ROCK ISLAND
ILLINOIS

City Council Community Development Commission Meeting Agenda
October 21, 2024 - 5:30 PM
Lower Level Conference Room, Basement
1528 Third Avenue, Rock Island, IL

1. **Call to Order**

2. **Roll Call**
   Ametra Carrol-Castaneda Christine Adamson Frank Roe Jr. Hershel Jackson Jen Osing Jeremy Crafton K.J. Whitley Richinda Sakho Tom Tarnow

3. **Public Comment**

4. **Minutes**

   a. CDC DRAFT Meeting Minutes 8-19-2024

5. **Old Business**

6. **Other Business/New Business**

   a. The Community Development Division request approval of the amendment to the Community Development Block Grant Program Manual.

   Motion: Move to approve the 2024 Amendment to the Community Development Block Grant Program Manual.

   RC Roll Call vote is needed.

   b. The Community Development Division request approval of the amendment to the Emergency Owner-Occupied Housing Rehabilitation Program Policies and Procedures.

   Motion: Move to approve the amendment to the Emergency rehab policies and procedures

   RC Roll Call vote is needed.

   c. The Community Development Division request approval of the amendment to the Community Development Block Grant General Rehab Policies and Procedures.

   Motion: Move to approve the amendment to the General rehab policies and procedures.

   RC Roll Call vote is needed.

d. The Community Development Division request approval of the new policy and procedures for the Urban Homestead Program.

Motion:	Move to approve the policy and procedure for the Urban Homestead Program, Appendix C.
RC	Roll Call vote is need

e. 2025 Public Service Application and Internal CDBG Application

7. Adjourn

The next meeting is on November 18, 2024 @5:30pm.

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Rock Island Community Development Minutes
City Hall, Lower Level Conference Room
1528 3rd Avenue, Rock Island, IL
August 19, 2024
5:30 PM

Voting Members Present	Ametra Carrol-Castaneda Christine Adamson Frank Roe Jr. Hershel Jackson Jen Osing K.J. Whitley Tom Tarnow
Voting Members Absent	Jeremy Crafton Richinda Sakho
Staff Present	Nichole Mata

Call to Order and Roll Call
Whitley called the meeting to order at 5:31 PM and took the roll.

Public Comment
No public comment

Minutes
Approval of the Meeting Minutes from June 17, 2024. Tarnow made the motion and Osing 2nd the motion. The motion carried unanimously on a vote 7-0.

Old Business
There was no old business.

Other Business/New Business
Mata discussed the changes with the Community Caring Conference and how they will now report to the Rock Island Police Department starting in CY25. Mata also discussed the Community Caring Conference Annual Plan 2024. Questions were asking and ideas were talked about. Roe Jr made the motion and Whitley 2nd the motion. The motion carried unanimously on a vote 7-0.

Adjournment
Whitley asked for a motion to adjourn the meeting at 6:10 PM. Roe Jr made a motion and Osing 2nd the motion. The motion carried unanimously on a vote of 7-0.

Memorandum

To: Rock Island City Council

From: Nichole Mata

Subject: The Community Development Division request approval of the amendment to the Community Development Block Grant Program Manual.

Motion: Move to approve the 2024 Amendment to the Community Development Block Grant Program Manual.

RC Roll Call vote is needed.

Date: October 21, 2024

Introduction and Background Information:

The Community Development Division has completed an update to the City's Community Development Block Grant (CDBG) Program Manual and appendices. The program manual now contains an update to the subrecipient section of the program manual. It is highlighted in yellow for you to review the specific change. Staff is proposing an amendment to the public service policies and procedures to address concerns about real and perceived conflicts of interest. Organizations with staff members serving on the Community Development Commission are advised that staff may not recommend that they receive funding in this application cycle as a result of this proposed amendment. It has been determined by the City Attorney that there is no sufficient way to address the real and perceived conflict of interest that prohibits organizations in the CDC from applying for public service funds.

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 Division recommends that the Community Development Commission review the attached program manual updates and recommend them for adoption by the Rock Island City Council.

Submitted by: Nichole Mata

Approved by:

Community Development Block Grant Program Manual

Community & Economic Development Department
Community Development Division
1528 Third Avenue
Rock Island, IL 61201

Approved by the Rock Island City Council on December 12, 2022

Contents

Section 1: Introduction 3
Section 2: Staff and the Community Development Commission 4
Section 3: National Objectives 5
Section 4: Eligible and Ineligible Activities 9
Section 5: Documenting Benefit 12
Section 6: Subrecipient Application Process 18
Section 7: Subrecipient Agreements 19
Section 8: Subrecipient Reimbursement Requests 20
Section 9: Subrecipient Performance Monitoring 21
Section 10: Records to Be Maintained 23
Section 11: Environmental Review 26
Section 12: Lead-Based Paint 27
Section 13: Procurement 30
Section 14: Program Income 36
Section 15: Uniform Administrative Requirements 37
Section 16: Labor Standards 38
Section 17: Section 3 41
Section 18: MBE/WBE 44
Section 19: Equal Employment Opportunity 45
Section 20: Civil Rights and Section 504 46
Section 21: Uniform Relocation Act 48
Section 22: Real Property Acquisition/Easement/Compensation ..49

Section 1: Introduction

The City of Rock Island has been an Entitlement Community in the Community Development Block Grant (CDBG) Program of the US Department of Housing and Urban Development (HUD) since 1975. The CDBG Program distributes federal funds to states, counties, and cities to fulfill the following program goals:

- Provide decent, safe, and sanitary housing;
- Provide a suitable living environment; and
- Expand economic opportunities principally for low and moderate-income persons.

Basic requirements for a local CDBG program are set forth in CDBG Program Regulations 24 CFR 570. Federal requirements allow for extensive flexibility in how a local CDBG program may be managed. In the City of Rock Island, as in other communities, staff develop five-year Consolidated Plans and corresponding Annual Action Plans that establish how CDBG funds shall be used. These documents describe community needs, priorities, and resources as well as objectives and performance measures. They do not on their own, however, describe the overall CDBG Program's policies and procedures.

Federal regulations in 24 CFR 570.501(b) state that "The recipient of HUD funds is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility." The City's CDBG Program policies and procedures must be fully described in a Program Manual that guides City employees, agencies, contractors, and subrecipients on how to use and account for CDBG funds. This Program Manual is intended to satisfy that Federal requirement.

Note that references herein to the "CDBG Program" refers to the entirety of CDBG-funded programming and activities undertaken by the City. Individual programs and activities under the umbrella of the CDBG Program are explained in appendices to this Program Manual. Examples of these include the General Housing Rehabilitation Program and the Commercial/Industrial Revolving Loan Fund (CIRLF). The City Council may from time to time approve amendments to either the Program Manual itself or the appendices as Federal regulation may require or to better align with changing community needs.

Section 2: Staff and the Community Development Commission

The Community & Economic Development Department (CED) is responsible for administration of CDBG-funded programming including the Housing Rehabilitation Program. The Department is organized into four divisions, each of them headed by a manager reporting to the department director. The Community Development Division is the one primarily responsible for CDBG-funded programming but is assisted by the other divisions in various aspects of the programing.

The Community Development Division consists of three staff members.

- Community Development Manager: This position is responsible for supervision of the other two division staff members and coordinates all division activities. Adherence to policies and procedures as well as financial oversight are primary responsibilities as they pertain to the CDBG program. This position also ensures that overall goals are met.
- Housing Officer: This position is responsible for processing applications from people seeking housing rehabilitation assistance. They determine eligibility, update a waiting list for services, prepare contracts, and maintain case files.
- Construction Officer: This position is responsible for conducting inspections of properties receiving rehabilitation assistance, preparing scopes of work, monitoring the performance of contractors, and conducting final inspections. They are also responsible for lead-based paint hazard risk assessments and associated functions.

Other staff in the CED Department that assist with the CDBG program include:

- Planning & Zoning Manager: This position assists with historic preservation matters, specifically the Section 106 process.
- Geographic Information Systems (GIS) Specialist: This position uses mapping software to assemble the majority of what is included in environmental review documents. They also create site maps for projects when needed.
- Building Official: This position oversees CDBG-funded building demolitions when they occur.

The Community Development Commission, previously known as the Citizen's Advisory Committee, is overseen by the CED Department. This nine-person public body is responsible for holding public hearings required for development of the Annual Action Plan and the five-year Consolidated Plan. It is also responsible for making general recommendations about the use of CDBG funds as well as any similar funds overseen by the CED Department, such as those from the Illinois Housing Development Authority (IHDA). Members serve three-year terms and are eligible for two consecutive terms. Appointments to the Commission are made by the Mayor with the approval of the City Council. Members should have professional experience working in community development including but not limited to housing issues. Members should also be diverse and representative of the entire community.

Section 3: National Objectives

When developing a CDBG-funded project, program, or activity, it is helpful to follow a step-by-step process to ensure compliance with all applicable regulations. The next several sections of this Program Manual discuss those steps. The first step in that process is determining which of HUD's three National Objectives are being met and how. If a proposed undertaking does not meet one of them, it cannot be considered for funding. All CDBG-funded undertakings must meet at least one of HUD's three National Objectives. The three National Objectives are:

1. Provide a benefit to low- to moderate-income persons and/or households;
2. Aid in the prevention or elimination of slums or blight; or
3. Meet an urgent community development need of recent origin that threatens the health or welfare of residents.

The following is a brief discussion of each National Objective including definitions, criteria, and examples.

Criteria for Activities Benefiting Low/Moderate Income Persons

A low- or moderate-income person is defined in the statute as a member of a household having an annual income equal to or less than 80% of the median income as defined by HUD. The three pertinent median income limits for CDBG are as follows:

- Extremely Low Income 30% of median area income
- Very Low Income 50% of median area income
- Low Income 80% of median area income

The median income changes annually, therefore, the household's low- and moderate-income levels may also change. Every applicant must document the income levels of the potential beneficiaries of CDBG funding at the time of application submission to ensure that at least 51% of the beneficiaries' meet HUD guidelines. Due to an "exception criteria" from HUD this is reduced to 45.68% for LMI Area Benefit projects. Income guidelines are updated annually and located on HUD's website to review.

Activities, which benefit low/mod income persons, may be classified as providing:

- Area Benefit
- Limited Clientele Benefit to persons of low/moderate income
- Housing Benefit to persons of low/moderate income
- Job Creation or Retention for persons of low/moderate income

Examples of potentially eligible activities under the Area Benefit category may include activities such as street improvements; water and sewer line upgrades; and neighborhood facility construction. Potentially eligible activities under the Limited Clientele Benefit category may include the construction of a senior center; public services for the homeless; job training or job creation for low/mod income individuals; and meals on wheels for the elderly. Potentially eligible Housing Benefit Activities include the acquisition of property for permanent housing; rehabilitation of permanent housing; conversion of non-residential structures into permanent housing; and eligible activities connected with new housing construction. For an activity of Job Creation, the recipient must document that at least 51 percent of the jobs will be held by, or available to, low- and moderate-income persons. For activities designed for Job Creation or Retention, permanent jobs where at least 51 percent of the jobs, computed on a full-time equivalent basis, involve the employment of low- and moderate-income persons. Section IV contains information on specific guidelines for determining and documenting low- to- moderate income benefit.

To test whether a project will meet the low-and moderate-income benefit National Objective, it is helpful to follow these guidelines:

- To determine a project's eligibility using Area Benefit, refer to the low- and moderate-income area map available on HUD's website (http://egis.hud.gov/cpdmaps/) applicants may also contact the Office of Community Reinvestment staff to request an income survey be conducted of the service area of the project. At least 45.68% of households within the identified service area must meet the low- to- moderate income limits as set by HUD.
- To calculate Limited Clientele Benefit, determine the total household income of each user by household size. At least 51% of users must meet the income limits.
- To calculate Housing Benefit Activities, households meeting the income guidelines must occupy single-family structures. If the structure contains more than one unit, at least 51% of the units must be occupied by households meeting the income limits.

Note: The income of all adults (not necessarily related) living in the household must be combined and compared to the income limit for the number of persons living in the household. Staff from the Office of Community Reinvestment is available to assist applicants in this evaluation.

