

Memorandum

To: Mayor and City Council
Thru: Joyce Wilson, Deborah Hamlyn
From: Bill Lilly
CC: Sylvia Firth, Patricia White
Date: 7/12/2010
Re: July 12, 2010-City Council Agenda – Item 17B

The purpose of this memorandum is to provide you background on Item 17B scheduled for tomorrow's City Council meeting. **The Item: Discussion and action concerning (1) Raising the current cap on GAP financing administered by the Housing Program Division of the Department of Community and Human Development for the development of rental housing from \$100,000 to not less than \$350,000 and (2) directing the Housing Program Division to complete the evaluation of Investment Builders, Inc. (IBI's) application for GAP financing in the amount of \$613,200 on or before August 18, 2010 so that City Council can consider making an award on August 24, 2010.**

BACKGROUND:

On May 20, 2010, Community and Human Development issued a Notice of Funding Availability for the Development of Rental Housing. Attached for your review is a copy of the program guidelines. The guidelines provide up to \$1,000,000 for GAP Financing. GAP financing for the purposes of this program is defined as "An investment of local funds in combination with other governmental assistance sufficient to ensure that no more than the necessary amount of local funds are invested in any one project to provide affordable housing". The guidelines issued by City staff provided that the maximum funding amount is \$1 million per project and up to \$100,000 for projects utilizing Low Income Housing Tax Credits (LIHTC). The reason the limitation was imposed on LIHTC projects was based on the underwriting of LIHTC projects a year ago it appeared that LIHTC projects could be developed without financing from the City. Although the Texas Department of Housing and Community Affairs encourages it does not require local participation, hence the \$100,000 limitation.

After the Notice of Funding Availability for the Development of Rental Housing was issued Investment Builders Inc. contacted a City Representatives' office to express concern over the limitation on LIHTC projects. After being contacted by the Representatives office a conference call was held with Mr. Ike Monty of Investment Builders Inc. to discuss the limitation. During the call it was indicated that a workshop would be held on June 15, 2010 at which time I would bring up the issue of the limitation of funding for LIHTC projects. Also during the call Mr. Monty indicated he did not absolutely need \$613,200 but \$125,000 would be sufficient.

At the workshop, the issue was brought up and there were two (2) individuals that spoke that supported the limitation and two (2) individuals spoke that opposed the limitation. Versus spending

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the entire workshop on a single topic, as there were over 50 persons in attendance, I requested that if the individual that were interested in the topic to put the support or opposition in writing within one week but no later than June 22, 2010. I explain if there were differing views I review both positions and take them to a Legislative Review Committee would in turn make a recommendation to the City Council for consideration.

On June 21, 2010, Community and Human Development received two correspondences for individuals supporting the \$100,000 limitation to LIHTC projects. No written communication was received opposing the \$100,000 limitation.

CITY STAFF POSITION:

Investment Builders Inc. was provided an opportunity to express, in writing, why it believed \$100,000 was not sufficient to support LIHTC projects. Investment Builders Inc. has indicated different amounts on different occasions on the amount necessary to make the project feasible. Proposals are due on Thursday, July 12, 2010. It is unknown how many proposals will be received. Further, the proposals to be submitted are competitive proposals therefore the highest ranking proposals will receive funding recommendations. All proposals must be reviewed and ranked prior to making a funding recommendation. Without the benefit of knowing how many proposals that will be received and their competitive ranking it is impossible to determine if Investment Builders request can be achieved.

It also appears Investment Builder is not sure of the GAP financing required to make the project feasible. It appears an application will be submitted for \$613,200, however this request asks for City Council to set a minimum funding amount for LIHTC projects for not less than \$350,000. In a conference call with Mr. Monty it was indicated that \$125,000 would be sufficient. Until a review of an application has been made, the GAP in funding cannot be determined.

Staff recommends the Notice of Funding Availability for the Development of Rental Housing not be amended.



**CITY OF EL PASO
COMMUNITY AND HUMAN
DEVELOPMENT
HOUSING PROGRAM DIVISION**

Chapter Five

**City of El Paso
Rental Housing Program**



Revised May 20, 2010

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.

I. ELIGIBILITY REQUIREMENTS. To be eligible for a loan under the Community Development Department's Rental Housing Program, applications must meet the following minimum 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 a 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 should 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.
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 sources other than City funds, e.g., property, equity.

