

City of Bloomington American Rescue Plan Act (ARPA) Socioeconomic Needs Grant Program Manual- Housing Rehabilitation



Chapter One: ARPA Program Overview

1.1 Introduction

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. The \$1.9 trillion Fiscal Recovery Funds package is intended to support the response and recovery from the COVID-19 pandemic, including public health and economic impacts. The City of Bloomington received \$13.4 million of these COVID-19 relief funds. In July of 2022, these funds were allocated by City Council into three purposes: Infrastructure, Economic Development, and Socioeconomic Development. The funding amounts were \$9 million, \$2.2 million, and \$2.2 million respectively. Of the \$2.2 million allocated to Socioeconomic Development, \$1.1 million were designated for the Non-Profit Grants Program and \$1.1 million for the Affordable Housing Rehabilitation Grant Program.

1.2 Purpose

The Housing Rehabilitation Grant Program was created to support individuals and organizations impacted by the COVID-19 pandemic, as defined by the U.S. Department of the Treasury. The Housing Rehabilitation Grant Program will provide grants of up to \$45,000 to support the COVID-19 public health and economic response by addressing the negative economic impacts to households.

1.3 Funding and Regulations

This grant program is funded by the U.S. Department of Treasury via the American Rescue Plan Act of 2021 (ARPA) funds allocated to Economic Development by the City of Bloomington's City Council on December 5, 2022 (2022-119). The American Rescue Plan Act of 2021 (Public Law 117- 2) (ARPA) authorized this funding for grants to assist in the response and recovery from the COVID-19 pandemic. This grant program was designed following guidance issued by the U.S. Department of Treasury in its Coronavirus State & Local Fiscal Recovery Funds Final Rule.

Funding is subject to [2 CFR Part 200](#), which governs federal funding awards.

1.4 Client Information Policies

Staff should follow the identity protection and technology policies located within the most recent City of Bloomington Employee Handbook. The following is a summary of related protections of client data and information.

- All client physical files should be kept in a locked storage device unless the file is being used by an authorized City staff member reviewing the information.
- Clients, program partners, subrecipients, and program applicants are strongly encouraged to not send personal information over email to City staff. They should upload sensitive documents to secure online software of the City's choice, mail the documentation to the office, or drop the information off to City staff. If a client does email personal

information to staff, the email system is monitored by the City's Information Technology staff for security breaches and the email accounts are password protected. Any client information system used by the City shall be password protected and accounts made available to staff members with proper clearance.

- No application information may be provided to a third party without a valid and signed Third Party Authorization (TPA) form on file. All TPA forms must have a wet signature from the applicant.

1.5 Non-Discrimination

The City as a recipient of ARPA funds shall ensure that subrecipients comply with Title VI of the Civil Rights Act of 1964 (prohibiting race, color, and national origin discrimination including language access for limited English proficient persons), Section 504 of the Rehabilitation Act of 1973 (prohibiting disability discrimination), Title IX of the Education Amendments of 1972 (prohibiting sex discrimination in education and training programs), the Age Discrimination Act of 1975 (prohibiting age discrimination in the provision of services), and a variety of program-specific statutes with nondiscrimination requirements. The City of Bloomington will follow all other applicable Federal and State fair housing and anti-discrimination laws.

Housing Discrimination Complaint Processing

If a housing discrimination complaint arises, a full report and the completed HUD Housing Discrimination Complaint form should be sent to the City of Bloomington's Human Relations Commission. The City will then forward the complaint to HUD and corrective action will be decided upon. The City of Bloomington may also refer housing discrimination complaints not related to City services to subrecipients or program partners involved in fair housing activities.

Chapter Two: Affordable Housing Rehabilitation Grant Program

2.1 Program Eligibility

Applicants for ARPA Affordable Housing Rehabilitation Grant Program funds from the City for residential housing rehabilitation activities must meet the following eligibility requirements. Failure to meet these eligibility requirements will result in a failure to qualify for the program.

1. The application must be for single-family or rental unit rehabilitation located in the Regeneration area of the City as defined by the City of Bloomington's Comprehensive Plan.
2. The household must have an annual household income $\leq 80\%$ Area Median Income (AMI) per the Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income (AGI) or the 24 CFR Part 5 Annual Income definition.
 - The City will use the IRS Form 1040 definition of income for all clients that have filed a federal tax return in the past year. Applicants that have not filed will be evaluated using the 24 CFR Part 5 Annual Income definition. The City will not change the income definition used to impact the applicant's eligibility. For example, an applicant that does not qualify under the Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income (AGI) definition will not be evaluated under the 24 CFR Part 5 Annual Income definition if they meet the income requirements under that definition. The income definition selected is solely based on the applicant's tax filing status.
3. The applicant(s) must be the owner of record on the deed recorded with the McLean County Clerk's Office. The City does not authorize residential rehabilitation work under this program for clients with a contract for deed. If the property is a rental unit, the tenant must acquire a signed release from the property owner to move forward with the application.
4. The applicant(s) must have and maintain valid homeowner's insurance on the property. Landlords will provide this information for tenant applications.
5. Applicant(s) must be current on all property taxes or past-due balances for City services. Landlords will provide this information for tenant applications.
6. The property listed on the application cannot currently be in an active foreclosure process.
8. The property cannot be part of an active bankruptcy.
 - An active bankruptcy is defined as a bankruptcy not discharged for this program.
9. Applicants must provide all requested clarification documentation within the timeframe provided by City staff.

