



Village President and Board of Trustees Study Session

Monday, September 25, 2006

7:00p.m.

Community Room 101

The President and Board of Trustees welcome you. This is a working session of the Village Board and no public comment will be taken.

Agenda

1. Housing Programs Advisory Committee (HPAC) Reports

The Commission is to present and provide updates on the various programs listed below that are part of the Commission's work plan for 2006.

A. Brief Update on Affordable Housing Review

B. Comments on Diversity Assurance Program Recommendations

C. Comments on Single Family Program Re-Design Recommendations

2. Staff Report on Single Family Program Re-Design

In addition to the Commission's review of the Single Family Program Re-Design, a consultant was hired to also review the Village's current program and make recommendations on a potential program re-design. Many of these program re-design recommendations from the consultant are operational in nature, however some of them impact the overall policy, therefore this discussion will review the potential policy implications and proposed revisions as it relates to the current Single Family Program Guidelines.

Adjourn

Memo To: Thomas Barwin, Village Manager

Memo From: Lisa Shelley, Deputy Village Manager

CC: Cynthia Breunlin, Housing Programs Manager

RE: Study Session Monday September 25, 2007
Single Family Rehabilitation Program ReDesign Recommendations

DATE: September 22, 2007

As you may recall the Village hired a consultant in late March 2007 that was approved by HUD to review the Village's Single Family Rehabilitation Program and make recommendations for a program re-design. The consultant delivered their report to the Housing Programs Advisory Committee (HPAC) in late June and then HPAC reviewed the potentially new program outcomes this week. At the same time staff committed to an internal operational review of the program.

The consultant delivered to the Village a step-by-step guide on setting up a Single Family Rehabilitation Program with various options. The consultant did not make recommendations based on what is best for the Village of Oak Park but instead stated in the Executive Summary that each recommendation would need to be evaluated by the Village to determine if their recommendation is applicable or beneficial to the Village. In addition, the consultant delivered a CD of many documents that may or may not be beneficial or applicable during program operations. Therefore the last two months were spent reviewing the recommendation in-house, step by step, and document by document to determine what is needed or not in a program re-design for the Village of Oak Park. This was very labor intensive, as HUD points out that it would be, and especially time consuming when the personnel for the Department are retired. The detailed documents with all of the operating steps and documents are not attached to this document but could be supplied and certainly will be available at the meeting.

However you will see that various recommendations are provided to amend the existing program, and it is important to note that these amendments could also be adopted as an interim 1-year pilot program, with a follow-up evaluation at the end of that period. If there is consensus among the Board, the guidelines would then need to be adopted at Regular Village Board Meeting. A copy of the final outcome of this meeting would also need to be provided to HUD to meet the Village's commitment to respond to them with our results by mid-October. Overall you will notice that the recommendations support much of the basis of the existing guidelines, and that a majority of changes are focused in the operations, training and communications of the program. In addition, this could be an opportunity to realign the program to achieve one of the Board's goal to offer low to moderate families assistance with Code deficiencies and potentially this program could be a natural link with the outcomes of the revitalized Neighborhood Walk Program. Many conversations with

the Director of the Building & Property Standards were part of this review and coordination with this Department will remain key to this program's success. The re-start of this program would also look for ways to use energy efficient solutions in the rehab work, a program goal that makes sense in particular for families of very low to moderate income levels who could benefit from lower utility bills.

Attached to this memo are the following documents:

- All copies of correspondence with HUD (previously distributed)
- The Executive Summary from the consultant, K&H (Exhibit A)
- A copy of the current Single Family Program Guidelines (Exhibit B)
- A document outlining staff's recommendations related to policy that would require an amendment to the current Single Family Program Guidelines (Exhibit C)
- A basic summary chart of statistics the department currently maintains on the Single Family Program (Exhibit D)
- Summary of All the Operational Steps the Consultant Outlined for Staff Review (Exhibit E)

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SECTION 1: Executive Summary

The Review Process

The Village of Oak Park's single-family owner-occupied housing rehabilitation program [the program] was examined by Kim Kirkpatrick, President of K & H Consulting Services and Paul Webb, owner of the Paul Webb Company [the consultants]. The review comprised;

- o Interviews, in person and by telephone, with Village staff, program customers, contractors, IHDA and HUD staff,
- o Inspection visits to program offices and houses enrolled in the program,
- o Review of program documents and records.

The recent departure of former program staff Frank Pond and Geoff Leicht made it necessary to rely on their written records.

During the review Ms. Cynthia Breunlin, Housing Programs Manager, as well as senior Village administrators, several departments, and the administrative support staff provided great cooperation and support.

Some files requested by the consultants were unavailable for review, but their absence appears to be insignificant in the preparation of the recommendations in this report.

The Program's Situation

Without staff in the construction area, the program appears at present to rely heavily on administrative staff and contract consultant Mr. Jim Collins. There were six rehab jobs open at the time our visit, most of which appeared to be stalled for the moment.

Program production records demonstrate that annual production has declined steadily, and that time elapsed between job benchmark events has continued to get longer. Lead-based paint, contractor non-performance and unresolved customer dispute issues are all factors in the lack of progress.

There is essentially no waiting list for program services, and no marketing effort ongoing, since there remains considerable work to finish current jobs.

Some program methods and documentation are of excellent quality, needing only consistent execution. Other aspects of good program design are incomplete or missing and require more attention.

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Program staff, and as it happened, outside consultants, were greeted warmly and treated in a friendly fashion at every home we visited. Likewise, customers and contractors interviewed by telephone all expressed positive feelings toward the program and Village staff.

