RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the City Council approve the following proposed amendments to Chapter 5, Program for the Rehabilitation of Investor-Owned Properties, of the Community and Human Development Housing Programs Handbook as recommended by the Community and Human Development Director:

1. The method by which funding will be accessed will be changed by **deleting the provision that availability will be through participation in a publicly advertised annual request for proposals process** found at the top of **Page 5-1.** Project applications and proposals will be accepted on a year-round basis but reviewed on a quarterly basis.

2. **Section I. Eligibility Requirements. Subsection B. (1) on Page 5-2** is being amended by **amending** the wording **"Must have the highest ranking of the potential projects identified on the Interest List"** to read: **"Will be ranked among all other potential projects based on the greatest number of points utilizing the following factors (maximum 33 points). Priority in processing will be based on ranking and availability of funds. Applications received will be reviewed and evaluated on a quarterly basis, every September, December, March, and June."**

3. **Section II. Financing. Subsection A. on Page 5-3** is being amended to **include the requirement** that the City **must have a first lien without exception;** and by **providing refinancing** of existing debt of up to $5,000.00 per after-rehabilitation unit **in order to achieve feasibility and a first lien for the City.**

4. **Section II. Financing. Subsection C. on Page 5-3** is being amended to read "The funds for the **rehabilitation** loan **and grant** will be drawn from the HOME Grant or the Community Development Block Grant."

ADOPTED this 24th day of **August 2004.**

THE CITY OF EL PASO

_____
Joe Wardy
Mayor

ATTEST:

_____
Richarda Duffy Momsen, City Clerk

APPROVED AS TO FORM:

Lee Ann B. Koehler
Assistant City Attorney

APPROVED AS TO CONTENT:

Nathalie Prise, Interim Director
Community and Human Development

KOEHLER/94530/COMMDEV
Amend. Programs Handbook
8/18/04

CHAPTER 5

~~FINANCING MADE AVAILABLE UNDER THIS PROGRAM SHALL ONLY BE ACCESSED AND MADE AVAILABLE THROUGH PARTICIPATION IN A PUBLICLY ADVERTISED ANNUAL REQUEST FOR PROPOSALS PROCESS~~

CITY OF EL PASO

PROGRAM FOR THE REHABILITATION OF
INVESTOR-OWNED PROPERTIES

The Program for the Rehabilitation of Investor-Owned Properties offers financing for the rehabilitation of investor-owned projects. The purpose of this Program is to improve rental dwelling units to increase the affordable rental housing stock available to lower income tenants. Projects rehabilitated under the Program for the Rehabilitation of Investor-Owned Properties shall be occupied after rehabilitation by lower-income families at affordable rents for the required affordability period.

I. **ELIGIBILITY REQUIREMENTS.** To be eligible for a loan under the Community Development Program for the Rehabilitation of Investor-Owned Properties:

A. The applicant:

1. Must be the owner of the property proposed for rehabilitation.

   ("OWNER", for purposes of this chapter, shall be defined as one or more individuals, corporations, partnerships, or other legal entities that hold valid legal title to the property to be rehabilitated.)

2. Must agree to cooperate in designing a project, which will minimize the permanent displacement of tenants who occupy the structure prior to rehabilitation.

3. Must exhibit the ability to pay all monthly expenses on the property, to repay the loan and to maintain the property in its rehabilitated condition for the duration of the affordability period.

4. Must enter into the contract with the City either individually, or in the case of a corporation, in its corporate capacity with the personal guarantee of the principal(s).

