

Columbia Small Rental Repair Program (SRRP)

Program Eligible Activity: Rehabilitation – Housing, 24 CFR 570.202, 24 CFR 507.201

National Objective: Low- and Moderate-Income Benefit,

Activity Allocation: \$2,000,000

Overview and Delivery

The Small Rental Repair Program (SRRP), administered by the City's Community Development Department provides funding for the repair of storm damaged rental properties. FEMA registration for property owners is not required, but only those who can provide documentation of storm damage will be eligible for assistance. The primary goal of SRRP is to assist property owners who agree to rent to LMI individuals and families at affordable rates in repairing and reconstructing storm damaged rental units. This program will assist displaced rental households – including those not FEMA registered but who can provide evidence of storm damage - in identifying affordable housing opportunities per the CDBG Disaster Recovery Uniform Relocation Act (URA) Policies and Procedures. Funding caps for this program do not include relocation assistance; and rehabilitation work that addresses decent, safe, and sanitary conditions as defined by the DR Housing Standards; compliance with City building codes and floodplain ordinances when appropriate; and the costs of environmental remediation and implementing Green Building improvements. Gap financing is also required for properties that exceed the following program caps for assistance:

Single-unit rental properties	\$100,000
Duplexes	\$125,000
Triplexes	\$150,000
Quadplexes	\$175,000

As part of the eligibility requirements for CDBG-DR assistance, rental property owners must agree to rent to Low-to-Moderate Income (LMI) individuals and families at affordable rates and make rehabilitated rental units available first to existing or displaced LMI households. Rental property owners must sign a grant agreement requiring that all rehabilitated units remain affordable for a period of two (2) years. For the purpose of the SRRP, small rental properties are those with one to four rental units, including single family, duplex, triplex, and quadraplex buildings on one tax parcel. The rent for an affordable rental unit will be based on 50-80% of the local Fair Market Rate for its size. Rental complexes with four units designated as a *substantially rehabilitated building* will be provided with broadband infrastructure. Tenants temporarily displaced by rehabilitation activities will be eligible for relocation assistance as described in the Disaster Recovery URA Policies and Procedures.

Connection to Disaster and Unmet Needs

The provision of safe, disaster resistant housing for residents impacted by the October 2015 flood is critical to the City of Columbia's long-term recovery strategy. Based on applicant input and remaining housing needs cited in this Action Plan Amendment, the City has determined that single family rental properties suffered extensive damage from the declared disaster.

Initially, the City received only a few applications for this program, perhaps because many property owners used insurance proceeds to complete necessary repairs or because rental owners were not permitted to register those units with FEMA if they registered damages to their residences. Consequently, a new outreach strategy was initiated to contact all property owners

with rental units in the City of Columbia using information from the SBA's database of storm damaged commercial properties and a list of landowners registered with the Code Enforcement Department. In early September approximately 1850 letters were mailed to property owners soliciting interest in the program. Currently, we are processing 81 applications from rental property owners that will serve LMI households for two (2) years. Of those, 37 have been accepted into the program and 8 are currently in the preconstruction phase. Registration with FEMA is no longer required.

Home repairs and improvements funded through this program will minimize the impact of future storms and floods. By addressing the most critical unmet housing needs and encouraging high-quality, disaster resistant construction, the City improves the long-term safety and stability of its community. These home repairs also help stabilize damaged neighborhoods, retain consumers for local businesses, preserve the local tax base, and encourage new investment.

Eligible Applicants

Eligibility requirements for participants in this program are:

- Rental property must be located within Columbia City Limits.
- Applicants must have owned the damaged rental property as of and prior to the date of the storm event (October 2015).
- Damaged rental structure should have no more than 4 units.
- Sufficient gap financing if required.

Ineligible Applicants

Ineligibility criteria for this program are:

- Rental units located outside of Columbia city limits.
- Applicants without flood insurance who have received prior federal assistance requiring the maintenance of flood insurance in perpetuity.
- Gap financing unavailable to complete rehabilitation, reconstruction, and/or elevation projects, if necessary.
- Ineligible structure type.

Prioritization of Applicants

Tenants displaced from storm damaged rental units will be given first right of return with elderly, disabled, or female head of households with children prioritized for placement in restored units. The City projects 50 households will be assisted.

Use of Funds

Rehabilitation funds will be made available to property owners who agree to: 1) rent rehabilitated properties to tenants whose incomes are at or below 80% AMI, and 2) maintain affordable rent levels for two years and 3) maintain flood insurance in perpetuity, if located in a floodplain. *Funds will be provided in the form of a direct, forgivable deferred loan agreement between the City and the property owner and through a construction agreement between the applicant and the selected contractor.* Within 30 days of occupancy or re-occupancy of the rehabilitated rental unit, the property owner must provide the City with a copy of the executed lease as well as tenant income and demographic information. This information will be submitted annually as leases are renewed in order to monitor the program's affordability requirements.

The City also recognizes that many rental property owners did not wait for federal assistance to complete necessary repairs, many receiving insurance proceeds, securing loans, or using savings to pay for construction costs. To address this need the City may reimburse applicants who used *personal funds* to repair resulting from the storm if they can demonstrate a financial hardship, and the program determines the costs associated with these repairs are both reasonable and necessary. Reimbursements are limited to costs for storm-related repairs completed satisfactorily by a licensed contractor prior to program application. and within one year of the 2015 Flood. The minimum amount of reimbursement is \$5,000 with a \$10,000 maximum allowable. Detailed receipts will be necessary and a duplication of benefits review will apply to reimbursement costs.

Monitoring

Monitoring of program compliance will be performed by the City's Community Development compliance staff and Internal Auditor in accordance with the SRRP executed grant agreements, covenant and subrogation requirements, the Disaster Recovery QA/QC Plan, and the City of Columbia CDBG-DR Monitoring Plan.

Start and End Date

April 2018 – December 2021 (See Exhibit C and D for Detailed Expenditure and Performance Projections).