Program Redesign Strategy

The consultants recommend consideration of every item on the board policy options index presented in this report. It is important to bear in mind that the presence on the index of an item for policy consideration does not imply that the matter is not already addressed, maybe even ideally addressed, in current program or Village policy.

The design strategy is a comprehensive, step-by-step approach, which may reveal that certain of the policy options offered are unnecessary, or are already in place and correct. The strategy forces establishment of a written record of thoughtful program design, which is desirable for regularly scheduled continuing re-examination of the program and for purposes of succession and continuity.

Redesign Implementation Methodology

The following suggested implementation method has, with local adjustments, been successfully employed in housing rehabilitation programs in communities similar in size to Oak Park. It is not essential to the redesign strategy to conduct the business exactly as described below as long as whatever method is chosen addresses all items in the policy options index.

The program manager could convene a series of meetings with the Committee to review all of the listed policies. In all areas the Committee should seek advice from senior staff members as to the implications for daily operations.

It is essential to have certain policies reviewed by the Village attorney prior to Committee recommendations. Hazardous materials, lien laws and the role of the rehab specialist are key areas where legal review can impact the Committee's decisions.

In a series of three review meetings, the Committee would first review the short version Board Policy Index (Overview) and the recommendations. Committee members could be asked to review the full version of their assigned options and present a position of behalf of the Committee based on their expertise, or staff could make a list of recommended positions to the Committee.

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During the second phase of meetings, the Committee or sub-groups would discuss any areas that require extended discussions or input from consultants, funders and lenders. At the end of these meetings, the groups should have prepared for the Committee a rather extensive list of recommendations for approval at full Committee meeting.

In the third session, the committee would prepare for the Board a motion to recommend adoption of the Committee's policies highlighting only the potentially controversial policies or policies that change the way the Program is currently operating, as many policies are routine and need not occupy valuable Committee or Board time.

One year later, it's a good idea to come back and evaluate how the policies have grown into procedures and how to minimize operational issues. Every three years it is a good idea to verify that the policies are still serving the mission and the Village well.

The principal concept of this design strategy is systemization of the rehab production process. Essential to that concept are policies and implementing documents which assure:

- Concise easily accessed documentation
- Diligent recordation of every contact, call or visit
- Frequent well-documented inspections during the work
- Well-informed customers and contractors.

The redesign process will take months, rather than weeks to prepare and put into action, but that does not require that all work cease during the process.

A good rehab specialist is critical to program success. Whoever assumes that position will require additional and continuing training, proper tools, and strong organizational support.

VILLAGE OF OAK PARK
SINGLE FAMILY HOUSING PROGRAM - REVIEW OF EXISTING POLICY GUIDELINES

HISTORY OF REVISIONS

PRIOR AMENDMENT DATES	SECTION	PURPOSE
Approved 3/27/97	Program	Established Program
Amendment 10/5/98	Section D.3	Emergency Loans, Single Purpose Loans
Amendment 2/20/01	Section B.4, D.1, F.1.b	Equity Ratio, Project Minimums, Refinancing Criteria
Amendment 3/21/05	D.4	Single Purpose Loans

RECOMMENDATIONS TO EXISTING POLICY GUIDELINES

GUIDELINES SECTION	RECOMMENDATION	COMMENTS
NEW	NEW	A general statement that this program is funded from various sources, IDHA, CDBG, and may have independent funding requirements or guidelines. This will remind both the applicant and staff that there may be separate accounting and requirements to track. For example, if using the IDHA grant, it is required that there are a certain # of minimums for low or very low applicants compared to the overall funding.
Section A: Eligible Property Owners		
A.1	Revise A.1	Add "Very Low" to reflect all various funding source requirements. IDHA requires the Village seek Very-Low applicants also.
A.4	Revise A.4	Minor clarification of language in A.4, last bullet. Sentence should simply read "there is little hope of making project budget." Remaining phrase is confusing.
	General Statement/ Confirmation of Existing Language	Section A.4: Unfeasible Rehab Projects, is an important section that is discussed in great detail in the operating guidelines from the consultant and addressed in various HUD correspondence. This concept of determining feasibility is critical to the program operations and needs to systematically incorporated as part of the application process, documented, and communicated to the applicant early in the application process. An upgrade to existing software is also recommended and has been purchased.
Section B: Eligible Property Types		
B.1	Revise B.1	Revise or add language to clarify this section, specifically how a multi-unit building will be treated related to funding. Language will clarify that multi-unit buildings will be treated as 1 unit, just as if funding was given to a single family unit. See further understanding in Section D.1, Levels of Assistance.
B.5	Revise B.5	Revise insurance requirement to be the cost of replacement not the current market value.

