Blight Reduction Program (BRP) – Round 1

April 15, 2015
Agenda

- Background
- Eligible Uses
- Awards
- EPA
- Closing with Legal
- Reporting
- Questions
Blight Reduction Program Background

- The Illinois Housing Development Authority ("IHDA"), under the U.S. Treasury Hardest Hit Fund Program, created the Blight Reduction Program ("BRP") in 2014.

- IHDA utilizes repaid Hardest Hit Fund dollars to fund BRP. There is $5.39 million currently committed under Round 1. All HHF funds must be committed prior to HHF program sunset on December 31, 2017.
Blight Reduction Program Purpose

- BRP aims to:
  - decrease preventable foreclosures and stabilize neighborhoods
  - support partnerships between Illinois units of local government and their Not-For-Profit Partners
  - provide funding to target blighted, vacant, residential properties in specific communities (BRP Target Areas) for demolition, greening, and eventual reuse, repurpose, and/or redevelopment
Eligible Costs/Activities

• Per property assistance $35,000 (per unit maximum) which may include the following on a per unit basis (if applicable):
  – Acquisition (purchase price, lien extinguishment, legal costs)
  – Closing costs (if applicable, i.e., title, recording and transfer fees
  – Demolition
  – Lot Treatment/greening
  – Maintenance ($3,000 per unit)
  – Administrative expenses ($1,750 per unit)
Applications

- Applications for BRP were released on September 8, 2014 and due back to IHDA on December 8, 2014.

- IHDA received 24 applications from Counties, Municipalities, and Land Banks statewide (representing 13 counties).

- 15 grantees were accepted (representing 10 counties).

- Funds to Grantees total $5,390,000.00.
BRP R1 Coverage

Funding Recommended

Application Received
Tri-Party Agreement
Communities can download the toolkit at: http://1.usa.gov/15yzqyt
3. Highlighted Demolition Modifications to Improve Environmental Results

One of the goals of developing the residential demolition bid specification development tools is to assist cities, counties, land banks and other organizations in developing high quality, detailed contract language that will result in an environmentally-sensitive demolition process. Integral to this process is providing adequate project field oversight in order to ensure that contractors are performing the work as specified, and yelding the benefits that these specifications are designed to produce. The following sections include the recommendations and best management practices that are included in the specifications sections in the Appendix. Each city/county land bank, or other entity will need to assess its own practices, markets, and resources in order to determine which, if any modifications will have the greatest impact and are most feasible. When the specifications reference demolition requirements, waste handling and disposal regulations, or worker protection measures U.S. EPA or the Occupational Safety and Health Administration (OSHA), these regulations must be met. All applicable statutory and regulatory requirements including environmental, worker protection, and historical preservation requirements must be met.

A. Conduct Pre-Demolition Inspections to Identify Waste Streams

One of the first steps for the demolition of a vacant home is to identify characteristic, and quantify the potential waste streams at the site. This may be required for accurate bidding and the handling of waste disposal. The Pre-Demolition Survey bid specification development tool provides a list of the potential waste streams that should be considered for the survey including asbestos-containing materials (ACM), lead-based paint (LBP), polyurethane diphosphates (PCBs), mercury-containing wastes (Hg), general household wastes, and other potential hazardous wastes. Another useful set of data to be compiled during the survey is an inventory of the items and materials that would be suitable for salvage and reusing. The Waste Management Plan specification tool offers guidance on developing a plan for procedures and methods to be used in the handling and disposal of the waste streams.

C. The inspection report must identify and quantify all waste streams identified during the pre-demolition survey.

SAVAGEABLE AND RECYCLABLE ITEMS

A. While conducting the pre-demolition survey the inspection personnel shall also identify and quantify any items that may be salvaged or recycled prior to demolition. Table 1 attached to this specification may be used in creating the inventory of salvageable and recyclable items.

B. To be eligible for salvage or recycling, items must be free of hazardous or special waste streams as identified in the preceding sections. Items must also be able to be removed without disturbing or releasing any adjacent hazardous materials. Otherwise, adjacent hazardous materials must be removed properly and in accordance with federal, state, and local regulations prior to removal of the salvageable or recyclable items.

C. The contractor should contact the local building material reuse store to determine whether the reuse center is able to accept older materials that have been coated with LBP. There may be state and local laws or regulations that address the management, handling, or sale of materials containing LBP.

D. Salvageable materials may include:

1. Doors.
2. Door frames.
3. Millwork.
5. Window frames.
6. Porcelain fixtures.
7. Brick.
8. Wood flooring.
10. Furniture.
12. Hot water heaters.
13. Hardware.

