

**City of Sioux City, Iowa**



**Home Investment  
Partnership Program**

*Information and Application Packet  
May 2015*

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## I. Background

The Sioux City Phase 2 Program is designed to preserve and improve primarily single family properties currently on the placard list. This program provides funding to new owners to bring properties into compliance with applicable building codes and standards.

## II. Program Objectives

The purposes of the Phase 2 Program are:

1. To preserve neighborhoods and housing stock within the City of Sioux City.
2. To provide an incentive to private property owners and developers to improve existing housing stock in Sioux City
3. To provide safe and affordable housing options within Sioux City
4. To promote single family home ownership
5. To improve the residential tax base

## III. Eligibility

The following persons are eligible to apply and receive grant funds:

1. Persons in the process of acquiring a property to be used as their primary residence. The purchaser must be a new owner of the property. The term “new owner” is further defined under General Conditions.
2. Developers acquiring a property with the intent of “flipping” the home by reselling the structure. The purchaser must be a new owner of the property. The term “new owner” is further defined under General Conditions.
3. Funding is provided on a first come, first served basis beginning July 1<sup>st</sup> of each year until all funding is utilized. Priority is given to properties that are proposed as future owner-occupied units.
4. Contract buyers are not eligible for the program.

## IV. Program Options

Option One is the preferred method of improving homes currently on the placard list. The Loan Committee (consisting of City staff and one City Council representative) and City Council will make awards to applicants under Option Two at their discretion. The current maximum available per property is \$40,000. However, that amount may be increased on a case-by-case basis at the discretion of the Loan Committee and City Council. All projects must be approved by City Council before final award.

### Option One

This option is provided for those that desire to acquire a property that is currently on the placard list to live in as an owner-occupied structure. Multi-unit structures (no more than two units proposed per structure) will be reviewed on a case by case basis and must have Purchaser onsite in one of the units. A total of \$40,000 per property is available over the lifetime of the property in the form of a forgivable loan. One tenth of the forgivable loan is forgiven each year for ten years. If the property is sold at any time before the tenth year, the balance of the loan is due.

### Option Two

This part of the program is provided for those that desire to acquire a property that is currently on the placard list to improve for immediate resale. Multi-unit structures (no more than two units proposed per structure) will be reviewed on a case by case basis. A total of \$40,000 per property is available over the lifetime of the property in the form of 0% loan. The balance of the loan is due when the property is sold to another party or one year after the occupancy permit is granted: whichever is sooner.

## V. Eligible Improvements

Funds may be used for exterior and interior improvements and other site improvements. The Phase 2 Program funding must be used first to address the items on the deficiency list.

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## VI. Financing

In both options, the funding will be provided in the form of a promissory note and mortgage. In addition, the purchaser will be required to sign a personal guarantee as a part of the loan process. If the purchaser is utilizing Option One, the loan will be forgiven after ten years (1/10 per year is forgiven) if all requirements are met. If the purchaser selects Option Two, 100% of the loan value is due to the City upon transfer of ownership or one year after the occupancy permit is granted: whichever is sooner. A 25% match is required for Option One and Option Two. The down payment provided by the Purchaser for the property can count towards the required match.

