F. FEASIBILITY OF MINOR REPAIR

Minor home repair projects eligible for this program include:

1. Addressing health/safety issues
    a. Replacement of an air conditioning/heating systems
    b. Replacement of a water heater system
    c. Water/sewer/gas line breaks
    d. Electrical system failures
    e. Ordinance Compliance
    f. Other minor repairs necessary to ensure safe living conditions

2. Exterior home repairs/structural integrity issues
    a. Minor weatherization
    b. Roofing repair or replacement
    c. Minor gutter installation
    d. Walkway repair or replacement
    e. Siding or exterior trim repair
    f. Other minor repairs necessary to ensure exterior home repairs and structural integrity.

G. SELECTION OF RECIPIENTS FOR ASSISTANCE

1. Recipients for assistance of this program will be taken from the applications of eligible homeowners residing in structures in need of minor repair determined to be structurally sound by program staff.

2. The number of recipients to receive assistance will be subject to general availability of funds.

3. Community Development staff will evaluate all applications of eligible homeowners whose structures are determined to be feasible to rehabilitate. Based upon this evaluation, a recommendation will be made to the City Manager or their designee as to the order of applicants to be assisted. Generally, those in the most imminent danger to personal health or safety will be extended priority under the program.

4. Criteria to be used to make this evaluation will include the following items listed in priority order:

    a. Degree of threat to health and safety of occupants presented by continuance of residing in the structure. This will include evaluation factors such as availability of basic services including water, sewer, electricity, and structural deficiencies of the home.

b. Health and disability of occupants which necessitates the home to undergo handicapped accessible construction because of the owner's existing situation.

c. Time and date that all application requirements are met.

d. Time and date of application.

H. <u>FORMS OF ASSISTANCE AND ALLOWABLE EXPENSES</u>

Minor home repair assistance shall be in the form of a grant, through federal CDBG funds. The allowable budget authority for minor repair assistance shall not exceed Twenty Thousand and No/100 Dollars ($20,000.00) per applicant for eligible project costs. Homeowners are limited to one (1) minor repair project every twenty-four (24) months. At his/her sole discretion, the Community Services Department Director may allow subsequent minor repair projects to occur sooner to accomplish other City or program objectives, or upon significant demonstration of extraordinary circumstances.

I. <u>MINOR REPAIR AGREEMENT</u>

Each applicant assisted through this program will sign a Minor Home Repair Agreement with the City which defines the overall terms and conditions of the City providing the MHRP assistance. Other construction documents will be required to be executed by the applicant during the repair assistance process.

J. <u>FINAL INSPECTION</u>

The City of College Station will be responsible for final inspection of all housing units made available through the program to determine that the unit meets all City of College Station and HUD requirements.

CITY OF COLLEGE STATION

HOUSING REHABABILITATION PROGRAM

PROGRAM GUIDELINES

Unless herein stated otherwise, the requirements contained in 24 CFR Part 92 (Home Investment Partnerships Program) and/or 24 CFR Part 570 (Community Development Block Grant Program) will be followed.

A. STATEMENT OF PURPOSE & PROGRAM OVERVIEW

The City of College Station has established a Housing Rehabilitation Program (HRP) funded through the U.S. Department of Housing and Urban Development (HUD) Home Investment Partnerships Program (HOME). Additionally, the City may utilize other appropriate local, state, or federal resources that may become available.

The HRP is designed to combine various financial resources necessary to accomplish rehabilitation of eligible, qualified, owner-occupied dwellings. The City's Community Development staff will assist homeowners in planning, implementing and managing the process to rehabilitate their substandard dwellings. In addition, the City seeks to impede the acceleration of slum and blighting influences through this activity, as well as preserve and enhance neighborhood quality and integrity. Depending upon applicant eligibility and costs of the particular project, assistance may be available to applicants under the provisions of 24 CFR § 92.254 Qualification as affordable housing: Homeownership and 24 CFR § 570.202, Eligible Rehabilitation and Preservation Activities. Eligible project activities will comply with the respective program requirements published in the U.S. Code of Federal Regulations (CFR), as it may be modified over time. The basic goals of this Program are:

- To preserve and enhance the supply of affordable, decent, safe, and sanitary housing available to qualified low-income households.
- To provide support training and educational activities to low-income applicants seeking to rehabilitate their sub-standard homes.
- To provide applicants information regarding loan finance options to accomplish necessary rehabilitation activities required to bring their sub-standard dwelling into a code compliant standard condition.
- To provide applicants information on proactively managing the maintenance of their homes following rehabilitation.

This program is designed to provide technical and financial assistance to low-income, owner-occupant homeowners seeking to rehabilitate their sub-standard residential structures into decent, safe and sanitary dwelling units. This program is available on a city-wide basis and is limited to only those properties located within the municipal boundaries of the city. Properties that lie partially within the city limits may be considered on a case-by-case basis.

The HRP financial assistance shall be managed as follows:

Program staff will assist qualified and approved applicants to rehabilitate their substandard housing by requiring the applicant to enter into a rehabilitation assistance agreement with the City. The agreement will allow the use of program funds for rehabilitation and associated program delivery costs of the project. The agreement must be approved and executed prior to the commencement of any rehabilitation activities. All project costs (excluding staff time and soft costs necessary for program delivery) shall be compiled at project completion into a permanent financing loan, secured by a lien. Repayment of the loan shall be in accordance with the terms and conditions defined in program legal instruments. Applicants will have the option of pre-payment of costs at any time during the project, and prior to permanent financing, if they so desire.

Upon completion of construction activities, applicant shall close on the loan.

