



## Rental Rehabilitation Loan Program

## Program Information

The purpose of the Rental Rehabilitation Loan Program is to provide owners of affordable rental housing in Dakota County with a financial tool to improve the safety, integrity, accessibility, and curbside appeal of their property. An additional goal of the program is to help improve the surrounding neighborhood by upgrading existing housing stock.

The program provides zero-interest, deferred loans to rental property owners to make improvements to their property. The property owner agrees to make a certain number of units available to low income renters with restricted rents for a specified period of affordability, minimum of 15 years. Repayment of the loan in full is required upon sale, refinancing, default on current debt, foreclosure, or the end of the period of affordability.

If an application is approved, the CDA's Rehab Advisor will inspect the property. A scope of work will be agreed upon by the property owner and the CDA. The property owner will get bids, contractors will be selected, and a scope of work will be prepared. At this point the loan closing will take place. After the closing, the work can begin. Throughout the project, the property owner must contract directly with contractors, and pay them as work gets completed. The property owner must first spend their portion of the funds (owner funds 1/3 of the project, CDA funds 2/3). After their 1/3 has been spent, the property owner will be able to request reimbursement from the CDA for the remaining 2/3 as that money gets paid to contractors. The Rehab Advisor will inspect the work, and collect invoices and lien waivers before each reimbursement. The CDA will wire funds to DCA Title, who will cut a check to the property owner. The property owner is responsible for all fees paid to DCA Title. Paid fees can be considered a part of the owner's 1/3 obligation.

Applications will not be accepted by facsimile. The CDA retains the right to reject in whole or in part any application for any reason.

Contact Mark Hanson, (651) 675-4469 or [mhanson@dakotacda.state.mn.us](mailto:mhanson@dakotacda.state.mn.us), if you require assistance with submitting your application.

## Eligible Properties

A property eligible for the program is a property used solely for residential purposes, located in Dakota County, and which meets the following requirements.

1. It has four or more residential rental units.
2. It is in need of repairs or improvements eligible under the program.
3. It is in compliance with applicable zoning ordinances, land use guidelines, and any applicable rental or housing maintenance codes.
4. The owner is willing to restrict rents and occupancy of the assisted units for the entirety of the period of affordability (minimum of 15 years). At least twenty (20%) percent of the units must be rented by households earning less than 50% of the area median income and have restricted rent amounts. Income and rent limits are adjusted annually.

Annual Income Limits (50% of area median income) by household size:

1	2	3	4	5	6	7	8
\$29,350	\$33,550	\$37,750	\$41,950	\$45,300	\$48,650	\$52,000	\$55,350

Maximum Gross Rents by Bedroom Size (Gross rent is the rent charged by the Borrower plus an allowance for tenant-paid utilities, determined by the most current CDA Utility Allowance Schedule):

0	1	2	3	4	5
\$733	\$786	\$943	\$1,090	\$1,216	1,341

5. After rehabilitation, it will meet minimum rental housing standards.
6. It has current property insurance including, if applicable, flood insurance.
7. Property taxes, assessments and other liens on the property must be current.

## Eligible Improvements

Loan funds shall be used to finance improvements to the property that encourage health and safety, as well as aesthetic improvements. The property must meet certain standards after rehabilitation. The CDA reserves the right to deny the use of certain fixtures or types of materials if it is determined that another suitable fixture is more cost effective. Eligible improvements include:

- Improvements made to comply with state, county or municipal health, housing, building, fire, Housing Quality Standards (HQS), and housing maintenance codes;
- Improvements made to increase the attractiveness, curbside appeal, and livability of the property;
- Improvements made to garage and/or parking facilities;
- Improvements made to enhance the handicapped accessibility and compliance with ADA regulations; and
- Professional services related to the improvements that do not exceed five percent (5%) of the rehabilitation amount. Services may include energy audits, architectural

services, engineering services or inspections, material testing, title work, credit report fees, appraisal fees, building permit fees, and filing fees.

Certain improvements are not eligible under the program. Those items include but are not limited to the following:

- Improvements begun or completed before the date of the Proceed to Work Order;
- Relocation expenses;
- New construction of building additions or additional rental units;
- New construction of decks, fireplaces, outbuilding or recreational or entertainment facilities; and
- Assessments for public improvements.

### Threshold Criteria

Applications must meet the following threshold criteria to be considered for funding.

1. **Organizational Capacity:** Applicants must demonstrate that the skills and experience of the project team are appropriate to the size and complexity of the project.
2. **Site Control:** Applicants must be able to provide evidence of ownership.
3. **Relocation Plan:** If applicable, applicants must show that a relocation plan has been developed to ensure that comparable units with the community are available and that there are adequate funds to cover relocation costs. Rental Rehabilitation Loan funds cannot be used for relocation costs.
4. **Borrower Contribution:** Applicants must be able to demonstrate a minimum contribution of one-third of the total cost of the rehabilitation.
5. **Participation in the Section 8 Program:** Applicants must agree that while the loan is outstanding, they will participate in the Section 8 Rental Assistance Housing Choice Voucher program. Participation means that to the extent the Borrower has units that meet the requirements of the Rental Rehabilitation Loan program, they will not exclude from consideration qualified families receiving assistance through the Section 8 Housing Choice Voucher Program.
6. **Financial Health:** Applicants must demonstrate that the property has and will maintain a stable and positive cash flow.
7. **Creditworthiness:** Applicants must be able to show a history of creditworthiness and their ability to repay the loan.
8. **Feasibility:** Applicants must demonstrate that the project is economically feasible. Economically feasible means that the loan to value ratio does not exceed 95% including an estimate of increased value from the rehabilitation, in an amount equal to 50% of the rehabilitation expenses.

