



Toni Preckwinkle
President

Cook County Board of Commissioners

COOK COUNTY

Community Development Block Grant (CDBG) Program Demolition Program Manual

Guide for successful preparation of the CDBG Demolition Application

This Demolition Program Manual details CDBG funding requirements for all demolition projects, including project eligibility guidelines and all related documentation needed prior to processing the application.

Toni Preckwinkle, President
Cook County Board of Commissioners

Department of Planning and Development
69 West Washington, Suite 2900
Chicago, Illinois 60602

Susan M. Campbell, Director

Revised: January 2022

Table of Contents

I	Introduction	2
II	Type of Demolition Activities	2
III	Demolition Criteria	2
IV	Application Process	3
V	Demolition Process	5
VI	Building Deconstruction	6
VII	Demolition Grant Agreement/Contract	6
VIII	Contract Compliance	7
IX	Demolition Payout	9
X	Demolition Liens	9
XI	File Monitoring	10
XII	Project Completion, Audit and Certification	10
XIII	Definitions	10

I. INTRODUCTION

Cook County sets aside a pool of funds for the County-wide Demolition Program under 24 CFR 570.201 (d). Urban County members may apply for these funds at any time during the program year long as funds are available. Suburban Cook County municipalities qualified to receive Community Development Block Grant (CDBG) funds are eligible to apply for a demolition grant. Given the limited funds available for the Cook County Demolition Set-Aside program, applications will be reviewed and awarded on a first come, first served basis to those properties that have been deemed uninhabitable and unsuitable for rehabilitation.

II. TYPES OF DEMOLITION ACTIVITIES

The Department of Planning and Development will accept demolition applications that are aligned with the following criteria for Court Ordered, Owner Consent and Municipal Owned Property demolition activities.

- A. Court Ordered Demolitions: Properties which have completed the legal steps necessary to obtain an Order of Demolition of a property in both incorporated and unincorporated Cook County that meet the *Demolition Criteria*.
- B. Owner Consent Demolitions: Properties owned by non-profit entities other than municipalities which have a documented ownership in a property that meets the *Demolition Criteria*. Given that funds are awarded to either municipalities or not-for-profits, program recipients must verify approved consent by all property owners to demolish the property.
- C. Municipal Owned Property Demolition: Properties owned by a local unit of government that meet the *Demolition Criteria*.

III. DEMOLITION CRITERIA

In order for a property to qualify for the Cook County Demolition Set-Aside Program, it must adhere to the eligibility criteria for land clearance as established by the United States Department of Housing and Urban Development. Below represents the nature in which the Department will fund demolition projects with CDBG funds through the Demolition Set-Aside. Those projects that are not within the scope of the prescribed criteria will be deemed ineligible for funding.

- A. Slum Blight Spot Basis: These are activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include:

- Demolition of a dilapidated property;

Activities under this category are limited to clearance and remediation of environmentally contaminated properties.

B. Urgent Need: Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:

- Demolition structures that are severely damaged by a major national disaster;

Urgent need qualified activities must meet the following criteria:

- i. The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- ii. The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- iii. The program recipient is unable to finance the activity on its own; and
- iv. Other sources of funding are *not* available.

IV. **APPLICATION PROCESS**

Program recipient must provide the rationale behind the desire to demolish this structure and why the program recipient does not consider rehabilitation a viable option. Demolition applications should include a letter from the program recipient describing the municipality's condemnation process, acknowledging that condemnation proceedings followed all municipal ordinances and that the municipality has the authority to remove the subject structure. In the case of a court order, a signed demolition order outlining the reasons for demolition must accompany the application.

