

## **AFFORDABLE RENT POLICY**

### **City of Auburn Community Development Block Grant Program Adopted July 19, 1999**

#### **I. Statement of Purpose**

The purpose of this Affordable Rent Policy is to define how rents will be maintained as affordable to low- and moderate-income persons/households (hereinafter LMI) for enabling the City of Auburn (hereinafter City) to report these as LMI units to the U. S. Department of Housing and Urban Development (hereinafter HUD). This Affordable Rent Policy which is required by Community Development Block Grant regulation under Section 570.208 (a) (3). The policy applies only to housing projects which receive Community Development Block Grant funds.

#### **II. Applicability**

The Affordable Rent Policy is intended to protect LMI persons who are living in a housing project funded with Community Development dollars. The Policy shall benefit tenants whose gross household income, adjusted by family size, is less than 80% of median income according to income limits prepared by HUD for Lewiston-Auburn MSA (in effect at time when determination is made). When an official request for financial assistance is made, persons/households in occupancy of the building being affected will be protected by this Policy. The policy also requires that vacant units be filled by LMI persons/households at affordable rents.

#### **III. Maximum Allowable Rent**

It shall be Auburn's practice to review the rent structure of projects requesting funding for housing related activities at the beginning of the application process. A rent cap shall apply for any units occupied by LMI households. The maximum allowable rent for LMI households will be equal to the rent and utility amount being paid by the tenant at the time of application. If the rehabilitation involves conversion of utility type or transfer of utility payment from owner to tenant, an adjustment will be made based on the schedule listed in Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services (in effect when the rent is calculated). The maximum allowable rent be set for a period of one year after the final inspection for project completion by Community Development staff .

Units which are vacant between the period of loan application and loan closing must be filled by LMI households. The maximum allowable rent for these vacant units shall not exceed the Fair Market Rent (in effect when the rent is calculated) with an adjustment for utility allowance based on the Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services (in effect when the rent is calculated). The vacant unit will be filled by an LMI household only once after loan closing. The Fair Market Rent will be maintained for a

period of one year after the final inspection for project completion by Community Development staff .

#### **IV. Required Information**

The applicant will be required to furnish rental information at the time of request for financial assistance to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit currently charged rent amounts for all units in the housing project, utility types, whether the tenant or applicant pays utilities, and names of tenants. The applicant will also be required to secure from all occupied units Tenant Information (Attachment A) forms which provide income and demographic data about the occupant's household. Based upon this information, Community Development staff will determine if further investigation of tenant data is necessary such as verifying tenant income.

#### **V. Notices**

Tenants who are affected by this Policy will be notified in writing of the rent limitation and the approximate time the limitation will expire.

#### **VI. Rent Agreement**

Applicants will be required to sign a Rent Agreement stipulating the rent limitations. Auburn will include in its loan documents a provision of default if the applicant violates the stipulations of the Rent Agreement. Upon violation, Auburn will give written notice by certified mail. If not corrected to the satisfaction of Auburn within 30 days and restitution made to the tenant, Auburn may take any action deemed appropriate including assessing penalties, declaring the loan in default including accelerating the entire indebtedness and foreclosure of the mortgage.