

AUTHORIZED BY
SPRINGFIELD CITY COUNCIL

**RULES AND REGULATIONS
FOR THE
COMPREHENSIVE HOUSING
ASSISTANCE PROGRAM**



DEPARTMENT OF PLANNING AND DEVELOPMENT
SPRINGFIELD, MISSOURI

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OVERVIEW

The City of Springfield receives grants from the U.S. Department of Housing and Urban Development (HUD) that can be used for housing-assistance programs. The Comprehensive Housing Assistance Program (CHAP) is intended to provide basic housing services to homeowners, homebuyers, and rental-property owners in the City's designated Revitalization Area. The goal is to maintain or increase the availability of decent, safe, sanitary, and affordable rental housing and maintain or increase homeownership. CHAP is designed to support those goals and enable neighborhood stability through support for both for-profit and non-profit developers in housing programs for low-to-moderate income residents.

Therefore, for the City to deal effectively with these types of situations, the City must either gain control of the property or offer incentives to attract investors to acquire the property for rehabilitation, reconstruction, or repair. Under either of these alternatives, the City must assure the properties provide affordable housing.

There are other instances where the City may need to provide assistance to properties where immediate health and safety dangers are present. This is a critical issue when elderly or children are present. A key goal of this program is to provide for safe, decent, and sanitary housing. In situations where the immediate health and safety of the occupants is compromised, the City may use components of this program to remedy the situation.

Program Goals

All financing and planning assistance through CHAP must further the following goals:

- Help low-to-moderate income persons achieve safe, decent, affordable housing.
- Help revitalize neighborhoods by eliminating blighting conditions.

In order to further support these goals, it will be a priority of the program to:

- Increase energy efficiency of housing units by using energy-conservation products and systems, and
- Reduce maintenance burdens by using low maintenance products.

CHAP consists of the following components:

1. The rehabilitation of owner-occupied property.
2. The rehabilitation of renter-occupied property.

3. The rehabilitation, reconstruction, or new construction of property for the purpose of providing affordable housing.
4. The Acquisition/Rehabilitation/and Disposition of vacant residential property.
5. The Acquisition of residential property to create or maintain long-term affordability.
6. Down Payment/Closing Cost Assistance for first-time homebuyers.
7. Provide necessary Housing Counseling Services.
8. Use HUD-approved financing mechanisms for the provision of affordable housing.
9. Minor and emergency home repair of owner-occupied property.

CHAP shall apply to all properties located within the approved Revitalization Area, as described in the current HUD-approved, 5-Year Consolidated Plan. The City may employ or partner with for-profit and not-for-profit affordable-housing developers as well as Community Development Corporations to implement these components and achieve the goals of this program. The effective utilization of these Comprehensive Housing Assistance Program components will better enable the City to meet its goals and objectives under the Consolidated Plan on file with HUD.

CHAPTER 1

DEFINITIONS

The following definitions apply when used in context with CHAP:

AFFORDABLE HOUSING means that total monthly housing costs do not exceed 30% of the gross monthly household income.

APPLICANT means a natural person or persons desiring to obtain a housing loan and so signifying by furnishing appropriate information and signing appropriate documents.

APPROVED CONTRACTOR LIST means a listing of housing-construction contractors recognized by CHAP who meet general performance standards and who are licensed by the City.

ARBITRATION means a hearing and determination of a case in controversy by a person chosen by the parties or under statutory authority.

BALLOON PAYMENT means repayment in full of the balance due on a loan at a specified date prior to full amortization of the loan. The payment schedule may be different from that of a conventional loan.

CITY means the City of Springfield, a Municipal Corporation of the State of Missouri.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) means that program authorized by the Housing and Community Development Act of 1974, as amended.

COMMUNITY DEVELOPMENT CORPORATION (CDC) means a Not-For-Profit Organization that is incorporated to provide programs, offer services, and engage in other activities that promote and support community development. CDCs usually serve a geographic location such as a neighborhood or a town. They often focus on serving lower-income residents or struggling neighborhoods. They can be involved in a variety of activities including economic development, education, community organizing, and real-estate development. These organizations are often associated with the development of affordable housing.

COST-EFFECTIVE, ENERGY-CONSERVATION STANDARDS means minimum requirements or measures necessary to effectively reduce heat loss and prevent air infiltration thus reducing energy consumption.

DAVIS-BACON ACT is the federal legislation requiring prevailing wages to be paid for the work performed under certain federally-funded-construction projects, including rental-residential property of eight or more units if funded by CDBG funds and 12 or more units if funded by HOME funds. (see PREVAILING WAGE)

EXTREMELY LOW INCOME means families and individuals who have annual household incomes that do not exceed 30% of the median household income by family size for the City as

determined by HUD. See LOW INCOME, VERY-LOW INCOME, and LOW-MODERATE INCOME definitions.

FAIR-MARKET RENTS mean those maximum gross monthly rents published by HUD annually for the Housing Choice Voucher Housing Assistance Program, by number of bedrooms.

FEDERAL PROPERTY-USE RESTRICTIONS AND AGREEMENT FOR AFFIRMATIVE MARKETING AND HUD PROGRAM COMPLIANCE means a recorded document binding the owner(s) of rehabilitated, rental-residential property to certain compliance requirements and other provisions, including guidelines for nondiscrimination, and advertising of vacancies under the HOME Program.

FIRST-TIME HOMEBUYER means a family or individual who meets the HUD definition of a first-time home buyer.

HISTORIC PRESERVATION REVIEW means federal and state requirements for assessing the impact of proposed rehabilitation projects on the architecture of historically significant buildings.

HOME PROGRAM means the housing program authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, also known as the HOME Investment Partnerships Program.

HOME RENT LIMITS means the HUD HIGH and LOW HOME rent limits established by HUD annually that are in effect at the time the project is funded (See 24 CFR 92.252).

HOUSING-QUALITY STANDARDS means minimum housing standards approved by the City for the program.

HUD means the Department of Housing and Urban Development

INTEREST RATE means annual percentage rate applied to the principal balance each month.

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY (LCRA) means that political subdivision headed by a citizen board of directors charged with the responsibility of providing technical assistance to the Loan Committee.

LOAN COMMITTEE means senior staff personnel assigned by the Director of Planning and Development and the Director of Economic Vitality to review and evaluate all loan applications for which the CHAP regulations apply. The Committee is provided legal counsel by an Assistant City Attorney.

LOW INCOME means families and individuals who have annual household incomes that do not exceed 80% of the median household income by family size for the City as determined by HUD. See EXTREMELY LOW INCOME, VERY-LOW INCOME, and LOW-MODERATE INCOME definitions.

LOW-MODERATE INCOME means families and individuals who have annual household incomes that are between 50% but do not exceed 80% of the area median household income by family size for the City as determined by HUD. See LOW INCOME, VERY-LOW INCOME, and EXTREMELY LOW-MODERATE INCOME definitions.

MAXIMUM SUBSIDY LIMIT means the maximum HOME funds that may be expended on a dwelling according to number of bedrooms as determined by HUD.

MEDIAN FAMILY INCOME FOR SPRINGFIELD means the median annual gross income for a family of four (4) persons as determined by HUD.

MEDIAN HOUSEHOLD INCOME means the median annual gross household income by family size for the City as determined by HUD.

MIDDLE INCOME means households whose incomes exceed 80 percent of area median income but do not exceed 120 percent of area median income,

MINIMUM HOUSING STANDARDS means the City Housing Code and may include any applicable sections of the City Building Code, Electrical Code, Fire Prevention Code, Plumbing Code and Mechanical Code when the scope of work for the respective property requires their application.

NOT-FOR-PROFIT ORGANIZATION means an IRS-qualified, 501(c)(3) agency organized under the laws of the State of Missouri and recognized by the City as eligible to carry out housing programs under CHAP.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) means the program of emergency assistance for redevelopment of abandoned and foreclosed homes authorized by the Housing and Economic Recovery Act of 2008, as amended.

OWNER-OCCUPIED PROPERTY means a single-family home or a duplex the owner occupies more than 75% of the year; maintains the address on their Missouri driver's license or other State of Missouri identification; and files taxes using this property address; maintains the utilities in their or their spouse's name. Exceptions to these restrictions may be considered by the Loan Committee with alternate information that is acceptable to the Loan Committee.

