1. CALL TO ORDER
   11:30 AM OR IMMEDIATELY FOLLOWING DEVELOPMENT COMMITTEE

2. ROLL CALL

3. PUBLIC COMMENT

4. APPROVAL OF MINUTES
   A. Home Advisory Group - Regular Meeting - Tuesday December 5th, 2017

5. ACTION ITEMS
   A. Action Item -- Recommendation for Approval of the 6th Revision to the Property Standards Policy.
   B. Action Item -- Recommendation for Approval of the 8th Revision to the Underwriting Standards for Rehabilitation Programs Policy.

6. OTHER BUSINESS

7. ADJOURNMENT

8. NEXT MEETING DATE - FEBRUARY 6, 2018
1. **CALL TO ORDER**

11:30 AM meeting was called to order by Vice Chair Patrick Grill at 11:35 AM.

**11:30 AM OR IMMEDIATELY FOLLOWING DEVELOPMENT COMMITTEE**

2. **ROLL CALL**

**PRESENT:**  Anderson, Bastian, Berley, Chaplin, Chrissie, Grill, Krucek, Tornatore, Wiley (Remote)

**ABSENT:**  Broder, Chassee, Elliott, Grasso

Due to Military duty, Wiley participated via phone.

Staff Present:  Mary Keating, Community Services Director; Jennifer Chan, Community Development Administrator; Christine Pedersen, Senior Accountant/Community Services Manager; Christopher Ragona, Community Development Manager; Julie Hamlin, Sr. Community Development Specialist; Barb Temborius, Community Development Specialist; Therese Witkus, Community Development Specialist; Christopher Donovan, Community Development Specialist; Dorin Fera, Community Development Specialist; Tom Schwertman, Community Development Specialist; Ben Leitschuh, Community Development Specialist, and Nicole Rashan, Principal Account Clerk.

State’s Attorney - Patrick Collins.

Others Present:  Dawn Dina, Management Analyst - DuPage Mayors and Managers Conference; Dennis Brennan - DuPage County Health Department.

3. **PUBLIC COMMENT**

There was no public comment.

4. **APPROVAL OF MINUTES**


   There was no comments or corrections.

   On a voice vote, the motion passed.
RESULT: ACCEPTED [UNANIMOUS]
MOVER: Elizabeth Chaplin, District 2
SECONDER: Janice Anderson, District 5
AYES: Anderson, Bastian, Berley, Chaplin, Chrisse, Grill, Krucek, Tornatore, Wiley
ABSENT: Broder, Chassee, Elliott, Grasso

5. ACTION ITEMS

A. Action Item -- Recommendation for approval of an agreement modification for Project HM03-05 – DuPage County Health Department – Acquisition Activity, shortening the Affordability Period to June 8, 2019.

There was no discussion.

On voice vote, the motion passed.

RESULT: APPROVED [UNANIMOUS]
MOVER: Elizabeth Chaplin, District 2
SECONDER: Kevin Wiley, District 6
AYES: Anderson, Bastian, Berley, Chaplin, Chrisse, Grill, Krucek, Tornatore, Wiley
ABSENT: Broder, Chassee, Elliott, Grasso

B. Action Item -- Recommendation for approval of a second agreement modification with Community Housing Advocacy and Development for Project HM04-02 to modify the household size of eligible tenants and sale terms of HOME units.

In context of what was taking place in 2004, Keating gave a quick review of the Just Homes program. The project was originally approved in 2004 as a shared equity arrangement. CHAD would purchase a home along with a partner family. At the time, specific criteria of the household size was added due to the fairly large subsidy. In 2004, home values were steadily rising. This idea was to recapture some of the increasing home values. Over time, the home values flattened and lending requirements became more stringent. CHAD is finding this model no longer works. They request that these properties be absorbed into their rental portfolio. The request to remove the household size requirement is to remove the possibility of falling out of compliance. As an example, if a dependent grows up and moves out of the home, CHAD is now out of compliance with the agreement.

Tornatore verified that the household requirement would be completely removed. Keating said yes, and to CHAD’s point, they would not put a single person in a three-bedroom home. Also, Keating was unaware of any other property agreements with the household size requirement.

Berley questioned the statement on “relocation assistance.” Chan said that there was
language in the agreement stating that the homeowners would not be eligible for relocation fees. Keating said this change would remove the language completely because under certain conditions, especially with rental property, a family could qualify for relocation assistance.

There were no other questions.

On a voice vote, the motion passed.

RESULT: APPROVED [UNANIMOUS]
MOVER: Janice Anderson, District 5
SECONDER: Elizabeth Chaplin, District 2
AYES: Anderson, Bastian, Berley, Chaplin, Chrisse, Grill, Krucek, Tornatore, Wiley
ABSENT: Broder, Chassee, Elliott, Grasso

6. OTHER BUSINESS
There was no other business.

7. ADJOURNMENT
Tornatore made the motion, seconded by Anderson, to adjourn the meeting at 11:40am.

On a voice vote, the motion passed.

8. NEXT MEETING DATE - JANUARY 2, 2018
TO: HOME Advisory Group

FROM: Mary A. Keating, Director, Department of Community Services

DATE: 12/26/17

RE: Property Standards Policy Change #6

Background:
The Community Development Commission staff have drafted changes to the Property Standards Policy, first adopted in May 2002, and last updated on May 2, 2017. The purpose is to codify a standard “noise attenuation” policy for modernization and/or minor rehabilitation projects, in compliance with 24 CFR 51.101(a)(5). The policy will be referred to as needed during the course of the Environmental Review process. Having this policy will reduce the need for CDC staff to develop project-specific noise mitigation plans with implementation timelines.

