

CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Community and Human Development

AGENDA DATE: September 24, 2013

CONTACT PERSON: William L. Lilly, Director 541-4241

DISTRICT(S): All

SUBJECT:

City Council is asked to approve a Resolution to revise the Housing Programs Guidelines Chapters 2, 3 and 4, as presented during the Legislative Review Committee Meeting on September 10, 2013 and as noted below. The Housing Programs Division of Community and Human Development utilizes federal funds from the Department of Housing and Urban Development (HUD) to assist low to moderate income families through administration of various housing programs such as the: 1) Single-Family Owner-Occupied Rehabilitation/Reconstruction Programs; 2) First Time Homebuyers Program; and 3) Rental Development Program. The Housing Programs Division collaborated for several months with HUD technical assistants to develop improvements to its Programs. Following is a summary of the recommended revisions to improve the effectiveness of the Programs.

Chapter 2: Single-Family Home Renovation Program & **Chapter 3:** Home Reconstruction Program:

1. The program name will be changed from Single Family Owner-Occupied Rehabilitation Program to the City of El Paso Single Family Owner-Occupied Home Renovation Program.
2. The loan interest rate for all programs will decrease from 3% to 0%.
3. In addition to the current amortized loan and forgivable deferred payment loan, there is a new loan structure that is available to senior citizens (62 yrs. and older) and the disabled that offers a Forgivable Deferred Payment Loan (FDPL) for a term of 15 years at 0% interest. The FDPL will be forgiven 1/15th each year as long as the property remains as the applicant's principal residence. The program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.
4. Rehabilitation / Reconstruction may include the following types of assistance provided in the form of a forgivable deferred payment loan, along with corresponding types of loans and are not considered part of the program maximum assistance amount of \$65,000.
 - **Accessibility** – to include written assessment and recommendations by a licensed Occupational Therapist regarding accessibility needs (for occupants only) - maximum \$20,000
 - **Lead, Mold, and Asbestos Abatement/Encapsulation** – maximum \$20,000.
 - **Relocation Assistance** (during renovation or abatement) – maximum \$3,000
5. Rehabilitation / Reconstruction for properties deemed Historic by the local or State Historic Preservation Office, up to an additional \$10,000 may be added to the maximum assistance amount.

Chapter 4: Single Family Owner Occupied Special Assistance Programs:

1. The program name will be changed from Emergency Repair Program, to Minor Repair Program.
2. The maximum assistance amount for eligible work will be \$4,999.00.
3. The interest rate will be decreased from 3% to 0%.
4. The loan terms will be changed from a Ten-Year Deferred Payable Loan to an Unsecured Two-Year Forgivable Loan.

BACKGROUND / DISCUSSION:

The City of El Paso Housing Programs Division Program Guidelines Handbook sets forth the basic policies and administrative procedures for the City of El Paso's Department of Community and Human Development. The recommended revisions are a result of collaboration with HUD Technical Assistants and the Community and Human Development Department. The Guidelines are guided by and adhere to the applicable Federal statutes and regulations, as well as the state and local laws.

PRIOR COUNCIL ACTION:

The last program revisions approved by Council were in 2008.

AMOUNT AND SOURCE OF FUNDING:

Federal Funds in the form of HOME Entitlement Grant funds are received from the Department of Housing and Urban Development (HUD) to administer the Housing Programs. Additional revenue is received from generating loans – referred to as HOME Program Income and CDBG Revolving Loan Funds.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



William L. Lilly, Director

Information copy to appropriate Deputy City Manager

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That Chapters 2, 3, and 4 of the Community and Human Development Department Housing Programs Division Program Guidelines Handbook is hereby revised to read as attached Exhibit "A". Such revisions include: **1)** Program name changes to Single Family Owner Occupied Home Renovation Program (Chapter 2) and name change from Emergency Repair to Minor Repair Program (Chapter 4); **2)** a decrease in the interest rate for all programs from 3% to 0%; **3)** a new Home Renovation loan program for senior citizens and disabled, with a 15 year 0% interest forgivable deferred payment loan; **4)** additional assistance not included in the program maximum of \$65,000 for the Renovation and Reconstruction programs include Accessibility modifications – up to \$20,000; Lead, Mold, Asbestos abatement – up to \$20,000; and Relocation (during renovation/abatement) up to \$3,000; **5)** Historic properties may receive up to an additional \$10,000 for compliance with historic regulations; and **6)** Minor Repair Program assistance amount for eligible work will be \$4,999 and the loan terms will be an Unsecured 2-year Forgivable Loan.

APPROVED AND ADOPTED this 24th day of September 2013.

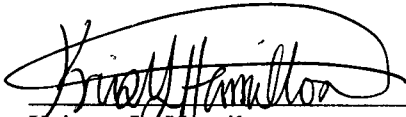
CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

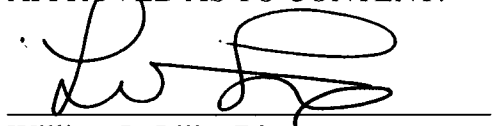
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Kristen L. Hamilton
Assistant City Attorney

APPROVED AS TO CONTENT:



William L. Lilly, Director
Community and Human Development



CITY OF EL PASO COMMUNITY AND HUMAN DEVELOPMENT HOUSING PROGRAMS DIVISION

Chapter Two

City of El Paso Single-Family/Owner-Occupied Rehabilitation Housing Program Guidelines

New Program Name
The City of El Paso Home Renovation Program
For Single-Family/Owner-Occupied Homes



Chapter 2

SINGLE-FAMILY OWNER-OCCUPIED REHABILITATION PROGRAM GUIDELINES

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CHAPTER 2

CITY OF EL PASO

SINGLE-FAMILY OWNER-OCCUPIED REHABILITATION PROGRAM

CITY'S SINGLE FAMILY OWNER-OCCUPIED REHABILITATION GUIDELINES

The purpose of the City of El Paso's Single Family Owner-Occupied Home Renovation Program (SFOO) is to assist low- to moderate-income homeowners to bring their dwelling unit into compliance with the International Residential Codes and local ordinances. The City of El Paso ("City"), Department of Community and Human Development, uses Federal funds to administer this program. The SFOO provides this assistance in the form of an amortized loan, forgivable deferred payment loan and/or a forgivable deferred payment loan note for senior citizens and persons with disabilities. The City's SFOO Program will be administered by the Department of Community and Human Development, Housing Programs Division.

To be eligible for participation in the City of El Paso's Single Family Owner-Occupied Home Renovation Program, applicants must meet and/or comply with all the following Program criteria:

I. ELIGIBILITY CRITERIA

A. APPLICANT QUALIFICATIONS

1. **Income and Asset Qualification:** The gross annual household income of the applicant's family may not exceed 80% of the median income for the City of El Paso, as published by HUD on an annual basis. The HUD Part 5 definition of income and assets will be used to determine eligibility. **Household** means one or more persons occupying a dwelling unit.
2. **Income Guidelines:** The gross annual household income of an applicant's family must be \leq 80% of median income for the City of El Paso, as published by HUD on an annual basis.

