

## Small Cities Development Program Fact Sheet

### *Rental Property Rehabilitation Program*

#### Eligibility Requirements:

- **Ownership** - The applicant must own or be purchasing a rental property within the designated city. **Single-wide Mobile Homes, Life Estates, Contract for Deed, and Trusts are not eligible.** SCDP funds cannot be used for these types of properties or to rehabilitate any residential structure that is within a 100-year flood plain.
- **Eligible Repairs** - Repairs that are permanent and necessary are eligible. Examples include roofing, foundations, siding, heating units, electrical, plumbing, and other health and safety items. Additions are not allowed.
- **Real Estate Taxes** – The owner must be current with property taxes.
- **Insurance** – The owner must have property insurance for the loan’s full term.
- **Program Financing** - The maximum Housing Repair assistance is \$25,000 for a single-family home and up to \$12,500 per unit with a building of 2 or more units.
  - 70% of the financing will be structured as a 0% deferred loan for a 5-year term. 100% deferred after 5 years, provided the rental property owner follows income and rent guidelines for 5 years. The balance is reduced by 20% each year.
  - 30% - Owner match.
- **Income** – The program does have income guidelines for tenants of your property. At least 51% of tenants must meet your County’s 80% area median income limits set by HUD.
- **Rent Guidelines:** Property owners must maintain affordable rents during the term of the SCDP financing. Affordable rents are defined as HUD’s Section 8 Fair Market Rents or another acceptable standard. To be eligible for funding, the rent charged to tenants plus the utility allowances for tenant-paid utilities should not exceed HUD allowances.

#### Housing Repair Process: The program will follow the guidelines as set forth below.

- **Application** – The applicant will need to complete a full application for the program that requires proof of property ownership, verification of tenant income, and other eligibility requirements.

- **Application Ranking** – All applications submitted that are complete, signed, and accurate, including all the requested supporting documents, will be ranked as per the date they arrive. Property owners that participated in the survey process and requested to be on the waiting list will have the first chance to apply for the funds. After 30 days, the applications will open up to targeted areas. DSI will review applicants for verification of eligibility based on the ranking system. All property owners will be served on a first-come, first-served basis.
- **Property Inspection** – DSI will inspect the property, identify any housing problems, and work with the applicant to determine what repairs should be done. **LEAD RULES AND REGULATIONS DO APPLY.**
- **Work Write-Up** - The DSI Housing Inspector will develop specifications on the work to be completed and how the work should be done. The property owner will select the contractor of their choice or from a list of contractors provided by DSI they would like to bid on their project, and bid packets will be distributed to these contractors.
- **Bid Awards** – DSI will meet with the owner and review the bids after receipt of bids from the contractor. The owner will then accept or reject the bids which have been submitted.
- **Repayment Agreement** - The owner shall enter into a repayment agreement with the City to accept the conditions of the loan. The repayment agreement will be filed at the County Recorder's Office.
- **Proceed to Work** - The DSI inspector will notify the contractor via letter that work may begin at the owner's property. The contractor will be required to secure any necessary building permits.
- **Payments** - Payments to contractors can be made on a full or partial basis as each contractor's work has been completed. To receive payment, the contractor must submit a lien waiver, a billing statement, and a signed completion certificate (all furnished). To make payment, the DSI housing inspector must inspect the property, and the property owner must give signed permission to pay the contractor.
- **Project Completion** – A final inspection and lead clearance assessment will be done upon completion, and the project will be closed.

**Timeline:**

- The timeline to complete projects usually is 30 months, depending on the project size and scope.

**Resources:**

- **DEED Small Cities Development Program**