

Housing Rehabilitation Program for Rental Rehabilitation Projects

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City of Cedar Falls

**Administrative Guidelines for Federally Funded Rental Housing Rehabilitation
Programs**

City of Cedar Falls

**Prepared by Planning and Community Services Division
with assistance from Iowa Northeast Regional Council of Governments**

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I. Program Description

The Rental Rehabilitation Program is designed to provide funding to rehabilitate rental properties in the City. Projects may apply up to \$24,999 per unit for rehabilitation funded through a zero-interest forgivable loan. This provides an incentive for owners to invest in and preserve the city's existing rental stock while maintaining affordability for low- and moderate-income (LMI) tenants, for properties with six or fewer units

Standard contract requirements concerning Affirmative Action, the Americans with Disabilities Act, Affirmatively Furthering Fair Housing, applicable wage laws, and all other applicable laws regulating Community Development Block Grant Funding apply.

II. Eligible Property

1. The property must be located in the City of Cedar Falls.
2. The property owner is required to be an existing registered rental with valid permit. (It must have been registered for a year or more.)
3. Units receiving funding must rent to a Cedar Falls Housing Choice Voucher holder.
4. All properties must be in compliance with the City's housing, building and zoning ordinances at the time of completion.
5. Units must be able to be restored to decent, safe, and sanitary condition that meets the program criteria of the Community Development Block Grant program (CDBG).

III. Eligible Activities

1. Eligible properties may be residential or mixed use.
2. Transitional as well as permanent housing, including group homes and Single Room Occupancies, is allowed.
3. Property must pass an environmental review approved by City of Cedar Falls official before funds will be committed. Support for the preparation, evaluation, and submission of the environmental review is provided by City staff or designee.
4. Property must meet all applicable state and local code requirements and must meet the housing quality standards in 24 CFR 982.401 by project completion.
5. Properties constructed or manufactured before 1978 must be inspected for lead-based paint hazards. If deteriorated paint is found it must be properly remediated in compliance with the Lead Safe Housing Rule and the cost are within the maximum allowed for a project.
6. The income-restricted portion of units in assisted properties must meet the following minimum requirements.
7. An eligible property may have no more than 6 units.

The funding awarded will determine the number of units that must be reserved for Housing Choice Voucher (HCV) holders. (Example: A 4-unit structure could be eligible for up to \$100,000. If the cost of improvements is:

- \$24,999 or less, then 1 unit must be rented to a HCV holder.
- \$49,998 or less, then 2 units must be rented to a HCV holder.
- \$74,997, or less, then 3 units must be rented to a HCV holder.
- \$99,996, or less, then 4 units must be rented to a HCV holder.
- \$124,995 or less, than 5 units must be rented to a HCV holder.
- \$149,994 or less, than 6 units must be rented to a HCV holder.

IV. Eligible Costs

An applicant or structure may only receive rehabilitation assistance up to the maximum dollar amount, which is generally \$24,999 per unit for hard costs.. On a case-by-case basis, the City may provide assistance that exceeds \$24,999 per unit in hard costs Such projects must comply with applicable requirements for lead hazard abatement, and may be subject to more stringent loan terms and/or affordability periods than those specified in Section VII.

Eligible rehabilitation costs include:

1. Costs of meeting a specific requirement of housing standards regarding:
 - a. Rehabilitating, removing, or replacing elements of the dwelling structure, including basic systems, and other improvements to the property such as garages, fences, steps, walkways and driveways. The term “basic systems” includes such items as furnaces, water heaters, fixed electrical equipment, sanitary fixtures and other appliances required to meet Cedar Falls Building Code Standards.
 - b. Providing sanitary facilities, including providing, expanding and finishing space necessary to accommodate those facilities.
 - c. Grading, filling or landscaping of the ground, if required by the Cedar Falls Building Code.
 - d. In cases of limited funds, work will be prioritized to ensure basic systems and life safety items are addressed first.
2. Accessibility Modifications. Any bathroom and kitchen modifications, ramps, grab bars, doorway widening, etc. which enable and elderly/person with disabilities to remain independently in their home.
3. Energy Conservation and Fire Safety. The purchase and installation of furnaces, insulation, storm windows and doors, caulking and related energy saving devices or measures. Eligible costs also include the installation of smoke detectors and related fire safety items.
4. Incipient Violations. The correction of incipient violations so that a property may be brought up to and maintained to Cedar Falls Building Code Standards.
5. Building Permits. The grant may provide funds to cover the cost of building permits and related fees required to carry out the rehabilitation work. However, since the construction contract documents require the contractor to pay these costs, the contract amount ordinarily includes the costs.
6. Other Eligible costs are possible as listed in the City of Cedar Falls Manual for Housing Rehabilitation Programs as amended.

V. Ineligible Costs

Except as otherwise provided in this manual, rehabilitation assistance shall not be provided for:

1. New construction, substantial construction, expansion of a structure (unless required by the Cedar Falls Building Code), or finishing unfinished spaces.
2. Any work that is considered standard maintenance per the discretion of the Department of Community Development, including but not limited to: cleaning of gutters, furnace servicing/filter replacement, etc.
3. Materials, fixtures, equipment or landscaping of a type or quality which exceeds that customarily used for properties of the same general type as the property to be rehabilitated.
4. Acquisition of land.
5. Refinancing of existing debt.

VI. Type of Assistance

CDBG-Funded Projects

Amount of Assistance	Type of Assistance
Hard Costs up to \$24,999 per unit	Zero-interest loan forgiven after five (5) years

If the recipient fails to meet the conditions of the loan at any point, the loan will become due to the City, at 0% interest. The percent of the loan that is due to the City will follow the City of Cedar Falls Manual for Housing Rehabilitation Program as amended schedule as listed in Chapter 4 section C.

VII. Process:

1. Owner must complete a program application, available upon request from the City.
2. City schedules a site visit to develop a proposed scope of work limited to the maximum grant amount. If necessary, a lead-based paint visual risk assessment will be conducted by City staff or their designee.
3. The scope of work will be reviewed with the Owner. City staff and the Owner will agree on the scope of work. A rehabilitation contract shall not exceed \$24,999 in hard costs per assisted unit, and \$149,999 in total rehabilitation costs.
4. Staff completes necessary reviews (Environmental, historic, and if any relocation is necessary based on the proposed work). The owner will be responsible to pay for any and all relocation costs.

5. The construction project will be bid in accordance with required procurement standards. Costs must be reasonable and a competitive bidding process for proposed work is necessary.
6. Bids will be reviewed by City staff or their designee and the Owner. The lowest and most responsive bidder will be chosen.
7. An agreement will be signed by the City and the Owner. The Contractor will obtain permits and begin work after a pre-construction conference is held.
8. Contractor invoices must be approved by the Owner and City staff. Payment will be made directly to the contractor.
9. Upon completion, the Owner and the City will both confirm satisfaction with the work.

VIII. Owner Responsibilities:

Prior to commencing the project, the Owner shall sign an agreement confirming their intent to comply with the program requirements. At a minimum, the following will be included in that agreement:

1. Signed lien for the property, which will be recorded by the City at project completion. The lien will be in place during the required affordability period, as outlined in this Rental Rehabilitation Program manual
2. Owner rents to a Housing Choice Voucher holder during the affordability period.
3. During the affordability period, the Owner must maintain the completed improvements, the overall property, and allow inspections of such.
4. Owners must maintain, and make available upon request, project records for a minimum of five years beyond the property's required affordability period. This includes tenant records, rents, and inspection records.