10. Applicants must provide all required or reasonably requested documentation needed to process application.
11. The property listed for rehabilitation assistance cannot be a mobile home.
 - There can be an exception if the property is determined to be a part of the permanent housing stock of the City. Permanent housing stock is defined as having a parcel identification number with the McLean County Clerk’s office for the property listed for rehabilitation assistance and having a structural attachment to the ground (i.e., a foundation).
12. Condominiums are eligible for rehabilitation work assuming the following conditions are met.
 - The property owner must receive written approval from the condominium association that states ARPA funded rehabilitation work can be done to the property.
 - ARPA funded housing rehabilitation work cannot occur on common areas.
14. The property listed for rehabilitation assistance cannot be in a trust or under a contract-for-deed.
15. The property listed for rehabilitation assistance cannot be primarily used for business. This is defined as more than 50% of the floorspace used for business purposes.
16. Duplexes, and similar structures as determined by the Rehabilitation Specialist, must have a single parcel identification number.
 - ARPA funded housing rehabilitation work cannot occur on common areas.

2.2 Funding Mechanism

The ARPA Affordable Housing Rehabilitation Grant Program will provide assistance through grants. Eligible households will sign a grant agreement with the City indicating the terms and conditions of assistance. Failure to comply with these terms will result in termination from the program. Funds will be paid directly to the contractor(s) completing the rehabilitation work on the property.

2.3 Project Cost Limit and Eligible Expenses

Each project is eligible to receive up to \$45,000 in housing rehabilitation assistance—including hard and soft costs. Households can only qualify for one project with this program. Hard and soft costs are defined below.

- Soft Costs
 - Title Searches
 - Credit Searches
 - Recording Fees

- Environmental Testing (i.e., lead-based paint risk assessment, termite inspection, pest inspection, etc.)
- Scope of Work Development for Properties with Lead-Based Paint Hazards
- Permits
- **Hard Costs**
 - Health and Safety Issues
 - Costs Related to the Alleviation of City Code Violations
 - Significant Energy Efficiency Improvements
 - Issues related to health, safety, and City code violations must be addressed before energy efficiency improvements.
 - Accessibility Improvements
 - Accessible Showers and Toilets
 - Ramps
 - Wheelchair Lifts/Stair Lifts

2.4 Application Options

Online Applications

Residents can apply for housing rehabilitation assistance through an application on the City’s website. This is the preferred option for applications.

Paper Applications

Paper applications will be made available. Paper applications will be formatted to match the online application.

Mandatory Application Sections

- Eligibility Questions and Information
- General Contact and Inquiry Information
- Household Information
- Household Assets
- Household Income
- Rehabilitation Request Details
- Required Documentation Checklist
- Applicant Signature Pages
- Information Release Authorization Signature Page

2.5 Application Intake and Eligibility Review

Applications will be reviewed on a first come, first serve basis. City staff are prohibited from seeking information or contacting third parties until the applicant(s) have completed, signed, and dated the Information Release Authorization Signature Page. The City reserves the right to seek additional documentation to clarify or gather information prudent to the eligibility review. The City reserves the right to have community members complete a pre-application form with information that will help staff guide the prospective applicant to the housing rehabilitation program best suited for their needs.

Required Documentation for Eligibility Review

- Application and Signature Pages
- Property Characteristics
- Property Deed
- Lien Search
- Property Taxes Paid Verification
- Homeowner's Insurance
- Credit Report
- Bank Statements
- Income Verification Documentation
- Income Eligibility Calculator
- Correspondence
- Pre-Approval or Denial Letter

Potentially Required Documentation for Eligibility Review

- Mortgage Statement
- Mortgage
- Federal Tax Returns
- Clarification Documentation

Required Documentation Processing-Application and Signature Pages

Review each section of the application to ensure it was completed correctly. Documents that require a signature and date should all be signed and dated appropriately. Special attention should be paid to the Information Release Authorization signature page. No signature may be typed. Signatures can be wet or electronic.