Criteria for Activities to Prevent or Eliminate Slums or Blight

Activities that address the prevention or elimination of slums or blight may be classified as:

- An Area Basis
- A Spot Basis
- An Urban Renewal Basis

To qualify under the National Objective of slums or blight on an *Area* Basis, the activity must meet all of the following criteria:

- The area must be designated as a slum/blight area by the governing jurisdiction; and must meet the definition of a slum, blighted, deteriorated, or deteriorating area under state or local law.

- A substantial number of deteriorated or deteriorating buildings or public improvements must be located throughout the area.
- Documentation must be maintained by the governing jurisdiction on the boundaries of the area and the conditions, which qualified the area under this objective at the time of designation.
- The activity must address one of the conditions which contributed to the deterioration of the area.

Potentially eligible activities include assistance to commercial or industrial businesses; public facilities and improvements; and code enforcement provided the assistance is designed to address one or more of the specific conditions which qualified the area.

To qualify under the National Objective of prevention or elimination of slums or blight on a *Spot* Basis, the activity must meet all the following criteria:

- The activity must be designed to eliminate specific conditions of blight or physical decay at a specific location not incorporated in a slum or blighted area.
- The activity must be limited to acquisition, clearance, relocation, historic preservation, or building rehabilitation to eliminate specific conditions detrimental to public health and safety.

Potentially eligible activities under the objective to prevent or eliminate slums or blight on a spot basis include the removal of faulty wiring or falling plaster; historic preservation of a public facility; and demolition of a vacant, deteriorated, (non-historic) abandoned building.

To qualify under the National Objective of slums or blight on an *Urban Renewal* Basis, the activity must meet all of the following criteria:

- Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to Title I of the Housing Act of 1949; and
- Necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

Despite the restrictions in (b) (1) and (2) of 24 CFR 570.208, any rehabilitation activity which benefits low- and moderate-income persons pursuant to paragraph (a)(3) of that section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

Criteria for Activities to Meet an Urgent Community Development Need

To qualify an activity under the objective of meeting an Urgent Community Development Need, an activity must be designed to alleviate existing conditions in which the governing jurisdiction certifies all of the following:

- The existing conditions pose a serious and immediate threat to the health, safety or welfare of the community.
- The existing conditions are of recent origin (within the last 18 months)
- The grantee is unable to finance the activity
- Other funding resources are not available.

A condition will generally be considered of recent origin if it developed or became critical within 18 months preceding certification. Activities meeting the urgent needs criteria involve emergency or disaster situations with substantial costs which overextend the ability of a community to pay the costs through local taxation. Examples of activities meeting the Urgent Community Development Need objective include ruptured sewer and water mains; damages resulting from major catastrophes; or emergencies such as floods and earthquakes.

Section 4: Eligible and Ineligible Activities

Once an activity has been classified as meeting a National Objective, the second step is to determine whether CDBG funds may be used for a specific project or activity. Many types of activities qualify for CDBG assistance. This section describes these in detail by type. The proper classification of an activity insures that CDBG funds are used only for eligible activities and may further identify applicable statutes, requirements, and regulations for certain activities.

Activities that are Eligible

HUD has established the listing of eligible activities below as provided in the CDBG regulations. It should be noted that the list occasionally changes and that several activities have specific eligibility requirements. The following are considered eligible activities:

Public Facility/Infrastructure Improvements – Related Activities

- Acquisition of Real Property (land and/or building) - in whole or in part, by purchase, long-term lease, donation or other. §570.201(a)
- Disposition of Real Property (land and/or building) - the payment of costs incidental to the disposition of real property acquired with CDBG funds. §570.201(b)
- Installation, construction, reconstruction, rehabilitation, and installation of public facilities (except government buildings). §570.201(c)
- Clearance and demolition. §570.201(d)
- Interim Assistance for Public Facilities and Improvements - including limited improvement to a deteriorating area as a prelude to permanent improvements and activities to alleviate an emergency condition. §570.201(f)
- Privately-Owned Utilities - including acquisition, reconstruction, rehabilitation, and installation of such. §570.201(l)
- Code Enforcement. §570.202(c)
- Fire Protection Equipment – considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under §570.201(c)
- Construction Equipment – limited to the purchase of construction equipment for use as part of a Solid Waste Disposal facility. §570.201(c)

- Removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities. §507.201(c)
- Relocation costs incurred by displacement from CDBG projects. §570.201(i)
- Loss of rental income by owners holding units for persons displaced by CDBG projects. §570.201(j)
- Homeownership assistance, such as down payment assistance or mortgage interest subsidy for homebuyers. §570.201(n)

Rehabilitation and Preservation – Related Activities

- Rehabilitation of properties – including privately-owned homes, publicly-owned housing, publicly or privately-owned commercial or industrial buildings, nonresidential buildings owned by nonprofits, and manufactured housing when it is part of the permanent housing stock. §570.202(a).
- Historic Preservation - the rehabilitation, preservation and restoration of historic properties. Historic properties publicly or privately owned, may include those listed on or eligible for listing on the State or National Registers of Historic Places. §570.202(d).
- Renovation of closed buildings. §570.202(e).
- Lead-based paint testing, evaluation, reduction, and clearance. §570.202(f).
- Improvements to increase the efficient use of energy and or water in a structure. §570.202(b)
- Connection of residential structures to water distribution lines or local sewer collection lines. §570.202(b).
- Rehabilitation Services to include rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, and inspections. §570.202(b)

Public Service Activities. §570.201(e)

- Employment training
- Crime Prevention
- Child Care
- Health and drug abuse and education
- Furnishings and Personal Property – limited to such items necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a Public Service.
- Operating and maintenance expenses associated with Public Service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. The use of CDBG funds to pay allocable costs of operating and maintaining a facility used in providing a Public Service even if no other costs of providing such service are assisted with CDBG funds.
- Fair housing counseling and homebuyer pre-purchase counseling
- Energy Conservation

Economic Development Activities. §570.203, §570.204 and §570.201(o)

- Acquisition, construction, rehabilitation, or installation of commercial or industrial buildings or railroad spurs.
- Grants, loans, loan guarantees, interest subsidies to businesses.
- Administrative costs directly related to economic development projects.
- Special activities by Community-Based Development Organizations (CBDOs) that are part of a broader effort to revitalize a neighborhood.
- Assistance to micro-enterprises, such as loans, grants, technical assistance, or supportive services.

Planning and Administration. §570.205 and §570.206

- Preparation of general plans such as the Consolidated Plan.
- Functional plans such as housing plans.
- Neighborhood plans and general historic preservation plans.
- Policy planning, management, and capacity building activities.
- Monitoring
- General program administration
  - General management, office expenses, travel, legal services, and salaries
  - Public information, Fair Housing activities, indirect costs, and preparation of applications for federal funds.
  - Does not include costs to directly deliver a specific project.

Activities that are Ineligible

Despite apparent inclusion within the listing of eligible activities, some activities fall within a category of explicitly ineligible activities. In general, any activities not authorized under the provisions of eligible activities are ineligible for funding.

- Purchase of Equipment - for example, construction, fixtures, motor vehicles, furnishings and other personal property not an integral structural fixture is generally ineligible;
- Operating and Maintenance Expenses – any expense associated with repairing, operating or maintaining public facilities, improvements and services in ineligible. Examples of ineligible operating and maintenance include: the maintenance and repair of publicly owned streets (filling of pot holes in streets, repairing of cracks in sidewalks, replacement of expended street light bulbs), parks (the mowing of recreational areas), water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities;
- Payment of staff salaries, utility costs and similar expenses necessary for the operation of public works and facilities;

- New Housing Construction – the construction of new permanent residential structures or for any program to subsidize or assist such new construction is ineligible except when carried out by an entity pursuant to §570.204(a).
- Income payments – any series of subsistence - type grant payments, such as housing allowances, food, clothing or utilities.

Section 5: Documenting Benefit

Once an activity has been determined eligible, it is necessary to determine how that eligibility will be demonstrated in documentation. The following chart provides examples of how that can be done.

Benefit to Low-and Moderate-Income (LMI) Persons (§570.208(a)): Required Documentation

Activities benefiting low- and moderate-income (LMI) persons: Activities meeting the criteria in this section as applicable, will be considered to benefit low- and moderate-income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that the activities that meet these criteria do not benefit moderate-income persons to the exclusion of low-income persons.)

As described in Section II, Low/Moderate income benefit activities are classified as Area Benefit; Limited Clientele; Housing Activities; or Job Creation or Retention.

Documenting Area Benefit (§570.208(a)(1))

HUD provides census data for the areas that qualify under the low/moderate income benefit on an area basis. The most current data and the accompanying maps delineating the areas for this application cycle are based on Census data (see Appendix A, C and D). The activity may benefit all the area's residents. It is important that all the boundaries of the service area be clearly defined. This area need not be coterminous with census tracts or other officially recognized boundaries but must include the entire area served by the activity. This National Objective is met if an eligible *non-housing* activity is undertaken and at least 45.68% of the residents in the defined service area who benefit from this activity are LMI.

Examples of eligible Area Benefit projects are:

- New sidewalks in a low/moderate income neighborhood
- A new paved road or water and sewer system in a low/moderate income neighborhood
- A new playground in a low/moderate income neighborhood

To qualify a project as Area Benefit for persons of low- and moderate-income, an applicant/subrecipient must:

- Establish the boundaries of the service area of the proposed community development project. The service area must be primarily residential in character and the activity must meet locally identified needs.
- Document the income of the families in the service area. If the HUD low- and moderate-income area data available does not show the area to be part of a low- and moderate-income block group, and there is reason to believe that the area is a "pocket of poverty," the City can provide technical assistance for conducting a survey of the households in the service area.

Documenting Limited Clientele Benefit (§570.208(a)(2))

Activities in this category benefit a specific group of people, rather than all the residents in a area. These are *non-housing* activities that are eligible because they are designed to benefit a limited number of persons. HUD requires that at least 51 percent of the members of these specific groups be persons of low- to moderate- income. Data on incomes of users is often available from the files of the service agency or sponsoring organization.

Examples of eligible Limited Clientele activities are:

- Construction or rehabilitation of a community center, center for senior citizens, homeless shelter, job training facility, or domestic abuse shelter
- Public services for the homeless or battered spouses, "Meals on Wheels" for the elderly, or food pantries, etc.

To qualify under this category, the activity must meet one of the following tests:

- Benefit a clientele 51 percent of which must meet the HUD definition for low/moderate income persons. Those benefiting from the activity must be documented, by family size and income, to show that at least 51% are LMI;
- The activity has income eligibility requirements limiting the activity to LMI persons only;
- Benefit a clientele generally presumed to be principally low/moderate income persons. The following groups are currently presumed to meet this criterion:
    - Abused children
    - Severely disabled adults (as defined by the Bureau of Census)
    - Elderly persons (62 years of age and over)
    - Illiterate adults
    - Migrant farm workers
    - Battered spouses
    - Persons with HIV/AIDS
    - Homeless persons
- Be of such nature and location that it may be concluded that the beneficiaries will primarily be low- and moderate-income persons.

Documenting Limited Clientele Benefit with User Data

Applicants/Subrecipients who need documentation for limited clientele projects can obtain information about beneficiaries and users with CDBG survey forms. Nonprofit organizations, depending upon the type of activity they conduct, may already have user or intake forms and statistics. For example, health care centers may use intake forms to document family income; day care centers may use admittance applications to obtain data, etc.

The Office of Community Reinvestment will aid in the development of a CDBG survey form for any organization that does not currently have one.

The following activities Do not qualify under the Limited Clientele category:

- Activities that benefit all the residents of an area;
- Activities involving acquisition, construction or rehabilitation of property for housing; or
- Activities that benefit LMI persons through the creation or retention of jobs,
- Except job training and placement and/or other employment support services. §570.208(a)(2)(iv)

LMI Housing Activities (§570.208(a)(3))

CDBG funds are primarily used for the rehabilitation of residential and mixed-use buildings. The original intent of the CDBG program was for housing rehabilitation, there are limitations on the way funds may be used for the construction of new housing. Important questions to ask when determining the eligibility of housing activities are:

- Does the activity benefit LMI households, or remove blight, and

- Is the subrecipient an eligible public or private non-profit organization or a special limited profit corporation?

Note: Only permanent housing is eligible under this subcategory for LMI benefit.

