- a. If the Construction Officer judges a change order to be excessive, the City reserves the right to obtain other bids.

- b. Payments to contractors shall be made in accordance with the provisions in the Rehabilitation Contract.
- c. Lump sum payments will be made after the inspection division's final inspection, approval by the Construction Officer(s) of the completed work, and approval by the Planning and Redevelopment Administrator and the Community and Economic Development Director is completed.
- d. In situations deemed appropriate by the City, progress payments may be approved, however, no more than 75% of the total contract (less the usual 10% retainer) may be paid in progress payments. The final payment will be made only after final inspection and approval and after all punch list items have been completed, inspected, and approved.
- e. There shall be no more than a total of two-progress payments and one final payment on a contract totaling \$15,000 or less (total of three payments).
- f. Each general contractor shall be required to furnish to the City the Federal Employer Identification Number for the general contractor's firm and for all subcontractor's firms.

**19. GENERAL PROGRAM GUIDELINES.**

- a. EXPENSES. Eligibility of expenses for the CDBG program are itemized in the most recent version of "Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities" as published by HUD. A summary of the eligible costs are as follows:
  - i. Rehabilitation (hard costs) — Rehabilitation hard costs are actual costs to accomplish rehabilitation. Costs of labor, materials, supplies and other expenses required for completion of the rehabilitation of property, including repair or replacement of principal fixtures and components of existing structures (e.g., items eligible for repair within the program, individually or combined). This will be the total amount of the Contractor's invoice and the amount noted on the Recapture Agreement.
  - ii. Service Delivery (soft costs) — Staff costs and related expenses required for outreach efforts for marketing the program, rehabilitation counseling, screening potential applicant households and structures, energy auditing, preparing work specifications, loan underwriting and processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities who are participating or seeking to participate in rehabilitation. The following are examples of soft costs:
    - 1. Financing fees, credit reports, title binders and insurance, recording fees, transaction taxes, impact fees, legal and accounting, appraisals, architectural and engineering fees.
    - 2. Administrative costs.
    - 3. Environmental review costs.
    - 4. Lead Safe Housing Rule Compliance expenses. This includes any costs that are associated with complying with the Lead Rule that are not normally incurred as part of rehabilitation if the Rule did not apply. This can include:
      - a. Evaluation costs (risk assessments, visual assessments or inspections)

- b. Laboratory and analysis fees
  - c. Lead sample testing supplies
  - d. Occupant protection, including relocation, storage or protection of belongings
  - e. Waste handling attributable to lead-based paint hazard reduction.
  - f. Specialized cleaning designed to remove LBP dust. The contractor can provide an estimate of the incremental costs associated with LBP hazard reduction.
  - g. Clearance activities, including visual assessments, dust wipes, and reports.
- b. LMH HOUSING DOCUMENTATION REQUIRED. In addition to the main documentation required for each project/activity, the following records must be maintained for projects/activities that are using LMH as a national objective:
- i. A written agreement with each landlord or developer receiving CDBG assistance. The agreement must specify:
    1. Total number of dwelling units in each multi-unit structure, and
    2. The number of those units which will be occupied by LMI households after assistance.
  - ii. Total cost of the activity, including both CDBG and non-CDBG funds
  - iii. The household size, ethnicity and income eligibility for each of the LMI households occupying assisted units
  - iv. Accomplishments for LMH activities include the number of owner-occupied units rehabilitated, including the number of these units occupied by the elderly.
- c. HOUSEHOLD INCOME DOCUMENTATION REQUIRED. The following definitions shall be used in the determination of a household's total AGI:
- i. Adjusted Gross Income shall be defined as adjusted gross income reported to the Internal Revenue Service on Internal Revenue Service (IRS) Form 1040 as follows:
    1. Wages, salaries, tips, etc.
    2. Taxable interest.
    3. Dividends.
    4. Taxable refunds, credits or offsets of State and local income taxes. There are some exceptions - refer to Form 1040 instructions.
    5. Alimony (or separate maintenance payments) received.
    6. Business income (or loss).
    7. Capital gain (or loss).
    8. Other gains (or losses) (i.e., assets used in a trade or business that were exchanged or sold).
    9. Taxable amount of individual retirement account (IRA) distributions. (Includes simplified employee pension [SEP] and savings incentive match plan for employees [SIMPLE] IRA.)

