**KANE COUNTY**

**COMMUNITY DEVELOPMENT FUND**

**SUPPLEMENTAL GUIDELINES**

**FOR NEIGHBORHOOD IMPROVEMENT ACTIVITIES**

1. **PURPOSE**

The purpose of this document is to supplement the General Guidelines established for Kane County’s Community Development Fund program. These Supplemental Guidelines outline rules and requirements that apply to projects involving the development of Neighborhood Improvements which serve low- and moderate-income residents.

1. **ELIGIBLE APPLICANTS**

In order to be eligible to apply for Neighborhood Improvement funding, applicants must be local government agencies responsible for providing public infrastructure and other neighborhood amenities for use by residents within the Kane County Program Area (see Section I. of General Guidelines). Additionally, in order to meet federal reporting requirements, applicants must be registered with CCR & DUNS.

1. **MEETING A NATIONAL OBJECTIVE**

In order to be considered for funding, an activity must satisfy a national objective of the CDBG program. Projects under the Neighborhood Improvement category must meet the **Area Benefit** criteria as described further in the General Guidelines. They must be available to all residents of an area where at least **45.3%** of those residents are low to moderate income. The Project Sponsor must clearly delineate the area that will benefit from the project and it must be primarily residential in nature. Generally, data from the U.S. Census Bureau is utilized to document the income characteristics of the area. However, in certain instances (and only with the County’s prior approval), an income survey may be conducted. Applicants should consult the County for additional information and assistance in determining whether their project meets the national objective criteria.

1. **ELIGIBLE/INELIGIBLE PROJECTS**

Projects funded under this Neighborhood Improvement application must be consistent with the objectives and strategies outlined in the **Kane-Elgin Consolidated Plan** forNeighborhood Improvements, including one of the following focus areas:

1. Storm water drainage;
2. Sanitary sewers and potable water supply;
3. Streets and sidewalks; or
4. Parks.
5. **ELIGIBLE/INELIGIBLE USE OF FUNDS FOR NEIGHBORHOOD IMPROVEMENTS**

Eligible Costs: CDF funds may be used to pay the following eligible costs:

1. Development Hard Costs: Including acquisition of property or easements, site improvements, construction, rehabilitation, conversion and demolition.
2. Development Soft Costs: Including financing costs, building permit fees, legal fees, property appraisals, credit and title costs, etc. Also included are engineering, architectural, or related professional services, which the applicant requires in order to properly complete their project. Certain limits apply to soft costs, and all soft costs must be “reasonable and necessary.”

Ineligible Costs: CDF funds may not be used for the following:

1. Delinquent taxes, fees, or charges;
2. Impact fees;
3. Project reserve accounts;
4. Relocation Costs, including costs associated with relocating occupants under the Uniform Relocation Act (see Section VIII. of these guidelines);
5. Equipment that is not integral to the facility; and
6. Activities classified as maintenance (see Section VI. of these guidelines).
7. **REHABILITATION VS. MAINTENANCE**

Under the Community Development Fund program, property “maintenance” is not an eligible activity and projects consisting primarily of “maintenance” items will be rejected. The table provided in Appendix A, taken from CPD Notice 16-02, is a summary of potential activities that are considered to be “maintenance” and those which are considered to be “rehabilitation”. If you are unsure whether an activity is maintenance vs. rehabilitation, don’t hesitate to contact the County for a determination.

1. **UNDERWRITING**

Projects determined to be eligible for assistance will be analyzed to ensure they have complete, reasonable, and balanced budgets, and meet applicable CDF requirements. Before committing funds to a project that combines the use of other local, state, or federal assistance, the County will evaluate the project to ensure that no more funds than necessary and permitted by HUD are invested in a project. The County has established underwriting procedures in accordance with guidelines set forth by HUD. The underwriting process will include:

1. An examination of the sources and uses of funds for the proposed project;
2. A review of the project development budget to confirm it is complete and all project costs are necessary and reasonable. “Reasonableness” of development costs will be based on one or more of the following factors:
3. Costs of comparable projects in the same geographical area;
4. The qualifications of the cost estimators for the various budget line-items; and
5. Comparable costs published by recognized industry cost-index services.
6. An assessment of the experience and capacity of the Project Sponsor, including whether the applicant has included in their budget the cost of retaining professionals qualified to oversee their project (e.g. preparing specifications, managing the bidding process, and overseeing contractor performance);
7. An evaluation of the Project Sponsor’s level of site control; and
8. An assessment of the written financial commitments for the project. Applicants should understand that submission of an application for CDF funds constitutes a certification to the County that all funding sources committed to the project or being sought by the applicant for the project have been accurately and completely disclosed within the application submitted.

Proposals must demonstrate that the project is not “economically feasible” without assistance from the County. Applicants must provide evidence of their financial ability to implement the project.

If a project is selected for funding, the initial award amount will be based on an initial underwriting of anticipated project sources and uses. Additional underwriting will be conducted at the time of funding commitment to verify all sources are committed and available, and at construction contract award, since project costs at the time of application submission are typically estimates instead of firm bids and contracts.

1. **UNIFORM RELOCATION ACT**

All projects assisted are subject to the Uniform Relocation Assistance/Real Property Acquisition Policies Act, as amended (URA). Regulations governing URA are found at 49 CFR 24. The County discourages applicants from undertaking activities that displace area residents. Applicants are required to consult the County prior to preparing a proposal that includes such activities.