Examples of eligible Housing Activities benefiting low- and moderate-income persons/households are:

- Acquisition of land or existing buildings.
- Rehabilitation of owner-occupied or rental units.
- Conversion of non-residential structures to housing units.
- Newly constructed homes developed by a Community Based Development Organization (CBDO as pursuant to §570.204(a)).
- Purchase assistance for LMI homebuyers.

Note: The income of *all* adults (not necessarily related) living in the household must be combined and compared to the income limit for the number of persons living in the household.

Activities that include acquisition, construction or rehabilitation of housing units may qualify as meeting the National Objective of benefiting LMI households only to the extent that the required number of units is occupied by LMI households upon completion.

The required number of LMI units for Housing Activities cover both owner-occupied and rental units. *At completion*:

- If the unit is a single unit, the occupant must be an LMI household.
- In duplexes, at least one of the units must be occupied by an LMI household.
- When CDBG assistance is provided to buildings with more than two units, at least 51% of the units must be occupied by LMI households.

Documenting LMI Housing Activities

For each activity, the following records must be kept:

- Fair Housing and Equal Opportunity rules apply to the use of CDBG funding therefore occupancy record identifying the occupants' race and ethnicity as well as female-headed households must be maintained on file.
- Documentation of household size and income must be maintained on file. Also include a copy of the HUD income limit for the relevant funding year as income limits typically change from year to year.

LMI Job Creation or Retention Activities (§570.208(a)(4))

- For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.
- For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51percent of the jobs at the time the CDBG assistance is provided:
    - The job is known to be held by a low- or moderate-income person; or
    - The job can reasonably be expected to turn over within the following two years; and that steps will be taken to ensure that it will be filled by, or made available to, a low- and moderate-income person upon turnover.

Jobs that are not held or filled by a low- or moderate-income person may be considered available to low- and moderate-income persons for these purposes only if:

- Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide the needed training; and
- The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first considerations for filling such jobs.

For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

- He/she resides within a census tract (or block numbering area) that either:
- Meets the requirements of paragraph (A)(4)(c) of this section; or
- Has at least 70 percent of its residents who are low- and moderate-income persons, or
- The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (A)(4)(c) of this section and the job under consideration is to be located within that census tract.

A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (A)(4)(b)(i)(*1*) and (ii) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

- It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;
- It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

It evidences pervasive poverty and general distress by meeting at least one of the following standards:

- All block groups in the census tract have poverty rates of at least 20 percent;

- The specific activity being undertaken is in a block group that has a poverty rate of at least 20 percent, or
- Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

Prevention or Elimination of Slums and Blight: Required Documentation

Activities, which eliminate or prevent slums and blight, can be conducted on an Area Basis, a Spot Basis, or in an Urban Renewal Area.

Elimination of Slum or Blight on an Area Basis
Potentially eligible activities with the objective of eliminating slums and blight on an Area Basis include assistance to commercial/industrial properties for exterior or code related improvements, public facilities and improvements, as well as code enforcement, provided the assistance is designed to address one or more of the specific conditions that qualified the area as one of slum and blight.

Elimination of Slums or Blight on a Spot Basis
In order to qualify under the National Objective of elimination of slums and blight on a Spot Basis the activity must meet the following criteria:

- It must be designed to eliminate specific conditions of blight or physical decay on a Spot Basis not located in a slum or blighted area; or
- It must be limited to acquisition, clearance, relocation, historic preservation, or building rehabilitation to eliminate special conditions detrimental to public health and safety. Potentially eligible activities under the objective to eliminate slums or blight on a spot basis include the removal of faulty wiring or falling plaster; historic preservation of a public facility; or demolition of a vacant, deteriorated, (non-historic) abandoned building.

Elimination of Slums or Blight in an Urban Renewal Area
This category is intended to permit the redevelopment of areas in which activities were begun with funds received under Federal Urban Renewal and related programs (replaced by the CDBG Program). In order to qualify under the objective to eliminate slums or blight in an Urban Renewal Area, an activity must be:

- Located within an urban renewal project area; and
- Necessary to complete the urban renewal plan

Urgent Need: Required Documentation

The records to document urgent need should include the following:

- Photographs of the condition
- Building Department statements regarding health and safety hazards
- State and Federal designation of the condition as a disaster

In addition, if a participating unit of general local government within an urban county uses CDBG funds for an urgent need, the county Must be able to document that the participating local government was unable to finance the activity.

This chart provides a quick reference guide on documentation.

National Objective	Requirements	Example of Data Source
Low/Mod Income Benefit	Map identifying the boundaries of the service area Income characteristics of the users. Most recent quarterly/annual reports on beneficiaries and users by income.	Survey of residents' incomes in the service area. Census and Block Group Information. Income surveys of all users of project or service as approved by the City.
Removal of Slum or Blight	Board resolution designating area under state or local law. Substantial number of buildings or public improvements must be deteriorated. Map delineating boundaries of area. Activity addresses one or more of the deteriorated conditions. Detailed narrative describing programs and comprehensive plans for improvements.	Pre-rehabilitation inspection reports and a Phase I Environmental Site Assessment. Infrastructure conditions report. Detailed survey of building conditions and code violations. Urban renewal plans.
Urgent Need	Certification that condition poses serious threat to the health and welfare of the community. Condition is recent. Governing jurisdiction is unable to finance the project. No other resources or funds are available.	"Turndown letters" indicating no other source of funding is available. Health Department reports documenting a serious condition. Evidence that applicants designed activity to address the urgent need.

Section 6: Subrecipient Application Process

Nonprofits and other agencies may request CDBG funding for their activities. In order to apply, they must submit a written request to the CED Department. The request shall be made using a format and/or forms provided by staff. The application period shall be from January 1 to January 31 of each calendar year. Applications received late will not be considered for that calendar year but may be submitted again the next year. The application must include a complete project description and/or scope of work with detailed cost estimates. If there are other sources of funding involved, those need to be clearly identified. A public announcement shall be made when the application period begins. Other City departments shall not be considered subrecipients, but shall submit project proposals and funding requests in the same manner and within the same timeframe as described above.

Staff will evaluate all applications using the following criteria.

1. Consolidated Plan Need/Strategy
    a. Affordable Housing: Preserve existing units of affordable and special needs housing throughout the city and create additional units of such housing in areas where they are currently lacking and near employment centers.
    b. Neighborhood Improvements: Public improvements to parks/infrastructure that directly affect the quality of neighborhoods/communities.
    c. Facility Development: Acquisition, rehabilitation, and/or construction of facilities from which human/social services are provided to area residents.
    d. Homelessness: Increase the availability of emergency-shelter and transitional- housing services and facilities.
2. Leveraging of Other Resources
3. Project Readiness
4. Community Impact/Urgency
5. Urgent need for which no other funding is available. Factors considered include the extent of the project's physical improvements, and it's economic, environmental, and/or community health benefits. Consideration will be given to the number of low- and moderate-income residents that will benefit from the project, in relation to the amount of CDBG funds requested.
6. Organizations that have staff serving on the CDC shall be ineligible to apply for public service funding due to real or perceived conflicts of interest.

Having evaluated the applications, staff will make recommendations to the Community Development Commission regarding which activities should be funded as part of the development process for the Annual Action Plan. The Commission shall in turn make a recommendation to the City Council about the Annual Action Plan which shall include said activities.

The amount of funding awarded will be based on the applicants' project or activity proposal and its ability to assist the City in fulfilling its priorities. The applicant's demonstrated ability to expend funds within the program fiscal year will also be considered. Funding amounts and the release of funds is contingent upon the congressional approval of HUD's annual CDBG budget. Should Congress elect to reduce CDBG funding, the City will be required to modify allocations consistent with these reductions.

Section 7: Subrecipient Agreements

When an activity is approved for funding as described in the previous section, a Subrecipient Agreement shall be required. The agreement shall detail the obligations of both the CED Department and the subrecipient (formally the applicant). The agreement shall remain in effect the entire length of the project or activity. Agreements shall be approved by the City Council. AS stated previously, other City departments shall not be considered subrecipients, but shall enter into such an inter-departmental memorandum of understanding (MOU) with the CED Department for each project or activity receiving CDBG funding. The MOU shall also be approved by the City Council.

The agreement shall include, at a minimum, the following information.

- Scope of Work: The agreement shall include a description of the work to be performed, a schedule for completing the work, and a comprehensive budget.
- Project Management: The agreement shall specify that the CED Department shall manage the entire project from beginning to end on behalf of the subrecipient unless otherwise stated.
- Records and Reports: The agreement shall specify what documents and records must be produced by the subrecipient and provided to the CED Department.
- Program Income: The agreement shall include the program income requirements set forth in §570.504(c).
- Uniform Administrative Requirements: The agreement shall require the subrecipient to comply with applicable uniform administrative requirements as described in §570.502.
- Other program requirements: The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of the regulations, except that:
    - The subrecipient does not assume the City's environmental responsibilities described at §570.604; and
    - The subrecipient does not assume the City's responsibility for initiating the review process under the provisions of 24 CFR part 52.
- Suspension and Termination: The agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the subrecipient materially fails to comply with any term of the award, and that the award may be terminated for convenience in accordance with 24 CFR 85.44.
- Reversion of Assets: The agreement shall specify that upon its expiration the subrecipient shall transfer to the City any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) is either:
    - Used to meet one of the national objectives in §570.208 (formerly §570.901) until five years after expiration of the agreement, or for such longer period as determined to be appropriate by the city; or

- Not used in accordance with this section, in which event the subrecipient shall pay the city an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the City.

Section 8: Subrecipient Reimbursement Requests

The City provides reimbursement payments to subrecipients based on verification of expenditures. This is done by submission of a request for payment form with all required back-up documentation. The payment request is reviewed for completeness and accuracy by the Housing Officer. It is then submitted to the Community Development Manager for approval. The payment request is then submitted to the Finance Department for processing. Subrecipients must submit requests in a timely manner as described in their Subrecipient Project Agreement. The City, in turn, has thirty days to issue payment.

Each request for payment must have adequate documentation of eligible costs. Documentation may include invoices, payroll records, purchase orders, copies of canceled checks, timesheets reflecting time spent directly on CDBG activities, et cetera. Requests must only be for costs directly related to the approved activity and included in the approved budget attached to the contract. Subrecipients may not use CDBG funds for the following:

- General administrative costs;
- “Overhead” costs; or
- Costs applicable to all subrecipient activities regardless of funding source.

CDBG expenditures as shown in the City’s accounting system are reviewed every two weeks by the Community Development Manager who initiates the paperwork for a drawdown of funds through the Integrated Disbursement and Information System (IDIS) reporting system based on actual expenses. The Community Development Manager submits the request for funds and the Finance Department approves the drawdown.

Section 9: Subrecipient Performance Monitoring

The procedures established in this manual are intended to ensure program compliance with the requirements of the 24 CFR 570 and all other applicable laws and regulations. Staff will monitor subrecipient activities for compliance with program requirements in a variety of ways.

First, many activities will be carried out under the direct supervision of the Community Development Manager that will assist subrecipients in defining project scope, soliciting contractor bids, hiring contractors, and supervising project completion. The city will ensure timely project implementation through the use of management tools, including a critical (timed) path for implementation, and the use of quarterly performance reports from the subrecipient. These reports detail recent progress, target completion dates for various phases of the project and, if applicable, the clients served. Staff will conduct periodic site visits to monitor progress. Should a project fall behind schedule, the City will provide technical assistance to the subrecipient to bring the project into compliance with established schedules and deadlines.

Second, Staff will utilize "Desk Monitoring" to assess the quality of program performance over the duration of the contract. Desk monitoring of subrecipients shall concentrate on program, financial, and regulatory performance of the subrecipient, including capital improvement projects. Primary monitoring objectives are to make sure that subrecipients comply with all regulations governing administrative, financial, and programmatic operations. In conducting monitoring and performance reviews, staff will primarily rely on information obtained from the subrecipient's performance reports, records, audits, allowed costs, review of financial reports, eligibility and number of beneficiaries served, compliance with federal regulations and City program requirements. Staff may also consider relevant information pertaining to a subrecipient's performance gained from other sources, including litigation, citizen comments, and other information provided by or concerning the subrecipient. As a guide to complete desk monitoring the City staff will use HUD's CPD Monitoring Handbook 6509.2 as a guide for review, the handbook is located at:
https://www.hudexchange.info/resource/290/hud-community-planning-and-developmentmonitoring-handbook-65092-rev6/

A subrecipient's failure to perform under the terms of the contract with the City and/or maintain records in the prescribed manner may result in a finding that the subrecipient has failed to meet the applicable requirement to which the contract pertains. If staff finds that a subrecipient has failed to comply with program and/or contract requirements or has failed to meet a performance criterion, staff will take the following steps:

1. Issue a letter of warning advising the recipient of the deficiency and putting the subrecipient on notice that additional action will be taken if the deficiency is not corrected or is repeated;
2. Recommend, or request the subrecipient to submit, proposals for corrective actions, including the correction or removal of the causes of the deficiency.