10. Taxable amount of pension and annuity payments.
  11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.
  12. Farm income (or loss).
  13. Unemployment compensation payments.
  14. Taxable amount of Social Security benefits.
  15. Other income. (Includes: prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit).
- ii. Total Adjusted Gross Income for the household shall be defined as the sum of the total adjusted gross income of each household member aged 18 or over. A household member shall be defined as any person occupying the housing unit as a permanent resident as of the date of application, regardless of that person's relationship to the homeowner or other members of the household. Persons living outside the home will not be considered to be household members unless they are a college student living in a dormitory but are claimed as dependents on a resident household member's income tax form.
- d. RECORD RETENTION PERIOD. Under the uniform administrative requirements of the CDBG regulations, grantees and sub recipients are required to retain CDBG records for a period of not less than four years. For sub recipients, the record retention period begins from the date of the submission of the CAPER in which the specific activity was reported on for the final time rather from the date of submission of the final expenditure report for the award.
  - e. ACCESS TO RECORDS. HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access grantee and sub recipient program records. This right is not limited to the retention period. Requirements regarding public access to records include:
    - i. CDBG grantees are required to provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable state and local laws regarding privacy and confidentiality; and
    - ii. The Consolidated Plan regulations require that grantees provide citizens, public agencies and other interested parties with reasonable and timely access to information and records relating to the jurisdiction's Consolidated Plan and the use of assistance under the programs covered by the Consolidated Plan.
  - f. CDBG ALLOCATION PROCESS. Refer to the City's main CDBG Program Manual to find details on how the City's overall application and allocation process works. The TNHSP submits two applications for Entitlement funds, one for staffing and support costs and another application for programmatic costs (hard costs and soft costs). City Council normally finalizes the allocation recommendations for the upcoming program year (April 1st-March 31st) in September of each year yet final Entitlement allocation amounts from HUD are announced in the Spring/Summer each year (after the program year has already started).

- g. CONSOLIDATED PLAN. The Community Development Manager is responsible for making sure that the Consolidated Plan is completed accurately and timely. The Consolidated Plan is prepared by the City of Rock Island every five years and describes needs, resources, priorities and proposed activities to be undertaken with respect to CDBG funds. An approved Consolidated Plan is one which has been approved by HUD. TNHSP staff is responsible for making sure that their proposed activities for the next five years are included in this analysis in order to continue being funded.
- h. ANNUAL ACTION PLAN. The Community Development Manager is responsible for making sure that the Annual Action Plan is completed accurately and timely. This document serves as an annual application to HUD for funding and must reflect the proposed activities that are in the Consolidated Plan. If a new activity is being proposed for funding, the Consolidated Plan must be amended. Further information on what triggers a Consolidated Plan amendment can be found in the City's main CDBG Policies and Procedures manual. Information on TNHSP staff and support costs are detailed in the Annual Action Plan as well as the expected accomplishments for each activity. A majority of the information used for the Annual Action Plan will be used from the applications submitted for funding for that program year. It is the TNHSP staff responsibility to make sure that the proposed accomplishments are adjusted with the final allocation amounts. Also, it is the TNHSP staff responsibility to track accomplishments on a 5-year basis to ensure that the Consolidated Plan goals are being met. If they are not, then a possible amendment to the Consolidated Plan may need to be made.
- i. DRAWDOWN REQUESTS. Drawdown requests should be made on a routine basis from TNHSP staff to Planning and Redevelopment Administrator. The information that should be included in these drawdown requests include:
  - i. Funds budgeted for project;
  - ii. Funds received in drawdowns to date;
  - iii. Funds obligated in most recent period and to date; iv. Funds expended in most recent period and to date;
  - v. Cash on hand (including program income identified as such); and
  - vi. Previous drawdowns requested but not yet received.
- j. QUARTERLY PROGRESS REPORTS. Quarterly accomplishment reports are due to the Planning and Redevelopment Administrator from sub recipients by the following dates: April 15, July 15, October 15, and January 15. These progress reports should contain the following information: track actual project accomplishments, obligations, and spending patterns against planned operations and accomplishments.

