Blight Reduction Program (BRP) – Round 2

Welcome and Training Webinar

March 3, 2016
Agenda

- Background & Purpose
- Eligible Costs & Activities
- Round 2 Funding & Key Dates
- US EPA
- Closing with Legal
- Reporting
- Questions
Blight Reduction Program Background & Purpose

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

- 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)
Blight Reduction Program (BRP)

The Blight Reduction Program (BRP) was created in 2014 to decrease preventable foreclosure and stabilize neighborhoods by supporting Illinois units of government and their Not-For-Profit Partners as they target blighted and vacant residential properties in specific communities for demolition, greening and eventual reuse, or redevelopment. BRP complements the state-funded Abandoned Property Program by reducing blight for the end purpose of repurposing and/or redevelopment that benefits the surrounding residential community and helps reduce foreclosures.

Round 2:

- The Round 2 application period is now closed
- August 20, 2015 application technical assistance webinar
- Information about Round 2 funding approved at the February 19, 2016 Board Meeting, can be found here

Round 1:

- November 18, 2015 Program Guide and Compliance webinar
- August 25, 2015 BRP Unit Closing webinar
- Information about Round 1 funding, approved at the March 20, 2015 Board Meeting, can be found here

Additional Information:

- Updated Program Guide
- BRP FAQ
- Unit Substitution Form
- BRP Extension Request Form
- Unit Definition Exception
Round 2 Funding & Key Dates

- Applications requesting funding were due to IHDA on September 25, 2015
- 15 applications were accepted (representing 11 counties)
- Funding commitments under Round 2 total $10,535,000.00

- July 28, 2016: Submission of all documents and showings due for loans you wish to close at First Quarterly Unit Closing Date of August 30.

- April 28, 2018: Submission of all documents and showings and showings due for final Quarterly Unit Closing Date of May 30, 2018.

  - Project performance benchmarks: NFP must have a minimum of three (3) completed Unit Closings within 6 months (Jan. 2017 submission) and at least half (50%) of Units successfully closed within twelve months (July 2017 submission).
Recommendations

- 15 participants (Applicant and Not-for-Profit teams)
- Funding at $10,535,000
- Addressing a minimum of 301 properties
Residential Demolition Bid Specification Development Tool

Communities can download the toolkit at:
https://www.epa.gov/150park
3. Highlighted Demolition Modifications to Improve Environmental Results

One of the goals of developing the environmental demolition specifications is to identify areas where construction tools can be substituted, counties, land banks and other organizations can develop high-quality detailed contract language that will result in a more environmentally friendly process. Integral to this process is providing adequate project field oversight to ensure that contractors are performing the work as specified, and including the benefits that these specifications are designed to produce. The following sections outline the recommendations and best management practices that are included in the specifications sections of the Appendix. Each step provides hard details of the project in the contract, ensuring that if any modifications will have no adverse impact and are not feasible. When the specifications reference demolition requirements, waste handling and disposal regulations, or waste protection regulations, USEPA or the Occupational Safety and Health Administration (OSHA), those regulations must be met. All applicable statutory and regulatory requirements including environmental, weather protection, and historical preservation requirements must be met.

2. Conduct Pre-Demolition Inspections to Identify Waste Streams

One of the first steps for the demolition of a vacant house is to identify what stream, and quantify the potential waste streams at the site. This step helps to ensure accurate bidding and handling and disposal of waste disposed. The Pre-Demolition Survey tool specification development tool provides a list of potential waste streams that should be considered for the survey, including asbestos-containing materials (ACMs), lead-based paint (LBP), polychlorinated biphenyls (PCBs), and materials containing lead. The survey can be used to identify the types of items and their locations that would be suitable for salvage and recycling. The Waste Management Plan specifications tool offers guidance on developing a plan for procedures and methods to be used in the handling and disposal of the waste streams.