## VII. Application Process

1. The Purchaser identifies a property that is on the placard list that they are interested in acquiring.
2. The Purchaser obtains the property deficiency list.
3. The Purchaser must continue to follow all conditions, directives, and deadlines issued by City Council pursuant to the placard process.
4. Preliminary Meeting with City Staff. A preliminary meeting with City staff must be scheduled to discuss the proposed project and to outline the loan process. At this meeting, the Purchaser will receive preliminary feedback regarding the proposal from staff.
5. Submittal of Completed Application Packet. If the project is deemed workable at the preliminary meeting with staff, the Purchaser shall submit all information required in the application as well as the application.
6. Loan Committee Review. Within one week of receiving a complete submittal, City staff will review the application and send a written summary of staff's findings and recommendations. Purchasers may be required to resubmit additional information and/or revised plans for review.
7. City Council Public Hearing. Following the recommendation by City staff, the request is scheduled for Council action. A resolution is drafted and forwarded to the Council for review along with copies of all application materials. At the hearing, staff will present the application, findings, and recommendations. The Council makes the final decision regarding the request.
8. The applicant enters into an agreement with the City of Sioux City
9. The Purchaser provides a list of all proposed contractors to the City of Sioux City and secures the necessary permits.
10. The Purchaser has up to six months to complete the improvements (the exact timeframe will be dictated by City staff as a part of the application process; extensions may be granted if work is progressing). If the improvements are not made in this timeframe, the City of Sioux City can and will recapture the funds by invoking the promissory note and mortgage and / or legal action.
11. Final Inspection. City of Sioux City Inspection Services Division staff will inspect the property to ensure that the proper improvements have been made. If the necessary improvements have been made, the red tag designation is removed and an occupancy permit is issued.
12. Reimbursement. The Purchaser submits all applicable receipts and the City reimburses the agreed upon amount with 30 days.

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## VIII. General Conditions

1. Approval of funding applications is contingent upon available funds.
2. All projects must conform to all applicable regulations in the City of Sioux City Municipal Code.
3. Once an application is approved, the applicant will be required to sign an agreement with the City.
4. Construction may begin only after an application is approved. Any work completed prior to formal approval and signing of the agreement is ineligible for grant reimbursement.
5. The property must be acquired for fair market value.
6. All contractors used must be licensed.
7. Only projects utilizing a licensed contractor will be eligible for reimbursement of labor costs. Projects not completed by a licensed contractor are eligible for material costs only.
8. The Purchaser is responsible for obtaining all necessary permits prior to conducting work.
9. Additional conditions may be included with the loan approval.
10. The Purchaser understands that the City of Sioux City reserves the right to make changes in conditions of the Phase 2 Program as warranted.
11. The applicant authorizes the City of Sioux City to promote an approved project, including but not limited to displaying a sign at the site, during and after construction, and using photographs and descriptions of the project in materials and press releases.
12. It is expressly understood and agreed that the applicant will not seek to hold the City of Sioux City and/or its agents, employees, elected officials and/or directors liable for any property damage, personal injury, or other loss relating in any way to the Phase 2 Program.
13. The Purchaser shall be responsible for maintaining valid and sufficient insurance coverage for property damage and personal injury liability relating to the Phase 2 Program.
15. The Purchaser must be current on all property tax and water utilities owed and agrees to maintain the property and improvements.
16. New Owner is defined as follows:
  - The purchase and sale transaction was an “Arm’s Length Transaction,” meaning that the transaction has been negotiated by unrelated parties, each of whom is acting in his or her own self-interest, and that the sale price is based on fair market value of the Property.
  - No Buyer or agent of Buyer(s) is a family member or business associate of the Seller(s) or the borrower(s) or the mortgagee(s).
  - No Buyer or agent of Buyer(s) shares a business interest with the Seller(s).
  - There are no hidden terms or hidden agreements or special understandings between the Seller(s) and the Buyer(s) or among their respective agents which are not reflected in the Purchase Agreement or the escrow instructions associated with the sale of this property.
  - There is no agreement, whether oral, written, or implied, between the Seller(s) and the Buyers and/or their respective agents which allows the Seller(s) to remain in the property as tenants or to regain ownership of the Property at any time after the consummation of this sale transaction.

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## I. General Information

Circle one of the following:    Option One            Option Two

Address and Legal Description of Property to be Acquired: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Purchaser: \_\_\_\_\_

Purchaser's Address: \_\_\_\_\_  
\_\_\_\_\_

Purchaser's Phone Number: \_\_\_\_\_

Purchaser's E-mail address: \_\_\_\_\_

Is there any pending code enforcement action on the on any other properties you currently own?