<u>Person(s) In Household</u>	<u>80% Annual Gross Income *</u>
1	\$28,300
2	\$32,350
3	\$36,400
4	\$40,400
5	\$43,650
6	\$46,900
7	\$50,100
8	\$53,350

*Effective March 15, 2013

Note: Income guidelines may change on an annual basis.

3. **Definition of Eligible Home Owner:** The applicant(s) must be the owner(s) and occupant of the property to be renovated. Owner shall be defined as; any person or persons having fee simple title by deed to the property to be renovated. In the case of joint ownership, all owners must reside on the property in order to qualify for the owner-occupied program.
4. **Occupancy:** Applicants must have occupied the home to be renovated under this Program as their principal residence for a period of three years prior to submitting an application for assistance.
5. **Residency Requirements:** Applicants must provide proof of residency within the city limits of the City of El Paso. Applicants must provide copies of the following: utility receipts, voter registration card, driver's license, state identification card, credit card statements or medical bills indicating residency in the City of El Paso and a notarized affidavit attesting to residency in the City of El Paso.
6. **Definition of Eligible Household Members:** Total household members will be determined by utilizing HUD's Part 5 definition of income computation. To assist in the determination of the number of eligible family members, the applicant must identify the family member(s) who will elect not to contend that they have eligible immigration status. If applicable, please complete "Listing of Non-contending family members" form.
7. **Property Value Requirements:** The maximum after rehabilitation value of a home to be rehabilitated under the Program may not exceed 95% of the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709 (b)) or the HOME 221(d)(3) Limits for the City of El Paso per HUD established guidelines.

The maximum after rehabilitation value for the SFOO is \$133,221.00, which is based on 95% of the average median purchase price for the area, effective March 29, 2012. The maximum after rehabilitation value may be adjusted annually. The property value will be determined by one or more of the following methods as established by HUD:

- a. Estimates of value (comparable sales): May use estimates of value based on sale prices for comparable properties in the immediate neighborhood (within the prior year). Project files must contain the estimate of value and document the basis for the value estimates, including the added value of any proposed improvements.
- b. Tax assessments: Tax assessments from the Central Appraisal District (CAD) for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value *if* the assessment is current and accurately reflects the market value of standard properties.
- c. Appraisals: Appraisals, prepared by a Texas Licensed fee appraiser may be used. Project file must document the appraised value and the appraisal approach used. The appraised value approach may be utilized when the after rehabilitation value is within \$1,000 of the program rehabilitation limit, or lack of comparables.

- 8. Location and Characteristics:** Property to be rehabilitated under this Program must be located within the geographical limits of the City of El Paso. Property to be rehabilitated must be a single unit dwelling (e.g., condo, town home, or manufactured home, which must be permanently affixed to the ground.) The property must comply with Section R304 (Minimum Room Areas) of the International Residential Code as adopted by the City of El Paso.

In addition, new construction must also comply with the latest edition of the International Energy Conservation Code, as adopted by the City of El Paso, which meets or exceeds HUD's Model Energy Code requirements. Generally accepted HUD occupancy guidelines will determine the number of bedrooms required for a particular size of qualifying household.

- 9. Property Codes/Compliance:** The rehabilitated property must pass a residential inspection conducted by the Development Services Department of the City of El Paso. An additional inspection will be conducted by the Housing Programs Division to insure compliance with the SFOO Program requirements.

- 10. Cancellation:** Any applicant who cancels an application while it is in process shall not be eligible for reconsideration of the application for a six-month period. Applications canceled by the Housing Program Division due to ineligibility or other reasons shall not be subject to this provision.

If the homeowner does not consent to rehabilitation / reconstruction, cancellation must be thoroughly documented in the File, including all of the following information:

- Homeowner name(s),
- Address of home;
- Detailed explanation of procedures and inspections conducted;
- Explanation of homeowner's rejection of SFOO assistance;
- Interior and exterior photos of existing structure (if applicable)
- Feasibility analysis indicating cost estimate for rehabilitation and reconstruction;
- Letter acknowledging homeowner's cancellation request, stating that assistance was offered by the City of El Paso's Housing Programs Division but that it is being voluntarily refused by the homeowner;
- If the property has had a lead hazard evaluation, a copy of the lead-based paint assessment;
- Cancellation may also occur at the City of El Paso's discretion, as in a situation where HOME Budget funds are not available.

B. VERIFICATION

Verification of the following items of information relative to the application shall be made with the appropriate verification procedures:

1. Ownership shall be verified in written form by a title company in the form of a Commitment for Title Insurance.

2. The applicant's income and asset information shall be verified as stated in HUD 24 CFR Part 5 (attachment A).
3. Payment of property taxes will be verified thru the City Tax Office. No applications will be considered where delinquent property taxes exist. Upon determination that an applicant is eligible for assistance, the application will be inactivated until the delinquent taxes have been paid. Eligible exceptions are (1) a tax repayment agreement from the City's tax office, or (2) verification of an eligible City tax exemption.
4. The applicant must be current with any loans obtained through the Housing Programs Division.

C. PRIORITY MORTGAGE LENDER REQUIREMENTS

The owner(s) may supplement the loan with private funds in order to make such structure financially feasible for rehabilitation.

1. If required project funds exceed \$65,000 owner(s) may be required to obtain a mortgage for the additional amount. In this case the City will subordinate with an agreement from the lender to notify the City upon default and allow the City to cure the debt.
2. The priority lien holder must be registered with the City and agree to accept the conditions noted in the lender registration form, to include no ARMS, interest-only mortgages, or other non-standard first mortgage products allowed. Interest rate on first lien may not exceed 2.1% above market rate.

II. LOAN ASSISTANCE DESCRIPTION

The Single Family Owner-Occupied Home Renovation Program provides assistance in the form of a loan, forgivable deferred payment loan and/or a forgivable deferred payment loan note for senior citizens and disabled.

Terms:

A. Standard Homeowner Loan: Each owner-occupied dwelling unit is eligible for a minimum assistance of \$5,000 and a maximum assistance (~~including all associated costs~~) up to \$65,000 that includes the loan and deferred payment loan amounts only. The applicant will be responsible for obtaining funds in excess of the \$65,000 limit. The amount of assistance shall be in the form of an amortized loan and/or forgivable deferred payment loan. All loans and/or deferred payment loans are to be secured by a Builder's and Mechanic's Lien Contract and Deed of Trust (with Power of Sale).

The loan amount will be calculated using a maximum housing cost ratio of 35% of the applicant's gross monthly income. (The applicant's housing cost is the monthly mortgage payments, taxes, insurance (PITI), plus utilities. This amount is divided by the applicant's gross monthly income to determine the actual housing cost ratio percentage).