PARTICIPATING JURISDICTION (PJ) means the entitlement City authorized by HUD to administer the HOME program.

PHA means The Housing Authority of Springfield a.k.a. Public Housing Authority.

PREVAILING-WAGE REQUIREMENTS means the minimum wage, reporting, and certification provisions of the Davis-Bacon Act (See DAVIS-BACON ACT)

PRO-FORMA means a cash-flow analysis demonstrating project financial feasibility.

PROGRAM means the Comprehensive Housing Assistance Program (CHAP).

PROGRAM ADMINISTRATOR means the Planning and Development Department Grants Administrator assigned to daily oversee CHAP or, when absent, the Planning and Development Department Director or Assistant Director.

PROJECT AREA means properties located within the approved Revitalization Area authorized under the Community Development Program under the current 5-year Consolidated Plan approved by the Springfield City Council

PROJECT SPECIALIST means the staff person assigned to a housing-construction project by the Program Administrator.

PROPERTY REHABILITATION means the upgrading of residential property to meet Minimum Housing Standards for the Program.

PUBLIC OFFICIAL means any elected or appointed official of the City of Springfield, Missouri, or any person employed, either directly or indirectly, by the City of Springfield.

RECONSTRUCTION means the rebuilding of housing, on the same lot, that either replaces housing standing on a site at the time of project commitment, or if that housing was destroyed, the replacement housing may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or a standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of this part.

RENT CONTROLS mean the maximum rents that a property owner may charge, based on number of bedrooms, for properties using HOME funds as determined by HUD.

RENTAL PROPERTY means a tract of land with improvements occupied by a tenant or tenants that are used principally for residential purposes.

RENT REGULATORY AGREEMENT means a recorded document binding the owner(s) of rental property constructed or rehabilitated under this program to keep rents below certain ceilings and to certain other covenants relevant to the housing needs of low to moderate income persons.

REVITALIZATION AREA means the portion of the City that is identified in the current 5-Year Consolidated Plan in effect at the time of the loan application.

REVOLVING-LOAN FUND means that fund in which principal and interest payments are deposited from prior loans, and which may be re-loaned for eligible projects under the program.

SUBRECIPIENT means a public agency or non-profit organization selected by the City to administer certain portions of the program.

TENANT ASSISTANCE POLICY means a written document approved by City Council describing the assistance to be provided to tenants, both advisory and financial, who are displaced either temporarily or permanently by rehabilitation or construction projects.

UNIFORM PHYSICAL CONDITION STANDARDS (UPCS) means uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for site, building exterior, building systems, dwelling units, and common areas.

UNIFORM RELOCATION ACT means the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (P.L. 91-646) as amended.

VACANT RESIDENTIAL PROPERTY means residentially zoned real property that has been uninhabited for a period of one year and that may be burdened with delinquent property taxes, liens, and other assessments.

VERY LOW INCOME means a family or individual who has an annual gross household income that does not exceed 50% of the median household income by family size for the City as determined by HUD. See **LOW INCOME**, **EXTREMELY LOW INCOME**, and **LOW-MODERATE INCOME** definitions.

CHAPTER 2

ELIGIBILITY REQUIREMENTS

This Chapter sets forth basic eligibility requirements for property owners and real property to be assisted under this Program.

A. OWNER-OCCUPIED LOANS

An owner-occupied loan may be made only for residential property located within the approved Revitalization Area authorized by City Council. The property must meet the Minimum Housing Standards established for the Program. The rehabilitation project must be determined to be economically feasible by the Loan Committee.

In order to be eligible for a housing loan, the applicant must be the owner of record and occupy the property, which may contain no more than two (2) dwelling units. The applicant must have a combined gross annual household income that does not exceed 80% of the median for the City by household size. The applicant must have an acceptable credit rating and have the financial means to repay a housing loan in addition to maintaining the property and meeting monthly housing expenses. Since housing loans are intended to assist owner-occupants who have no other financial means to improve their property, housing loans will not be normally considered for homeowners who have substantial liquid assets to finance the needed repairs.

Occupancy Exceptions: Special exceptions to the requirement that the owner of record occupy the property prior to application may be granted by the Loan Committee for purposes of furthering the City's housing policy and in fulfilling the objectives of neighborhood plans. Situations for granting special exceptions may include the following:

- The owner has lived in the property previously and the owner or the owner's legal heirs agree to the owner-occupancy requirements immediately after rehabilitation is completed; or
- The property is uninhabitable at the time of application and the owner or owners agree to the owner-occupancy requirements immediately after rehabilitation is completed; or
- The property owner of record is a qualified, nonprofit corporation in the business of providing decent and affordable housing; the property will be rehabilitated by the corporation; and it is agreed that the property will be sold, after completion of rehabilitation, to a buyer who qualifies on the basis of income and agrees to the owner-occupancy requirements.

Loan terms shall be at the Loan Committee's discretion so long as they otherwise meet the requirements of this Chapter. Granting exceptions is solely the responsibility of the Loan Committee and not subject to the provisions of appeal that are described in Chapter 7.

Housing loans for owner-occupied properties shall be made on the following basis with respect to that portion of the loan that will be amortized and that portion which will be deferred with no interest.

Annual Gross Household Income	% of Loan Deferred at 0% Interest	% of Loan Amortized at the amortized rate
50% or less of median by household size	100%	0
Greater than 50% but less than 60% median by household size	75%	25%
Greater than 60% but less than 70% of median by household size	50%	50%
Greater than 70% but less than 80% of median by household size	25%	75%
Greater than 80% of median by household size	Not Eligible	

B. RENTAL PROPERTY LOANS

A rental-housing loan shall be made only with respect to rental property located within the approved Revitalization Area or separately authorized by City Council. Loans can be made for acquisition, rehabilitation, reconstruction of existing housing stock, or construction of new housing. The property that needs repair must be repaired according to the Minimum Housing Standards. The rehabilitation work to be performed must be economically feasible.

In order to be considered for a rental housing loan, the owner must be financially solvent, have a good credit rating, and agree to have the property appraised to determine value after rehabilitation. The applicant must submit a pro-forma for review and evaluation by the Loan Committee to determine if the project is financially feasible.

The use of City of Springfield funds may be used to leverage both other public and private funds for a rental-housing project.

The maximum amount of CDBG Funds that may be used for a rental-housing loan shall be determined by the Loan Committee on a case-by-case basis. The project pro-forma and the Loan Officer's recommendation shall be used to guide the committee in committing funds. The Committee shall also be guided by programmatic restrictions when committing CDBG funds to a project.

The maximum amount of HOME funds that may be committed to a project shall be determined by the Loan Committee based upon the project pro-forma, but in no event shall the HOME per-unit subsidy exceed the maximum amount set by HUD based on the number of bedrooms.

C. ACQUISITION/REHABILITATION/ DISPOSITION OF VACANT RESIDENTIAL PROPERTY

A property selected under this activity must be located within the Revitalization Area authorized by City Council. The selection of vacant residential properties to be acquired and rehabilitated by the City will be the responsibility of the Loan Committee with the approval of the Director of Planning and Development.

Vacant residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (P.L. 91-646), as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City. Following acquisition of the property, the City shall prepare a rehabilitation plan and solicit bids from contractors to perform the required work. Concurrent with or upon completion of the rehabilitation, the City will proceed to solicit offers to purchase the property, preferably from first-time homebuyers or affordable rental providers. Care must be taken to ensure that if HOME or CDBG funds were used or the affordability period has not been completed, that the property will be placed in service again within a time frame that satisfies Loan Committee and any applicable HUD regulations. The City may dispose of the property by a Lease Purchase Agreement. The property may be sold for rental housing if efforts to market it for homeownership fail. The City may also dispose of or sell the property to a neighborhood not-for-profit organization or a qualified nonprofit corporation in the business of providing decent and affordable housing.