5. Must have paid all property taxes that are due and payable on the property proposed for rehabilitation.

B. The project:

1. Will be ranked among all other ~~Must have the highest ranking of the~~ potential projects ~~identified on the Interest List~~, based on the greatest number of points utilizing the following factors (maximum **33** points). Priority in processing will be based on ranking and availability of funds. Applications received will be reviewed and evaluated on a quarterly basis, during the months of September, December, March, and June.~~:~~

   a. A project that will be designed in-house resulting in 1 to 4 units. 1 unit = 1 point; 2 units = 2 points; 3 units = 3 points; 4 units = 4 points (maximum of 4 points)

   b. A project with 50% or more of after rehab units with 2 or more bedrooms per unit. 50% = 3 points; 51%-75% = 4 points; 76%-100% = 5 points (maximum of 5 points)

   c. A project with an estimated after rehab construction cost per square foot < $50. Actual Cost not to exceed $55/sq. ft. <$45 = 8 points; $45-$50 = 4 points; >$50 = 0 points (maximum of 8 points)

   d. A property located in a Designated Historic District, as shown on the attached map. Out of the District = 0 points; In District = 5 points (maximum of 5 points)

   e. A project that does not require permanent relocation of tenants. Vacant (no tenants for a minimum period of 90 days prior to submission of application) or no permanently relocated tenants = 6 points; Less than half of the tenants will be permanently relocated (a permanently relocated tenant is one that will not be returning to the rehabilitated building.) = 3 points (maximum of 6 points)

   f. A project where an applicant, or an entity with ownership in rental property in which the applicant has a related controlling interest, can demonstrate capacity and experience in successfully completing and maintaining a comparable (similar or equivalent) housing rehabilitation project within the last ten years. Three or more projects = 5 points; Two projects = 3 points; One project = 2 points (maximum of 5 points).

2. Must be located in the City of El Paso.

3. Priority will be given to a project with no existing debt.

4. Must be determined to be feasible for rehabilitation considering the work required and the available financing.

5. Must be appraised by an appraiser selected by the City, and the appraisal must show a value sufficient after rehabilitation to satisfactorily support at least 80% of the City's first lien which will exist after rehabilitation. The overall loan to after rehabilitation value ratio shall not exceed 120%.

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

II. FINANCING.

A. The City must have a first lien on the property to secure the rehabilitation loan.~~, except when other debt does not exceed $5,000 per unit. There will be no refinancing of existing debt in either lien position.~~ Refinancing of existing debt up to $5,000 per after-rehabilitation unit will be available in order to achieve feasibility and a first lien for the City.

B. The City will provide public financing of 100% of the eligible rehabilitation costs as an 80% Loan and 20% Grant (Secured Conditional Forgivable Loan) at 0% Interest for 30 years.

C. The funds for the rehabilitation loan and grant will be drawn from the HOME Grant or the Community Development Block Grant.

D. Amortized loan payments shall be due monthly with the first payment due sixty (60) days after the first day of the month following the completion date as calculated in the Construction Contract.

III. WORK REQUIRED.

Public funds shall be used only to bring the structure into compliance with the International Codes adopted by the City of El Paso, and the requirements of the Housing Rehabilitation Program as established by City Council and recommended by HUD, the State of Texas Historical Commission, the Historic Landmark Commission, and accessibility requirements established by local, state and federal laws and regulations, e.g. Compliance with Section 504, the Americans with Disabilities Act. Minimum acceptable unit sizes after rehabilitation are the following: Single-room occupancy: 125 sq. ft. (rehab) and 150 sq. ft. (new construction); Efficiency: 300 sq. ft.; One-bedroom: 450 sq. ft.; Two-bedroom: 750 sq. ft.; Three-bedroom: 900 sq. ft.

Additional specific work items which are required to be included are: (1) adequate cooling systems (excluding window units) for each unit rehabilitated; (2) adequate kitchen cabinet storage and food preparation area; (3) adequate closet space in each bedroom; (4) backsplash installation above the kitchen and bathroom sinks; (5) range hood (unvented at minimum); and (6) heavy gauge sturdy screen doors.

The public funds may not be used for any other purpose. Use of public funds for any other purpose shall result in the loan advanced being immediately due and payable.

IV. ELIGIBLE REHABILITATION COSTS.

Eligible rehabilitation costs include the actual construction cost, required appraisal fees, fees for title evidence, insurance, attorney's fees, consultant's fees, architectural and engineering fees, escrow charges, recordation costs and credit reports all in the amounts associated directly with the rehabilitation of the structure~~,~~ as well as up to 50% of the relocation payments made by the City on behalf of the property owners to tenants who are displaced or temporarily relocated as a result of the Program for Rehabilitation of Investor-Owned Properties. The City must have a first lien on the property to secure the rehabilitation loan. The rehabilitation loan shall not exceed the maximum loan to after rehabilitation value ratio of 120%.

