



Neighborhood Services and Community Development Rental Property Renovation Program

OBJECTIVE

The City of Chattanooga has established a rehabilitation program to assist private rental property owners with renovation costs on selected rental properties. In return, the property owner must agree to an affordability period lasting five (5) years. The program is open to projects consisting of no more than two (2) rental units. The units may be part of a multi-unit complex or spread over various locations.

HOW THE PROGRAM WORKS

Property owners accepted into the program shall receive a forgivable loan (in essence, a grant) once renovation work and rent-up documentation is complete. The loan will be forgiven at a rate of 20 percent per year, given that all program requirements are being met. Forgivable loans are available for up to 50% of the cost of eligible improvements, but no more than \$8,000 for a one bedroom unit, \$10,000 for a two bedroom unit, or \$12,000 for a three bedroom unit. The owner must provide the remaining costs of renovation with funds from another source (bank loan, your own cash, etc.).

Eligible improvements include energy conservation improvements, roofs, siding, electrical improvements, plumbing, heating, kitchen remodeling, bathroom remodeling and more. The property must meet Housing Quality Standards (HQS) and building code requirements upon completion of the renovation. A Certificate of Occupancy (CO) must be obtained from the City of Chattanooga's Building Inspection office. The property must also pass periodic re-inspections until the five-year affordability period is over.

ELIGIBLE PROJECTS AND ACTIVITIES

Most small rental properties within the Chattanooga city limits are eligible. Single-family dwellings and duplexes are examples of eligible properties. Owner-occupied and mixed-use projects may also qualify. Mobile homes and new construction projects are not eligible under the program.

PROGRAM REQUIREMENTS, RESTRICTIONS, AND STANDARDS

Only *unoccupied units* shall be eligible under the program. Interested parties must own the subject property or properties. The owner must live within a 50-mile radius of Chattanooga (in order to facilitate adequate project monitoring). In exchange for the City's contribution, the assisted properties must remain affordable for a minimum of five (5) years. Rents for units occupied by low-income tenants cannot exceed Fair Market Rents for the area as established by HUD (reduced by HUD utility allowances if the tenant pays utilities). Income status of renters must be verified on rent-up and every following year for a five year period. Mortgage payment must be current for the subject

property. Adequate and current property insurance must be in place and property taxes must be current.

All properties, at a minimum, shall be brought up to the City of Chattanooga's Building Code and HUD Housing Quality Standards. All work must be done by a Tennessee licensed contractor or a Home Improvement license holder who is acceptable to the program. It is the Contractor's responsibility to obtain all necessary construction permits. All zoning regulations will apply. Consultation with a construction manager is required, at no charge to the property owner, for construction oversight from the beginning to end of construction.



It is the policy of the City of Chattanooga that all its services and activities be administered in conformance with the requirements of Title VI of the 1964 Civil Rights Act which ensures that "no person in the United States shall, on the grounds of race, color, or natural origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal assistance".

CITY OF CHATTANOOGA
DEPARTMENT OF NEIGHBORHOOD SERVICES AND COMMUNITY DEVELOPMENT



Application Instructions for the 2013 Rental Property Renovation Program

- 1) Please type or print legibly. Answer all questions. Incomplete or illegible application packets will not be considered.
- 2) Several documents must be submitted along with the application, including a copy of the recorded deed, proof of paid property taxes, proof of insurance, proof of existing debt on each property, and pictures of the exterior.
- 3) There is a maximum of two (2) rental units per property owner allowed in the program. If submitting more than one property, complete a separate “PROJECT INFORMATION” form for each rental unit.
- 4) Please turn in your application by 4:00 PM on the deadline date of April 30, 2013. Applications submitted after the deadline will not be processed. A project selection committee will review the application package within three weeks of the application deadline, after which the applicant will be notified whether or not they are accepted into the program. The following criteria will be used for the selection process:

Up to twenty-five (25) points shall be awarded for each criterion for a maximum of one-hundred (100) points.