D. ACQUISITION/DEMOLITION OF VACANT RESIDENTIAL PROPERTY

A property selected under this activity must be located within the approved Revitalization Area as authorized by City Council. The selective acquisition of vacant residential properties for demolition shall be based upon the fact the property is not feasible for rehabilitation and is a detriment to the neighborhood. Vacant, residentially zoned lots or parcels may also be acquired for the development of affordable housing to meet goals and objectives of the City's Consolidated Plan. Vacant residential lots shall be acquired only where residential development is impracticable as a result of City liens, assessments, or any combination of other factors, which make private residential development economically unlikely or impractical. In the event liens imposed by the City on the property exceed the appraised value, then the City may elect to accept the property subject to such liens to facilitate the transfer of the property to the City by the property owner for housing development under this part. All properties considered will be acquired voluntarily based upon an appraisal by a certified appraiser under the provisions of the Uniform Relocation Act unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City.

All vacant residential properties selected by the Loan Committee must be approved by the Director of Planning and Development.

Following acquisition and demolition of the property, the City will proceed to dispose of the vacant land for residential redevelopment in compliance with HUD regulations.

E. ACQUISITION OF OCCUPIED RENTAL RESIDENTIAL PROPERTY

A property selected under this activity must be located within the approved Revitalization Area or separately authorized by City Council. The selective acquisition of occupied residential properties shall be based upon the fact the property is considered to be a financially viable and affordable rental property with little or no rehabilitation necessary. Factors affecting the decision to acquire such property include location to amenities for low-income residents such as transportation, size of units, and access to recreation or shopping or community or health facilities. Additionally, consideration must be given to the requirements of the Uniform Relocation Act with proper notification and support to current tenants.

All properties will be acquired voluntarily based upon an appraisal by a certified appraiser under the provisions of the Uniform Relocation Act unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City for which an appraisal is not required.

F. DOWNPAYMENT/CLOSING COSTS ASSISTANCE FOR THE FIRST-TIME HOMEBUYERS

This loan activity may be administered by the City or assigned to an eligible Neighborhood-Based, Non-Profit Organization by Sub-Grant Agreement. The Loan Committee shall develop policies and procedures which shall be governed by the following basic eligibility criteria:

To be eligible for this project, a family or individual must be a first-time homebuyer, as defined by HUD, and must be determined to be low income. The applicant must demonstrate that his or her annual gross household income is not greater than the amount from the applicable HUD income schedules published for the City of Springfield as adjusted by family size. The applicant must be prequalified by a recognized lending institution.

The applicant may apply for assistance for a newly constructed home or for an existing home. An existing home assisted under this project must be determined to meet HUD's property standards or provide assurance that the home will be repaired to meet the required standards.

The following assistance may be provided:

- Loans may be in an amount up to 10% of the purchase price.
- Purchase price limits shall adhere to HUD limits.
- Loans may pay all reasonable closing costs and pre-paid expenses in accordance with the limits for the funding source.
- Maximum assistance per property transaction shall not exceed the limits set by HUD. The Loan Committee may establish lesser limits than HUD limits as necessary.

- The minimum assistance per property transaction will be \$1,000.

The loan made on the property shall be secured by a Deed of Trust in favor of the Neighborhood Organization/CDC administering the program or City of Springfield. The loan may bear interest at the rate approved by the Loan Committee or be a deferred, no-interest loan.

The City of Springfield program shall adhere to the requirements in Chapter 3, Paragraph A (5)

G. HOUSING COUNSELING SERVICES

Owner-occupants, first-time homebuyers, and tenants of assisted properties, or properties to be assisted may be eligible for HUD-approved housing counseling services.

Counseling service may be provided by the City, or its designated Agent, to those persons who are having difficulty with financial management and credit problems. In some cases, counseling may be needed for first time homeowners to assist them in coping with the problems associated with property ownership.

H. HUD APPROVED FINANCING MECHANISMS

Assistance provided through this activity would promote blight clearance, maintenance/rehabilitation of affordable housing, or production of affordable housing. This activity may utilize any of the HUD approved financing mechanisms.

I. MINOR AND EMERGENCY HOME REPAIR LOANS

An owner-occupied minor or emergency home repair loan may be made only for residential property located within the approved Revitalization Area authorized by City Council. Minor home repairs are limited to those which will improve the habitability and promote housing stability for the home and/or inhabitants. These repairs are intended to stabilize the home, reduce, or prevent damage from weather or infestation, and, where possible, increase energy efficiency. These repairs are also intended to increase the security and/or safety of the home's inhabitants. Lastly, minor repairs can be targeted to reduce individual property blight and improve the immediate neighborhood surrounding the home.

The minor and emergency home repair projects will have a limited scope of work. The nature of this program is to abate or stabilize conditions that affect the habitability and stability of the property or to prevent further damage. Such action may leave additional work for the homeowner or other service programs to share in the effort.

In order to be eligible for a minor or emergency home repair loan, the applicant must be the owner of record as defined by HUD and occupy the property to be assisted containing no more than one (1) dwelling unit. The applicant must have a combined gross annual household income that does not exceed 80% of the median for the City by household size. Loan committee, with the approval of the Department Director, is authorized to establish a minimum ownership period prior to approving a loan for repairs.

Occupancy Exceptions: Special exceptions to the requirement that the owner of record occupy the property prior to application may be granted by the Loan Committee for purposes of furthering the City's housing policy and in fulfilling the objectives of neighborhood plans. Situations for granting special exceptions may include the following:

- The owner has lived in the property previously and the owner or the owner's legal heirs agree to the owner-occupancy requirements immediately after rehabilitation is completed; or
- The property is uninhabitable at the time of application and the owner or owners agree to the owner-occupancy requirements immediately after rehabilitation is completed; or
- The property owner of record is a qualified, nonprofit corporation in the business of providing decent and affordable housing; the property will be rehabilitated by the corporation; and it is agreed that the property will be sold, after completion of rehabilitation, to a buyer who qualifies on the basis of income and agrees to the owner-occupancy requirements.

The following program requirements will govern this program:

- The financial assistance shall be in the form of a loan, which must be repaid when the recipient ceases to be an owner-occupant or ownership is transferred to another party.
- Maximum loan funding shall not exceed \$15,000 unless prior approval is granted by the Loan Committee. Granting exceptions is solely the responsibility of the Loan Committee and not subject to the provisions of appeal that are described in Chapter 7.
- No interest for the loan will accrue nor will be charged for the life of the loan.
- No Loan payments may be required for this loan.
- The property must not have received this service/loan in the past.
- The Director of the Planning and Development Department is authorized, upon recommendation of the Loan Committee, to write off a debtor's liability for the portion of indebtedness which is in excess of the property's fair market value when the property is sold subject to the net proceeds of the sale even if that is 0. Net proceeds will be defined in similar manner to the HOME regulation 24 CFR 92.254 as the sales price minus superior loan repayment and any customary and reasonable closing costs.

The Loan Committee, upon approval of the Director of Planning and Development, may adopt additional program eligibility requirements or guidelines for this program.

CHAPTER 3

FUNDING LIMITATIONS AND PROGRAM REQUIREMENTS

This Chapter sets forth the maximum loan amounts and other basic requirements under the Program for each activity.

A. MAXIMUM LOAN AMOUNT BY ACTIVITY:

1. Owner-Occupied Housing Repair Loans

The Loan Committee shall be responsible for setting the maximum loan amount per project. Generally, the maximum loan amount shall be that amount when added to the existing indebtedness which does not exceed the estimated value of the property. In setting the maximum loan amount, the Committee will consider the condition of the property, the need for rehabilitation assistance, the presence of children or elderly, the health and safety of the occupants, the presence of unsafe conditions, and the credit rating of the applicants. No amount may exceed the applicable HUD limit. For Minor and Emergency Repair loans no equity analysis or appraisal is required due to the emergency nature of the work and the minimal City investment.

2. Rental Loans (HOME or CDBG)

The Loan Committee shall be responsible for setting the loan terms and the maximum loan amount for a HOME or CDBG Assisted rental project. In setting the maximum loan amount, the Committee must consider the following HUD criteria:

- a. HUD establishes a maximum per unit HOME subsidy by number of bedrooms.
- b. For projects with 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must be occupied by very-low-income households whose income is 50% of the median household income or less. These units must comply with this limit for the affordability period.
- c. Further, HUD rules require that 90% of the HOME funds be used for rental housing to assist tenants that are 60% or less of median and 20% of the HOME assisted rental units must be for tenants with incomes at 50% of the median.