City staff will offer technical assistance to subrecipients when monitoring indicates less than complete compliance with CDBG regulations or contract requirements. Such assistance may include, but is not limited to, providing applicable copies of Office of Management and Budget (OMB) circulars, in particular OMB's Uniform Grant Guidance or the latest edition of Playing by the Rules guidance for CDBG projects located at https://www.hudexchange.info/resource/687/playing-by-the-rules-a-handbook-for-cdbgsubrecipients-on-administrative-systems/.

If the subrecipient fails to undertake appropriate corrective or remedial actions which resolve the deficiency to the satisfaction of the Community Development Manager, the Staff may take one or more of the following actions. Such actions shall be designed to prevent a continuation of the performance deficiency; mitigate, to the extent possible, the adverse effects or consequences of the deficiency; and prevent a recurrence of the deficiency. Prior to a reduction, withdrawal, or adjustment of a grant or other appropriate action, taken pursuant to (1), (2), or (3) below, the subrecipient shall be notified of such proposed action and given an opportunity within a prescribed time period for an informal consultation. These actions may include but are not limited to the following:

1. Advise the subrecipient in writing that additional assurances are required;
2. Advise the subrecipient to suspend disbursement of funds for the deficient activity;
3. Advise the subrecipient to reimburse the City program account in any amounts improperly expended.

The City of Rock I shall have the same rights as the Secretary of HUD as to other remedies for noncompliance per §570.912 and §570.913.

Section 10: Records to Be Maintained

The City shall establish and maintain sufficient records to enable HUD to determine whether the City has met all of the requirements for activities administered by the City under the CDBG program. At a minimum, the following records will be maintained:

1. Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible.
2. Records demonstrating that each activity undertaken meets one of the criteria set forth in §570.208. (Criteria for National Objectives) The city of Rock Island may substitute evidence that the assisted person is homeless. Such records shall include the following information:
    a. For each activity determined to benefit low- and moderate-income persons, the income limits applied and the point in time when the benefit was determined.
    b. For each activity determined to benefit low- and moderate-income persons based on the area served by the activity as per HUD Notice CPD 05-06:
        i. The boundaries of the service area;
        ii. The income characteristics of families and unrelated individuals in the service area; and
        iii. If the percent of low- and moderate-income persons in the service area is less than 51 percent, data showing that the area qualifies under the exception criteria set forth at §570.208(a)(1)(ii).
    c. For each activity determined to benefit low- and moderate-income persons because the activity involves a facility or service designed for use by a limited clientele consisting exclusively or predominantly of low- and moderate-income persons:
        i. Documentation establishing that the facility or service is designed for the particular needs of or used exclusively by senior citizens, adults meeting the Bureau of the Census' Current Population Reports definition of “severely disabled,” persons living with AIDS, battered spouses, abused children, the homeless, illiterate adults, or migrant farm workers, for which the regulations provide a presumption concerning the extent to which low- and moderate-income persons benefit; or
        ii. Documentation describing how the nature and, if applicable, the location of the facility or service establishes that it is used predominantly by low- and moderate-income persons; or
        iii. Data showing the size and annual income of the family of each person receiving the benefit.
3. Records that demonstrate that The City of Rock Island has made the determinations required as a condition of eligibility of certain activities, as prescribed in §570.201(f)-interim assistance, §570.201(i)(2) - emergency, §570.201(p) – technical assistance, §570.201(q) – higher education institutions, §570.202(b)(3) – rehabilitation loans, §570.206(f) - Submission of applications for

federal programs, §570.209 – economic development, §570.210 – prohibition employee relocation, and §570.309 – restriction on location.

4. Records which demonstrate compliance with §570.505 - regarding any change of use of real property acquired or improved with CDBG assistance.
5. Records that demonstrate compliance with the citizen participation requirements prescribed in 24 CFR part 91, subpart B, for entitlement recipients.
6. Records that demonstrate compliance with the requirements in §570.606 regarding acquisition, displacement, relocation, and replacement housing.
7. Financial records, in accordance with the applicable requirements listed in §570.502 - uniform administrative requirements - including source documentation for entities not subject to parts 84 and 85 of the regulation. The city of Rock Island shall maintain evidence to support how the CDBG funds provided to such entities are expended. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.
8. Records required to be maintained in accordance with other applicable laws and regulations set forth in subpart K of this part.
9. Fair housing and equal opportunity records containing:
    a. Documentation of the analysis of impediments and the actions The City of Rock Island has carried out with its housing and community development and other resources to remedy or ameliorate any impediments to fair housing choice in The City of Rock Island.
    b. Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG funds. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any statistical measure by race, ethnicity, or gender in covered programs.
    c. Data on employment in each of The City of Rock Island operating units funded in whole or in part with CDBG funds, with such data maintained in the categories prescribed on the Equal Employment Opportunity Commission's EEO–4 form; and documentation of any actions undertaken to assure equal employment opportunities to all persons regardless of race, color, national origin, sex or handicap in operating units funded in whole or in part under this part.
    d. Data indicating the race and ethnicity of households (and gender of single heads of households) displaced because of CDBG funded activities, together with the address and census tract of the housing units to which each displaced household relocated. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.
    e. Documentation of actions undertaken to meet the requirements of §570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low- and moderate-income persons and the use of local businesses.
    f. Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of $25,000 or more paid, or to be paid, with CDBG funds, data indicating which of those entities are women's business enterprises as defined in Executive Order

12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

Section 11: Environmental Review

The CDBG Program requires that the environmental effects of each activity carried out with CDBG funds be assessed in accordance with the provisions of HUD's regulations covering the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58. The assessment is conducted considering other federal laws covering areas such as noise, air quality, historic properties, flood plains, wetlands, water quality, solid waste disposal, manmade hazards, farmlands protection, wild and scenic rivers, coastal areas, and endangered species.

The 1994 Amendments to the CDBG Program statute significantly changed the environmental review responsibilities of CDBG Program participants. It requires that units of general local government such as cities and counties assume the responsibility for the environmental review, including the publication of the environmental review process, and then later request that the funds be released by HUD. For subrecipients, the City as the unit of general local government will continue to be responsible for the environmental review.

CDBG-funded projects cannot begin until the environmental review process has been completed. The only tasks that may be undertaken prior to completing the environmental review assessment are administrative activities, feasibility and engineering studies, outreach, and planning activities. These have no effect on the human and physical environments and are exempted under Section 58.34 of 24 CFR Part 58.

The environmental review process should be initiated as soon as the proposed activities are determined. Environmental review expenses are considered as administrative costs under the CDBG Program. Private citizens and organizations can object to the release of funds for CDBG projects on certain procedural grounds relating to the environmental review. Therefore, it is important that all procedural requirements be met.

Section 12: Lead-Based Paint

Lead poisoning is one of the most common health hazards to humans. There is a lot of lead in the urban environment. Although anyone can be lead-poisoned, children and women of childbearing age are at the greatest risk. Childhood lead poisoning is considered a major health problem because of its extremely damaging and irreversible effects. This can include brain damage, liver and kidney disorders, behavioral problems, blindness, permanent learning disabilities, and even death.

Lead poisoning is commonly the result of exposure to lead-based paint hazards. CDBG-funded activities cannot use lead-based paint and must account for any pre-existing lead-based paint hazards at a project site. Such hazards commonly include deteriorated lead-based paint on friction surfaces, impact surfaces, and accessible (chewable) surfaces as well as contaminated dust and soil. Lead-based paint that is intact and in good condition is usually not considered a hazard.

Determining if lead-based paint hazards exist and where they are located requires a licensed professional. In the case of the City, the Construction Officer is required to be so licensed and uses the following two methods to determine if lead-based paint hazards exist at a project site.

1. Scoring the Building Based on Risk Factors: Use the Lead Toxicity Risk Assessment developed by EPA as a guide to help you detect potential lead problems. This is not scientific, but less costly, and can help establish the likelihood of lead problems. A copy of the Lead Toxicity Risk Assessment may be obtained from EPA.

2. Testing: There are two testing methods that produce accurate lead readings:

   a. XRF-X-Ray Fluorescence Detector: This is the newest testing technology, which is also available in portable form. The XRF portable is capable of measuring between 30-50 samples in three hours and provide immediate results.

   b. Laboratory Testing: Samples are collected from the property and sent to a laboratory. This is a more time-consuming approach.

Housing rehabilitation is a common CDBG-funded activity and certain requirements apply when a residential property being rehabilitated was constructed before 1978. At a minimum, the City and/or contractors are required to:

1. Notify a purchaser or lessee of the presence of any known lead-based paint and/or lead-based paint hazards;
2. 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;
3. Provide each occupied dwelling unit discussed in the preceding section with the EPA-approved lead hazard information pamphlet *Protect Your Family from Lead in Your Home* or EPA-approved equivalent;
4. Reduce lead hazards as required by the applicable subparts of Part 35; and
5. Perform 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:

- A - (Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards upon Sale or Lease of Residential Property),
- B - (General Lead-Based Paint Requirements and Definitions for All Programs)
- J - (Rehabilitation),
- K - (Acquisition, Leasing, Support Services, or Operation), and
- R - (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, J, K, and R, are called the Lead Safe Housing Rule. 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 under age 6 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.

For properties that are covered by the Lead Safe Housing Rule, the lead-based paint requirements for rehabilitation depend on the amount of Federal rehabilitation assistance provided. The amount of Federal rehabilitation assistance is the average per unit amount of Federal funds for the hard costs of rehabilitation, excluding lead-based paint hazard evaluation and hazard reduction activities. In calculating this assistance amount, one must consider both 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). 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 is a general overview of the requirements based on dollar thresholds per year per assisted housing unit:

- Up to and including $5,000: Notice, provision of pamphlet, paint testing of surfaces to be disturbed or presumption of lead-based paint, safe work practices as part of rehabilitation (except for minimal amounts of paint disturbances), repair any paint that is disturbed, and clearance after the work and before re-occupancy.
- $5,001–$25,000: Notice, provision of pamphlet, paint testing or presumption, risk assessment to identify lead-based paint hazards, interim control or standard treatment of lead-based paint hazards, and clearance.
- Over $25,000: Notice, provision of pamphlet, paint testing or presumption, risk assessment, abatement of lead-based paint hazards, ongoing lead-based paint maintenance, and clearance.

Lead Safe work practices and clearance testing are not required when maintenance or hazard reduction activities do not disturb painted surfaces or do not exceed the following thresholds:

1. 20 square feet on exterior surfaces;
2. 2 square feet in any one interior room or space, or 10 percent of the total surface area on an interior or exterior component type with a small surface area (e.g., window sills, baseboards, and trim).

This is referred to as the *de minimus* rule and can be found at §35.1350(d) Safe work practices. When work is done under this rule, appropriate documentation shall be retained to demonstrate compliance.

The *Protect Your Family from Lead in Your Home* pamphlet can be downloaded in English and Spanish from www.hud.gov/offices/lead or www.epa.gov/lead, and single paper copies can be obtained from the National Lead Information Clearinghouse at 1-800-424-LEAD. Persons with hearing or speech impediments may access this telephone number via TTY by calling the tollfree Federal Information Relay Service at 1-800-877-8339.

The information in the preceding section is intended to provide basic information on lead-based paint requirements. The applicable portions of 24 CFR Part 35 must be reviewed when undertaking an activity subject to these requirements.

Section 13: Procurement

The purpose of a procurement policy is to ensure that sound business judgement is utilized in all procurement transactions. That supplies, equipment, construction and services are obtained efficiently and economically, and in compliance with applicable federal and state law, and executive orders, and to ensure that all procurement transactions are conducted in a manner that provides full and open competition. These procedures will ensure that all solicitations incorporate clear and accurate descriptions of the technical requirements for the goods or services being procured. 30 ILCS 500 and Section of the Illinois Code must be followed on all applicable purchases. All other appropriate sections of the Illinois Code shall also apply.