B.6	General Statement/ Confirmation of Existing Language	Section B.6: This section, Poor Property Maintenance, is an important section that can assist in managing costs and maximizing output. This of course would be communicated early in the application process to a homeowner who may be required to fix minor code violations in advance of loan approval. This is always a balance with the goal of improving properties against a homeowner's ability to pay, but also can provide for maximum results. This is a similar/consistent concept in all other loans in which a homeowner needs to meet minimum village obligations prior to receiving a loan (current water bill, taxes, license, code inspection, etc).
Section C: Scope of Work		
C.1	Revise C.1	There was some discussion if Section C.1 should be modified to erase the references to the word "comprehensive" because that word may create an expectation of the homeowner that is greater than the programs intent. Overall this section remains today the type of program that meets HUDs expectations. Both the priority levels and a reference to exterior as the focus both are in-line with an effective program intent. Therefore the recommendation is to rename this section "Rehab will Use a 4-Level Priority System", in which there is not need to use the word comprehensive.
C.2	General Statement/ Confirmation of Existing Language	Section C.2 Garage Repair, could remain if a minor repair is needed as the policy states but it should not be assumed that every application to this program will also be included in the Garage Rehab Program. Again, instead of modifying language, education and training would be the solution.
Section D: Levels of Assistance		
D.1	Revise D.1	<p>HUD's letter to the Village during this review process is to seek ways to maximize the program by distributing smaller amounts of funds over a larger pool of applicants than greater amounts to fewer applicants. In addition, related to maintaining lead control costs, HUD also suggests the Village consider new levels of assistance with a maximum of \$24,999. The significance of this funding limit is that the lead controls at or under this dollar amount are far less in scope than projects above \$25,000. The Village is making this change in funding levels, in the least as a pilot program to re-start this program. Evaluation can then be done again in 1-2 years.</p> <p>As referenced in the comments for Section C.1, the different levels for multiple units would be eliminated and all applications will be treated as 1 unit with a limit under \$25,000.</p>
D.4	Delete	Recommendation is to delete this section. With the elimination of the word "comprehensive" in C.1, staff does not see the need to create a different program.
D.6	Revise D.6	This section for Contingency may need to be modified to ensure that any Contingency work does not exceed the \$24,999 threshold. See above statement of reason for this purpose.
Section E.4: Procedures		

E.2	Delete	The consultants recommended against using Sweat Equity. This section may be in the document in the event there is a unforeseen but limited and appropriate reason. However staff recommends elimination of this option because it can create more problems than benefits and requires more oversight and management.
E.3	Modify or Delete Section E. 3 (2nd bullet)	All projects should be competitively bid.
E.4	Clarify Section E.4	Section E.4, Priorities: This section may need clarifying language that defines when an applicant is "approved". Approved is not when a staff person completes the application process, but when the applicant "receives assistance", technically a Regular Board Meeting. This distinction is significant because during correspondance with HUD a person needs to be income qualified "at the time of assistance". Language may need to be added to clarify that if there is a gap in time from when these two steps noted above are completed, application processing vs board approval, then an applicant may need to be re-qualified prior to Board approval. This is a criteria of HUD and therefore worth noting. This could also be clarified in improved educational documents for applicants and operating procedures for employees. At this time, per the existing language, there is not specific criteria for a waiting list. This may be a good idea to review further in the future.
E.5	Clarify Section E.5	Section E.5 Fees: The Village last year received funding from IHDA for grant dollars to fund this program, however they require that a homeowner contribute \$500 per application. A reference to this distinction may be necessary or may be covered in the Preamble.
E.6	Change Section E.6	Section E.6 Exceptions: Historically HPAC only reviewed the exceptions. HPAC can recommend if they want to consider reviewing all of the applications or maybe only during this next year under the new guidelines, or just conduct a mid-year review without reviewing all the applications. I will leave this to HPAC and their preference for time.
F.2	More Information Needed	Staff will contact the Assessor to clarify the applicability of this section.

Village of Oak Park
Community and Economic Development
Single-Family Rehabilitation Loan Program
Oak Park, Illinois

POLICY GUIDELINES

A. ELIGIBLE PROPERTY OWNERS

1. Benefit to Low- and Moderate-Income Owner-Occupants.

The program must benefit low- and moderate-income households. Section 8 income limits and guidelines will apply. The income of all adult (18 years and older) household members shall be included on the application. The income of everyone whose name is on the title shall be included whether they live in the house or not.

2. Program priority is upgrading of housing/poor credit risk loans

A program priority is the upgrading of Oak Park's housing stock. Therefore, in cases where homeowners are poor credit risks, loans may still be made, at the discretion of staff, since the loans are secured by the property, and any arrearages in repayments can be collected at the time of property transfer.

3. Eligibility of Village employees

Eligibility of Village employees for this program will be determined by the Conflict of Interest and Ethics Ordinance. 1993-0-24, adopted 4/4/93 in addition to all other program requirements.

4. Unfeasible rehabilitation projects

Rehabilitation projects will be considered unfeasible if:

- the dwelling is substandard,
- there are severe debts,
- back taxes or mechanics liens are owed,
- there are other financial threats to the household affecting retention of title, or
- there is little hope of making the project viable based on previous project budgets.

A substandard dwelling is one where the maximum loan amount available will not be enough money to do the amount of work to improve the property so that the value will be sustained over time to allow repayment of the loan, or the severity of the code deficiencies is too severe to be corrected by the maximum amount of the loan available.

5. Eligibility for subsequent loans

Past loan recipients will be eligible for second or additional loans after five years from the date of Board approval of the previous loan if the applicant meets all program criteria. Emergency loans (as defined in these guidelines) will be available regardless of other SFR Program loans. Owners who have previously received a payback loan must have demonstrated satisfactory performance on their loan before the Village will make any subsequent loans.

B. ELIGIBLE PROPERTY TYPES

1. 1-4 unit owner-occupied dwelling in Oak Park

The property must be 1-4 unit dwelling in Oak Park. The property must be owner-occupied. A condo unit is defined as a one-unit dwelling.

2. Clear title

The owner must have clear title to the property without any cloud on the title which shall not include any prior recorded consensual liens. The applicants must be the sole title holders of the dwelling which will undergo project rehabilitation, unless a release is obtained from any person on the title agreeing to the additional encumbrance.