3. Acquisition/Rehabilitation/ Disposition of Vacant Residential Property

Vacant residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (P.L. 91-646), -as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City for which an appraisal is not required. The acquisition price shall not exceed the fair market value as determined by the Loan Committee, based upon an appraisal report or assessment of the value for the property by staff.

The amount for rehabilitation of the acquired property shall be based upon the lowest responsible and responsive bid from a qualified contractor to perform the work set forth in the rehabilitation plan for the property. Owner/contractors shall provide suitable cost data based on bids or quotes and estimates for review by the Project Specialist and approved by the Loan Officer and Loan Committee.

The Loan Committee shall determine the value of the property to be disposed of by virtue of the cost of acquisition, the cost of rehabilitation, and other related costs based upon staff evaluation of the property. Loan Committee may take into account the condition of the property being disposed as well as the intended future use and value to the community when establishing the disposition sales price, if any.

4. Acquisition/Demolition of Vacant Residential Property

Vacant residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (P.L. 91-646), as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City. The acquisition price shall not exceed the fair market value as determined by the Loan Committee, based upon the appraisal report for the property.

The amount allocated for the demolition of the acquired property shall be based upon the lowest responsible and responsive bid for demolition from qualified demolition contractors.

The Loan Committee shall determine the value of the property to be disposed of by and acceptable appraisal of the vacant residential property.

If the property qualifies as Low-income housing, Loan Committee shall consider the HUD requirement for one-to-one replacement for demolition projects, as applicable.

5. Down Payment/Closing Costs Assistance Loans

The maximum amount of a loan for down payment/closing cost assistance shall not exceed the limits set by HUD. Assistance may be used for the down payment, in addition to all reasonable closing costs on the property, the sum of which shall not exceed the maximum limits set by HUD.

The applicant shall be responsible for any additional required down payment and any amount over and above the maximum limits set by HUD.

6. Housing Counseling Services

The Loan Committee shall establish the maximum amount a family or individual may receive for housing counseling services on a case-by-case basis. The amount allocated for such services shall be reasonable and proper to accomplish the goals of the Program.

7. HUD Approved Financing Mechanisms

The Loan Committee shall establish the type and terms of assistance subject to HUD regulations. The amount allocated for such assistance shall be reasonable and proper to accomplish the goals of the program.

8. Miscellaneous

Miscellaneous income loan proceeds derived from the Section 301 Rental Rehabilitation and Housing Development Grant programs, now called the Loan Program Reserve Fund, shall be used exclusively for HUD eligible activities as determined by the Loan Committee.

B. OTHER PROGRAM REQUIREMENTS

1. Loan Interest Rate

All loans which are to be amortized shall be a fixed rate established annually, or more often, if necessary, by the Loan Committee. CHAP loans shall use the City's Commercial Loan Program interest rate that is in effect at the time of loan application not to exceed 5%. This will allow the interest rate to be competitive with local lending.

2. Loan Terms

The Loan Committee shall have the discretion of negotiating the terms of an amortized loan with the applicant. The usual maximum amortization period shall be 20 years. Loan Committee may consider longer amortization periods with the approval of the Director of Planning and Development. If an otherwise worthwhile project is marginally feasible, the Committee may structure a loan term with a balloon payment or deferred loan.

3. Special Loan Provisions for Approved Non-Profit Organizations including CDCs.

For approved non-profit organizations providing, constructing, and/or rehabilitating affordable housing, the loan for acquisition or rehabilitation of property may be provided at zero percent (0%) interest (with deferred payments), due upon sale of the property, or at such time that the property no longer provides affordable housing. The Loan Committee may provide subsidies to these organizations, to ensure HUD affordability requirements are met. The Loan Committee, upon approval of the Director of Planning and Development, will adopt guidelines and approve neighborhood non-profit organizations that are eligible for this provision.

4. Owner Equity and Loan Security

There must be sufficient owner equity in a property to be assisted under this Program as determined by the Loan Committee. Fee and staff appraisers will be used by the Loan Committee to determine loan feasibility. All loans shall be secured by Deeds of Trust and Promissory Notes.

5. Loan Payoff

When a property assisted under this Program is sold or transferred, or ceases to be used for the purpose set forth under the loan terms and conditions, the full amount of the loan balance shall be paid by the borrower to the City at the time of closing or transfer.

6. Use of Loan Proceeds

Loan proceeds must be used only to pay for the costs associated in carrying out the construction work on the property in accordance with the construction plan. The Program Administrator, however, may allow change orders to the original plan when justified and verified by City staff. Changes to the original loan amount shall be approved by the Loan Committee.

7. Completion of Construction Work

The applicant must assure and agree that the construction work approved for the project will be completed promptly.

8. Cancellation of Loan

All loan proceeds must be returned to the City with no right, interest, or claim by the applicant if the loan is canceled before the construction work has commenced.

9. Ineligible Contractors

The applicant shall not knowingly award any contract for construction work assisted under this Program, in whole or in part, to any contractor who is ineligible under the provisions of any applicable regulations issued by the Secretary of Labor or who is on the contractor-debarred list of the Loan Committee.

10. Inspections and Contract Compliance

The applicant consents to allow City staff to inspect the property and to determine contract compliance during construction work and at the completion of the project. The appropriate compliance documents will be recorded to ensure the HUD requirements are met for any required extended compliance.

11. Records

The applicant must keep such records as may be required with respect to the construction work.

12. Reporting of Gross Household Income

The applicant shall submit verification of total household income and liquid assets. Household income shall be reported from all sources; however, the Loan Committee may allow certain exclusions from gross household income based upon federal guidelines.

13. Loan Assumption and Subordination

Loans are generally not assumable except in special cases where the assumption would be in the best interest of the City and approved by the Loan Committee. In instances when loan assumption or subordination is requested by the borrower, a \$200 fee shall be charged to cover the costs of processing. In order to avoid financial hardship, the Loan Committee may waive the processing fee to low-income individuals and families.

CHAPTER 4

TERMS AND CONDITIONS UNDER WHICH LOANS AND OTHER FINANCIAL ASSISTANCE WILL BE PROVIDED

This Chapter describes the basic terms and conditions with respect to financial assistance provided under the Program.

A. GENERAL CONDITIONS

1. Owner-Occupied Housing Loans

The applicant must provide basic information to the City to determine eligibility for assistance. The owner will be required to provide proof of ownership and evidence to support annual household income. The owner must have an acceptable credit rating and be current with existing mortgage payments and taxes.

Based upon income information provided and verified, the City will determine that portion of the construction costs that will be amortized and that portion that will be a deferred, no-interest loan. The applicant agrees to conform to all Program requirements and sign promissory notes and deeds of trust. The loan documents will specify the conditions under which a loan must be repaid and the term of the loan.

2. Rental-Housing Loans

Housing loans will require the applicable interest rate and the loan term generally shall not exceed 20 years, unless the Loan Committee determines that a longer term would be in the best interest of the City. The Loan Committee may approve a deferred loan on the property if necessary. The applicant must submit a pro-forma for the project and agree to submit data to support a good credit rating.

The applicant must agree to sign a Promissory Note and execute the appropriate Deed or Deeds of Trust with the City. The applicant must also sign a required Regulatory and Marketing Compliance Agreement with the City. By signing the appropriate loan documents, the applicant shall agree to conform to all Program requirements and conditions.

An owner of rental property assisted with HUD Rental Housing Loan Funds may, by special permission of the Loan Committee, enter into a Lease Purchase Agreement with an income-qualified tenant. The Loan Committee shall approve of the terms and conditions of the Lease Purchase Agreement and approve of the tenant selected under this arrangement.

3. Rental Rehabilitation and New Construction (HOME funds)

This activity will require the applicant and City to coordinate the project closely in order to determine project feasibility in view of HUD regulations on rent controls and the rent affordability of the units assisted.