ENERGY EFFICIENCY—up to 25 Points

- Does the owner propose a new heat pump?
- Will new windows be installed?
- Will new or additional insulation be added?
- Will weather stripping be installed?

FINANCIAL FEASIBILITY OF PROPOSED PROJECT—up to 25 Points

- Is debt to equity ratio after renovation less than 80 percent?
- Is rent amount (as specified by HUD maximum rents) more than adequate to cover investment and existing debt on unit?
- How will the rental property owner fund improvements to property(ies)?

OWNER’S TIME ESTIMATE—up to 25 Points

- How long does owner estimate that it will take to complete renovation work and secure renters?

TOTAL AMOUNT SPENT PER UNIT—up to 25 Points

- Does owner seek to spend a relatively small amount to get the rental units online, or a large amount? By what percentage does owner’s contribution exceed the grant amount? Because this program seeks to add rental units to the existing inventory, more points will be awarded for property owners seeking to renovate severely distressed properties and hence spend a larger amount of money.



CITY OF CHATTANOOGA
APPLICATION FOR RENTAL PROPERTY RENOVATION PROGRAM

Please Type or Print Legibly

APPLICANT INFORMATION

Applicant Name: _____

Street Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Telephone Number: _____ **E-mail:** _____

Social Security Number: _____

Employer: _____ **Time There:** _____

Business License #: _____ **Date Issued:** _____

Annual Gross Income (all sources): _____

CO-APPLICANT INFORMATION (IF APPLICABLE)

Name: _____

Street Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Telephone Number: _____ **E-mail:** _____

Social Security Number: _____

Employer: _____ **Time There:** _____

Business License #: _____ **Date Issued:** _____

Annual Gross Income (all sources): _____

PROJECT INFORMATION

**Up to two (2) units per rental property owner will be considered—one per page.
If submitting more than one (1) rental unit, please complete a separate Project Information form for
each rental unit. *Please note that properties MUST be vacant to be considered.**

Address: _____

Type of Ownership (Sole Owner, Partnership, Corporation, Non-Profit, Other):

Square Footage: _____ **Number of Bedrooms:** _____

Number of Parking Spaces: _____ **Year Built:** _____

Type of Construction (Wood, Brick, Masonry, Combination, Other): _____

Type of Building (Single Family, Duplex, Multi-Family): _____

Zoning Designation (e.g. R-1, R-2, R-3): _____

Appraised or Estimated Value: _____ **Source for Estimated Value:** _____

Are Property Taxes Current? _____

Is Property Currently Owned by Applicant? Yes _____ No _____

Is Property Occupied? Yes _____ No _____

If No, When Was It Last Occupied? _____

Has Property Been Cited by the City for Code or Other Violations? Yes _____ No _____

Estimated Renovation Cost: \$ _____ **Source for Estimate:** _____

List Renovation Work Items for Each Room/Area, Including Exterior:

Table of Existing Debt

Please list existing debt on each property or unit:

<i>Name of Financial Institution</i>	<i>Interest Rate</i>	<i>Term</i>	<i>Amount</i>	<i>Monthly Payment</i>

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Please list total debt on all properties proposed for the program:

<i>Amount</i>	<i>Monthly Payment</i>

For office use only. Please list debt-to-income ratio (DTI):

PRIOR PARTICIPATION

Have you participated in a City sponsored rental rehabilitation program before?

Yes _____ No _____

If yes, provide the following information. Address of unit (or units) assisted:

Total number of units assisted: _____

Amount and type of assistance (i.e. grant, loan): _____

Year(s) assistance was provided: _____

Have you ever been approved for funding for this program and did not complete your project? Yes _____ No _____

If Yes, Please Explain: _____

DOCUMENTS REQUIRED

1. Copy of recorded deed
2. Proof of paid property taxes
3. Proof of insurance coverage
4. Proof of debt on property/properties
5. Pictures of property(exterior)

I certify that all the information stated herein, as well as any information provided in accompaniment herewith, is true and accurate and I hereby grant the City of Chattanooga permission to request data from the appropriate sources as applicable.

Date

Applicant's Signature

Date

Co-Applicant's Signature (if applicable)



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