

**CITY OF EL PASO**  
**SINGLE FAMILY HOUSING OWNER OCCUPIED RENOVATION**

PROGRAM CLOSE OUT GUIDELINES

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## EXECUTIVE SUMMARY

This document is a program reference for the close out of City of El Paso Single-Family Owner-Occupied Renovation Program.

The City of El Paso acts as the grantee for funding received from the Department of Housing and Urban Development. The role of the Department of Community + Human Development (DCHD) is to both develop and administer policies and procedures reflective of the needs of the residents of the City of El Paso and in adherence to federal regulations. Funding availability for this program varies from year to year. Program cycles open and close based on several factors including, but not limited to:

- Available funding
- Community Need
- Program demand
- Market Conditions
- Administrative Capacity

Housing programs administered by the City of El Paso are guided by the most recently published Regional Housing Plan paired with current housing market data published by HUD and supplemented by the City of El Paso Annual Community Needs Assessment. Ultimately, all research, reporting and planning is aligned with the City of El Paso Strategic Plan. Through that plan the City Council has adopted 4 priorities identified as Vision Blocks:

1. vibrant regional economy,
2. safe and beautiful neighborhoods and
3. exceptional recreational, cultural and educational opportunities
4. a high performing government

The policies and procedures included within this document have been refined so as to best support the following Strategic Goals:

*Goal 1: Create an Environment Conducive to Strong Sustainable Economic Development*

*Goal 2: Set the Standard for a Safe and Secure City*

*Goal 3: Promote the Visual Image of El Paso*

*Goal 4: Enhance El Paso's Quality of Life through Recreational, Cultural and Educational Environments*

*Goal 7: Enhance and Sustain El Paso's Infrastructure Network*

*Goal 8: Nurture and Promote a Healthy, Sustainable Community*

Supplemental to the eight goals listed above, City Council has recently adopted the following additional strategic objectives with a direct bearing on housing programs:

*Strategic Objective 22: Support affordable, high-quality housing options especially for vulnerable populations*

*Strategic Objective 30: Develop solutions to increase access and services for El Pasoans experiencing or at-risk of homelessness*

While not having a direct relationship to the housing market or individual household needs, the City of El Paso Strategic Plan is inclusive of two customer service delivery performance goals.

*Goal 5: Promote Transparent and Consistent Communication Amongst All Members of the Community*

*Goal 6: Set the Standard for Sound Governance and Fiscal Management*

Acknowledging the importance of addressing the pressing issue of affordable housing in our community, the City of El Paso is actively engaged in our commitment to improving housing opportunities. In alignment with this commitment, the Single-Family Housing Owner Occupied Renovation program is currently undergoing a temporary closeout. This strategic decision is propelled by the necessity to reallocate vital resources, particularly HOME and CDBG Funds, in response to the escalating

need for quality affordable housing units in our community. The city is committed in its resolve to implement these changes as a proactive step toward not only meeting the immediate housing needs of our residents but also fostering lasting positive impacts on our community's overall well-being.

The policies articulated here have been assembled and published to the highest level of transparency in order to provide both clear process and excellent customer service resulting in measurable community impact.

## SINGLE-FAMILY OWNER-OCCUPIED RENOVATION PROGRAM

The purpose of the Single-Family Owner-Occupied Renovation program is to assist low to moderate income homeowners (households at 80% or less of area median income as determined by HUD) to increase safety, sanitation and functionality of their homes. The program is inclusive of 4 distinct options for assistance:

1. **Sewer Connection:** Provides assistance in establishing an initial connection to local sewer lines, and assistance is capped at \$25,000.00. Sewer assistance is funded by CDBG, and no repayment will be required.
2. **Minor Repair:** Provides funds for addressing conditions that pose an imminent threat to the health, safety and welfare of the occupants (as determined by HUD) and assistance is capped at \$25,000.00. Minor Repair is funded by CDBG and no repayment will be required.
3. **Rehabilitation:** Provides assistance for significant renovation addressing conditions that pose an imminent threat to the health safety and welfare of the occupants (as determined by HUD) ranging in cost from a minimum of \$25,001.00 - \$90,000.00. **The Rehabilitation Program requires a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**
4. **Reconstruction:** Provides assistance for addressing conditions that pose an imminent threat to the health safety and welfare of the occupants (as determined by HUD) AND exceeds the \$90,000 rehabilitation threshold. The maximum assistance cap for reconstruction is calculated based on a formula provided by HUD. **The Reconstruction Program requires a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

The program is not currently open to new applicants. While it is our commitment to enhancing housing opportunities, the Single-Family Housing Owner Occupied program is undergoing a temporary closeout.