E. Recyclable materials may include:

1. Metals from steel frames.
2. Plumbing.
3. Wiring.
5. Carpeting.
6. Roofing materials.
7. Wood.
8. Asphalt.
9. Concrete.
10. Appliances.
11. Certain special wastes, such as electronic or scrap tires.

F. The pre-demolition survey report should also identify what items are required to be removed for salvage or recycling prior to the demolition of the structure. This information will assist the contractor in developing the sequence of removal in the Waste Management Plan.
Menu of Bid Spec Modifications to Improve Demo Practices

- Soils for Earthwork
- Placement of Fill
- Grading
- Soil Stabilization and Seeding
- Impervious Surface Removal
- Pre-Demolition Survey
- Asbestos NESHAP Compliance
- Managing Harmful Dust
- Waste Management Plan
- Recycling and Salvage
- Waste Handling and Disposal
- Deconstruction

Earthworks Bid Specs

Waste Management Bid Specs
Asbestos?

- Tires
- Illegal dumping
- Mercury, freon, lead...
- Salvageable items
- Hazardous conditions
Waste Management Plan

Where do materials go once building demolished?

- Landfill
- Salvage
- Recycling
- Hazardous
Self-Check: Are the following procedures outlined in the Deconstruction Work Plan?

1. Scheduling
2. Inventory of items to be salvaged
3. Inventory of materials to be diverted for recycling
4. Sequence of deconstruction
5. Contractor qualifications and experience
6. Training for deconstruction contractors
7. Salvage markets
8. Salvage Material Management Plan (to align with the Waste Management Plan)
9. Deconstruction permitting
Prevent fugitive dust through adequate wetting

[A garden hose is not adequate]
Removed impervious surfaces

Basement removed
Sandy loam allows infiltration

Backfill testing for contaminants

Sandy loam
Topsoil 4” depth

Not compacted

Compacted
Waste Management Plan
Where do materials go once building demolished?

Reuse
Recycle
Landfill

Asbestos?

No-mow seed mix and straw

Backfill testing for contaminants

Uncompacted topsoil

Sandy loam
CLOSING WITH LEGAL
Timeline

4/2015
- Commitment Letter Out

5/2015
- Commitment Letter Returned
- Tri-Party Agreement Out

6/2015
- All Documents Due
- Initial Closing (Tri-Party Agreement)

Ongoing
- Unit Closings Quarterly
Required Loan Documents

Prior to the initial closing date, the Unit of Local Government and the Not-for-Profit Partner shall deliver three (3) original copies of the following:

- A Loan Agreement signed by Unit of Local Government and NFP, providing for the recapture of each Loan as provided therein;
- A Mortgage Note signed by NFP for each Loan;
- A Mortgage signed by NFP for each Eligible Property;
- An Environmental Indemnity, covering all Eligible Properties in the Project, signed by NFP;
- An Ownership Structure Certificate signed by NFP, providing the ownership structure of NFP for all principals owning ten percent (10%) or more and listing all owners/members down to a level of a living person or persons, with ownership percentages and social security numbers for all persons;
- Such other documents as the Authority may reasonably require, in its sole discretion.
Other Showings – Unit of Local Government

- Resolution or ordinance of the Unit of Local Government
- Certificate of Incumbency of the Unit of Local Government indicating those officers and/or officials who are authorized to execute and deliver the Loan Documents (Land Banks Only)
- Copy of By-Laws of the Unit of Local Government
- A copy of the purchase agreement between the Unit of Local Government and NFP, providing for the sale of the Eligible Property to NFP and describing the duties, responsibilities and obligations of each of the parties in connection with the demolition, greening and lot treatment, maintenance, administration and redevelopment of the Sites;
- A copy of the promissory note or other instrument of debt, between NFP and the Unit of Local Government in connection with the financing of the Eligible Uses for the Eligible Property
Other Showings – Not-for-Profit Partner

- NFP’s Articles of Incorporation
- A certificate of good standing of NFP from the state of incorporation
- By-Laws and resolutions of NFP
- An incumbency certificate of NFP
- A certification signed by an officer of NFP and dated as of the Closing Date certifying as to the validity of documents attached
- A Taxpayer Identification Number Certification
- A current ALTA mortgagee’s title insurance policy or commitment to issue the Title Policy, issued by a company acceptable to the Authority
- Copies of all recorded easements, including utility easements, and any and all other recorded documents affecting the Eligible Property
- A copy of the current deed for the Site, showing NFP as fee owner of the Site
- Once NFP is owner of the Eligible Property, NFP shall obtain and maintain, comprehensive general liability coverage, including contractual coverage, with minimum liability limits of $500,000 per occurrence and $1,000,000 in the aggregate unless additional coverage is required by the Authority
- Other items as listed in the agreement
Legal Contact Information