All assistance will be in the form of a mixed loan – up to half of the assistance amount in the form of a deferred, 0% interest, forgivable loan amortized using a monthly rate based on the number of months in a ten (10) year lien period. The loan will be forgiven at this rate over the ten (10) year lien period. The remainder will be in the form of a 0% interest deferred loan. One hundred percent repayment of the borrowed amount is due when the borrower no longer owner occupies the property as their principal residence.

The mortgage note and deed restrictions shall be enforced either by the Planning and Development Services Department, a commercial lending institution or by a not-for-profit entity.

B. DESIGNATED AUTHORITY

Administrative authority for implementation of this Program will rest with the City Manager or their designee. The Planning and Development Services Department will serve as the designated office for approval of contractual agreements and budget changes as needed to accomplish project completion, in accordance with Council-approved procedures.

The City Manager or their designee will be responsible for authorizing the amount of assistance to be made available to the project in accordance with the implementing procedures. This determination will be based upon evaluations of the costs to be incurred by providing the housing assistance and upon the demonstrated needs of eligible applicants.

The City Manager or their designee will also be responsible for approval of applicant eligibility for this program and final approval of selection of applicants to be assisted. This will be based upon relative need of applicants for the specific housing assistance sought.

C. PROGRAM IMPLEMENTATION PROCESS

Steps in implementing the Program will be as follows:

6. The Planning and Development Services Department (P&DS) will create and maintain applications for all housing assistance programs. All applicants shall submit a completed application to P&DS, and await an evaluation of eligibility by the appropriate staff member(s). For this particular Program, applicants are required to hold majority title interest to an improved property within the corporate limits of College Station, which is their permanent place of residence, prior to submitting an application. A $25 non-refundable application fee will be required to process the application under this program.

7. Program staff will evaluate all applications for eligibility and prioritize the processing of applications based upon completeness and accuracy of information/ documentation and demonstrated housing need. Program staff will process applications as expeditiously as possible, considering funding limitations and other staff responsibilities as assigned.

8. Applicant(s) will be notified by phone if they are eligible for participation in the program. If the applicant(s) are not eligible, they will be notified in writing, with an explanation of why they do not qualify. Non-qualification issues may include (but are not limited to) income, assets, deed restrictions, title concerns, environmental concerns and/or household make-up.

9. Once the applicant is deemed eligible, they will be required to sign an agreement with the City before commencing with the rehabilitation process of their property.

10. Program staff will meet with the applicant(s) to explain the basic goals and objectives of the program and further assess the needs of the applicant(s) household that will continue occupying the dwelling as their principal residence once completed. After the household needs are fully assessed, staff will assess the project site to determine any additional rehabilitation needs of the home in order to fully realize a decent, safe

and sanitary unit. Program staff will make every effort, while crafting a plan for the home rehabilitation, to incorporate the City's most current Green Building Standards into the project scope. Any incentives offered from federal, state or local agencies for conformance with Green Build Standards shall be accessed by the program as appropriate and when applicable.

11. Applicant(s) will be involved in several meetings with program staff to ensure proper steps are followed in the rehabilitation process of their homes. The applicant may also be required to accompany program staff to appear before City planning boards and/or commissions to request variances or approval of special circumstantial development needs.

12. Applicant(s) will be responsible for their own relocation arrangements, if needed, during the rehabilitation period. Necessary relocation expenses may be eligible for reimbursement under the City of College Station's Optional Relocation Policy. The City may be able to provide up to $4,500 for qualified eligible expenses.

13. Once the rehabilitation plan has been completed, and any other City required approvals have been accomplished, program staff will place the project out for bid to approved contractors in compliance with the City's procurement and process regulations. Prior to bid, program staff will prepare a construction estimate by which to compare submitted bid amounts. Should submitted bids prove to be more than 10% of the construction estimate, the applicant will have the option to reject all bids and re-bid the project, or select the lowest responsible bidder (if program staff deems the lowest responsible bid reasonable within the project estimate). Applicant (Owner) will then enter into a construction contract with the lowest responsible bidder (Contractor), allowing the City to be the Owner Representative through the construction process, attending to progress payments and change orders in a timely manner on behalf of the Owner.

14. Program staff will obtain all required close-out documents at project completion and the loan closing will be scheduled.

15. Homeowners will be required to comply with all terms and conditions of their program agreement until all of the terms of their loan have been satisfied. Due to the type and source of funding, homeowners provided assistance through this program can expect rigorous enforcement of the terms and conditions of their loans.

D. APPLICANT ELIGIBILITY CRITERIA

Eligible applicants of this Program must meet the following qualifications:

11. Income: An applicant must have a gross income of 80 percent or less than of the College Station/Bryan area median income as reported by HUD. Income will be determined by the provisions of 24 CFR § 92.203 (Income determinations) and 24 CFR § 5.609 (Annual income).

12. Assets: Applicants will not be eligible for this program if, upon application, they have assets exceeding $30,000 on hand. Retirement funds in IRS recognized retirement accounts are excluded. The City Manager or their designee may waive this requirement if necessary to accomplish other City or program objectives, or under extraordinary circumstances.

13. Principal Residence and Homestead: Applicants will be required to certify that they intend to occupy the rehabilitated dwelling as their principal residence upon project completion. Occupancy will be determined through verification of utility consumption, and other verifications determined acceptable and/or necessary by the City, on an annual basis.

14. Citizenship: In order to receive program assistance, applicants must be United States Citizens, U.S. Non-Citizen Nationals, or Qualified Aliens as defined by Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Qualified alien status will be verified by the Citizenship and Immigration Services division of the U.S. Department of Homeland Security.

E. ELIGIBLE PROPERTY CRITERIA

Property eligible for Program assistance is subject to the requirements of 24 CFR § 92.254 (Qualification as affordable housing: Homeownership) and as follows:

10. Location: The Program will be implemented on a city-wide basis within the corporate limits of the City of College Station. Properties that lie partially within the corporate limits will be considered on a case-by-case basis. However, program preference will rest with properties wholly in the City.

