



CITY OF SALEM
DEPARTMENT OF PLANNING AND
COMMUNITY DEVELOPMENT

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Request For Proposals
Landlord Housing Rehabilitation Loan Program – Pilot Program

The Landlord Housing Rehabilitation Loan Program is offered by the City of Salem, through the Department of Planning and Community Development (DPCD), as part of the Mayor's goal to improve the quality and safety of Salem's housing. The City of Salem is requesting funding proposals for rental property rehabilitation projects. Eligible proposals must benefit low-income households and be located in one of Salem's Low to Moderate Income Areas (*see attached map*). The program provides assistance for moderate rehabilitation projects to eliminate existing or potential health and safety hazards and to carry out handicapped access improvements.

The Landlord Housing Rehabilitation Loan Program will provide technical and financial assistance.

- Technical Assistance is in the form of a housing inspection and work write-up used to solicit bids from qualified contractors.
- Financial Assistance is offered in the form of a 0% fully amortizing loan with a term of 5-10 years. Loans will be capped at \$15,000 per unit up to a total loan amount of \$60,000. Owner will be responsible for providing remaining funds needed to bring property up to minimum Housing Quality Standards, building code and Massachusetts Sanitary Code at the time of project completion.

Proposals are due no later than **noon on Friday, May 11, 2007**. **One original proposal and two copies** should be submitted utilizing the attached application and application checklist, and include:

- **Completed** Landlord Housing Rehabilitation Loan Program Application for Assistance, including all worksheets and Request for Consumer Credit information and all accompanying documentation.
- **Completed** Tenant Application for each tenant to be assisted and all accompanying documentation.

Technical assistance on proposals can be provided by telephone, email or appointment. Inquiries and proposals should be directed to:

City of Salem
Department of Planning and Community Development
120 Washington Street,
Salem, MA 01970
Att: Julie Quinn, Housing Coordinator
(978) 619-5685
jquinn@salem.com

Para información en español, favor de llamar (978) 619-5685.

**Landlord is defined as a person or persons, male or female, that own and lease or rent housing units.

What activities/programs are eligible for funding?

Allowable program costs include expenses to correct code violations, meet Federal Housing Quality Standards, eliminate serious or potential hazards to health and safety, remedy emergency conditions, provide for handicapped accessibility, and remove lead hazards.

Housing units must meet minimum Housing Quality Standards, Building Code and the Massachusetts Sanitary Code at the time of project completion.

What activities are not eligible?

Examples of activities that are **not** eligible for funding include, but are not limited to the following:

- Materials, fixtures, equipment or landscaping of a type or quality, which exceeds the materials specified in the Work Write-up or required by a Historic Commission's Certificate;
- Appliances;
- Vinyl siding (see DPCD staff for further details); and,
- Any work completed prior to City issued Notice to Proceed.

In addition, properties that have received assistance from the City's housing programs in the past will not be eligible.

How are proposals evaluated?

Proposals will be screened for federal eligibility and threshold criteria and then scored according to competitive scoring criteria:

Eligibility Criteria:

Financial Feasibility

- Applicants will have to qualify for a mortgage based on common underwriting standards and have sufficient cash flow to meet all mortgage debt on the property;
- Project must be financially feasible; Owner must demonstrate that they have sufficient income to cover all debts on the Subject property; and,
- Applicant must be up to date and in good standing on loans in regards to the subject property and any other properties.

Income Eligibility

- For Multi-family where work is completed to common areas, roof, exterior or any work that benefits the property as a whole: No less than 51% of the units must income-qualify; and,
- Multi-family where work specific to more than one unit is done: No less than 51% of the units must income qualify AND any unit receiving direct assistance must income qualify.

Household Income Limits						
Household Size	1	2	3	4	5	6
Max Income	\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750
Defined by HUD as 80% of Area Median Income						

Property Eligibility

- Must be located in Salem, MA;
- Property shall be a permanent, one to seven unit residential dwelling;
- The property does not need to be owner-occupied;
- Real estate taxes and water/sewer fee payments must be up to date for all of the Applicant's properties;
- If property is located in Flood Hazard Area, you will be required to purchase flood insurance, as required by the National Flood Insurance Act of 1968;
- Property must be an existing residential building, new construction is not eligible;
- Post-rehabilitation appraised value must be at or below the Maximum Value Limits set by FHA;
- Property must be located in one Salem's HUD designated Low Moderate Income (LMI) Areas (*Map Attached*); and,
- Property must be an existing residential building used for rental purposes.

Threshold Criteria, proposals will reviewed by the DPCD staff to ensure that they are complete, meet the standards described above and demonstrate the landlord's capacity to carry out the proposed activities, including property management experience as well as administrative and financial capabilities.

Competitive Criteria, proposals will be ranked based on the following:

- Readiness to proceed – projects that have identified additional funding sources and can demonstrate this commitment with a Letter of Interest from their lender will be favorably ranked; and,
- Rehabilitation scopes that include Emergency Conditions will be ranked higher than those with Priority Conditions. Scopes that include Priority Conditions will be ranked higher than those that include General Work. Definitions of each:

Emergency: Any condition that causes imminent danger to human life, health or safety or further structural damage and is not covered by homeowners insurance. Conditions that are defined as emergency include but are not limited to:

1. Units in which a child has tested positive for lead based paint poisoning.
2. Source of heat has stopped working during the winter months.
3. Occupant is recently disabled and requires immediate accessibility modifications to live in their home.
4. Building, Electrical, Plumbing, Fire or Health Inspector has issued a violation.
5. Roof has severe leak, which is causing damage to the home.
6. Building has no water or electric service.

