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City of Oelwein Housing Rehabilitation Revolving Loan Fund



*An overview of the proposed
Housing Rehabilitation RLF Program*

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PROGRAM OVERVIEW

The City of Oelwein is proposing to invest an initial \$125,000 over a two-year period to fund a new Home Rehabilitation Revolving Loan Fund (RLF) Program. The purpose of the program will be to improve residential neighborhoods housing condition through providing low interest loans to low- and moderate-income residents to complete rehabilitation on their homes.

The City of Oelwein contributes annually to the Northeast Iowa Regional Housing Trust Fund (NEIRHTF) allowing residents meeting income eligibility to access funding in the form of grants and low or no interest loans to address their housing rehabilitation needs. The NEIRHTF leverages local match dollars with grants dollars to serve households falling at or below 80% of the Median Family Income (MFI) for Fayette County. The intent of this program is to expand on existing efforts by offering the same opportunities to residents across a broader range of socio-economic statuses. Residents with up to 150% of the MFI for Fayette County will be eligible for funding.

The entire community benefits when everyone has stable, decent, and affordable housing. The benefits of a stable and well maintained housing stock within a community can be seen by:

- Businesses that require a stable workforce and workforce housing;
- Neighborhoods that have been devastated by a foreclosure, vacant properties, and/or homeowners lacking funds to adequately maintain their homes; and
- Working families that need decent affordable housing and basic economic security

Establishing a dedicated and ongoing local revenue stream, gives both stability and flexibility, that is key to continuing to successfully grow a community and meet the housing needs of its current and future residents. By self-funding the program the city and its residents have greater flexibility and can tailor the program to the exact needs of the community.

GOVERNANCE

The Housing Rehabilitation Program will be governed by the Oelwein Housing Board. The committee is appointed by the council and is composed of XX members representative of the community. The committee will include at least one council member (and no more than two), the city administrator, a local lender, a local realtor, and two community members at large.

ADMINISTRATION

The City of Oelwein will contract with UERPC to develop the program and all related materials and marketing and provide ongoing administration of the program. Details of the roles and responsibilities will be laid out in an annual management contract and administrative plan.

PROGRAM FUNDING

The City of Oelwein will invest an initial \$125,000 for a two-year period to fund the Home Rehabilitation Revolving Loan Fund Program. All recaptured funds (principal, interest, late charges, and fees, as well as interest earned on the undesignated portion of the RLF account) shall be retained by the RLF for future loans and administrative expenses.

Upper Explorerland Regional Planning Commission (UERPC)/Housing Inc. will service loans made from the RLF. Reasonable efforts will be made to collect on all delinquent loans. UERPC will provide the Housing Committee with a list of past due accounts on a quarterly basis along with a summary of collection efforts. The committee has the authority to take further action when all standard means of collection have been exhausted.

Funds will be held in a bank locally (Freedom) by the City of Oelwein. UERPC will issue payments through the account directly to contractors.

ELIGIBILITY

The Home Rehabilitation Program includes two tracks. Unique eligibility criteria and project requirements established for each. The two tracks are:

- 1) Owner-Occupied Housing Rehabilitation projects will focus on deferred maintenance, lack of maintenance, and deteriorating conditions due to wear and tear.
- 2) Residential Rental Housing loans will be focused on bringing existing units into compliance with local rental code and assuring low income residents have access to safe, sanitary, affordable housing.

Owner-Occupied Rehabilitation Projects:

To determine initial eligibility, a household's gross income may not exceed 150% of the Median Family Income (MFI) of Fayette County for their household size as determined by the US Department of Housing and Urban Development (HUD) or IFA LHTF limits. Verification of income is required. As of June 1, 2019, the income limits by household size are:

	1	2	3	4	5	6	7	8
50%								
80%								
100%								
120%								
150%								
180%								

Additional eligibly criteria:

- The homeowner must occupy and have title to the home
- Property taxes and insurance must be current
- The home must be free and clear of all liens except for first and/or second mortgages. Special circumstances will be considered on a case-by-case basis

Rental Housing Rehabilitation Projects:

Rental unit owners are eligible to apply for loan funding for projects remedy a current violation of city code. Projects will also be considered for rental units to address deferred maintenance and general property conditions when the landlord agrees to the following conditions:

- The loan will not result in an increase in rent to current tenants for the life of the loan
- Rent for the unit receiving assistance will remain within HUD's Fair Market Rent guidelines for a period of 5 years from the date the loan is approved
- If assistance is provided for a multi-unit dwelling, at least one of every four units will be occupied by a tenant with an income at or below 80% of the MFI for Fayette County for a period of 10 years post project completion. When there are only two units, one unit will be required to meet the above criteria.

First preference will be given to units within primarily residential neighborhoods.

ELIGIBLE PROJECTS

The mission of the proposed program is to improve the structural integrity of housing units in the City of Oelwein through repair and rehabilitation of existing homes. All projects must be located within the city limits of Oelwein to be eligible for funding.

Rehabilitation is not remodeling. Remodeling is for convenience or cosmetic purposes. Rehabilitation is defined as improvements to address deferred maintenance, structural issues, aging components (heating, cooling, water, etc), and issues resulting from wear and tear. No Housing Rehabilitation Program funds shall be utilized for a new addition or new building expansion, unless approved by the Housing Committee and necessary for the express purpose of code compliance or accommodation based on the American Disabilities Act (ADA) Accessibility Guidelines. Projects falling outside these guidelines while still meeting the integrity and intent of the program will be considered on case-by-case basis.