11. Property Type: Eligible properties must be improved, single-family residential lots, which are:

    a. The principal residence of the applicant, and

    b. Substandard but structurally sound, and

    c. Have all utility service connections available to the property.

12. Title: The applicant household must hold majority title to the property. An existing mortgage will not prohibit participation in the program.

10. All eligible properties, following rehabilitation, shall not exceed the HOME Program limits prescribed in 24 CFR § 92.254(a)(2)(iii).

11. Property Size: Eligible properties may not exceed two (2) acres in size. The City Manager or their designee may waive this requirement if necessary to accomplish other City or program objectives, or under extraordinary circumstances.

12. Manufactured Housing: Manufactured housing units are not eligible for program assistance.

F. LOAN INSTRUMENTS

1. The HRP shall use loan instruments (real estate lien note, deed of trust, mechanic's lien contract, mechanic's lien note and transfer of lien) adapted to this program in order to provide financial assistance to eligible applicants.

2. Program loan instruments shall require that the property must be maintained to meet all applicable City codes, including code enforcement ordinances, community appearance and development standards.

3. Refinancing of the first mortgage for the purpose of the reduction of monthly payments, term or interest rate is acceptable, however, refinancing which results in any cash being received by the homeowner is not allowed. In order to refinance, the rehabilitation cost must exceed the amount of debt that is refinanced with HOME funds.

4. The City shall have the prior right to purchase the ownership interest in the property from the initial HRP homeowner for the amount specified in a firm contract between the homeowner and a prospective buyer. The City shall have 10 business days after receiving notice of the firm contract to decide whether to exercise its right and 60 additional calendar days to complete closing of the property.

5. **Military Deployment** – In the event that the homeowner is deployed on active duty, if the home is occupied by the homeowner's dependents, the rehabilitation loan will continue to be deferred.

G. FEASIBILITY OF REHABILITATION

5. Feasibility of rehabilitation of property to minimum program standards will be made following a detailed inspection of the property by program staff. This inspection includes completing a list of deficiencies which must be corrected in order to bring the structure into compliance with HUD requirements and all applicable City of College Station codes and expectations.

6. Feasibility of rehabilitating structures under established program limits will be determined by an assessment of the following two criteria:

    a. The estimate of costs needed for all required repairs and renovations must fall within program limits.

    b. For all required renovations, rehabilitation costs shall not exceed 75% of the total estimated post-rehabilitation value for the structure.

7. Units not meeting these standards will be determined infeasible for rehabilitation assistance.

H. SELECTION OF RECIPIENTS FOR ASSISTANCE

1. Recipients for assistance of this program will be taken from the applications of eligible homeowners residing in substandard structures determined to be structurally sound by program staff.

2. The number of recipients to receive assistance will be subject to general availability of funds.

3. Planning and Development Services Department staff will evaluate all applications of eligible homeowners whose structures are determined to be feasible to rehabilitate. Based upon this evaluation, a recommendation will be made to the City manager or their designee as to the order of applicants to be assisted. Generally, those in the most imminent danger to personal health or safety will be extended priority under the program.

4. Criteria to be used to make this evaluation will include the following items listed in priority order:

    a. Degree of threat to health and safety of occupants presented by continuance of residing in the structure. This will include evaluation of factors such as availability of basic services including water, sewer, electricity, and structural deficiencies of the home.

b. Health and handicapping disabilities of occupants which necessitates the home to undergo handicapped accessible construction because of the owner's existing situation.

c. Time and date that all application requirements are met.

d. Time and date of application.

I. <u>FORMS OF ASSISTANCE AND ALLOWABLE EXPENSES</u>

1. The primary form of general housing rehabilitation assistance will be federal HOME funds to pay for eligible program costs. The allowable budget authority for rehabilitation assistance shall not exceed Fifty Thousand and No/100 Dollars ($50,000.00) per applicant for eligible project costs (excluding program staff costs). The City Manager or their designee may increase this amount if necessary to accomplish other City or program objectives, or under extraordinary circumstances. Any additional costs will be financed by owner proceeds or by an additional loan from a private lender.

2. The City of College Station shall hold first lien position on the loan for the duration of the lien period. However, in extreme and isolated situations where first lien position is not feasible, the City may accept a lower lien position subject to the review and approval of the City Manager or their designee. The lien shall be released upon repayment. The full amount of assistance may be repaid at any time. The repayment half of the loan is due in full when that household no longer resides in the home as their principal residence. The other half of the assistance will be in the form of a deferred, forgivable loan amortized using a monthly rate based on the number of months in a ten (10) year lien period to be placed on all rehabilitated dwellings. The loan will be forgiven at this rate over the ten (10) year lien period. If the house is sold or transferred before the lien period expires, the homeowner gets credit for every month spent in the house. The credit is subtracted from the total loan amount, which is then owed and due to the Planning and Development Services Department and received and used thereof as program income.

3. Program intent is to maintain owner-occupancy in the rehabilitated dwellings. In the event of a sale, transfer of ownership or renting of the property during the lien period, the following conditions must apply to avoid default:

   a. The owner must sell or offer the assumption of the loan to a low/moderate income household for their homestead and approved by the City Manager or their designee; and

b. The owner shall give the city a first right of refusal to purchase the ownership interest in the property from the homeowner for the amount specified in a firm contract between the homeowner and a prospective buyer. The city shall have 10 business days after receiving notice of the firm contract to decide whether to exercise its right and 60 calendar days to complete closing of the property.

J. REHABILITATION AGREEMENT

Each applicant assisted through this Program will sign a HOME Rehabilitation Agreement with the City which defines the overall terms and conditions of the City providing the HRP assistance. Other construction documents will be required to be executed by the applicant during the rehabilitation assistance process, but the Rehabilitation Agreement will be solely between the City and the applicant, and will be the primary instrument submitted for City Manager approval, before the project may commence.