The Proposed change adds a paragraph pertaining to best practices for reducing noise in residential structures to the Exhibit A Rehabilitation Standards – General section. This policy change will not add additional requirements or increase the costs of future projects, but simply clarifies how DuPage County addresses and encourages the recommendation and use of components to reduce the noise levels in structures where HOME and CDBG funds are invested.

Recommendation: Staff recommends to approve a revision to the Property Standards Policy.
DuPage County Community Development Commission
Property Standards Policy

May, 2002
Updated: January, 2009
Updated: August 6, 2013
Updated: March 1, 2016
Updated: May 2, 2017
Drafted for January 2, 2018

1. **Applicability.** These standards shall apply to all housing that is acquired, constructed, or rehabilitated by the DuPage County Community Development Commission (CDC) or subrecipients or developers participating in CDC programs and funding. Sources of funding may include, but not be limited to, Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Neighborhood Stabilization Program (NSP). These funds come through the U.S. Department of Housing and Urban Development (HUD). Sections specific to a source of funding are so noted.

2. **History.** The HOME Regulations give guidelines for property standards at 24 CFR 92.251. Properties are required, at a minimum, to meet “local code.” There are thirty-seven municipalities within DuPage County, each having adopted various building codes. For purposes of this document, local code shall mean the DuPage County Building Code, as amended from time to time, and which currently adheres to the standards of the International Building Code 2009 and the International Property Maintenance Code 2009. Any project, however, that requires permitting and/or inspection by another municipality within DuPage County, shall meet the standards of the building codes of that municipality should any portion of said municipal codes or standards be stricter than local code as defined by this paragraph. Applicability to various project types follows.

3. **New Construction Projects.** Housing that is newly constructed with HOME or NSP funds must meet all applicable State and local codes, ordinances, and zoning requirements. Issuance of construction permits will be sufficient evidence that the project has satisfied local ordinances and zoning requirements. Issuance of a certificate of occupancy will be sufficient evidence that the project has met local building codes of the municipality where constructed. DuPage County staff shall also inspect the completed construction using HUD’s Uniform Physical Conditions Standards checklist as a tool to document that the new housing is decent, safe, and sanitary. Additionally, all new construction projects must also:

   A. If project funds are awarded, the developer and its architect will be required to certify that the project will comply with the Fair Housing Act’s design and construction requirements for multi-family housing. The developer and architect will be required to identify the safe harbor relied upon to assure compliance. More information about these safe harbors can be obtained at www.fairhousingfirst.org/faq/safeharbors.html. In addition, the developer and its
architect must certify that the project will meet accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the American with Disabilities Act, if applicable.

B. Be constructed to mitigate the impact of potential disasters. The most common natural disaster in DuPage County is flooding; therefore, new construction of housing will not be permitted in any FEMA identified flood plain.

C. Be designed so that the construction plans, specifications, and work write-ups are in detail sufficient to allow DuPage County, or its architectural/engineering reviewer, to determine that costs of the project are reasonable and that an inspector can easily determine that correct materials have been installed and the % of completion at any point in time. DuPage County, or its designee, will make periodic and final inspections of the construction. Such DuPage County inspections are in addition to, and not a substitute for, any building department inspections required by DuPage County or the municipality where the project is located.

D. Be designed so that at a minimum, energy efficiency complies with the 2012 International Energy Conservation Code (IECC), as amended from time to time, or local code if local code requires a level of compliance greater than the 2012 IECC.

E. For new construction of a building containing more than four rental units, the construction must include installation of broadband infrastructure, except where the County determines and, in accordance with 24 CFR 92.508(a)(3)(iv), documents the determination that (a) the location of the new construction makes installation of broadband infrastructure infeasible, or (b) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden.

4. Rehabilitation Projects. All rehabilitation that is performed must meet the following requirements:

A. The Rehabilitation Standards of DuPage County. These standards are set forth in Exhibit A to this policy. Technical standards for useful life, building materials and finishes are contained in Exhibit B to this policy. Individual municipalities may enforce stricter provisions. If a municipality requires a building permit for any part of the rehabilitation, issuance of that permit and passing municipal final inspection will demonstrate compliance with that portion of the municipal code requirements.

B. Be designed so that the rehabilitation plans, specifications, and work write-ups are in detail sufficient to allow DuPage County, or its architectural/engineering reviewer, to determine that costs of the project are reasonable and that an inspector can easily determine that correct materials have been installed, the % of completion at any point in time, and that these rehabilitation standards are being met. If HOME funds are being used for the rehabilitation, all code deficiencies must be addressed. CDBG funding allows “spot rehab”
if deemed appropriate; that is, specific building components may be replaced, but not all code violations need to be corrected.

C. DuPage County, or its designee, will make initial, periodic and final inspections of the rehabilitation work. The purpose of the initial inspection is to determine a) that the rehab requested is necessary and b) that any and all health and safety and major system deficiencies are being addressed by the rehabilitation.

D. Buildings which are purchased for the purpose of rehabilitation may have code violations at the time of purchase. All contracts with contractors and subcontractors performing rehabilitation work must state that work is to be performed to the standards of this policy. All required building permits must be obtained and appropriate local building inspections performed. If rehabilitation work does not require a permit and the rehabilitation work is to be performed by staff of the entity purchasing the building, the agency must either (a) have personnel on staff qualified to certify to the CDC that the building has been brought up to local code, and so certify, or (b) request a local code inspection of the building.