Dismantlable and Recyclable Items

- Wood
- Windows
- Doors
- Metal
- Lumber
- Glass
- Foil
- Paper
- Plastic
- Wiring
- Insulation
- Appliances
- Films
- Textiles
- Other

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

1. Dismantlable Materials include:
   - Doors
   - Windows
   - Drains
   - Metal frames
   - Glass
   - Insulation

2. Recyclable materials include:
   - Metal
   - Wood
   - Glass
   - Paper
   - Plastic
   - Insulation
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
Incorporating Deconstruction, Salvage, and Recycling

- Assess deconstruction potential - **Deconstruction Rapid Assessment Tool**
  - Considers building characteristics ex: size, year built, possible hazards, architectural finishes
  - Editable depending on program goals
  - Already being used in Detroit, MI and Gary, IN

- Processing capacity and end markets needed
- Checklist and instructions available at: [http://go.usa.gov/3sabR](http://go.usa.gov/3sabR)
Prevent fugitive dust through adequate wetting

[A garden hose is not adequate]
Removed impervious surfaces

Basement removed

Reuse Recycle Landfill
Sandy loam allows infiltration

Backfill testing for contaminants

Sandy loam
Topsoil 4” depth

Not compacted

Compacted
No-mow seed mix and straw

Asbestos?

Waste Management Plan
Where do materials go once building demolished?

Reuse Recycle Landfill

Backfill testing for contaminants

Uncompacted topsoil

Sandy loam
Greening Vacant Lots - Environmental Considerations

1. Stormwater Management - Soak up rainwater on site
2. Environmental Considerations - Brownfields, materials management, and safe disposal of hazardous materials
3. Jobs and community engagement
4. Place - Location efficient infill sites
5. Other infrastructure function:
   - Habitat/Open space
   - Urban agriculture
HOW to green vacant lots?

Construction specifications, stormwater design, job training, maintenance, and funding

Upcoming Webinar: Residential Demolitions and Vacant Lots

Detroit and Genesee Co Land Banks
March 10 Webinar @ 2 PM Eastern
Register at:
https://attendee.gotowebinar.com/register/8804060455781268482

VACANT LOT GREENING SERIES
THE GENESEE COUNTY LAND BANK
Flint, Michigan

U.S. Environmental Protection Agency Region 5 researched current practices on vacant lot greening as a resource to communities on issues of stormwater management, construction specifications, job training, property maintenance and funding.

FLINT AT-A-GLANCE:

Population Trends
Vacancy Snapshot

From its peak in 1960 to 2010, Flint’s population decreased from 196,940 to 102,434↓
48.0% DECLINE
down

14,924 VACANT LOTS ↓ 1/3 LAND BANK OWNED

The Genesee County Land Bank (GCLBA) was formed in 2004 with the mission of “restoring value to the community by acquiring, developing, and selling vacant and abandoned properties in cooperation with stakeholders who value responsible land ownership.” The GCLBA supports greening and maintenance of vacant lots through its Lota Available and Clean & Green programs, and by deploying Maintenance Crews. The Land Bank is now planting clover as a low-maintenance lawn treatment after demolishing blighted structures.

GCLBA SINCE 2004:
2210 HOMES + 133 BUILDINGS SOLD ~5,000 DEMOLITIONS
CLOSING WITH LEGAL
Timeline

- **03/02/16**: Commitment Letter Out
- **03/23/16**
  - Commitment Letter Returned
- **04/04/16**
  - Tri-Party Agreement Out
- **04/22/16**
  - 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 four (4) original copies of the following:

- Conditional Commitment Letter (CCL) with exhibits
- Tri-Party Agreement
- List of Approved Properties
- Environmental Indemnity
- Such other documents as the Authority may reasonably require, in its sole discretion.
Other Initial Closing 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
• Copy of By-Laws of the Unit of Local Government (Land Banks Only)
Other Initial Closing 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 officers certificate/incumbency certificate of NFP
- A Taxpayer Identification Number Certification
- An Ownership Structure Certificate signed by NFP, providing the ownership structure of the NFP for all principals owning 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.
Required Loan Documents

Prior to the **unit closing date**, the Unit of Local Government and the Not-for-Profit Partner shall deliver original copies of the following:

- One (1) Original Copy of the Mortgage Note signed by NFP for each Loan;
- Four (4) Original Copies of the Mortgage signed by NFP for each Eligible Property;
- Four (4) Original Exhibits updating the Environmental Indemnity, covering all Eligible Properties in the Project, signed by NFP;
- Such other documents as the Authority may reasonably require, in its sole discretion.
Other Unit Closing Showings – Unit of Local Government

• Copy of By-Laws of the Unit of Local Government (Land Banks only)
• A copy of the agreement between the Unit of Local Government and NFP, providing for the sale of the Eligible Property to the 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 instruments of debt, between NFP and the Unit of Local Government in connection with the financing of the Eligible Uses for the Eligible Property
Other Unit Closing Showings – Not-for-Profit Partner

