


CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 900-13	HISTORY	
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SUBJECT: HOUSING REHABILITATION PROGRAM

PURPOSE: To preserve housing infrastructure, improve housing quality, and contribute to the overall stability of the neighborhoods.

POLICY:

The City of Grand Rapids shall provide financial and technical assistance to eligible home owners to repair and improve their homes.

I. General Provisions. The following requirements, as further defined and expanded in this Policy and the Administrative Guidelines, shall govern the Housing Rehabilitation Program.

A. Owner Qualifications. Low- and moderate-income home owners who reside in one- to four unit homes located within an eligible Community Development Target Area may be eligible for financial assistance for home repairs.

B. Financial Assistance. The minimum loan amount shall be \$1,000 and the maximum Community Development Block Grant (CDBG) assistance amount shall be \$24,000. Program eligibility shall be determined on the basis of household income, credit reports, and other factors as described in the Administrative Guidelines, and as further specified in Section VI.

C. Previous Financial Assistance. An applicant or home which received previous financial assistance from the City for rehabilitation may be considered for additional assistance under this Policy, provided:

1. The applicant has received assistance on no more than one other home;
2. The maximum loan amount available shall be reduced by all principal advances made under previous loans or grants originated within fifteen (15) years prior to the date of application, and further reduced by any outstanding loan balances under loans or grants originated more than fifteen (15) years prior to the date of application;

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3. The applicant has substantially complied with the terms and conditions of previous City mortgages and promissory notes.
- II. Property Requirements. Properties to be repaired under this Policy shall meet the following criteria, and as further defined in the Administrative Guidelines:
 - A. Location. Eligible properties shall be located within the City of Grand Rapids.
 - B. Property Type. Assistance shall be available for residential structures containing one to four dwelling units.
 - C. Zoning. Assisted homes must meet all applicable provisions of the City's Zoning Ordinance.
 - D. Structural Integrity. There must be a reasonable expectation that with appropriate maintenance the assisted property will remain structurally sound for ten years following repairs funded by the Housing Rehabilitation Program.
 - III. Applicant Eligibility. Home owners are eligible to participate under the following conditions, and as further defined in the Administrative Guidelines:
 - A. Income Eligibility. Participating home owners must have an annual gross household income that does not exceed 80% of the area median income, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD).
 - B. Title to the Property. The applicant must have clear and marketable title to the subject property, properly recorded with the Kent County Register of Deeds. Properties being purchased on Land Contract are not eligible for program assistance.
 - C. Property Taxes and Obligations. The participating property owner, or any related or affiliated organization or entity, may not have any past due property taxes, special assessments, nuisance assessments, water bills, fines, or other past due debts or obligations owed to the City, or any other delinquent liens on the subject property.
 - D. Length of Ownership. Homeowners must have owned and permanently resided in the property for at least one year prior to the submission of the loan application.
 - E. Home Owner Insurance. The applicant must carry fire and hazard insurance in an amount which is the greater of: 1) twice the assessed value, or 2) the sum of all obligations secured by the house, including the City's mortgage. The City must be included as a mortgagee on the owner's fire and hazard insurance policies.

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F. City Employees. City employees, and their spouses, are not eligible to receive assistance under this Policy, except as allowed under applicable law and as determined by the City Attorney's Office.

IV. Rehabilitation Requirements. Repairs performed through this Program must comply with applicable sections of the City's Property Maintenance Code and all other applicable codes and standards.

A. Eligible Repairs. The highest priority repairs, as determined by City staff, in the following categories may be completed:

1. health and/or safety concerns, including lead based paint hazards;
2. exterior Property Maintenance Code deficiencies; and/or
3. repairs which increase long-term affordability, including energy efficiency and water conservation improvements.

B. Ineligible Items. The following items are not eligible for Program assistance:

1. repair of fire and smoke damage;
2. repairs due to accelerated deterioration;
3. household appliances;
4. tools;
5. maintenance expenses;
6. recreational and luxury improvements;
7. new construction; and
8. other items detailed in the Administrative Guidelines.

C. Program Administration and Funding Decisions. This Program shall be administered by the Community Development Department. Funding decisions shall be made by a Committee comprised of City staff appointed by the Department Director. The Committee shall review applications and determine eligibility based upon criteria as described in this policy and in the Administrative Guidelines.

VI. Rehabilitation Financing. The home owner will be required to sign a promissory note and mortgage for the full amount of assistance. The terms of the promissory note and mortgage are established in the Administrative Guidelines for the Housing Rehabilitation Program. When an owner-occupant loses their primary residence to foreclosure by the first position lender, the subordinate Housing Rehabilitation loan will be converted to a grant.

VII. Miscellaneous Provisions.

A. Availability of Funding. Funds must be available before program funding commitments can be made. Funding is expected to be derived primarily from the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) program although other funds may be used if available.

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- B. Federal Regulations. Applicants and borrowers shall comply with all applicable federal regulations. In the event that applicable CDBG Program regulations or other federal regulations are in conflict with this Policy, the higher of the two standards shall apply. This Policy shall automatically adopt any changes to CDBG and other applicable regulations which govern a source of funds.
- C. Exceptions to this Policy. Applicants, borrowers and contractors may appeal administrative interpretations of this Policy and Administrative Guidelines to the Housing Rehabilitation Appeals Board. Where applicable, the current edition of the Residential Construction Performance Guidelines, as published by the National Association of Home Builders, and as amended by the Administrative Guidelines, shall be used to resolve construction and workmanship related disputes.
- D. Delinquency Control Committee. Borrowers who do not comply with the conditions of their City Housing Rehabilitation Program mortgage, promissory note, or other legal documents, shall have their accounts forwarded to the Delinquency Control Committee.
- E. Tax Escrow. The City may require borrowers to make monthly payments to an escrow account established by the City, for payment of property taxes.
- F. Definitions. Definitions of terms used in this Policy shall be found in the Administrative Guidelines.
- G. Prior Policies. In those cases where financial assistance was provided under a prior City Commission Policy, and that policy does not address a particular issue, the provisions of this Policy shall apply.