



**DEPARTMENT OF FINANCE
AND ACCOUNTABILITY
COMMUNITY DEVELOPMENT DIVISION
EZ BLIGHTED PROPERTIES REDEVELOPMENT PROGRAM**

**Program Requirements
May 1, 2008**

1. Summary

The governing board of the Knoxville Empowerment Zone, the Partnership for Neighborhood Improvement (PNI), has allocated \$1,884,000 in Empowerment Zone funding to the City's Community Development Division to implement a program that will provide financing through loans, grants and/or subsidies for the purpose of redeveloping and renovating vacant dwelling units, or constructing new dwelling unit, for either sale or rent. Eligible properties must be located in the Empowerment Zone and meet the requirements of paragraph 5 below.

It is expected that most of the financing will be loans to be repaid upon the completion of the development, when the property is sold or the owner obtains permanent financing. A portion of the financing may need to be in the form of a grant when necessary to make a project affordable to a low/moderate income purchaser.

2. Available Funds

The initial allocation of Empowerment Zone funding is \$1,884,000. As funds are repaid, they will be made available to fund additional applications. Applications will continue to be accepted as long as funds remain available.

3. Use of the Funds

Program funds are limited to the cost of developing 1 to 4 unit real property including: acquisition, new construction of residential housing units including site preparation, rehabilitation of housing units, utility connections, and other reasonable and necessary soft costs related to the development as approved by the Review Committee.

Types of funding available are:

- **EZ Project Development Loan.**
 1. Loan must be repaid within 6 months of loan closing.
 2. No interest or principal payment during the term of the loan.

- **EZ Project Affordability Grant.** Cannot exceed the difference between the post construction appraisal and the total approved project development cost, if the development cost exceeds the appraised value.

- **Down payment assistance.**

1. Assist the purchaser of the developed property with a grant, up to 5% of the selling price, (maximum of \$5,000.00). May be approved on an “as needed basis.”
2. Not available if other City funded homebuyer assistance is available.
3. Applies only for low/moderate income buyers.

4. Proposal Eligibility

The following are minimum requirements that must be met by all applicants:

- a. Proposals for funding shall not duplicate an existing housing program or project. Consideration, however, may be given to such proposals if they can clearly demonstrate that there is an additional need or demand for such programs or projects.
- b. Applicants for funding shall include individuals, non-profit organizations and for-profit businesses, who have previous experience with residential development in the Empowerment Zone, reside in the EZ, own a construction business located in the EZ, or who are partners with other individuals or groups who have these qualifications. Applicants do not need to be low/moderate income to be eligible.
- c. Applicants must be able to demonstrate the capacity to complete a project, or to partner with another organization or individual to build capacity to complete a project.
- d. Proposals must be compatible with the goals and objectives of the *Prospectus for Empowerment* and *A Vision for Empowerment*, (copies available in the Community Development Office).
- e. Proposals for new construction must satisfy applicable requirements and standards regarding visitability and accessibility.

5. Property Eligibility

A current list of potentially eligible properties is available in the Community Development office.

- a. The property must be located in the Empowerment Zone, and
- b. The property must be vacant or unoccupied, and
- c. Listed in the City of Knoxville’s Homemakers Program, or
- d. A Problem Property, as identified by the Zone Advisory Councils (ZACs), or
- e. A Redevelopment Area property identified by Community Development, or
- f. Property determined or Certified as “Blighted” by the Better Building Board, or
- g. Unoccupied properties that have been condemned “unfit for human habitation” or

- h. Listed on the City of Knoxville's Chronic Problem Property List, and
- i. The applicant must have site control of the property; i.e. either own the property or have a contract or option to purchase the property.

6. Criteria to Rate the Strength of Proposals

The following criteria will be used to help determine which proposals are selected.

- a. Proposals should utilize the following Empowerment Zone resources as a means primarily to satisfy the economic development criteria established by the Department of Housing and Urban Development:
 - Contractors and subcontractors whose primary workplace is in the Empowerment Zone.
 - Contractors with employees who live in the Empowerment Zone.
 - Applicants who are Empowerment Zone residents.
- b. Proposals should attempt to complement other Empowerment Zone funded programs or projects, i.e., Workforce Training.
- c. Proposals should attempt to complement one or both of the following:
 - Projects funded through public investment, such as the City's Redevelopment Area Programs or other capital improvements programs.
 - Projects funded through private investment.
- d. Proposals should provide for a mix of income levels as a means to encourage relocation to the Empowerment Zone.
- e. Proposals should provide for a mix of dwelling unit types, consistent with zoning ordinance requirements, adopted plan policies, and the character of the neighborhood in which the dwelling units are proposed.
- f. Proposals for renovation and rehabilitation of existing structures should make every effort to satisfy applicable requirements and standards regarding visitability and accessibility.
- g. In addition, the following preferences will be used in determining which proposals should receive funding:
 - Proposals that will result in the sale of owner occupied dwelling units, rather than dwelling units that are to be rented.
 - Proposals where the overall impact is concentrated, rather than spread out.

7. Other Requirements

The applicant must comply with all applicable federal requirements in the construction, sale, rental, and financing of the housing units constructed or rehabilitated with EZ funds including,

but not limited to Lead-Based Paint hazard elimination regulation, the Civil Rights Act of 1964, and Fair Housing Regulations.

If the property is a contributing property within a potential Historic District, a National Register District, a Redevelopment Area, or H-1 Historical Zoning Overlay, then all rehabilitation work, new construction or other alterations shall conform to the area requirements. In addition, all development must be consistent with the “Heart of Knoxville Infill Housing Guidelines”.

8. Proposal Submittal and Contact Information:

The City will issue an initial RFP to announce the start of the Program and to call for proposals. The RFP will be repeated each 3 months during the life of the Program. Proposals will be accepted on an ongoing basis until funds are exhausted. Applicants must complete and submit the following with their proposal:

- Completed and Signed *Application for Empowerment Zone Funding Part I* with applicable attachments.
- Documentation of site control; such as Deed, option to buy or sales contract, approved Homemakers Agreement. Applicants who have applied for property on the Homemakers List, but not yet approved, will be considered, however no funding will be awarded until approval and transfer of property title to the applicant.
- Documentation of experience and capacity of applicant and partners and previous work in the Empowerment Zone, including development, sales and rental experience.
- Marketing plan.
- Complete Part II after approval of Part I.

Complete program information and proposal materials may be obtained at the Community Development office on the 5th floor of the City/County Building and from the following website: www.cityofknoxville.org/development or by contacting the Community Development Division at 215-2120. Please call us for additional information or for assistance in completing your proposal.

The city reserves the right to modify these regulations as necessary to improve the effectiveness of this program.

