

Residential Rental Rehabilitation Program Policy

Purpose

The City of Arlington's Residential Rental Rehabilitation Program provides financial support through low interest loans to residential rental property owners. The purpose of the Program is to support the rehabilitation of residential rental buildings by stimulating private investment in improvements that enhance the appearance of building and properties and eliminate blight as well as urgent needs by the tenants.

The Economic Development Authority for the City of Arlington, using its housing and redevelopment authority, created the Residential Rental Rehabilitation Program in order to eliminate or prevent blight.

The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and the demand of City services in relation to the projects potential benefits. Meeting policy criteria does not guarantee the award of assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City may deviate from this policy for projects that supersede the objectives identified herein.

Program Eligibility

The Residential Rental Rehabilitation Program provides a one-time low interest loan for eligible improvements. Eligible applicants are owners of residential rental properties or purchasers of properties that have a contract for purchase of an eligible property that they will be renovating upon closing of the property. Tenants will only be considered for funding if the application is signed by the property owner and the property owner agrees to be a co-signer to the loan.

The intent of the Residential Rental Rehabilitation Program is to focus on those buildings and properties that need improvement due to age, a desire to improve the overall impression of the property, and increase the value of buildings. Residential rental properties consisting of 1-10 units are eligible for the Program, regardless of zoning. Residential rental units located above or behind commercial properties within the B-2, Central Business District, are also eligible. Buildings consisting of 11 or more units are not eligible.

Eligible Expenses

For the purposes of this Program, eligible expenditures shall include expenses related solely to those improvements that are eligible for the Program. Expenditures excluded are those related to improvements required as the result of a code violation or other expenses deemed ineligible by the City.

- Exterior building improvements. Examples include, but are not limited to:
 - Exterior painting
 - Surface treatment (i.e. siding or stucco replacement/repair)
 - Window replacement
 - Door replacements or entrance modifications

- Storefront replacements or enhancements
- Exterior wall lighting
- Replacement of roofs
- Interior building improvements geared towards tenant welfare and safety. Examples include, but are not limited to:
 - Fire alarm/suppression systems
 - Stair maintenance
 - Pest control
 - Radon remediation
 - Electrical repair/upgrades
 - Plumbing repair/upgrades
 - Heating and cooling system repair/upgrades
- Improvements or repairs that are required as a result of a violation or citation are not eligible for funding through the Residential Rental Rehabilitation Program.
- Improvements will be considered as part of a total project. For instance, if the applicant proposed to replace windows, the City may require that sills also be repaired or replaced if in need of such work.
- Site furnishings, non-permanent structures or improvements, or movable equipment shall not be eligible for funding through the Residential Rental Rehabilitation Program.

Funding

The following requirements shall apply to any funding requests:

- The Program provides a one-time loan for eligible expenses. These improvements must meet the eligible expense requirements.
- The City may fund up to a maximum of 50% eligible project's cost. Loans may range from \$1,000 to \$10,000. The interest rate shall be the current prime rate.
- The term of the loan shall not exceed seven (7) years.
- If the benefitting property is sold within the period of the loan, the loan must be repaid in full.
- The applicant has six (6) months from the award date of the loan to complete the project and request payment of loan funds. All loan funds will be paid to an applicant upon receipt of evidence of paid invoices for the project along with a release of any and all mechanics or contractors liens.
- The applicant must maintain the property during the repayment period. Failure to do so may cause the loan to become payable in full.
- The building will be listed as collateral for the loan.
- Funding from the Residential Rental Rehabilitation Program will assume a second lien.

Application Process

The following application process shall apply to all applicants:

- Applications must be submitted by the property owner(s) or the building tenant in conjunction with the owner(s). The application shall become the property of the City and is subject to Minnesota Statutes, Chapter 13 (Government Data Practices Statute).
- The applicant must verify whether or not a building permit is required for the proposed project. If required, a building permit must be obtained prior to issuance of funds.
- Property taxes shall be current prior to issuance of funds.
- Loan recipients are required to seek at least two (2) bids or proposals for all projects. It is preferred that the contractor with the lowest bid will be chosen unless other factors are presented to the City.
- Funds for this program are limited and will be awarded to qualifying applicants on a first-come, first-serve basis.
- City staff shall review the application materials and make a preliminary recommendation regarding the completeness of the application and whether the application meets the criteria outlined in this policy.
- An application shall not be submitted to the City Council for approval unless recommended for approval by the Economic Development Authority.

ARLINGTON RESIDENTIAL RENTAL REHABILITATION PROGRAM

NOTE: Please read attached program criteria carefully before completing the application

Please include photos of your building(s) and/or property as they relate to the types of improvements indicated on this application.

Applicant Name: _____

Property Address: _____

Property Owner(s): _____

Tenant(s) – If Applicable: _____

Mailing Address: _____

Phone Number: _____

E-Mail Address: _____

1. On the attached page, please identify the specific improvements you are proposing for the building(s) and/or property.
2. Based on the proposed improvements identified, please provide your best estimate of the entire project cost: \$ _____
3. If the project cost comes in at, or exceeds your estimate, do you have private funds readily available to complete the proposed the project? _____Yes _____No

If No, by what means will you secure funding and still complete the project within a timely manner _____

4. If your project is approved, does completing the project timely pose any concerns for you?
_____ Yes _____ No

If yes, Please list those concerns:

PROJECT DESCRIPTION

Please provide an accurate and thorough summary of your project. The photographs taken of your building(s) and property will assist in a visual manner to further support your written project description.

Based on the description of your project and your motivation for wanting to make these improvements, please place a check mark next to those project preference item you feel your project meets.

_____ Will eliminate a blighting influence.

_____ Will result in a visible improvement that would not be made otherwise.

_____ Result in a ratio of private investment to public investment greater than 2:1.

Building Permits & Inspections

Applicant is responsible for obtaining appropriate building permits, per the Building Code and/or City of Arlington Zoning Ordinance. Please contact the Building Official, Darin Haslip, at 320-226-5189 or dri101@live.com if you have questions or need information prior to submitting for the permit.

Loan Disbursement

Awarded loan funds will be dispersed to the contractor or vendor upon submittal of receipts or invoices for supplies purchased and inspection which certifies the work completed is in accordance with the EDA approval and other city ordinances. Alternately, the Applicant may be reimbursed for expenses providing proof of payment is submitted.

Certification

City staff or an authorized representative shall have the right to inspect the property to be improved at any time from the date of application upon giving due notice to the owner and to occupants.

I/We understand that any intentional misstatements will be grounds for disqualification.

I/We authorize program representatives the right to access the property to be improved for the purpose of the loan program and to take photographs of the structure before and after rehabilitation.

I/We further understand that I/we will make the final selection of the improvements to be made with the loan funds and that the contract for improvements will be solely between myself and the contractor(s). Neither the City of Arlington nor the EDA will be liable for the inadequate performance of the contractor(s).

The information on this application is accurate. I have read, understand, and agree to comply with the program criteria for the Arlington Residential Rental Rehabilitation Program.

Authorized Agent: _____

Date: _____

Title: _____

Mail or Deliver to:

City of Arlington

Economic Development Authority

204 Shamrock Drive

Arlington MN 55307