

City Council – Action Request Form

Date: April 8, 2024

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Patrice Toney, Assistant City Manager
Shantell McClam, Neighborhood Services Director
Samuel Hunter, Assistant Neighborhood Services Director

Council Action Requested:
Authorizing the modification of guidelines and functionality of rehabilitation programs.

Strategic Focus Area: Livable Neighborhoods
Strategic Objective: Improve Character and Condition of Neighborhoods
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:
 In March 2019, council approved guidelines with the intent to improve the functionality of the city’s rehabilitation programs. Though the program changes approved, Neighborhood Services staff previously encountered issues with the application process, income verification, home inspections, contractor performance, customer service and loan procedures. As a result, staff is requesting Council’s approval of the attached resolution authorizing the proposed changes and functionality of the rehab programs.

The program funding source and remaining balances are as follows:

Transforming Urban Residential Neighborhoods

- \$1,147,665 (2014 General Obligation Bond)
- \$1,563,786 (2018 General Obligation Bond)

Emergency Repair Program, Physical Accessibility Program, and Hazard Reduction Program

- \$415,335 (CDBG)

Committee Action:

Committee	CD/H/GG- 04/08/24	Action	Approval
For	Unanimous	Against	

Remarks:

An overview of proposed modifications are as follows:

1. Establish a thirty (30) day application cycle for TURN instead of a continuous application period to allow staff the appropriate amount of time to evaluate applications and provide quality assurance throughout the on-boarding process.
2. Establish a scoring criterion for the selection of applicants.
3. Eliminate the use of direct loans that require a payment based on income verification and establish deferred forgivable loans only.
4. Deferred forgivable loans for owner-occupied homes will be forgiven after five (5) years, instead of ten (10) years.
5. Direct forgivable loans for investor homes with ten percent (10%) of the loan forgiven annually.
6. Reduce the requirement for twenty (20) year deed restrictions associated with the home to a ten (10) year deed restriction for owner-occupied homes to ensure the home remains affordable.
7. Reduce the requirement for a twenty (20) year deed restriction associated with the home to a fifteen (15) year deed restriction for investor homes to ensure the home remains affordable in the event of a sale or new occupancy.
8. Eliminate the use of interest rates associated with the loans.
9. Increase the eligible household Area Median Income (AMI) threshold from fifty percent (50%) AMI for owner-occupied home applicants to eighty percent (80%) AMI and one hundred and twenty percent (120%) for investor properties.
10. Modify loan amounts as follows:
 - a. TURN – will remain at \$65,000, limiting to certain repairs
 - b. Emergency Repair – will remain at \$15,000; limited to major system failure impacting health and safety (HVAC, roof, gas, electric, and plumbing)
 - c. Hazard Reduction – from \$15,000 to \$20,000; only used if there is a presence of Lead Based Paint and asbestos is detected in the home and requires abatement
 - d. Physical Accessibility Program - will remain at \$15,000
11. Modify staff approval authority to shorten the processing time and expedite loan closing process as follows:
 - a. Neighborhood Services Director – will remain the same at \$20,000
 - b. City Manager – loans from \$20,001 to \$40,000
 - c. Loan Committee – loans above \$40,000