**20. OTHER REGULATIONS.**

- a. RECORDS TO BE MAINTAINED (570.506). HUD regulation § 570.506 defines the process and types of records that must be maintained by the city. Records and documentation are maintained in order to demonstrate activity eligibility, national objective compliance, allowability of costs, and cost reasonableness. Appropriate staff will maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded. Such records shall include but are not limited to:

- i. Records providing a full description of each activity undertaken;
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program; iii. Records required to determine the eligibility of activities;
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- vi. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21–28; and
- vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

The CED department shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the HUD CDBG program. The retention period begins on the date of the activities are recorded in IDIS. In the event of litigation, claims, audits, negotiations, or other actions that involve the above cited records that have been initiated before the expiration of the five-year period, then such records shall be retained through the resolution of all issues.

- b. CONFIDENTIALITY. The City of Rock Island and its employees shall maintain the confidentiality of all applicant information. Confidentiality shall apply to the applicant's identity and location of the subject property, as well as personal information supplied by the applicant and received by the City of Rock Island to determine the applicant's eligibility.
- c. FINANCIAL MANAGEMENT SYSTEMS (85.20). CDBG funded Neighborhood Housing programs execute outside contracts. The City of Rock Island CDBG program records an encumbrance/obligation when contracts are executed, purchase orders issued, etc. The city's CDBG program maintains grant compliance by maintaining supporting documentation for expenditures with invoices, contracts, or purchase orders, etc. The City of Rock Island has segregated the duties and controls to effectively reduce the opportunity for the perpetration or concealment of errors or irregularities in the normal course of duties. The City of Rock Island has internal control procedures that support its ability to prepare financial statements that are fairly presented in conformity with generally accepted and appropriate accounting principles and regulatory requirements. The city undergoes an annual single audit, which ensures the accuracy and integrity of data provided through a qualified opinion on the audited annual financial statements and internal controls. Staff reviews financial information (e.g., drawdowns, unexpended balances) recorded in HUD's financial management systems (e.g., LOCCS, IDIS) to ensure that it matches the official accounting records of the Program for the period covered by the last CPD-required performance report? [24 CFR 570.507; 24 CFR 91.520] The Community Economic Development, Budget and Grant Manager works directly with the Finance Department to ensure that the information on obligations, expenditures, and program income submitted to HUD reconcile with the program participant's accounting records? [24 CFR 570.504; 24 CFR 570.507; 24 CFR 91.520]
- d. TIMESHEETS. The City of Rock Island internal payroll control procedures support its ability to meet HUD regulatory requirements. All CDBG funded staff position timesheets are reviewed and approved by the supervisor prior to submission for payroll processing.

Community and Economic Development Department employees working on the CDBG programs shall have their salaries and wages supported by periodic monitoring to ensure that CDBG funds have been appropriately allocated and expended for the period covered by the monitoring. [24 CFR 570.502; 2 CFR Part 225, Appendix B (2013 edition)]. Monitoring will be conducted annually prior to the completion of the Consolidated Annual Performance Evaluation Report. [24 CFR 570.502; 2 CFR Part 225, Appendix B (2013 edition)]

- e. PROGRAM INCOME (24 CFR 570.503 AND 570.504). All proceeds collected under the recapture requirements of the Neighborhood Housing Programs shall be considered Program Income. Program Income shall be receipted into IDIS as Program Income and shall be expended on other projects before entitlement funds are obligated to projects.
- f. PROCUREMENT, EQUIPMENT, AND REAL PROPERTY. The Rock Island's CDBG programs shall follow the City of Rock Island procurement standards or the HUD procurement standards at § 85.36 (whichever is more stringent) when equipment and services are procured. All expenses for supplies and equipment and their use (e.g., uniforms/coveralls, handheld computers, gasoline, vehicle lease payments or use allowances) are eligible expenses for the delivery of Neighborhood Housing Program services.
- g. LABOR STANDARDS (24 CFR 570.603). The City of Rock Island's CDBG program shall adhere to all applicable regulations regarding labor standards. All laborers and mechanics employed by contractors or subcontractors on construction work in excess of \$2,000 and financed in whole or in part with CDBG funds must be paid "prevailing wages" that have been determined in accordance with the Davis-Bacon Act as amended (40 U.S.C. 276a-276a-5). The Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) also applies to such activities. These labor standards shall apply only to the rehabilitation of residential property if the property contains more than four (4) units.
- h. ENVIRONMENT REQUIREMENTS (24 CFR 570.604). At the start of every Program Year an environmental review of CDBG Service Delivery programs is completed and up loaded in to the HUD HEROS system. Grantees are required to assume responsibility for environmental review, decision making, and other actions that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law. Under no circumstance shall CDBG assistance be obligated to the project. This includes but is not limited to, incurring project costs, entering into an agreement, or letting bids until the appropriate environmental review and public notification process has been completed, and it has been determined that no other environmental measures are to be undertaken. Activities not subject to this restriction are those the regulations define as exempt from environmental review. However, before any party involved with the project can incur costs, even for activities that are exempt, the grantee must first make a formal determination that the activity is exempt. (The list of activities that are exempt from environmental review are found in 24 CFR part 58.34 and 58.35(b).)
- i. HISTORIC PRESERVATION (36 CFR PART 800). It is the responsibility of the city to evaluate properties receiving federal assistance and consult with the State Historic Preservation Office as to whether the property:
  - i. is or could be determined eligible for listing on the National Register of Historic