1. **Amortized Loan:** The amount that will be payable on a monthly basis is the portion that falls within the 35% housing cost ratio. This amount will be in the form of a 0% interest loan amortized up to thirty (30) years. The first payment will be due the first day of the month following 90 days from the completion of the project. **The Program requires the applicant to execute a Note(s) in the amount of the amortized loan and/or the forgivable deferred payment loan. A recorded Deed of Trust places a lien on the property.**
2. **Forgivable Deferred Payment Loan:** The portion of the loan amount that is above the 35% housing cost ratio, will be deferred and due upon the sale, lease, or transfer of ownership. The forgivable deferred payment loan will be for a term up to thirty (30) years at zero percent (0%) interest. The forgivable deferred payment loan shall state that up to 1/30th each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or it ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

B. Senior Citizens and Disabled Forgivable Deferred Payment Loan:

The forgivable deferred payment loan may be available for applicants who are:

1. Senior citizens are considered to be 62 years of age or older. At least one household member whose name is listed on the title must meet the eligibility criteria for senior citizens.
2. Person with disabilities is defined as having a physical or mental impairment that substantially limits one or more major life activities. At least one household member whose name is listed on the title must meet the eligibility criteria for persons with disabilities that include a Doctor's and Occupational Therapist recommendation.
3. Households where any member is disabled such that they cannot perform the activities of daily living without assistance and the household income does not exceed 60% of AMI.

The Forgivable Deferred Payment Loan will be for a term of 15 years at 0% interest. The forgivable deferred payment loan shall state that 1/15th each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

C. Other Loan Terms:

1. **Loan to Value:** The property to be rehabilitated must be appraised as described in section I.A.7 (Property Value Requirements) to determine whether the project

is economically feasible for rehabilitation. If the proposed loan amount plus any outstanding indebtedness on the property exceeds 120% of the after rehabilitation value, then the application will be deemed infeasible and denied. The loan-to-value ratio will be computed by utilizing only the loan portion of the financing package.

2. **Loan Recapture:** The maximum loan payment amount is limited to the net proceeds from sale received by the borrower. A detailed description of the loan recapture process is noted in the Community Development Annual Action Plan.

III. ELIGIBLE REHABILITATION COSTS

1. **Eligibility:** In order to be eligible for this program the dwelling unit must be in violation of the International Residential Codes as adopted by the City of El Paso. **When the applicant has received assistance under the Emergency Repair or Minor Repair Programs, within the last ten (10) years the amount of assistance received will be deducted from the total allowable costs under the Single Family Owner Occupied program.**
2. **Work Allowed:** Program assistance shall be provided for the purpose of bringing a dwelling unit into compliance with the provisions of the International Residential Codes as adopted by the City. In compliance with HUD's neighborhood focus, exterior façade improvements will be allowed. All work must be completed in compliance with the Housing Programs Division General Specifications. Other non-code work items may be eligible as authorized by the Director of Community and Human Development.
3. **Eligible Rehabilitation Costs:** Eligible rehabilitation costs include the actual rehabilitation cost, required appraisal fees, property survey, soil test, title insurance fees, attorney's fees, consultant's fees, home inspection fees, architectural and engineering fees, escrow charges, recordation costs and credit reports and any other costs in the amounts associated directly with the rehabilitation of the structure.
 - Historic Preservation (may increase maximum loan amount up to \$10,000.) Applies to properties deemed eligible by the local Historic Preservation Office (HPO) and/or the State Historic Preservation Office (SHPO) and are required to use special techniques, methods and/or materials.
4. **Competitive Bids:** Each project will be competitively bid and the lowest responsive, responsible bidder will be selected for the job.
5. **Economic Feasibility Criteria:** The application shall be deemed infeasible for assistance under this Chapter, if it is determined that more than the Community Development loan limit (\$65,000) will be necessary to correct all code violations of the entire structure.

Under certain circumstances, the applicant may supplement the loan, with private funds, in order to make such structure feasible for rehabilitation.

If infeasibility for rehabilitation is determined under this section, a second Housing Construction Specialist shall inspect the property and write a feasibility report accompanied by a cost estimate. Based on review of this information, the Housing Programs Division will make a decision, which may include recommendations for assistance under Chapter 3 of this Handbook – HOME Reconstruction Program.

6. Special Assistance: Rehabilitation may include the following types of assistance, provided in the form of a forgivable deferred payment loan with corresponding type of loan, and are not part of the program maximum:

- Accessibility – to include written assessment and recommendations by a Licensed Occupational Therapist regarding accessibility needs (for occupants only) – maximum \$20,000.
- Lead, Asbestos and Mold Abatement/Encapsulation (includes inspection, risk assessment, project design and lead clearance) – maximum \$20,000.
- Relocation Assistance – maximum \$3,000.

Any amount exceeding the above maximum limits will be included in the loan/deferred payment loan.

IV. GENERAL REQUIREMENTS

The City of El Paso (“City”), Department of Community and Human Development, uses Federal funds to administer its Single Family Owner Occupied Renovation Program (SFOO). The SFOO Program is designed to provide assistance to eligible homeowner(s) in rehabilitating their home, also referred to herein as “housing unit”, and located within the City of El Paso’s City Limits. The City’s SFOO Program provides this assistance in the form of an Amortized Loan / Forgivable Deferred Payment Loan and/or a Forgivable Deferred Payment Loan for senior citizens and the disabled. The City’s SFOO Program will be administered by the Department of Community and Human Development, Housing Programs Division.

A. HOMEOWNER WRITTEN AGREEMENT

A Homeowner Rehabilitation/Reconstruction Written Agreement must be signed between the City and the Applicant/Homeowner describing the terms and conditions of the program.

B. CITY’S SFOO PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the City’s SFOO Program. No person shall, on the grounds of age, color, disability, familial status, national origin, race, religion, be excluded, denied benefits or subjected to discrimination under the City’s SFOO Program. The City of El Paso will ensure that all persons, including those qualified individuals with disabilities have access to the City’s SFOO Program.

1. The Fair Housing Lender logo will be placed on all outreach materials. The City has implemented a HOME Fair Housing Education and

Outreach Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the City's SFOO Program-eligible areas and will be provided to any local social service agencies. The City's SFOO Program may sponsor homeowner classes to help educate homeowners about the rehabilitation process and future responsibilities.

2. The Housing Programs Division will work closely with local real estate agents and primary lenders to explain the City's SFOO Program requirements for eligible housing units and homeowners, and to review the City's SFOO Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the City's SFOO Program.
3. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any City's SFOO Program receiving Federal funds. The City's SFOO Program will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

C. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

It is not anticipated that the implementation of the City's SFOO Program will result in the displacement of any persons, households, or families. However, if relocation becomes necessary due to lead abatement and/or substantial rehabilitation, the activity will be carried out in compliance with City's relocation plan.

1. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or SFOO Program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

2. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (City), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or

economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

D. PROPER NOTIFICATION AND DISCLOSURES

A homeowner must be given the necessary disclosures for the SFOO Program. The homeowner must have read and signed the Disclosure Statement Required for Residential Construction Contract and the Homeowner Rehabilitation/Reconstruction Agreement.

E. CONFLICT OF INTEREST REQUIREMENTS

The City's SFOO Program contains Federal funds, in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City of El Paso, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the City's SFOO Program shall directly or indirectly be eligible for this City's SFOO Program. Exceptions to this policy can be made only after public disclosure and formal approval by the City Council of El Paso.

F. NON-DISCRIMINATION REQUIREMENTS

The City's SFOO Program will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City's SFOO Program or activity funded in whole or in part with Federal funds on the basis of his or her religion or, race, familial status (children), disability, or national origin.

G. DUE UPON SALE OR TRANSFER

1. Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.
2. City's SFOO Program loans are not assumable.

H. SUBORDINATION

When an applicant/borrower wishes to refinance the property, they must submit a subordination request to the City. The City will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or

additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Housing Programs Division. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

I. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the City's SFOO Program has the right to appeal. The appeal must be made in writing to the **Director of Community and Human Development**. If the Director of Community and Human Development disapproves an application pursuant to the authority granted to the Director, the applicant shall have the right to appeal to City Council of the City of El Paso.



**CITY OF EL PASO
COMMUNITY AND HUMAN DEVELOPMENT
HOUSING PROGRAMS DIVISION**

Chapter Three

**City of El Paso
Single-Family/Owner-Occupied
Home Reconstruction Program Guidelines**



CHAPTER 3

CITY OF EL PASO

HOME RECONSTRUCTION PROGRAM

CITY'S HOME RECONSTRUCTION PROGRAM GUIDELINES

The purpose of the City of El Paso's Single Family Owner-Occupied HOME Reconstruction Program (HOME Recon) is to assist low- to moderate-income homeowners bring their dwelling unit into compliance with the International Residential Codes and local ordinances. The City of El Paso ("City"), Department of Community and Human Development, uses Federal funds to administer this program. The HOME Reconstruction Program provides this assistance in the form of a loan and/or deferred payment loan.

For purposes of this Program, **Reconstruction** shall mean the rebuilding on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased.

The City's HOME Reconstruction Program will be administered by the Department of Community and Human Development, Housing Programs Division which will refer applicants to this program when it has been determined that the applicants home is beyond the scope of the Single Family Owner Occupied Renovation Program, as provided in Chapter 2, Section III, 5. "Economic Feasibility Criteria".

To be eligible for participation in the City of El Paso's HOME Reconstruction Program, following a referral from the Housing Programs Division, applicants must meet and/or comply with all the following Program criteria:

I. ELIGIBILITY CRITERIA

A. APPLICANT QUALIFICATIONS

- 1. Income and Asset Qualification:** The gross annual household income of the applicant's family may not exceed 80% of the median income for the City of El Paso, as published by HUD on an annual basis. The HUD Part 5 definition of income and assets will be used to determine eligibility. **Household** means one or more persons occupying a dwelling unit.
- 2. Income Guidelines:** The gross annual household income of an applicant's family must be \leq 80% of median income for the City of El Paso, as published by HUD on an annual basis.

<u>Person(s) In Household</u>	<u>80% Annual Gross Income*</u>
1	\$28,300
2	\$32,350
3	\$36,400
4	\$40,400
5	\$43,650
6	\$46,900
7	\$50,100
8	\$53,350

*Effective March 15, 2013

Note: Income guidelines may change on an annual basis.

3. **Definition of Eligible Home Owner:** The applicant(s) must be the owner(s) and occupant of the property to be rehabilitated. Owner shall be defined as; any person or persons having fee simple title by deed to the property to be rehabilitated. In the case of joint ownership, all owners must reside on the property in order to qualify for the owner-occupied program.
4. **Occupancy:** Applicants must have occupied the home to be rehabilitated under this Program as their principal residence for a period of three years prior to submitting an application for assistance through the Single Family Owner Occupied Renovation Program.
5. **Residency Requirements:** Applicants must provide proof of residency within the city limits of the City of El Paso. Applicants must provide copies of the following: a lease, rent receipts, utility receipts, voter registration card, driver's license, state identification card, credit card statements or medical bills indicating residency in the City of El Paso and a notarized affidavit attesting to residency in the City of El Paso.
6. **Definition of Eligible Household Members:** Total household members will be determined by utilizing HUD's Part 5 definition of income computation. To assist in the determination of the number of eligible family members, the applicant must identify the family member(s) who will elect not to contend that they have eligible immigration status. If applicable, please complete "Listing of Non-contending family members" form.
7. **Property Value Requirements:** The maximum after rehabilitation/reconstruction value of a home to be reconstructed under the Program may not exceed 95% of the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709 (b)) or the HOME 221(d)(3) Limits for the City of El Paso per HUD established guidelines.

The maximum after rehabilitation/reconstruction value for the HOME

Reconstruction Program is \$133,221.00, which is based on 95% of the average median purchase price for the area. The maximum after rehabilitation/reconstruction value may be adjusted annually. The property value will be determined by one or more of the following methods as established by HUD:

- a. Estimates of value (comparable sales): May use estimates of value based on sale prices for comparable properties in the immediate neighborhood (within the prior year). Project files must contain the estimate of value and document the basis for the value estimates, including the added value of any proposed improvements.
- b. Tax assessments: Tax assessments from the Central Appraisal District (CAD) for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation/reconstruction value *if* the assessment is current and accurately reflects the market value of standard properties.
- c. Appraisals: Appraisals, prepared by a Texas Licensed fee appraiser may be used. Project file must document the appraised value and the appraisal approach used. The appraised value approach may be utilized when the after rehabilitation/reconstruction value is within \$1,000 of the program rehabilitation/reconstruction limit, or lack of comparables.

8. **Location and Characteristics**: Property to be reconstructed under this Program must be located within the geographical limits of the City of El Paso. Property to be reconstructed must be a single unit dwelling (e.g., condo, town home, or manufactured home, which must be permanently affixed to the ground.) The property must comply with Section R304 (Minimum Room Areas) of the International Residential Code as adopted by the City of El Paso.

In addition, new construction must also comply with the latest edition of the International Energy Conservation Code, as adopted by the City of El Paso, which meets or exceeds HUD's Model Energy Code requirements. Generally accepted HUD occupancy guidelines will determine the number of bedrooms required for a particular size of qualifying household.

9. **Property Codes/Compliance**: The reconstructed property must pass a residential inspection conducted by the Development Services Department of the City of El Paso. An additional inspection will be conducted by the Housing Programs Division to insure compliance with the HOME Reconstruction Program requirements.
10. **Cancellation**: Any applicant who cancels an application while it is in process shall not be eligible for reconsideration of the application for a six-month period. Applications canceled by the Housing Program Division due to ineligibility or other reasons shall not be subject to this provision.

