

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Community and Human Development
AGENDA DATE: February 3, 2009
CONTACT PERSON/PHONE: William L. Lilly, 541-4241
DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? **OR AUTHORIZE** the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

A resolution of the City Council approving amendments to the Community and Human Development Housing Programs Handbook Chapter 5, Rental Housing Program as recommended by the Community and Human Development Department Director.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

The goal of this program is to provide affordable rental housing to very low to moderate income households. Assisted rental units are required to provide affordable rents for a required affordability period. Attachment A "Chapter 5 Rental Housing Program" provides a full description of the revised program. Attachment B details major program changes of the current program guidelines and proposed program guidelines.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

On April 17, 2007, City Council approved amendments to the Community and Human Development Housing Programs Handbook Chapters related to the First Time Home buyer Program, Owner-Occupied Rehabilitation and Reconstruction Programs and the Emergency Repair Program.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

All programs are funded with Federal funds, thru the use of HOME Investment Partnership funds and Community Development Block Grant (CDBG) funds.

BOARD / COMMISSION ACTION:

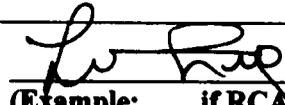
Enter appropriate comments or N/A

Item was reviewed by the Economic and Community Development/Quality of Life and Tourism LRC. LRC recommended approval on January 9, 2009.

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____



(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

RESOLUTION

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

THAT the City Council approve amendments to the Community and Human Development Housing Programs Handbook Chapter 5, which relate to the City's Program for the Rehabilitation of Investor-Owned Properties to be re-named Chapter 5 Rental Housing Program, as recommended by the Community and Human Development Department Director, said proposed amendments incorporated herein into Chapter 5 of the Handbook and attached hereto as Exhibit "A".

ADOPTED this day of February, 2009.

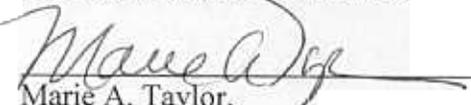
THE CITY OF EL PASO

John F. Cook,
Mayor

ATTEST:

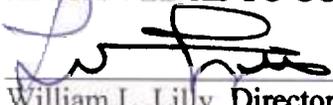
Richarda Duffy Momsen,
City Clerk

APPROVED AS TO FORM:



Marie A. Taylor,
Assistant City Attorney

APPROVED AS TO CONTENT:



William L. Lilly, Director
Community and Human Development

Attachment A

CHAPTER 5

CITY OF EL PASO

RENTAL HOUSING PROGRAM

The Rental Housing Program offers gap financing for the rehabilitation, construction, or reconstruction of investor-owned properties. The purpose of this Program is to increase the supply of affordable rental housing stock available to very low to moderate income families. Assisted units are required to provide affordable rents for the set affordability period.

ELIGIBILITY REQUIREMENTS. To be eligible for a loan under the Community Development Department's Rental Housing Program, applications must meet the following minimum following criteria:

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)

If the application is for new construction, provide evidence of site control such as a Deed, Purchase Contract, Option to Purchase, or Letter of Intent to Sell for the proposed property.

2. Agree to cooperate in designing a project for rehabilitation or reconstruction, which will minimize the permanent displacement of tenants who occupy the structure prior to rehabilitation.
3. 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.
4. Enter into the contract with the City either individually, or in the case of 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 contract on behalf of the corporation.

5. Be in good standing with the City of El Paso with any previously awarded federal funds. This means that the applicant/organization be within 30 days current of any loan payments due, be within 30 days current of all required program and financial reporting, and not have any outstanding or unresolved monitoring findings from past contracts or agreements. Additionally, per El Paso City Ordinance 016529, the City may refuse to enter into an agreement with a person indebted to the City of El Paso.
6. If the applicant owns the proposed property to be rehabilitated/reconstructed, applicant must be current on all property taxes that are due and payable on the proposed property. If the application includes acquisition of a proposed property, taxes must be current prior to City Council approval of the development.
7. Contribute a minimum of 10% of the total project cost from funds other than City funds.

B. The development

1. Must be located within the City of El Paso.
2. Must be determined to be feasible for rehabilitation, reconstruction, or new construction considering the work required and the available financing.
3. Eligible housing types include single family detached house, town home, condo, duplex, triplex, quadraplex, multi-family.
4. 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.
5. The overall debt to after rehabilitation value shall not exceed 100%.
6. Must be insured in an amount sufficient to fully protect the public investment with the insurance policy naming the City as "loss payee."