Places; ii. is located in a historic district or an area which could be determined eligible as a historic district;

iii. involves proposed changes that could have an adverse effect to a historic property that has been landmarked.

In the event that the undertaking has been determined to be an adverse effect to a historic property, the city will identify all consulting parties to discuss the project impact and possible mitigation measures. Once the consulting parties agree on the mitigation, a Memorandum of Agreement must be completed with stipulations that provide clear and concise mitigation measures with all parties identified (36 CFR Part 800).

j. NATIONAL FLOOD INSURANCE PROGRAM (24 CFR 570.605). The City of Rock Island participates in the National Flood Insurance Program and is protected by a United States Army Corps of Engineers flood wall, which has been certified by the National Emergency Management Agency. Areas within the flood wall are prone to ponding, projects undertaken in the ponding areas are required to have flood insurance and provide proof of flood insurance prior to and during the completion of the project.

i. Note: There is a statutory prohibition against providing Federal assistance to a person who had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance (24 CFR 58.6(b)).

k. FLOODPLAIN MANAGEMENT (24 CFR PART 55). Potential projects receiving federal assistance that propose new construction or substantial improvements of existing buildings located within the floodplain or special flood hazard areas shall be subject to 24 CFR Part 55.20, the "Eight Step Decision Making Process." Until such time as the Decision-Making Process is complete and mitigation measures in place, no federal funding or commitments can be obligated, or agreements entered into.

i. Note: Executive Order 11988, Floodplain Management, directs agencies "to avoid direct or indirect support of floodplain development wherever there is a practicable alternative" (24 CFR Part 55).

l. RELOCATION AND ONE-FOR-ONE HOUSING REPLACEMENT (24 CFR 570.606). The City of Rock Island's CDBG Neighborhood Housing Programs comply with the following:

i. the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 24 CFR 570.606(b), and 49 CFR Part 24; ii. the requirements of 24 CFR 570.606(c) and 24 CFR Part 42 governing the Residential Anti-displacement and Relocation Assistance Plan (Plan) under Section 104(d) of the HCD Act.

Under the URA and the Plan, the city provides relocation assistance to persons (families, individuals, businesses, non-profit organizations, and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project. All property occupants must be issued certain notices on a timely basis. The Plan also requires the one-for-one replacement of any occupied or vacant occupiable low/moderate-income housing that is demolished or converted to another use in connection with a CDBG-assisted project. Finally, the Plan requires the identification of the steps that will be taken to minimize displacement.

m. LEAD-BASED PAINT (24 CFR 570.608). CDBG-funded activities, such as the acquisition, construction, or rehabilitation of residential structures, may not use lead-based paint.

Certain requirements apply to the use of CDBG funds for the rehabilitation of a residential property that was constructed before 1978. At a minimum, grantees are required to:

- i. notify a purchaser or lessee of the presence of any known lead-based paint and/or lead-based paint hazards;
- ii. paint test surfaces to be disturbed or removed during rehabilitation for the presence of lead-based paint, or presume lead-based paint and notify the occupants of the results within 15 days of when the evaluation report is received, or the presumption is made;
- iii. provide each occupied dwelling unit outlined in the preceding section with the EPA-approved lead hazard information pamphlet "Protect Your Family From Lead in Your Home" or an EPA-approved equivalent;
- iv. reduce lead hazards as required by the applicable subparts of Part 35;
- v. performs clearance testing, including dust testing, before re-occupancy after all but minimal ("de minimis") amounts of paint disturbances. (See in the following section for details). The CDBG regulation at 24 CFR 570.608 states that the following subparts of Part 35 apply to the use of CDBG funds in pre-1978 housing:

- 1. Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards Upon Sale or Lease of Residential Property,
- 2. General Lead-Based Paint Requirements and Definitions for All Programs,
- 3. Rehabilitation,
- 4. Acquisition, Leasing, Support Services, or Operation, and
- 5. Methods and Standards for Lead-Based Paint Hazard Evaluation and Hazard Reduction Activities. Part 35, Subpart A, is called the Lead Disclosure Rule; and Part 35, Subparts B through R, are called the Lead Safe Housing Rule. vi. Certain properties are exempt from the requirements of the Lead Safe Housing Rule. They include:

- 1. Housing built on or after January 1, 1978;
- 2. Zero-bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks;
- 3. Housing exclusively for the elderly or people with disabilities, unless a child age 6 or under resides or is expected to reside there;
- 4. Units that have been found to be free of lead-based paint by a certified lead-based paint inspector;
- 5. Units where all lead-based paint has been removed;
- 6. Unoccupied housing that will remain vacant until it is demolished;
- 7. Non-residential portions of mixed-use buildings, except that spaces serving both residential and non-residential uses are covered by the rule;
- 8. Units that are to be rehabilitated without disturbing a painted surface; and

9. Units that are subject to emergency repair action needed to safeguard against imminent danger to human life, health or safety, or to protect the property from further structural damage.
- vii. For properties that are covered by the Lead Safe Housing Rule, the lead-based paint requirements for rehabilitation is contingent upon the amount of Federal rehabilitation assistance provided. The amount of Federal rehabilitation assistance is the average per unit amount of Federal assistance provided for the hard costs of rehabilitation, excluding lead-based paint hazard evaluation and hazard reduction activities. In calculating this assistance amount, the total amount of Federal assistance to be used (including CDBG and other funds) and the hard costs of rehabilitation (including Federal and non-Federal funds) must be considered. Whenever these two amounts are not the same, the smaller of the two determines the type and level of lead-based paint requirement. For a structure with more than one dwelling unit, the thresholds are applied against the average amount of Federal assistance per unit or the average hard cost of rehabilitation per unit, whichever is lower. The following guide outlines the funding amounts and the level of lead safe work practices (Subpart J: Rehabilitation):
1. Up to \$4,999 per unit hard costs
    - a. Paint testing and repair
    - b. Use Lead Safe Work Practices (LSWP)
    - c. Clearance
  2. \$5,000 up to \$24,999 per unit hard costs
    - a. Risk Assessment
    - b. Interim Controls
    - c. Clearance
  3. Over \$25,000 per unit hard costs
    - a. Risk Assessment
    - b. Abatement of all identified LBP Hazards (Not all LBP)
    - c. Clearance
- viii. For federally assisted projects that only requires repair, the de minimis levels for lead safe work practices will apply (24 CFR Part 35.1350 (d)). Safe work practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total more than:
1. 20 square feet (2 square meters) on exterior surfaces;
  2. 2 square feet (0.2 square meters) in any one interior room or space; or
  3. 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.
- ix. The City shall follow 24 CFR 35.1350(d) for minor repairs undertaken as part of the program. Compliance shall be documented using project specifications. Substantial rehabilitation activities undertaken shall follow the lead safe rules as outlined in 24 CFR 35.1350.

n. CONFLICT OF INTEREST (24 CFR 570.611). The Program shall follow the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

- The city maintains a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds (All employee policies and guidelines can be found at [intranet.rigov.org/human-resources/personnel/policies](http://intranet.rigov.org/human-resources/personnel/policies)).
- No employee, officer, or agent of the city shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or perceived, would be involved.

No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency. There are two conflict of interest provisions applicable to activities carried out with CDBG funding. The first, applies to the procurement of goods and services by subrecipients (24 CFR 84.42 and 85.36 and 24 CFR 570.611(a)(1)) The second provisions are located at 24 CFR 570.611(a)(2). These provisions cover situations not covered by parts 84 and 85. With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or perceived conflict would be involved. Such a conflict would arise when any of the following parties have a financial or other interest in the firm selected for an award:

- An employee, officer, or agent of the subrecipient;
- Any member of an employee's, officer's, or agent's immediate family;
- An employee's, agent's, or officer's partner; or
- An organization which employs or is about to employ any of the in the preceding section.