**This decision does not affect certified eligible applicants.**

## PROGRAM ELIGIBILITY

Applicant refers to an individual who has applied to one of our four programs for Single-Family Owner-Occupied renovation programs. Being an applicant does not guarantee approval. An applicant is considered certified as eligible only after meeting all of the following criteria:

- **Location and Characteristics:** Property must be a single unit dwelling, located within the city limits of the City of El Paso. Property must also comply with Section R304 (*Minimum Room Areas, habitable rooms shall have a floor area of not less than 70 square feet*) of the International Residential Code as adopted by the City of El Paso.
- **Verified Homeowner:** The applicant(s) must be both the owner(s) AND occupant of the property. Ownership must be verified by presenting the latest recorded Warranty Deed, Deed of Trust and/or in written form by a title company in the form of a Commitment for Title Insurance. Additionally, properties that have the following will not be accepted into the program:
  - Reverse Mortgages
  - Title Issues
  - Pending Bankruptcy
  - Pending Foreclosure
- **Duration of Occupancy:** In addition to owning the property, the applicant must verify that they have occupied the home for a minimum of 3 years prior to applying to the program.
- **Residency Requirements:** Applicants must provide proof of residency within the city limits of the City of El Paso by

providing copies of one of the following:

- Driver’s License
- State Identification Card
- Utility Bills
- Notarized Affidavit attesting to residency in the City of El Paso
- **Outstanding Property Tax and City Debt:** As per City ordinance 016529, individuals that have outstanding indebtedness to the City, and not on an active deferment with the tax office will be considered ineligible for this program. Proof of current good standing regarding property taxes owed to the City of El Paso is required. All delinquent property taxes or other debt to the City must be remedied prior to proceeding with an application for assistance.
- **Income and Asset Qualification:** The gross annual income of the applicant’s family may not exceed 80% of the median income for the City of El Paso, as published by HUD on an annual basis. Except that in a case of multiple owners, only the income of the owner(s) occupying the dwelling unit will be counted. A household is defined as one or more persons occupying a dwelling unit. HUD 24 CFR Part 5 definition of income and assets is utilized for this program.

The following table indicates the maximum allowable income for program eligibility by household size:

Person (s)	Annual Gross Income
1	\$ 40,400
2	\$ 46,150
3	\$ 51,900
4	\$ 57,650
5	\$ 62,300
6	\$ 66,900
7	\$ 71,500
8	\$ 76,100

**\*Effective as of June 28, 2023. Income limits may change on an annual basis.**

- **Eligible Household Members:** Total number of household members is defined as Family members of household, including self, living at the address. This should include all persons related by blood, marriage, or adoption residing in one dwelling. The applicant is responsible for identifying family members who contend not to have eligible immigration status as per HUD 24 CFR 5.508.
- **Property Value Requirements:** The maximum after rehabilitation value of the property may not exceed 95% of the Single-Family Mortgage Limits under Section 203 (b) of the National Housing Act (12 U.S.C. 1709 (b)) or the HOME 221 (d)(3) Limits for the City of El Paso per HUD established guidelines.

The property value will be determined by one or more of the following methods:

- **Estimates of value (comparable sales):** Estimates of value based on sale prices for comparable properties in the immediate neighborhood (within the prior year). Projected estimates should include value prior to proposed improvement AND estimated after rehabilitation value.
- **Tax Valuation:** Tax Valuation from the El Paso Central Appraisal District (EPCAD) for the applicant’s property. EPCAD assessments for comparable property in the same neighborhood may be used to establish the after-rehabilitation value if the assessment is current and accurately reflects the market value of standard properties.
- **Appraisal:** Appraisals prepared by a Texas Licensed fee appraiser may be used. Documentation of appraisal approach utilized must be provided. The appraised value approach may be used when the after-rehabilitation value is within \$1000 of the program limit or if there is a lack of comparable properties.

***It is the responsibility of the applicant to ensure that all documentation submitted is complete and verified as accurate. Additional verification and re-certification of eligibility may be asked of the applicant to ensure that all verifications are completed and up to date as of the signing and execution of the Three-Party Agreement. An applicant is only considered***

**an approved client for renovations after a three-party agreement is executed.**

While all of the above documentation is required, the following factors may disqualify any applicant from the program regardless of meeting other eligibility requirements.