- A. Demolition Application: To qualify for demolition funds the program recipient must submit a complete demolition application to the Department of Planning and Development, inclusive of all supplementary materials as outlined in the demolition application. In the event an incomplete application is submitted, it will be returned to the program recipient with correspondence detailing the application deficiencies.
- B. Building Condition Inspection: In the case of Owner Consent and Municipal Owned Property demolitions, on-site inspection reports identifying the nature of the unsafe condition(s) (e.g. engineer, building inspector/code enforcement officer, fire/police officials, etc.) must be submitted
- C. Environmental Review Record: Federal regulations governing CDBG require an environmental assessment for each demolition and clearance activity before funds can be obligated by the County.
- D. Fair Housing Certification: The County requires municipalities that apply for CDBG funds to have a Fair Housing Plan. Additional information about a municipality's fair housing activities may be required if it intends to apply for CDBG funds through the Demolition Set-Aside.

- E. Municipal Correspondence to Owner: Municipal notification of an unsafe condition to the property owner, agent or person in control of the structure. The correspondence must describe the unsafe condition(s), specifying the required repairs or improvements necessary to abate the existing conditions, or require the owner, agent or person in control to demolish the structure. Supply evidence that sufficient time was permitted to address the situation. Provide proof that notice was properly served (i.e. copy of certified or registered mail return receipt).
- F. Proof of Ownership and Property Tax Status: In the case of property owner consent and municipal owned property, evidence of ownership must be shown at time of application.
- G. Section 104 (d) of the Housing and Community Development Act of 1974 - Relocation Requirements: As a condition for receiving assistance, the program recipient must certify that it is following a residential antidisplacement and relocation assistance plan which contains two major components:
- i. A requirement to replace all occupied and vacant occupiable low/moderate-income dwelling units that are demolished or converted to a use other than low/moderate-income housing in connection with an activity assisted under the HCD Act; and
 - ii. A requirement to provide certain relocation assistance to any lower income person displaced as a direct result of (1) the demolition of any dwelling unit or (2) the conversion of a low/moderate-income dwelling unit to a use other than a low/moderate-income dwelling in connection with an assisted activity.
- H. Waste Disposal: Funded program recipients must comply with all state and Federal waste disposal laws, when conducting demolition. When properties are approved for demolition, program recipients must ensure that the demolition waste is properly disposed of at a permitted/licensed sanitary or demolition landfill.

V. DEMOLITION PROCESS

- A. Contractor Procurement: Applicable state law and 24 CFR Part 85.36 set forth bidding requirements which must be followed for the procurement of demolition contractors, licensed well cappers, attorneys and related demolition work.

In general, bidding must be open and receipt of at least two (2) bids is preferred. The lowest, responsive, responsible, qualified bidder must receive the contract award. It is a national policy to award a fair share of contracts to minority business firms. Accordingly, affirmative steps must be taken to assure that minority businesses are utilized when possible as sources of needed work or services. Affirmative steps shall include the following:

- Include qualified minority businesses on solicitation lists.
- Assure that minority businesses are solicited whenever they are potential sources.
- Prior to the time for advertisement of bids, contact County staff regarding procurement procedures and minority business directory(s)

In the case of demolition in unincorporated Cook County requested by the Cook County State's Attorney or other Cook County Government agency, the Department of Planning and Development will coordinate the procurement process with the necessary departments to ensure compliance with federal and county regulations.

- B. Demolition Permitting: Prior to the demolition of any property, contractors must receive permits from the applicable jurisdiction.
- i. *Cook County Department of Building and Zoning Permits* are required for all properties located in unincorporated Cook County. The contractor performing the demolition should contact Cook County Department of Building and Zoning at 312-603-0500 to obtain permits.
 - ii. *Cook County Department of Environmental Control* regulates asbestos removal and disposal, renovation or demolition for compliance with asbestos/hazardous material regulations for all of Cook County. Contractors are required to obtain a permit from the Department of Environmental Control prior to asbestos removal or demolition.
 - iii. *Municipal building permits*, if applicable, should be obtained from the incorporated jurisdiction.