Required Documentation Processing-Property Characteristics

The application reviewer should review the property characteristics page to ensure the property is within the corporate limits of the City and Regeneration Area. Within this review the application reviewer can also establish if the property was constructed before 1978 (to ensure compliance with the Lead Safe Housing Rule) and the current zoning code.

Required Documentation Processing-Property Deed

The property deed should be in the applicant's name. If the property deed does not show that the applicant is the owner, they are ineligible for the ARPA funded housing rehabilitation program. While the property deed can often be found using the Parcel Identification Number (PIN), some deeds will require a search by name. Additionally, the application reviewer should review the deed to ensure that no other name appears on the deed besides the applicant(s). If there is a name that appears on the property deed, but not on the application, this will require additional clarification. For a spouse that has passed away, but is still on the property deed, a copy of the death certificate should be made a part of the file.

Required Documentation Processing-Lien Search

The lien search is completed using the recording history page on the parcel from the McLean County Recorder's Office. No active lis pendens should be on the property. If there is an active lis pendens, it requires clarification on from the applicant regarding their grant status. Properties currently in foreclosure are not eligible.

Required Documentation Processing-Property Taxes

Using information from the McLean County Clerk's office, the application reviewer should verify property taxes are current. If the property taxes are not current, the applicant would be ineligible until the taxes are current.

Required Documentation Processing-Homeowner's Insurance

The applicant should provide a documentation showing that there is a valid homeowner's insurance policy on the property. Failure to have homeowner's insurance, or provide current proof of insurance, makes the applicant ineligible. The City does not evaluate the insurance policy beyond the minimum requirement to cover the property in the event of a loss.

Required Documentation Processing-Credit Report

The application reviewer should run a credit check on all applicant's aged eighteen (18) or older if the individual is an owner of the property. This documentation is requested to ensure that no public records exist. If a public record exists, it will require additional clarification from the applicant. If there is a federal or state tax issue or lien, the applicant(s) may still be eligible for the program if they are in good standing with a payment plan from the Internal Revenue Service (IRS) or Illinois Department of Revenue (IDOR). Bankruptcies can also appear as a public record. Documentation showing payment compliance is required. The City does not evaluate the application based on an applicant's credit score.

Required Documentation Processing-Bank Statements

The most recent three (3) months of bank statements are required for all accounts in the household. If an account has not been open for three (3) months, that is sufficient assuming documentation verifies this to be true. If an account has been closed, documentation should be provided showing the account has been closed. Each statement should be reviewed for deposits that cannot be explained through declared income sources, interest from an account, or refunds from commerce. Deposits, of any value, that cannot be explained by declared income, account interest, or refunds from commerce should be listed on the Deposit Clarification Form. This form should be completed by the applicant(s) and notarized. If undeclared income is discovered, the deposits identified as undeclared income should be added to receive an aggregate income amount period covered by the statements. This aggregate amount should be divided by the number of months covered by the statements with that number multiplies times 12 to achieve an annual income estimation. The application review should also ensure no non-household names appear on the statement. If a non-household name does appear on a bank statement, additional documentation will be needed to clarify why the individual appears on the account. This clarification should confirm they are not a household member.

Required Documentation Processing- Income Verification Documentation

Paystubs for all employed household members should be provided. If a household member has not been employed for enough time to meet these requirements, they employer should complete the Employment Verification Form. Employment income documentation should meet the following requirements.

Weekly Pay Frequency: 8 Paystubs

Bi-weekly and Bi-monthly Frequency: 4 Paystubs

Monthly Pay Frequency: 2 Paystubs

Non-employment income should be documented by any means showing their annual or monthly income. For Social Security income, the applicant should provide the most recent annual award letter from the Social Security Administration. Award letters stating the current income for a household member are preferred for non-employment income verification.

Required Documentation Processing-Income Eligibility

The household must have an annual household income $\leq 80\%$ Area Median Income (AMI) per the Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income (AGI) or the 24 CFR Part 5 Annual Income definition.

- The City will use the IRS Form 1040 definition of income for all clients that have filed a federal tax return in the past year. Applicants that have not filed will be evaluated using the 24 CFR Part 5 Annual Income definition. The City will not change the income definition used to impact the applicant's eligibility. For example, an applicant that does not qualify under the Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income (AGI) definition will not be evaluated under the 24 CFR Part 5 Annual Income definition if they meet the income requirements under that definition. The income definition selected is solely based on the applicant's tax filing status.

Required Documentation Processing-Correspondence

Any written correspondence with the applicant or their authorized representatives should be made a part of the case file. All non-written communication should be extensively documented through the Case Notes Form. Any staff member with non-written communication with the applicant or their authorized representatives should be documented with this form.