3. Contract sales

The Village will not make SFR Program loans to properties undergoing a contract sale unless both the seller with legal title to the property and the buyer with equitable title enter into the loan transaction.

4. Equity ratio

There must be 5% post-rehab equity in the property. If there is a question about post-rehab equity during the initial screening process, staff will inspect the property, develop a probable scope of work and cost estimate for the project, and order a short form post-rehab appraisal from a qualified appraiser. The cost of the appraisal shall be covered by the loan proceeds if the loan is approved, or by the Village if the loan is denied. No appraisal is necessary if the owner can provide the Village with an appraisal that is less than two years old and the staff considers it to be valid. (Guideline amendment approved by Oak Park Village President and Board of Trustees February 20, 2001.)

5. Hazard Insurance

Before a project can begin, hazard insurance on the dwelling must be at least 80 percent of the property and dwelling's approximate current market value.

6. Poor property maintenance

In cases of poor property maintenance, staff may delay taking an application until the homeowner has done exterior and interior clean-up, and correction of minor code violations where possible.

C. SCOPE OF WORK

1. Comprehensive scope, concentrating on code violations and deficiencies

The rehabilitation work will be as comprehensive as possible using a four-level priority system: (1) correction of code violations, (2) correction of deficiencies, (3) exterior general property improvements, and (4) interior general property improvements. All of these will be concentrated on the building's exterior. Weatherization and adaptations for handicapped accessibility are also eligible. No remodeling work (modernizing bathrooms and kitchens, converting attics or basements, aluminum siding) will be done unless directly related to code violation correction. Although the focus of this policy is on exterior work, interior work may be done.

2. Garage repair

Garage repair to address a code violation is allowable, but must not be the major item of the project. Garage work must be limited to minor or moderate rehabilitation; new construction or major rehabilitation is not allowed. Consideration will be given to whether the garage is used for the homeowner's auto, or for rental, storage or another secondary purpose. In situations where a garage is dilapidated beyond repair, the project may include demolition of an existing garage and construction of a new slab only if the project will address all code violations for the dwelling itself.

3. Water and Property Tax Bills

Water and property tax bills must be current. No portion of the loan shall be used by the owner to pay either water or property tax bills.

D. LEVELS OF ASSISTANCE

1. Minimum and maximum project budget

The minimum project budget is \$2,500 and the maximum for a 1-unit property is \$40,000; for a 2-unit property, \$60,000; for a 3-unit property, \$80,000; and for a 4-unit property, \$100,000. (Guideline amendment approved by Oak Park Village President and Board of Trustees February 20, 2001.)

2. Payback Loans for Moderate Income Owners

Loans will be made at 4 percent interest for terms up to 20 years to moderate-income owners as defined by HUD. The maximum loan amounts are stated above. Loans will be repaid upon the earlier of the following: in 20 years; or upon sale or transfer of title.

3. Emergency Loans

No-interest emergency loans of up to \$5,000 (with a 10 percent service fee added to the principal) will be repaid in a lump sum upon the earlier of the following: in 10 years; or upon sale or other transfer of title. An emergency loan can include the correction of:

- emergencies and code violations of an emergency nature,
- other work related to the emergency, and
- minor other work in the same trade.

All work to be covered under an emergency loan must be disclosed. Staff in consultation with the owner determines all work to be included.

The minimum project budget for an emergency loan is \$500. The equity requirement is 5% of the post-rehab value of the property, as defined and determined in B. 4. above. (Guideline amendment approved by Oak Park Village President and Board of Trustees October 5, 1998.)

4. Single-Purpose Loans

No-interest loans of up to \$20,000 (with a 10 percent service fee added to the principal) will be repaid in a lump sum upon the earlier of the following: in 20 years; or upon sale or other transfer of title. A single-purpose loan can include the correction of:

- emergency or non-emergency, single-item code violations or incipient code violations, and
- other work directly related to this single item of work.

All work to be covered under a single-purpose loan must be disclosed. Staff in consultation with the owner determines all work to be included.

The minimum project budget for a single-purpose loan is \$2500. The equity requirement is 5% of the post-rehab value of the property, as defined and determined in B. 4. above. (Guideline amendment approved by Oak Park Village President and Board of Trustees October 5, 1998.)

The property owner will acknowledge in writing that the single item in the scope of work is the only item covered by the loan, and that the Village is not responsible for paying for any other work than the work agreed upon by the owner and the Village staff. (Guideline amendment approved by Oak Park Village President and Board of Trustees March 21, 2005.)

5. Deferred loans for Low Income Owners

Loans will be made at no interest for terms up to 20 years to low-income owners as defined by HUD. The maximum loan is \$25,000 per unit. A 10 percent service fee will be added to the principal. Loans will be repaid in a lump sum upon the earlier of the following: in 20 years; or upon sale or transfer of title.

6. Contingency

Project budgets may include a contingency of up to 20 percent. The contingency is intended to pay for work related to the scope of work that was not anticipated at the time the scope of work was prepared. Staff shall determine the contingency amount based on the nature of the proposed work, but in no event can the contingency exceed 20 percent. If the contingency amount is not used, the staff and owner(s) shall mutually decide whether to reduce the loan amount or to spend the amount on other eligible work.

E. PROCEDURES

1. Confidentiality of Owner's Names and Addresses

Property owner's names and address will not be mentioned during the Village Board meetings, but will be recorded in official Village files and be available upon appropriate request.

2. Sweat equity

Sweat equity (rehabilitation performed by the homeowner) may be employed whenever technically feasible and approved by staff. The project will cover the cost of materials but no labor. No electrical or plumbing work may be completed by an owner unless the owner is appropriately licensed or has the legal credentials to do such work. The sweat equity work shall be disclosed in the scope of work.