7. If the application is for rehabilitation, a building inspection is required by a licensed architect, engineer, or the City prior to submission of application. Results of the inspection must be provided in the application. Existing buildings may be considered eligible for rehab assistance if there are at least (2) major conditions that violate either the International Building Codes adopted by the City of El Paso, or federal Section 8 Housing Quality Standards. This may include the following:
 - a. Structural — Building Code violations such as fire egress requirements, over-spanned roof/ceiling joists worn roofing, tenant separation fire walls
 - 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 & routes, visitability, ramps, grab bars, sensory (deaf or blind) equipment (HUD requirement), bathroom and kitchen modifications
 - g. Flood zone — Grading and drainage due to flood zone designation.

II. **FINANCING.** The City will offer assistance in the form of an amortized loan/forgivable loan combination.

- A. The City will provide gap financing. The applicant should explore all possible outside funding sources including financial institutions, foundations, and agencies before submitting an application to the City for gap financing.
- B. The City may take a subordinate lien position if given a sixty (60) day Notice of Default and the opportunity to cure a default or the entire debt. Refinancing of existing debt up to \$5,000 per after-

rehabilitation unit will be available on a case-by-case basis in order to achieve feasibility and a first lien for the City.

C. If the City has more than 50% of funds supporting the project, the City will require a first lien position.

D. The max per unit subsidy* is as follows:

Zero bedroom	\$ 95,106
One bedrooms	\$109,021
Two bedrooms	\$132,570
Three bedrooms	\$171,501
Four bedrooms	\$188,257

*Effective July 1, 2008. Subject to change per Department of Housing and Urban Development (HUD).

**For mixed-income projects where only a portion of the units are proposed to be assisted with City funds, please contact the Housing Programs Division to evaluate the max subsidy that may be applied and the number of units that must remain affordable.

E. The max per project assistance amount for rehabilitation, reconstruction, new construction, acquisition of land and site improvement is \$1,000,000.

F. The interest rate for the amortized loan and the forgivable loan is 0%.

G. The amortization schedule is thirty (30) years though the applicant may pay off debt when the affordability term expires for the project without penalty.

H. Amortized loan payments shall be due monthly with the first payment due ninety (90) days after the first day of the month following the completion date as calculated in the Construction Contract.

Developments are subject to a minimum affordability period where rents are maintained at affordable rates. The minimum affordability period is as follows:

Rehab/Acquisition:

<\$15,000 per unit = 5 years

\$15,000 to \$40,000 per unit = 10 years

>\$40,000 per unit = 15 years

New Construction:

Any amount = 20 years

J Assistance to investors is in the form of an amortized loan and forgivable loan. If the amortized loan is paid off early and the balance of the forgivable loan is paid, the extended affordability period described in this section is extinguished. However, the minimum affordability period remains in effect. The forgivable loan is due upon sale or transfer of the property, unless the City approves an assignment of the loan(s). The forgivable loan amount will be forgiven at the end of the extended affordability period as described in this section.

a. For developments with 1 to 4 units, the amortized loan/forgivable loan combination is 80% amortized loan and 20% forgivable loan. HOME assisted units must offer rents at the lesser of the "Fair Market" or "High" HOME rent level to low income households as defined by HUD ($\leq 60\%$ AMI). See Attachment A "HOME Program Rents and Incomes for the City of El Paso." Refer to Section II (I) for the minimum affordability period.

b. For developments with more than 4 units, the amortized loan/forgivable loan combination is

80% amortized loan and 20% forgivable loan; 20% of the HOME assisted units must offer rents at the "Low" HOME rent to Very Low income households as defined by HUD ($\leq 50\%$ AMI). See Attachment A. The affordability period must be in compliance with the following HUD HOME affordability guidelines.

Rehab/Acquisition:

<\$15,000 per unit = 5 years

\$15,000 to \$40,000 per unit = 10 years

>\$40,000 per unit = 15 years

New Construction:

Any amount = 20 years

ii. 70% amortized loan and 30% forgivable loan; 30% of the HOME assisted units must offer rents at the "Low" HOME rent to Very Low income households as defined by HUD ($\leq 50\%$ AMI). The extended affordability period is 20 years.