Required Documentation Processing-Pre-Approval Letter or Denial Letter

The pre-approval letter should document that the application has been pre-approved. All applications are considered pre-approved until the grant documentation is signed by the applicant. Additionally, the pre-approval letter should indicate how long the pre-approval is

valid. If an applicant does not meet the eligibility criteria, the denial letter should state the application was denied and the eligibility factor(s) that were not met.

Potentially Required Documentation Processing-Mortgage

All active mortgages on the property should be reviewed and made a part of the case file. Attention should be paid to persons named on mortgage documents for anyone not named as a household member.

Potentially Required Documentation Processing-Mortgage Statement

The applicant must provide the most recent mortgage statement.

Potentially Required Documentation Processing-Federal Tax Returns

Applicants are required to provide the most recent federal tax return transcript. Transcripts can be ordered by the applicant through the IRS. Client provided 1040 form are not eligible starting with Program Year 2023. The state tax return is not required unless that return would provide needed information or clarification. Staff has the authority to ask for the state tax return at their discretion. If an applicant has not filed taxes in the most recent year, they will need to provide a notarized letter or statement stating that is the case.

Potentially Required Documentation Processing-Clarification Documentation

Any documentation that provides clarification to issues that arise during application review should be made a part of the case file.

Application Eligibility Review Process

Staff shall review the submitted application material to determine application completeness, potential eligibility issues, and determine based on the material provided if the applicant is eligible. If an application is submitted without all required documentation or issues arise that require clarification or additional documentation to determine eligibility, application review staff should mail or email the applicant listing the documentation and clarification required to complete the eligibility review. Applicant must be given at least fourteen (14) calendar days to provide the required documentation. The application reviewer could provide additional time if the documentation needed will require additional time. Written communication requesting documentation and clarification should state the date the material is due and where the documentation can be returned. Applicants can request additional time to return documentation and clarification assuming it is before the original due date provided by staff. If the applicant does not provide the documentation or clarification by the due date, staff should provide the applicant thirty (30) days from the due date to respond to the request or the application will be denied. This thirty (30) day written notice can be emailed or mailed. Applicants cannot request an extension to the thirty (30) day notice.

Application Tracking

City staff will maintain an electronic application tracker to ensure applications are processed and serviced in the appropriate order.

2.6 Contractor Solicitation and Participation Requirements

The City's Community Enhancement Division requires all contractors wanting to participate in rehabilitation programs to have an application and supporting documentation on file. Registration as a contractor with the City without the additional registration and approval of the Community Enhancement Division is not sufficient to work on Community Enhancement Division projects. The Community Enhancement Division will keep an updated list of approved contractors for rehabilitation work funded by the division. The Community Enhancement Division is not responsible for incomplete and/or un-updated applications.

Community Enhancement Division Contractor Insurance Requirements

- Worker's compensation insurance of not less than the statutory amount, and employer's liability of not less than \$100,000 per person.
- Automobile insurance minimum combined single limit of not less than \$500,000 for injuries, including accidental death, or damages caused by the contractor's vehicles on the job site.
- Not less than \$500,000 for accidents or injuries, including accidental death, for each occurrence, and not less than \$1,000,000 in the aggregate for the policy term for comprehensive public liability.

Debarment and Suspension

No contract award may be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the Office of Management and Budget (OMB) guidelines on debarment and suspension at [2 CFR part 180](#).

- [OMB Guidelines to Agencies on Governmentwide Debarment and Suspension \(Nonprocurement\)](#)
- [SAM website](#)

The Rehabilitation Specialist must conduct a search for debarment and suspension on the SAM website before awarding a contract for rehabilitation work funded by the ARPA funded program. Written record of the awarded parties showing no debarment or suspension must be kept in the physical and electronic case file. The debarment review procedure is listed below.

- Go to the SAM website.
- Select "Exclusions."
- Select "Advanced Search."
- Select "Filter By" on the left side of the screen.
- Select "Excluded Individual" to input the contractor's name and SSN/TIN
- If the contractor does not show up in this search, they have not been debarred.

2.7 Procurement Methods

The City shall conduct all procurement transactions in a manner which provides for full and open competition and complies with the federal procurement regulations comply to State and local laws and regulations and in accordance with regulatory guidance.

These standards described herein do not relieve the City of any contractual responsibilities under its contracts. The City is responsible, in accordance with good administrative practice and sound operational judgment, for the settlement of all contractual and administrative issues arising out of procurement entered in support of a grant. These include, but are not limited to, source evaluation, protests, disputes, and claims.

Procurement standards can be found at [2 CFR Part 200 Subpart D](#). For housing rehabilitation, demolition, or public infrastructure projects the procurement method used by the City is sealed bids.