3. Bidding

Bidding will be handled in line with HUD guidelines on "Streamlining Rehabilitation Programs." Bidding can follow many scenarios or combinations thereof (when several trades are involved):

- Village staff determines the scope of work and in most cases prepares specifications for each project.
- A homeowner may choose to solicit his/her own bids or request a bid from a single contractor with whom he/she is familiar or from names received from Village staff.
- If the homeowner does not express a desire to do this, the project will be competitively bid. Staff will solicit at least three bids.

- In all cases, Village staff will review the contractor(s) and the proposal(s) received. Low responsible bidder will be accepted. If a bid is received from a single contractor, staff will review it to determine whether it is fair, reasonable and competitive. If so, it may be accepted.

4. Priorities for applications

Approved applications will be handled based on the date of approval. A priority system (other than date of approval) may be needed if a waiting list develops. Criteria may include severity of need (emergency) and/or family type (first consideration given to whatever may be needed to meet Village goals, e.g. elderly, handicapped, single-parent, large family, etc.).

5. Application Fee

An application/service fee of \$75 will be charged for all loans, and paid in advance.

6. Policy Exceptions to be Reviewed by HPAC

Any exceptions to the policy guidelines shall be reviewed by the Housing Programs Advisory Committee prior to review by the Board of Trustees. Exceptions to HUD guidelines, such as income limits will not be allowed and therefore will not be reviewed by HPAC.

F. REFINANCING

1. Refinancing criteria

In cases where former loan recipients wish to refinance mortgage(s), other than the Village's, and request that the Village maintain its subordinate position, the Village will agree to maintain its junior position if:

- a. There is adequate equity in the property to support the total proposed encumbrance, per policy guideline number B4. (if necessary, homeowner(s) will submit an appraisal as proof of equity);
- b. The cost of the refinance is the only allowable equity taken out of the property (see below); and
- c. There has been satisfactory performance over the previous 24 months on the existing loan.

Staff may also recommend Village Board approval of subordinations: 1) in cases of extreme emergency, when home equity is the only source of funds (as approved by the Rehabilitation Supervisor, Housing Programs Manager, and Community Services Director); and 2) in cases when equity is taken out, it is put back into the property in the form of home improvement. (Guideline amendment approved by Oak Park Village President and Board of Trustees February 20, 2001.)

2. Deferrals for Senior Citizens

The Village Manager shall be authorized to approve requests for tax deferrals under the Senior Citizen Real Estate Tax Deferral Program as long as: (1) there is adequate equity in the property (according to Policy Guideline B4); and (2) there has been satisfactory performance over the previous 24 months on the existing loan.

Approved by the Oak Park Village President and Board of Trustees March 17, 1997

Amendment (D. 3.) approved October 5, 1998

Amendments (B.4., D.1., and F.1.b.) approved February 20, 2001

Amendment (D.4.) approved March 21, 2005

2001-2005 Single Family Costs

Exhibit D

	Project Year				
	2001	2002	2003	2004	2005
Projects/yr	15	9	4	16	7
Low income	11	6	2	0	0
Very low income	4	3	2	16	7
Average cost per loan	\$ 26,721.94	\$ 47,661.00	\$ 34,425.61	\$ 33,685.19	\$ 37,407.36
Above \$25,000	8	5	0	4	4
Below \$25,000	7	4	4	12	3
CDBG Budget (fund 83)	\$ -	\$ -	\$ -	\$ 300,000.00	\$ 300,000.00
Fund 20 Budget (loan)	\$ 500,000.00	\$ 300,000.00	\$ 300,000.00	\$ 250,000.00	\$ -
Fund 20 Budget (grant)	\$ -	\$ -	\$ -	\$ 200,000.00	\$ 200,000.00
Home Loan Budget	\$ 200,000.00	\$ 300,000.00	\$ -	\$ -	\$ -
IHDA Budget	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG \$ spent (fund 83)	\$ -	\$ -	\$ -	\$ 54,882.50	\$ 82,553.00
Fund 20 \$ spent (loan)	\$ 119,918.00	\$ 156,302.50	\$ 97,502.42	\$ 180,880.57	\$ 60,879.51
Fund 20 \$ spent (grant)	\$ 126,000.00	\$ 62,473.00	\$ 40,200.00	\$ 303,200.00	\$ 118,419.00
Home Loan \$ spent	\$ 154,911.07	\$ 210,173.50	\$ -	\$ -	\$ -
IHDA \$ spent	\$ -	\$ -	\$ -	\$ -	\$ -
Total spent	\$ 400,829.07	\$ 428,949.00	\$ 137,702.42	\$ 538,963.07	\$ 261,851.51

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Exhibit E

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SECTION 2: BOARD POLICY OPTIONS SUMMARY INDEX

The policy options below are repeated with additional discussion content in the next section of this report. This overview permits quicker preliminary review and tasking for subsequent, more detailed, committee work. A recommendation by the consultants is indicated by **bold type**.

STAGE 1 PROGRAM PLANNING

This stage is accomplished by the Village planning and other executive staff apart from housing rehab, based on vision and purpose. This stage is illustrated a bit more in the complete system documents appendix on CDROM.

STAGE 2 PROGRAM SET-UP

A. BOARD POLICY QUESTIONS

1. CLARIFY MISSION

What are Our Role, Our Clients, and Service Area?

2. MINIMUM EFFICIENCY

What Is Our Minimum Output?