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 one hundred percent (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 maximum per unit subsidy* is as follows:

Zero bedroom	\$ 100,438
One bedrooms	\$ 115,134
Two bedrooms	\$ 140,003
Three bedrooms	\$ 181,118
Four bedrooms	\$ 198,812

*Effective July 1, 2009. 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 maximum per project assistance amount for rehabilitation, reconstruction, new construction, acquisition of land and site improvement is \$1,000,000. For projects utilizing Low Income Housing Tax Credit the maximum project assistance will be \$100,000. The City will determine the actual amount of assistance based on project underwriting.
- F. The interest rate for the amortized loan and the forgivable loan is 0%.
- G. The maximum 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.

- I. 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
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- 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 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).

- 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

- i. 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;
- 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);
- 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); or

- 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).

Refer to Section II (I) for the minimum affordability period.

- 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 8 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% to 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).
 - \$60 - \$65 = 4 points
 - <\$60 = 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 proposed development with no tenants for a 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

- I. 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 5% of the units are reserved for any of the limited clientele (homeless persons, persons living with AIDS patients, migrant farm workers) (maximum of 5 points).
Serves any of the limited clientele = 5 points total
Does not serve any limited clientele = 0 points
- K. Development where 10% of the units are reserved for persons with disabilities (maximum of 10 points).
10% of units reserved for persons with disabilities = 10 points
<10% of units reserved for persons with disabilities = 0 points
- L. 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
- M. 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
- N. Loan financing terms:
≤5 years = 20 points
6 – 10 years = 15 points
11 – 15 years = 10 points
16 – 20 years = 5 points
21 – 30 years = 0 points
- O. Use of water efficient landscaping (e.g. xeriscaping) in design plans (maximum of 3 points).
Water efficient landscaping = 3 points

- P. 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 = 6 points
 Provide **three** of the energy efficient appliances for 100% of the assisted units = 9 points
- Q. Development where access to public transportation is within ½ mile, e.g. Transport Center or Bus Stop (maximum of 5 points).
 Public transportation ≤ ½ mile = 5 points
 Public transportation > ½ mile = 0 points
- R. If the project construction amount totals more than \$200,000, the owner / contractor agrees to exceed the Section 3 requirements by: (1) awarding at least 20% of the total dollar amount of all covered construction contracts to Section 3 businesses; and (2) offering 50% of new employment opportunities to Section 3 businesses.
 Agree to exceed Section 3 requirements noted above = 5 points
 Does not agree to exceed Section 3 requirements = 0 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, approved site improvements, relocation, or 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.

- VII. 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.

- VIII. 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 may be required to provide further security (i.e. in addition to the lien on the property) to protect the City's investment as approved by the City.

IX. 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.
- B. 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.
- C. 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.
- D. 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).
- E. 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.

X. 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 and CDBG Programs.
- C. The owner shall maintain the property in full compliance with all applicable codes, standards, ordinances, etc., as required by the City, for a 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 2009 - 2010
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 2009 HOME PROGRAM RENTS						
EFFECTIVE APRIL 27, 2009 (All utilities paid and includes appliances)						
NOTE: TO BE UPDATED BY JUNE 2010						
PROGRAM	SRO	EFFICIENCY	1-BDRM	2-BDRM	3-BDRM	4-BDRM
FAIR MARKET RENT	350	466	499	595	853	1012
LOW (50%) HOME RENT	299	398	427	512	592	661
HIGH (65%) HOME RENT	374	499	536	646	737	803
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 - 2010 – 2011			
<i>EFFECTIVE MAY 20, 2010</i>			
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	\$16,300.00	\$19,560.00	\$26,050.00
2	\$18,600.00	\$22,320.00	\$29,800.00
3	\$20,950.00	\$25,140.00	\$33,500.00
4	\$23,250.00	\$27,900.00	\$37,200.00
5	\$25,150.00	\$30,180.00	\$40,200.00
6	\$27,000.00	\$32,400.00	\$43,200.00
7	\$28,850.00	\$34,620.00	\$46,150.00
8	\$30,700.00	\$36,840.00	\$49,150.00

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:
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 - 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	\$100,438
One bedrooms	\$115,134
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Proposed maximum per project assistance amount for rehabilitation, reconstruction, new construction, acquisition of land, and site improvement is \$1,000,000. For projects utilizing Low Income Housing Tax Credits the maximum project assistance will be \$100,000. The City will determine the actual amount of assistance based on project underwriting.

12. Compliance with minimum work required and minimum acceptable unit sizes.