If the homeowner does not consent to reconstruction, cancellation must be thoroughly documented in the File, including all of the following information:

- Homeowner name(s),
- Address of home;
- Detailed explanation of procedures and inspections conducted;
- Explanation of homeowner's rejection of HOME Reconstruction assistance;
- Interior and exterior photos of existing structure (if applicable)
- Feasibility analysis indicating cost estimate for rehabilitation and reconstruction;
- Letter acknowledging homeowner's cancellation request, stating that assistance was offered by the City of El Paso's Housing Programs Division but that it is being voluntarily refused by the homeowner;
- If the property has had a lead hazard evaluation, a copy of the lead-based paint assessment;
- Cancellation may also occur at the City of El Paso's discretion, as in a situation where HOME Budget funds are not available.

B. VERIFICATION

Verification of the following items of information relative to the application shall be made with the appropriate verification procedures:

1. Ownership shall be verified in written form by a title company in the form of a Commitment for Title Insurance.
2. The applicant's income and asset information shall be verified as stated in HUD 24 CFR Part 5 (attachment A).
3. Payment of property taxes will be verified thru the City Tax Office. No applications will be considered where delinquent property taxes exist. Upon determination that an applicant is eligible for assistance, the application will be inactivated until the delinquent taxes have been paid. Eligible exceptions are (1) a tax repayment agreement from the City's tax office, or (2) verification of an eligible City tax exemption.

C. PRIORITY MORTGAGE LENDER REQUIREMENTS

The owner(s) may supplement the loan with private funds in order to make such structure financially feasible for reconstruction.

1. If required project funds exceed \$65,000 owner(s) may be required to obtain a mortgage for the additional amount. In this case the City will subordinate with an agreement from the lender to notify the City upon default and allow the City to cure the debt.
2. The priority lien holder must be registered with the City and agree to accept the conditions noted in the lender registration form, to include no ARMS, interest-only mortgages, or other non-standard first mortgage products

allowed. Interest rate on first lien may not exceed 2.1% above market rate.

II. LOAN ASSISTANCE DESCRIPTION

The Single Family Owner-Occupied Reconstruction Program provides assistance in the form of an amortized loan, forgivable deferred payment loan and/or a forgivable deferred payment loan for senior citizens and the disabled.

Terms:

A. Standard Homeowner Loan: Each owner-occupied dwelling unit is eligible for a minimum assistance of \$5,000 and a maximum assistance up to \$65,000 that includes the loan and deferred payment loan amounts only. The applicant will be responsible for obtaining funds in excess of the \$65,000 limit. The amount of assistance shall be in the form of an amortized loan and/or forgivable deferred payment loan. All loans and/or deferred payment loans are to be secured by a Builder's and Mechanic's Lien Contract and Deed of Trust (with Power of Sale).

The loan amount will be calculated using a maximum housing cost ratio of 35% of the applicant's gross monthly income. (The applicant's housing cost is the monthly mortgage payments, taxes, insurance (PITI), plus utilities. This amount is divided by the applicant's gross monthly income to determine the actual housing cost ratio percentage).

1. **Amortized Loan:** The amount that will be payable on a monthly basis is the portion that falls within the 35% housing cost ratio. This amount will be in the form of a 0% interest loan amortized up to thirty (30) years. The first payment will be due the first day of the month following 90 days from the completion of the project. **The Program requires the applicant to execute a Note(s) in the amount of the amortized loan and/or the forgivable deferred payment loan. A recorded Deed of Trust places a lien on the property.**
2. **Forgivable Deferred Payment Loan:** The portion of the loan amount that is above the 35% housing cost ratio, will be deferred and due upon the sale, lease, or transfer of ownership. The forgivable deferred payment loan will be for a term up to thirty (30) years at zero percent (0%) interest. The forgivable deferred payment loan shall state that up to 1/30th each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or it ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

B. Senior Citizens and Disabled Forgivable Deferred Payment Loan:

The forgivable deferred payment loan may be available for applicants who are:

1. Senior citizens are considered to be 62 years of age or older. At least one household member whose name is listed on the title must meet the eligibility criteria for senior citizens.
2. Person with disabilities is defined as having a physical or mental impairment that substantially limits one or more major life activities. At least one household member whose name is listed on the title must meet the eligibility criteria for persons with disabilities that include a Doctor's and Occupational Therapist recommendation.
3. Households where any member is disabled such that they cannot perform the activities of daily living without assistance and the household income does not exceed 60% of AMI.

The Forgivable Deferred Payment Loan will be for a term of 15 years at 0% interest. The forgivable deferred payment loan shall state that 1/15th each year will be forgiven if the property remains as the applicant's principal residence. The outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or ceases to be the principal residence of the borrower(s). **The Program requires the borrower(s) to execute a Forgivable Deferred Payment Loan Note and a recorded Deed of Trust that places a lien on the property.**

C. Other Loan Terms:

1. **Loan to Value:** The property to be reconstructed must be appraised as described in section I.A.7 (Property Value Requirements) to determine whether the project is economically feasible for reconstruction. If the proposed loan amount plus any outstanding indebtedness on the property exceeds 120% of the after rehabilitation value, then the application will be deemed infeasible and denied. The loan-to-value ratio will be computed by utilizing only the loan portion of the financing package.
2. **Loan Recapture:** The maximum loan payment amount is limited to the net proceeds from sale received by the borrower. A detailed description of the loan recapture process is noted in the Community Development Annual Action Plan.

III. ELIGIBLE RECONSTRUCTION COSTS

A. Eligibility: In order to be eligible for this program the dwelling unit must be must be located in the City of El Paso and it must be in violation of the International Residential Codes as adopted by the City of El Paso. It must also be determined that the applicants home is beyond the scope of the Single Family Owner Occupied Renovation Program, as provided in Chapter 2, Section III, 5. "Economic Feasibility Criteria".

1. Must not be economically feasible for rehabilitation.
2. If it is determined that in order to correct all code violations of the entire structure, more than the City's Housing Rehabilitation Program limit will be necessary, then the application shall be deemed infeasible for rehabilitation assistance.
3. Must be a threat to the health and safety of occupants.
4. The lot must be of a suitable size to be able to have a new home constructed upon it under all applicable zoning regulations.

B. Work Allowed: Program assistance shall be provided for the purpose of demolishing the existing substandard dwelling unit and constructing a new home as per the specifications provided by the Housing Programs Division of the Department of Community and Human Development.

The reconstructed dwelling unit must be in compliance with the International Residential Codes as adopted by the City of El Paso. Other non-code work items may be eligible as authorized by the Director of Community and Human Development.