V. RELOCATION BENEFITS.

The owner of any property rehabilitated under the Community Development Program for the Rehabilitation of Investor-Owned Properties 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.

VI. BIDDING REQUIREMENTS.

Construction bids for rehabilitation under the Program for the Rehabilitation of Investor-Owned Properties shall be sought by a competitive process. Bids shall be opened publicly in the offices of the Department of Community and Human Development at a time to be determined.

Contractor must bid under the following conditions:

A. Must demonstrate the capacity to carry out the project.

B. Must demonstrate sufficient insurance coverage for Workman's Compensation, Employer Liability, Comprehensive Public Liability, and Builder's Risk.

C. Must provide required bonding.

D. Must be selected thru a competitive process in accordance with applicable federal and state laws.

VII. DOCUMENTATION.

The owner shall provide such information as is required by the Director of Community and Human Development to evaluate the application and to make an informed recommendation for approval or disapproval to City Council.

The owner shall sign such security documents as are required by the City Attorney to protect the City's investment, and to secure a first lien on the property.

All documents shall be signed by the owner either individually or in the case of a corporation in its corporate capacity with the personal guarantee of the principal(s).

VIII. OTHER FEATURES.

If the project contains eight (8) or more dwelling units under the CDBG Program or 12 units or more under the HOME Program, then Davis-Bacon Act, and Fair Labor Standards Act must apply. If both CDBG and HOME funds will fund the project, the more restrictive unit count (CDBG) will be used in determining compliance with Davis-Bacon requirements.

At the time that the preliminary application is submitted to the City, the applicant must provide to the City data on the demographic characteristics of tenants residing in the structure prior to rehabilitation. This information will be used to design the project so as to minimize the displacement of tenants.

After rehabilitation is completed, the applicant must participate with the City in making a good faith effort to provide information and to otherwise attract as tenants, persons of all racial, ethnic and gender groups.

The owner must agree to comply with the Federal Fair Housing Laws and all other applicable Federal Rules and Regulations, including, but not limited to compliance with the required rents and affordability period.

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 plans for projects, which consist of five (5) units or more, must be sealed by an architect or engineer. The architect/engineer must be available for consultations, meetings, and site inspections for the duration of the project. Plans

for projects of four (4) or less units do not require the seal of an architect or engineer; however, the person who designs the project of four (4) or less units must still be available for consultations, meetings, and site inspections, and be responsible for monitoring the project and approving progress payments through completion. Plans for the projects resulting in four (4) units or less may be prepared, at the owner's discretion, by personnel of the Department of Community and Human Development by depositing a design fee of $300.00 per unit and a standard FHA appraisal fee. These fees are eligible costs and can be reimbursed to owner at closing, if financially feasible.

IX. POST-REHABILITATION REQUIREMENTS.

Each project funded under this Program must meet the following affordability tests:

A. Have rents that are at or below the lesser of either:

--the existing Section 8 Fair Market Rent, or
--30 percent of the adjusted income of a family whose income equals 65 percent of the median income for El Paso.

B. Remain affordable for a period of 15 years.

C. Rental projects with five or more assisted rental units must have at least 20 percent of the units bearing rents not greater than 30 percent of the gross income of a family whose income equals 50 percent of the median income for El Paso.

D. The annual incomes of tenant households occupying assisted rental units, do not exceed sixty percent (60%) of the median family income for the area, as determined by HUD.

(Maximum rents levels and tenant household incomes referenced under this Section are provided in Attachment A in page 5-7.)

E. The owner must complete all initial and recertification reviews as required by the City and the HOME Program.

F. The owner shall maintain the property in full compliance with all applicable codes, standards, ordinances, etc., as required by the City, for the full applicable period of affordability.

G. The owner acknowledges that the City will complete an annual monitoring and inspection of all rental projects in accordance with the Federal regulations.