The City shall maintain compliance with the federal requirements at 2 CFR, Sections 200.318-200.327. These requirements apply to the procurement of all supplies, equipment, and construction and services that include any federal program funding. 2 CFR references are noted in this section. All other appropriate sections of Illinois Code and local code shall also apply. When federal requirements conflict with local or state requirements, the federal requirement, or most restrictive requirement will be followed. The following federal requirements are included in this Program Manual for ease of reference.

§200.318 General Procurement Standards:

(a) The Non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §200.317 through 200.327.
(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
(c)(1) The Non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.
(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean that because of

relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
(d) The Non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
(e)To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
(f)The Non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
(g) The Non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost. (h)The Non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.214.
(i) The Non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
(j)(1) The Non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time- and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:
(i)The actual cost of materials; and
(ii)Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
(k) The Non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction. [85 FR 49543, Aug. 13, 2020, as amended at 86 FR 10440, Feb. 22, 2021]
(h) The Non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more

economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
(i) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
(j) The Non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
(k) The Non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost. (h)The Non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.214.
(l)The Non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
(m) (1) The Non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time- and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:
(iii) The actual cost of materials; and
(iv) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
(n) The Non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction. [85 FR 49543, Aug. 13, 2020, as amended at 86 FR 10440, Feb. 22, 2021]

§200.322 Domestic Preferences for Procurements:

(a)As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the

United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.
(b)For purposes of this section:
(1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
(2) “Manufactured products” means items and construction materials composed in whole or in part of non- ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

§200.323 Procurement of Recovered Materials:

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

§200.324 Contract Cost and Price:

(a) The Non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
(b) The Non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
(c)Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.
(d)The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§200.325 Federal Awarding Agency or Pass-Through Entity [HSEMD] Review:

(a) The Non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The Non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The Non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The Non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The Non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

(2) The Non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§200.326 Bonding Requirements:

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Section 14: Program Income

The receipt and expenditure of program income as defined in §570.500(a) shall be recorded as part of the financial transactions of the City of Rock Island CDBG grant program. Program income received before grant closeout may be retained by The City of Rock Island if the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

Section 15: Uniform Administrative Requirements

The City shall follow the Office of Management and Budget (OMB) Uniform Grant Guidelines which are located at 2CFR200 and can be found at http://www.ecfr.gov/. Additionally, the City will ensure that all subrecipients comply with the Uniform Grant Guidelines.

Section 16: Labor Standards

Participants in The City of Rock Island's CDBG program are responsible for full compliance with labor standards regulations at all contracting levels, including the general contractor, subcontractors, and any other lower level subcontractor. Construction work that is financed in whole or in part with CDBG funds must adhere to federal labor standards. Labor Standard requirements include the Davis-Bacon Act, Copeland "Anti-Kickback Act" and Contract Work Hours and Safety Standards Act.

These requirements are commonly known as the "Davis-Bacon and Related Acts", abbreviated as "DBRA". These Acts require that:

- Contractors with a history of non-compliance cannot participate in federally-assisted
- projects.
- Workers must be paid weekly wages set by the Department of Labor and be paid overtime at time-and-a half for hours worked beyond a forty (40) hour work week.
- No laborer or mechanic may be forced by their employer to work in conditions that are unsanitary, hazardous, or dangerous to the worker's health.
- The City and the subrecipients must monitor compliance through contractor reports and on-site interviews with workers.

Down Payment Assistance (without construction or rehabilitation involved) or rehabilitation of owner-occupied homes do not trigger Labor Standards requirements.

The following activities trigger Federal Labor Standards:

- CDBG-funded construction or rehabilitation of properties with eight (8) or more total residential units.
- Other construction projects using over $2,000 in CDBG funds. This could include public improvements to neighborhoods or housing projects, such as streets or sidewalks.
- Clearance of land or site improvements with CDBG funds which will ultimately result in eight (8) or more units (or homes) being built on the project site or which will be used for public improvements such as a park or parking lot.

"Construction" is broadly defined and includes the "Hard Costs" of rehabilitation, repairs, painting, decoration and the installation of equipment when installation costs are more than incidental. It does not include soft costs, such as design or engineering costs.

The following do not trigger Federal Labor Standards:

- Owners, supervisors and managers of the construction company
- Bona-fide self-employed contractors
- Government (state, local) employees involved with the project
- Utilities work (performed by utility companies)

- Construction work that is determined to not be part of a CDBG assisted project or building

Laws and Regulations that apply:
Davis-Bacon Act (DBA):
Pay workers the prevailing wage. All laborers and mechanics employed by contractors or subcontractors who work on a federally funded or assisted construction project where the contract is in excess of $2,000 must be paid the “prevailing wage” for workers performing similar construction in the market area and they must be paid at least weekly. This wage rate is set periodically by the Department of Labor (DOL) and the CDBG Coordinator will request a wage determination from HUD prior to requesting bids or proposals from contractors. Published wage rates for CDBG projects must be posted on-site for review by employees’ and the general public.

1. Exceptions to Wage Rate: Workers classified as Apprentices and Trainees may be compensated at a rate that is less than the Davis-Bacon rate:
    a. Apprentices – These are formal trainees that are registered in an apprenticeship program that has been approved by the DOL or by a state apprenticeship agency that has been recognized by the DOL. (A new apprentice is approved for probationary employment for 90 days and then registered.
    b. Trainee – These are registered participants in an employment training program that has been approved by the DOL. There is no provision for state agency approval. Probationary employment is an option that may be include in the program.

Contract Work Hours and Safety Standards Act (CWHSSA):
Applies to both federal contracts and indirect federally assisted contracts except where the assistance is solely in the nature of a loan guarantee or insurance. CWHSSA violations carry a liquidated damage penalty ($10 a day per violation). Intentional violations of CWHSSA are considered a federal criminal misdemeanor.

1. Work Hours – Contractors must pay one and a half times the base hourly rate for each hour more than 40 that any employee works in a seven (7) day period.
2. Safety Standards – DOL has written standards that define what is unsanitary, hazardous, or dangerous. Laborers and mechanics may not be required to work in these conditions.

Copeland Act (Anti-Kickback Act):

1. No “Kick-Backs” to employers. All laborers and mechanics must be paid without “strings” attached to their paychecks and they must be paid at least weekly.
2. Take only Eligible Payroll Deductions. They must be paid at least the prevailing wage rate and cannot be required to have deductions taken from their check other than those that are permitted by DOL regulations.
3. Contract Language. All contracts for construction, reconstruction or repair (regardless of value) must contain the following prohibition: “No contractor or subcontractor shall induce, by any means, any person employed in such publicly-funded construction, reconstruction, or repair to give up any part of the compensation to which he/she is otherwise entitled by authorized payroll deductions.”

4. Submit Payroll Evidence. Weekly payroll and compliance statements are required to be submitted to the City of Rock Island’s CDBG Housing Officer.

Fair Labor Standards Act (FLSA):
Contains federal minimum wage rate and overtime (O/T) requirements. These requirements generally apply to any labor performed and may be pre-empted by other federal standards such as the DBRA prevailing wage requirements and CWHSSA O/T provisions. Only the DOL has the authority to administer and enforce FLSA. HUD will refer to the DOL any possible FLSA violations that are found on HUD projects.

Section 17: Section 3

The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that when employment or contracting opportunities are generated because a federally funded or assisted project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons, particularly those who are recipients of government assistance for housing and/or to business concerns residing in the community where the project is located. It is important to note that Section 3 requirements apply to an entire project or activity regardless if it's fully or partially funded with CDBG.

Section 3 requirements apply to a variety of HUD housing and community development assistance programs, including CDBG. Specifically, for entitled state and local governments that receive a combined total of $200,000 or more in Community Planning and Development assistance, the Section 3 regulations require that contractors who receive contract work funded with CBDG in excess of $100,000 are encouraged to provide, to the greatest extent feasible, training, employment, and contracting opportunities generated by the expenditure of CDBG funds to low- and very low- income persons, and business concerns owned by low- and very low- income persons, or which employ very low- income persons.

Section 3 is triggered when the normal completion of construction and rehabilitation project creates the need for new employment, contracting, or training opportunities. All new employment opportunities including laborers, mechanics, administrative support and professional services qualify as Section 3 jobs. The City will assist each contracting agency with the preparation of a Section 3 plan that must be included in each contract for construction services that exceeds $100,000. If the expenditure of CDBG funding does not result in new employment, contracting, or training opportunities Section 3 requirements have not been triggered. As a condition of funding, subrecipients must submit reports (as applicable) with their Progress Reports on newly hired employees to the City for reporting to HUD.

Subrecipients responsibilities with regard to Section 3:

1. Implement procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities generated by CDBG projects or activities;
2. Notify potential contractors and subcontractors working on Section 3 projects of their responsibilities;
3. Incorporate the Section 3 Clause into all covered solicitations and contract [see 24 CFR Part 135.38 below];
4. Facilitate the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;
5. Refrain from entering into contracts with contracts that are in violation of Section 3 regulations;
6. Document actions taken to comply with Section 3; and
7. Submit Section 3 reports.

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

1. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
7. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

Definitions of Section 3 Residents and Business Concerns are as follows:

Section 3 residents are:

- Residents of Public and Indian Housing; or

- Individuals that reside in the City and whose income does not exceed the local HUD income limits set forth for low- or very low-income households.

Section 3 Business Concerns are one of the following:

- Businesses that are 51% or more owned by Section 3 residents;
- Businesses whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within three (3) years of the date of first employment with the firm were Section 3 residents; or
- Businesses that provide evidence of a commitment to subcontract in excess of 25% of the dollar amount of all subcontracts to be awarded to businesses that meet the qualifications described above.

Section 18: MBE/WBE

It is national policy for federal programs to award a fair share of contracts to minority and woman-owned business firms. Subrecipients that are awarding contracts for construction and services to be supported with City CDBG funds shall take appropriate affirmative action to support minority and women-owned businesses (MBE and WBE businesses) and are encouraged to procure goods and services from labor surplus areas. At the time of contract execution, contractors shall complete and include with their contract the MBE/WBE participation forms that are a part of all CDBG bid documents and shall submit with the contract the required information on the solicitation of MBE/WBE firms in the proposed project or service.

Steps to affirmatively promote efforts to utilize MBE/WBE businesses should include:

- Placing qualified small and minority businesses and women’s businesses enterprises on bid solicitation lists;
- Contacting these enterprises whenever they are potential sources for the services needing to be procured;
- Dividing the work to be performed, when economically feasible, into smaller tasks or quantities to permit maximum participation by these MBE/WBE and small firms;
- Establishing delivery schedules, where possible, which encourage the participation of these firms;
- Using the services and assistance of the Small Business Administration (SBA) and the Department of Commerce and Economic Opportunity to promote MBE/WBE participation; and
- Requiring prime contractors, if subcontracts are to be awarded, to affirmatively promote the solicitation and utilization of these firms by utilizing the above listed steps.

Contractors and their subcontractors will be required to demonstrate a good faith effort to promote the utilization of MBE/WBE firms for all CDBG-funded projects and services as a condition of the award of CDBG funds.

Section 19: Equal Employment Opportunity

CDBG requires that subrecipients comply with the regulations discussed below governing employment and contracting opportunities.

- Equal Employment Opportunity, Executive Order 11246, as amended: Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding $10,000. Implementing regulations may be found at 41 CFR Part 60.
- Employers must not discriminate.
- Employers must remove physical and administrative barriers to employment.
- Employers must make reasonable accommodations for individuals with known disabilities (e.g., job restructuring, providing readers of sign interpreters, making facilities accessible).

Section 20: Civil Rights and Section 504

The CDBG regulations also require adherence to the following regulations governing the accessibility of federal-assisted buildings, facilities, and programs.

- Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, and 225): Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications. The Act, referred to as the ADA, also states that discrimination includes the failure to design and construct facilities (built for first occupancy after January 26, 1993) that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communication barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable, and carried out without much difficulty or expense. Fair Housing Act: Multi-family dwellings must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-19).