- A current ALTA mortgagee’s title insurance policy or commitment, 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
- A Site Survey for the each Unit;
- A Disbursement Request for each Unit;
- An Individual Unit Report for each Unit;
- An Environmental Certification for each Unit;
- Copies of the instrument of debt between the ULG and the NFP for the Unit;
- Evidence of funds expended for the Eligible Uses for each Unit;
- Evidence of the required insurance policies for each Unit;
- Photos of the Unit before, during and after the demolition, green and lot treatments;
- Historic Preservation documents certifying the Unit is in compliance with the Act;
- UCC and judgment lien searches; an
- Wire Instructions and title company contact information;
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 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
Blight Reduction Program – Reimbursement Checklist
This form and all items included are required with each Unit closing package (Reimbursement Request)

Please send digital copies of the following items in the order listed, in one PDF per Unit, to HHFBPRinfo@ihda.org:

1) Itemized Individual Unit Report
2) Site Survey
3) Authority for Demolition (title, consent, court order, etc.)
4) Demolition Permit
5) Pre-demolition inspection (i.e., Environmental Survey and EPA Notification)
6) Historical Preservation Documents
7) Certification of Completed Hazardous Material Identification Survey and Disposal
8) Proof of Acquisition/Demolition/Greening Expenses (itemized with evidence of payments made)
9) Deconstruction Costs
10) Income Earned from Recycling and Salvaged Building Components (doors, windows, plumbing fixtures, etc.)
11) Final Inspection of Property
12) Pictures Before/During/After (time stamped and preserving perspective, taken from the same location each time)
13) Copies of easements and recorded documents affecting title, if any
14) Copy of the purchase agreement Unit
15) Copy of Deed showing the NFP as fee owner
16) Copy of the instrument of debt between ULG & NFP for the financing of Eligible Uses for the Unit
17) Prepaid Insurance Policies (including paid receipt for one Year) with IHDA listed as a Mortgagee on the Property Insurance and as Additional Insured on the Liability Insurance. IHDA must be a certificate holder on all evidence of coverage.

Required insurance is as follows:
-Comprehensive General Liability Insurance in the minimum amounts of $500,000 for each occurrence and $1,000,000 in the aggregate.
-All-Risk/Special Form (including property damage, vandalism, and malicious mischief). Property insurance for vacant property must be included and so indicated on evidence of coverage.

18) Searches:
   a. UCC lien & fixture filing
   b. Judgment, bankruptcy
   c. Federal & state tax lien
   d. Federal & state pending suit

Please send original copies of the following items, to Community Affairs - BRP, 401 N. Michigan Ave., Suite 700 Chicago, IL 60611:

1) One (1) Original Copy of the Note
2) Four (4) Original Copies of the Mortgage
3) Four (4) Original of the updated schedule of the Environmental Indemnity adding the Unit to be closed at the quarter’s closing date
4) Three (3) Original Copies of the Escrow Agreement
5) One (1) Original ALTA Loan Policy issued to the Authority by a title insurance company chosen by the NFP in the full amount of the loan
6) Contact information and wire instructions for the Title Company
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

Unit of Local Government Name:
Not-for-Profit Partner Name:
Contact Person for Report:
Phone Number: __________________________ Email: __________________________
Time Period: __________________________ to __________________________

CERTIFICATION

The undersigned certifies that the information contained herein is true and accurate and 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 __________________________

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<tr>
<th>PIN#</th>
<th>Property Address</th>
<th>City/Town</th>
<th>Zip + 4</th>
<th>Acquisition</th>
<th>Demolition</th>
<th>Treatment</th>
<th>Property</th>
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# BRP Individual Unit Report

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.

<table>
<thead>
<tr>
<th>Expense</th>
<th>Description</th>
<th>Label Name</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>(purchase price, lien extinguishment, legal costs, title, recording and transfer fees)</td>
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<td>$0.00</td>
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<tr>
<td>Demolition</td>
<td></td>
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<td>$0.00</td>
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</table>

**Property Address:**

**Pin #:**

**Total Costs**

$0.00
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

Bill Erdmier
Maria Hurtado
Dorothy Peppers
Program Coordinators
Thank you – We look forward to working with you to help revitalize your community.

Questions