ATTACHMENT A

HOME PROGRAM RENTS AND INCOMES - FISCAL YEAR 2004
FOR THE CITY OF EL PASO ARE UPDATED ANNUALLY
AS PUBLISHED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
IN THE FEDERAL REGISTER

FY 2004 HOME PROGRAM RENTS

EFFECTIVE MARCH 2004
(All utilities paid and includes appliances)

PROGRAM	SRO	EFFICIENCY	1-BDRM	2-BDRM	3-BDRM	4-BDRM
FAIR MARKET RENT	321	428	481	569	788	934
LOW (50%) HOME RENT	278	371	397	477	551	615
HIGH (65%) HOME RENT	346	462	496	598	682	741
MINIMUM SIZE (SQ. FT) R = REHAB, N = NEW	125 (R) 150 (N)	300	450	750	900	1000

At least 20 percent of the HOME-assisted Units in a project with five or more rental units must be occupied by very low-income families at rents not to exceed the low HOME rent.

HOME RENTAL HOUSING INCOME GUIDELINES - FISCAL YEAR 2004

NUMBER IN FAMILY	VERY LOW INCOME LIMIT FOR FAMILIES OCCUPYING NOT LESS THAN 20% OF THE UNITS (50% OF MEDIAN INCOME)	INCOME LIMIT FOR FAMILIES OCCUPYING NOT LESS THAN 100% OF THE UNITS (60% OF MEDIAN INCOME)	LOW-INCOME LIMIT FOR FAMILIES OCCUPYING NOT MORE THAN 10% OF THE UNITS (80% OF MEDIAN)
1	$14,850.00	$17,820.00	$23,750.00
2	$16,950.00	$20,340.00	$27,150.00
3	$19,100.00	$22,920.00	$30,550.00
4	$21,200.00	$25,440.00	$33,900.00
5	$22,900.00	$27,480.00	$36,650.00
6	$24,600.00	$29,520.00	$39,350.00
7	$26,300.00	$31,560.00	$42,050.00
8	$28,000.00	$33,600.00	$44,750.00

ATTACHMENT A

HOME PROGRAM RENTS AND INCOMES - FISCAL YEAR 2003
FOR THE CITY OF EL PASO ARE UPDATED ANNUALLY
AS PUBLISHED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
IN THE FEDERAL REGISTER

FY 2003 HOME PROGRAM RENTS

EFFECTIVE MARCH 2003
(All utilities paid and includes appliances)

PROGRAM	SRO	EFFICIENCY	1-BDRM	2-BDRM	3-BDRM	4-BDRM
FAIR MARKET RENT	320	427	479	567	785	931
LOW (50%) HOME RENT	270	360	386	463	535	597
HIGH (65%) HOME RENT	320	427	479	567	662	719
MINIMUM SIZE (SQ. FT) R = REHAB, N = NEW	125 (R) 150 (N)	300	450	750	900	1000

At least 20 percent of the HOME-assisted Units in a project with five or more rental units must be occupied by very low-income families at rents not to exceed the low HOME rent.

HOME RENTAL HOUSING INCOME GUIDELINES - FISCAL YEAR 2003

NUMBER IN FAMILY	VERY LOW INCOME LIMIT FOR FAMILIES OCCUPYING NOT LESS THAN 20% OF THE UNITS (50% OF MEDIAN INCOME)	INCOME LIMIT FOR FAMILIES OCCUPYING NOT LESS THAN 100% OF THE UNITS (60% OF MEDIAN INCOME)	LOW-INCOME LIMIT FOR FAMILIES OCCUPYING NOT MORE THAN 10% OF THE UNITS (80% OF MEDIAN)
1	$14,400.00	$17,280.00	$23,050.00
2	$16,500.00	$18,800.00	$26,350.00
3	$18,550.00	$22,260.00	$29,650.00
4	$20,600.00	$24,720.00	$32,950.00
5	$22,250.00	$26,700.00	$35,600.00
6	$23,900.00	$28,680.00	$38,250.00
7	$25,550.00	$30,660.00	$40,850.00
8	$27,200.00	$32,640.00	$43,500.00