K. FINAL INSPECTION - CERTIFICATE OF OCCUPANCY

The City of College Station will be responsible for final inspection of all housing units made available through the program to determine that the unit meets all City of College Station and HUD requirements. Final payment will not be made until the City of College Station has issued a Certificate of Occupancy for the renovated unit and all items identified in a punch list have been corrected. The owner will also be required to sign-off on the final progress payment document to the contractor. The Certificate of Occupancy will serve as evidence to HUD of the City's determination that the renovated structure is no longer substandard, but has become code compliant and a decent, safe, and sanitary dwelling.

CITY OF COLLEGE STATION

RENTAL REHABILITATION LOAN PROGRAM

PROGRAM GUIDELINES

Unless herein stated otherwise, the requirements contained in 24 CFR Part 92 (Home Investment Partnerships Program) and 24 CFR Part 570 (Community Development Block Grant Program) will be followed.

I. STATEMENT OF PURPOSE & PROGRAM OVERVIEW

The City of College Station has established a Rental Rehabilitation Loan Program (RRLP) funded through the U. S. Department of Housing and Urban Development (HUD) with HOME Investment Partnership Program (HOME) and/or Community Development Block Grant (CDBG) funds. The City may also utilize local, state, or federal resources that may become available.

The RRLP is designed to combine various financial resources necessary to encourage property owners (Owner) to rehabilitate existing rental property in order to increase the supply of decent, affordable housing for lower income families and to preserve existing rental housing stock. The City will provide loans of up to 90% of the amount necessary for improvements that meet the parameters identified in these guidelines. The basic goals of this Program are:

- To preserve, enhance, and increase the supply of affordable, decent, safe, and sanitary housing available to qualified low- and moderate-income and special needs renter households.

- Maintain the affordability for low- and moderate-income households by reducing energy consumption and costs.

This program is designed to provide technical and financial assistance to owners of qualified rental units who are seeking to rehabilitate structures into decent, safe, sanitary and affordable dwelling units. This program is available on a city-wide basis and is limited to only those properties located within the municipal boundaries of the city. Properties that lie partially within the city limits may be considered on a case-by-case basis.

Assisted units are required to provide affordable rents for the set affordability period. The Planning and Development Services Department will administer this program for the City of College Station.

II. DESIGNATED AUTHORITY

Administrative authority for implementation of this Program will rest with the City Manager or their designee. The Planning and Development Services Department will serve as the designated office for approval of contractual agreements and budget changes as needed to accomplish project completion, in accordance with Council approved procedures.

The City Manager or their designee will be responsible for authorizing the amount of loan assistance to be made available to the project in accordance with the implementing procedures. This determination will be based upon evaluations of the application, cost to be incurred by providing assistance, and community benefit of project(s) proposed.

The City Manager or their designee will also be responsible for approval of applicant eligibility for this program and final approval of projects to be assisted. This will be based upon the feasibility of proposed project.

III. PROGRAM IMPLEMENTATION

Steps in implementing the Program will be as follows:

Planning and Development Services will create and maintain applications for the RRLP. Applications may be submitted in response to a Request for Proposal or at any time during the program year. Proposals will be reviewed and funded based on the availability of funds and dependent upon the eligibility, feasibility, and benefit to the community.

Planning and Development Services staff will evaluate all applications for eligibility and prioritize the processing of applications based on parameters defined in Sections VII. Applications will be processed as expeditiously as possible. Owners will be notified of their application's status. The Owner will be required to sign a program agreement with the City committing to the rehabilitation, loan terms, affordability requirements, and other federal requirements.

Owner and Planning and Development Services staff will work together to develop a scope of work based on the information submitted in the application. The scope of work will be developed in a way to minimize the permanent displacement of tenants who occupy the structure prior to rehabilitation. Planning and Development Services staff will ensure that the scope of work includes all requirements to meet specific codes and federal regulations. Owner will be required to accompany Planning and Development Services staff to appear before City Council as needed to request approval.

Planning and Development Services staff will monitor all federal program requirements, obtain all required close-out documents at project completion, and service the loan upon closing for the duration of the loan.

Owner will be required to comply with all terms and conditions of their program agreement until all of the terms of their loan have been satisfied. Planning and Development Services staff will monitor the project for the affordability period to determine compliance with low income rental requirements. Due to the type and source of funding, Owners receiving a loan through this program can expect rigorous enforcement of the terms and conditions of their loan.

IV ELIGIBILITY REQUIREMENTS

A. The Owner must:

1. Be the owner of the property proposed for rehabilitation. Any legally acceptable form of ownership (e.g. partnership, corporation, individual) is eligible, provided that the applicant has control of the property and the authority to enter into legally binding financial commitments.

2. Exhibit the ability to pay all monthly expenses on the property, repay the loan(s) associated with the proposed project, and maintain the property in its post-assistance condition for the duration of the affordability period.

3. Enter into a Rehabilitation Agreement with the City either individually, or in the case of a corporation, by an authorized representative/principal(s) on behalf of the corporation, with an express warranty that the representative/principal(s) has been authorized to execute the Rehabilitation Agreement on behalf of the corporation

4. Be in good standing with the City of College Station with any previously awarded federal funds. This means that the applicant organization should be within 30 days current on any loan payments due, be within 30 days current on all required program and financial reporting, and not have any outstanding or unresolved monitoring findings from previous contracts or agreements.

5. Must be current on all property taxes and utility payments that are due and payable on the proposed property.

6. Contribute a minimum of 10% of the total project cost from sources other than City funds.

7. Owner must demonstrate that they have equity in the property at least equal to twenty percent (20%) of the market value of the property.