Conflict of Interest

An organizational conflict of interest means that, because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage. Conflicts of interest in the award and/or administration of contracts must be avoided. Conflicts of interest in the award and/or administration of contracts must be avoided. No employee of the subrecipient shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, any member of his (her) immediate family, his or her partner has a financial or other interest in the firm selected for award.

2.8 Rehabilitation Process

Initial Inspection

Once staff handling the intake and eligibility review have pre-approved an applicant, the City Rehabilitation Specialist will conduct an initial inspection of the property to determine if there are code violations and what work needs to be done to the structure. The Rehabilitation Specialist will prepare an inspection report that identifies each deficiency with respect to the city code and other health, life, and safety deficiencies which may be corrected through rehabilitation program funds. An inspection report prepared with date stamped photos in this manner will later serve the staff as the basis for preparing a work write-up and cost estimate. The Rehabilitation Specialist will interview the homeowner and discuss the following: Renovate Right pamphlet, Protect Your Family pamphlet, program requirements, owner's desire for rehab, project specification development process, occupant protection, voluntary temporary relocation.

Environmental Review

The National Environmental Policy Act (NEPA) does not apply to Treasury's administration of the SLFRF program, although projects supported with SLFRF funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

Lead Risk Assessment and Lead Based Paint Scope of Work

For units built before 1978, a lead-based paint inspection and lead hazard risk assessment (LRA) shall be performed to identify paint that contains lead above allowable levels. The risk assessment identifies housing conditions called lead-based paint hazards that could result in harm to residents, workers, and especially to young children. The LRA report can help owners develop a plan for eliminating any lead-based paint hazards that were found and aid in establishing ongoing lead-based paint maintenance and re-evaluation program, if needed.

Lead-based paint scope of work provides the homeowner and contractors a developed plan for eliminating any lead-based paint hazards that were found. A lead-based paint scope of work provides City staff and the homeowner(s) description of interim/abatement control costs to determine overall project costs.

Work Write-Up and Cost Estimate

The City's Rehabilitation Specialist will prepare a work write-up and cost estimate using project cost estimation software based on the property inspection report that includes the following.

- Itemizes all the rehabilitation work to be done on the property.
- Includes an estimate of the cost of each item.
 - The cost estimate shall be reasonable and shall reflect actual prevailing costs for comparable work.

Each item of work and its estimated cost shall be identified in the work write-up as being either necessary to meet city code or for other purposes that may be financed with housing rehabilitation funds. This may be done on the work write-up by entering the cost estimates in a columnar arrangement.

If the total estimated cost to do all the proposed work exceeds the estimated maximum amount of the rehabilitation grant, staff will eliminate or modify items in the work write-up as necessary to reduce estimated costs; however, items of work necessary to meet city code shall not be eliminated if possible. Items may be listed and included on a priority basis.

A "preliminary" work write-up should not contain details that have no significant effect on cost, such as color, style, or pattern. Decision on these details can be made when preparing the specifications for the construction contract documents, or even after the contract award by providing in the contract documents, as appropriate, the term "to be selected by owner."

As soon as possible after inspection of the property and the lead hazard scope of work is returned, staff will consult with the prospective applicant on the preliminary work write-up and cost estimate. Staff will advise the applicant which items of work are required to meet city code; and which are not required but may be financed with housing rehabilitation funds. Staff will be prepared to eliminate or modify any items in the preliminary work write-up that are not specifically required by city code. However, staff will prepare a final work write-up and cost estimate. The final work write-up shall be the basis for the specifications in the construction contract documents to be used to solicit bids and proposals from contractors.

Final work write-ups and cost estimates prepared by staff will identify each of the items of work to be financed by the housing rehabilitation funding and show the total estimated among for those items. If the final work write-up is to be used for the specifications, the two items above shall be shown on a separate sheet that will not be part of the construction contract documents and shall be labeled as "cost estimate".

Each specification in a construction contract document shall be written so that it provides a clear understanding of the nature and scope of the work to be done, and a basis for carefully determined bids and proposals from contractors. Each specification shall show the nature and location of the work and the quantity and type of materials required. The specifications shall refer to manufacturer's brand names or to association standards to identify the quality of materials required to make provision for acceptable substitutes. If the work write-up is sufficiently comprehensive, it may itself be used for the specifications, without any cost estimate figures or distinctions as to work required or not required. Specifications shall require all work to meet the appropriate city codes.

Specifications, based on the work write-up and illustrative sketches, if any, covering the specific rehabilitation work for each property on which a rehabilitation grant shall be prepared by the Rehabilitation Specialist. Drawings shall be prepared only when essential to show the scope of the work involved so that a fair bid for the work can be obtained, and to avoid misunderstandings with the bidder. The specifications and drawings shall be based on the work write-up resulting from an inspection of the property and interviews, as indicated, with the applicant. The specifications shall clearly establish the nature of the work to be done, and the material and/or equipment to be installed. Known acceptable brands shall be identified by reference to manufacturers or association specifications, and provision shall be made for acceptance of equal substitutions. Each page of the specifications and drawings shall be numbered and shall contain identification that includes the name and address of owner, and the date of the specification.

