# Staff Summary Report

Tempe

**Council Meeting Date:** 11/8/07 **Agenda Item Number:** 50

**SUBJECT:** Resolution No. 2007.88 approving revisions to the City of Tempe's Rehabilitation Programs Policy Manual.

**DOCUMENT NAME:** 20070811cdlc01 **COMMUNITY DEVELOPMENT (0207-26) RESOLUTION 2007. 88**

**SUPPORTING DOCS:** Yes

COMMENTS: The Rehabilitation Policy Manual is produced to provide program information and to describe the policies for the City of Tempe's Housing Rehabilitation programs. The manual is written to compile with federal regulations and directives.

**PREPARED BY:** Liz Chavez, Housing Services Administrator (480/350-8958)

**REVIEWED BY:** Chris Salomone, Community Development Manager (480/350-8294)

**LEGAL REVIEW BY:** Kara Stanek, Assistant City Attorney (480/350-8458)

**FISCAL NOTE:** Funding for the rehabilitation program is Home Investment Partnership (HOME) and Community Development Block Grant (CDBG) funds. All funds for this program are federal and have no financial impact to the city.

**RECOMMENDATION:** Staff recommends approval of Resolution 2007.88

**ADDITIONAL INFO**: In an effort to serve more City residents and as a result of reduced federal funding, the proposed changes to the City's Rehabilitation Programs include:

**EMERGENCY REHAB PROGRAM ($7,500 MAXIMUM GRANT) -**
***Current policy***: places no restrictions on how often an applicant can apply for the program.
***Proposed Change:*** applicant must not have received emergency assistance under this program within the preceding 3 years.

**FULL REHAB PROGRAM (AMORTIZED AND DEFERRED LOANS) -**
***Current policy***: states the maximum assistance cannot exceed $50,000 per property.
***Proposed Change***: new policy limits the amount of assistance to $35,000 per property owner as designated on the property warranty deed.
***Current policy***: forgives 50% of the deferred loan after 3 years; remainder of loan is due back to the city upon sale, conveyance or alienation.
***Proposed Change***: new policy removes the partial forgiveness of the loan and 100% is due back to the City upon sale, conveyance or alienation.
***Current policy***: applicants are permitted to utilize both the City's downpayment assistance program for first time homebuyers and the City's rehabilitation program for the same property.
***Proposed Change***: applicant must not have received downpayment assistance through either the City's Community Assisted Mortgage Program or the American Dream Downpayment Initiative within the preceding 10 years.

**RESOLUTION NO. 2007.88**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, APPROVING THE REVISIONS TO THE CITY OF TEMPE REHABILITATION POLICY MANUAL.**

**WHEREAS,** the City of Tempe's Community Development Department administers federally funded programs; Home Investment Partnership (HOME) Program, American Dream Downpayment Initiative (ADDI) Program, Community Development Block Grant (CDBG) and Section 8 Housing Choice Voucher Program; and

**WHEREAS,** the primary purpose of the City of Tempe's HOME and CDBG Rehabilitation programs is to rehabilitate and repair single family and one- to four-family dwelling properties; and

**WHEREAS**, it is an important tool for community and neighborhood revitalization and for expanding homeownership opportunities, especially among lower income and minority households in Tempe; and

**WHEREAS,** the City of Tempe Community Development Department has adopted the Rehabilitation Programs Policy Manual to provide information to, and improve service to, our citizens.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA,** as follows:

Section 1: The City of Tempe's Rehabilitation Policy Manual is hereby approved and,

Section 2: The City of Tempe's revised Rehabilitation policy changes are hereby approved and,

Section 3: The Community Development Department is authorized to submit the manual to the U.S. Department of Housing and Urban Development (HUD).

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF TEMPE, ARIZONA this _____ day of _____, 2007.