1. **LABOR STANDARDS**

Projects must comply with federal labor standards in accordance with the Davis-Bacon Act, applicable provisions of the Contract Work Hours and Safety Standards Act, and other applicable federal laws and regulations pertaining to labor standards. For construction contracts in an amount of $2,000 or more, all laborers and mechanics employed in the construction work must be paid wages and fringe benefits equal to those specified in federal wage determinations issued for the local area. The Project Sponsor will be required to submit documentation to the County to ensure that contractors (both generals and subs) complied with these requirements, and should include associated costs in their project budgets.

1. **PROGRAM INCOME**

Program income is the gross income received by the Project Sponsor directly generated from the use of CDF funds and must be returned to the County. Program income includes but is not limited to:

1. Proceeds from the sale or lease of property purchased or improved with CDF funds; and
2. Gross income from the use or rental of property acquired, constructed or improved with CDF funds, less costs incidental to the generation of such income.

While most Neighborhood Improvement activities involve public infrastructure and are therefore unlikely to generate program income, the County will review each project’s scope and future use during the application process in order to assist in determining whether program income is anticipated.

Please contact the County to discuss questions regarding program income that may become due to the County based on the planned and/or potential future use of a facility improved with CDF funds.

1. **CHANGE OF USE**

Following project completion, Project Sponsors may not change the use of the property (including the beneficiaries of such use) from that for which the acquisition or improvement was made. To ensure Project Sponsors are in compliance with 24 CFR 570.505, annual reporting is required for CDF-funded Neighborhood Improvement projects to ensure they continue to meet a National Objective for a period of 5 years following discontinuation of Kane County’s participation in the CDBG Program. When applicable, the County will record a forgivable deed restriction and/or mortgage to ensure compliance with this requirement.

# APPENDIX A

# KANE COUNTY

**COMMUNITY DEVELOPMENT FUND**

**CPD Notice 16-02**

# Property Maintenance *VS.* Property Rehabilitation Table

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| --- | --- | --- |
| **Feature or System** | **Maintenance Activities** | **Rehabilitation Activities** |
| **Site** | * lawn care (litter pickup, mowing, raking), trimming trees and shrubs * snow/ice removal * neighborhood cleanup * application of pavement sealants, parking lot restriping, directional signage or marking for handicapped accessibility * repair of cracked or broken sidewalks | * new landscaping throughout an area * construction of new walkways, driveways or parking areas, or replacement thereof |
| **Building Exterior** | * cleaning and fixing gutters and   downspouts   * repainting previously painted surfaces (including limited wet scraping and low pressure washing) * replacing deteriorated section of siding * removal of graffiti | * cleaning masonry or stripping   painted surfaces by sandblasting,  acid wash, or high pressure washing   * applying new exterior siding |
| **Roof** | * application of waterproof coating to a flat roof * replacement of deteriorated flashing * in-kind replacement of loose or missing shingles or tiles | * complete replacement of roof with   new shingles, tiles, roll roofing,  membrane, or new metal roof   * installation of solar panels |
| **Windows and Doors** | * washing windows * caulking, weather stripping, re-glazing windows and doors * fixing broken windowpane(s), storm window(s) or damaged entry door * replacing broken door lock * replacing a vandalized entry door to restore security of a building or unit * replacing a single severely damaged window to match * annual switch out of storm and screen panels | * replacement of windows * replacement of exterior doors * adding storm windows or storm   doors |
| **Interior Walls and Ceilings** | * patching or mending cracked plaster * patching or fixing holes or cracks in drywall * replacing stained ceiling tiles * painting or wallpapering | * installation of new drywall or   paneling   * installation of new acoustical ceiling * installation of dropped ceilings |
| **Flooring** | * cleaning floors * stripping wooden floors and resealing * installation or replacement of carpeting or vinyl flooring | * installation of new wood floor |

|  |  |  |
| --- | --- | --- |
| **Feature or System** | **Maintenance Activities** | **Rehabilitation Activities** |
| **Circulation** | * in-kind replacement of broken stair   treads or balusters   * inspection and servicing of elevators | * rebuilding stair or constructing new   stair   * installation of new access ramp * elevator replacement |
| **Kitchen** | * replacement of stoves, refrigerators, and microwaves * replacing cabinet hardware | * complete or substantial kitchen remodel |
| **Bathroom/Laundry** | * unclogging sink or toilet * replacing deteriorated toilet in an   occupied housing unit   * replacing broken medicine cabinet * replacing washing machines and dryers * installation of grab bars | * complete or substantial bathroom   remodel |
| **HVAC** | * mechanical systems * changing air filters * cleaning air ducts * installing or replacing a window air * conditioner * replacing a malfunctioning part of a HVAC system like a thermostat | * installation of new furnace or heat * distribution system * installation of central air condition |
| **Electrical/Lighting** | * replacing malfunctioning light fixture, electrical switch or outlet | * major rewiring of building * installation of new electrical service * replacing or moving electrical panels |
| **Plumbing** | * fixing plumbing leaks * repairing damage from frozen pipes * repairing water or sewer connection within existing utility trench alignment * replacing malfunctioning water heater\* | * installation of new plumbing system * new water or sewer connection |
| **Security** | * repair of security alarm systems * boarding up a vacant building with   protective plywood   * installation of temporary security   fencing   * installation of security devices needed for an individual health facility patient | * installation of permanent security   bollards   * installation of new security alarm   system |
| **Life Safety** | * servicing smoke, fire and CO2 detectors * installation of smoke, fire and CO2   detectors | * making substantial physical changes to a building to comply with fire and life safety codes * installing fire suppression system |