The City must ensure that all units assisted under this activity shall meet the applicable HUD HIGH or LOW HOME rents. Further, 90% of all HOME-assisted dwelling units must be occupied by households with incomes not to exceed 60% of the median family income at the time of occupancy or when funds are invested, whichever is later. Subsequent occupants after the first occupancy must be Low-income households for the duration of the required affordability period. For projects with 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must be occupied by very-low-income households whose income is 50% of the median household income or less. These units must comply with this limit for the affordability period.

In order to make a rental project assisted with HOME funds feasible due to rent controls and other program requirements, the following options must be considered by the applicant and the City:

- a. Either heavy loan subsidies must be provided to the owner or reasonable assurance provided the PHA will provide Section 8 Certificates or Vouchers for tenants of the project.
- b. The City may defer all or part of the loan to provide long term affordability.

Owners of properties assisted with HOME funds must certify to the City on an annual basis the rents and income of the lower income tenants for the period of affordability set for the project. Applicants must sign a Regulatory and Marketing Compliance Agreement.

In conjunction with rental housing construction activities assisted under HOME, the City may acquire or finance the acquisition of real property containing substandard housing units. HOME acquired properties may be publicly or privately owned and/or managed.

For those projects where HOME funds are used in combination with CDBG funds, the HOME program rules shall apply.

4. Acquisition/Rehabilitation, Disposition of Vacant Residential Properties

Vacant residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (P.L. 91-646), as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City for which an appraisal is not required.

Property acquired must be evaluated on the following criteria:

- a. Need to acquire the property to meet objectives of the Program and its impact on the neighborhood.
- b. Feasibility of repair of the vacant property.
- c. Market for resale, preferably to owner-occupant.

Property acquired and rehabilitated by the City will be publicly advertised to invite proposals for purchase. The City will agree to pass on the rehabilitation costs on the same basis as for housing loans described in Chapter 2. The buyer of the acquired property will be expected to make arrangements at a local lending institution for the purchase from the City with the City taking a second mortgage on the property.

5. Acquisition/Demolition of Vacant Residential Property

Vacant residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (URA) (P.L. 91-646), as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City. The property to be acquired must be selected on the basis of its impact on the neighborhood and re-use plans for the vacant land. These acquisitions assume that the property owner (seller) agrees to the Fair Market Price established under the URA policies.

Loan Committee shall evaluate:

- a. The financial feasibility of the project.
- b. Impact on affordable housing inventory.
- c. Relationship to current Goals and Objectives.
- d. Environmental issues, if any.
- e. Whether the seller is a willing seller under the URA.

Following demolition of the property, the City will solicit proposals for redevelopment. If the owner of the vacant and dilapidated property desires to retain ownership of the land and redevelop, the City will acquire structure only and demolish. The Loan Committee may determine the project best be served by providing a loan on the demolition costs at the amortized interest rate.

6. Acquisition of Occupied Residential Property.

Residential properties will be appraised and acquired in accordance with the provisions of the Uniform Relocation and Real Properties Acquisition Policies Act of 1970 (URA) (P.L. 91-646), as amended and in accordance with all other HUD regulations, unless the City purchases the property at a sale for taxes or sale of the property based upon a lien by the City under the Dangerous Building Code or nuisance law of the City. The property to be acquired must be selected on the basis of its impact on the neighborhood. These acquisitions assume that the property owner (seller) agrees to the Fair Market Price established under the URA policies.

Loan Committee shall evaluate:

- a. The financial feasibility of the project.
- b. The possible relocation issues and expenses.
- c. Impact on affordable housing inventory.
- d. Relationship to current Goals and Objectives.
- e. Environmental issues, if any.

- f. Whether the seller is a willing seller under the URA.

7. Down Payment/Closing Cost Assistance

This activity may be assigned to an eligible Neighborhood Non-Profit Organization by Sub-Grant Agreement. The eligible organization must be determined to be capable of handling the project and must meet HUD regulations regarding membership and group objectives. Loan procedures established by the sub recipient shall be approved by the Loan Committee.

An applicant for this activity must be a first-time homebuyer, as defined by HUD, and have an acceptable credit rating and responsible financial history.

Maximum assistance provided under this activity shall not exceed limits set by HUD. The sub recipient may provide funding for the required down payment and pay all reasonable closing costs, as approved by the Loan Committee, the total amount not exceeding the maximum limits set by HUD. The buyer must be able to pay all costs over and above the maximum limits set by HUD. The applicant must be qualified to purchase a dwelling by a recognized lending institution before proceeding to make application to the sub recipient.

The down payment/closing cost assistance shall be in the form of a loan with the sub recipient holding a second mortgage on the property. An applicant may purchase an existing home, subject to certain conditions, or a newly constructed dwelling.

8. Minor and Emergency Home Repair Loans

The applicant must provide basic information to the City to determine eligibility for assistance. The owner will be required to provide proof of ownership and be current with existing taxes.

B. OTHER CONDITIONS FOR FINANCIAL ASSISTANCE

The following conditions or requirements must be agreed to prior to granting financial assistance under the Program:

1. Civil Rights

The applicant must comply with all HUD requirements with respect to Title VI of the Civil Rights Act of 1964, not to discriminate on the basis of race, color, creed, sex, age, religion, national origin or ancestry, handicap, or political opinion or affiliation in the sale, lease, rental or use or occupancy of the subject property.

2. Environmental Review

Prior to any commitment being made, the project must be approved under Part 58, Environmental Review. The applicant must agree to abide by all applicable federal regulations.

3. Compliance with Davis-Bacon Act

All parties to a Contract for Improvements under the CHAP Program shall comply with the provisions of the Davis-Bacon Act regarding payment of prevailing wages and reporting and certification requirements if the completed project funded with CDBG funds involves eight (8) or more residential units, or 12 or more units if funded with HOME funds.

4. Conflict of Interest -- Federal Regulations

No person who is an employee, agent, consultant, officer or elected official or appointed official of the City of Springfield or the LCRA who exercises or has exercised any functions or responsibilities with respect to activities assisted under this Program or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from such activities, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds hereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

In the event the conflict-of-interest provisions of Section 24 CFR 92.356 or 24 CFR 570.611 are waived by HUD pursuant to the written request of the City Manager, under circumstances which would not otherwise constitute a conflict of interest under state or local law, the conflict of interest set forth in this section shall likewise be waived by the City of Springfield.

5. Bonus, Commission or Fee

The applicant may not pay any bonus for the purpose of obtaining City approval or any other approval or concurrence required by the City or its designee to complete the construction work financed in whole or in part with the loan funds.

6. Conflict-of Interest -- City Charter Provisions

No member of the council and no salaried officer or employee of the City shall have financial interest, direct or indirect, in any contract with the City, or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the city as an officer or employee.

No member of a board or commission shall have a financial interest, direct or indirect, in any contract with the department or administrative agency managed or operated by the board or commission on which he is serving, or be financially interested, directly or indirectly, in the sale to the board or commission of any land, materials, supplies, or services except on behalf of the department or administrative agency.

Any violation of this section renders the contract or sale void, and any council member, officer, employee, or board member violating this section thereby forfeits his office or employment.

7. Relocation Assistance/Tenant Assistance

The City shall provide relocation assistance and advisory services to all persons who are displaced by construction projects to enable them to find safe, sanitary, and decent replacement housing. Relocation payments and assistance shall be provided in accordance with the Uniform Relocation Act of 1970, as amended, and/ or Section 104(d) of the Housing and Community Development Act of 1974, as amended. Tenants who are expected to remain in an assisted project may be eligible for tenant assistance. All tenants that are affected by the project shall be provided with a copy of the applicable HUD Relocation Assistance Brochure.

Consistent with the goals and objectives of activities assisted under this Program, the City will assign priorities to projects which will minimize displacement of persons from their homes and neighborhoods.

C. OCCUPANCY REQUIREMENTS AND SPECIAL CONDITIONS

1. HOME funded projects.
 - a. HOME rental projects require the initial occupancy by families with gross household income that is no more than 60% of the Area Median Income (AMI). Subsequent tenant's family income may be no more than 80% AMI. For projects with 5 or more HOME-assisted units, at least 20% of the HOME-assisted units must be occupied by very-low-income households whose income is 50% of the median household income or less. These units must comply with this limit for the affordability period.
 - b. HOME-funded owner projects require the initial occupant's household income to be no more than 80% AMI including Down-payment Assistance.
2. CDBG Funded Projects require the initial occupant's household income to be no more than 80% AMI.