Reconstruction may include:

- Accessibility (occupants only)
- Energy Conservation
- Lead / Asbestos Abatement
- Historic Preservation

C. Eligible Reconstruction Costs: Eligible reconstruction costs include the actual reconstruction cost, required appraisal fees, property survey, soil test, title insurance fees, attorney's fees, consultant's fees, home inspection fees, architectural and engineering fees, escrow charges, recordation costs and credit reports and any other costs in the amounts associated directly with the reconstruction of the structure.

- Historic Preservation (may increase maximum loan amount up to \$10,000.) Applies to properties deemed eligible by the local Historic Preservation Office (HPO) and/or the State Historic Preservation Office (SHPO) and are required to use special techniques, methods and/or materials.

D. Special Assistance: Reconstruction may include the following types of assistance provided in the form of a forgivable deferred payment loan with corresponding type of loan and are not part of the program maximum:

- Accessibility – to include written assessment and recommendations by a Licensed Occupational Therapist regarding accessibility needs (for occupants only) – maximum \$20,000.
- Lead, Asbestos and Mold Abatement/Encapsulation (includes inspection, risk assessment, project design and lead clearance) – maximum \$20,000
- Relocation Assistance – maximum \$3,000

Any amount exceeding the above maximum limits will be included in the loan/deferred payment loan.

E Competitive Bids: Each project will be competitively bid and the lowest responsive, responsible bidder will be selected for the job.

F. Economic Feasibility Criteria: The application shall be deemed infeasible for assistance under this Chapter, if it is determined that more than the Community Development loan limit (\$65,000) will be necessary to reconstruct the dwelling.

When costs exceeds the Housing Programs Division reconstruction loan limit of \$65,000, the applicant may be required to supplement the loan, with private funds, in order to make such structure feasible for reconstruction.

If the applicant is unable to secure the required supplemental loan amount, the project will be deemed infeasible and the application will be cancelled.

IV. GENERAL REQUIREMENTS

The City of El Paso ("City"), Department of Community and Human Development, uses Federal funds to administer its Single Family Owner Occupied HOME Reconstruction Program (HOME Recon). The HOME Reconstruction Program is designed to provide assistance to eligible homeowner(s) in the reconstruction of their home, also referred to herein as "housing unit", and located within the City of El Paso's City Limits. The City's HOME Reconstruction Program provides this assistance in the form of an Amortized Loan / Deferred Payment Loan. The City's HOME Reconstruction Program will be administered by the Department of Community and Human Development, Housing Programs Division.

A. HOMEOWNER WRITTEN AGREEMENT

A Homeowner Rehabilitation/Reconstruction Written Agreement must be signed between the City and the Applicant/Homeowner describing the terms and conditions of the program.

B. CITY'S HOME RECONSTRUCTION PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and

access to the City's HOME Reconstruction Program. No person shall, on the grounds of age, color, disability, familial status, national origin, race, religion, be excluded, denied benefits or subjected to discrimination under the City's HOME Reconstruction Program. The City of El Paso will ensure that all persons, including those qualified individuals with disabilities have access to the City's HOME Reconstruction Program.

1. The Fair Housing Lender logo will be placed on all outreach materials. The City has implemented a HOME Fair Housing Education and Outreach Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the City's HOME Reconstruction Program-eligible areas and will be provided to any local social service agencies. The City's HOME Reconstruction Program may sponsor homeowner classes to help educate homeowners about the reconstruction process and future responsibilities.
2. The Housing Programs Division will work closely with local real estate agents and primary lenders to explain the City's HOME Reconstruction Program requirements for eligible housing units and homeowners, and to review the City's HOME Reconstruction Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the City's HOME Reconstruction Program.
3. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any City's HOME Reconstruction Program receiving Federal funds. The City's HOME Reconstruction Program will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

C. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

It is not anticipated that the implementation of the City's HOME Reconstruction Program will result in the displacement of any persons, households, or families. However, if relocation becomes necessary due to lead abatement and/or substantial rehabilitation, the activity will be carried out in compliance with City's relocation plan.

1. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or HOME Reconstruction Program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The

implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

2. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (City), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

D. PROPER NOTIFICATION AND DISCLOSURES

A homeowner must be given the necessary disclosures for the HOME Reconstruction Program. The homeowner must have read and signed the Disclosure Statement Required for Residential Construction Contract and the Homeowner Rehabilitation/Reconstruction Agreement.

E. CONFLICT OF INTEREST REQUIREMENTS

The City's HOME Reconstruction Program contains Federal funds, in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City of El Paso, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and Reconstruction implementation of the City's HOME Reconstruction Program shall directly or indirectly be eligible for this City's HOME Reconstruction Program. Exceptions to this policy can be made only after public disclosure and formal approval by the City Council of El Paso.

F. NON-DISCRIMINATION REQUIREMENTS

The City's HOME Reconstruction Program will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City's HOME Reconstruction Program or activity funded in whole or in part with Federal funds on the basis of his or her religion or, race, familial status (children), disability, or national origin.

G. DUE UPON SALE OR TRANSFER

1. Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.
2. City's HOME Reconstruction Program loans are not assumable.

H. SUBORDINATION

When an applicant/borrower wishes to refinance the property, they must submit a subordination request to the City. The City will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Housing Programs Division. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

I. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the City's HOME Reconstruction Program has the right to appeal. The appeal must be made in writing to the **Director of Community and Human Development**. If the Director of Community and Human Development disapproves an application pursuant to the authority granted to the Director, the applicant shall have the right to appeal to City Council of the City of El Paso.



**CITY OF EL PASO
COMMUNITY AND HUMAN DEVELOPMENT
HOUSING PROGRAMS DIVISION**

Chapter Four

**City of El Paso
Single Family Owner Occupied
Special Assistance Programs**



CHAPTER 4

CITY OF EL PASO

SINGLE FAMILY OWNER OCCUPIED SPECIAL ASSISTANCE PROGRAMS

RESIDENTIAL SEWER CONNECTION AND MINOR HOME REPAIR PROGRAMS

The purpose of the City of El Paso's Single Family Owner-Occupied Special Assistance Programs, is to assist low- to moderate-income homeowners bring their dwelling unit into compliance with the International Residential Codes, local ordinances and/or minor repairs. The City of El Paso ("City"), Department of Community and Human Development, uses Federal funds to administer these programs.

These special programs include the Residential Sewer Connection Program and the Minor Home Repair Program. The purpose of the Residential Sewer Connection Program is to provide assistance for the initial connection to local sewer collection lines. The purpose of the Minor Home Repair Program is to provide funds for repairs to address conditions that pose an imminent threat to the health, safety, and welfare of the occupants, or to bring conditions to accessible standards, if needed.

