



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 five (5) 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 percent 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, electric, 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, duplexes, and multi-family buildings with five (5) or fewer units 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".

Notice

Lead Safe Housing Rule

Due to the Lead Safe Housing Regulation, which became effective in January 2002, it will be required that all participants (rental property owners) in the Rental Property Financing Program adhere to one of the following options:

- 1) Ignore all requirements of the Lead Safe Housing Rule, but **ONLY** if the structure was verifiably built in 1978 or later.
- 2) Have a lead Risk Assessment performed on each unit by a licensed Risk Assessor before work begins. If the assessment shows that lead is not present, your property will be exempt from the regulation and any licensed contractor may be hired. If lead is present, a contractor with workers trained in “lead-safe work practices” must be hired to remediate lead hazards, and then any contractor may be hired to finish the remaining work. A lead clearance test must be passed after the lead remediation work is done, but before the remainder of work has begun.
- 3) Assume the presence of lead and hire a licensed contractor who will use workers trained in lead-safe work practices. **ONLY LSWP-TRAINED WORKERS MAY WORK ON ANY JOB THAT INVOLVES THE DISTURBANCE OF EXISTING PAINT.** Once the work is complete, a lead clearance test must be passed before occupancy. One clearance test will be funded through the program.

Application Instructions for the 2008 Rental Property Renovation Program

- 1) **Please print legibly (or type) and 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 five (5) rental units per property owner allowed in the program. If submitting more than one property, please make extra copies of the second page (titled "PROJECT INFORMATION") for each unit.**
- 4) **Please turn in your application by the deadline date of Friday, May 2nd, 2008. Applications should be submitted to City Hall, Department of Neighborhood Services and Community Development, 101 East 11th Street, Suite 200, Chattanooga, TN 37402. Applications sent by mail must be received by the deadline date. A project selection committee will review your application package within three weeks of the application deadline, after which you will be notified of your status in regard to the program. The following criteria will be used during 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?

New windows?

New or additional insulation?

Weather stripping?

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?

OWNER'S TIME ESTIMATE—up to 25 Points

How long does owner think 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 RENOVATION GRANT PROGRAM

Please Print Legibly or Type

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 five (5) units per rental property owner will be considered—one per page.
If submitting more than five (5) units, please make additional copies of this page.

*Properties must be vacant and require significant renovation work.

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: _____ Are Property Taxes Current? _____

Is Property Currently Owned by Applicant? Yes _____ No _____

Is Property Currently Owner-Occupied? Yes _____ No _____

Is Property Unoccupied? Yes _____ No _____

If Yes, When Was It Last Occupied? _____

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

Owner's Estimated Renovation Cost: _____

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

Please list existing debt on each property or unit:

Table of Existing Debt

<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 rehab program before?

Yes _____ No _____

If yes, provide the following information:

Address(es) of unit(s)
assisted: _____

Total number of units assisted: _____

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

Year assistance was provided: _____

DOCUMENTS REQUIRED

(upon submission of completed and signed application)

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

I certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate and I hereby grant the Lender 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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