# **Rental Rehabilitation Loan Program**

## **Application**

**CDA** Dakota County  
Community Development Agency  
.....  
1228 Town Centre Drive  
Eagan, MN 55123  
(651) 675-4400

## APPLICANT INFORMATION

<b>Applicant Name:</b>			
<b>Contact Name:</b>		<b>EIN/SSN:</b>	
<b>Applicant Address:</b>			
<b>City:</b>		<b>State:</b>	<b>Zip:</b>
<b>Phone:</b>	<b>Fax:</b>	<b>Email:</b>	
<b>Applicant/Organization Type:</b> <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Individual <input type="checkbox"/> Other: _____		If you checked "Individual", please indicate your marital status below: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated	

## CREDIT INFORMATION

Are there any outstanding judgments or liens against the applicant?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
Has the applicant ever declared bankruptcy?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
Has the applicant had any property foreclosed upon or given title or deed in lieu thereof?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
Is the applicant a co-maker or endorser on a note?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
If you have marked "yes" to any of the above, please explain:		
List all current fixed obligations, installment accounts, charge accounts, loans, and debt to banks, finance companies and government agencies.		
<b>Type of Debt:</b>	<b>Current Balance:</b>	<b>Monthly Payment:</b>
Total Personal Installment Debt	\$	\$
Total Personal Revolving Debt	\$	\$
Real Estate Debt for Property Other Than the Property Being Improved	\$	\$
Total Business Debt	\$	\$

## PROJECT INFORMATION

<b>Project/Property Name:</b>			
<b>Address(es) of Units:</b>			
<b>City:</b>		<b>State:</b>	<b>Zip:</b>
<b>No. of Bldgs:</b>	<b>Project Serves the Following Population:</b> <input type="checkbox"/> Senior <input type="checkbox"/> Family <input type="checkbox"/> Other: _____		
<b>No. of Units:</b>			
<b>No. of Stories:</b>			
<b>Year Built:</b>			
<b>Current Estimated Market Value:</b>		<b>Date of Purchase:</b>	

Liens on Property (Type of debt/lien & Name of Debtor)	Date Incurred	Original Amount	Current Balance	Maturity Date

**Total Indebtedness on Property:**

**Site Planning Information:**  
Number of Acres on Site \_\_\_\_\_ Density = \_\_\_\_\_ units/acre

Is the property in compliance with current zoning requirements?  Yes  No

If not, what is the proposed rezoning classification and timeline? \_\_\_\_\_

Is the property in compliance with the local Comprehensive Plan?  Yes  No

If not, what is the proposed change and time? \_\_\_\_\_

**Description of Project Location and Site (may be submitted as an attachment):**

**What is the goal of this Project (may be submitted as an attachment):**

**Description of Amenities and Services (may be submitted as a separate attachment):**

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Other
<b># of Units</b>					
<b>Square Footage</b>					
<b>Current Rents</b>					
<b>Proposed Rents After Rehab</b>					

**Utilities to be paid by Resident (excluding telephone & cable)**

<input type="checkbox"/> Heating (circle one): Natural Gas Bottle Gas Oil Electric	<input type="checkbox"/> Cooking (circle one): Natural Gas Electric Bottle Gas	<input type="checkbox"/> Water Heating (circle one): Natural Gas Electric Bottle Gas Oil
<input type="checkbox"/> Water, Sewer & Trash	<input type="checkbox"/> Household Electric	<input type="checkbox"/> Other – Specify: _____

**Describe Proposed Improvements and Estimated Costs in detail**

Include an itemized list of the work that will be completed along with a detailed narrative describing the overall project.

**\*\*MUST BE SUBMITTED AS A SEPARATE ATTACHMENT\*\***

Sources of Financing	Amount
Borrower Contribution (Specify source/s: _____ )	\$ _____
Other Funds (Specify source/s: _____ )	\$ _____
Requested Rental Rehabilitation Loan	\$ _____
Total Project Cost	\$ _____

**Will temporary or permanent relocation of residents be necessary?**  Yes  No  
 If yes, please describe. Attach copy of Relocation Plan, if applicable.

**Section 8 Housing Choice Voucher Program Participation:** Participation means that to the extent the Borrower has units that meet the requirements of the Rental Rehabilitation Loan Program, they will not exclude from consideration qualified families receiving assistance through the Section 8 Housing Choice Voucher Program.

**Do you agree to participate in the Section 8 Housing Choice Voucher Program?**  Yes  No

**REQUIRED ATTACHMENTS**

**Please attach the following documentation to this application:**

- Statement of Qualifications and Rental Housing Experience of Applicant, including key personnel
- Operating Budget with 15 year proforma analysis
- Letter of City support (may be sent in after you have received our approval)
- Photographs of Property
- Detailed description of proposed improvements and estimated costs
- Copy of Warranty Deed
- Documentation for other funding commitments
- Third party documentation for mortgage debt on subject property (balance, payment, and payment status)
- Relocation Plan, if applicable
- Copy of Rent Rolls

**CERTIFICATION**

**I certify that the information contained in this application and its attachments is true and correct and that it contains no misrepresentations, falsifications, intentional omissions, or concealment of material facts. I also understand that any funding awarded will be in the form of a loan.**

\_\_\_\_\_  
**Signature of Authorized Official**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Name and Title of Authorized Official**