It is also required that employees, agents, and officers of subrecipients neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to sub agreements. However, subrecipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. Disciplinary actions for any violations of the regulations or policies by employees, agents, or officers of the subrecipient agency will be handled according to the above policies. With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient, who exercises decision-making responsibility with respect to CDBG funds and activities, is allowed to obtain a financial

interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include:

- Any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a subrecipient, and to their immediate family members, and business partner(s).
- During employee tenure and for a period of 1 year after leaving the grantee or subrecipient organization.

Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at 24 CFR 570.611(d), and only with: (a) full disclosure of the potential conflict, and (b) a legal opinion of the grantee's attorney that there would be no violation of state or local laws in granting the exception.

- o. PROGRAM MONITORING (24 CFR 570.501(B), 24 CFR 85.40(A) AND (E), AND 24 CFR 84.51(A)). The Community and Economic Development Department is responsible for ensuring that all CDBG funds under its oversight are used in accordance with all program requirements, and for determining the adequacy of its subrecipients' performance. Accordingly, the Community Development staff is empowered to make site visits and review program files of the CDBG recipients as necessary to fulfill these responsibilities.
- p. SUSPENSION AND TERMINATION (24 CFR 570.503 (B) (6), 24 CFR 85.43 AND 44, AND 24 CFR 84.62). When problems arise in the performance of a subrecipient, the grantee is responsible for taking appropriate actions for correcting these deficiencies, including suspending or terminating the CDBG activities being carried out by the subrecipient (24 CFR 570.501(b)). Consistent with 24 CFR 570.503(b)(6), the written agreement between the grantee and the subrecipient must specify that suspension or termination may occur if the subrecipient materially fails to comply with any term of the CDBG award, and that the agreement may also be terminated for convenience (also see 24 CFR 85.43–85.44 and 84.62).
- q. UNALLOWABLE COSTS. The City of Rock Island excludes any unallowable costs as itemized in 2 CFR Part 225, Appendix B, including: entertainment, contributions and donation, fines and penalties, general government expenditures, lobbying and political activities from direct or indirect funding through the CDBG Code Enforcement Program.
- r. LOBBYING. The City of Rock Island prohibits the use of any federal, state, or locally appropriated funds to be used to compensate any person for influencing, or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. If any federal, state, or locally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the city will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- s. POLITICAL ACTIVITY (24 CFR 570.207(A)(3)). Pursuant to the Hatch Act, no Neighborhood Housing program funds will be used for political activities. Personnel employed with CDBG funding will in no way, or to any extent, engage in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C. The City prohibits the use of CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as sponsoring candidate forums, distributing brochures, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold meetings, candidate forums, or voter registration, provided that all parties and organizations have access to the facility on an equal basis and are assessed equal rent or use charges, if any.
- t. NON-DISCRIMINATION AND ACTIONS TO FURTHER FAIR HOUSING. Pursuant to 24 CFR 5.105 (a), CDBG grantees and sub-grantees must also comply with various fair housing and civil rights laws, including but not limited to the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973. Grantees and subgrantees must assure that all CDBG-funded activities, including Code Enforcement and Neighborhood Housing Program activities, do not discriminate on the basis of race, color, religion, sex, disability, familial status, or national origin.
  - i. Title VI of the Civil Rights Act of 1964 (Public Law 88-352 Implemented in 24 CFR Part 1). This law states that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
  - ii. Women and Minority Business Enterprises – Refer to 570.506(g), 85.36(e), and 84.44, affirmative steps documentation.
  - iii. Section 109 of Title I of the Housing and Community Development Act of 1974 prohibits CDBG grantees and sub-grantees from conduct that will cause discrimination on the ground of race, color, national origin, religion, or sex, in the participation in any program or activity funded in whole or in part with Federal financial assistance.
  - iv. Executive Order 11063, as amended by Executive Order 12259 (implemented in 24 CFR Part 107): This order and its implementing regulations require HUD to take all actions necessary to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental, or other disposition of residential property assisted with Federal loans, advances, grants, or contributions.
  - v. Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq.): This law provides that any grant under Section 104 shall be made only if the grantee certifies to the satisfaction of the Secretary of HUD that the grantee will, among other things, affirmatively further fair housing.
  - vi. Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq., particularly 42 U.S.C. 6101 et. seq., and 29 U.S.C. 794): This law mandates that no person on the grounds of race, color, national origin, sex, or religion shall be excluded from participation, denied the

benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with CDBG funds.