B. Eligible Property Types

1. Home rental projects may be one or more buildings on a single site, or multiple sites that are under common ownership, management and financing.

    a. The project must be assisted with HOME funds as a single undertaking.

    b. The project includes all activities associated with the site or building.

2. Must be appraised by an appraiser selected and/or approved by the City, and the appraisal must show a value sufficient after rehabilitation to satisfactorily support at least 100% of the project's debt which will exist after rehabilitation/construction.

3. The overall debt to after rehabilitation value shall not exceed one hundred percent (100%).

4. Must be insured in an amount sufficient to fully protect the public investment with the insurance policy naming the City as “loss payee”.

5. A building inspection is required by a licensed architect, engineer, and/or the City upon submission of an application. Results of the inspection must be consistent with information provided in the application. Existing buildings may be considered eligible for rehabilitation assistance if there are at least (2) major conditions that do not comply with either the International Building Codes adopted by the City of College Station, or federal Section 8 Housing Quality Standards. This may include the following:

   a. Structural – Noncompliance with Building Code and Section 8 Housing Quality Standards such as fire egress requirements, over-spanned roof/ceiling joists, tenant separation fire walls and other code items that are necessary to bring the property up to current standards or that threaten the health and safety of residents

   b. Plumbing – Sewer drain lines, plumbing fixture venting and rough-ins, washer connections, water lines, gas lines, outdated water heaters and plumbing fixtures

   c. Mechanical – Heating/Cooling systems, ductwork, direct-air venting

   d. Electrical – Non-grounded systems, obsolete electrical panels, AFCI and GFCI receptacles, exterior waterproof receptacles, minimum required receptacles, exterior lighting, smoke and carbon monoxide detectors

   e. Energy – Insulation values, door and window energy ratings, appliances

   f. Accessibility – Accessible parking and routes, visitability, ramps, grab bars, sensory (deaf or blinded) equipment (HUD requirement), bathroom and kitchen modifications

6. Must have an assessment and possible abatement of lead-based paint if required. A HUD environmental review will be performed by the City.

7. Upon project completion, each of the following major systems must have a remaining useful life for a minimum of 15 years or the major systems must be rehabilitated or replaced as part of the rehabilitation work: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

8. Rental properties must be residential units.

C. Ineligible Property Types

1. Properties previously financed with HOME during the affordability period cannot receive additional HOME assistance unless assistance is provided during the first year after project completion.

2. HOME funds may not be used for development, operations or modernization of public housing finances under the 1937 Act (Public Housing Capital and Operating funds).

3. Projects assisted under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages) may not receive HOME funds, unless assistance is provided to "priority purchasers" of such housing.

    a. A priority purchaser is a resident council organized to acquire a project in accordance with a resident homeownership program, or any nonprofit organization or state or local agency that agrees to maintain low-income affordability restrictions for the remaining useful life of the project. Organizations or agencies affiliated with a for-profit entity for the purposes of purchasing a property do not qualify as priority purchases.

D. Eligible Tenants

a. Owner may not refuse to lease HOME-assisted units to a certificate or voucher holder under the Section 8 Program, or to a holder of a comparable document evidencing participate in a HOME tenant-based rental assistance (TBRA) program, because of the status of the prospective tenant as a holder of such certificate, voucher or comparable HOME TBRA document.

b. Owner will utilize the Section 8 Program Part 5 definition of annual (gross) income.

c. Before the tenant occupies a unit, tenant eligibility must be documented as prescribed by the City with source documents, such as wage statements, interest statements, and unemployment compensation statements.

d. Owner must recertify tenant income on an annual basis.

E. Leases

a. The lease between the Owner and Tenant must be for at least one year.

b. The lease between the Owner and Tenant cannot contain any of the following provisions:

    1. Agreement to be sued: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.

    2. Treatment of property: Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.

3. Excusing Owner from responsibility: Agreement by the tenant not to hold the Owner or the Owner's agent legally responsible for any action or failure to act, whether intentional or negligent.

4. Waiver of notice: Agreement of the tenant that the Owner may institute a lawsuit without notice to the tenant.

5. Waiver of legal proceeding: Agreement of the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding win which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.

6. Waiver of right to appeal court decision: Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in a court a court decision in connection with the lease.

7. Tenant chargeable with cost of legal actions regardless of outcome: Agreement by the tenant to pay attorney's fees or other legal cost, even if the tenant wins in court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

c. Owners may terminate tenancy or refuse to renew a lease only upon 30-days' written notice, and only for serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state or local law; completion of the tenancy period for transitional housing or for other good cause.

d. Owner of HOME-assisted rental housing must adopt written tenant selection policies and criteria that:

1. Are consistent with the purpose of providing housing for very-low and low-income households;

2. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

3. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

4. Give prompt written notification to any rejected applicant of the grounds for any rejection.

V. FORMS OF ASSISTANCE AND ALLOWABLE EXPENSES

1. RRLP assistance shall be in the form of a 0% interest loan with quarterly payments for a specified term. The quarterly payment amount will be determined by the amount of the loan divided by the number of years of the loan divided by four.

   25% of the total loan amount may become forgivable at the end of the specified term for proposals that address the first three priorities in Section VII: 1. Bring property up to City Code & HQS Standards (up to 10% forgiven), 2. System upgrades (up to 10% forgiven) and 3. Energy conservation upgrades (up to 5% forgiven). The quarterly payment amount will be adjusted to reflect this forgivable portion.

2. The maximum assistance amount will be based on Section 221(d) (3) program limits for the metro area and will be subject to funding availability. The minimum loan will be $5,000 per unit. The Owner must comply with the terms of the note and deed of trust executed at loan closing.