- iv. *Township permits* for demolition may be required thus it is the contractor's responsibility to contact the respective townships to inquire about the need of township permits.
- C. **Pre-Construction Meeting**: Prior to the beginning of demolition, the Department will schedule a meeting between the program recipient and the contractor(s). At the preconstruction meeting, the contractor(s) will be advised of rules, regulations and expectations that should be adhered to throughout the demolition process.
- D. **Cook County Inspections**: Periodically, project managers will visit demolition sites to determine whether the contractor is performing and documenting work procedures in accordance with the construction contract and specifications.
 - i. **Initial Inspection**: Cook County staff will visit the demolition site at time of application to determine if the property meets the demolition criteria as outline above.
 - ii. **Progress Inspections**: After funding is approved, Cook County staff is responsible for periodic site visits to ensure that all work conducted is performed in the manner as described in the written specifications used to procure demolition contractors. It should be noted that Cook County staff may not always schedule progress inspections with the contractor or the Program Recipient, thus it is important that updated construction schedules be submitted to Cook County staff.
 - iii. **Final Inspection**: Final inspections are carried out prior to the final payout in order to check the work for completeness, compliance with specifications and code and standards.

VI. Building Deconstruction

The Department's goal is to fund opportunities for sustainable building deconstruction. Thus, contractors bidding on demolition projects funded by the Department must complete and submit the *Cook County Department of Environmental Control – Demolition Debris Recycling Compliance Form Recycling Plan*. Also, all contracts selected must complete and submit with payment the *Cook County Department of Environmental Control Demolition Debris Final Report*.

VII. Demolition Grant Agreement/Contract

- A. **Notice to Proceed**: A Notice to Proceed will be issued after the grant agreement has been executed. If any portion of the building has been razed prior to the issuing of the Notice to Proceed, the grant agreement will be voided and the program recipient will be responsible for contractor payment.

- B. File Requirements: The program recipient is required to create a project file for each respective demolition project.

VIII. Contract Compliance

- A. Bonding: 100% payment and performance bonding is required for all contracts over \$100,000
- B. Conflict-of-Interest: CDBG recipients and program recipients must comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 84.42 (non-profits) and with any other applicable conflict-of-interest provisions.
- C. Davis Bacon Act Requirements: Demolition work, standing alone, is not subject to the prevailing wage requirements of the Davis-Bacon and related Acts. For example, the demolition of a building because such structure is no longer needed would not, in itself, be deemed a covered construction activity. If this existing building is being demolished as a phase of a covered construction project, the demolition would be deemed covered.
- D. Debarred, suspended and ineligible contractors and program recipients: CDBG funds cannot be provided to debarred, suspended or ineligible contractors, subcontractors or program recipients.
- E. Employment and Contracting: Program recipients may not discriminate in employment and must make efforts to provide training and employment opportunities to low-income residents.
- F. Equal Opportunity: Compliance with the Civil Rights Act and other equal opportunity laws is required of contracting entities and of contractors whenever Federal funds are used.
- G. Insurance: Contractors are required to have insurance at the minimum levels listed below.
 - i. Workman's Compensation and Employee's Liability - \$100,000 per person.
 - ii. Comprehensive Public Liability - \$250,000 for injuries, including accidental death to any one person, and subject to the same limits for each person, in an amount of any one accident.
 - iii. Property Damage - \$100,000 for damage to property in any one accident with an aggregated limit of \$300,000.

iv. Combined Single Limit (CSL) – instead of comprehensive public liability and property damage, the contractor may obtain CSL of \$500,000.

H. Minority/Women Owned Business Enterprise (M/WBE): Program recipients must ensure that minority and women-owned businesses have information about and the opportunity to bid on federally funded competitive contracts.

As a policy Cook County strives to meet the goal of 24% MBE and 10% WBE for all construction related projects.

I. Prevailing Wages: Prevailing Wage rates shall comply with Section 2 of the “Prevailing Wage Act – Illinois Revised Statutes, Chapter 48, and Paragraph 39s-1 et. seq.” The most current scale of prevailing wages to be paid shall be posted by the Contractor in a prominent and easily accessible place at the site of work.

