

Updated July 2008

RENTAL AND REHABILITATION PROGRAM GUIDELINES for Acquisition-Rehabilitation



**CITY OF JACKSONVILLE
HOUSING AND NEIGHBORHOODS DEPARTMENT
HOUSING SERVICES DIVISION
214 NORTH HOGAN STREET, 8th
JACKSONVILLE, FLORIDA 32202
(904) 255-8200
FAX: (904) 255-8285**

RENTAL REHABILITATION PROGRAM

Guidelines for Rehabilitation Only – 1-7 units

PROGRAM DESCRIPTION

In response to the growing need to preserve the existing housing stock in the City of Jacksonville, the HAND-HSD will provide assistance to make needed repairs to single or multi-family properties in need of substantial repair. Home improvements may include, but are not limited to, the following, and shall include any other improvements that address City of Jacksonville Housing Code violations:

- | | | |
|---------------------|------------------------------------|------------------------------|
| ● Roofing | ● Electrical | ● Plumbing |
| ● Structural | ● Flooring-Walls-Ceilings | ● Heating Systems |
| ● Kitchens | ● Baths | ● Water Heaters |
| ● Doors | ● Interior and Exterior Paint | ● Windows |
| ● Termite Treatment | ● Lead Paint Testing & Remediation | ● Septic Tanks & Drainfields |

The goal of the rehabilitation program is to bring the units into compliance with the City of Jacksonville's minimum Housing Codes and the federal Housing Quality Standards. The building must be substandard, vacant and zoned for its intended residential use. **Please note that eligible units cannot be tenant occupied.** Nonprofit and for-profit developers may apply throughout the year and applications received will be reviewed on a first come first served basis pending funding availability. Sources of funding for this program include local SHIP, CDBG and HOME dollars, program income from these programs, and general revenue or other unrestricted funds, when available. In addition to the parameters outlined below, developments must comply with the applicable program guidelines for HOME (including but not limited to Fair Housing laws, Davis Bacon, Section 3, Affirmative Marketing and Housing Quality Standards) and SHIP (including but not limited to Fair Housing laws and Housing Quality Standards). Generally speaking, units rehabilitated through this program will provide housing for families earning 80% or less of area median income. Developments which propose to serve a higher income category may be considered pending the availability of SHIP funding.

The JHC Board reserves the right to incorporate specific targeting requirements, based on its annual strategic objectives, into the application for assistance, and to incorporate preference criteria to reflect strategic objectives. Such targeting may include the project's ability to meet preservation goals, mixed income goals, or ability of the project to serve families with extremely low incomes (ELI). All applicants must agree to commit to participate in the Jacksonville Sheriff's Office Crime Free Multifamily Housing Initiative.

PROJECT CRITERIA

Applications for assistance must include:

- Evidence of site control, appropriate zoning, land use, and concurrency
- Evidence of title and current boundary survey
- Evidence of a satisfactory environmental report conducted by a third party
- A current appraisal
- Development timeline
- Work Write-up and cost estimate.

Applications will be evaluated on the following criteria:

- Development team experience (including developer, contractor, and management experience)
- Financial feasibility, evidenced by cost estimates (construction and operating pro formas), cash flows, and debt service coverage ratios
- Social services and development amenities, where appropriate
- Past performance with COJ programs, including compliance with all program regulations.

ELIGIBLE GEOGRAPHIC AREA

Eligible areas include the consolidated City of Jacksonville.

MORTGAGE STRUCTURE

- The City's financial assistance will be provided in the form of a second mortgage, non-amortizing at 0% interest, for a minimum term of 15 years or the full term of the first mortgage whichever is greater. The maximum term will be 30 years.
- The second mortgage will require no monthly payments and shall be forgiven at the end of the specified term. The property must be rented and remain affordable to low and moderate income individuals and families throughout the specified term.
- If the property is sold before the end of the City's mortgage term, the applicant must repay the City the original balance of the loan amount.
- The minimum loan amount cannot be less than \$10,000 per project. The maximum loan amount for any loan is \$99,000. The maximum per unit subsidy is based on number of bedrooms in the unit as specified in the HOME regulations. However, on all projects, the maximum amount that the City will lend cannot exceed 80% of the after-rehabilitation appraised value of the total Project.
- Unless the Local Housing Assistance Plan or Consolidated Plan is amended to require otherwise, loans are made as a 0% interest deferred payment loan provided that at least 50% of the units are set-aside for families at or below 80% of AMI. Loans for developments which do not provide at least 50% of the units for families at 80% of AMI will accrue interest at a 3% interest rate.
- The City requires that all loans be secured with a mortgage and note.

CONTRACTOR REQUIREMENTS

- The City maintains a list of licensed general and residential contractors from which the applicant may select a contractor. However, the applicant may select a contractor of his or her choice.
- Only licensed general, residential or building contractors in good standing with the Department of Professional Regulations and the Department of Consumer Affairs will be eligible for participation.
- The contractor will furnish all labor, materials, equipment, permits, licenses and services for the proper completion of the project in accordance with the bid proposal and specifications.
- All work performed by the contractor is subject to inspections by the Building Inspection Division and the HAND-HSD Inspector
- All work not in compliance with said standards shall be corrected at the contractor's expense. The HAND-HSD Inspector will perform all draw inspections and the final inspection prior to release of final payment.
- The Contractor shall provide a full one-year warranty to the Owner, for the workmanship and materials on all contract items other than roofing. A five-year warranty will be provided on the labor for all roofs installed. In addition, all applicable manufacturers' warranties will apply.
- Upon completing the rehabilitation, each property must be in compliance with Section 8 Housing Quality Standards (HQS).

OTHER REQUIREMENTS WHEN USING HOME AND CDBG FUNDS

❖ 92.350 Other Federal Requirements

- The Federal requirements set forth in 24 CFR part 5, subpart A, are applicable to participants in the HOME program. The requirements of this subpart include: nondiscrimination and equal opportunity; disclosure requirements; debarred, suspended or ineligible contractors; and drug-free workplace.
- The nondiscrimination requirements at section 282 of the Act are applicable.

❖ 92.351 Affirmative Marketing; Minority Outreach Program

- Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

❖ **92.352 Environmental Review**

- *General.* The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58.

❖ **92.353 Displacement, Relocation, and Acquisition**

- A displaced person (defined in paragraph (c) (2) of this section) must be provided relocation assistance at the levels described in, and in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) and 49 CFR part 24.
- The participating jurisdiction shall comply with the requirements of 24 CFR part 42, subpart C.
- The acquisition of real property for a project is subject to the URA and the requirements of 49 CFR part 24, subpart B.

❖ **92.354 Labor Standards**

- Every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

❖ **92.355 Lead-Based Paint**

- Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead – Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 -4856), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title.

❖ **92.356 Conflict of Interest**

- *Applicability.* In the procurement of property and services by participating jurisdictions, State recipients, and sub recipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.