_____

MAYOR

ATTEST:

_____

City Clerk

APPROVED AS TO FORM:

_____

City Attorney

# Community Development
# Housing Services Division

## Rehabilitation Policy Manual
## Effective January 1, 2008

# Rehabilitation Policy Manual

## I. INTRODUCTION

This Manual is designed to describe the policies for the City of Tempe's Housing Rehabilitation programs.

This Manual is subject to change due to changes in Federal Regulations, Housing Services Division or City of Tempe policies. Where applicable, it will be noted if a policy is established by the U.S. Department of Housing and Urban Development (HUD), or the City of Tempe Housing Services Division, (THSD). The effective date of the changes will be shown in brackets after the heading of the section.

The Housing Services Administrator is responsible for establishing the policies for the Housing Services Division.

This manual is written to contain the entire set of Housing Rehabilitation Program policies. However, should a question or issue arise regarding a Rehabilitation Policy that is not described within this manual, the Housing Services Administrator will evaluate the circumstances and will resolve the issue so as to remain in compliance with applicable federal regulations and consistent with the spirit in which the rehabilitations programs were designed.

## II. PURPOSE

The Housing Services Division provides assistance to low and moderate income homeowners and rental property owners in the City of Tempe. Housing Improvement assistance must correct all health and safety deficiencies to provide decent, safe and sanitary housing.

The Housing Rehabilitation Programs assistance received must result in a project which removes or prevents deteriorating conditions leading to neighborhood blight.

Participation in the Programs is voluntary. It is designed to assist the homeowner or rental property owner in reducing the cost of improving their home through a grant, amortized and/or deferred loan.

HOUSING IMPROVEMENT FUNDS WILL NOT BE USED FOR REMODELING PURPOSES.

## III. GOALS OF THE HOUSING REHABILITATION PROGRAMS ARE TO:

1. Address health and safety concerns and City code violations
2. Benefit moderate, low and very-low income residents by maintaining decent, safe and sanitary housing
3. Improve target area neighborhoods

4. Address accessibility, energy efficiency, lead based paint and historical issues

## IV. TYPES OF PROGRAMS:

### A. EMERGENCY GRANT PROGRAM: Maximum amount of $7,500.00

The Emergency Grant Program is available to low or moderate income families on a city-wide basis who need to make emergency repairs.

To be eligible:

1. Applicant must own and reside in the home, as their principal place of residence, for a minimum of six months.

2. Mortgage payments, homeowners insurance and taxes must be current.

3. The gross household income must not exceed 80% of the HUD published Area Median Income limits established for Maricopa County.

4. Applicant must not have received emergency assistance under this program within the preceding 3 years.

The Grant terms are:

1. No interest is charged

2. No monthly payments

3. No lien on property

### B. DEFERRED LOAN PROGRAM: Maximum assistance amount $35,000.00

The Deferred Loan Program is available to low and moderate income families on a city-wide basis who need to make improvements to provide a decent, safe and sanitary home.

To be eligible:

1. Applicant must own and reside in the home, as their principal place of residence, for a minimum of six months.

2. Mortgage payments, homeowners insurance and taxes must be current.

3. The gross household income must not exceed 80% of the HUD published Area Median Income limits established for Maricopa County.

4. Applicant is elderly (62 or older), disabled or is unable to assume an

additional monthly payment, as determined by the City of Tempe and its approved lender.

5. Applicant must not have received rehabilitation assistance under this program within the preceding 10 years.

6. Applicant must not have received downpayment assistance through either the City's Community Assisted Mortgage Program or the American Dream Downpayment Initiative within the preceding 10 years.

The Terms of the Deferred Loan are:

1. No interest is charged

2. No monthly payments

3. Lien placed on property

4. Repayment of loan is due upon sale, conveyance, alienation of the property, or mortgage refinancing if the owner withdraws equity from the property as part of the refinance.

**C. AMORTIZED LOAN PROGRAM: Maximum assistance amount $35,000.00**

The Amortized Loan Program is available to low and moderate income families on a city-wide basis who need to make improvements to provide a decent, safe and sanitary home.