- **Non-Compliance with Previous Programs:** Individuals who have previously participated in the program and failed to comply with program guidelines are not eligible to apply again.
- **Sale or Transfer of the Property:** Any action taken to sell or transfer ownership of the property once the application process has begun will disqualify the applicant from the program.
- **Change in Income or other Asset based Eligibility:** Any changes to an applicant's income or assets during the application process must be reported to the City of El Paso immediately. Changes will initiate a complete restart of the application process.
- **Failure to Provide Required Documentation / Incomplete Application:** Applications that are incomplete will not be accepted. Applicants will be notified of missing information and given a designated timeline for completion. Missed deadlines will result in disqualification from the program.
- **Cancellation:** Any applicant who cancels an application while it is process shall not be eligible for assistance for at least one year. If the applicant does not consent to the to the proposed scope of work, general contractor or loan terms cancelation must be documented in the file in writing. Cancellation may also occur at the discretion of the Director. Examples of cancelation include but are not limited to:
  - a. A situation where funds are not available
  - b. After a maximum of three (3) bidding attempts
  - c. Harassment of City Staff- Harassment of a public servant is defined as an act that intentionally causes a public servant to feel harassed or threatened. This includes any offensive or provocative behavior directed at the public servant in a manner likely to be considered menacing. Harassment can also involve electronic communication via text, email, video and more. The department head holds the authority to determine instances of harassment.

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## DISPUTE RESOLUTIONS AND APPEALS

Please be aware that any applicant who has been denied assistance or disqualified from the program has the right to appeal the decision. Please note we will not accept appeals on the procurement process. Concerns regarding the procurement process should be addressed directly with the department of Purchasing and Strategic Sourcing. If a project has been bid unsuccessfully three times, it cannot be appealed.

The appeal process requires appeals to be submitted in writing to the Director of Community and Human Development. In the appeal, please include the following details:

1. A clear statement indicating the decision being appealed.
2. Any relevant documentation or evidence supporting your appeal.
3. Any specific reasons or arguments explaining why you believe the decision should be overturned.
4. Your contact information for further communication regarding the appeal.

We emphasize the principle of ensuring that every individual has access to equitable treatment throughout the appeals process. It is our commitment to uphold the highest standards of accountability and fairness in addressing appeals, thereby safeguarding the rights and interests of all applicants involved.

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## CONTRACT FORM AND REQUIREMENTS

- **Single Family Owner-Occupied Three-Party Contract-** The Single-Family Owner-Occupied Three-Party Contract is a formal agreement established between three essential entities: the property owner, the General Contractor, and the City of El Paso. This contractual arrangement serves as a pivotal framework governing the relationships and responsibilities among these parties during the execution of the Single-Family Owner-Occupied Renovation Program. An applicant does not have an approved project unless a Three-Party Contract is signed and formally executed.
  - **Property Owner:**
    - The property owner is a key participant in the contract, representing the individual or family residing in the home targeted for renovation. Their role involves providing consent, cooperation, and access to the property for renovation purposes. The agreement outlines the specific obligations and expectations for the property owner throughout the renovation process.
  - **General Contractor:**
    - The General Contractor plays a central role in executing the renovation work outlined in the program. They are responsible for overseeing and carrying out the necessary repairs or improvements. The contract delineates the scope of work, project timelines, quality standards, and other essential details that guide the General Contractor's actions throughout the renovation project.
  - **City of El Paso:**
    - As the grantee overseeing the program, the City of El Paso acts as a regulatory authority and funding entity. The contract establishes the City's expectations, guidelines, and conditions for the renovation project. It may include compliance requirements, reporting obligations, and standards that the property owner and General Contractor must adhere to during the course of the renovation.
- **Disclosure Statement-** A notice of your rights and responsibilities under the law when entering into a legal transaction regarding the property owners' risk, rights, and responsibilities.
- **Conflict of Interest-** Occurs when a person's public duties or actions lacks independence or impartiality, either real or perceived, and is unduly influenced by a secondary interest such as financial gain, professional advancement or a wish to do favors for family and friends.
- **Title VI Non-Discrimination Requirements** – Title VI Non-Discrimination prohibits discrimination on the basis of race, color, or national origin in all HUD- assisted programs.
- **Change orders-** When unforeseen issues or modifications during construction arise, a change order may be necessary. All three parties must agree to the change order in writing, and an inspection of the modifications being made must be approved by the department before any changes to the original scope of work are implemented.