- iii. 60% amortized loan and 40% forgivable loan; 40% of the HOME assisted units must offer rents at the “Low” HOME rent to Very Low income households as defined by HUD ($\leq 50\%$ AMI). The extended affordability period is 25 years.
 - iv. 50% amortized loan and 50% forgivable loan; 50% of the HOME assisted units must offer rents at the “Low” HOME rent to Very Low income households as defined by HUD ($\leq 50\%$ AMI). The extended affordability period is 30 years.
 - K. Project delivery costs represent staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and homebuyers. Project delivery costs will be included as part of the funds provided by the City. The amount of project delivery cost will be in direct proportion to the amortized loan and forgivable loan ratio. Project delivery costs will not exceed 20% of the total project cost.
 - L. For City assisted rental units, the High HOME rents are calculated as the lesser of either :
 - the existing Section 8 Fair Market Rent, or
 - rent that does not exceed 30% of the adjusted income of a family whose income equals 65% of the median income for El Paso, as determined by HUD (High HOME rent)
 - M. For City assisted rental units, the Low HOME rents are calculated as follows:
 - the existing Section 8 Fair Market Rent, or
 - rent that does not exceed 30% of the adjusted income of a family whose income equals 50% of the median income for El Paso, as determined by HUD (Low HOME rent)
 - N The funds for the Rental Housing Program will be drawn from HOME funds, Community Development Block Grant (CDBG), or other sources.
- III. Project Scoring.** Developments with the highest scores will be considered for funding. Priority in processing will be based on ranking and availability of funds.

- A. Applications meeting the minimum requirements as outlined in Attachment B (45 points).
- B. A development where 50% or more of units offer X bedrooms per unit (maximum of 5 points).
 X equals 1 bedroom = 3 points
 X equals 2 bedrooms = 4 points
 X equals 3 or more bedrooms = 5 points
- C. A development with 1 to 4 units which reserves at least 1 unit for households $\leq 50\%$ of area median income (AMI) (maximum of 5 points).
 1 unit for households at or below 50% of AMI = 3 pts
 2 units for households at or below 50% of AMI = 4 pts
 3 units for households at or below 50% of AMI = 5 pts
- D. A development with more than 4 units which reserves at least 30% of units for households $\leq 50\%$ of AMI) (maximum of 20 points).
 30% to 39% of units for households at or below 50% of AMI = 3 pts
 40% to 49% of units for households at or below 50% of AMI = 4 pts
 50% to 69% of units for households at or below 50% of AMI = 5 pts
 70% - 79% of units for households at or below 50% of AMI = 6 pts
 80% or more of units for households at or below 50% of AMI = 8 pts
- E. A development with an estimated rehabilitation construction cost (per square foot) (maximum of 6 points).
 \$55 - \$60 = 4 points
 <\$55 = 6 points
- F. A development with an estimated new construction/reconstruction cost (per square foot) (maximum of 6 points).
 \$75 - \$80 = 4 points
 <\$75 = 6 points
- G. A development that does not require permanent relocation of tenants. Vacant is defined as a structure with no tenants for a minimum period of 90 days prior to submission of Application. A permanently relocated tenant is one that will not be returning to the structure proposed to be assisted (maximum of 5 points).
 Vacant or no permanently relocated tenants = 5 points
 Less than half of the tenants will be permanently relocated = 3 points
- H Applicant can demonstrate capacity and experience in successfully completing and maintaining a comparable (similar or equivalent) housing rehabilitation development, reconstruction, and/or new

construction development within the last ten years (maximum of 5 points).

Three or more projects = 5 points

Two projects = 3 points

One project = 2 points

Development located in a City approved revitalization or target area (maximum of 8 points).

Project located in one of these areas = 8 points

Project located outside of these areas = 0 points

J Development where at least 10% of the units are reserved for any of the defined special needs populations (people with disabilities, homeless persons, persons living with AIDS patients, migrant farm workers) maximum of 5 points).

Serves any of the defined special needs populations = 5 points total

Does not serve any defined special needs population = 0 points

K. Development where 100% of the units are reserved for elderly (55 years of age) (maximum of 10 points).

100% of units reserved for elderly = 10 points

<100% of units reserved for elderly = 0 points

L. Leveraging of other funds (non City funds) (maximum of 10 points).

20% to 29% of total project cost leveraged from other sources = 4 pts

30% to 39% of total project cost leveraged from other sources = 5 pts

40% to 59% of total project cost leveraged from other sources = 6 pts

60% to 79% of total project cost leveraged from other sources = 8 pts

≥80% of total project cost leveraged from other sources = 10 pts

M. Use of water efficient landscaping (e.g. xeriscaping) in design plans (maximum of 3 points).

Water efficient landscaping = 3 points

N Use of energy efficient appliances: high efficiency furnace, Energy Star air conditioning unit, Energy Star range (maximum of 9 points).