To be eligible for participation in the City of El Paso's Single Family Owner-Occupied Special Assistance Programs, applicants must meet and/or comply with all the following Program criteria:

I. ELIGIBILITY CRITERIA

A. APPLICANT QUALIFICATIONS

- 1. Income and Asset Qualification:** The gross annual household income of the applicant's family may not exceed 80% of the median income for the City of El Paso, as published by HUD on an annual basis. Except that in a case of multiple owners applying for this assistance, only the income of the owner(s) occupying the dwelling unit will be counted. The HUD Part 5 definition of income and assets will be used to determine eligibility. **Household** means one or more persons occupying a dwelling unit.
- 2. Income Guidelines:** The gross annual household income of an applicant's family must be \leq 80% of median income for the City of El Paso, as published by HUD on an annual basis.

<u>Person(s)</u>	<u>80% Annual Gross Income</u>
1	\$27,650
2	\$31,600
3	\$35,550
4	\$39,450
5	\$42,650
6	\$45,800
7	\$48,950
8	\$52,100

Note: Income guidelines may change on an annual basis.

3. **Definition of Eligible Home Owner:** The applicant(s) must be the owner(s) and occupant of the property to be assisted. Owner shall be defined as any person or persons having fee simple title by deed to the property to be assisted. In the case of joint ownership, at least one owner must reside on the property in order to qualify for the special assistance programs.
4. **Occupancy:** Applicants must have occupied the home to be assisted under this Program as their principal residence for a period of three years prior to submitting an application for assistance.
5. **Residency Requirements:** Applicants must provide proof of residency within the city limits of the City of El Paso. Applicants must provide copies of the following: utility receipts, voter registration card, driver's license, state identification card, credit card statements or medical bills indicating residency in the City of El Paso and a notarized affidavit attesting to residency in the City of El Paso.
6. **Definition of Eligible Household Members:** Total household members will be determined by utilizing HUD's Part 5 definition of income computation. To assist in the determination of the number of eligible family members, the applicant must identify the family member(s) who will elect not to contend that they have eligible immigration status. If applicable, please complete "Listing of Non-contending family members" form.
7. **Property Value Requirements:** The maximum after rehabilitation value of a home to be assisted under the Programs may not exceed 95% of the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709 (b)) or the HOME 221(d)(3) Limits for the City of El Paso per HUD established guidelines.

The maximum after rehabilitation value for the Special Assistance Programs is \$133,221.00, which is based on 95% of the average median purchase price for the area. The maximum after rehabilitation value will be adjusted annually. The property value will be determined by one or more of the following methods as established by HUD:

- a. Estimates of value (comparable sales): May use estimates of value based on sale prices for comparable properties in the immediate neighborhood (within the prior year). Project files must contain the estimate of value and document the basis for the value estimates, including the added value of any proposed improvements.
 - b. Tax assessments: Tax assessments from the Central Appraisal District (CAD) for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value **if** the assessment is current and accurately reflects the market value of standard properties.
 - c. Appraisals: Appraisals, prepared by a Texas Licensed fee appraiser may be used. Project file must document the appraised value and the appraisal approach used. The appraised value approach may be utilized when the after rehabilitation value is within \$1,000 of the program rehabilitation limit, or lack of comparables.
8. **Location and Characteristics:** Property to be assisted under these Programs must be located within the geographical limits of the City of El Paso. Property to be assisted must be a single unit dwelling (e.g., condo, town home, or manufactured home, which must be permanently affixed to the ground.) The

property must comply with Section R304 (Minimum Room Areas) of the International Residential Code as adopted by the City of El Paso.

In addition, when the assistance provided exceeds 50% of value of the home receiving the assistance, all construction must also comply with the International Energy Conservation Code, as adopted by the City of El Paso, which meets or exceeds HUD's Model Energy Code requirements.

- 9. Property Codes/Compliance:** The assisted property must pass a residential inspection conducted by the Development Services Department of the City of El Paso. An additional inspection will be conducted by the Housing Programs Division to insure compliance with the Special Assistance Programs requirements.
- 10. Cancellation:** Any applicant who cancels an application while it is in process shall not be eligible for reconsideration of the application for a six-month period. Applications canceled by the Housing Program Division due to ineligibility or other reasons shall not be subject to this provision.

If the homeowner does not consent to the proposed special assistance, cancellation must be thoroughly documented in the File, including all of the following information:

- Homeowner name(s),
- Address of home;
- Detailed explanation of procedures and inspections conducted;
- Explanation of homeowner's rejection of special assistance;
- Interior and exterior photos of existing structure (if applicable)
- Feasibility analysis indicating cost estimate for special assistance
- Letter acknowledging homeowner's cancellation request, stating that assistance was offered by the City of El Paso's Housing Programs Division but that it is being voluntarily refused by the homeowner;
- If the property has had a lead hazard evaluation, a copy of the lead-based paint assessment (if applicable);
- Cancellation may also occur at the City of El Paso's discretion, as in a situation where funds are not available.

B. VERIFICATION

Verification of the following items of information relative to the application shall be made with the appropriate verification procedures:

1. Ownership shall be verified in written form by a title company in the form of a Commitment for Title Insurance.
2. The applicant's income and asset information shall be verified as stated in HUD 24 CFR Part 5 (Attachment A).
3. Payment of property taxes will be verified through the City Tax Office. No applications will be considered where delinquent property taxes exist. Upon determination that an applicant is eligible for assistance, the application will be inactivated until the delinquent taxes have been paid. Eligible exceptions are (1) a tax repayment agreement from the City's tax office, or (2) verification of an eligible City tax exemption.

4. The applicant must be current with any loans obtained through the Housing Programs Division.

II. PROGRAMS

A. RESIDENTIAL SEWER CONNECTION PROGRAM

It is the intent of this special program to provide assistance for the initial connection to local sewer collection lines, which will benefit low and moderate-income families residing within the City of El Paso. This program shall be in the form of an unsecured forgivable loan, which will cover costs associated with connection to the City's sewer collection line. This special assistance program can be provided independent of any other housing assistance programs.

A contract for deed may be considered sufficient proof of ownership if it is submitted with a signed written statement from the seller indicating that the applicant is presently current with all payments due and payable under the contract.

1. Terms: Each household may be qualified to receive assistance for eligible work allowed up to the actual cost of initial connection to the main sewer collector. The unsecured forgivable loan shall state that fifty percent (50%) of the loan amount per year will be forgiven for a period of two (2) years until the loan amount is totally forgiven.
2. Eligible Costs / Work: Only the following items will be considered as eligible:
 - a. The El Paso Water Utilities (EPWU) frontage fee for connection to the main sewer collector line, including sewer lateral stub-outs to the property line. The property owner should submit proof of an Installation and Service Contract Application with the EPWU of the City of El Paso.
 - b. Cost of installing the sewer service line, with two-way clean out, from the EPWU stub-out to the dwelling unit to be serviced.
 - c. Cost of any sewer appurtenance necessary to make the sewer service functional, as well as the cost of restoring fences, rock walls, walkways, re-paving, etc. which are disturbed during the installation of the sewer line.
 - d. The cost to treat any existing septic tank(s), backfill and compact.
3. Ineligible Costs / Work:
 - a. Replacement of an existing sewer line to an existing connection to a main sewer collection line is not allowed.
 - b. No work will be performed inside any dwelling unit as part of this grant. If work is required in the interior of the dwelling unit to be connected to the sewer collection line, the property owner must apply for separate assistance under the general Housing Rehabilitation Program.