Construction Contract and Bids

Construction work for rehabilitation financed through an ARPA housing rehabilitation project shall be undertaken only through a written contract between the contractor and the recipient of the grant. The Community Enhancement Division shall assist each applicant in arranging for and obtaining an acceptable construction contract.

The construction contract will consist of a document signed by the contractor and accepted, and signed, by the borrower or client, only following the approval of the rehabilitation grant. It shall contain a bid and proposal by the contractor and the general conditions, as well as the specifications for the work to be performed.

The contract document prepared by Community Enhancement Division staff may provide for alternatives by which the bidder, as part of his bid and proposal, offers increases and decreases to the lump sum contract price to cover alternatives in the performance of the work. An alternate may be used to cover an item of work, the need for which cannot be determined until sometime during the rehabilitation work. If an alternate is selected to be used either prior to the finalization of the contract or during construction, an Addendum (or change order) will be completed to

accommodate the change of the contract. Addendum may be used to formally accept a previously submitted alternate or may be the result of unforeseen work which is needed in order to complete the project (such as opening a wall and finding termite damage which needs to be repaired prior to re-closing the wall). In either case, the contractor must determine a fair cost proposal associated with the needed repairs. The proposal must be submitted to Community Enhancement Division staff, who will prepare the Addendum. The Addendum will be approved and signed by the contractor, the borrower, and the Rehabilitation Specialist prior to the additional work being done. Addendum may be used for additions or deletions to the contract as needed. Work completed by a contractor and not previously covered by the original construction contract, or an Addendum will not be funded or paid for by project funding. A contractor will not be compensated for work completed without an Addendum approved by the contractor, borrower, and Community Enhancement Division staff.

An acceptable contractor's bid and proposal must be obtained, in the contract document form prepared by the Community Enhancement Division staff. In the case of emergency repairs, a contractor's bid proposal on the company's form may be accepted. Two proposals by email are acceptable as well.

In general, no contractor will be awarded more than two current jobs at any one time unless there is a shortage determined at the Rehabilitation Specialist's discretion. Any bids received which are fifteen percent (15%) above or below the rehabilitation specialist's cost estimate may be rejected.

The Rehabilitation Specialist will prepare provisions of general conditions for general use in the processing of all construction contracts for the rehabilitation of the property. There follows a listing of provisions that the Community Enhancement Division staff must include in the general conditions. However, all the provisions may not be included in the contract agreement. In general, a minimum of two bids are required for each project.

Invitation to Bid

Invitations to bid may be accomplished through electronic means. An Invitation to Bid letter will be mailed and/or electronically sent to all eligible Community Enhancement Division contractors who may wish to bid on a particular project. The Invitation to Bid will include the following items.

- The type of work included in the project.
- A date by which interested contractors must pick up a copy of the bid specifications.
- A date and time scheduled for an open walk through at which the contractor *must* view the premises in order to prepare his cost estimate. If a contractor cannot attend an open house, the contractor may request making other arrangements, prior to the open house, to view the premises. Neither Community Enhancement staff nor the homeowner are required to accommodate a contractor who cannot attend the open house.
- Date and time by which a bid and proposal by the contractor is to be received. Bids must be submitted to the City Clerk's office, in sealed envelope by the date and time specified.

Any bids received after the date and time specified will be returned, unopened and the contractor will not be eligible to bid for the specified project.

Bid Selection

The City reserves the right to accept or reject any bids assuming all relevant City, state, and federal regulations are followed. Bids will not be accepted from contractors who have not attended the open walk through or made previous acceptable arrangements with the Rehabilitation Specialist and the homeowner to view the property.

In most instances, the bid is awarded to the qualified low bidder. If a bid other than the low bid is selected by the owner, the file shall contain all bids that were received and statement of the reasons for selecting other than the low bid. Reasons for not accepting the low bid may include, but is not limited to, the following.

- The contractor provided an incomplete bid.
- The contractor's bid was either 15% below or 15% above the Rehabilitation Specialist's cost estimate for the rehabilitation job.
- If the Community Enhancement Division has notified the contractor of two complaints on any rehabilitation projects and the complaints have not been resolved to the satisfaction of the Community Enhancement Division staff.

Grant Agreement Creation and Set-Up

The Rehabilitation Specialist will draft the Grant Agreement using the information from the successful bid documents.