Provide one of the energy efficient appliances for 100% of the assisted units = 3 points

Provide two of the energy efficient appliances for 100% of the assisted units = 3 points

Provide three of the energy efficient appliances for 100% of the assisted units = 3 points

IV. **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, federal Section 8 Housing Quality Standards, the requirements of the

Investor Owned Program as established by City Council and recommended by HUD, the State of Texas Historical Commission, the El Paso 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 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. (*applicable to new construction or rehabilitation).

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.

- V. Eligible Project Costs.** Assistance funds may be applied towards acquisition, construction, rehabilitation, reconstruction, conversion, demolition, HOME approved site improvements, relocation, or HOME approved soft costs.

Hard costs, including acquisition of land and acquisition of existing structure, site preparations or improvements during demolition, securing buildings, and construction materials and labor.

Soft costs include 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. RELOCATION.** The owner of any property rehabilitated under the Community Development Department's Housing Rental 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.

BIDDING REQUIREMENTS. Construction bids for rehabilitation/new construction under the Housing Rental Program shall be sought by a competitive process. Bids shall be opened publicly. 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 through 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 required by the City to protect the City's investment.

If the City makes at least a 40% investment in the total project cost, the applicant must provide further security (i.e. in addition to the lien on the property) to protect the City's investment as approved by the City.

OTHER FEATURES. Additional requirements are as follows:

- A. Davis-Bacon requirements apply if the project contains eight (8) or more dwelling units under the CDBG Program or 12 units or more under the HOME Program. Fair Labor Standards Act must also 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.
- A. At the time that the 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.
- B. Marketing efforts to tenants must include the applicant participating 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.

- C. 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 (as explained in Section II(I),(J).
- D. 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.
- F. 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 \$0.75 per square foot of living area and a standard FHA appraisal fee. These fees are eligible costs and can be reimbursed to owner at closing, if financially feasible.

IX. POST ASSISTANCE REQUIREMENTS. Each project funded under this Program must meet the following affordability tests:

- A. The annual incomes of tenant households occupying assisted units may not exceed 60% of the median family income for the area, as determined by HUD on an annual basis (maximum rent levels and tenant household incomes referenced are provided in Attachment A)
- B. The owner must complete all initial and recertification reviews as required by the City and the HOME Program.
- C. The owner shall maintain the property in full compliance with all applicable codes, standards, ordinances, etc., as required by the City, for the full term of the financial assistance.
- D. 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 2008 - 2009
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 2008 HOME PROGRAM RENTS						
EFFECTIVE APRIL 12 2008						
(All utilities paid and includes appliances)						
PROGRAM	SRO	EFFICIENCY	1-BDRM	2-BDRM	3-BDRM	4-BDRM
FAIR MARKET RENT	333	444	476	567	813	964
LOW (50%) HOME RENT	286	381	408	490	566	632
HIGH (65%) HOME RENT	357	444	512	616	703	765
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 - 2008 - 2009			
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	\$15,250.00	\$18,300.00	\$24,450.00
2	\$17,450.00	\$20,940.00	\$27,900.00
3	\$19,600.00	\$23,520.00	\$31,400.00
4	\$21,800.00	\$26,160.00	\$34,900.00
5	\$23,550.00	\$28,260.00	\$37,700.00
6	\$25,300.00	\$30,360.00	\$40,500.00
7	\$27,050.00	\$32,460.00	\$43,300.00
8	\$28,800.00	\$34,560.00	\$46,050.00

ATTACHMENT B

Minimum Requirements

1. Must submit a completed application.
2. 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)

If the application is for new construction, provide evidence of site control such as a Deed, Purchase Contract, Option to Purchase, or Letter of Intent to Sell for the proposed property.

3. 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.
4. Be in good standing with the City of El Paso with any previously awarded federal funds. This means that the applicant/organization 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 past contracts or agreements. Additionally, per El Paso City Ordinance 016529, the City may refuse to enter into an agreement with a person indebted to the City of El Paso.
5. If the applicant owns the proposed property to be rehabilitated/reconstructed, applicant must be current on all property taxes that are due and payable on the proposed property.
6. Contribute a minimum of 10% of the total project cost from funds other than City funds.
7. Must be located within the City of El Paso.