- Section 504: Section 504 or the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs based on handicap. Section 504 imposes requirements to ensure that "Qualified individuals with handicaps" have access to programs and activities that receive Federal funds. Under Section 504, recipients and subrecipients are defined more broadly than under the CDBG program. Section 504 recipients and subrecipients include any entity that receives Federal funding.
- For any recipient or subrecipient principally involved in housing or social services, all of the activities of the agency, not just those directly receiving federal assistance, are covered under Section 504.
- Contractors and vendors are subject to Section 504 requirements only in the work they do on behalf of a recipient or subrecipient. The ultimate beneficiary of the Federal assistance is not subject to Section 504 requirements.
- Under Section 504, recipients and subrecipient are not required to take actions that create undue financial and administrative burdens or alter the fundamental nature of the program.

The Architectural Barriers Act of 1968 (42 USC 4151-4157):
This Act requires certain Federal and Federally-funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically challenged people.

Removal of Physical Barriers:

- For new construction of multi-family projects, 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent of the units (but not less than one unit) must be accessible to individuals with sensory impairments.
- The Section 504 definition of substantial rehabilitation multi-family projects includes construction in a project with 15 or more units for which the rehabilitation costs will be 75 percent or more of the replacement cost. In such developments, 5 percent of the units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent (but not less than one unit) must be accessible to individuals with sensory impairments.
- When rehabilitation less extensive than substantial rehabilitation is undertaken, alterations must, to the maximum extent feasible, make the unit accessible to and usable by individuals with disabilities, until 5 percent of the units are accessible to people with mobility impairments. Alterations to common spaces must make the project accessible to the maximum extent feasible.
- Accessible units must be, to the maximum extent feasible, distributed throughout projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.
- Owners and managers of projects with accessible units must adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They also must take reasonable non-discriminatory steps to maximize use of such units by eligible individuals.
- When an accessible unit becomes vacant, before offering the unit to a non-Severely disabled individual, the owner/manager should offer the unit; first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features. The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS), although deviations are permitted in specific circumstances.

Provide Program Accessibility:

- Individuals with disabilities must be able to find out about, apply for, and participate in federally assisted programs or activities.
- Special communication systems may be needed for outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TDD), materials on tape or in Braille, accessible locations for activities and meetings).
- Policies and procedures must be non-discriminatory (e.g., housing providers may not ask people with disabilities questions not asked of all applicants, screen individuals with disabilities differently or assess an individual's ability to live independently).

Section 21: Uniform Relocation Act

The City of Rock Island will strive to avoid activities that result in the displacement of area residents and businesses. Where displacement is unavoidable, all Federal requirements regarding displacement will be met. This section focuses on the procedures involved in obtaining property and/or permanent and temporary easements. All of the applicable procedures are set forth by the Federal Uniform Relocation and Real Property Acquisition Policies Act (URA). The objectives of the URA are:

- To ensure that owners of real property to be acquired for Community Development Block Grant (CDBG)-assisted projects are treated fairly and consistently,
- Encourage and expedite acquisition by agreements with property owners,
- To ensure that persons displaced from their homes or places of business as a result of CDBG-assisted activities are treated consistently and equitably and do not suffer disproportionate injury as the result of a project designed for the benefit of the public as a whole.

The URA applies to all federally assisted activities that involve the acquisition of real property, easements, or the displacement of persons, including displacement caused by rehabilitation and demolition activities. If CDBG assistance is used in any part of a project, the URA governs the acquisition of real property and any resulting displacement, even if local funds were used to pay the acquisition costs. Private persons, corporations or businesses that acquire property or displace persons for a CDBG-assisted project are subject to the URA.

Under the URA, all persons displaced as a direct result of acquisition, rehabilitation, or demolition, for a CDBG-assisted project, are entitled to relocation payments and other assistance under the URA. All acquisitions made in order to support a CDBG activity are subject to the URA. Acquisition that takes place on or after the date of submission of a CDBG application to fund an activity on that property is subject to URA, unless the Grantee shows that the acquisition was unrelated to the proposed CDBG activity. Acquisition that takes place before the date of submission of the application will be subjected to the URA if the Office of Community Reinvestment determines that the intent of the acquisition was to support a subsequent CDBG activity.

The URA provisions apply to all types of long-term acquisition of property, including when acquiring full fee title, fee title subject to retention of a life estate or a life use, long-term leases (including leases with options for extensions) of 50 years or more, and to permanent and temporary easements necessary for the project. However, the Grantee may apply these regulations to any less-than-full acquisition.

The relocation assistance provisions are applicable to homeowners, tenants, businesses and non-profits that must move because of an acquisition. Such homeowners and tenants are considered displaced persons. If the project involves displacement of the owner or tenant, please contact the Office of Community Reinvestment before proceeding with the acquisition process.

Section 22: Real Property Acquisition/Easement/Compensation

Below are the steps required acquire real property:

1. Determine what Properties will be acquired: The subrecipient, with its Engineer or Attorney, should review every proposed activity to determine property acquisition needs and identify the particular properties to be obtained. Activities such as street widening, water and sewer improvements, or sidewalk construction do not have an obvious property acquisition requirement, but there is often a need to acquire easements or rights-of-way.
2. Determine Ownership of Properties to be acquired: The subrecipient must provide proof of ownership for the easement, land or building by conducting a title search of properties to be acquired for the project. This can be accomplished through a title
3. search. If the owner has acquired the property through a means other than a warranty deed, then the subrecipient must obtain either an attorney title opinion letter, or purchase title insurance through a title surety company. Permanent easement ownership may be determined by a search of records and accompanying attorney opinion letter stating the owner of record. In the case of public improvement activities, be sure to verify that the property to be improved is in the public domain. Sometimes rights-of-way are privately owned.
4. Establish a File for Each Property or Easement to be acquired: The subrecipient must establish and maintain a file for each property or easement to be acquired and include copies of all acquisition documents. Files must be retained for a period of specified in the subrecipients funding agreement.
5. Notify Owner of Interest in Acquiring the Real Property or Easement: As soon as feasible, the subrecipient shall notify the owner in writing of the subrecipient's interest in acquiring the real property or easement and the basic protections provided to the owner by law. In this initial notice to the property owner any applicable Housing and Urban Development (HUD) relocation notice should be delivered to the property owner or sent by certified or registered first-class mail with return receipt requested. Copies of certified mail return receipts or hand-delivered receipts must be placed in the subrecipients file.
6. Determine Value and Obtain Appraisal(s) and/or Market Estimates for Each Property or Easement: Before the initiation of negotiations, the value of the real property or easement

should be determined by the subrecipient thru a market estimate using all available data or resources.

7. Establish and Offer Just Compensation: Upon completion of Step 5, the Grantee shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation. The offer should identify the following:
    a. A statement of the amount offered as just compensation,
    b. A description and location identification of the real property and the interest in the real property to be acquired (e.g., fee simple, easement, etc., and
    c. An identification of the buildings, structures, and other improvements (including removable building equipment and trade fixtures) which are included as part of the offer of just compensation. Where appropriate, the statement shall identify any other separately held ownership interest in the property, e.g., a tenant-owned improvement, and indicate that such an interest is not covered by this offer.
8. Complete Acquisition or Decide not to Acquire: Subrecipient or the subrecipient's attorney shall make all reasonable efforts to contact the owner or the owner's representative to discuss the offer to purchase the property, including the basis for the offer of just compensation, and explain the acquisition policies and procedures, including the payment of incidental expenses. The owner shall be given a reasonable opportunity to consider the offer and present material that the owner believes is relevant to determining the value of the property and/or to suggest modifications in the proposed terms and conditions of the purchase. The time given can vary significantly depending on the circumstances, but property owners must be given a reasonable amount of time to consider the offer.

Voluntary Sale:

On occasion a subrecipient will be fortunate enough to find a suitable piece of property in which the property owner is interested in selling. This situation is known as a Voluntary Sale. An example of this situation would be a property that is already listed by the property owner for sale through a broker or self-sale. For this situation to be applicable the property owner must seriously want to sell the property.

Below are the steps for completing a voluntary sale transaction:

1. Determine Ownership of Property/Easement to be acquired: The subrecipient must always provide proof of ownership for the acquisition of easements, land or buildings, even when using the voluntary sale process. This is accomplished by conducting a title search to determine ownership of properties to be acquired. If the owner has acquired the property through a means other than a warranty deed, then the Grantee must obtain either an attorney title opinion letter, or purchase title insurance through a title surety company.
2. Establish a File for the Property: The subrecipient must establish and maintain a file for each property/easement to be acquired and include copies of all acquisition documents. Records must be retained for the period of time stated in the subrecipients funding agreement.
3. Inform the owner in writing of their interest in the property: Subrecipient must state the following in its offer:
    1. The subrecipient and the City will not use its power of eminent domain to acquire the property if negotiations fail.
    2. The subrecipient must also inform the owner of the value of the property based upon the available information.
    3. The offer must be made by certified mail.

4. Complete Acquisition: If the owner finds the offer to be acceptable, a purchase option or sales contract must be signed.

Relocation

In the event the subrecipient is acquiring a property that will require individuals to be temporarily or permanently relocated, the subrecipient must follow additional rules and regulations stated in the URA. If relocation procedures are required, the subrecipient should contact the City and staff will assist the subrecipient in meeting all the applicable regulations for the Uniform Relocation Act (URA). All of the URA rules and procedures are documented in the HUD 1378 Handbook.

Memorandum

To: Rock Island City Council

From: Nichole Mata

Subject: The Community Development Division request approval of the amendment to the Emergency Owner-Occupied Housing Rehabilitation Program Policies and Procedures.

Motion: Move to approve the amendment to the Emergency rehab policies and procedures

RC Roll Call vote is needed.

Date: October 21, 2024

Introduction and Background Information:

Staff is recommending an amendment to the Emergency rehab policies and procedures. These updates are in yellow and consist of adding information on the sections of the application process, adding a section on how to appeal an application decision, the initial inspection section and the contractor payment section. The updates are recommended by staff to provide better service to our residence and contractors in a timely matter and navigate through the process of receiving services through these programs.

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 Division recommends that the Community Development Commission review the attached policy and procedure updates and recommend them for adoption by the Rock Island City Council.

Submitted by: Nichole Mata

Approved by:

Emergency Owner-Occupied Housing Rehabilitation Program

1. **INTRODUCTION.** This appendix establishes the policies and procedures for the City of Rock Island's Emergency Owner-Occupied Housing Rehabilitation Program (hereafter "the Program" or "the Emergency 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 houses up to local codes and standards. The Program will address deferred maintenance. Repair and rehabilitation of the house'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 homeowner remain in the house 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 with the exception of projects involving lead-poisoned children as described below for which there shall be no funding limit. The homeowner may, but is not

required to, contribute their own matching funds if a broader scope of work is desired. There is no limit on the number of times a homeowner may receive assistance through the Program.

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. Applicant must fall below 80% of the established HUD AMI guidelines for the current year. Upon review of completed application and submission supporting documentation, the Housing Officer will verify that the applicant does not have weed/grass and nuisance code violations, residency and homeownership ownership 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 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.

12. **APPEAL Process:** If the applicant is unsatisfied with their determination of eligibility; the applicant may appeal the decision to HUD.
13. **WAITING LIST.** Following verification of income eligibility, applicants shall not be placed on a waiting list and will instead be assisted as quickly as possible.
14. **INITIAL INSPECTION.** Once an applicant's eligibility has been determined, an initial inspection of the property shall be undertaken by the Construction Officer using a standardized form. The Program is focused on addressing a narrow category of emergency situations that require immediate action. These are limited to the following.
    a. Furnace failure occurring between November and April confirmed in writing by a third-party licensed contractor retained by the homeowner.
    b. Hot water heater failure confirmed in writing by a third-party licensed contractor retained by the homeowner.
    c. Water service failure confirmed in writing by the Public Works Department.
    d. Sewer lateral failure confirmed in writing by the Public Works Department.
    e. Roof failure so severe that mechanical and electrical systems are substantially threatened by water infiltration as confirmed by the Construction Officer in consultation with the Building Official.
    f. Barriers to accessibility so severe that a disabled homeowner is unable to reasonably enter or exist the house or utilize its primary facilities as confirmed by the Construction Officer in consultation with the Building Official.
    g. Lead poisoning in children under the age of six (6) confirmed through a blood test ordered by a qualified medical professional.