Construction Activation and Completion Dates

After the bid and proposal have been accepted by the applicant, the contract is subject to issuance of a proceed order by the client, and no work shall be commenced by the contractor until they have received a written proceed order.

A proceed order shall be issued promptly after the contract agreement for the rehabilitation project has been approved by all parties involved. No proceed order will be issued until after the date has expired by which the owner can rescind the contract

- Exception to the above is the case of an emergency repair where the borrower may waive his/her "Right to Rescind", and thereby allow the necessary rehabilitation to begin as quickly as possible.

The contractor must commence work within a set number of working days after receipt of the proceed order. The Rehabilitation Specialist shall determine the number of working days dependent on the type and circumstances of the job. If the contractor does not commence work within the time specified, the contractor may be charged \$25.00 per day until work is started.

This amount will be deducted from the amount in the contract agreement. The issuance of a fine is determined at the Rehabilitation Specialist's discretion.

The contractor must satisfactorily complete the work within a set number of calendar days from the start of the work as specified in the proceed order. The Rehabilitation Specialist shall determine the number of calendar days dependent on the type and circumstances of the job. The contractor may be charged \$50.00 for each day that the work is not completed within the specified time. This amount will be deducted from the amount of the contract agreement. However, in instances where addendums have occurred, which may cause the original completion date to be extended, the addendum must address the new completion date. Thereby, making the new completion date approved by the homeowner, contractor, and the Rehabilitation Specialist.

The following variables should be considered by the Rehabilitation Specialist when determining the start and completion dates for a project.

- Weather and the time of year.
- Availability of materials which must be ordered from suppliers.
- Additional Addendum when there are changes needed in the rehabilitation contract.

All work performed by the contractor is covered by a one-year guarantee. Homeowners may require the contractor(s) to correct significant defects and inadequacies in the work performed under their contract.

Inspection of Work

The Rehabilitation Specialist shall make inspections of construction work in cases involving the ARPA residential housing rehabilitation program. Inspections include the following.

- Compliance inspections, as necessary, to assure that the construction work is being completed in accordance with the construction contract and the Department of the Treasury regulations.
- A final inspection to determine that the construction work has been completed in accordance with the construction contract and the Department of the Treasury regulations.

Building Safety Division inspectors will make inspections of all installations for which permits have been issued and will provide a "final" approval certificate upon completion of all work done under the permit.

Lead Clearance Testing Policy

The City of Bloomington will only pay for a passed lead clearance test. Failed clearance tests shall be paid by the general contractor.

Payment of Satisfactory Work

If the inspection determines that work completed is satisfactory, to both the Community Enhancement Division Rehabilitation Specialist and Building Safety Division inspectors and the client, the Community Enhancement Division shall draw from the appropriate account a check payable to the contractor. When the progress inspection determines that the work is satisfactorily completed in accordance with the contract, the Rehabilitation Specialist staff shall obtain from the contractor a release of liens provided by the Grants Coordinator or Grant Specialist. After receipt of a release of liens, including releases from all subcontractors and suppliers and a copy of each warranty, and with client approval, the Community Enhancement Division and City Finance Department staff shall make final payment(s).

If the work completed is not in accordance with the construction contract for a progress or final payment, the Rehabilitation Specialist shall advise the client of any noncompliance in the construction work, or of an incorrect invoice submitted by the contractor. The client shall be requested to obtain, with assistance from the Rehabilitation Specialist, appropriate corrective action from the contractor. No payment shall be made on a construction contract until the contractor has satisfactorily completed the necessary corrective action.

Final inspection shall be made by the Rehabilitation Specialist upon completion of the rehabilitation work and receipt of the contractor's invoice containing his certification of satisfactory completion of all the work in accordance with the contract and his warranty and/or his final pay out request form signed by the borrower. The contractor is responsible for scheduling a final inspection by Building Safety inspectors.

After the Rehabilitation Specialist staff determines that the rehabilitation work has been fully and satisfactorily completed and the final inspection report obtained, the Rehabilitation Specialist shall prepare the Certification of Final Inspection form. This certification of final inspection is required regardless of final inspections completed by the Building Safety Division on items covered under issued permits.

In some cases, defects and inadequacies in the construction work, not apparent at the time of final inspection, may show up after final payment for the work is made and the disposition of funds form is completed. When Community Enhancement Division staff receives notification from a homeowner that a defect exists, the Rehabilitation Specialist will verify the complaint and the contractor responsible for the work must be notified in writing and required to correct within a specified time.

Although a limited examination indicates that the incidence of serious defects and inadequacies in the construction work is not frequent, and contractors generally correct them promptly when requested, the Community Enhancement Division staff, after the final inspection, shall make an additional call on the property owner to ascertain if there are any complaints about the work that had been done. This call is typically done by the Rehabilitation Specialist. This call shall be made within 60 days after the issuance of disposition of funds form. The Community Enhancement Division shall inspect that work to ascertain if the complaint is valid. If the complaint is valid, the Public body shall assist the property owner in obtaining prompt corrective action from the contractor.