   If the Owner violates terms of the note and Deed of Trust, the remaining principal of the loan, any amounts that would have been forgiven, plus a penalty equaling the amount of interest that would have been amortized at a 5% interest rate over the specified term will be due immediately.

3. HOME funds may be used to refinance existing debt if the HOME funds are used to rehabilitate the property and the refinancing is necessary to permit or continue affordability. Refinancing cannot be the primary purpose of the HOME Investment. HOME funds cannot be used to refinance Federal debt.

4. Program intent is to maintain affordable, decent, safe and sanitary rental units for low-income households. In the event of a sale or transfer of ownership, the following conditions must apply to avoid default:

   a. The Owner must sell repay the full amount of assistance including the penalty described in Section III (2) while still maintaining the affordability period; or

   b. Following approval from the Director, Owner may offer the assumption of the loan and requirements to the buyer.

5. Eligible project costs include construction costs, architectural and engineering fees; financing costs such as private lender origination fees, credit reports, fees for title evidence, recording costs, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate, builders' or developers' fees; affirmative and fair housing marketing costs; management costs; environmental review costs, relocation costs, and any other reasonable costs.

VI. LONG TERM AFFORDABILITY & RESTRICTIONS

1. Affordability Period:

HOME-assisted rental units carry rent and occupancy restrictions for varying lengths of time, depending upon the average amount of HOME funds invested per unit. The minimum affordability period is as follows:

<$15,000 per unit	= 5 years
$15,000 to $40,000 per unit	= 10 years
$40,000 per unit	= 15 years

2. Initial "HOME rents":

Every HOME-assisted unit is subject to rent limits designed to help make rents affordable to low income households. These maximum rents are referred to as "HOME Rents". HUD will annually publish Fair Market Rents (FMR) for this area. Planning and Development Services staff must establish monthly rents and allowances for utilities for HOME-assisted rental projects based on FMR's. See Attachment 1.

3. Restrictions:

a. If five or more units are included in the project, at least 20 percent must be designated low HOME rent units that are rented to tenant households having a gross annual income of 50% AMI or less.

b. If units are occupied at time of project initiation by tenants who are not low-income, upon the unit becoming vacant, the Owner shall lease that vacated unit to an eligible low-income household.

c. No conversion to condominiums or any type of cooperative ownership for the duration of the loan.

d. Owner must comply with the City's Fair Housing Ordinances and the U.S. Department of Housing and Urban Development Fair Housing Standards.

e. The project must be maintained in standard condition for the duration of the lien as defined by HUD's Housing Quality Standards (HQS) and City ordinances.

f. Owner must comply with the City's Anti-Displacement Policy (Attachment 2).

g. Owner must affirmatively market vacant units to low-income households for the affordability period and adhere to the City's Affirmative Marketing Policy (Attachment 3).

h. Owner will provide, in a timely manner, information necessary to determine compliance with the RRLP during the term.

i. Owner must comply with federal employment and contracting rules (Equal Opportunity Employment, Section 3, Minority/Women Employment, Davis-Bacon, Conflict of Interest, and Debarred Contractors).

j. Construction plans for projects must be sealed by an architect or engineer if the number of stories, dwelling units, use classification, or total square footage exceeds the minimum thresholds set forth in the City Building Code, the Texas Engineering Practice Act, or by the Texas Board of Architectural Examiners. The architect/engineer must be available for consultations, meetings, and site inspections for the duration of the project. Plans for projects not exceeding these minimum thresholds do not require the seal of an architect or engineer. However, the person who designs a project not requiring a seal must be available for consultation, meetings, and site inspections, and be responsible for monitoring the project and approving progress payments through completion.

VII. SELECTION CRITERIA AND PRIORITY

Applications for RRLP funding will be reviewed and evaluated using the following criteria:

a. Type of improvements: Projects incorporating improvements beyond City codes and HUD's Housing Quality Standards (HQS) are encouraged to the extent allowed by regulation.

b. Financial Feasibility: Procedures will include an evaluation of the Owner's financial capacity.

c. Overall benefits to low-income tenants.

Applications will be given priority based on the following proposed improvements:

1. Bring property up to City Code & HQS Standards
2. System upgrades
3. Energy conservation
4. Exterior repairs
5. Upgrade marketability

VIII. RELOCATION

The owner of any property rehabilitated under the Rental Housing Program will be expected to cooperate with the City to provide financial and advisory services, as described in the City's Anti Displacement Strategy, to all tenants who are permanently or temporarily displaced as a result of the project.

IX. ELIGIBLE AREAS

The RRLP will be available on a citywide basis in an effort to increase the availability of standard units made financially available. This activity is in compliance with the City's Consolidated Plan and Annual Action Plan priorities to provide low-income housing on a citywide basis.

X. FILES AND RECORDS

The Planning and Development Services Department shall maintain accurate files and records on each project and all documentation pertinent to the applicant shall be included. Such files shall be open for inspection as to qualifications, bid procedures, inspections of work, and payments of federal share of the project.

The Owner will be required to maintain accurate files and records on each unit rehabilitated under the RRLP. Such files shall be open for inspection by local, state, and federal authorities to verify compliance with all program requirements. Additionally, the Owner will be required to file annual reports to the City for the entire term of the note.

Within 90 days of the date of issuance of a Certificate of Occupancy for the project, the owner must furnish to the City data on the income characteristics of tenants occupying the structure initially after rehabilitation/construction.

XI. BIDDING PROCEDURES AND CONTRACTOR SELECTION

Contractors and sub-contractors must be selected in accordance with applicable federal and state laws.
The owner is responsible for securing all appropriate building permits and ensuring the final inspections of all permits are performed and approved by the City. Upon completion the City, and if appropriate, the lender will make a final inspection before the construction work will be approved and accepted. The owner is solely responsible for the terms of the contract between the owner and the contractor.