OPTIONS

A. No Standard

B. Twelve Units Per Year Per Full Time Equivalent – Recommended

C. 24 Units Per Year Per Full Time Equivalent -

3. REHAB SERVICE OPTIONS

3a. REHAB SPECIALIST ROLE

What is the basic role of the rehab specialist?

OPTIONS

A. Advisor to Homeowner

B. Consultant to Homeowner – Recommended

C. Representative of Lender

3b. IN-HOUSE OR CONTRACTED

Should we hire a rehab specialist or contract with another company?

OPTIONS

A. In House – Recommended

B. Contracted – Alternative

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- 3c. REHAB FEE
Will Rehab Specialist Services Be Offered For A Fee?
OPTIONS
A. No
B. **Yes – Recommended**
4. REHAB STANDARDS
What Rehab Standards Shall Apply To All Jobs?
- 4a. BASIC
What Basic Rehab Standards Apply?
OPTIONS
A Existing Structures Code/Housing Quality Standards
(Minimum Requirement)
B. New Building Code
C. Lead Hazard Reduction
D. **Program Specific Code – Recommended**
- 4b. OPTIONAL STANDARDS
Do Any Optional Standards Apply To Our Jobs?
OPTIONS
A. None
B. **Energy Code - Recommended**
C. **Accessibility Code - Client Specific**
D. Sustainability Guidelines
E. Historic
- 4c. HAZARDOUS MATERIALS
What Is Our Hazardous Materials Inspection and Treatment
Policy?
OPTIONS
A. None
B. **Disclosure and Education of Owners – Recommended**
C. Inspections
1. **Formal by Certified Inspectors – Recommended**
2. Informal
D. Control Options - Interior/Exterior
1. **In Place Management - Recommended**
2. Abatement
E. Specialized Insurance
- 4d. RELOCATION POLICY
When Do We Relocate Occupants?

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OPTIONS

- A. Uniform Relocation Act (URA) for all
- B. **Owner's Voluntary Relocation - Recommended**

5. LOAN UNDERWRITING POLICIES

What is the Maximum to the Loan-to-Value Ratio?

OPTIONS

- A. None
- B. Appraised Value
- C. **?? % of Appraised Value - Recommended**
- D. Replacement Value

6. MULTI MISSION OPTIONS

Should Job Creation and Training Be Integrated Into the Rehab Program?

OPTIONS

- A. Training
- B. Job Creation
- C. **No Additional Mission - Recommended**

7. PREFERENCE OPTIONS

7a. MINORITY CONTRACTORS

Should Minority Status, Geographic Location or Gender Be Used to Select Contractors and Suppliers?
No Recommendations

7b. SELECTIVE CLIENTS

Should Minority Status, Geographic Location, Gender or Other Targeting Be Used to Select Clients?

OPTIONS

- A. **Yes - Recommended**
- B. No

8. PARTNER OPTIONS

With Whom Should We Partner?

OPTIONS

- A. No one
- B. **Established Nonprofit - Recommended**
- C. **Professionals - Recommended**

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9. **POLICY REVIEW PERIOD**
How Often Should Policies Be Reviewed?
OPTIONS
 - A. **Annually – Recommended**
 - B. Every Three Years

STAGE 3 CLIENT OUTREACH AND INTAKE

A. BOARD POLICY QUESTIONS

1. **CLIENT AGREEMENT**
What Form of Client/Agency Agreement is Appropriate?
OPTIONS
 - A. None
 - B. Memo of Understanding
 - C. **Formal Contracts – Recommended**
2. **FEASIBILITY BUDGET**
When Will a Feasibility Budget be Established?
OPTIONS
 - A. **Prior to Field Inspection – Recommended**
 - B. After the Field Inspection
3. **EMERGENCY PROCESSING**
Is There an Emergency That Would Accelerate a Client's Processing?
OPTIONS
 - A. **Yes – Recommended**
 - B. No

STAGE 4 SPECIFICATION WRITING AND FEASIBILITY

A. BOARD POLICY QUESTIONS

1. **WHO INSPECTS WHAT?**

HAZMAT INSPECTION OPTIONS
 - 1a. When Will Licensed Inspectors for Hazardous Materials be Required? Who pays?

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OPTIONS

- A. Always
- B. Never
- C. For Sale Units
- D. **When Suspect – Recommended**

TERMITE INSPECTION OPTIONS

- 1b. When will termite inspections be required? Who pays?

OPTIONS

- A. Never
- B. **If Noticed – Recommended**
- C. Always

CODE INSPECTION OPTIONS

- 1c. Is a Building Code Inspection a Prerequisite for all Requests for Assistance?

OPTIONS

- A. **No - Recommended**
- B. Always
- C. Difficult Projects

ENERGY STANDARDS

- 1d. Is an Energy Audit or Inspection Included in all Requests for Assistance?

OPTIONS

- A. Always
- B. Never

2. PLAN AND STAMP REQUIREMENTS When Will Construction Drawings and Architectural Stamps be Necessary? Who Pays?

OPTIONS

- A. **Special Situations – Recommended**
- B. Always

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3. GENERAL PROPERTY IMPROVEMENTS
Will a Fixed Percentage of Job be Used to Address Basic Building Code Rather Than General Property Improvement? What Percentage?

