



CITY OF PHOENIX
NEIGHBORHOOD SERVICES DEPARTMENT
RENTAL REHABILITATION LOAN PROGRAM
INFORMATION SHEET



Purpose The Rental Rehabilitation program exists to provide safe and affordable rental housing through financing opportunities that support the rehabilitation of multi-family rental units and existing revitalization efforts with priority given to city-identified targeted areas.

Minimum Eligibility Criteria and Program Requirements (Subject to Change)

Eligibility Criteria

- Applicant must be the current owner of record as evidenced by Deed;
- Owner(s) must meet the established underwriting criteria listed below;
- Property must consist of 12 or fewer units and be originally designed for multi-family use;
- Property taxes, insurance and mortgage (if applicable) must be current;
- Owner(s) and property manager must attend and provide proof of certification for the *City of Phoenix Landlord/Tenant Workshop*; and
- Property (including any other rental properties owned within the city limits) must be free of any local code and ordinance violations, unless they will be specifically addressed by the Rental Rehabilitation Loan Program.

Program Requirements

- Program funding levels will be contingent on available funds, scope of work, and amount of property owner contribution. Property owners must contribute at least 25% to the cost of the project.
- Rents must be maintained at minimum levels as per HUD guidelines for at least the determined affordability period **and** 51% of all tenants must have incomes at 80% or below HUD Area Median Income guidelines at commencement of their leases. Current guidelines can be found online at <http://www.huduser.org/portal/datasets>.
- After completion, work funded by the Program must meet: 1) Minimum Property Standards at <https://www.phoenix.gov/housingsite/Documents/106884.pdf> 2) Lead Based Paint requirements (pre-1978), and 3) must be in compliance with all local codes and ordinances.
- All work must be completed by a contractor that is Arizona Registrar of Contractor (ROC) licensed, bonded and insured. Contractor(s) will be selected through an open, competitive bidding process conducted by the city.
- Contractor performance bond will be required for project.

Loan Product Description

Seventy five percent (75%) of the cost of the project is a zero percent (0%) deferred payment loan, secured with a Deed of Trust and due upon early sale or transfer of title. Loan amounts up to \$50,000 will carry a five (5) year term; and loan amounts over \$50,000 will carry a ten (10) year term. Maximum loan amount will be the lesser of \$25,000/unit or \$300,000 and must meet the underwriting criteria below.

Underwriting Criteria

- Credit Worthiness: Established with review of credit reports, tax returns, and financial statements; and
- Pro Forma Analysis: Must have a debt coverage ratio of 1.2 or better and a Combined Loan to Value (CLTV) ratio of not more than 90%.

Eligible Improvements

Eligible property improvements are subject to city approval; and all units rehabbed must meet minimum property standards upon completion. Examples of possible improvements may include energy efficiencies, lead abatement, and major housing system repairs.

Contact Information:

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