A quick summary of the requirements is attached as Appendix A.

CHAPTER 5

ELIGIBLE COSTS IN REHABILITATION OR NEW CONSTRUCTION LOAN

This Chapter describes those costs and services that may be included in a housing loan to achieve practical compliance with the Minimum Housing Standards under this Program.

A. ELIGIBLE COSTS

When necessary to correct substandard conditions and to meet specific requirements of the Minimum Housing Standards and Energy Conservation Standards, a loan may include the following costs:

1. Labor, materials, and other costs of rehabilitation of residential properties, including: the repair and correction of deferred maintenance or incipient conditions; replacement of principal fixtures and components of existing structures; installation of security devices, renovation through additions to, or enlargements of, existing rooms of a structure, and reconstruction of the building.
2. Improvements to increase energy efficiency of structures through such measures as storm windows, doors, siding, and wall and attic insulation.
3. Improvements to increase the conservation of energy by repair or replacement of heating and cooling equipment with energy efficient equipment and the efficient use of water through water saving devices and repair of plumbing fixtures.
4. Repair or purchase and installation of kitchen equipment, as allowed by the Department of Housing and Urban Development.
5. Connection of property to water and sanitary sewer distribution lines.
6. Loans to refinance existing debt secured by the property if such refinancing is determined by the Loan Committee to be necessary and appropriate to achieve the City's Affordable Housing Strategy and/or to address health or safety issues.
7. Costs of appraisal and survey services related to loan application.
8. Costs of initial homeowner premiums, hazard insurance, and flood insurance premiums, but not on a continuing basis.
9. Rehabilitation services such as housing counseling, energy audits, and preparation of work write-ups and specifications associated with construction work to be performed on the property.
10. Pest control services, removal of trash and other materials, but not on a continuing basis.
11. Landscaping and removal of dangerous trees and improvements to promote water drainage.

12. Removal of lead-based paint and other hazardous materials.
13. Temporary or permanent relocation payments.
14. HOME funds may be used for new housing construction and related costs that are approved by the Loan Committee.

B. INELIGIBLE LOAN COSTS

New construction, except as permitted under HOME and Minimum Housing Standards, and substantial reconstruction or expansion of the structure as general property improvements.

1. Home improvements that are essentially redecoration and not in connection with minimum housing requirements.
2. Materials, equipment or landscaping of a type or quality which exceeds that customarily used in the locality for properties similar to the property being rehabilitated.
3. In general, questions of includable and non-includable costs are to be interpreted in terms of the intent of the goals and objectives of CHAP.

CHAPTER 6

ASSURANCE THAT REHABILITATION AND NEW CONSTRUCTION WILL BE COMPLETED

This Chapter sets forth provisions requiring the applicant to cooperate with City staff and the general contractor to assure timely completion of the project.

The applicant shall ensure that all the required rehabilitation will be completed to specifications, on time and within budget. Specifications shall be in terms of the Minimum Housing Standards. The final work write-up will be specific enough, in terms of grades, quantities, etc., to enable bidders to evaluate the project.

A qualified general contractor shall be employed to manage the construction project. In extenuating circumstances, the applicant may serve as his/her own general contractor if he/she presents evidence of ability to carry out a general contractor's responsibilities and is approved by the Program Administrator. City Staff may assist by inviting contractors to submit competitive bids and by conducting bid openings.

In order to facilitate contract, change orders, the Program Administrator may require bids to be itemized by task.

The Program Administrator or their designee shall arrange for contract signing, loan closing, and all other steps needed for the project to meet City, State, and Federal program requirements. The Program Administrator or their designee shall provide construction supervision, process payment requests, and contract change orders and deal with the owner and general contractor to see that the terms of the contract and the work write-up are carried out. The Project Specialist shall ensure that appropriate quality work is performed and that contract changes are negotiated fairly.

CHAPTER 7

PROCESSING OF LOANS

This Chapter outlines the functions to be performed by the City staff in connection with a housing loan and sets forth the rules and regulations to be followed by the Loan Committee in preparing, processing, and approving or denying an application for a housing loan, canceling an approved housing loan, and an appeal procedure for aggrieved applicants.

A. PROCESSING AND APPROVAL OF LOAN APPLICATION

Processing an application by City staff may consist of:

- Making a preliminary inspection and cost estimate for the property upon receiving a housing-loan inquiry.
- Explaining the program requirements and procedures and assisting the owner in filling out the necessary application forms.
- Setting up a file for completed application documents.
- Verifying information submitted in connection with an application and ordering a credit check, a lead-based-paint-hazard inspection, and an environmental review.
- Preparing a summary of the proposal data for the Loan Committee's preliminary approval.
- Preparing a work write-up for owner's approval.
- Assembling forms and documents for bidding and contract signing.
- Presenting a completed application package to the Loan Committee and the loan servicing agent.

If the housing loan is approved by the Loan Committee, the Program Administrator or their designee shall notify the applicant and proceed with the remainder of the functions to complete the construction work. Funds will be placed in escrow with liens and notes signed.

B. PRO-FORMA AND PERSONAL FINANCIAL STATEMENT

A project pro forma may be required which will include income, expenses, and cash flow demonstrating the ability to meet loan payments. Also, a personal financial statement must be submitted in order to establish ability to pay and net worth.

C. RIGHT TO CANCEL LOAN

An approved housing loan may be canceled by the Loan Committee because the applicant has requested cancellation or is unwilling or unable to proceed with the construction work, or for other reasons. The request for cancellation must be in writing and delivered or mailed to all parties in the agreement.

D. APPEAL OF ADVERSE DECISION

The Loan Committee, while obligated to give every consideration to bona fide rehabilitation and new construction proposals, shall not approve a loan unless it represents a reasonable risk, and the applicant is willing and able to abide by the terms and conditions to achieve the Residential Loan Program goals and objectives. However, it is possible for the Loan Committee to disapprove a particular proposal without disapproving the applicant on the basis of his or her general qualifications for a loan.

If the Loan Committee determines that the application cannot be approved, a written statement of the reasons for the determination shall be put in the application file and the applicant notified in writing of the decision by the Program Administrator.

Any applicant aggrieved by a decision of the Loan Committee relating to loan approval, loan cancellation or determination of loan amount, may request a hearing before the LCRA Board by filing a request with the Secretary of said Board within thirty (30) days of receiving notification of the Loan Committee's decision. Such appeal also may be made if the applicant either takes issue with the findings of the Loan Committee or believes there are circumstances which, if known and considered, would establish extreme hardship, and justify variance from the eligibility standards established herein.

The Secretary shall place the request for appeal on the LCRA Board agenda within 30 days of receiving notice of appeal. The LCRA Board may affirm or reverse or modify the decision of the Loan Committee and shall notify the Loan Committee and applicant in writing of its decision and its reasons, therefore. The LCRA Board's decision shall be final.

CHAPTER 8

RENT REGULATION

This Chapter sets forth basic requirements with respect to rent controls/rent regulation for properties assisted with CDBG and HOME Funds under this Program.

RENT REGULATORY AGREEMENT REQUIREMENTS

1. Rental Housing Assisted with CDBG Funds

A Federal Property Use Restrictions and Agreement for Affirmative Marketing and HUD Program Compliance (Rent Regulatory Agreement) shall be entered into between the applicant and City stating the monthly rental charge per unit and describing any utility or service provided with the rent, if any. The applicant may require the tenant to prepay one month's rent plus a security deposit not to exceed one month's rent. The applicant shall not require as a condition of occupancy any other fee or deposit. The Rent Regulatory Agreement shall be for a minimum period of five (5) years from the completion of the construction work. The owner may increase rents as allowed by the current HUD published Fair Market Rent or HIGH and LOW HOME Rent Schedules. Generally, any increase in rent allowed will result by a net increase in operating costs, such as an increase in taxes, insurance or other costs related to operating the rental project.

The applicant must agree to furnish the tenant in writing at the time of the lease or rental agreement the following:

- a. Rent to be charged by unit and any utilities or services included with the rent, if any.
- b. Parking facilities and separate storage facilities if available.
- c. Laundry and trash disposal facilities if a multi-family rental project.