E. Programs which rehabilitate owner occupied properties must address obvious code violations before any other work is undertaken on the property. A rehabilitation specialist shall perform an evaluation of the property’s condition and work to be done. If there appear to be potential code violations which the homeowner does not desire to include in the scope of work, the rehabilitation specialist shall request a local building code inspection during the evaluation process to determine actual code violations. If homeowner will not consent to such inspection, the house will not be accepted into the program. All contracts with contractors and subcontractors performing rehabilitation work must state that work is to be performed to applicable building codes. All required building permits must be obtained and appropriate inspections performed. Additionally, a homeowner must evidence his acceptance of the work performed in writing unless there is a documented reason why he/she cannot or will not do so. Houses which cannot be rehabilitated in accordance with these standards without exceeding the per unit financial limits of any rehab program funded through the CDC will not be accepted into the program. Notwithstanding the foregoing, “spot” rehabilitation may be permitted with CDBG funds for addressing health, safety, building integrity, and accessibility issues. HOME and NSP funds only permit rehabilitation if the entire property is brought up to code.

F. Major systems that may be included in the rehabilitation project must be replaced with systems that at a minimum, have energy efficiency which complies with the 2012 International Energy Conservation Code (IECC), as amended from time to time, or local code if local code requires a level of compliance greater than the 2012 IECC.

G. For substantial rehabilitation of a building containing more than four rental units, the construction must include installation of broadband infrastructure, except where the County determines and, in accordance with 24 CFR 92.508(a)(3)(iv), documents the determination that (a) the location of the new construction makes installation of broadband infrastructure infeasible, (b) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden, or (c) the
structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible. Substantial rehabilitation is defined as work on the electrical system with estimated costs equal to or greater than 75 percent of the cost of replacing the entire electrical system, or when the estimated cost of the rehabilitation is equal to or greater than 75 percent of the total estimated cost of replacing the multifamily rental housing after rehabilitation is complete.

5. **Acquisition of Standard Housing.**

A. Existing housing that is acquired with HOME assistance for rental housing, and that was newly constructed or rehabilitated less than 12 months before the date of commitment of HOME funds, must meet the property standards of paragraph 3 or 4 of this policy, as applicable. Compliance must be documented based upon a review of approved building plans and Certificates of Occupancy, and inspection that is conducted no earlier than 90 days before the commitment of HOME assistance using HUD’s Uniform Physical Conditions Standards checklist. If the funding source is other than HOME, inspection of the property using HUD’s Uniform Physical Conditions Standards checklist as a tool will be used as documentation that the property meets the standards of this policy. Issuance of a certificate of occupancy and/or passing local code inspection will be sufficient evidence that the project has met local building codes of the municipality where constructed.

B. All other existing housing that is acquired for rental property (regardless of funding source), must meet the standards set forth in Paragraph 4 of this policy or the required rehabilitation must be included in the overall project and scope of work. Compliance must be documented based upon inspection.

C. Existing housing that is acquired for homeownership (e.g., downpayment assistance) must be decent, safe, sanitary, and in good repair. DuPage County shall ensure this condition by verifying that the housing meets all applicable State and local housing quality standards and code requirements through inspection by an inspector who has been trained in the standards of the International Property Maintenance Code. At the time of initial adoption of this policy, CDC staff members are in the process of obtaining this training. Staff will use HUD’s Uniform Physical Conditions Standards checklist as a tool to document that the housing meets the standards of this policy. Issuance of a certificate of occupancy and/or passing local code inspection will be sufficient evidence that the project has met local building codes of the municipality where constructed.

6. **Occupied Housing by Tenants Receiving HOME Tenant-Based Rental Assistance (TBRA).** All housing occupied by tenants receiving HOME TBRA must meet the
Housing Quality Standards set forth in 24 CFR 982.401, or such other standard or requirement as established by HUD from time to time.

7. **Manufactured Housing.** There is little manufactured housing in DuPage County. Should the construction or installation of new manufactured housing be anticipated under a HOME project, this policy will be updated to the current HUD requirements for such housing. Rehabilitation of existing manufactured housing shall meet the requirements of paragraph 4 of this policy.

8. **Ongoing Property Condition Standards for Rental Housing.**

   A. All HOME assisted rental housing (including mobile homes, if applicable), must be kept in decent, safe, and sanitary condition and in good repair throughout the affordability period specified in the HOME Agreement for that project. Owners must maintain properties in compliance with State and local codes, ordinances, and HUD requirements. Further, housing must be free of health and safety defects. DuPage County shall uniformly ensure this condition by verifying that the housing meets all applicable State and local housing quality standards and code requirements through inspection by an inspector who has been trained in the standards of the International Property Maintenance Code. At the time of initial adoption of this policy, CDC staff members are in the process of obtaining this training. While the training process continues, staff shall use HUD’s Uniform Physical Conditions Standards checklist as a tool to document compliance. Any item shown as “LT” (life threatening) on the HUD Uniform Physical Conditions Standards checklist that fails inspection shall be corrected by the Owner as follows:

   - Detected gas leaks shall be called into Nicor immediately.
   - Inoperable smoke and/or carbon monoxide detectors, items that prevent proper building egress, and electrical hazards near water shall be corrected within 24 hours.
   - For other LT hazards, Owner shall, within 48 hours, either correct the hazard or present a plan as to how the hazard will be corrected, by whom, and when. Should the Owner not correct LT items as required, staff shall report the violation to the appropriate County or municipal building department having jurisdiction over the property for a legal resolution.