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## PROCUREMENT

Single Family Owner Occupied projects are procured using two primary methods:

1. **Competitive Procurement-** Vendors and contractors submit bids or proposals, evaluated by the City's purchasing Department based on an exhaustive list of predefined criteria. These include assessments of price competitiveness, compliance with specifications, contractor qualifications, timeliness, quality of proposed materials or services, adherence to regulations, financial stability past performance, minority or women-owned business participation, and commitment to sustainability and environmental considerations. **In the case of individual competitive bidding, each project will undergo a maximum of three (3) bidding rounds, ensuring a comprehensive and fair selection process.**

2. Job Order Contract (JOC) procurement: Under a JOC, DCHD establishes pre-negotiated contracts with JOC contractors. When a specific project arises, DCHD will issue a task order to the JOC Contractor for project execution.

Following the completion of the application process and verification of all information, the project will either be assigned through a task order to an awarded JOC contractor or may undergo individual competitive bidding.

## SEWER CONNECTION—CDBG RLF

The purpose of the Residential Sewer Connection Program is to provide assistance for the initial connection to local sewer collection lines for income-eligible single-family housing in El Paso. This program will cover costs associated with connection to the City's sewer collection line. This special assistance program can be provided independent of any other housing assistance programs.

Each household may be qualified to receive assistance for eligible work allowed up to the actual cost of initial connection to the main sewer collector.

### Eligible Costs and Work

- The El Paso Water Utilities (EPWU) frontage fee for connection to the main sewer collector line, including sewer lateral stub-outs to the property line. The property owner should submit proof of an Installation and Service Contract Application with the EPWU of the City of El Paso.
- Cost of installing the sewer service line, with two-way clean out, from the EPWU stub-out to the dwelling unit to be serviced.
- Cost of any sewer appurtenance necessary to make the sewer service functional, as well as the cost of restoring fences, rock walls, walkways, re-paving, etc. which are disturbed during the installation of the sewer line.
- The cost to treat any existing septic tank(s), backfill and compact.

### Ineligible Costs and Work

- Replacement of an existing sewer line to an existing connection to a main sewer collection line is not allowed.
- No work will be performed inside any dwelling unit as part of this grant.
- In accordance with the City of El Paso zoning ordinance, when there is more than one dwelling located on the same lot, only the principal residence will be eligible for sewer connection.

## MINOR REPAIR- CDBG RLF

The Minor Repair program provides funds for repairs to address conditions that pose an imminent threat to the health, safety, and welfare of the occupants, or to bring conditions to accessible standards, if needed. The intent of the program is not to provide routine maintenance or general repairs, but to help prevent homelessness due to building safety deficiencies.

### Program Terms:

Each household may be qualified to receive assistance for eligible work allowed up to the maximum assistance of \$25,000.00 (of which a maximum of \$4,999.99 may be used for Lead Based Paint Interim controls, and the remainder for soft costs and minor repair hard costs).

**Economic Feasibility Criteria:** The application shall be deemed infeasible for assistance, if it is determined that more than the Community Development limit (\$25,000.00) will be necessary to correct all items requiring minor repair and perform Interim Controls on lead-based paint surfaces.

- Under certain circumstances, the applicant may supplement funds with private funds, in order to make such



structure feasible for rehabilitation. The source of the private funds will be evaluated by the Housing Programs Division to ensure affordability.

#### **Eligible Costs and Work**

- The City of El Paso's Housing Programs Division will determine the eligible minor repairs based on HUDs requirements..
- Conditions that pose an imminent threat to the health, safety, and welfare of the occupants and/or accessibility requirements.
- Interim controls for surfaces that contain Lead Based Paint. Interim Controls shall be accomplished in strict accordance with the HUD lead rule. Only Certified Lead Firms or Contractors that have received training in Lead Safe Practices shall be permitted to perform Interim Controls.
- Costs for the initial Lead Based Paint Inspection and Risk Assessment from a certified Lead Firm.

#### **Ineligible Costs and Work**

- Routine maintenance or general repairs that don't address an imminent threat to health, safety, and welfare of the occupants, and or accessibility requirements, are not eligible under the Minor Home Repair Program.

### **REHABILITATION- HOME**

The Rehabilitation program provides funds for repairs to address conditions that pose an imminent threat to the health, safety, and wellbeing of the occupants, or to bring conditions to accessible standards, if needed. The intent of the program is not to provide routine maintenance or general repairs, but to help prevent homelessness due to building safety deficiencies. Whenever HOME funds are used for rehabilitation, the work must be performed according to the written rehabilitation standards and the unit must be brought up to the applicable federal, state, or local code.