8. Must be determined to be feasible for rehabilitation, reconstruction, or new construction considering the work required and the available financing.
9. Must be one of the following eligible housing types: single family detached house, town home, condo, duplex, triplex, quadraplex, multi-family.
10. If the application is for rehabilitation, a building inspection is required by a licensed architect, engineer, or the City prior to submission of application. Results of the inspection must be provided in the application. Existing buildings may be considered eligible for rehab assistance if there are at least (2) major conditions that violate either the International Building Codes adopted by the City of El Paso, or federal Section 8 Housing Quality Standards. This may include the following:
 - a. Structural — Building Code violations such as fire egress requirements, over-spanned roof/ceiling joists, worn roofing, tenant separation fire walls
 - 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 & routes, visitability, ramps, grab bars, sensory (deaf or blind) equipment (HUD requirement), bathroom and kitchen modifications
 - g. Flood zone — Grading and drainage due to flood zone designation.
11. Proposed per unit subsidy* amount does not exceed the following amounts:

Zero bedroom	\$ 95,106
One bedrooms	\$109,021
Two bedrooms	\$132,570
Three bedrooms	\$171,501
Four bedrooms	\$188,257

*Effective July 1, 2008. Subject to change per Department of Housing and Urban Development (HUD).

**For mixed-income projects where only a portion of the units are proposed to be assisted with City funds, please contact the Housing Programs Division to evaluate the max subsidy that may be applied and the number of units that must remain affordable.

12. Proposed minimum per project assistance amount for rehabilitation, reconstruction, new construction, acquisition of land and site improvement is \$1,000,000 or less.
13. Compliance with minimum work required and minimum acceptable unit sizes.

Attachment B

Major Program Changes

1. Eligible Use

Proposed:

The Rental Housing Program offers gap financing for the rehabilitation, construction, or reconstruction of investor-owned properties.

Current:

The Program for the Rehabilitation of Investor-Owned Properties offers financing for the rehabilitation of investor-owned projects.

2. Max Financing

Proposed:

City will provide gap financing. The applicant should explore all possible outside funding sources including financial institutions, foundations, and agencies before submitting an application to the City for gap financing. Maximum per project limit of \$1,000,000.

Current:

The City will provide public financing of 100% of the eligible rehabilitation costs.

3. Applicant Contribution

Proposed:

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

Current:

No existing requirement.

4. Affordability term

Proposed:

Developments are subject to a minimum affordability period where rents are maintained at affordable rates enforced by covenants running with the property. The minimum affordability period is as follows:

Rehab/Acquisition:

<\$15,000 per unit = 5 years

\$15,000 to \$40,000 per unit = 10 years

>\$40,000 per unit = 15 years

New Construction:
Any amount = 20 years

Current:
15 years

5. Assistance combination

Proposed:

The assistance combination will be an amortized loan and forgivable loan. There are four possible assistance combinations:

<i>Amortized Loan/ Forgivable Loan</i>	<i>% of units for ≤50% AMI</i>	<i>Affordability Term</i>
a. 80/20	20%	5 to 20 yrs
b. 70/30	30%	20 yrs
c. 60/40	40%	25 yrs
d. 50/50	50%	30 yrs

Current::

The assistance is given in the form of an 80% amortized loan and 20% forgivable loan.

5. Lien position

Proposed:

The City may take a second lien position. Refinancing of existing debt up to \$5,000 per after-rehabilitation unit will be available on a case-by-case basis in order to achieve feasibility and a first lien for the City. If the City has more than 50% of funds supporting the development, the City will require a first lien position. If the City makes at least a 40% investment in the total project cost and is requested to accept a junior lien position, the applicant must provide further security (i.e. in addition to the lien on the property) to protect the City's investment as approved by the City.

Current:

The City must have a first lien on the property to secure the rehabilitation loan.

6. Good Standing

Proposed:

Be in good standing with the City of El Paso with any previously awarded funds. This means that the applicant/organization be within 30 days current on any loan payments due, be within 30 days current of all required program and financial reporting, and not have any outstanding or unresolved monitoring findings from

past contracts or agreements. Additionally, per El Paso Ordinance 016529, the City may refuse to enter into an agreement with a person indebted to the City of El Paso.

Current:
No existing language.

7. Loan to after rehab value

Proposed:

Loan to after rehab value:

The overall debt to after rehabilitation value shall not exceed 100%.

Current:

Loan to after rehab value:

The overall loan to after rehabilitation value shall not exceed 120%.