   For NLT (non-life threatening) deficiencies, Owner shall be given a report of deficiencies and corrective actions and be asked to respond with a plan for correction within two weeks, with all corrective action to be completed within 60 days of submittal of the plan. Should the Owner not correct the deficiencies within the allotted time period, the file shall be turned over to the State’s Attorney’s Office for legal resolution.
B. All units constructed prior to 1978 shall have a lead assessment performed as part of the underwriting process (unless exempted under 24 CFR part 35) prior to commitment of HOME funds. If lead is not completely abated by the HOME assistance and interim controls are the appropriate measure, file documentation shall be maintained so that the condition of any surfaces known to contain lead based paint can be monitored for deterioration during the affordability period.

C. Inspections and inspections procedures shall be in accordance with the HOME Inspection and Monitoring Procedures.
EXHIBIT A

REHABILITATION STANDARDS - GENERAL

1. Health and safety. DuPage County, or its designee, will inspect occupied housing to be rehabilitated using HUD’s Uniform Physical Conditions Standards checklist as a tool to determine if there are any life-threatening deficiencies that must be addressed immediately. Any item shown as “LT” (life threatening) on the HUD Uniform Physical Conditions Standards checklist that fails inspection shall be corrected by the Owner as follows:

- Detected gas leaks shall be called into Nicor immediately.
- Inoperable smoke and/or carbon monoxide detectors, items that prevent proper building egress, and electrical hazards near water shall be corrected within 24 hours.
- For other LT hazards, Owner shall, within 48 hours, either correct the hazard or present a plan as to how the hazard will be corrected, by whom, and when. Should the Owner not correct LT items as required, staff shall report the violation to the appropriate County or municipal building department having jurisdiction over the property for a legal resolution.

2. Major systems. DuPage County’s underwriting policies for HOME funded rental projects requires the submission of a property needs assessment of the proposed project so that adequate replacement reserves can be established to repair or replace major systems, as needed. Homeownership projects involving rehabilitation must ensure that each major system have a useful remaining life of at least five (5) years. For purposes of this policy, major systems shall include: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing; electrical; heating, ventilation, and air conditioning. For purposes of project underwriting, multi-family rental projects shall also include parking lots and concrete walkways as a major system, as well as replacement costs of appliances, flooring, and bathroom fixtures. Estimation of useful life will be based on the Estimated Useful Life Tables in the FannieMae Instructions for Performing a Multifamily Property Condition Assessment (Version 2.0, dated October, 2014, attached hereto in Exhibit B. Single family properties shall use the “Senior” column in the tables.

3. Lead-based paint. All housing constructed prior to 1978 must have a lead-based paint inspection and assessment performed by a licensed assessor. The assessor’s report will be required to contain “scope of work” for both interim measures and full abatement. Based on the funds invested in the property and the future health and safety of the occupants of the housing, the appropriate lead paint measures will be included as part of the rehabilitation of the property.
3-4. DuPage County CDC strongly encourages the incorporation of sound insulating
techniques and materials when renovating residential structures. The most important and
economical step in mitigating indoor noise is to seal any non-essential openings in the
building envelope such as air gaps around windows and doors, mail slots and any
unnecessary vents. The use of weather-stripping, insulation, and caulk to seal air gaps
will not only block direct access of exterior noise, but will also increase the building’s
energy efficiency. The CDC also recommends the use of replacement windows and
exterior doors with a high Sound Transmission Class (STC) rating, the addition of storm
doors and windows, installation of chimney-cap dampers, and a minimum of R38 attic
insulation.

4-5. Accessibility. Meet accessibility requirements of Section 504 of the rehabilitation Act of
1973 and Titles II and III of the American with Disabilities Act if a “covered”
multifamily dwelling constructed for first occupancy after March 13, 1991. This means
that “in buildings with four or more dwelling units and at least one elevator, all dwelling
units and all public and common use areas are subject to the Act’s [referring to the Fair
Housing Act] design and construction requirements. In buildings with four or more dwelling
units and no elevator, all ground floor units and public and common use areas are subject to
the Act’s design and construction requirements.” [Joint Statement of The Department of
Housing and Urban Development and The Department of Justice titled Accessibility (Design
and Construction) Requirements for Covered Multifamily Dwellings Under the Fair Housing
Act, issued April 30, 2013].

5-6. Disaster mitigation. Be rehabilitated to mitigate the impact of potential disasters. The
most common natural disaster in DuPage County is flooding. Rehabilitation will not be
performed on housing located in a floodplain, with the exception of owner occupied
rehabilitation that meets flood insurance requirements and HUD environmental
requirements.

6-7. Local code. Housing that is rehabilitated with HOME funds must meet all applicable
State and local codes, ordinances, and requirements. If a municipality requires a building
permit for any part of the rehabilitation, issuance of that permit and passing municipal
final inspection will demonstrate compliance with that portion of the municipal code
requirements.

7-8. Upon completion of rehabilitation, the units will be decent, safe, sanitary and in good
repair. DuPage County shall ensure this condition by verifying that the housing meets
all applicable State and local housing quality standards and code requirements through
inspection by an inspector who has been trained in the standards of the International
Property Maintenance Code. At the time of initial adoption of this policy, CDC staff
members are in the process of obtaining this training. Staff will use HUD’s Uniform
Physical Conditions Standards checklist as a tool to document that the housing meets the
standards of this policy.