#### **Program Terms:**

- Assistance for significant renovation addressing conditions that pose an imminent threat to the health safety and welfare of the occupants ranging in cost from a minimum of \$25,001.00 - \$90,000.00.
- Value of HOME assisted property after rehabilitation must not exceed 95% of the median purchase price for the area, as published by HUD, or, in accordance with the Final Rule, as determined locally through market analysis.

**Economic Feasibility Criteria:** The application shall be deemed infeasible for assistance, if it is determined that more than the Community Development limit (\$90,000.00) will be necessary to correct all code violations and items requiring rehabilitation. If the applicant may be required to supplement the costs with private funds, in order to make such structure feasible for reconstruction. If the applicant is unable to secure the required supplemental amount, the project will be deemed in-feasible, and the application will be cancelled.

- Under certain circumstances, the applicant may supplement funds with private funds, in order to make such structure feasible for rehabilitation. The source of the private funds will be evaluated by the Housing Programs Division to ensure affordability; or
- If a property is physically and/or financially infeasible for rehabilitation, reconstruction of the dwelling unit may be authorized.
- When applicant receives assistance under the SFOO program, the applicant may not receive additional financial HOME assistance after the first year and throughout the affordability period.

#### **Eligibility Requirements:**

- Applicants must be at or below low-to-moderate income of the area median income (80% AMI).
- Property's condition must pose threat to the health and safety of occupants.

- Property is in violation of International Residential Codes as adopted by the City of El Paso, State, and CDBG Federal regulations.
- Property located in the City of El Paso, deemed suitable for rehabilitation.

#### **Eligible Costs and Work:**

##### **Hard Costs**

- Meeting the rehabilitation standards
- Rehabilitation costs between \$25,001.00 and \$90,000.00 costs for the purpose of bringing a dwelling unit into compliance with the provisions of the International Residential Codes, standards, and ordinances
- Exterior façade improvements in accordance with HUD’s neighborhood focus.
- Historic Preservation Requirements.
- Essential improvements
- Energy-related improvements
- Initial lead-based inspection
- Lead-based paint hazard reduction, asbestos, and mold abatement and/or encapsulation \*
- Accessibility for disabled persons
- Repair or replacement of major housing systems such as HVAC, electrical, and plumbing
- Incipient repairs and general property improvements of a non-luxury nature
- Site improvements and utility connections

\* Note: Lead hazard reduction costs are not counted as hard costs for the purposes of determining the level of assistance under 24 CFR Part 35 (the Lead Safe Housing Rule).

##### **Soft Costs**

- Financing fees
- Credit reports
- Title binders and insurance
- Recordation fees, transaction taxes
- Legal and accounting fee
- Appraisals
- Architectural/engineering fees, including specifications and job progress inspections
- Project costs incurred that are directly related to a specific project
- Refinancing of secured existing debt if the housing is owner-occupied and refinancing allows the overall costs of borrower to be reduced and the housing is made more affordable.

##### **Lead Based Paint**

- When this amount is less than \$5,000 per unit, the city must conduct mild lead hazard evaluation and lead hazard reduction.
- When this amount is between \$5,000 and \$25,000 per unit the city must conduct a moderate level of lead hazard evaluation and lead hazard reduction.
- When this amount is greater than \$25,000 per unit, the city must undertake the highest level of lead hazard evaluation and lead hazard reduction.

#### **Ineligible Costs and Work:**

- Routine maintenance or general repairs that don’t address an imminent threat to health, safety, and welfare of the occupants, and or accessibility requirements, are not eligible under the Rehabilitation Program

## Loan Assistance Terms

The Single-Family Owner-Occupied Home Renovation Program provides assistance in the form of a loan, forgivable deferred payment loan and/or a forgivable deferred payment loan note for senior citizens and disabled.