8. Project delivery costs

Proposed:

Project delivery costs represent staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and homebuyers. Project delivery costs will be included as part of the funds provided by the City. The amount of project delivery cost will be in direct proportion to the amortized loan and forgivable loan ratio. Project delivery costs will not exceed 20% of the total project cost.

Current:

No existing guideline.

9. Scoring

Proposed:

See Exhibit B-1

Current:

See Exhibit B-2

Exhibit B-1

Chapter 5 "Rental Housing Program" - PROPOSED SCORING MATRIX 1/9/2009

	1 point	2 points	3 points	4 points	5 points	6 points	8 points	10 points	45 points
1 Development meets minimum requirements as described in Chapter 5									meets minimum application requirements
2 Developments where 50% or more of the units offer X bedrooms per unit	x = 1 bedroom		x = 2 bedrooms		x = 3 or more bedrooms				
3 Developments with 1-4 units which reserves at least 1 unit for households <= 50% AMI			1 unit for households <=50% AMI	2 units for households <=50% AMI	3 units for households <=50% AMI				
4 Developments with more than 4 units which reserves at least 30% of units for households <= 50% of AMI (Low HOME rent, see Attachment A)			30% - 39% of units for households <=50% AMI	40% - 49% of units for households <=50% AMI	50% - 69% of units for households <=50% AMI	70% - 79% of units for househol ds <=50% AMI		80% or more of units for households <=50% AMI	
5 Development with an estimated rehabilitation construction cost (per square foot)				\$55 - \$60		<\$55			

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	1 point	2 points	3 points	4 points	5 points	6 points	8 points	10 points	45 points
6 Development with an estimated new construction/reconstruction cost (per square foot)				\$75 - \$80		<\$75			
7 Development does not require permanent relocation of tenants (vacant = no tenants for a minimum period of 90 days prior to submission of application)			less than half of tenants will be permanently relocated (a permanently relocated tenant is one that will not be returning to the rehabilitated building)			vacant or no permanently relocated tenants			
8 Applicant can demonstrate capacity and experience in successfully completing and maintaining a comparable (similar or equivalent) housing rehabilitation, reconstruction, and/or new construction project in the last ten years				two projects		three or more projects			

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	1 point	2 points	3 points	4 points	5 points	6 points	8 points	10 points	45 points
9 Development located in a City approved revitalization or target area							located in one of these areas		
10 Development where at least 10% of units are reserved for any of the defined special needs populations (disabled individuals, homeless persons, persons living with AIDS, migrant farm workers)					serves any of the special needs populations				
11 Development where 100% of the units are reserved for elderly (55 years of age)								100% of units for elderly	
12 Leveraging of other funds (non City funds)				20% - 29% of total project cost leveraged from other sources	30% - 39% of total project cost leveraged from other sources	40% - 59% of total project cost leveraged from other sources	60% - 79% of total project cost leveraged from other sources	80% or more of total project cost leveraged from other sources	
13 Use of water efficient landscaping (e.g. Xeriscaping) in design plans			water efficient landscaping						

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	1 point	2 points	3 points	4 points	5 points	6 points	8 points	10 points	45 points
<p>Use of energy efficient appliances: high efficiency furnace, Energy Star air conditioning unit, Energy Star range.</p> <p>1 4</p>		<p>provide one of the energy efficient appliances for 100% of the assisted units</p>		<p>provide two of the energy efficient appliances for 100% of the assisted units</p>		<p>provide three of the energy efficient appliances for 100% of the assisted units</p>			

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Exhibit B-2

Program for the Rehabilitation of Investor-Owned Properties - CURRENT SCORING MATRIX

		1 point	2 points	3 points	4 points	5 points	6 points	8 points
1	Project designed in house resulting in 1 to 4 units	1 unit	2 units	3 units	4 units			
2	Project with 50% or more units with 2 or more bedrooms/unit			50%	51% - 75%	76% - 100%		
3	Estimated after rehab construction cost of <\$50 per sq.ft.				\$45 -\$50			<\$45
4	Property located in Historic District					in district		
5	Project does not require relocation of tenants			less than half of tenants will be permanently relocated			vacant or no permanently relocated tenants	
6	Applicant can demonstrate capacity and experience in successfully completing and maintaining a comparable (similar or equivalent) housing rehabilitation development, reconstruction, and/or new construction development within the last ten years		1 project	2 projects		3 or more projects		

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