A. Selection of a General Contractor

If the total loan amount is $49,999 or less, the owner will be responsible for obtaining and documenting a minimum of three written bids from qualified sources. Copies of the quotations must be submitted to the Planning and Development Services Department prior to the owner's award of the contract.

If the total loan amount will or could exceed $50,000, the owner will be responsible for obtaining competitive bids from a minimum of two qualified, responsible contractors. Contractors must submit an itemized bid using the work write-up prepared by the owner and approved by the Planning and Development Services

Department. Copies of the bids must be submitted to Planning and Development Services prior to the owner's award of contract. In the event the owner awards the contract other than to the lowest responsible bidder, the owner must pay the difference between the selected bidder and the low bidder.

A copy of the executed contract must be submitted to the Planning and Development Services Department prior to the start of construction. The approved contractor must be licensed, and provide proof of appropriate insurance coverage, covering the total cost of the rehabilitation work and including but not limited to worker's compensation, general liability, and personal liability. Recipient shall not award contract to any person that has been debarred, suspended, proposed for debarment, or placed on ineligibility status by U.S. Department of Housing and Urban Development.

B. Owner Performs Rehabilitation Work as General Contractor

If the City determines the owner (or members of the owner's family) has sufficient construction skills and possessed all required licenses, the owner may be allowed to perform the rehabilitation work. The owner will be required to identify the specific work items which will be accomplished by the owner. If an owner anticipates acting as the general contractor, sufficient information must be provided in the project proposal to allow the City to evaluate the owner's capacity to act as the general contractor.

The owner may act as the general contractor and enter into subcontracts afer securing a minimum of three written bids for each subcontract. Copies of the bids and executed contracts from subcontractors must be submitted to the Planning and Development Services Department before any work begins. The City will review and approve all subcontractor bids prior to the start of the work.

The Planning and Development Services Department will periodically inspect the progress and quality of the work. If an owner fails to satisfactorily accomplish the work within the time frame established in the Rehabilitation Agreement, the owner will be required to hire a professional contractor to complete the work, at no additional expense to the City.

Eligible project costs will be limited to the out-of-pocket expenses of the owner, including payments to subcontractors and purchase of materials and supplies used in the project. The labor of the owner or an owners immediate family will not be considered as an eligible rehabilitation cost. No allowance for profit will be approved for an owner who is acting as the general contractor.

The cost of materials and supplies from an owner's inventory generally will not be allowed. Only when the owner has an established method of inventory control where the actual cost of the material can be documented, will such costs be considered. In any case, the materials must be new and the costs must not exceed the market rate for such items.

XII. REHABILITATION AGREEMENT

Each applicant assisted through this Program will sign a Rehabilitation Agreement with the City which defines the overall terms and conditions of the City providing the rehabilitation assistance. Other construction documents will be required to be executed by the applicant during the rehabilitation assistance process, but the Rehabilitation Agreement will be solely between the City and the applicant, and will be the primary instrument submitted for City Manager or City Council approval, before the project may commence.

XIII. FINAL INSPECTION - CERTIFICATE OF OCCUPANCY

The City of College Station will be responsible for final inspection of all housing units made available through the program to determine that the unit meets all City of College Station and HUD requirements. Final payment will not be made until the City of College Station has issued a Certificate of Occupancy for the renovated unit and all items identified in a punch list have been corrected. The owner will also be required to sign-off on the final progress payment document to the contractor. The Certificate of Occupancy will serve as evidence to HUD of the City's determination that the renovated structure has become code compliant and a decent, safe, and sanitary dwelling.

CITY OF COLLEGE STATION
RENTAL REHABILITATION LOAN PROGRAM

ANTI-DISPLACEMENT POLICY

Unless herein stated otherwise, the requirements contained in the Uniform Relocations Assistance and Real Property Acquisition Polices Act of 1970 (URA) (42. U.S.C. 4201-4655), 49 CFR Part 24, 24 CFR Part 42, 92.353, and Section 104(d) will be followed.

The City's goal with the Rental Rehabilitation Loan Program is to improve the housing conditions of lower income tenants. This is to be achieved by providing sufficient assistance to property owners (Owner) to make rehabilitation of their rental property cost-effective, while rents of rehabilitated units stay affordable for their lower income tenants. Displacement of existing tenants as a result of rehabilitation will be avoided to the greatest degree possible. Moreover, the City will not sponsor a project that will cause the displacement of a very low income family by a family that is not of very low income. The purpose of this Policy is to inform the public how the City will assist tenants who reside in properties to be rehabilitated through this program. Assistance connected with this policy, and with the City's Rental Rehabilitation Loan Program will not be denied to persons because of their particular race, color, religion, sex, age, handicap, or national origin. Costs of assistance provided pursuant to this policy, other than Section 8 Rental Assistance, will be shared by participating owners and by the City through its Community Development Grants and other available state or federal funding sources.

A. DEFINITIONS

1. "Displacement", as used herein, means the permanent involuntary move of a tenant from a residence in a project rehabilitated through the Rental Rehabilitation Program because of that rehabilitation occurring. (For example, if the tenant was forced to move because his rent after rehabilitation increased to an unaffordable level.)

2. "Temporary Relocation", as used herein, means the move by a tenant into temporary quarters necessitated by the scope of work during rehabilitation of his primary residence.

3. "Comparable Replacement Dwelling", as used herein, means a dwelling which is:

   a. Decent, safe, and sanitary with respect to local codes.

   b. Functionally equivalent to the displacement dwelling.

   c. In an area not subject to adverse environmental conditions.

   d. Is reasonably accessible to the displaced person's place of employment (or to employment opportunities if the person is unemployed).

   e. Currently available to and within the financial means of the displaced person.