- c. In accordance with the City of El Paso zoning ordinance, when there is more than one dwelling located on the same lot, only the principal residence will be eligible for sewer connection.

B. MINOR HOME REPAIR PROGRAM

This program will provide funds for repairs to address conditions that pose an imminent threat to the health, safety, and welfare of the occupants, or to bring conditions to accessible standards, if needed. The intent of the program is not to provide routine maintenance or general repairs, but to help prevent homelessness due to building safety deficiencies.

1. Terms: Each household may be qualified to receive assistance for eligible work allowed up to **\$5,750.00** (of which a maximum of \$5,000.00 may be used for rehabilitation hard costs).
 - a. The maximum assistance is \$5,750.00 which will be in the form of a 0% interest forgivable loan with a term of 10 years.
 - b. The Program requires the applicant to sign a Deferred Payment Loan Note secured by a lien on the property. Full amount of this loan is due and payable upon sale, transfer, first mortgage payoff, or lease, in years 1-5. The loan will be forgiven 20% each year in years 6-10, when used as the buyer's principal residence.
2. Economic Feasibility Criteria: The application shall be deemed infeasible for assistance under this Chapter, if it is determined that more than the Community Development loan limit (\$5,750.00) will be necessary to correct all items requiring emergency repair.

Under certain circumstances, the applicant may supplement the loan, with private funds, in order to make such structure feasible for rehabilitation. The source of the private funds will be evaluated by the Housing Programs Division to ensure affordability.

If infeasibility for emergency repair is determined under this section, the Housing Programs Division will make a decision, which may include recommendations for assistance under Chapter 2 of this Handbook – Single Family Owner Occupied Rehabilitation Program.

3. Eligible Cost / Work:
 - a. The City of El Paso's Housing Programs Division will determine the eligible emergency repairs.
 - b. Conditions that pose an imminent threat to the health, safety, and welfare of the occupants and/or accessibility requirements.
4. Ineligible Costs / Work: Routine maintenance or general repairs are not eligible

under the Emergency Home Repair Program.

III. INFORMAL BIDDING PROCESS

An informal bidding process will be utilized with the lowest responsive and responsible bidder being selected for the job. All bidders must complete the Housing Programs Division's qualifying process prior to the contractor being awarded the bid.

A minimum of three (3) quotes shall be requested by the Housing Programs Division for the required work.

- A. State law designates this level of procurement to be targeted to Historically Underutilized Businesses (HUBs).
 - 1. Section 252.0214 local government code requires contacting at least 2 HUBs in the County of El Paso, Texas.
 - 2. Bids will be obtained by utilizing the current State of Texas published HUB listing to seek potential bidders.
 - 3. If no HUBs exist for the service being requested, then this requirement does not apply.
- B. In addition to HUB contractors, existing Housing Programs Division qualified contractors, as well as licensed and bonded specialty contractors will be notified.

IV. GENERAL REQUIREMENTS

The City of El Paso ("City"), Department of Community and Human Development, uses Federal funds to administer its Single Family Owner Occupied Special Assistance Programs. The Single Family Owner Occupied Special Assistance Programs are designed to provide assistance to eligible homeowner(s) for sewer connection and emergency repair to their home, also referred to herein as "housing unit", and located within the City of El Paso's City Limits. The City's Single Family Owner Occupied Special Assistance Programs provide this assistance in the form of an unsecured forgivable loan / deferred payment loan. The City's Special Assistance Programs will be administered by the Department of Community and Human Development, Housing Programs Division.

A. CITY'S SPECIAL ASSISTANCE PROGRAMS OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the City's Special Assistance Programs. No person shall, on the grounds of age, color, disability, familial status, national origin, race, religion, be excluded, denied benefits or subjected to discrimination under the City's Special Assistance Programs. The City of El Paso will ensure that all persons, including those qualified individuals with disabilities have access to the City's Special Assistance Programs.

- 1. The Fair Housing Lender logo will be placed on all outreach materials.

The City has implemented a HOME Fair Housing Education and Outreach Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the City's Special Assistance Programs-eligible areas and will be provided to any local social service agencies. The City's Special Assistance Programs may sponsor homeowner classes to help educate homeowners about the rehabilitation process and future responsibilities.

2. The Housing Programs Division will work closely with local real estate agents and primary lenders to explain the City's Special Assistance Programs requirements for eligible housing units and homeowners, and to review the City's Special Assistance Programs processes. Local non profit agencies, neighborhood associations and social service agencies will also be encouraged to have their customers participate in the City's Special Assistance Programs.
3. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any City's Special Assistance Programs receiving Federal funds. The City's Special Assistance Programs will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

C. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

It is not anticipated that the implementation of the City's Special Assistance Programs will result in the displacement of any persons, households, or families. However, if relocation becomes necessary due to lead abatement and/or substantial rehabilitation, the activity will be carried out in compliance with City's relocation plan. (ask Ana)

1. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or Special Assistance Programs for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabilitated or demolished, including tenants who will not be relocated even temporarily.

2. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (City), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is

demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

D. PROPER NOTIFICATION AND DISCLOSURES

A homeowner must be given the necessary disclosures for the Special Assistance Programs. The homeowner must have read and signed the Disclosure Statement Required for Residential Construction Contract and the Homeowner Written Agreement. (include program specifics for the written agreement)

E. CONFLICT OF INTEREST REQUIREMENTS

The City's Special Assistance Programs contains Federal funds, in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City of El Paso, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the City's Special Assistance Programs shall directly or indirectly be eligible for this City's Special Assistance Programs. Exceptions to this policy can be made only after public disclosure and formal approval by the City Council of El Paso.

F. NON-DISCRIMINATION REQUIREMENTS

The City's Special Assistance Programs will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City's Special Assistance Programs or activity funded in whole or in part with Federal funds on the basis of his or her religion or, race, familial status (children), disability, or national origin.

G. DUE UPON SALE OR TRANSFER

1. Loans are due upon sale or transfer of title or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.
2. City's Special Assistance Programs loans are not assumable.

H. SUBORDINATION

When an applicant/borrower wishes to refinance the property, they must submit a subordination request to the City. The City will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Housing Programs Division. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

I. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the City's Special Assistance Programs has the right to appeal. The appeal must be made in writing to the **Director of Community and Human Development**. If the Director of Community and Human Development disapproves an application pursuant to the authority granted to the Director, the applicant shall have the right to appeal to City Council of the City of El Paso.