

Attachment F

Rental Rehabilitation (Small Projects) Guidelines CDBG Supplemental Disaster Recovery Funds

- **Rental rehabilitation, under this activity, is limited to projects of seven units or fewer.**
The definition of a project for purposes of these guidelines shall mean:
A site or sites together with any building or buildings (including manufactured structures that are taxed as real property) located on a site or sites that are under common ownership, management, and financing and are to be assisted with CDBG Supplemental funds as a single undertaking, and includes all activities associated with the site(s) and building(s).
- **Eligible applicants:**
 - **Rental property owners (individuals; for-profit entities; and non-profit entities)**
 - **Rental property owners whose properties were affected (impacted) by the disasters of 2008**
 - **Rental property owners seeking rental rehab assistance must have been the owner of record of the property for which funding is sought prior to the disaster event**
 - **Property owners who can demonstrate the ability to fund on-going operational expenses associated with the rental property over the life of the forgivable loan, as evidenced by, including, but not limited to: income / expense statements or proformas, adequate maintenance reserves, etc.**
 - **Property owners must agree to comply with all federal, state and local requirements (including but not limited to: these guidelines; Fair Housing and Equal Opportunity requirements; accessibility for persons with disabilities; procurement and contracting requirements; etc.)**
- **No duplication of benefits will be allowed. Prior to assisting rental property owners with CDBG Supplemental Funds, the IDED / recipient will need to determine and verify any monies received from any other federal or state financial resources providing disaster recovery funding and any insurance settlement payments provided to the rental property owner, and adjust the CDBG Supplemental Funds amount and, potentially, the project scope accordingly.**

- **Any Federal Flood Insurance settlement received by a rental property owner seeking assistance must be deducted from any CDBG Supplemental Funds assistance provided as well. Again, no duplication of benefits will be allowed.**
- **No rental rehabilitation benefits to structures or projects located within the 100-year floodplain will be allowed, unless the activity meets all HUD environmental requirements, all applicable flood mitigation design standards, and the property is insured by Federal Flood Insurance.**
- **No rental rehabilitation benefits to structures or projects located in designated or proposed buy-out areas will be allowed.**
- **All rental units to be rehabilitated must be both financially and structurally feasible to rehabilitate. Recipients shall establish parameters for making this determination.**
- **All rental units to be rehabilitated (including the property as a whole) must meet all applicable property standards upon completion. The CDBG Entitlement Cities and communities with populations at or greater than 15,000, need to comply with your own locally adopted and enforced codes, standards and ordinances. For the remainder of the State, in the absence of any locally adopted and enforced codes or standards, the requirements of the State Building Code apply.**
- **It is the IDED's goal to utilize the CDBG Supplemental Funds in a manner that results in green-built, sustainable multi-family structures. To the extent possible, the requirements of the Iowa Greens Streets Criteria need to be followed.**
- **The CDBG Supplemental funds are subject to the requirements of the Federal Lead Safe Housing regulations, impacting all multi-family dwelling units and projects that were constructed prior to January 1, 1978.**
- **CDBG Supplemental funds may be used to rehabilitate disaster affected units and all other units in a disaster affected rental property, including all common areas and grounds.**

- **All assisted rental properties must meet the national objective of “Primarily benefits persons of low and moderate income – Housing”. Effectively, this means that at least 51% of the units in an assisted property must be occupied by persons or households whose incomes are at or below 80% of the area median income limits (LMI). In a one unit project – the one unit must be made available to a LMI tenant.
In a two unit project – one of the two units must be made available to a LMI tenant.
Projects of three or more units – 51% of all assisted units (rounded up to the nearest whole number) must be made available to a LMI tenant (e.g., in a four unit project, three units must be made available to LMI tenants).
Scattered site projects accomplished as a single undertaking shall take into consideration the individual properties when determining national objective compliance (e.g., a seven single unit project on seven different sites shall all be occupied by a LMI tenant).**
- **Maximum (gross) rent limits on affordable rental units (by bedroom size) shall not exceed the most current HOME program Fair Market Rents (FMRs). Net rents must be calculated based upon the utility allowances established by the local public housing authority that has jurisdiction for the area served.**
- **Rental property owners of CDBG Supplemental funds assisted projects shall agree to a five-year period of affordability in terms of tenant income restrictions (limitations) and through affordable rent limitations (controls) on all CDBG Supplemental funds assisted rental units serving LMI tenants, maintaining the appropriate number of affordable rental units for the five-year period.
Long-term affordability requirements shall be secured through covenants or deed restrictions that ride with the assisted property’s land.
Throughout the period of affordability, assisted rental property owners shall ensure that the appropriate number of rental units remains affordable to, and are occupied by, income eligible and verified LMI tenants. All assisted rental units shall be subject to the maximum rent limitations (HOME program FMRs, by bedroom size) applicable to all assisted rental units for the five-year period of affordability.**
- **Form of assistance – 5-year forgivable loan (non-receding), forgiven in full at the end of the five year compliance period. If the assisted property is sold or transferred, or converted to an alternate use, during the five-year period following completion and acceptance, the entire amount of the forgivable loan shall be repaid. Only the**

federally funded hard costs of rehabilitation need to be secured with the forgivable loan document.

- **Maximum assistance per unit (on the hard cost of rehabilitation) shall not exceed \$24,999 in CDBG Supplemental funds. Additional CDBG Supplemental funds (above the \$24,999 rehabilitation limit) may be used for: lead hazard reduction (as applicable); project delivery costs; and temporary relocation (as applicable), but in no case shall the total CDBG Supplemental assistance exceed \$37,500 per unit (i.e., inclusive of all costs).**
- **All additional costs of the project above the stated CDBG Supplemental funds limitations shall come from other resources. All other necessary financial resources shall be committed and secured prior to the commitment of CDBG Supplemental funds.**