Priority: Any condition that should be repaired in order to prevent an imminent emergency situation. Priority will be given to those properties where the current conditions should be repaired in order to prevent a condition from becoming an emergency. Conditions that require priority placement include but are not limited to:

1. A unit where children under the age of six are present in a building that presents a potential lead hazard.
2. Heating system is old and outdated and in need of constant repairs and should be replaced before cold weather arrives.
3. Occupant is disabled and requires accessibility modifications to live in their home.
4. Roof is showing significant signs of deterioration and the inspector determined that it should be repaired in order to prevent leaking that would result in damage to the home.
5. Stairs to a primary entry have deteriorated to the point the entrance and exit may become impeded and/or the result is that there is no second means of egress from any unit.
6. Structural problems are endangering the safety of the building.

General Work: All other eligible work.

After initial proposal review, additional information may be requested from the applicant. Proposals that omit the information requested or fail to follow submittal instructions may be rejected.

What happens after I am accepted?

If the project is selected, the Program’s Housing Rehabilitation Specialist will contact you to schedule an inspection of the property. The Housing rehabilitation Specialist will generate a Work Write-up for your approval. Once the Work Write-up has been finalized, a bid package will be sent to qualified contractors. You will review the bids and make a selection. If the lowest bidder is not selected, you must pay the difference. Following contractor selection, the City will schedule a loan closing date with you and work can begin.

If my property is awarded a loan, what other requirements must we follow?

- Assisted rental units will be subject to an Affordable Housing Restriction which will require that your rent the unit to a tenant who makes an income at or below 80% of Area Median Income (*see Household Income Limits chart above*) and set rent limits for no less than 15 years. Rents associated with the program must be within HUD’s High HOME Rent limits, including utilities or utility allowance;

Rent Limits					
	SRO	1BR	2BR	3BR	4BR
Max Rent	\$936	\$1,004	\$1,208	\$1,387	\$1,528
Note: Rent must include utility allowance for all tenant paid utilities, ask DPCD staff for details					

- Lease/rental Agreements must have a minimum one-year term;
- Properties must comply with Federal and State Lead Based Paint Requirements;
- Applicants must comply with all statutory requirements of the CDBG or HOME Programs;
- Applicants must abide by all Federal Regulations pertaining to Fair Housing and Equal Opportunity. The City of Salem is an Equal Employment Opportunity and Affirmative Action advocate. As such, it requires loan applicants to guarantee the use of fair housing practices;
- Written agreement shall be construed under the laws of the Commonwealth of Massachusetts and may be modified or amended only by a written instrument executed by both the Lender and the Borrower;
- The Borrower will comply with all city ordinances and regulations;
- The Borrower agrees to comply with annual monitoring of Assisted Units;
- The Borrower will allow the City of Salem to publicize their participation in the program. Forms of publicity may include press coverage, display of sign on-site, and all other forms of marketing deemed appropriate by the City;
- For multi-party owners, all parties must legally designate one deed holder as an authorized signatory for the group;
- Borrower is receiving Federal funding and agrees not to discriminate against any tenant or potential tenant because of race, color, creed, religion, ancestry, national origin, gender, disability or other handicap, age, marital status, sexual orientation, familial status or status with regard to public assistance and that affirmative action will be undertaken to insure that all rental practices are free from such discrimination;
- Borrower agrees to abide by HUD’s Affirmative Fair Marketing Plan requirements for all Assisted Rental Units; and,
- **Programs must comply with all local, state and federal regulations which may include, Massachusetts and HUD Lead Based Paint provisions, Davis-Bacon requirements, Uniform Relocation Act, rental housing affordability requirements, equal opportunity and fair housing, affirmative marketing, environmental review, labor standards, conflict of interest provisions, and refusal to use federally debarred or suspended contractors as well as other regulations not listed here.**

Bidding and Construction Requirements

- All work identified in the project specifications must be completed by a qualified licensed General Contractor;
- The applicant must obtain a minimum of 2 qualified contractor bids. The DPCD reserves the right not to award a loan should the applicant elect not to accept the lowest qualified bid;
- The scope of work will be limited to the approved Work Write-up specifications; and,
- Work cannot begin until a written order to proceed is issued by the DPCD.

Funds Disbursement

- Disbursement of loan funds shall be in accordance with a schedule agreed upon by DPCD, the applicant, and the contractor. All Applicant funds committed to the project must be documented and be spent first;
- All work must be inspected by DPCD prior to disbursement. DPCD reserves the right to withhold such payment for work not completed in accordance with the Work Write-up; and,
- Invoices must be originals submitted on agency letterhead and must include the billing period. No faxed copies are permitted. When issuing invoices, corresponding proof of payment must be attached.

The DPCD may require additional information as they see appropriate.

City of Salem reserves the right to make changes in the conditions of the Housing Loan Rehabilitation Loan Program as warranted.
Please check with DPCD staff for the latest information.

The City of Salem's CDBG and HOME programs are funded by the U.S. Department of Housing and Urban Development.



This program does not discriminate on the basis of race, color, national origin, gender, age, religion, familial status, sexual orientation or disability. This program is funded through the United States Department of Housing and Urban Development (HUD), utilizing HOME and Community Block Grant Funds (CDBG).



