

HOME RENTAL HOUSING PROGRAM OVERVIEW

The Rental Housing Program was created through Home Investment Partnership Act of the National Affordable Housing Act of 1990. The general purposes of the Home Rental Housing Program include the expansion of decent and affordable rental housing for low and very low-income families. The Rental Housing Program fund may be used for moderate and substantial rehabilitation or new construction of rental properties throughout the corporate city limits of Pine Bluff.

The Rental Housing Program may be used for single or multi-family dwellings. Rents on this program are strictly controlled. (SEE RENT LIMITS) Developments with five or more units must have **Eighty percent (80%) of the units must be affordable to families at 65% of the median family income for Pine Bluff area. At least 20% of the units must have rents affordable to families at 50% of the median income.** (See chart 1) Rents must be maintained for five (5) years for an existing unit(s) and twenty (20) years for new units. **If there is FHA financing involved the rents must be maintained during the entire financing period initially established by the FHA loan. Advance payments of a mortgage do not change the affordability period of the rental-housing program. All projects with 12 or more units must meet handicap accessibility standards established by HUD.**

Units considered for the Rental Housing Program may be scattered on more than one site or all on a single undertaking.

All units completed under the Rental Housing Program shall meet the Standard Housing Code adopted by the City of Pine Bluff. Substantial rehabilitation and new construction projects must meet HUD Cost Effective Energy Conservation and Effectiveness Standards and the CABO 1995 Edition.

FINANCIAL PARTICIPATION IN THE RENTAL HOUSING PROGRAM

The Rental Housing Program allows approved recipients a dollar-per-dollar match of our financial assistance up to a maximum of \$7,500 per unit. All costs over this match is the responsibility of the owner. The minimum amount of HOME financial assistance is \$1,000 per project.

HOME funds may be used to assist mixed-income projects (but only HOME-eligible tenants may occupy HOME assisted units).

PROPERTY TYPE AND LOCATION

Projects funded with HOME funds can be one or more buildings or houses on a single site, or multiple sites that are under common ownership, management and financing. There are no preferences for project or units size or style.

INELIGIBLE PROPERTY TYPES

Properties not located in the city limits of Pine Bluff. Properties previously financed with HOME funds during the affordability period. Operations or modernization of public housing projects financed under the Housing Act of 1937.

MORTGAGE CONDITIONS ON EXISTING UNITS

The City will secure its subsidy in the form of a (5) five-year maximum promissory note and mortgage with zero percent interest. The borrower must comply with the terms and conditions of the note and mortgage which complies with the HOME Program, and its relevant regulations pursuant to 24 C.F.R. Part 92. From the date of the executed note and mortgage the principal balance will decline at the monthly rate of 1/12 percent each month annually until satisfied over the five-year period, provided the ownership does not change. If the ownership changes the balance balloons on the effective date of transfer. However, the affordability period does not change from its initial time frame. The City's subsidy will be secured by a mortgage to be secondary to the private loan. Re-financing of subsidies will not be allowed under this program. Home rent limits shall be strictly enforced as provided annually by U.S. Department of HUD.

HOME PROGRAM MORTGAGE CONDITIONS ON NEW CONSTRUCTION

The City will secure its subsidy in the form of a 20-year maximum promissory note and mortgage with zero percent interest. The borrower must comply with the terms and conditions of the note and mortgage which complies with the HOME Program, and its relevant regulations pursuant to 24 C.F.R. Part 92. From the date of the executed note and mortgage the principal balance will decline monthly at the rate of 1/12 percent each month annually, until satisfied over the twenty-year period, provided the ownership does not change. If the ownership changes the balance balloons on the effective date of transfer. However, the affordability period does not change from its initial time frame. The City's subsidy will be secured by a mortgage to be secondary to the private loan. Re-financing of subsidies will not be allowed under this program.

DAVIS-BACON AND SECTION 3 STANDARDS

The provisions of this program shall be included by agreement and mortgage. The Davis-Bacon Wage Requirement and Section 3 Standards shall be applicable on projects of 8 units or more with project cost of \$100,000 or greater. This also applies to any project with 12 or more units at any cost.

* Rent limits are subject to change without notice. These are updated each year.

* 2005 INCOME LIMITS	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Low Income (Use 65% Rents)	\$ 25,550	\$ 29,200	\$ 32,850	\$ 36,500	39,400	\$ 42,300	\$ 45,250	\$ 48,150
Very Low Income (use 50% Rents)	\$ 15,950	\$ 18,250	\$ 20,500	\$ 22,800	\$ 24,600	\$ 26,450	\$ 28,250	\$ 30,100

This section is not current and I will find the 2005 rent deductions from the hud.gov web site.

* 2002 RENT LIMITS/DEDUCTS	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Fair Market Rent	\$ 302	\$ 359	\$ 472	\$ 595	673
50% Rent Limit	\$ 340	\$ 363	\$ 436	\$ 504	\$ 562
65% Rent Limit	\$ 421	\$ 453	\$ 545	\$ 621	\$ 776
HEATING					
Gas	\$ 15.00	\$ 20.00	\$ 24.00	\$ 28.00	\$ 34.00
Electric	\$ 13.00	\$ 19.00	\$ 24.00	\$ 29.00	\$ 37.00
COOKING					
Gas	\$ 5.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 9.00
Electric	\$ 5.00	\$ 6.00	\$ 8.00	\$ 10.00	\$ 12.00
WATER, SEWER & SANITATION	\$34.00	\$34.00	\$35.00	\$37.00	\$39.00
REFRIGIATOR	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
MICROWAVE	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00

If the tenant pays the utility costs, deduct the amount shown from the allowable rent limit. If property owner pays the utility costs, rent limits shown are the maximum rents allowed under the HOME program.

For HOME assisted multi-family units, at least 20% of the units must be affordable to very low-income households. The remaining 80% of the HOME assisted units must be affordable to low income households at 65% rent limit.

This table is established using the U.S. Department of Housing and Urban Development (HUD) Section 8, Existing Housing Allowances for Tenant-Furnished Utilities and Other Services, HOME Program Rents, and Income Limits as established by HUD.