J. Sealing of Abandoned Water Wells: Unsealed abandoned wells constitute a hazard of public health and welfare. The sealing of such wells presents a number of problems, the character of which depends upon the construction of the well, the geological formations encountered, and the hydrologic conditions. The basic concept of properly sealing abandoned wells is the restoration, as much as feasible, of the controlling geological conditions that existed before the well was drilled and constructed. Each proposed demolition site must be closely examined to determine if an unsealed abandoned water well exists. If such a well does exist, Section 9 of the Illinois Water Well Construction Code Law (415 ILCS 30/9) applies, and must be included in bid specifications. A copy of the executed Water Well Sealing Form must accompany a request for payment submitted by the program recipient to the Department.

K. Section 3: All contractors or subcontractors that receive contracts in excess of \$200,000 for demolition are required to comply with the requirements of Section 3.

IX. Demolition Payout

Payout planning will take place at a preconstruction meeting. The number of payments should be agreed upon. Each payout is for specific line items in the detailed bid that have been completed. The contractor should call for a payout by delivering the following documents to Department:

- 29A;
- Contractor Partial/Final Waiver of Lien
- Contractor's Invoice/Sworn Statement;
- Copies of All Permits;
- Copy of Asbestos Reports;
- Copy of Bid Publication;
- Copy of Bid Tabulation;
- Copy of Contractors Bid Documents;
- Copy of Cook County Department of Environmental Control Demolition Debris Recycling Compliance Form – Recycling Plan
- Copy of Cook County Department of Environmental Control Demolition Debris Final Report
- Copy of Demolition Order, if applicable
- Program Recipient 29A Certification

X. Demolition Liens

Liens must be recorded against each property cleared utilizing County Demolition Program funds in an amount not less than the total funds awarded for the demolition of each property.

- A. General procedures applicable to the removal of structures located on privately owned property are as follows:
 - i. The municipality will record a Notice of Lien naming itself as claimant.
 - ii. The municipality will execute, and return to the County, an Assignment of Lien naming "Cook County, Illinois" as assignee.
- B. General procedures applicable to the removal of structures located on publicly owned property are as follows:
 - i. The public entity will execute, and return to the County, a Demand Note and Mortgage naming "County of Cook, Illinois" as Mortgagee.
 - ii. The County will not institute foreclosure proceedings, provided the use of said property does not change.

XI. File Monitoring

The purpose of the monitoring visit is to assure HUD that all laws, rules, regulations and procedures have been followed and that all funds drawn for demolition have been paid to the appropriate contractor(s).

XII. Project Completion, Audit and Certification

After monitoring has proven that the files are complete and that all required documents have been placed in the file, the demolition project can be certified as complete. An internal auditor will then be dispatched to the program recipient to audit the financial records of the agency as it related to the demolition project.

XIII. Definitions

- A. BUILDING DECONSTRUCTION: The selective dismantlement of buildings components, specifically for re-use, recycling and waste management.

- B. DISPLACED PERSON. The term "displaced person" means any lower income family or individual that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of the conversion of an occupied or vacant occupiable low/moderate-income dwelling unit, or the demolition of any dwelling unit, in connection with an assisted activity.

- C. LOW/MODERATE-INCOME DWELLING UNITS. The term "low/moderate-income dwelling unit" means a dwelling unit with a market rent (including average utility costs) that does not exceed the applicable Fair Market Rent (FMR) for Section 8 existing housing established under 24 CFR Part 888. However, the term does not include any unit that is owned and occupied by the same person before and after the assisted rehabilitation.

- D. VACANT OCCUPIABLE DWELLING UNIT. The term "vacant occupiable dwelling unit" means:
 - i. A vacant dwelling unit that is in a standard condition;

 - ii. A vacant dwelling unit that is in a substandard condition, but is suitable for rehabilitation; or

 - iii. A dwelling unit in any condition that has been occupied (by a person with the legal right to occupy the property) at any time within the period beginning one year before the date of the execution of the Agreement.