    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.

15. **SCOPE OF WORK.** Following the initial inspection, a scope of work shall be prepared by the Construction Officer. Activities in the scope shall include only what is necessary to address the emergency situations described above. In the case of a lead-poisoned child, the scope of work shall be those actions required to undertake full abatement of lead-based paint hazards.

16. **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
17. **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) and System of Award Management (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 tight 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 pre-construction 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 process. If thirty (30) 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 house 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).

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. perform 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).
    - 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-sub-grantees 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
For more information on LEP, please visit:
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 City Council

From: Nichole Mata

Subject: The Community Development Division request approval of the amendment to the Community Development Block Grant General Rehab Policies and Procedures.

Motion: Move to approve the amendment to the General rehab policies and procedures.

RC Roll Call vote is needed.

Date: October 21, 2024

Introduction and Background Information:

Staff is recommending an amendment to the General Rehab Policies and Procedures. These updates are in yellow and consist of adding information on the sections of the application process, adding a section on how to appeal an application decision, the initial inspection section and the contractor payment section. The updates are recommended by staff to provide better service to our residence and contractors in a timely matter and navigate through the process of receiving services through these programs.

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 Division recommends that the Community Development Commission review the attached policy and procedure updates and recommend them for adoption by the Rock Island City Council.

Submitted by: Nichole Mata

Approved by:

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.
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.

12. **APPEAL Process:** If the applicant is unsatisfied with their determination of eligibility; the applicant may appeal the decision to HUD.
13. **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.
14. **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 and making housing both safe and sanitary. 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. 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.
15. **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.
16. **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.

17. **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) and System of Award Management (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 tight 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 pre-construction 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 process. If thirty (30) 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).

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. perform 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).
- 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-sub-grantees 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
For more information on LEP, please visit:
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 City Council

From: Nichole Mata

Subject: The Community Development Division request approval of the new policy and procedures for the Urban Homestead Program.

Motion: Move to approve the policy and procedure for the Urban Homestead Program, Appendix C.

RC Roll Call vote is need

Date: October 21, 2024

Introduction and Background Information:

The Urban Homestead Program. Staff have attached a draft of the policy and procedure for your review. In the past, we have completed two pilot full house rehabilitation projects. We have learned a lot and have been successful in completing both projects. Staff has promised a policy and procedure to be put in place prior to starting any further projects in this program. The goal of this program is to create affordable housing and neighborhood stabilization. By creating this program, The City of Rock Island will be creating affordable housing and stabilizing neighborhoods.

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 Division recommends that the Community Development Commission review the attached Urban Homestead Program policy and procedure and recommend them for adoption by the Rock Island City Council.

Submitted by: Nichole Mata

Approved by:

Urban Homestead Program

1. **PROGRAM SUMMARY.** These policies and procedures are for the City's Urban Homestead Program. The goal of this program is to create affordable housing and advance neighborhood stabilization efforts. The City will acquire single family houses, complete gut rehabilitations, and sell the houses to income eligible households. The program will be funded using Community Development Block Grant funds as well as other matching funds and grants.
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 applicants with a fully rehabilitated single-family house. Eligible activities include: general rehabilitation of existing housing structures, including substantial rehabilitation to bring house up to local codes and standards. The Program will address deferred maintenance. Repair and rehabilitation of the house'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 the Homestead program 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. **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.

5. **APPLICATION REQUIREMENTS.** To be considered eligible to participate in the Program, the applicant must meet the HUD income limits, 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 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.
6. **PURCHASING PROCESS.** Staff shall oversee the sale of the house in a manner approximating such a sale undertaken in the private market. The City shall retain the service of a licensed real estate agent and shall establish a market price for the house. The real estate agent shall list the house with information about income eligibility requirements. Offers on the house shall be evaluated for income eligibility using forms provided by the City. In the event that the applicant requires assistance completing said forms, the applicant may schedule an appointment with the Housing Officer. The application and forms 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. The approved applicant for the house will be based on a first come, first serve basis. The applicant must have the application and required forms submitted and approved before they are approved for the program and an offer is accepted on the house.

7. **FINANCING.** The applicant must secure financing through a third-party lender. A pre-approval letter is required with the application to show financing secured before the applicant can be approved for the house.

8. **Recapture Process**. Recapture agreements will be signed at the time of sale. Terms of the recapture agreement require that the homeowner remain in the house for a period of five years. The grant funding amount used on the house must be paid back if the house is sold before the end of the 5-year period. 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. Once the five (5) year period has been fulfilled, either the homeowner or the City may have the lien released from the property.
9. **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.
10. **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.
11. **COST REASONABLENESS.** Staff shall have an appraisal of the house completed at the completion of the project. The house will be listed with a realtor as described above and the asking price shall be based upon the appraisal with input from the realtor. The realtor shall be compensated at a commission rate not to exceed six percent (6%) of the final sales price or ten thousand dollars ($10,000), whichever is greater. The realtor shall be selected using a request for qualifications in accordance with the City's procurement process.
12. **ELIGIBLE HOUSING TYPES.** Single-family structures must be purchased at market rate by the primary applicant.
13. **ACQUISITION OF PROPERTY.** Properties will be taken under any means allowable by applicable municipal code.
14. **INITIAL INSPECTION.** The initial inspection of the property shall be undertaken by the Construction Officer using a standardized form. The Program is focused on addressing code violations and making housing both safe and sanitary. All applicable building, mechanical, electrical, plumbing, and health codes as adopted by the City are used to determine code

violations. The property will have a gut rehabilitation completed which is the general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls and move in ready upon the sale of the property with a one-year warranty from the contractor on the completed work.

15. **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 and full rehabilitation to the property. The property will have a completed letter of substantial completion signed by the building official at the sale of the property.
16. **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
17. **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 & Loan Program 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) and System of Award Management (www.sam.gov). There is no registration fee, for both 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 tight 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 more than 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 pre-construction meeting with the, 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 Community Development Manager must sign off to approve the request for payment before it can be process.
    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 or partial payments will be made after the inspection division's 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 Manager 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. 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 house will not 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 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. Most 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 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. perform 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).
    - 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, can 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-sub-grantees 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
For more information on LEP, please visit:
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 City Council
From: Nichole Mata
Subject: 2025 Public Service Application and Internal CDBG Application
Date: October 21, 2024

ROCK ISLAND
ILLINOIS

Introduction and Background Information:

City staff has attached the 2025 public service application that will be live on the Neighborly software website from November 1, 2024 through January 3,2025. The internal CDBG application is also attached and will be sent out to all department directors on November 1, 2024 to be completed no later than January 3,2025.

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

N/A

Recommendation:

N/A

Submitted by: Nichole Mata

Approved by:

Program Overview

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

Program Overview

Please review the following information.

ROCK ISLAND
ILLINOIS

CDBG Public Service Application

City of Rock Island
1528 Third Avenue
Rock Island, IL 61201
(309) 732-2907

The Community Development Block Grant (CDBG) is a US Department of Housing and Urban Development (HUD) program that provides funds annually to all entitlement jurisdictions. CDBG funds are used for community development and affordable housing activities that benefit low-income households and persons with special needs as well as public service needs, infrastructure improvements and economic development activities. The City of Rock Island receives around $150,000 for 2025.

Application Details and upcoming Meetings

Applications for the 2025 City of Rock Island CDBG Program are due and will close on December 30, 2024 @5pm CST. Late Applications will not be considered. All applications must be submitted through Neighborly on time to be considered. There will be a pre-application (submittal) meeting held on Monday, December 2nd, at 5:30PM CST. The meeting will be virtual.

Meeting ID

meet.google.com/yft-feoi-ewx

Phone Numbers

(US) +1 402-947-0292

PIN: 822 821 225#

If there are any questions on the application, please contact Nichole Mata, Community Development Manager at 30-732-2907 or at mata.nichole@rigov.org.

Eligible Activities

Organizations must demonstrate an eligible service below but are not limited to the list provided, public services such as:

- Youth programs including child care
- Services for seniors and disabled residents, including transportation
- Health, mental health, HIV/AIDS and substance abuse services
- Legal services and tenant/landlord counseling
- Services for abused/neglected children and survivors of domestic violence

Eligible Beneficiaries

- Clients served by the program are Rock Island residents. CDBG funds can only be paid out proportionately to the number of Rock Island clients served by the program.
- Program intake forms must be completed by clients collecting income and demographics information which is reported to HUD.
- At least 70% of the clients served through the program must be documented as extremely low, low or moderate income.
  For example, a household of 4, maximum annual income of $71,600.00.

Eligible Organizations

- Not for profit organization (501(c) 3 statues) in existence for at least 1 year.
- Located in Rock Island
- Insurance, 990 policies and procedures
- Significant % of clients served are Rock Island residents
- Agency owned properties are free and clear of delinquent property taxes, sewer bills or liens.
- Adhere to Federal Financial Requirements (regulation 2 CFR part 200)
- Organizational chart depicting staff positions in the agency and programs.
- Board of directors and regular board meetings.
- Staff will be proposing an amendment to the public service policies and procedures to address concerns about real and perceived conflicts of interest. Organizations with staff members serving on the Community Development Commission are advised that staff may not recommend that they receive funding in this application cycle as a result of that proposed amendment. .

Federal Requirements
If funded, Federal Requirements WILL apply to your program:

- Documentation/Record Retention
- Financial/Accounting /Audit. Obtain a unique entity number and active System for Award Management (SAM) registration. System for Award Management (SAM): www.sam.gov
- Public Accessibility
- Non-discrimination
- Procurement/Purchasing standards
- Grievance policies
- Religious instruction/Participation
- Obtain a unique entity number and active System for Award Management (SAM) registration.
- Environmental/Historic/Wages (construction)

General Areas of Need-Every Applicant must meet at least one.

- Housing-Increasing affordable decent housing for homeowners with very low to moderate incomes.
- Infrastructure and Area Benefits- Increasing neighborhood quality and safety through mitigating or removing blighting conditions and providing improved neighborhood structures like sidewalks.
- Public Service - Providing services to residents suffering from homelessness, health conditions and youth.

The current consolidated plan process identified the following goals as activity priorities:

- Improve housing conditions for income qualified residents
- Create suitable living environments
- Provide Public Services

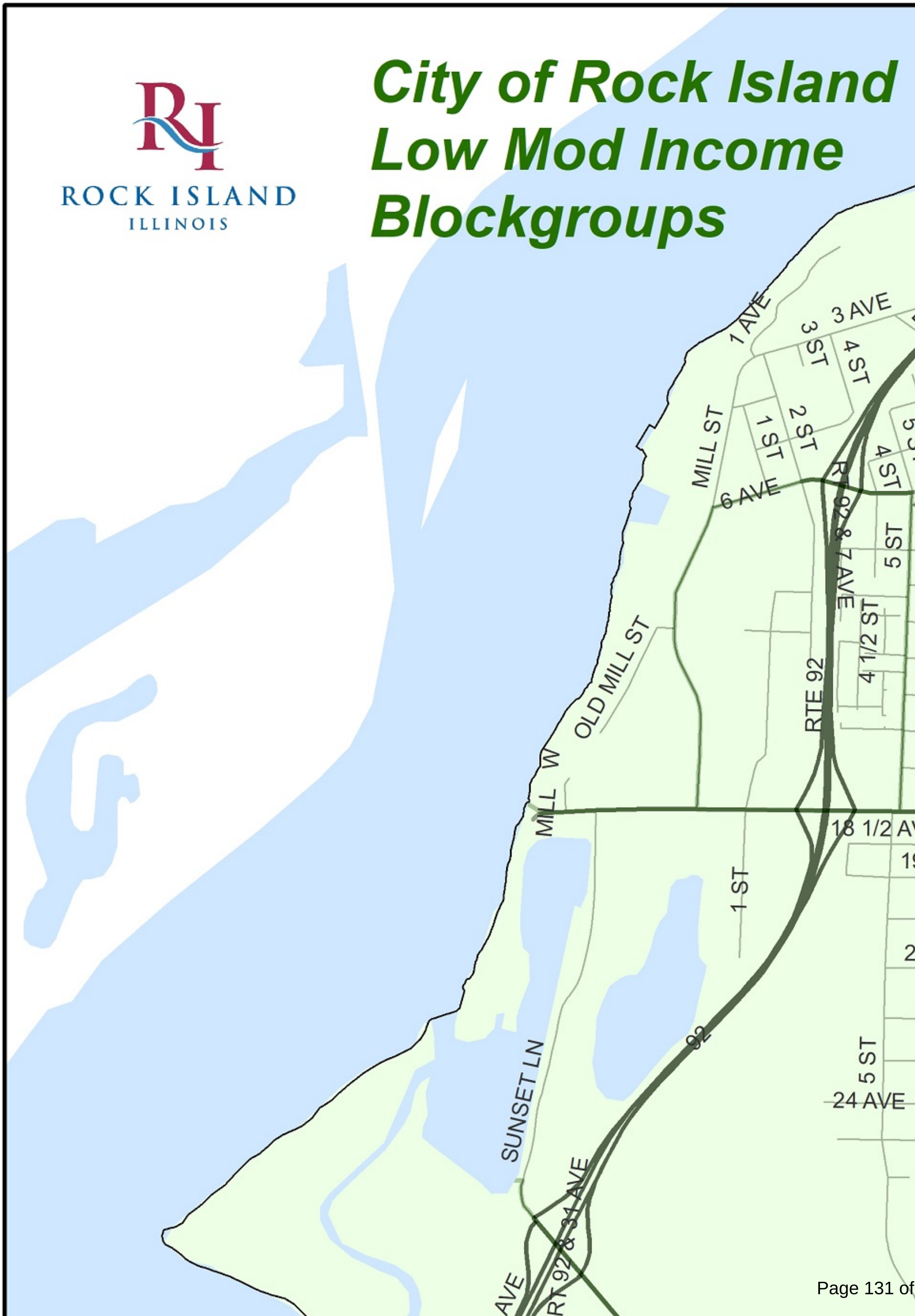
For more information below on HUD's Public Service requirements please visit the link below.

