


CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 900-19	HISTORY	
		FILE #	DATE
	DATE: February 17, 1998	68913	08/14/01
	FILE NUMBER: 64359	77427	07/22/08
	DEPARTMENT: COMM. DEV.		

SUBJECT: RENTAL REHABILITATION PROGRAM

PURPOSE: To improve rental housing conditions and maintain affordability for low-income families.

POLICY:

The City of Grand Rapids shall provide financial assistance to support rental rehabilitation projects.

- I. General Provisions. The following requirements, as further defined and expanded in the Administrative Guidelines, shall govern the Rental Rehabilitation Program:
 - A. Contractual Agreement. As a condition of receiving funding through the Rental Rehabilitation Program, a participating property owner shall be required to enter into a contractual agreement with the City, in a form approved by the City Attorney, that specifies the terms and conditions applicable to the City and the participating property owner.
 - B. Low-Income Benefit. Properties assisted under this program must be occupied by income eligible families, as defined under the U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships (HOME) Program. If the property is vacant at the time of application, the assisted units must be occupied by income eligible families upon the completion of repairs and before issuance of the rebate.
 - C. Location. Properties must be located within the city of Grand Rapids, with priority given to properties located within the Community Development General Target Area. The Community Development Department may further limit the geographic area in which Rental Rehabilitation Program assistance is available.

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- D. Financial Assistance. The financial assistance to the property owner shall consist of a 50% subsidy, applied against the total allowable costs of the project, not to exceed an average per unit cost of \$14,999. Rental Rehabilitation Program assistance shall be in the form of a rebate provided to the participating property owner after the successful completion of the project, except as allowed under the Administrative Guidelines. Rental Rehabilitation Program assistance shall be secured by a mortgage, and promissory note.
 - E. Period of Affordability. Participating property owners must agree to maintain the assisted rental units as affordable housing in accordance with this Policy, the Administrative Guidelines and contractual agreement with the City for a minimum of five years. Deed restrictions, covenants running with the land, or other mechanisms approved by HUD and/or the City Attorney, shall be used to enforce the affordability requirements.
 - F. Insurance Requirement. Participating property owners shall be responsible for ensuring compliance with the insurance and indemnity requirements specified in the contractual agreement with the City and/or the Administrative Guidelines.
- II. Eligible Properties. Properties receiving Rental Rehabilitation assistance shall meet the following standards, as further defined in the Administrative Guidelines:
- A. Rehabilitation Needs. Participating property owners must agree to complete a minimum average of \$10,000 per unit in repairs and improvements allowed under this Policy.
 - B. Clear Title to the Property. Participating property owners must have clear and marketable title to the subject property, properly recorded with the Kent County Register of Deeds. Properties owned on a Land Contract are not eligible.
 - C. Residential Zoning. All assisted units must comply with the City Zoning Ordinance.
 - D. Type of Structures. Residential buildings having one or more units are eligible for the Rental Rehabilitation Program. Rehabilitation of fewer than all the rental units within a structure is allowed, provided all shared facilities and common areas are brought into compliance with all applicable codes. Mixed-use buildings may be eligible under provisions specified in the Administrative Guidelines.

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- III. Eligible Owners. Rental property owners are eligible to participate under the following conditions, and as further defined in the Administrative Guidelines:
- A. Property Taxes and Obligations. A 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.
 - B. Code Enforcement History. Participating property owners must have a satisfactory code enforcement history as defined in the Administrative Guidelines.
 - C. Financial Capacity. Participating property owners must have the financial capacity to undertake the rehabilitation project, and shall submit such documentation in a form acceptable to the Community Development Department as part of the application process.
 - D. City Employees. City employees and their spouses are not eligible to receive funds under the Rental Rehabilitation Program, but may participate as renters.
- IV. Rehabilitation Standards. The following repairs and improvements, as further described in the Administrative Guidelines, must be completed prior to the payment of the rebate.
- A. Local Codes. All assisted units must comply with the City Housing Code and all other applicable local codes.
 - B. Other Required Repairs. The Rental Rehabilitation Program requires certain other repairs and improvement be completed, including treatment of lead paint hazards, energy and water efficiency improvements, public sidewalks, and other items described in the Administrative Guidelines.
 - C. Modernization and Other Improvements. Other modernization and energy and water efficiency improvements, as specified in the Administrative Guidelines, will be undertaken as determined by the Community Development Department.
 - D. Accessibility Requirements. All assisted units must comply with applicable accessibility requirements.
 - E. Rehabilitation Standards. All rehabilitation work must be completed in accordance with City Housing Rehabilitation Standards.

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- V. Rent/Occupancy Requirements and Tenant Protections. Participating property owners must agree to comply with the following requirements, as further detailed in the Administrative Guidelines and contractual agreement, designed to keep rents at affordable levels and to protect tenant rights:
- A. Term of Rent and Occupancy Restrictions. Rent and occupancy restrictions shall be in effect for a minimum of five years from project completion.
 - B. Rent Limitations. The rent limits of the HOME Program shall apply to the Rental Rehabilitation Program.
 - C. Tenant Income Certification. Participating property owners shall comply with Rental Rehabilitation Program requirements for certifying and verifying tenant incomes as specified in the Administrative Guidelines.
 - D. Periodic Housing Code Inspections. During the period of affordability, rental projects with 1 to 4 units shall be inspected every three years, projects with 5 to 25 units shall be inspected every two years, and projects with 26 or more units shall be inspected annually.
 - E. Prohibition on Displacement. Participating property owners cannot require tenants to permanently move in order to participate in the Rental Rehabilitation Program. Participating property owners must attest that no involuntary moves except for documented violations of the lease or rental agreement have occurred within the prior 12 months, and agree not to displace tenants due to participation in the Rental Rehabilitation Program. Participating property owners shall comply with all applicable requirements of the Uniform Relocation Act.
 - F. Lease Provisions and Tenant Selection Policy. Participating property owners shall comply with HOME Program requirements regarding lease provisions and tenant selection procedures as specified in 24 CFR 92.253.
- VI. Miscellaneous.
- A. Compliance with Regulations. Participating property owners shall comply with all applicable federal, state, and local laws and regulations. In the event that HOME or other federal, state, and local laws and regulations are in conflict with this Policy, the strictest of the standards shall apply. This Policy shall automatically adopt any changes to HOME and other federal, state, and local laws and regulations.
 - B. Reimbursement for Owner Labor. Participating property owners shall not be reimbursed for their own labor, administrative costs, managerial functions, or other expenses determined to be ineligible, except as provided in the Administrative Guidelines.

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- C. Complaint Procedures. Participating property owners with complaints on the interpretation or application of the requirements governing the Rental Rehabilitation Program shall follow the procedures set forth in the Administrative Guidelines.
- D. Delinquency Control Committee. In the event there is a default under or violation of the terms and conditions of the mortgage, promissory note or the deed restriction/covenant running with the land on an assisted property, the matter shall be forwarded to the Delinquency Control Committee.
- E. Definitions. Definitions of terms used in this policy shall be found in the Administrative Guidelines.
- F. Availability of Funding. Funds must be available before loan commitments and/or rebates can be made. Funding is expected to be derived primarily from the U.S. Department of Housing and Urban Development's HOME Investment Partnerships (HOME) Program, although other funds may be used if available.