8-9. For multi-family rental housing projects of 26 or more total units in the project (not
assisted units), a capital needs assessment must be performed to determine the scope of
work and the long term physical needs of the project.
9.10. No components will be replaced strictly for cosmetic purposes. If mold remediation is performed in a basement and/or attached garage, other rehabilitation work will be performed on a “do no harm” basis. This means that damage to the basement or garage caused by performing eligible work may be repaired only. For example, if all the drywall in a basement or garage must be removed because of mold, drywall will not be replaced, unless a code standard requires drywall in a basement or garage. However, if a portion of drywall must be removed, or if a fixture in a basement or garage must be removed due to mold, and such removal leaves a wall partially damaged or a gap in a wall, floor, or ceiling due to fixture removal, the drywall or gap may be repaired (without replacement of the fixture). The “lower level” of a house that is a split level, tri-level, or raised ranch and is considered living area under property assessment standards is not considered to be a basement under this policy.

40.11. Air conditioning and dishwashers are considered standard improvements in DuPage County.

REHABILITATION STANDARDS – SPECIFIC TO OWNER OCCUPIED REHABILITATION

Eligible Activities

1. Correction of code violations cited by DuPage County or municipal code inspection, with exceptions for driveway, sidewalk, garage, deck, and landscaping issues as discussed below. Please note that if the rehabilitation is funded with HOME Investment Partnership program funds, all code violations must be able to be corrected within the maximum loan amount or the rehabilitation will not be undertaken.

2. Health and safety issues that put the household at risk of injury or disease or that prevent the dwelling from receiving assistance under the DuPage County Weatherization Program or prevent a unit from receiving the maximum benefit of the Weatherization program.

3. Repair or replacement of the following components or systems because of system failure, code violation, or recommendation through a Weatherization assessment, not for cosmetic purposes. Quality of materials shall be those that can be obtained at mid-level pricing.

   • Foundations, basements, and/or crawl spaces, (only for purposes of water sealing or moisture removal). This program is not able to deal with major foundation issues.
   • Exterior walls and siding
   • Roof and roof systems
- Doors, windows and window frames (shall meet the energy efficiency of, but not exceed the quality of, windows installed under the DuPage County Weatherization Program)
- Porches, stairs and railings
- Interior walls, and ceilings (only if condition poses actual health & safety threat: e.g. ceiling is coming down)
- Well and septic systems
- Water and sewer connections, if such service is available
- Electrical systems and fixtures
- Plumbing systems and fixtures
- Heating and cooling systems
- Hot water heaters
- Insulation
- Air sealing
- Chimney repair/tuckpointing
- Flooring (only if a medical or accessibility issue; e.g. allergies necessitate removal of carpet or current flooring poses a mobility issue for person with disabilities)
- Painting, only if condition of exterior paint is a code violation
- Demolition of substandard buildings on the property if their condition constitutes a code violation or danger

- Landscaping, sidewalks, garages, decks, and driveways – only if health & safety issue or code violation and the cost of such is incidental to other rehabilitation of the property. For purposes of the DuPage County program, incidental shall mean that the combined total rehabilitation cost of these items shall be less than 25% of the total rehabilitation costs.

- Work in basements: If a basement is not taxable square footage, only code violations and health and safety issues may be corrected. For example, mold remediation may be performed in a basement. Other restoration work will be performed on a “do no harm” basis, which means that damage to the basement or garage caused by performing eligible work may be repaired. For example, if all the drywall in a basement must be removed because of mold, drywall will not be replaced, because no code standard requires drywall in a basement. However, if a portion of drywall must be removed, or if a fixture in a basement must be removed due to mold, and such removal leaves a wall partially damaged or a gap in a wall, floor, or ceiling due to fixture removal, the drywall or gap may be repaired (without replacement of the fixture).

4. Accessibility improvements available only to households with a severely disabled member meeting the following HUD definition:

    Persons are considered severely disabled if they:

    - Use a wheelchair or another special aid for 6 months or longer; or
• Are unable to perform one or more functional activities (seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs and walking); or
• Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone); or
• Are prevented from working at a job or doing housework; or
• Have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia or mental retardation; or
• Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

Work to be performed must be eligible under applicable Federal regulations and shall be for the purpose of providing greater accessibility or diminishment of impairment for the severely disabled household member. It could include such items as, but not be limited to, installation of wheelchair ramps, railings, bathroom grab bars, accessible doorknobs, or a warning system for the hearing impaired. All work performed must fix a condition or install a “fixture.”

Ineligible Activities

• New construction of room additions, fireplaces, sheds, or garages
• Foundation work beyond water sealing
• Painting and staining (unless condition of exterior paint is a code violation)
• Cabinets and counter tops
• Flooring (unless medical or accessibility issue)
• Repair of swimming pools and/or pool liners
• Repair of damage covered by a homeowner’s insurance policy
• Purchase or repair of appliances
• Window treatments
• Purely cosmetic or convenience improvements
• Reimbursement of previously done work
• Landscaping, sidewalks, garages, decks, and driveways – if the combined total rehabilitation cost of these items is greater than 25% of the total rehabilitation costs.
EXHIBIT B

Useful Life and Materials Standards

1. **Useful Life.** Estimation of useful life will be based on the Estimated Useful Life Tables in the FannieMae *Instructions for Performing a Multifamily Property Condition Assessment* (Version 2.0, dated October, 2014 beginning on the next page. Single family properties shall use the “Senior” column in the tables.

2. **Materials and Finishes.** Materials and finishes should be appropriate for the room and function. For example, non-porous surfaces should be used for countertops and flooring in kitchens, baths, and laundry areas.