- **Standard Homeowner Loan.** Each owner-occupied dwelling unit is eligible for a minimum assistance of \$25,000.01 and a maximum assistance up to \$90,000 that includes the loan and deferred payment loan amounts only. The applicant will be responsible for obtaining funds in excess of the \$90,000 limit. The amount of assistance shall be in the form of an amortized loan and/or forgivable deferred payment loan. All loans and/or deferred payment loans are to be secured by a Builder's and Mechanic's Lien Contract and Deed of Trust (with Power of Sale).
- The loan amount will be calculated using a maximum housing cost ratio of 35% of the applicant's gross monthly income. (The applicant's housing cost is the monthly mortgage payments, taxes, insurance (PITI), plus utilities. This amount is divided by the applicant's gross monthly income to determine the actual housing cost ratio percentage).
- **Amortized Loan:** The amount that will be payable on a monthly basis is the portion that falls within the 35% housing cost ratio. This amount will be in the form of a 0% interest loan amortized up to twenty (20) years. The first payment will be due the first day of the month following 90 days from the completion of the project. The Program requires the applicant to execute a Note(s) in the amount of the amortized loan and/or the forgivable deferred payment loan. A recorded Deed of Trust places a lien on the property. After reconciliation of the loan, any adjustments to the Note will be memorialized in a memo to file that will be added to the financial file and a copy attached to the servicing of loan packet.
- **Forgivable Deferred Payment Loan:** The portion of the loan amount that is above the 35% housing cost ratio, will be deferred and due upon the sale, lease, or transfer of ownership. The forgivable deferred payment loan will be for a term up to twenty (20) years at zero percent (0%) interest. The forgivable deferred payment loan shall state that up to 1/20<sup>th</sup> each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or it ceases to be the principal residence of the borrower(s). The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property. After reconciliation of the loan, any adjustments to the Note will be memorialized in a memo to file that will be added to the financial file and a copy attached to the servicing of loan packet.
- **Senior Citizens and Disabled Forgivable Deferred Payment Loan.** The forgivable deferred payment loan may be available for applicants who are considered to be 62 years of age or older. At least one household member whose name is listed on the title must meet the eligibility criteria for senior citizens.
  - Person with disabilities is defined as having a physical or mental impairment that substantially limits one or more major life activities. At least one household member whose name is listed on the title must meet the eligibility criteria for persons with disabilities that include a Doctor's and Occupational Therapist recommendation.
  - Households where any member is disabled such that they cannot perform the activities of daily living without assistance and the household income does not exceed 60% of AMI.
  - The Forgivable Deferred Payment Loan will be at 0% interest for a term as determined by the affordability period pertaining to their agreement terms. The forgivable deferred payment loan shall state that an amount of the loan will be forgiven in proportion to the affordability period provided the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

### Other Loan Terms:

- **Loan to Value:** The property to be rehabilitated must be appraised in accordance with CFR 92.254 Qualifications as Affordable: Homeownership which states that the property rehabilitated under the program may not exceed more than 95% of the median purchase price for the area. Such median purchase price for the area will be in accordance with HUD and may vary on a yearly basis. to determine whether the project is economically feasible for rehabilitation.
- **Loan Recapture:** The maximum loan payment amount is limited to the net proceeds from sale received by the

borrower. A detailed description of the loan recapture process is noted in the Community Development Annual Action Plan.

## RECONSTRUCTION- HOME

The Home Investment Partnerships (HOME) Program provides assistance to eligible homeowners for the purpose of bringing a dwelling unit into compliance with the provisions of the International Residential Codes as adopted by the City. Reconstruction is a form of rehabilitation that consists of rebuilding a housing unit, that was determined to be beyond repair or rehabilitation, on the same lot in which such housing unit stands. Reconstruction is managed in the same manner as Rehabilitation but involves a complete rebuild of a home. Program assistance will involve the demolition of the existing substandard dwelling unit and construction of a new home based on the specifications provided and approved by the Housing Programs Division of the Department of Community and Human Development.

### Program Terms:

DCHD will determine if an applicant's home is beyond repair which involves demolishing the old home and rebuilding a new home on the same lot provided that the number of units are not altered.

- Assistance for addressing conditions that pose an imminent threat to the health safety and welfare of the occupants and exceeds the \$90,000.00 rehabilitation threshold. The maximum assistance cap for reconstruction is calculated based on a formula provided by HUD.
- Value of HOME assisted property after rehabilitation must not exceed 95% of the median purchase price for the area, as published by HUD, or, in accordance with the Final Rule, as determined locally through market analysis.
- The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased.

**Economic Feasibility Criteria:** The application shall be deemed infeasible for assistance, if it is determined that more than the maximum assistance amount as determined by HUD will be necessary to correct all code violations and items requiring rehabilitation. Applicant may be required to supplement the costs with private funds, in order to make such structure feasible for reconstruction. If the applicant is unable to secure the required supplemental amount, the project will be deemed in-feasible, and the application will be cancelled.

- Under certain circumstances, the applicant may supplement funds with private funds, in order to make such structure feasible for rehabilitation. The source of the private funds will be evaluated by the Housing Programs Division to ensure affordability; or
- If a property is physically and/or financially infeasible for rehabilitation, reconstruction of the dwelling unit may be authorized.
- When applicant receives assistance under the SFOO program, the applicant may not receive additional financial HOME assistance after the first year and throughout the affordability period.

