

TENANT ASSISTANCE REHABILITATION PROGRAM (TARP)
PROGRAM GUIDELINES

Revised August 1, 2018

I. TARP Eligible Projects

a. Name of Program

The name of the program shall be “Tenant Assistance Rehabilitation Program”, hereafter referred to as TARP.

b. Purpose

To increase the supply of standard affordable rental units in the City of Albany. To provide financial assistance to owners of rental property for the purpose of the moderate rehabilitation of vacant and occupied rental units that will serve low-income households under 60% initially and subsequently 80% of the median income at rents affordable to this population.

c. Funding Source and TARP are HOME and CDBG funds:

1. HOME Investment Partnership Act Program-24 CFR Part 92 eligibility

- a. For rental housing and rental assistance, all units (100%) of the benefiting families must have incomes that are no more than 60% initially and subsequently under 80% of the HUD-Adjusted median family income for the area.
- b. In rental projects that have five or more units, at least 20 percent of the units must be occupied by families with incomes that do not exceed 50% of the HUD Adjusted median income.

2. CDBG (Community Development Block Grant – 24 CFR part 570) eligibility

Because CDBG funds are used for direct delivery (administration), ACDA will also use CDBG regulations for the TARP program. Since at present, these regulations are less restrictive concerning income levels of tenants, the above HOME income levels prevail and are compliant with CDBG regulations.

d. Eligible Rehabilitation Costs

1. Improvements required bringing the unit up to code compliance. All improvements must be attached to the building and must be permanent in nature.
2. Repair or replacement of major housing systems in danger of failure or upgrade systems to extend the useful life for the term of the agreement (as determined by ACDA)
3. Energy conservation improvements that result in substantial cost savings
4. Exterior painting
5. Removal of architectural barriers which limit mobility of a handicapped occupant
6. Relocation costs (temporary or permanent)
7. Utility connections
8. Lead based paint abatement (See fact sheet regarding lead based paint requirements)

e. Ineligible Costs

1. Property improvements in excess of code compliance requirements
2. Room additions

3. Taxes and water bills
4. Related soft costs including fees involved in obtaining financing, appraisal, title search, recording and filing fees, building permits, architectural, engineering, legal services, credit reports, etc.
5. Religious organizations (pursuant to 24 CFR 92 §257)

f. **Eligible Property Owners**

TARP is designed to rehabilitate the rental units in buildings owned by any owner of rental property including:

1. Not-for-profit Organizations
2. Owner-investors

g. **Ineligible Property Owners**

1. Condominium units and cooperative units are considered “ownership” units. (Condominium and cooperative units are eligible under HAP and HOAP as owner-occupied units.)
2. Units assisted with TARP funds may not be converted to condominium or cooperative units during the length of the mortgage.

h. **Ownership Status**

Title should be controlled by the owner at the time that the TARP assistance is committed to the project. Title can be fee simple, or 99-year leasehold.

i. **Applicant Income Eligibility**

There are no income requirements for the owner of the property to be rehabilitated under the TARP program.

j. **Mixed-Income Project**

1. Not all units in a building must be assisted with TARP funds. Only those assisted with TARP funds will be regulated by TARP (HOME) guidelines.
2. However, the entire project must meet CDBG eligibility noted above and several HOME regulations do apply to non-HOME funded units (see Lead Paint, Displacement, Davis-Bacon, and Affirmative Marketing).

k. **Length of Ownership**

There are no restrictions on length of ownership of the property prior to application for funds.

l. **Location of Property**

The TARP program shall be available citywide. There are no neighborhood restrictions.

m. **Eligible Number of Units in Building**

There are no restrictions on the number of units in the building.

n. **Zoning**

Properties must comply with local zoning ordinances to be eligible. All required variances and conditional use permits must be secured before application to ACDA.

o. **Number of Bedrooms**

1. Each unit must not be “over-crowded” as defined by Housing Quality Standards (HQS). Therefore, a sufficient number of bedrooms are required to provide adequate sleeping space for all members of the household.
2. SRO (Single Room Occupancy) is eligible for TARP funding. SRO is defined as housing consisting of a single room dwelling, which may contain either food preparation facilities, or sanitary facilities, or both. Under HOME regulations that govern TARP funded projects, “SRO does not include facilities for students”. TARP classifies SRO units as 0-bedroom units.

p. **Delinquency**

No application for assistance will be accepted under the following conditions:

1. When the applicant is in default under any ACDA funded loan or grant agreement.
2. When there are any unpaid property taxes, school taxes, and water and sewer bills.
3. When the owner has filed personal bankruptcy, the bankruptcy must be discharged (*proof of discharge is required*) and credit worthiness must be re-established, as determined by ACDA.
4. Per **Housing and Urban Development (HUD)** the application and support documents are valid for a period of 6 months. After 6 months the application is considered inactive and ALL information will be properly disposed of. Please make copies of anything you do not want us to keep.

q. **Insurance**

1. **Fire and Hazard Insurance**

The owner will be required to obtain, and keep current for the length of the mortgage, fire and hazard insurance to cover the total of all debt secured by the property. The Albany Community Development Agency must be named on the policy as one of the mortgagees.

2. **Flood Insurance**

ACDA will determine if the project is located in a flood hazard area according to the most recent FEMA map. If the building is located in flood hazard area the owner must obtain flood insurance and keep the insurance coverage current for the life of the mortgage in accordance with the Flood Disaster Protection Act of 1973.

r. **Age of Buildings**

Eligible buildings are restricted to those constructed over one year prior to ACDA funding. The City of Albany is not eligible for new construction at this time.

s. **Conversion to Housing**

Non-housing structures may be converted to rental housing using TARP funds. Assistance is based on the resulting number of units.

t. **Changing the Number of Units in Building**

1. TARP funds may be used to create additional units or to eliminate units in a structure. The assistance shall be determined by the resulting number of units.
2. New units may not be added outside the existing walls or roof of the structure, which would constitute "new construction".

u. **Mixed-Use Project**

1. TARP funds may be used on rental units in mixed-use projects.
2. In a mixed-use project, residential living space must constitute at least 51% of the project space based on square footage in each building.
3. For purposes of the square footage computation, community rooms and laundry facilities for the exclusive use of the building residents are considered residential space.

v. **Application Fee**

1. TARP applications must be submitted with a non-refundable application fee of \$50.00.

w. **ACDA Right to Reject Application**

ACDA reserves the right to reject any application when, in its judgment, rehabilitation of the project is not economically feasible or not in the best interest of current tenants, the owner or the City.

II. TARP Financial Assistance

a. **Maximum Financial Assistance**

1. Maximum assistance will be provided on a per unit basis.

2. Maximum assistance shall be the fixed dollar amount listed below or 2/3 of the total rehabilitation cost per unit, whichever is less:

<u># Bedrooms</u>	<u>Maximum TARP Per Unit</u>	<u>Minimum Owner Portion</u>
0 Bedroom	\$4,000	\$2,000
1 Bedroom	\$4,000	\$2,000
2 Bedroom	\$8,000	\$4,000
3 Bedroom	\$12,000	\$6,000
4 Bedroom	\$16,000	\$8,000
5 Bedroom	\$20,000	\$10,000

3. The total project cost per unit shall be determined by using the work write-up.

b. **Minimum Financial Assistance**

The minimum assistance under TARP for each unit shall be \$1,000.

c. **Terms of Assistance**

1. Assistance shall be in the form of a prorated deferred loan, with a mortgage placed on the property securing the loan. The mortgage may be subordinated to any other mortgage approved by ACDA which is presently or which may be placed on the property.
2. TARP loans shall be for a term of from 5 years to 15 years, as per the Schedule shown below.

Rental Housing Activity	<u>Minimum</u> period of affordability in years
Rehabilitation of existing housing per unit amount of TARP funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

3. Loans will be forgiven at the end of this period as long as the owner has fully complied with all terms and conditions of assistance for the entire period.
4. Rental Housing assisted with HOME funds (TARP units) that does not meet the affordability requirements must be repaid to the local HOME account with non-federal funds. If HOME funds are expended prior to completion of the project, the funds must be repaid to the local HOME account from non-federal funds. (24 CFR PART 92.503)

5. The owner may transfer title of the property with ACDA approval. All requirements in the mortgage will be transferred to the new owner.
 6. In the case of death of the owner, the heirs must fulfill the obligations of the mortgage.
- d. **Repeat TARP Assistance**
- Once a TARP unit has been completed, additional TARP funds may not be provided to that unit.
- e. **Combining TARP with other Programs**
1. **With Federal Rental Rehabilitation Program**
 - (a) TARP funds may not be combined with Rental Rehabilitation funds due to the incompatibility of the rent control provisions in the two programs.
 - (b) Units that have received Rental Rehabilitation funds in the past and have completed the terms of the mortgage and are no longer regulated by the Rental Rehabilitation program are eligible to receive TARP.
- f. **Property Owner's Personal Funds**
1. The total cost of the project may exceed the assistance to be provided by ACDA that secured from financial institutions, or other funding sources.
 2. In this case the owner of the property must provide his or her own personal funds toward the project.
 - (a) The personal funds must be expended first before ACDA funds.
 - (b) The personal funds must be submitted to ACDA at the closing and placed in an interest bearing escrow account held by ACDA. ACDA will distribute the funds per payment schedule.