The applicant must agree to market/rent the units in accordance with applicable requirements of the City Fair Housing Law.

2. Rental Housing Assisted with HOME Funds

There shall be both a HOME Agreement and a Federal Property Use Restrictions and Agreement for Affirmative Marketing and HUD Program Compliance for projects assisted with HOME Funds (See Chapter 4).

CHAPTER 9

PROGRAM CONTINGENCY FUNDS

This Chapter makes provisions for paying the costs of unforeseen additional needs after funds already allocated for an individual rehabilitation or new construction project have been exhausted.

Payments under these provisions shall be in the form of grants to property owners paid out of CDBG or HOME program funds. The amount must be for clearly defined; unforeseen costs acceptable to the Loan Committee. Loan Committee must consider the value of completing the project when reviewing the additional expense.

Use of these program contingency funds shall be authorized by the Director of the Department of Planning and Development, upon recommendation by the Loan Committee, only in unusual and compelling circumstances, including but not limited to, repairs to the property not covered by the original work write-up ordered by an agency having political jurisdiction over city-housing projects, or to meet public health and safety requirements, or costs resulting from unexpected causes.

These funds may be applied either during the construction period or up to a year after a project has been officially closed out.

Repair work using program contingency funds will be done only under written contract between the property owner and qualified, licensed contractors. Contract prices shall be established through negotiated bidding with advice and consent of the Loan Committee.

CHAPTER 10

RESOLUTION OF DISPUTES

This Chapter describes the policies applicable to disputes that may arise between the Borrower/Property Owner and the Contractor during the minor and emergency repair, rehabilitation, or new construction processes.

A. INTRODUCTION

Ultimately, the Property Owner and the Contractor are responsible for discussing and resolving their differences. However, in those cases where agreement is not reached initially, the City may assist as an informal mediator and/or a source of information.

If the City's informal assistance does not succeed in resolving the dispute, the Property Owner and Contractor may either submit the case jointly to formal, binding arbitration or seek the advice of their own legal counsel.

For the purposes of these Rules and Regulations, a "dispute" shall be defined as a continuing claim, submitted in writing, which is raised by either the Property Owner or the Contractor, alleging that the letter or the spirit of the written contract has not been carried out by the other party. Such disputes generally involve interpretation of such issues as quality of workmanship, required scope of work, contract price adjustments, and mutual cooperation between the Property Owner and the Contractor.

This definition also covers those occasions when one party to the contract claims that the other party has defaulted on his contractual obligations and wishes to halt further work under contract.

B. INFORMAL MEDIATION BY THE CITY

It is common for City staff to be asked to make clarifications of contract requirements or performance evaluations in response to minor difficulties that arise in every project on a day-to-day basis. However, if any such field judgments are not acceptable to both parties, the aggrieved party may ask for informal mediation by the City's Program Administrator. The request must be submitted in writing within five days after the other party has received the Project Specialist's field judgment.

If both parties agree, the Program Administrator will convene a meeting before the Loan Committee within five business days of receiving the first written notice of dispute. The Loan Committee will hear the dispute and advise the Program Administrator in the formulation of resolution of the dispute.

After listening to both sides of the issue, unless further investigation is warranted, the Program Administrator will propose a resolution to the dispute he or she considers to be fair to both parties while being consistent with the contract documents and the housing loan program policies and procedures.

If both parties accept the Program Administrator's proposal, a simple statement of acceptance may be drafted on the spot, signed by all parties, and witnessed by a member of the Planning and Development staff. This does not necessarily mean that both parties now see eye-to-eye on the issue, only that they have accepted the Program Administrator's proposal on practical terms and are willing to put the dispute behind them. Copies of the statement will be made for each party to the contract and for the project file.

While this informal mediation process cannot be considered legally binding, its purpose is to give both parties a fair and open hearing and thereby neutralize conflicts that could jeopardize the project.

When the meeting is the result of a request by either party to terminate the contract, the Program Administrator will, after reviewing the evidence presented, take the matter under advisement and, within five days, render a written decision for or against termination.

C. FORMAL, BINDING ARBITRATION

If either party declines to sign a statement accepting the Program Administrator's proposed resolution, the Program Administrator will advise them this mediation meeting has exhausted the avenue of appeal as far as the City is concerned.

The Program Administrator will also provide both parties with information about arbitration services that are available for a fee through the Better Business Bureau of Southwest Missouri. (The General Contractor and Property Owner shall be responsible for all fees associated with the binding arbitration procedure).

The Bureau's arbitration services call for both parties in a dispute to jointly submit a signed request for arbitration, stating the nature of the dispute and agreeing beforehand to abide by the arbitrator's decision.

The facts of their case are reviewed at a scheduled hearing before the arbitrator, who is a disinterested community volunteer acceptable to both parties. If additional information is needed, the arbitrator may visit the job site before delivering a written decision.

The decision of the arbitrator and any award made by the arbitrator generally are not subject to appeal in a court of law.

CHAPTER 11

PROTECTION OF THE CITY'S FINANCIAL INTEREST IN RESIDENTIAL PROPERTIES ASSISTED WITH LOANS

This Chapter outlines the basic procedures and policies of the City regarding protection of its financial interest in real property.

A. PURPOSE

To meet program objectives and achieve housing goals, and to provide financial assistance where needed; the Loan Committee often approves loans for housing rehabilitation on properties that require the City to assume a subordinate position to existing liens on the property being assisted. As a result, it may be necessary from time to time for the City to provide funds to acquire a permanent interest in, or to obtain temporary control of, the assisted property in order to protect the financial interest of the City when foreclosure is pending by a lien holder on the property as a result of nonpayment by the mortgagor.

B. PURCHASES

This Chapter authorized the Director of Planning and Development, upon recommendation of the Loan Committee, to expend funds from the appropriate loan account to acquire a permanent interest in, or to obtain temporary control of, the assisted property in order to protect the financial interest of the City upon general default of the borrower or when foreclosing by a lien holder would seriously affect the investment of the City in the property and loan program.

C. SALES

The City Manager, upon recommendation of the Director of Planning and Development, may sell, lease, convey or otherwise transfer any real estate acquired by the City pursuant to a foreclosure of a deed of trust securing a loan under the Residential Loan Program, Rental Loan Program, Small Business Development Loan Program, or any other revolving loan program administered by the LCRA, Department of Planning and Development, or Department of Economic Vitality. Notwithstanding any other ordinance to the contrary, any such sale, lease, conveyance, transfer, or other disposition of real estate thus acquired by the City shall conform to the following procedure:

- a. Prior to advertising a sale, the Loan Committee may, with the approval of the Director of Planning and Development, negotiate with a neighborhood non-profit in order to dispose of the property. Disposal under this procedure shall protect the financial interest of the City and allow for the provision of affordable housing.
- b. The Loan Committee shall, with the approval of the Director of Planning and Development, advertise for the sale, lease, conveyance, transfer, or other disposition of the real estate in a newspaper, magazine or other publication generally recognized in the Community as a real estate-marketing medium.

- c. The Loan Committee shall receive and evaluate offers and may negotiate such further terms and conditions as advance the purposes of the Loan programs. Where public knowledge might adversely affect the legal consideration, offers, negotiations, and related documents shall remain closed records until completion of the lease or sale of the real estate.
- d. The Loan Committee must review any proposed contract for the sale, lease, conveyance, transfer, or other disposition of the real estate. With Loan Committee's recommendation, these actions require the approval of the Director of Planning and Development and the City Manager.
- e. The Loan Committee, with the approval of the Director of Planning and Development, shall have the authority to provide financing for the disposition of property by using both deferred and/or amortized loans.
- f. The City Manager is authorized to execute all deeds, leases, or other instruments necessary to close the sale, lease, conveyance, transfer, or other disposition of the real estate.

D. WRITE-OFFS

The Director of the Planning and Development is authorized, upon recommendation of the Loan Committee, to write off a debtor's liability for the portion of indebtedness which is in excess of the property's fair market value when the property is sold under the following circumstances. Nothing contained herein shall be deemed to allow the forgiveness of any debt in contravention of Article 3, Section 39 of the Missouri Constitution.

