

Community Development

HOUSING ASSISTANCE PROGRAM GUIDELINES

Summary

This will summarize and identify the proposed changes to be made to the current Housing Assistance Guidelines. These changes/amendments will: increase the maximum award amounts for rehabilitation projects and outline the city's limited assistance for HAP contingent on funding and prioritization.

CHAPTER 3: HOUSING PROGRAM GUIDELINES

3. Deferred loans will be available
 - a. for a 2-bedroom 2 bath dwelling for ~~reconstruction~~ **Rehabilitation**
 - b. for a 3-bedroom 2 bath dwelling for ~~reconstruction~~ **Rehabilitation**
 - c. A maximum of ~~\$25,000~~ **up to \$45,000** for rehabilitation to include manufactured homes ~~not to exceed 50% of the current appraised value.~~ **with no maximum restriction of the current appraised value.** (Refer to Chapter 5)

CHAPTER 5: LIMITATIONS ON AMOUNT OF THE DEFERRED LOAN

The following are the maximum amounts per project for a rehabilitation/reconstruction-deferred loan on residential property:

- a. The maximum of ~~\$25,000~~ **up to \$45,000** per dwelling unit for housing rehabilitation to include manufactured homes ~~not to exceed 50% of the current appraised value.~~ **with no maximum restriction of the current appraised value.**
- b. No more than 105% **(maximum of 5% over)** of staff's cost estimate per 2-bedroom 2-bath dwelling unit for demolition & reconstruction and per 3-bedroom 2-bath dwelling unit for demolition & reconstruction.
- c. The maximum amounts to be used for items enumerated in Chapter 4 will not include refinancing of existing mortgages.

TYPE OF ASSISTANCE

The type of assistance to be provided by the City of Mission Housing Assistance Program is **contingent upon available funding and programmatic prioritization under the following:**

REHABILITATION

A 5-year Deferred Loan (1/5 of the deferred loan will be forgiven on each anniversary date of the executed mechanic's lien placed on the property)

RECONSTRUCTION

Or a 10-year Deferred Loan (1/10 of the deferred loan will be forgiven on each anniversary date of the mechanic's lien placed on the property) See the Deferred Loan Schedule (Exhibit "C").

MINOR REPAIR PROGRAM

For manufactured housing

Objective: To provide rehabilitation assistance for mobile/manufactured homeowners who are low income with clear titles to their homes. The assistance would include repairs necessary to address the health and safety of mobile homeowners.

Eligible Costs: ~~\$25,000 up to \$45,000 not to exceed 50% of the current appraised value, with no maximum restriction of the current appraised value. (maximum per applicant). The department anticipates assisting 4 cases per fiscal year.~~ Cost reasonableness includes hard and soft costs.

Definitions:

Hard Cost – Direct construction costs (labor and materials)

Soft Cost – Construction costs incurred that *are not* labor and materials such as legal fees and material testing.

Compliance with property standards or building codes are not required when using CDBG funds for minor repairs. CDBG mandates no standards. This will allow the department to target areas to improve the structure.

Targeted repairs – Roofs, Windows/Doors, Floors, Ramps, and/or HVAC with eligible combined repairs. No cosmetic repairs will be allowed.

Unsafe or substandard structures that cannot be made safe for habitation with the maximum dollar amount available for repairs will not be eligible.

Applications: Applicants interested in applying for assistance are subject to compliance with the current Housing Assistance Program Guidelines. In all cases, the applicant must provide all the information required in the Housing Assistance Program application/checklist that applies to the household and complete all required forms.

CHAPTER 7: TERMS AND CONDITIONS FOR DEFERRED

1. Deferred Loan Payment: The deferred loan is ten (10) percent per year (forgivable) for reconstruction assistance program and (20) percent per year (forgivable) for rehabilitation assistance program, See the City's repayment schedule (Exhibit "C").

OWNERS'S PROMISE TO REPAY

In return for the Deferred Loan, the Owner promises to repay the City the dollar amount of assistance provided in accordance with the City's repayment schedule, including the City's reasonable attorney fees arising from any enforcement efforts. The loan shall be without interest, and the following deferral provisions shall govern repayment.

If all or any part of the Owner's property or any interest in it is vacated, sold or transferred, including the leasing or renting of the Owner's property, within a period of 5 years in the case of rehabilitation or a period of 10 years in the case of reconstruction from the date of contract

execution with the City of Mission, then all such payments shall be returned to the City of Mission. In determining any amount due to the City, the amount of the original loan shall be reduced by 20% for rehabilitation and 10% for reconstruction for each anniversary of the agreement that has passed since the execution of the Mechanic's Lien.

~~The City Council of the City of Mission shall be empowered to modify these loan amounts and terms on a case-by-case basis upon appeal by an applicant to staff and review and recommendation by C.A.C.~~

UPON DEATH OF THE OWNER, THE LIEN SHALL REMAIN IN PLACE AND WILL APPLY TO THE HEIRS FOR THE REMAINDER OF THE TERM. IN THE EVENT THAT THE PROPERTY IS SOLD, TRANSFERRED, VACATED OR ABANDON, THE ABOVE PROCEDURES WILL BE FOLLOWED EXCEPT FOR THOSE CALLED FOR ON THE MECHANIC'S LIEN.

CHAPTER 10: CONTRACTING FOR THE DEFERRED LOAN PROGRAM

2. GENERAL CONDITIONS: The CD staff shall prepare provisions of the general use in all construction contracts for the rehabilitation of the property. They shall include the following:
 - f. A provision that the contractor must satisfy complete contracts, (1) of up to ~~\$25,000~~ **\$45,000** within 60 calendar days and (2) of more than ~~\$25,000~~ **\$45,000** within 90 calendar days after the issuance of notice to proceed.

The Contractor's obligations are as follows:

2. A bid guarantee from each bidder is equivalent to five percent (5%) of the bid price.
A performance bond on the part of the contractor for one hundred percent (100%) of the contract price.
A payment bond on the part of the contractor for (100%) of the contract price.
All contracts shall require the contractor, before beginning the work, to execute to the City a payment of bond of the contract is in excess of ~~\$25,000~~ **\$45,000** and a performance bond if the contract is in excess of \$100,000. (SEE "DEFINITIONS" CHAPTER 1, j)

Provisions that owner will:

5. SELECTION OF SUCCESSFUL BIDDER: CD staff will prepare a cost estimated for each job before the initiation of the bidding process. CD staff will be responsible for selecting a contractor who has submitted a recognized bid. City Council with CD staff's recommendation shall award the bid but said bid may be no more than 105% **(maximum of 5% over)** of staff's cost estimate for a **2-bedroom** and 3-bedroom, and ~~\$25,000~~ **up to \$45,000** for rehabilitation and the minor repair program whichever is less. The city will reserve the right to reject all bids, re-bid and re-advertise all projects. All contractors under contract with the city must have submitted a Disclosure of Ownership Interest form to CD staff (see Exhibit "J"). CD staff will monitor the contractors under contract with the city's program. All contractors should be of good reputation, financially sound, have adequate finance resources to carry out the bid and be qualified to do the required work. Contractors may be disbarred from participation in the program for reasons of poor workmanship, poor supervision, uncooperative with property owners, financial instability, continuously exceeding time limits on contracts, or similar reasons which may have a negative impact on the City's Housing Assistance Program. Procedures for disbarment will be initiated by CD staff, reviewed by CAC and approved by the City Council.