   When replacing components during rehabilitation, components should be replaced with like components, unless building codes, energy standards, and/or the needs of the occupants require different materials. For example, an “occupant need” may mean that allergies or disabilities dictate a solid surface flooring such as tile or laminate be installed in lieu of carpeting.

   In owner occupied rehabilitation and homeowner projects (not including down payment assistance only projects), materials and finishes must be durable, but not exceed a mid-range grade of quality, and may not be “luxury improvements.” DuPage County will not permit an owner occupant to pay the difference to upgrade beyond the materials and finishes allowed under this policy or use an “allowance” system for components or fixtures. DuPage County specifically considers “luxury improvements” to include:

   - granite countertops
   - bamboo, hardwood and hardwood engineered flooring (or similar materials)
   - cabinetry beyond builders grade cabinets
   - tile, laminate flooring or carpet beyond a mid-range grade

   In new construction and rehabilitation of rental properties, durability of materials should be considered so that the long term financial viability of the project is not undermined by constant replacement of components due to wear and tear.
TO: HOME Advisory Group

FROM: Mary A. Keating, Director, Department of Community Services

DATE: December 26, 2017

RE: Single Family Rehabilitation Program Policy Revisions

Background:
The DuPage County Single Family Rehab Program provides grants to eligible homeowners to address health and safety issues as well as code violations, remediation of lead based paint, and other activities.

The Community Development Commission staff have drafted changes to the Single-Family Rehabilitation (SFR) “Underwriting Standards for Rehabilitation Programs,” first adopted in September, 2001 and last updated on April 7, 2015. Summary of changes are as follows:

1. Changes to the text of the existing Underwriting Standards to reflect the change from a loan program to a grant in 2014. Any reference to a loan and qualifications for the loan were removed from the text.
2. Removal of reference to “residual beneficiaries” of living trusts in the “Title” requirements, as the change in the program from a loan to a grant no longer necessitates continued income eligibility verification.
3. Codifying the use of HUD-published HOME affordable homeownership limits as the maximum home value for assistance by the program, as well as the use of the Fair Cash Value as determined by the DuPage County Assessor’s Office as a factor for determining the maximum home value. If a property has a recorded mortgage that exceeds the FCV, including a Home Equity Conversion Mortgage (HECM), a determination will be made whether or not that affects the eligibility of the property.
4. Removal of reference to “IRS 1040”, due to the number of eligible applicants who do not have to file tax form 1040.

Recommendation: Staff recommends to approve Program Policy Revisions to the Single Family Rehabilitation Program.
1. **Applicability.** These standards shall apply to the single-family rehabilitation program and other rehabilitation programs under which DuPage County acts as a lender or grantor to an individual homeowner for rehabilitation. “Single family rehabilitation” refers to the type of ownership of the housing unit, not the design of the housing unit. An eligible housing unit can be any dwelling unit that allows for individual ownership of the unit, including: an individually owned single detached dwelling unit; an individually owned dwelling unit located in a two family dwelling; an individually owned dwelling unit located in a multiple family dwelling; or a mobile home/manufactured home dwelling unit (provided the unit is not licensed as a vehicle under Illinois law, is affixed to the ground, and does not have wheels).

2. **Application for Loan or Grant.** Application for the loan or grant must be made to the appropriate agency acting as subgrantee of that particular project as such projects may exist from time to time. DuPage County currently has an in-house grant program for single family rehabilitation. Application packages for single-family rehabilitation grants are available through the DuPage County Department of Community Services/Single Family Rehabilitation Program Office. DuPage County is under no obligation to begin processing any application until all information requested is provided; including all required supporting documents. Completed Applications may be reviewed by the Community Development Commission loan committee (made up of the administrative staff of the CDC), at the discretion of the Single Family Rehabilitation Coordinator. Applicants shall supply all information requested on the application (unless such information is already in the possession of DuPage County because the applicant has been determined eligible for LIHEAP and/or Weatherization within the six months prior to application for rehabilitation) so that eligibility of the household and the dwelling unit can be determined. Preferences in processing will be given to households with seniors (age 62+) or a household member with disabilities (as defined in Exhibit A) referred by DuPage County Community Services.
3. **Location and Occupancy of Real Property.** With CDBG money, DuPage County may make grants for rehabilitation of owner occupied property located in DuPage County’s CDBG jurisdiction. As of November, 2014, this includes property within DuPage County or the Will County portion of the Village of Woodridge, but excludes property located in the municipalities of Aurora, Bolingbrook, Elk Grove Village, Naperville, or Schaumburg. However, this CDBG jurisdiction may change during HUD’s urban county requalification process, which occurs every three years. With HOME money, DuPage County may make grants for rehabilitation of owner occupied property located in the DuPage County Consortium area. As of August, 2017 of November, 2014, this includes property anywhere in DuPage County and portions of Naperville that are outside of DuPage County, but excludes property located in the City of Aurora and Village of Bolingbrook. However, this Consortium area may change during HUD’s HOME Consortium requalification process, which occurs every three years. Because the HOME program regulations require that the entire property be brought up to code, only housing units that can be brought up to code may participate in HOME funded rehabilitation programs.