III. Affordability of TARP Rental Units

a. **Length of Affordability Period**

As a condition of receiving assistance under the TARP program, owners must commit to serving low-income households for a period of from 5 years to 15 years, as per the Schedule shown below.

Rental Housing Activity	<u>Minimum</u> period of affordability in years
Rehabilitation of existing housing per unit amount of TARP funds:	
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

b. Tenant Income Eligibility

1. Very Low Income” households are defined as having gross annual household income under 60% of the median income adjusted for household size.
2. “Gross Annual Income” is determined using the Section 8 methodology. (see section on Section 8 Income Methodology)
3. Current HUD Income Guidelines for Annual Household Income under 60% median as of 6-1-18 is as follows:

<u>Household Size</u>	<u>60% Median Maximum Income</u>
1	\$36,300
2	\$41,520
3	\$46,680
4	\$51,840
5	\$56,040
6	\$60,180
7	\$64,320
8	\$68,460

c. Income Certification

Signed income certification forms will be required as follows:

1. All initial occupants as well as existing occupants of TARP units at the time of application are required to provide proof of income (i.e. current pay stub) as well as a signed certification form. For subsequent annual accountings certifications are acceptable. The application will not be complete without this information. ACDA Finance staff will determine the income for the occupants based on the information provided and will determine if the project is eligible for TARP and CDBG.
2. All new tenants at turnover of units. It is the responsibility of the owner to get a signed certification form from each new tenant selected and forward it to ACDA Compliance Monitoring staff.
3. It is the responsibility of the owner to get a signed certification form from each TARP assisted unit on the anniversary date of the completion of the project and forward them to ACDA Compliance Monitoring staff for the period of affordability.

d. Maximum Rent Caps

1. The maximum rent (including utilities) in TARP assisted units is set at 30% of 65% of the median income adjusted for household size as determined by HUD.
2. If the tenant pays utilities, the rent will be reduced by the Section 8 utility allowance.
3. Rent increases are allowed only when HUD publishes the new median household income figures. (approximately annually)
4. Effective June 1, 2018, the rents listed below will apply for the TARP Program

<u>Number Bedrooms</u>	<u>Rent</u>	-
1	\$700.00	
2	\$837.00	
3	\$1,032.00	
4	\$1,294.00	
5	\$1,406.00	
6	\$1,617.00	

e. Utility Allowance

For units where the tenant pays the utilities, the rent will be reduced by the utility allowance on a case-by-case basis. ACDA must use the utility allowances published by HUD for the Section 8 program in determining the amount by which to reduce the maximum rent.

f. Change of Income after Initial Eligibility

Income will be re-certified on an annual basis. At this time, the certified income of tenant household may change and the rents will be changed accordingly.

1. A tenant whose household income increases after initial eligibility determination and exceeds 80% of the median adjusted for household size will be allowed to remain in the TARP assisted unit.

(a) New Income exceeding 80% median

The rent (including utilities) on that unit will be adjusted so that the tenant is not paying more than 30% of the household's annual adjusted income. If the tenant pays utilities, the rent will be reduced by the utility allowance.

2. When the unit becomes vacant, the rent will be reduced back to the maximum cap even if it was increased due to the increased income of the previous occupant.

g. TARP with Section 8 Certificates and Vouchers

1. Existing Tenants

- (a) Tenants in place with Section 8 Certificates and Vouchers are income eligible for TARP because both programs require an annual household income under 50% of the median. Therefore, tenants in place with Section 8 Certificates and Vouchers are eligible for TARP assistance in that unit.
- (b) The TARP rent caps will apply to the unit.
- (c) A revised Section 8 contract with the Albany Housing Authority will be required. It will be the responsibility of the owner to obtain the revised contract with the new TARP rents. A copy of the revised contract should be sent to ACDA prior to final payment as proof that this has been accomplished.