Loan Documents will be sent to:
Arieh Flemenbaum
Senior Counsel
c/o the Illinois Housing Development Authority
401 N. Michigan Ave., Suite 700
Chicago, Illinois 60611

For specific questions please contact:
aflemenbaum@ihda.org
312-836-7442
REPORTING
Reporting Guidelines

• Quarterly Reimbursement Requests will be due on the provided due dates (quarterly from the date the tri-party agreement is signed)

• A reimbursement request will include:
  – One Reimbursement Request Summary Sheet of all properties (Excel coversheet)
  – One package per property (PDF):
    • A completed BRP Individual Unit Report (individual tabs in Excel sheet)
    • A completed Reimbursement Checklist
    • All items on the Checklist

• To ensure that you receive payment in the submission quarter, you must submit your report no later than 15 days after the due date. If the report is received beyond that time, payment will not be approved for disbursement until the next quarter
Blight Reduction Program – Reimbursement Checklist

This form is required with each Unit closing package

☐ Itemized Individual Unit Report
☐ Note
☐ Demolition Permit
☐ Proof of Insurance (Per Property)
☐ Site Survey
☐ Property Tax Information
☐ Historical Preservation Documents
☐ Authority for Demolition (title, consent, court order, etc.)
☐ Pre-demolition inspection (i.e., Environmental Survey and EPA Notification)
☐ Pre-demolition Costs
☐ Deconstruction Costs
☐ Hazardous Material Survey and Disposal
☐ Income Earned from Recycling and Salvaged Building Components (doors, windows, plumbing fixtures, etc.)
☐ Proof of Acquisition/Demolition/Greening Expenses (itemized) and of Payments Made
☐ Final Inspection of Property
☐ Pictures Before/During/After
## Blight Reduction Program (BRP) Reimbursement Request Summary Sheet

Please complete this report including all tabs listing costs per activity, per property, for your Blight Reduction Program reimbursements. Please submit one PDF per property, including all items requested on the Blight Reduction Program Reimbursement Checklist. All items shall be submitted electronically to brpinfo@ihda.org. Please sign and certify below.

### Grantee Information

- **Applicant Name:**
- **Not-for-Profit Partner Name:**
- **Contact Person for Report:**
- **Phone Number:**
- **Email:**
- **Time Period:**

### Certification

The undersigned certifies that the information contained herein is true and accurate and that the itemized expenses included are related to Eligible Uses under the Blight Reduction Program. The undersigned further certifies that all books, records, and supporting documents in relation to the itemized expenses listed herein are maintained at the office of the undersigned and are available for inspection by the Illinois Housing Development Authority, the Illinois Attorney General, the Illinois Auditor General, or any of their designated representatives, and as otherwise required by applicable state law.

- **Certified Financial Officer Signature:**
- **Date:**
- **Authorized Official Signature:**
- **Date:**

### Total Number of Unique Properties Reported Below

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**Page 1**
Please complete this report clearly itemizing all expenses specifically associated with your Blight Reduction Program Agreement. List descriptions of individual activities in the Description column. Every item provided must be labeled and clearly identified in the Label Name column. Furthermore, please provide any additional requested information.

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Page 1
**Reporting Tips**

- All reports must be submitted **100% digitally**

- Complete one Excel tab per unit (BRP Individual Unit Report) itemizing all expenses for that unit

- One PDF per unit – labeled as the property address
  - First page should be the Excel tab corresponding to that unit
  - Include all items on the checklist

- Complete the Reimbursement Request Summary Sheet to match all items reported in the individual unit reports

- Be sure to submit the Excel sheet with all tabs completed
  - If there is a tab in the Excel sheet for a unit, be sure there is a PDF for that unit
  - If there is a PDF for a unit, be sure there is a tab in the Excel sheet for that unit
Reporting Tips, cont.

• If one invoice covers more than one unit – include the invoice in each unit’s packet

• Label all invoices and items on invoice with the corresponding line items
  – Write on the receipts and invoice to clarify individual items, partial expenses, etc.

• All reports can have lines added for more itemizations and more tabs for more units

• *The more organized the report is when it comes to IHDA – the more promptly funds can be approved for payment*
Contact Information

HHFBRPinfo@ihda.org

Nicki Pecori
Director of Community Affairs

Amber Lockwood
Assistant Director of Community Affairs

Bill Erdmier
Program Coordinator
Thank you – We look forward to working with you to help revitalize your community.