### Eligibility Requirements:

- Applicants must be at or below low-to-moderate income of the area median income (80% AMI).
- Property's condition must pose threat to the health and safety of occupants.
- Property is in violation of International Residential Codes as adopted by the City of El Paso, State, and CDBG Federal regulations.
- Property located in the City of El Paso, beyond repair or rehabilitation and deemed uninhabitable.

### Eligible Costs and Work:

#### Hard Costs

- Reconstruction costs over \$90,000.00 for the purpose of bringing a dwelling unit into compliance with the provisions of the International Residential Codes, standards, and ordinances.
- Exterior façade improvements in accordance with HUD’s neighborhood focus.
- Historic Preservation Requirements.
- Essential Safety improvements
- Energy-related improvements
- Initial lead-based inspection
- Lead-based paint hazard reduction, asbestos, and mold abatement and/or encapsulation \*
- Accessibility for disabled persons
- Repair or replacement of major housing systems
- Incipient repairs and general property improvements of a non-luxury nature
- Site improvements and utility connections

\* Note: Lead hazard reduction costs are not counted as hard costs for the purposes of determining the level of assistance under 24 CFR Part 35 (the Lead Safe Housing Rule).

### **Soft Costs**

- Financing fees
- Credit reports
- Title binders and insurance
- Recordation fees, transaction taxes
- Legal and accounting fee
- Appraisals
- Architectural/engineering fees, including specifications and job progress inspections
- Project costs incurred that are directly related to a specific project
- Refinancing of secured existing debt if the housing is owner-occupied and refinancing allows the overall costs of borrower to be reduced and the housing is made more affordable.

### **Lead Based Paint**

- When this amount is less than \$5,000 per unit, the city must conduct mild lead hazard evaluation and lead hazard reduction.
- When this amount is between \$5,000 and \$25,000 per unit the city must conduct a moderate level of lead hazard evaluation and lead hazard reduction.
- When this amount is greater than \$25,000 per unit, the city must undertake the highest level of lead hazard evaluation and lead hazard reduction.

**Special Assistance:** Reconstruction may include the following types of assistance such as Accessibility (occupants only), Energy Conservation, Lead / Asbestos Abatement, and Historic Preservation.

- Accessibility – to include written assessment and recommendations by a Licensed Occupational Therapist regarding accessibility needs (for occupants only)
- Abatement - Lead, Asbestos and Mold Abatement/Encapsulation (includes inspection, risk assessment, project design and lead clearance)
- Relocation Assistance – to include temporary housing during the reconstruction process and timeline.

### **Ineligible Costs and Work:**

- Routine maintenance or general repairs that don’t address an imminent threat to health, safety, and welfare of the occupants, and/or accessibility requirements, are not eligible under the Reconstruction Program.

## Loan Assistance Terms

The Single-Family Owner-Occupied Reconstruction Program provides assistance in the form of an amortized loan, forgivable deferred payment loan and/or a forgivable deferred payment loan for senior citizens and the disabled.

- **Standard Homeowner Loan:** Each owner-occupied dwelling unit is eligible for a minimum assistance of \$90,000.00 and a maximum assistance as determined by formula provided by HUD that includes the loan and deferred payment loan amounts only. The applicant will be responsible for obtaining funds in excess of the limit determined by HUD. The amount of assistance shall be in the form of an amortized loan and/or forgivable deferred payment loan. All loans and/or deferred payment loans are to be secured by a Builder's and Mechanic's Lien Contract and Deed of Trust (with Power of Sale).
- The loan amount will be calculated using a maximum housing cost ratio of 35% of the applicant's gross monthly income. (The applicant's housing cost is the monthly mortgage payments, taxes, insurance (PITI), plus utilities. This amount is divided by the applicant's gross monthly income to determine the actual housing cost ratio percentage).
- **Amortized Loan:** The amount that will be payable on a monthly basis is the portion that falls within the 35% housing cost ratio. This amount will be in the form of a 0% interest loan amortized up to twenty (20) years. The first payment will be due the first day of the month following 90 days from the completion of the project. The Program requires the applicant to execute a Note(s) in the amount of the amortized loan and/or the forgivable deferred payment loan. A recorded Deed of Trust places a lien on the property.
- **Forgivable Deferred Payment Loan:** The portion of the loan amount that is above the 35% housing cost ratio, will be deferred and due upon the sale, lease, or transfer of ownership. The forgivable deferred payment loan will be for a term up to twenty (20) years at zero percent (0%) interest. The forgivable deferred payment loan shall state that up to 1/20<sup>th</sup> each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or it ceases to be the principal residence of the borrower(s). The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.
- **Senior Citizens and Disabled Forgivable Deferred Payment Loan:** Senior citizens are considered to be 62 years of age or older. At least one household member whose name is listed on the title must meet the eligibility criteria for senior citizens.
  - Person with disabilities is defined as having a physical or mental impairment that substantially limits one or more major life activities. At least one household member whose name is listed on the title must meet the eligibility criteria for persons with disabilities that include a Doctor's and Occupational Therapist recommendation.
  - Households where any member is disabled such that they cannot perform the activities of daily living without assistance and the household income does not exceed 60% of AMI.
  - The Forgivable Deferred Payment Loan will be at 0% interest for a term as determined by the affordability period pertaining to their agreement terms. The forgivable deferred payment loan shall state that an amount of the loan will be forgiven in proportion to the affordability period provided the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