Chapter 3 National Objective

Chapter 7 Public Service

ROCK ISLAND
ILLINOIS

City of Rock Island Low Mod Income Blockgroups



A. Agency Information

Please provide the following information.

AGENCY INFORMATION

A.1. Agency Name

A.2. Address

A.3. Phone Number

A.4. Fax Number

A.5. Website

A.6 SAMS Number

A.7. Federal Tax ID Number

A.8. Is the Agency a 501 C(3)?

CONTACT INFORMATION

A.9. First Name

A.10. Last Name

A.11. Executive Director

A.12. Address

A.13. Phone Number

A.14. Email Address

B. Project Information

Please provide the following information.

B.1. Identify the population/area to be served and project location(s).

B.2. Describe the need for the program.

B.3. Describe the services to be provided.

B.4. Does this program operate at least 40 hours per week?

B.5. Does this program operate year-round?

B.6. When does this program operate?

- ☐ **Summer**
- ☐ **Fall**
- ☐ **Winter**
- ☐ **Spring**

B.7. What parts of the week is this program available?

- ☐ **Weekdays**
- ☐ **Weeknights**
- ☐ **Weekends**
- ☐ **Holidays**

B.8. What time is this service available?

- ☐ **Mornings**
- ☐ **Afternoons**

- ☐ **Evenings**
- ☐ **Overnight**

C. Project Results

Please provide the following information.

C.1. Describe how the program meets one of the current local objective(s) formulated through public input and approved by the City Council.

C.2 Define one clear, high-quality outcome that by which to measure the impact of the program. Include information for both the most recent completed and the upcoming year and describe the performance measure you will utilize to determine if the program met the proposed outcome. Proposed outcomes should be measurable, demonstrate impact, and within the scope of the program. Be specific in what the outcome is and how the outcome will be measured.

Please develop a Proposed Outcome that is MEASURABLE, DEMONSTRATES IMPACT, and is WITHIN THE SCOPE

- Outcomes should not be “satisfaction” outcomes; rather they should be based on results.
- Outcomes should be in terms of % and # of clients achieving program goal and the total number served.
- Actual Outcome for 2024 should be the actual results for the most recently completed program year.
- Actual Outcome should be stated in terms of % and # of clients that achieved program goal.
- Projected Outcome for 2025 should be stated in terms of “best case scenario”.
- Applicants must create ONE outcome that best represents the intended impact of this program.

	Proposed Outcome for Year 2025	Performance Measure for Year 2025	Actual Outcome for Year 2025	Projected Outcome for Year Beginning 2025

C.3. Name at least one other agency or business that provides similar services in your area. How are your program's services similar or different?

D. Resources

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

D. Resources

Please provide the following information.

D.1. Describe how the program will continue without CDBG in the future.

- **Identify funding sources for this program that will take the place of CDBG.**
- **Describe how your program is pursuing these sources of funding.**

D.2. Describe your program's use of available resources (financial, staff, and volunteer) and in-kind donations (e.g. food, space, supplies, equipment, services) to carry out this activity.

D.3. Describe how your program collaborates with other agencies for this particular program.

E. Program Compliance

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

E. Program Compliance

Please provide the following information.

E.1. If previously funded with CDBG: Describe your Program's record in managing previous CDBG funds and maintaining regulatory compliance for this program.
This includes but is not limited to: meeting proposed goals, promptly submitting accurate quarterly reports and payout requests; maintaining financial and program records in compliance with CDBG regulations; and expending CDBG funds in a timely manner.

E.2. If NOT previously funded with CDBG: Describe your program's experience and performance in implementing and administering grants from other funders for this program or a similar program. Describe the viability of your program and how you will comply with CDBG funding regulations.

E.3. Describe your Agency's existing administrative and financial capacity to implement/continue proposed project/activity.
REMINDER: A completed Succession Plan form will be required in step G. Required Documents.

F. Budget

Please provide the following information.

F.1. Prior Year 2023 (Please click "Add Row" to enter information.)

Expense	Budget	Actual
TOTAL	$0.00	$0.00

F.2. Current Year 2024 (Please click "Add Row" to enter information.)

Expense	Budget	Actual
	$0.00	$0.00

F.3 Upcoming Year 2025 (Please click "Add Row" to enter information.)

Expense	Budget	Actual
	$0.00	$0.00

F.4 Total Proposed Program Budget 2025
$0.00

F.5 Percent CDBG Total Proposed Budget 2025
0.00%

F.6. Personnel Costs

Position Title/Duties	Type	Program Total	Personnel Amount	CDBG Amount

F.7. Supplies and Services

Supplies and Services/Description	Total Amount	Program Total	CDBG Amount

F.8. CDBG Total Personnel Cost
$0.00

F.9. CDBG Total Supplies & Services
$0.00

F.10. Total CDBG request
$0.00

G. Required Documents

Please provide the following information.

AGENCY & BOARD INFORMATION

☐ **Articles of Incorporation & Current By-laws** ***Required**
***No files uploaded*

☐ **Board meeting schedule for 2024-2025** ***Required**
***No files uploaded*

☐ **Board minutes from last three meetings** ***Required**
***No files uploaded*

☐ **Board of Directors List - Download Form HERE.** ***Required**
***No files uploaded*

☐ **Certifications Form - Download form HERE** ***Required**
***No files uploaded*

☐ **Conflict of Interest policies for employees, board members, and contractors/vendors (can be separate policies or combined)** ***Required**
***No files uploaded*

☐ **Financial Statements from last three months** ***Required**
***No files uploaded*

☐ **Grievance policy for employees, program participants/clients and contractors/vendors (can be separate policies or combined)** ***Required**
***No files uploaded*

☐ **Illinois Secretary of State Certificate of Good Standing (dated no earlier than 06/1/22)** ***Required**
***No files uploaded*

☐ **Intake form that is used to collect required CDBG demographics (CDBG requires the following to be collected for each participant: household income, household size, race, ethnicity, gender of head of household, veteran status)** ***Required**
***No files uploaded*

☐ **Copy of IRS 501(c)(3) letter (and corresponding Fictitious Name resolution if applicable)** ***Required**
***No files uploaded*

☐ **Non-discrimination policies for employment and program participants/services (can be 2 separate policies or combined)** ***Required**
***No files uploaded*

☐ **Procurement/purchasing policy** ***Required**
***No files uploaded*

☐ **If applicable, a copy (single sided) of any surveys referenced in Proposed Outcomes and Performance Measures steps**
***No files uploaded*

☐ **Sources of Federal Funding worksheet - Download form HERE.** ***Required**
***No files uploaded*

☐ **Subrecipient checklist for Internal Control Form - Download Form HERE.** ***Required**
***No files uploaded*

☐ **Succession Plan Form - Download form HERE** ***Required**
***No files uploaded*

☐ **Supporting Agency Worksheets - Download form HERE. (Must include two utilizing ONLY the included form from agencies with which you collaborate on this particular program.** ***Required**
***No files uploaded*

AGENCY FINANCIAL INFORMATION

☐ **For applicants not currently funded with CDBG a copy of the most recent agency audit and management letter is required with the application.**
***No files uploaded*

☐ **Copy of most recent Federal 990 form- Return of Organization Exempt from 2023 Income Tax (Pages 1-12, no additional schedules unless requested) If not yet filed, submit a copy of the extension request submitted to the IRS**

with a letter from accountant stating expected submission date. ***Required**
***No files uploaded*

For applicants requesting funds for equipment or any kind or public facility improvements to be funded with CDBG, these items are also required:

☐ **A detailed projected operating budget for the next five program years (through 06/30/2029), including both revenue and expenditures, with sources of funding identified.**
***No files uploaded*

☐ **A detailed work write-up with projected costs by line item(s) ***
***No files uploaded*

Submit

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

Submit

Once an application is submitted, it can only be "Re-opened" by an Administrator.

CERTIFICATION

☐ **I have reviewed the application steps and have verified that all required documentation is attached.**

☐ **I understand that all information submitted as part of this application is subject to open records requests under Illinois law.**

Authorized Personnel Signature

***Not signed*

Date Signed

Admin Documents

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

Admin Documents

Please provide the following information.

Documentation

☐ **Environmental Review**

***No files uploaded*

☐ **Fully Executed Agreement**

***No files uploaded*

☐ **Purchase Order**

***No files uploaded*

☐ **Other Documentation**

***No files uploaded*

IDIS Setup

No data saved

Case Id: 30750
Name: NBLY TEST Shiner - 2023/2024
Address: *No Address Assigned

IDIS Setup

Please provide the following information.

Project Name

National Objective

Activity Number ID

HUD Matrix Code

Project Description

Accomplishment Type

Service Area

APPLICATION FORM
City of Rock Island, Illinois
Community Development Block Grant Program

City of Rock Island Applicants

January 1, 2025 - December 31, 2025

COMPLETE PACKET
DUE BY 12:00 PM Friday,
January 31, 2025
*** Incomplete and/or late Applications will not be accepted ***

Agency/Organization:

Executive Director: Contact Person:

Address: Zip Code:

Phone Number (8:00 a.m. to 5:00 p.m.,M-F):

Email:

Federal Tax Identification Number:

List all programs and amount requested (in whole dollars) for which your agency is applying:

2025

Program Applying For: Request Amount:

☐ Check box if your Agency will be submitting more than one CDBG application

The total number of beneficiaries served by this program during CDBG 2025 will be:

The total number of Rock Island residents served by this program during CDBG 2025 will be:

The Community and Economic Development Department will be administering and managing the programs that are awarded CDBG funds. This will ensure HUD requirements are fulfilled.

1. PROJECT INFORMATION

A) Identify the population/area to be served and project location(s).

B) Describe:

- The need for the program
- The services to be provided

A. BUDGET SHEET

BUDGET FOR ENTIRE PROGRAM

Budget Sheet A is the program budget. Specify other funding sources. All expenses for program need to be identified. Round to the nearest dollar, *be specific with funding sources*.

Program Name:

PROGRAM BUDGET							
EXPENSES	**PRIOR YEAR (2023)**		**CURRENT YEAR (2024)**		**UPCOMING YEAR (2025)**		
	BUDGETED	ACTUAL	BUDGETED	SOURCE(S)	PROPOSED TOTAL BUDGET	PROPOSED TOTAL CDBG	PROPOSED NON-CDBG FUNDING
TOTALS							

TOTAL PROPOSED PROGRAM BUDGET (2025)	
PERCENT CDBG OF TOTAL PROPOSED BUDGET (2025)	