- vii. Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u): This section implemented at 24 CFR Part 135 requires that, to the greatest extent feasible, a subrecipient must:
  - 1. Ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low-and very low-income persons residing within the metropolitan area in which the - project is located; where feasible, priority should be given to low-and very low-income residents within the service area of the project or the neighborhood in which the project is located, and to low and very low-income participants in other HUD programs.
  - 2. Award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to business concerns that provide economic opportunities for low and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns which provide economic opportunities to low-and very low-income residents within the service area or the neighborhood in which the project is located and to low-and very low-income participants in other HUD programs.
- viii. Section 504 of the Rehabilitation Act of 1973, as amended (implemented at 24 CFR Part 135): This section specifies that no otherwise qualified individual shall solely by reason of his or her handicap be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance. Part 8 requires that recipients ensure that their programs are accessible to and usable by persons with disabilities. Part 8 also prohibits recipients from employment discrimination based upon disability.
- ix. The Americans with Disabilities Act (ADA) of 1990: This law prohibits discrimination on the basis of disability in employment by state and local governments and in places of public accommodation and commercial facilities. The ADA also requires that facilities that are newly constructed or altered, by, on behalf of, or for use of a public entity, be designed and constructed in a manner that makes the facility readily accessible to and usable by persons with disabilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities.
- x. The Age Discrimination Act of 1975, as amended: This law provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal assistance.

- xi. Executive Order 11246 (as amended by Executive Orders 11375 and 12086) — Equal Opportunity Under HUD Contracts and HUD-assisted Construction Contracts: This order requires that grantees and subrecipients and their contractors and subcontractors agree not to discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- xii. The Architectural Barriers Act of 1968: The Architectural Barriers Act (ABA) of 1968 (ABA) (42 U.S.C. 4151-4157) requires that certain buildings financed with Federal funds must be designed, constructed, or altered in accordance with standards that ensure accessibility for persons with physical disabilities. The ABA covers any building or facility financed in whole or in part with Federal funds, except privately owned residential structures. Covered buildings and facilities designed, constructed, or altered with CDBG funds are subject to the ABA and must comply with the Uniform Federal Accessibility Standards.
- xiii. Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (Public Law 90-234): The Fair Housing Act prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin. The Fair Housing Act was amended in 1988 to provide protections from discrimination in any aspect of the sale or rental of housing for families with children and persons with disabilities. The Fair Housing Act also establishes requirements for the design and construction of new rental or for-sale multi-family housing to ensure a minimum level of accessibility for persons with disabilities.
- xiv. Limited English Proficiency. Recipients of CDBG funds should take reasonable steps to ensure meaningful access to their programs and activities to limited English proficient individuals. As an aid to recipients, the Department published Final Guidance to Federal Financial Assistance Recipients: Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (LEP Guidance) in the Federal Register at 72 FR 2732.  
For assistance regarding LEP obligations, go to:  
[www.justice.gov/crt/lep/guidance/HUD\\_guidance\\_Jan07.pdf](http://www.justice.gov/crt/lep/guidance/HUD_guidance_Jan07.pdf) For more information on LEP, please visit:  
[www.hud.gov/offices/fheo/promotingfh/lep.cfm](http://www.hud.gov/offices/fheo/promotingfh/lep.cfm)
- xv. Affirmatively Further Fair Housing. CDBG recipients and subrecipients must affirmatively further fair housing in their use of such funds. Grantees may offer services to affirmatively further fair housing through the Program. Such costs, examples of which follow, are not eligible code enforcement expenses but could be eligible as public services or program administrative costs. Both of these categories have caps on the overall activity expenses.
  - 1. Providing mobility counseling or referrals to housing counseling agencies for persons temporarily or permanently displaced by code enforcement actions;
  - 2. Training staff on fair housing requirements;
  - 3. Providing outreach to marginalized populations

4. Establishing partnerships with Fair Housing Organizations, state and local fair housing agencies, and community-based organizations representing protected classes under the Fair Housing Act.