4. **Title.** Owners of the real property receiving grants from DuPage County must have title to the real property as confirmed through public records. The property may not be in foreclosure and the owner must be current on tax payments. If a Lis Pendens has been filed against the property, the homeowner must provide documentation that they are current with the mortgage named in the Lis Pendens. If the real property is held in a trust, appropriate trust documentation must be supplied to show that the trust is for the sole benefit of the individual(s) applying for the grant and occupying the property. If there are additional residual beneficiaries to the trust who do not occupy the house, the additional residual beneficiaries must also be income eligible. The property may not be in foreclosure and the owner must be current on tax payments. If a Lis Pendens has been filed against the property, the homeowner must provide documentation that they are current with the mortgage named in the Lis Pendens. Owners must occupy the home as their primary residence at the time of rehabilitation and must have owned the property for at least one year prior to application for a grant.

5. **Value of Real Property.** The value of the real property may not exceed the HOME affordable homeownership limits provided by HUD from time to time. At the time that the SFR Program converted from a loan to a grant in 2015 it was decided that the eligible activities constituted repairs rather than significant improvements that would affect the assessed and/or market value of the property. The SFR Program Coordinator will use the DuPage County Assessor’s Office’s determination of the Fair Cash Value when the application is submitted for evaluating the eligibility of the household for the SFR Program services. If a property has a recorded mortgage that exceeds the FCV, including a Home Equity Conversion Mortgage (HECM), a determination will be made whether or not that affects the eligibility of the property. An applicant may also submit a third party appraisal for consideration.
accordance with HUD requirements. At the time that the SFR Program converted from a loan to a grant in 2015 it was decided that the eligible activities constituted repairs rather than significant improvements that would affect the assessed and/or market value of the property. Therefore, the SFR Program Coordinator will use the DuPage County Assessor’s Office’s determination of the Fair Cash Value when the application is submitted to the Coordinator as is another factor for evaluating the eligibility of the household for the SFR Program services. After rehabilitation value will be determined by the following formula: (the most currently available Cost vs. Value Report recoup number TIMES 10% TIMES the cost of the rehabilitation work) plus the pre-rehabilitation value determined using either the Fair Cash Value stated on the latest tax bill for the property or Assessed Valuation determined by the township assessor. The Cost vs. Value Report recoup number is published each year by Remodeling Magazine in cooperation with Realtor Magazine and is based on surveys of homeowners across the country. 10% of the recoup number will be used to account for variations in real estate markets and to acknowledge that since all rehabilitation is solely for the purpose of addressing code violations and/or health and safety issues, rehabilitation will have a negligible effect on the assessed value of the property. The current Cost vs. Value recoup number is .695 If a property has a recorded mortgage that exceeds the FCV, including a Home Equity Conversion Mortgage (HECM), a determination will be made whether or not that affects the eligibility of the property. An applicant may also submit a third-party appraisal for consideration.

6. **Income Qualification of Household.** The total annual combined income of the household and/or persons occupying the real property may not exceed the HUD income guidelines for low income households. Low income households are defined as those with incomes that do not exceed 80% of median family income (MFI) for the Chicago metropolitan area as determined by the Department of Housing and Urban Development. Some programs subject to these underwriting standards may have more restrictive income requirements but will not have a less restrictive requirement. Households that have qualified for Weatherization or LIHEAP assistance within six months of application to the rehabilitation program do not have to income qualify again because these programs have more restrictive income eligibility than HUD programs. Other households will be income qualified using the guidelines set forth in *Technical Guide for Determining Income and Allowances for the HOME Program*, as published by HUD, using the “IRS 1040 method” of income calculation.

6.7. **Programs Available and Maximum Grant Amounts.** DuPage County offers a grant of up to $15,000 to address accessibility issues, code violations, energy efficiency, issues that cause a unit to be deferred from the DuPage County Weatherization Program, and/or health and safety issues. If a rehab is started and unforeseen issues are encountered, CDC staff may use their best judgment to resolve such issues and will report any rehabs that exceed $15,000 to the HOME Advisory Group. If lead based paint must be abated or encapsulated, additional funds up to $10,000 may be utilized for the lead paint work, in accordance with the CDC Lead Based Paint Policy. Once a property has been assessed by the Single Family Rehab Office and the determined
needs addressed through the rehabilitation program, the file will be closed and the owner will not be eligible for additional work even though the entire $15,000 grant was not used. The property could potentially be eligible for additional work in the future if under different ownership, but may not come back into the rehab program for at least five years after work is performed.

7.8. **Scope of Work.** Work to be performed must be eligible under applicable Federal regulations and shall be for the purpose(s) of addressing accessibility issues, correcting code violations, addressing health and safety issues, increasing energy efficiency and/or addressing issues that cause a unit to be deferred from the DuPage County Weatherization Program. Households requesting energy efficiency improvements will first be referred to the DuPage County Weatherization Program and receive a full energy assessment. Measures which are not able to be accomplished through the Weatherization Program for eligibility reasons may be included in the scope of work by then be referred back to the single family rehabilitation program. All work shall be performed by contractors who are-qualified contractors to perform such work, as determined by DuPage County or other subgrantee administering a program under these standards. The Single Family Rehabilitation Office may from time to time issue a list of eligible and ineligible activities, as approved by the CDC. Attached as Exhibit A is a current list of eligible and ineligible activities as determined by the US Dept. of Housing and Urban Development (HUD). The needs of each home will be assessed and CDC staff may deny rehabilitation if the home is not able to be brought up to a basic HUD Housing Quality Standard level with $15,000. The Scope of Work will be incorporated into the letter of Agreement entered with the homeowner, unless the work being done has come in through Weatherization or LIHEAP and is work that would have been done under one of those programs, but for a circumstance that prevented the work (for example, a homeowner determined to be over income for Weatherization, but within CDBG limits). In such instances the “Building Owner Certification and Work Authorization” obtained for those programs will be considered the homeowner “Agreement.” Notwithstanding the foregoing, any rehabilitation work done with HOME funds must have a HOME letter of Agreement completed and signed by the homeowner.

