



MEMORANDUM

To: Mayor and City Council

Thru: Ron L. Olson, City Manager

Thru: Susan Thorpe, Assistant City Manager

From: Eddie Ortega, Housing and Community Development Director (HCD)

Date: January 22, 2015

Subject: Proposed Eligibility Guidelines for funding Rental Properties

Issue/Problem

During the January 20, 2015 Council meeting, City Council requested HCD to create policy guidelines for the funding of Rental Projects through the Type A Board.

Background & Findings

The Type A Board, at their December 15th meeting, amended their Goals and Strategies to allow for the consideration of providing funding for proposed Rental Property projects. At the January 19th Type A Board meeting, the Corpus Christi Housing Authority requested Type A funds for the proposed rehabilitation of the La Armada II Public Housing Complex. The Type A Board approved funding in the amount of \$350,000 in fiscal year 2014-2015 and \$150,000 in fiscal year 2015-2016 for a total of \$500,000.

Conclusion

HCD has developed the following points to bring forth to the City Council for discussion and direction, with the goal of presenting to the Type A Board for their review and consideration of a policy to establish guidelines for the funding of Rental Property projects;

Rental Properties Funding Guidelines

1. Consideration of an annual allocation of funding for Rental properties
2. Entities seeking funds must NOT be eligible for Tax Credits under the HOME program.
3. Eligible Properties must leverage at least 90% of the project with other funds (i.e. Type A Funds may not be more than 10% of the total project)
4. Type A Funds not to be used for developer fees (100% of Type A Funds to be utilized for "hard" costs)
5. Affordability must be maintained for a minimum of 20 years

6. For-profit ownership not allowed (Funds subject to recapture if property sold to non-eligible owner before completion of affordability period)
7. Outside entities seeking funds in this category must have the following requirements of its tenants that would occupy the proposed rental project, for example;
 - a. Qualify as a family as defined by HUD.
 - b. Targeted income not to exceed 80% of area median income (to mirror homeownership program)
 - c. Qualify on the basis of citizenship or the eligible immigrant status of family members

Attachment: City of Corpus Christi Housing & Community Development Programs and Eligibility Criteria