2. New Tenants

Owners may not discriminate against applicants for a TARP assisted unit because they have a Section 8 Certificate or Voucher.

h. Vacant Units

- 1. If the property has been vacant for more than six months at time of application, ACDA will require an architectural drawing/structural engineer report to determine if the project is economically feasible.
- 2. If a unit is vacant after completion of the rehabilitation or becomes vacant during the period of the mortgage, the owner will have 6 months from date of the vacancy to fill the unit with another eligible tenant or the owner will be in default of the mortgage.

i. Written Agreements

- 1. A mortgage will be filed to assure that all TARP requirements are met including the tenant affordability provisions (rent caps and tenant income eligibility). The penalty under the mortgage for default of any provisions will include repayment of the entire amount of assistance.

IV. Tenant Selection and Lease Provisions

a. Tenant Selection

- 1. An owner must adopt and carry out written tenant selection policies that:
 - (a) are consistent with the purpose of providing housing for very low income and low income households;
 - (b) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
 - (c) give reasonable consideration to need of families that would have preference under the Albany Public Housing Authority (homeless, overcrowded, rent-burdened);

- (d) Select tenants from a written waiting list in chronological order of their application, insofar as is practicable;
 - (e) Provide prompt written notification to any rejected applicant and the grounds for rejection.
2. The owner must agree to affirmatively market the TARP assisted units according to the Affirmative Marketing Plan submitted by ACDA to HUD as part of the HOME Program Description.

b. Lease

1. A written lease agreement is required between you and the tenant, it should include the following provisions:
 - (a) The lease between a tenant and an owner assisted by TARP funds must be for not less than one year, unless by mutual agreement between the tenant and the owner.
 - (b) An owner may not terminate tenancy or refuse to renew the lease except for serious or repeated violation of the terms or the lease, for violation of applicable federal, state or local law or for other good cause.
 - (c) Any termination or refusal to renew must be preceded by not less than 30 days written notice specifying the grounds for the action.
2. The lease may not include any of the following provisions:
 - (a) agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
 - (b) agreement by the tenant that the owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties;
 - (c) agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - (d) agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
 - (e) agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
 - (f) agreement by the tenant to waive any right to a trial by jury;
 - (g) agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a decision in connection with the lease;

- (h) agreement by the tenant to pay attorney’s fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

V. TARP Property Standards

a. Condition Prior to Rehabilitation

Prior to rehabilitation, a unit must have one or more substandard conditions which would cause the building to fail a Section 8 Housing Quality Standards (HQS) inspection. (HQS regulations are included in the appendix).

b. Condition at Completion of Rehabilitation

1. Housing Code

- (a) All units that receive ACDA assistance must meet all applicable local housing codes after rehabilitation is complete.
- (b) No assistance will be provided unless the entire property is brought into code compliance. All other units in buildings that receive ACDA assistance must also meet applicable local housing codes after project completion, even if ACDA funds are not used in those units.
- (c) In order for an existing bedroom to be classified as a bedroom and be eligible for ACDA funding, the size of that bedroom must be a minimum of 70 sq. ft. If structural changes will be made to the bedroom then the code requirement for 80 sq. ft. will pertain.

2. Housing Quality Standards

- (a) In addition to meeting all local code requirements, all units that receive ACDA assistance must also meet Section 8 Housing Quality Standards after rehabilitation is complete. In general, HQS requirements will be met by local code compliance except for the following HQS requirement not required by local code.
- (b) To meet HQS all living and sleeping rooms must include at least one window of “appropriate size.” (size of window defined by local code)
- (c) The unit may not be “over-crowded” as defined by Housing Quality Standards (HQS); therefore, a sufficient number of bedrooms are required to provide adequate sleeping space for all members of the household. Generally there must be one bedroom for every two family members (children of the opposite sex cannot share a bedroom).

c. Code Compliance in cases of Emergency Authorizations

1. If the project involves emergency authorized expenditures, the full rehabilitation project must be completed to be eligible for ACDA funding.
 2. The City Building Department will be notified for a code inspection if participants only complete the emergency items and do not follow-through on the rest of the improvements.
- d. Certificate of Completion
- A Certificate of Completion (CC) must be issued prior to closeout of the project with ACDA.
- e. Long Term Code Enforcement
1. The owner must agree to long-term property maintenance including keeping the property in good repair and not allowing the property to deteriorate.
 2. TARP properties will be subject to regular inspections every three years (*starting one year from date of completion of the project*) by the City of Albany Building Department or any other city agency or department for the duration of the TARP mortgage.