**Dangerous Conditions.** If staff discovers additional dangerous or illegal conditions in the home when the walk through is performed, those issues must be addressed by the homeowner or be part of the scope of work before other work is performed. Illegal conditions will be reported to the proper authority, unless rectified within five days of notice to homeowner. Examples include, but are not limited to, illegal bedrooms, hoarding situations, housekeeping issues, and pet waste issues.

9.10. **Appeal.** Should any loan-grant or subordination be denied under the foregoing underwriting criteria, an appeal may be made only to the appropriate DuPage County Board committee having jurisdiction over the grant funds employed to make the grant. An Applicant may request a review of eligibility by the Administrator of Community Development. Policy appeals may be made by calling the CDC and asking to be put on the agenda for the next appropriate committee meeting. Applicant must also
submit a letter to the CDC at least 10 days prior to the committee meeting which outlines the request for appeal and basis for the request. If the appeals letter is not received by the CDC at least ten days prior to the committee meeting, the appeal will be delayed until the next meeting of the appropriate committee. Notwithstanding the foregoing, appeals may not be made over location of property within DuPage County project areas, income qualification of applicants, or the value of the property if it exceeds the maximum standard described in Paragraph 5 above.
Eligible rehabilitation activities

1. Correction of code violations cited by DuPage County or municipal code inspection, with exceptions for driveway, sidewalk, garage, deck, and landscaping issues as discussed below. Please note that if the rehabilitation is funded with HOME Investment Partnership program funds, all code violations must be able to be corrected within the maximum loan amount or the rehabilitation will not be undertaken.

2. Health and safety issues that put the household at risk of injury or disease or that prevent the dwelling from receiving assistance under the DuPage County Weatherization Program or prevent a unit from receiving the maximum benefit of the Weatherization program.

3. Repair or replacement of the following components or systems because of system failure, code violation, or recommendation through a Weatherization assessment, not for cosmetic purposes. Quality of materials shall be those that can be obtained at mid-level pricing.
   - Foundations, basements, and/or crawl spaces, (only for purposes of water sealing or moisture removal). This program is not able to deal with major foundation issues.
   - Exterior walls and siding
   - Roof and roof systems
   - Doors, windows and window frames (shall meet the energy efficiency of, but not exceed the quality of, windows installed under the DuPage County Weatherization Program)
   - Porches, stairs and railings
   - Interior walls, and ceilings (only if condition poses actual health & safety threat: e.g. ceiling is coming down)
   - Well and septic systems
   - Water and sewer connections, if such service is available

   - Electrical systems and fixtures
   - Plumbing systems and fixtures
   - Heating and cooling systems
   - Hot water heaters

   - Insulation
   - Air sealing
   - Chimney repair/tuckpointing

   - Flooring (only if a medical or accessibility issue; e.g. allergies necessitate removal of carpet or current flooring poses a mobility issue for person with disabilities)
   - Painting, only if condition of exterior paint is a code violation
Demolition of substandard buildings on the property if their condition constitutes a code violation or danger

Landscaping, sidewalks, garages, decks, and driveways – only if health & safety issue or code violation and the cost of such is incidental to other rehabilitation of the property. For purposes of the DuPage County program, incidental shall mean that the combined total rehabilitation cost of these items shall be less than 25% of the total rehabilitation costs.

Work in basements: If a basement is not taxable square footage, only code violations and health and safety issues may be corrected. For example, mold remediation may be performed in a basement. Other restoration work will be performed on a “do no harm” basis, which means that damage to the basement or garage caused by performing eligible work may be repaired. For example, if all the drywall in a basement must be removed because of mold, drywall will not be replaced, because no code standard requires drywall in a basement. However, if a portion of drywall must be removed, or if a fixture in a basement must be removed due to mold, and such removal leaves a wall partially damaged or a gap in a wall, floor, or ceiling due to fixture removal, the drywall or gap may be repaired (without replacement of the fixture).

4. Accessibility improvements available only to households with a severely disabled member meeting the following HUD definition:

Persons are considered severely disabled if they:

- Use a wheelchair or another special aid for 6 months or longer; or
- Are unable to perform one or more functional activities (seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs and walking); or
- Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone); or
- Are prevented from working at a job or doing housework; or
- Have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia or mental retardation; or
- Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

Work to be performed must be eligible under applicable Federal regulations and shall be for the purpose of providing greater accessibility or diminishment of impairment for the severely disabled household member. It could include such items as, but not be limited to, installation of wheelchair ramps, railings, bathroom grab bars, accessible doorknobs, or a warning system for the hearing impaired. All work performed must fix a condition or install a “fixture.”
Ineligible Activities

- New construction of room additions, fireplaces, sheds, or garages
- Foundation work beyond water sealing
- Painting and staining (unless condition of exterior paint is a code violation)
- Cabinets and counter tops
- Flooring (unless medical or accessibility issue)
- Repair of swimming pools and/or pool liners
- Repair of damage covered by a homeowner’s insurance policy
- Purchase or repair of appliances
- Window treatments
- Purely cosmetic or convenience improvements
- Reimbursement of previously done work
- Landscaping, sidewalks, garages, decks, and driveways – if the combined total rehabilitation cost of these items is greater than 25% of the total rehabilitation costs.