B. NOTICES TO TENANTS

Affected tenants will be promptly notified through the mail, by either Owner or City, on each of the following occasions:

1. At time of application, to advise tenants that they will either not be displaced, or, if displaced will be eligible to receive relocation assistance.

2. After execution of the agreement, to advise:

   a. Tenants who will not be displaced of the conditions for continued occupancy, and potential availability of Section 8 rental assistance.

   b. Tenants who will be displaced of their eligibility for relocation assistance and/or Section 8 rental assistance, and how to access it.

C. TENANT COUNSELING

Consistent with the Fair Housing Law the City will provide the following information and counseling to displaced tenants:

1. Opportunities to select Comparable Replacement Dwellings from a full range of neighborhoods within the total housing market.

2. Individual rights under the Fair Housing Law.

3. How to search for suitable replacement housing.

The Brazos Valley Housing Choice Voucher Program will provide information and counseling concerning the provision of rental assistance to eligible tenants through that program.

D. MOVING EXPENSE ASSISTANCE: TEMPORARY OR PERMANENT

1. Eligibility: All tenants that must be relocated temporarily or displaced are eligible, regardless of total family income, except:

   a. Tenant being evicted for just cause.

   b. The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the person, and the fact that the person would not qualify as a displaced person as a result of the project.

   c. Tenant is ineligible under 49 CFR 24.2(g) (2)

   d. HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

2. <u>Types of Moving Expense Payments:</u> Eligible tenants are entitled to either of the following payments:

   a. Reimbursement for actual moving expenses, which include:

      ▪ Moving household goods, including insurance coverage on the household goods while in transit

      ▪ Disconnecting and reconnecting household appliances.

      ▪ Transportation cost for tenant and family. -

      ▪ Storage of household goods (for temporary move only).

      Tenants selecting this method should consult with the designated City staff prior to the move. Agreements should be reached between the staff and the tenant as to specific reimbursements the tenant can expect. The tenant shall provide adequate documentation of the covered moving expenses, and shall provide signed and dated receipts on the letterhead of the service provider.

   b. Fixed moving expense payment, which is an allowance based on the number of rooms of furniture the tenant will move. The size of the allowance will conform with the most recently published schedule for "Fixed Moving Expenses and Dislocation Allowance" from the U.S. Department of Transportation. The tenant will be required to certify, to the City's satisfaction, the number of rooms and furniture involved.

3. Limitations: The City will not bear any moving expenses connected with temporary relocations beyond a period of 90 days.

E. <u>CASH ASSISTANCE: PERMANENT RELOCATION ONLY</u>

1. Eligible Tenants:

   a. Tenants with income below the very low income limits (50 percent of the area median income)

2. Criteria and Procedure:

   a. The tenant may use the cash assistance payment for rent or purchase of a replacement dwelling.

   b. Generally, the City will calculate the cash assistance payment as follows:

i. $______Monthly rent, plus utility allowance as determined using the Brazos Valley Housing Choice Voucher Program Utility Schedule, at the comparable replacement dwelling

ii. $______Monthly rent, plus utility allowance as determined using the Brazos Valley Housing Choice Voucher Program Utility Schedule at the displacement dwelling, or 30% of the tenants average gross monthly income whichever is less.

iii. $______State the difference in the above two items.

iv. $______(Cash Payment) State the amount on the line iii. times 42, or $5,250.00, whichever is less.

G. CONTINUED OCCUPANCY FOR IN-PLACE TENANTS

To the extent feasible in-place tenants shall be provided a reasonable opportunity to lease a suitable, decent, safe, sanitary, and affordable dwelling unit in the project following completion of the rehabilitation. Tenants not displaced shall have the right of continued occupancy according to the terms of their respective lease agreement. Very low income tenants will be encouraged to apply for Section 8 rental assistance which may be available to them at a later date.

For more information concerning matters addressed in this policy please contact the City of College Station Planning and Development Services Department, at (979) 764-3570.

CITY OF COLLEGE STATION
RENTAL REHABILITATION PROGRAM

AFFIRMATIVE MARKETING POLICY

The City of College Station adheres to the principle that persons of similar economic levels should have available to them like range of housing choices regardless of their race, color, religion, sex, handicap, national origin or familial status. In following with this principle, this policy sets forth actions which will be taken to achieve affirmative marketing of units rehabilitated through the City's Rental Rehabilitation Program.

ACTIONS BY PARTICIPATING OWNERS

1. List rehabilitated units with, or advertise them through, as large a number of referral sources as practical to attract a wide cross-section of lower income tenant prospects. This includes, but is not limited to:

   a. Brazos Valley Housing Choice Voucher Program

   b. Private apartment locator services

   c. Local newspapers.

2. Develop community contacts through which persons in the housing market area might be attracted, who are not likely to apply for the housing without special outreach.

3. Inform the City of vacancies as they occur, the steps being taken to fill those vacancies consistent with No. 1 and-2 above, and characteristics of tenants once those vacancies are filled.

4. Use Equal Housing Opportunity logo on printed material, and display Fair Housing posters as practical.

ACTIONS BY CITY

1. Inform the public, potential tenants, and owners about Fair Housing laws, and elements of this policy, through the following methods:

   a. Use the media.

   b. Dissemination of printed material to tenants and owners.

   c. One-on-one counseling to tenants and owners.

2. Promote the achievement of the affirmative marketing goal through interaction with other housing service providers and advocates in the community.

3. Maintain records documenting efforts by owners and the City to achieve affirmative marketing.

ASSESSMENT AND CORRECTIVE ACTION

The City will assess the effectiveness of affirmative marketing by owners, by comparing characteristics of the affected tenant population with characteristics of the City's population as a whole on a regular basis. If it is determined that an owner has violated this policy, he will be at risk of having to repay the rehabilitation subsidy as per the terms of the Rental Rehabilitation Agreement.