OPTIONS

- A. Yes
- B. **No – Recommended**

4. CHANGE ORDER POLICIES
What is the Source and Amount of Funds for Change Orders?

OPTIONS

- A. No Change Orders (trade-offs only)
- B. **Escrowed Loan Proceeds – Recommended**
- C. Owner's Funds

STAGE 5 BIDDING AND CONTRACTS

A. BOARD POLICY QUESTIONS

1. BIDDING PROCESS OPTIONS
What Type of Bidding Process Will be Used ?

OPTIONS

- A. **Competitive Bidding - Recommended**
- B. Negotiated - **Alternative**
- C. Fixed Prices – **Alternative**

2. CONSTRUCTION OPTIONS What Contracting Mode
Should We Use?

OPTIONS

- A. **General Contractor - Recommended**
- B. Formal Construction Management - **Alternative**
- C. In House

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3. WHO CAN DO WORK?
- 3a. CONTRACTOR CLASSIFICATION What is the Contractor Qualification and Classification System for this program ?
OPTIONS
A. Single Level
B. **Multi Level - Recommended**
- 3b. HOMEOWNER GENERAL CONTRACTORS Will Homeowners be Allowed to Act as their own General Contractors? Is There any Qualification Process?
Is There a Time Limit for Completion of Construction?
Are There Any Insurance Requirements?
OPTIONS
A. **Never - Recommended**
B. Self Help Allowed With Qualifications and Contract
C. Only Certain Trades By Any Owner
- 3c. **RELATIVE CONTRACTS** Will Relatives of a Client be Allowed to perform Work and Receive Compensation?
OPTIONS
A. **No - Recommended**
B. Yes, With Conditions
4. CONTRACTING OPTIONS
- 4a. JOB NOTIFICATION How Do Contractors Learn of Available Work?
OPTIONS
A. Open
B. **Invitations to Bid - Recommended**
C. Owner's Choice - **Alternative**
- 4b. **MINIMUM RESPONSE** What is the Minimum Number of Bids That Must be Received?
OPTIONS

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- A. **One Response - Recommended**
- B. Two Responses

ESTIMATE/PROPOSAL CONCURRENCE

- 4c. What is the Maximum Range for Difference Between Bids and the Program Estimate?

OPTIONS

- A. +/- 10%
- B. +/- 20%
- C. **Lowest Responsive - Recommended**

LOWEST BID

- 4d. Does the Lowest Bid Always Win the Contract?

OPTIONS

- A. Yes
- B. **Owner's Choice – Recommended**

EMERGENCY BIDS

- 4e. Is There a Situation Where the Program Would Respond to an Emergency?

OPTIONS

- A. Standard Process
- B. **Modified Process – Recommended**

SIDE AGREEMENT OPTIONS

5. Can Owners Enter into Side Agreements with Contractors During the Intervention?

OPTIONS

- A. **No Side Agreement - Recommended**
- B. Agreements Encouraged

LEGAL REPRESENTATION OPTIONS

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6. Will Homeowners/Clients be Required to Engage
Legal Representation and Who Pays?

OPTIONS

- A. Yes
B. No

STAGE 6 CONSTRUCTION MONITORING

A. BOARD POLICY QUESTIONS

PAYOUT POLICY

1. What is the Contractor Payout Policy?

1a. PAYMENT BASIS

What is the Payment Basis?

OPTIONS

- A. % Complete
B. Fixed Amounts
C. Fixed %

ADVANCES

- 1b. Should The Program Ever Provide Advances to Contractors?

OPTIONS

- A. Yes
B. No
C. **Under Special Conditions - Recommended**

RETAINAGE

- 1c. What Percentage of the Payouts will be Retained until
Completion of the Work?

OPTIONS

- A. None
B. **1 - 15% - Recommended**

CHECK ENDORSEMENTS

- 1d. Should Our Program Make Payment to the Homeowner,
-

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the Contractor or Both?

OPTIONS

- A. Owner
- B. **The Contractor – Recommended**
- C. Dual Endorsed - **Alternative**

PAYMENT APPROVAL OPTIONS

2. Who Approves the Work in Progress for Partial and Final Payouts?

OPTIONS

- A. The Owner – **Alternative**
- B. Rehab Specialist - **Alternative**
- C. **Both Owner and Rehab Specialist - Recommended**

OWNER DRAW OPTIONS

3. What is the Owner Self-Help Payout Policy?

OPTIONS

- A. The Same as General Contractors
- B. **Modified Standard – Recommended**

DISPUTE RESOLUTION OPTIONS

4. How will we resolve construction disputes?

OPTIONS

- A. **Initial Mediation – Recommended**
- B. **Arbitration - Recommended**
- C. Trial

Quality Assurance/Quality Control POLICIES

5. Who Should be Responsible for the Quality Assurance System?

OPTIONS

- A. **Board Members - Recommended**
- B. Senior Staff - **Alternative**
- C. Funder Review - **Alternative**
- D. Consultant Review

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STAGE 7 WARRANTY AND EVALUATION

A. BOARD POLICY QUESTIONS

UNSPENT CONTINGENCIES

1. How Should Unspent Contingency Funds be Used?

OPTIONS

- A. Prepay Principal
- B. **Prepay Escrows – Recommended**
- C. Construction Extras

EVALUATION SYSTEM

2. What Client Evaluation and Complaint System Should Be in Place?

OPTIONS

- A. Sampling – **Alternative**
- B. **Each Job - Recommended**

WARRANTY INSPECTIONS

3. What should the Organization's Role be in Warranty Inspections?

OPTIONS

- A. Owner
- B. **Agency Activity - Recommended**

PUBLIC RECORDS

4. Should Contractor/Homeowner Records be Public?

OPTIONS

- A. **Yes - Recommended**
- B. No

HOUSING REHABILITATION PROGRAM SAMPLE DOCUMENTS

Index of documents found on CDROM

Documents revised to comply with lead regulations are in italics; added documents are in bold.

