

## **TIF RENTAL REHAB PROGRAM (TRRP)**

### **PROGRAM GUIDELINES**

**Adopted by Quincy City Council 6/30/15**

Funds from the City's Tax Increment Finance (TIF) Program would be set aside and dedicated as a financial incentive to owner(s) of existing buildings located in the Downtown TIF Districts (see attached TIF District Map) for the renovation of market rate residential rental housing. The goal is to encourage private investment in renovation of vacant upper floor residential properties. Stimulating more residential development in the downtown would result in improving deteriorated buildings and increased property values which enhance future tax revenues.

Eligible units must be tenant occupied and not owner-occupied. TIF funds would be leveraged with owner funds (cash and/or loan.) Project timeliness is essential. Owner(s) will be given one year, commencing from the date of the notice of approval to purchase all required permits and complete the improvements shown in the approved specifications. **TIF funds will only be used for cost of material that will be permanently affixed to real estate plus cost of associated labor.** TIF funds will not be used for acquisition of property or for purchases of items that are not permanently affixed, such as furniture, appliances, etc.

**Eligible Properties:** Properties must be privately owned and located in a TIF District. Applications will be accepted for a single-site property identified by one tax identification number. Multiple applications may, however, be submitted by one owner/business.

**Forgivable Loan/Grant:** The Program will provide zero interest loans for fifty-percent (50%) of the eligible project costs up to a maximum of \$25,000.00 per rental unit with the balance of the project cost paid by the owner.

**Owner Match/Leveraging:** Owner/developer must provide matching funds in an amount equal to or exceeding TIF funds sufficient to cover the balance of the project cost. Owner may use private funds or bank loan. Owner funds must be submitted prior to execution of program contracts. Match funds will be deposited in a city-administered escrow account and will be first fully used prior to disbursement of TIF funds. Funds will be disbursed on a reimbursement basis for work completed and inspected. Owner must provide receipts and/or paid invoices for eligible purchases of material and labor. All pay requests must be accompanied with associated lien waivers.

Loans received by the owner from the Central Business District Revolving Loan Fund Program (CBD RLF) for property acquisition shall not be accepted as match for the TIF Rental Rehab Program. In addition, funds provided by owners as match for the renovation under the CBD RLF program must exceed the renovation match requirements in order to be used for match for the TIF Rental Rehab Program.

**Loan Terms and required Compliance Standards:** A loan will be provided in the form of a zero percent interest, deferred forgivable loan. A deferred forgivable loan does not require periodic repayment. If

owner maintains the units in code compliant condition and does not sell, transfer or convert the property, the loan is forgiven after five years. If the property is sold or transferred during the term, the loan must be repaid in its entirety. Properties will be inspected annually to assure property maintenance standards and building codes are maintained and that units are occupied or advertised.

**Property Taxes:** The TIF Rental Rehab Program exists because of property taxes revenues generated from real estate improvements within the TIF District. Property owners receiving TRRP funds for building improvements shall agree to not file an appeal of the property(s) assessed value to the Adams County Board of Review during the five year compliance period.

**Property Insurance:** Evidence of sufficient insurance coverage must be provided at the time of application. Owner must keep the property and improvements sufficiently insured against loss by fire or any other hazard during the term of the compliance period. All such policies of insurance will be from such companies and in such form and amounts as may be satisfactory to the City and will name the City as a loss payee and will include a provision requiring thirty days advance written notice to the city prior to the termination or modification of such policy.

**Program Fees/Costs:** Owner will pay origination fee of one one-half percent of the loan amount plus an annual loan servicing fee of One-percent (1%). Owner will also pay for project soft costs, including legal services, title verifications, document preparation and recording fees.

**Loan Documents:** Program documents include:

Mortgage to secure the property as collateral for the TIF loan/grant.

Promissory Note defines the terms of the repayment of TIF funds.

Regulatory/Recapture Agreement sets forth the terms of compliance required during the term of the TIF loan.

**Application:** Applications will be available in the Quincy Department of Planning & Development. Owner may submit a completed application for a single property identified by one property tax number, along with supporting documents, including: Evidence of ownership, current property taxes and sufficient property insurance. In addition, **Owner will provide evidence of financial capabilities to undertake project in the form of a bank's credit memorandum for a loan.** A Title Opinion will be obtained at owner's expense to verify clear title. Application requires project detail, including detailed specifications with cost estimates of material and labor and a project budget. Owner must submit list of contractor/subcontractors with copies of appropriate licensing and insurance.

**Property Inspection and Evaluation:** Selected projects would require an initial site inspection by city building officials to determine structural soundness of the entire property. Inspector will also review the proposed specifications and cost estimates provided by owner to assure all code violations and other deficiencies are adequately addressed and to confirm project cost reasonableness. Code violations will be a priority and termite inspections are required. City inspectors will also provide project oversight

and inspections during the project. Inspectors will also conduct annual inspections upon project completion to assure compliance.

**Historic Review:** Specifications must comply with downtown zoning district design standards.

**Administration:** Program would be administered by the Quincy Department of Planning & Development.

**Project Selection:** A Housing TIF Committee (appointed by Mayor) consisting of two aldermen, the City Treasurer, the Executive Director of The District, along with the Mayor and/or City Administrator will be authorized to review applications to assure project meets goals/objectives of the program and to verify sufficient financial resources to complete the project. Rating criteria evaluating the financial feasibility of the proposed project will be established (i.e. amount of investment, leveraging ratio of private to public dollars, rate of return, development of new rental housing units versus renovation of existing units and impact on downtown). The Committee will submit recommendations to the City Council for final approval and funding authorization.

**Contractor Eligibility.** Owner must submit list of contractors and subcontractors along with evidence of licensing for the trade and sufficient insurance.

**Program Agreements:** City will use standard agreement documents to assure city liens are sufficiently secured and to assure owner compliance during loan term. Loan documents would include note, mortgage, and Recapture Agreements setting forth the terms of program compliance.

**Project Set up:** City funds will be committed for approved budget amounts for selected projects. Owner(s)' matching funds will be assessed based on total eligible projects costs of material and labor and must be provided prior to or at the time of closing. Leveraging funds will be deposited in city escrow account and will be the first source of payment for eligible project costs incurred by owner/developer, with city funds being disbursed thereafter on a "reimbursement" basis for costs paid by the owner/developer. All pay requests must be first approved by a city inspector. Owner must submit written, detailed statement for eligible costs of material and labor along with all pertinent lien waivers. A pre-construction conference will be conducted with the owner, contractors, city inspectors and administrative staff prior to proceeding with the project.

Chuck/rental property/TIF Rental Properties Program revised 6-30-15