

**CITY OF ST. JOHNS
DOWNTOWN
RENTAL REHABILITATION PROGRAM
P.O. Box 477, St. Johns, MI 48879
(989) 224-8944, EXT. 231**

PROGRAM GUIDELINES

1. **COMPLETED** applications will be addressed on a first-come, first-served basis. Applications shall include:
 - Proof of paid property insurance
 - Proof of property ownership
 - Documentation that property taxes and debt against the property are current.
 - Documentation of Tenant Displacement Notices (See #8)

2. An eligible building must be located within an area bounded by M-21 on the south; Brush Street on the West; Steel Street on the north; and Spring Street on the east. The property must also contain another use, such as business or office.

3. The maximum amount of grant funds available per unit (apartment) is \$25,000 for rehabilitation activities and \$10,000 for lead paint remediation.

4. The property owner is required to contribute at least 25% of the total project cost. The project costs include rehabilitation activities, lead paint remediation, lead testing and clearance, and building permits and fees. The property owner will deposit their contribution amount with the City of St. Johns prior to the commencement of construction.

5. Grant funds expended on the project will be secured by a mortgage on the property for a term of five years. During the five year term the following conditions shall apply:
 - There is no interest charged on the mortgage.
 - There are no payments required.
 - The property owner agrees to rent 51% of the improved units to tenants whose income is at or below 80% of the area median income. (See chart below)

Number of Units Improved per Building	Number of Units to be Rented to Income Eligible
1	1
2	1
3	2
4	3

The current median income is:

Family Size	1	2	3	4	5	6	7	8
Annual Income	\$36,200	\$41,350	\$46,500	\$51,700	\$55,800	\$59,950	\$64,100	\$68,200

- Tenant income will be verified annually or when a change in tenancy occurs.
- Apartment rents (including utilities) shall be within HUD Fair Market Standards, which are currently:

1 Bedroom	2 Bedroom	3 Bedroom
\$502/mo.	\$649/mo.	\$849/mo.

- If the property is sold during the mortgage term, the loan shall be repaid.
 - The mortgage is discharged after 5 years and income and rent requirements are no longer applicable.
6. Each project shall be tested for lead paint and a risk assessment. Any identified hazards shall be corrected by certified contractors and cleared by the testing agency.
 7. Proposed project improvements are subject to review of the State Historic Preservation Office.
 8. The program is subject to the provisions of Federal Uniform Relocation Act in that:
 - It is the intent of the program that no existing tenant(s) be required to re-locate during rehabilitation work on the unit.
 - If re-location is necessary due to rehabilitation work, such displacement and all associated costs shall be the sole responsibility of the property owner.
 - The Act requires several forms of notifications to existing or prospective tenants, including:

General Information Notice Must be given to each existing tenant in the building at the time the property owner applies for funds, whether the unit receives assistance or not.

Notice of Non-Displacement to Residential Tenant Must be given to each existing tenant in the building at the time funding for the project is approved and before commencement of rehabilitation activities.

Notice to Prospective Tenant Must be given to each prospective tenant prior to signing a lease during the period between project approval and project completion.

9. All work performed with grant funding will be by licensed contractors. Upon completion of the rehabilitation, each dwelling unit shall meet applicable local codes and HUD Housing Quality Standards. Each contractor will provide:

- A copy of the current State license
- Evidence of current insurance, including workers' compensation.
- Each contractor will be responsible for obtaining necessary permits.

10. Work performance and payment to contractors:

- Work shall be guaranteed for a minimum of one year.
- Payments are issued on the 2nd and 4th Tuesdays of the month. Original invoices are due the Tuesday before for approval.
- The final 25% of the contract will be held until the work is completed to the satisfaction of the property owner and City.

AN EXAMPLE OF THE PROJECT PROCEDURE IS ATTACHED.