To be eligible:

1. Applicant must own and reside in the home, as their principal place of residence, for a minimum of six months.

2. Mortgage payments, homeowners insurance and taxes must be current.

3. The gross household income must not exceed 80% of the HUD published Area Median Income limits established for Maricopa County.

4. Applicant is able to assume an additional monthly payment, as determined by the City of Tempe and its approved lender.

5. Applicant must not have received rehabilitation assistance under this program within the preceding 10 years.

The Terms of the Amortized Loan are:

1. Low interest

2. Affordable monthly payments

3. Lien placed on property

4. Repayment of loan is due upon sale, conveyance, alienation of the property, or mortgage refinancing if the owner withdraws equity from the property as part of the refinance.

**D. RENTAL REINVESTMENT PROGRAM: Maximum assistance amount $14,999 per unit**

The Rental Reinvestment Program is available on a city wide basis to owners of rental properties who need to make improvements to their units in order to provide decent, safe and sanitary housing for their tenants. Priorities for the use of the funds are to correct all existing building code and health code violations and then to correct any structural conditions which appear to be deteriorating and may soon need to be repaired or replaced. A limited amount of general improvements may be authorized if done in connection with the priorities previously outlined.

Applicant and Program Requirements:

1. Applicant must have owned their rental unit for at least six months prior to requesting rehabilitation assistance.

2. Mortgage payments, homeowners insurance and taxes must be current.

3. The gross household income of all occupants in the rental unit must not exceed 60% of the HUD published Area Median Income limits established for Maricopa County. Household income must be re-verified annually during the affordability period (5 years).

4. The maximum rent permitted will be the lesser of the High Home Rent or the Fair Market Rent, inclusive of utilities, as determined by the Department of Housing and Urban Development (HUD) on an annual basis.

5. The units will be rent and income restricted for five years. The affordability requirements remain in force regardless of transfer of ownership or repayment.

6. Properties must meet federal Housing Quality Standards (HQS) throughout the affordability period.

7. Owners of properties North of Southern Road must contribute fifty percent of the per unit costs.

8. Owners of properties on, or South of, Southern Road must contribute twenty five percent of the per unit costs.

9. Units to be rehabilitated must be fewer than four in a single development.

10. The residences to be rehabilitated must be registered with Maricopa County as a rental property.

11. Applicant must not have received rehabilitation assistance under this program within the preceding 5 years.

The Terms of the Deferred Loan are:

1. No interest is charged

2. No monthly payments

3. Lien placed on property

4. Repayment of loan is due upon sale, conveyance, alienation of the property, or mortgage refinancing if the owner withdraws equity from the property as part of the refinance.

## V. ELIGIBLE IMPROVEMENTS MAY INCLUDE:

Electrical wiring
Plumbing
Roofing
Heating
Air-Conditioning/Evaporative cooling
Painting
Patios, limited conditions
Carpeting, limited conditions
Flooring
Swimming pools, with written approval from HUD
Windows/doors
Garages/Carports
Fumigation
Fences
Kitchen Appliances, limited conditions
Masonry
Carpentry
Lead paint removal
Landscaping, limited conditions

## VI. INELIGIBLE ACTIVITIES

The following improvements **are not eligible** to be included in the amount for which housing improvement assistance is granted:

| | |
|---|---|
| Barbecue Pits | Bathhouse |
| Burglar Alarms | Burglar protection bars on windows |
| Draperies | Jacuzzi |
| Fire Extinguishes | Dumbwaiters |
| Gazebos | Fireplaces or Hearths |
| Kennels | Greenhouses |
| Television Antennae | Microwave Ovens |
| Tree Surgery | Tennis Courts |
| Wet Bars | Valance or Cornice Boards |

Waterproofing of a structure by pumping or injecting any substance in the earth adjacent to, or beneath the basement or foundation floors.

Upgrades to materials (i.e. eligible items will be replaced with similar materials meeting HUD minimum property standards.)