STAGE 1 PROGRAM PLANNING

- S1.01 Sample Housing Survey Form
- S1.02 Short Form Housing Survey
- S1.03 Loan Committee Policies

STAGE 2 REHAB PROGRAM SET-UP

- S2.01A Housing Quality Standards
- S2.01B *Rehab Standards for Single-Family Structures*
- S2.02 Inspection Checklist Items
- S2.03 Contractor Application Tracking Sheet
- S2.04 Model Contractor Classification System
- S2.05 Contractor Recruitment Letter
- S2.06 *Contractor's Handbook*
- S2.07 Contractor Profile
- S2.08 Suggested Questions for Interviewing Contractors
- S2.09 Suggested Questionnaire for Interviewing Contractor's Past Customers
- S2.10 Questionnaire – Contractor's Banking References
- S2.11 Questionnaire for Contractor's Supplier (Products) References
- S2.12 Suggested Form for the Field Inspection of Contractor's Work
- S2.13 Example - Contractor Registry
- S2.14 **RFP/RFQ for Professional Lead Services**
- S2.15a *Owner's Service Agreement (short form)*
- S2.15b Homeowner Service Agreement (long form)
- S2.15c Rehab Services Contract
- S2.16 *Owner/Contractor Agreement*
- S2.17 *General Conditions of Owner-Contractor Agreement*
- S2.18 *Owner Self Help Performance Agreement*
- S2.19 *Job File Index*

STAGE 3 CLIENT INTAKE

- S3.01 *Owner's Manual*
- S3.02 *Owner's Pre-inspection Checklist*
- S3.03 Request for Code Inspection
- S3.04 *Feasibility Worksheet*
- S3.05 EPA Lead Pamphlet
- S3.06 Lead Warning Letter
- S3.07 **Sources of Lead Hazards and Disclosure (optional)**
- S3.08 **First Time Homebuyer's Lead Disclosure**

STAGE 4 SPECIFICATION AND FEASIBILITY

S4.01A	Environmental Field Notes Checklist A
S4.01B	Environmental Field Notes Checklist B
S4.02	Historic Assessment
S4.03	Lead Requirement Worksheet
S4.04	Risk Assessment Protocols
S4.05	NCLSH Lead Paint Library of Specifications
S4.06	General Specifications Sample Index
S4.07	Special Procedures Request
S4.08	Sample Single Family Lead Hazard Evaluation Notice
S4.09	Sample Single Family Lead Hazard Presumption Notice
S4.10	Work Write-Up Transmittal Letters
S4.11	Owner's Approval of Work Write-Up

STAGE 5 BIDDING AND CONTRACTS

S5.01A	Invitation to Bid Packet
S5.01B	Instructions to Bidders
S5.01C	Bid Proposal Form
S5.01D	No Bid Intention
S5.02	Pre-Bid Inspection (optional)
S5.03	Addendum to Work Write-Up
S5.04	Bid Comparison Results
S5.05	Certification of Bid/Proposal
S5.06	Subcontractor & Supplier Listing
S5.07	Owner's Selection Worksheet
S5.08	Homeowner Relocation Plan & Agreement
S5.09	Waiver of Relocation Protections
S5.10	Construction Loan Escrow Agreement
S5.11	Construction Loan Contingency Escrow Agreement
S5.12	<i>Preconstruction Conference Checklist</i>
S5.13	Construction Roles Agreement
S5.14	Required Progress Inspections
S5.15	Rehab Job Schedule

STAGE 6 CONSTRUCTION MONITORING

S6.01	Notice to Proceed
S6.02	Progress Meeting Checklist
S6.03	HDP Milestone Example
S6.04	Draw Instructions
S6.05	Request for Payment
S6.06	Example - Draw History

S6.07	Waiver of Lien to Date and Contractor's Affidavit
S6.08	Sworn Statement (optional)
S6.09	Subcontractor's Waiver of Lien to Date and Affidavit (optional)
S6.10	Partial Inspection & Payout Order
S6.11	Checklist: Safe Work Practices
S6.12	Example - Field Change Proposal
S6.13	Example - Change Order Housing Developer Pro HDP3
S6.14	Contractor's Final Payment Checklist
S6.15	Contractor's Pre-Inspection Punch List
S6.16	Rehab Specialist Final Inspection Checklist
S6.17	Safe Work Practices Certification
S6.18	Clearance Inspection Protocols
S6.19	Combined Notice of Lead Hazard Reduction and Clearance Inspection Report
S6.20	Reoccupancy Authorization
S6.21	Owner's Punch List
S6.22	Certificate of Completion and Homeowner's Final Approval of work
S6.23	Combined Application for Final Payment & Release of Liens & Warranty
S6.24	Final Release of Liens
S6.25	Sample Notice of Lead Hazard Reduction
S6.26	Payment Release Directive
S6.27	General Warranty
S6.28	Roof Warranty

STAGE 7 WARRANTY AND EVALUATION

S7.01	Homeowner Evaluation of Job
S7.02a	Contractor Evaluation by Rehab Specialist A
S7.02b	Contractor Evaluation by Rehab Specialist B
S7.03	Homeowner Evaluation of Contractor
S7.04	Project Evaluation by Rehab Staff
S7.05	Warranty Inspection Checklist
S7.06	One Year Checklist
S7.07	Warranty Punch List
S7.08	Cleaning and Safe Maintenance (optional)