Dispute Resolution Process

If the borrower disputes inspection results, the quality of the work completed, or the professionalism of City staff or contractors, notification of the dispute shall be forwarded in writing by City staff or the borrower to the Community Enhancement Division Manager. The Community Enhancement Division Manager shall investigate the dispute and provide a formal written response indicating their findings to relevant parties and the borrower within fourteen (14) calendar days of receiving the complaint. The borrower has fourteen (14) calendar days to appeal the written response from the Community Enhancement Division Manager. The appeal must be in written form. Failure to respond within the appeal timeframe will result in an automatic dismissal of the complaint. The appeal will be forwarded to the Economic and Community Development Department Director for final arbitration. The Economic and Community Development Department Director shall have fourteen (14) calendar days to submit a final written response to the complaint.

If the contractor disputes the inspection results or the professionalism of City staff, notification of the dispute shall be forwarded in writing to the Community Enhancement Division Manager. The Community Enhancement Division Manager shall investigate the dispute and provide a formal written response indicating their findings to relevant parties and the borrower within 14 calendar days of receiving the complaint. The contractor has fourteen (14) calendar days to appeal the written response from the Community Enhancement Division Manager. The appeal must be in written form. Failure to respond within the appeal timeframe will result in an automatic dismissal of the complaint. The appeal will be forwarded to the Economic and Community Development Department Director for final arbitration. The Economic and Community Development Department Director shall have fourteen (14) calendar days to submit a final written response to the complaint.

Payout

Community Enhancement Division staff will make provisions that the contractor will be paid the final contract price, in one lump sum after the work is satisfactorily completed and approved by the Rehabilitation Specialist and the Building Safety Inspector(s) who issue the corresponding permit(s). A progress payment may be made as work progresses. However, a progress payment shall not exceed 65% of the value of the work satisfactorily completed unless otherwise authorized by the Community Enhancement Division Manager or Grants Coordinator. A progress payment and final payment due to the contractor will be paid after Community Enhancement Division staff receives a Request for Rehabilitation Payment form signed by the contractor and the client. The contractor must provide satisfactory release of liens or claims for liens by subcontractors, laborers, and material suppliers for completed work or installed materials upon receipt of each pay out. The final payout will not be presented to the contractor until a final inspection has been completed and approved by Community Enhancement and Building Safety Divisions. Each Building Safety Division inspector who has issued a permit must complete a final inspection of the associated work prior to release of the final pay out check.

Provisions Required from the Contractor for Construction

- Evidence the contractor meets the insurance requirements of the Community Enhancement Division.
- Documentation showing that all permits and licenses necessary for the completion and execution of the work and labor to be performed are executed.
- All work was performed in conformance with applicable local codes, ARPA regulations, and contractual requirements covered by the specifications and drawings for the work.
- The premises was kept clean and orderly during the work and all debris was removed at the completion of the work. Materials and equipment that have been removed and replaced as part of the work shall belong to the contractor unless other provisions have been provided for in the contract agreement or bid specifications. All unused materials and/or equipment supplied by the contractor shall belong to the contractor.
- No contract shall be assigned without the consent of the Rehabilitation Specialist and the owner.
- A guarantee the work performed for a period of one year from the date of final inspection and approval by the Community Enhancement Division of project completion. Furthermore, furnish to the owner, in care of the Community Enhancement Division with all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under the contract.
- Community Enhancement Division staff or its designee are permitted to examine and inspect the rehabilitation work.
- No additional verbal or written agreements with the homeowner while completing rehabilitation work funded by the Community Enhancement Division shall be granted without prior approval from the Rehabilitation Specialist and the owner.
- Acknowledgement that the Community Enhancement Division is not responsible for payment to the contractor for any work not covered in the original contract agreement or any properly executed/approved addendums.

Provisions Required from the Property Owner for Construction

- The contractor shall be permitted to use, at no cost, existing utilities such as light, heat, power, and water necessary to the carrying out and completion of the work.
- Agreement to cooperate with the contractor to facilitate the performance of the work, including the removal and replacement of rugs, covering, furniture and/or any other interior or exterior fixtures, plantings, etc., as necessary, unless otherwise provided for in the contract.

Additional Provisions

The Community Enhancement Division may add other provisions to the general conditions to reflect local conditions and to assure that the contract clearly sets forth the requirements for the construction work to be done. However, care should be exercised in adding other requirements so that the general conditions will not be unduly burdensome and thereby reduce competitive interest in the work and increase rehabilitation costs.