- 1. Bankruptcy
- 2. Foreclosure
- 3. Conveyance by deed in lieu of foreclosure
- 4. The property was liquidated to help pay debtor's uninsured medical or nursing home expenses.
- 5. For the MINOR AND EMERGENCY HOME REPAIR LOANS see Chapter 2, Paragraph H.

E. SANCTIONS FOR NONCOMPLIANCE

Many of the provisions for loans are regulatory or statutory in nature and compliance must be assured under the terms for use of funds by State or Federal entities. The Loan Committee is authorized to utilize broad discretion to invoke sanctions other than foreclosure against borrowers who violate regulatory or statutory provisions that govern City loans. Sanctions shall include monetary fees or liquidated damages as a deterrent or assessment of up to 1% interest rate increase to loans for noncompliance. Such an assessment may be progressively increased by up to 1% for each six-month period that the borrower remains in noncompliance not to exceed the statutory usury laws of the State of Missouri.

CHAPTER 12

PROGRAM RULES DURING A DECLARED EMERGENCY

A. BACKGROUND

The City of Springfield, Missouri has experienced natural disasters and emergencies. Examples of these include the Ice Storm of 2007, and the COVID-19 pandemic. In these situations, either the Mayor of Springfield, the Greene County Commission, the Missouri State Governor, and/ or the President of the United States declared that emergency conditions existed. These events are not predictable as to when they will occur or what will be their impact on Springfield's residents, businesses, and/ or community resources.

These situations may require immediate reallocation of HUD funds for urgent response to alleviate the dangerous conditions or stabilize the economy and augment local resources using the HUD funding for eligible activities.

B. EMERGENCY DECLARANTS

An emergency may be declared by the President of the United State, the Missouri State Governor, the Greene County, Missouri Commission and/or the Mayor of Springfield, Missouri. When the Director of the Department of Public Health of the City of Springfield, Missouri exercises the power of quarantine and detention under City Charter Section 9.2(3), such exercise will also be an emergency declaration.

C. ACTIONS IN RESPONSE TO THE EMERGENCY

When a declaration of an emergency is made that impacts Springfield and subject to HUD grant requirements and any HUD-approved waivers or exceptions, the City Manager, or authorized designee, upon the Loan Committee's recommendation, may approve any of the following actions. These actions will take precedence over or modify some of the processes described in the previous chapters to these rules and regulations:

- Loan Committee may establish and implement revised loan activities that will support the needs of the current borrowers, non-profit agencies, or other community businesses, to the extent the needs are related to the declared emergency and eligible under any of HUD's national objectives, including Urgent Need. This includes establishing different loan terms for loans in support of the City's need to assist in alleviating the impact to the residents, businesses, or non-profit agencies in their response to, and recovery from, the emergency.
- Loan committee may defer loan payments for existing or future borrowers to assist the borrower's ability to sustain viability and recover from the emergency.

**SUMMARY OF GENERAL ORDINANCES (G.O.)
AND SPECIAL ORDINANCES (S.O.) FOR
THE COMPREHENSIVE HOUSING ASSISTANCE PROGRAM**

ORD.#DATE	ACTION
4743 9/2/1997	Amend Rules and Regulations for Small Business Development Loan Program and Comprehensive Housing Assistance Program; repeal: 22696, 22269, 21682 and G.O. 4146; adopt new program Rules and regulations.
5144 1/14/2002	A G.O. amending G.O. 4743 by adopting changes to the program rules and regulations for the Comprehensive Housing Assistance Program to allow special exceptions for home occupancy requirements and to add additional sanctions for non-compliance.
5810 3/23/2009	A G.O. amending Program Rules and Regulations For the Comprehensive Housing Assistance Program as previously adopted by G.O. 4743 and 5144; by adopting a new set of program rules and regulations to govern the Comprehensive Housing Assistance Program, to bring the entire program into compliance with new Housing and Urban Development Regulations and general updates for such programs.
5930 5/2/2011	A G.O. amending the program rules and regulations for the Comprehensive Housing Assistance Program as previously adopted by G.O. 581, by adopting changes to the rules and regulations for the comprehensive housing program.
6263 1/25/2016	A G.O. amending the program rules and regulations For the “Comprehensive Housing Assistance Program (CHAP) as previously adopted by G.O. 5810 on May 2, 2011, by amending Chapter 11, Section 4 to allow the Loan Committee to accept reduced payoffs under the “minor and Emergency Home Repair Loan” program.
6376 6/12/2017	A G.O. amending the CONPLAN and AAP with additional projects and suspending the Project Area definition for 1 year.

26993	1/29/2018	A S.O. allocating HUD funds from the Commercial Loan Program to the CHAP and making an exception for the acquisition of occupied rental property.
27117	10/8/2018	A S.O. funding a pilot Down-payment assistance (DPA) Program and allowing forgivable DPA loans
27331	6/15/2020	A S.O. adding Chapter 12 and allowing loan committee to modify loan terms during declared emergencies.
27781	12/12/2022	This proposed action: A G.O. amending the program rules and regulations for the Comprehensive Housing Assistance Program (CHAP) as previously adopted by G.O. 5810 and G.O. 6263 to update and conform the policies to match HUD regulations, revise the loan interest rate procedures, and allow the acquisition of occupied affordable rental properties.

APPENDIX A

TABLE 4-1

ACTIVITY	FUNDING SOURCE	LOAN TERMS	OCCUPANCY REQUIREMENTS	SPECIAL CONDITIONS	AGREEMENTS REQUIRED
OWNER REHABILITATION	CDBG or HOME	Max term 20 years; Amortized Amount based on income and Interest Rate in effect at application; Deferred 0%	Owner-occupant with gross household income 80% AMI based on household size	Must have good credit and property feasible for rehabilitation; future sustainability	Applicant must repay the loan if property is sold/transferred or violates the occupancy requirements
RENTAL REHABILITATION or NEW CONSTRUCTION	CDBG	Amortized Rate in effect at application; Deferred 0% with Balloon; Maximum term 20 years; loan committee may extend; Maximum per unit subsidy (HOME); New construction not allowed (CDBG)	Household income at or below 80% AMI	Property maintained to Quality standards; Income restriction for more than 5-unit projects;	Property use and marketing restrictions for at least the loan term apply
	HOME		Initial Household income at or below 60% AMI; 80% AMI for subsequent tenants		
RENTAL ACQUISITION/REHABILITATION/ DISPOSITION/ DEMOLITION VACANT PROPERTY	CDBG OR HOME	Acquisition may be 0% deferred; subsequent development loan terms established by Loan committee	Homeownership with HH income at 80% AMI preference before rental; rental occupancy must meet the Rental Rehabilitation guidelines	Dept. Director approval to acquire; Plan to develop within 24 months required; within target area; URA applies; 1-FOR-1 replacement may apply	Property use and marketing restrictions appl. Affordability restrictions as applicable to funding.
RENTAL ACQUISITION OF OCCUPIED RESIDENTIAL PROPERTY	CDBG OR HOME	Max term 20 years; Amortized Amount based on income and Interest Rate in effect at application; Deferred 0%	Occupancy requirements based on the funding source 80% AMI.	Dept. Director approval to acquire; within target area; URA & One-for-one replacement may apply.	Property use and marketing restrictions appl. Affordability restrictions as applicable to funding.

DOWN-PAYMENT /CLOSING COST ASSISTANCE	CDBG	0 % Deferred; HUD maximum loan amount (HOME); may include reasonable closing costs; loan deferment set by LC with Dept Director approval.	Household income at or below 80% AMI	50% Down-payment maximum;	Applicant must repay the loan if property is sold/transferred or violates the occupancy requirements
	HOME			100% Down-payment allowed; Max purchase price limits; min. loan \$1,000	
MINOR AND EMERGENCY HOME REPAIR LOANS	CDBG	Appraisal and credit report waived; Maximum loan amount 0% deferred set by dept policy; Max \$15,000 loan 0% deferred;	Owner-occupied with HH Income at or below 80% AMI. See exceptions for heirs.	Max. 1 dwelling unit; repairs for security, safety, energy efficiency, property blight, neighborhood improvement.	Applicant must repay the loan if property is sold/transferred or violates the occupancy requirements