### Other Loan Terms:

- **Loan to Value:** The property to be rehabilitated must be appraised in accordance with CFR 92.254 Qualifications as Affordable: Homeownership which states that the property rehabilitated under the program may not exceed more than 95% of the median purchase price for the area. Such median purchase price for the area will be in accordance with HUD and may vary on a yearly basis. to determine whether the project is economically feasible for rehabilitation.
- **Loan Recapture:** The maximum loan payment amount is limited to the net proceeds from sale received by the borrower. A detailed description of the loan recapture process is noted in the Community Development Annual Action Plan.

## RELOCATION ASSISTANCE

Payment for relocation costs may be issued to those clients (property owners) whose home will be rehabilitated using Federal Funds, who are identified as low-to-moderate income or below and are proven to be in need of financial assistance to cover relocation related expenses. Relocation payments are not considered income.

### Program Terms:

- An interview to screen the client and determine which relocation services need to be provided to the client (advisory and/or payment for relocation expenses).
- Qualifying Rehabilitation and Reconstruction clients may receive payment for actual expenses or a fixed payment not to exceed \$3,000.00 or a combination of both. The payment amount and form of payment will be determined based on the client needs identified by HPS during the initial interview. Estimates may be requested.
- Eligible actual residential moving expenses [as noted on [49 CFR 24.301\(g\) \(1-10\)](#)] may be covered on Homeowner Occupied Rehabilitation and Reconstruction projects in which Federal Funds are used. Expenses include, but are not limited to:
  - Rent/lodging (hotel/motel)
  - Security deposits
  - Storage
  - Moving expenses

### Client Eligibility

- Applicants must be at or below low-to-moderate income of the area median income (80% AMI).
- Applicants benefitting from the City of El Paso Single Family Housing Owner-occupied program.
- Applicants who indicate a need for relocation assistance by the city.

### Client Screening

An initial counseling session will be held with the head of household or representative and City staff as soon as it is determined by the Construction and/or Housing Programs Specialist that relocation assistance should be provided. Please note that final approval of the project is contingent upon a formally executed Three-Party agreement. The names of the head of household and all occupants, along with the address and phone number will be forwarded to HPS who will review the family's income and other information to identify their needs and identify the best assistance options to meet those needs. The HPS must obtain the following information during the initial interview:

- a. Household Information
- b. Number of household members and composition
- c. Special needs: Type A/Type B/Sensory units; Emotional Support or Service Animals
- d. Pets (not service or emotional support animals)
- e. Other information provided by the head of household or representative
- f. Rental Needs
- g. The Head of Household or representative must identify whether the family will stay with relatives during renovation or if the family will be leasing a house or apartment. If undecided at the time of the initial screening, the client must provide this information within 14 days.
- h. Availability of funds (other than those provided by the City for relocation expenses)
- i. Preferred location
- j. Distance to school and/or employment locations

- k. Distance to hospitals, clubs, church, etc.
- l. Family transportation needs
- m. Other information provided by the head of household

## CONTACT INFORMATION

For more information please contact:

Community and Human Development Department- Housing

Address: City 3 – 801 Texas Ave. El Paso, TX, 3<sup>rd</sup> Floor

Email: [Housing@elpasotexas.gov](mailto:Housing@elpasotexas.gov)

Phone: (915) 212-0139

Please note that an appointment is required. Walk in applicants will be asked to make an appointment.