- Yes
- No

If yes, please provide the address and explanation: \_\_\_\_\_  
\_\_\_\_\_

Seller's Name: \_\_\_\_\_  
\_\_\_\_\_

Seller's Address: \_\_\_\_\_  
\_\_\_\_\_

Seller's Phone Number: \_\_\_\_\_

Seller's E-mail address: \_\_\_\_\_

## II. Project Description

Please provide a description of the proposed improvements (*attach additional sheets if needed*):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*A successful application will address all of the components listed in the deficiency report. Please attach photos of the existing building conditions and photos/sketches/plans for the proposed improvements. Plans for the proposed improvements do not need to be professionally engineered; however, they should be clear and to scale allowing staff to fully evaluate the request.*

### III. Project Budget

Please provide estimated costs for the applicable project items below. A specific bid from a licensed trade contractor must be provided for all electrical, plumbing, and mechanical items. Attach additional sheets with the required information if needed.

Proposed Budget	
Project Item	Estimated Cost
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
Total Project Cost	
Proposed Match Amount	
Total Eligible Project Costs	
Phase 2 Program Loan Request*	

\*Award funding reimbursement will not increase if final costs exceed initial estimates.

Please provide information below regarding match source and amount. Attach additional documentation if necessary.

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In conjunction with this project, are you completing any other renovation/rehabilitation work to the property (interior or exterior) not covered in the placard report?

- No
- Yes

If answer is "yes" to above question, describe additional work and estimated cost:

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### IV. Additional Information

Have you applied for or received a loan through the Phase 2 Program previously?

- Yes
- No

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What is your timeline for project completion? The Code Enforcement Manager will review this timeline and adjust if deemed necessary. *(Attach additional sheets if needed.)*

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Please confirm that you have provided the following items by placing a check next to the item on the list. Incomplete applications cannot be accepted and will be returned to the applicant:

- Completed and Signed Application
- Color photographs of the property, showing all sides of the structure (can be provided by the City of Sioux City)
- A copy of the property deficiency report
- Detailed sketches, photos, plans, or drawings of the proposed improvements
- Timeline for project completion
- Detailed Project Budget including bids for those items over \$5,000
- Proof of match commitment (i.e. loan documents, bank statements, et c.)
- Copy of the signed purchase agreement with current owner of property
- HUD1 Settlement Statement (if applicable and required)
- A prequalification letter which includes an amount equal to or greater than the agreed upon purchase price from the Purchaser's lending institution.
- A list of current assessments / liens against the property
- Proof of ability to secure property insurance (quote)
- Any additional information specifically requested by the City of Sioux City

Prior to submitting an application, applicants must meet with the City of Sioux City Code Enforcement Manager.

I have:

- Met and discussed my proposed project with
  - City of Sioux City Code Enforcement Manager
  - Other City Staff Member  
Name: \_\_\_\_\_
- Not met with any City staff members in regards to my project

Applicant's Certification:

*I have read and understand this application and I hereby submit the application together with attached photos, plans, and additional supporting documentation for the proposed project and understand that the City of Sioux City, hereinafter referred to as "City," must approve the application. I further understand that if I accept the loan I will enter into an agreement with the City and will comply with all of the requirements contained therein. No funding is guaranteed until a completed application is approved by the City and a subsequent agreement executed by both parties. The project must be completed within the timeframe specified by the Code Enforcement Manager.*

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*I understand and agree that the City does not assume responsibility or liability to me or any other part for any action or failure of any contractor or other third party and in no way guarantee any work to be done or material to be supplied.*

*I further agree to hold the City harmless from and indemnify them for and against any and all claims which may be brought or raised against the City, or any of its officers, representatives, agents or agencies regarding any matters relevant to the participant obligations under the Program.*

*I have read the above statements and acknowledge that they are true and complete to the best of my knowledge. I have no objection to the applicant pursuing the proposed improvements project, and I authorize the leaseholder to make the proposed improvements under the provisions of the Program.*

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Print Name

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Signature of Purchaser

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Date

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## Questions

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