



Blighted Properties Redevelopment Program Policies and Procedures City of Knoxville, Tennessee

Revised January 13, 2021

I. Purpose of the Program

The Blighted Properties Redevelopment Program (BPRP) provides short-term construction loans to renovate blighted unoccupied residential structures. The program assists with funding for developments that may not be able to secure traditional funding from the banking industry.

After the renovation is completed structures will be sold, rented, or occupied by the owner; this reduces blight in neighborhoods by encouraging reinvestment, maintaining neighborhood character, and returning properties to the tax role.

II. Availability of Funding

The BPRP has limited funds and relies on existing project loans to be repaid. As a result, when loans are repaid, funds will become available for new projects. Applications will be taken on an ongoing basis.

III. Use of Funds

Program Funds can be used to finance the cost of developing one- to four-unit residential properties. These costs can include, rehabilitation of housing units, utility connections, and reasonable and necessary soft costs related to the development as approved by staff.

IV. Loan Structure

- A. Financed projects for rental and owner-occupied projects must be repaid with permanent financing within nine months of BPRP construction loan closing or upon completion of the project, whichever is sooner.
- B. Financed projects to be sold will be provided with an additional three months to market the property and will be due within twelve months of BPRP closing or three months after completion of the project, whichever is sooner.
- C. There are no interest or principal repayments due during the term of the loan.

V. Program Eligibility

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

- A. Applicant must document the ability to contribute a minimum of 5% towards the redevelopment costs.
- B. Eligible applicants include individuals, non-profit organizations and for-profit businesses who have previous experience with residential development, or who are

partners with other individuals or groups who have these qualifications. A credit report will be reviewed for financial capacity and history.

- C. Applicants must be to demonstrate their financial capacity to complete the proposed project.
- D. Proposals must meet current applicable code and zoning requirements.
- E. All rehabilitation projects must meet the requirements of and be certified under the *Energy Star for New Homes* program (<https://www.energystar.gov/newhomes>).
- F. All development not covered under an existing historic or other design standard must be consistent with the *Heart of Knoxville Infill Housing Guidelines* (<https://knoxmpc.org/zoning/regulations#guidelines>)

VI. Property Eligibility

- A. The structure must be located in the City of Knoxville, and
- B. The structure must be unoccupied, and
- C. The applicant must have legal control of the property; i.e. either own the property or have a contract/option to purchase the property, and
- D. The structure must be:
 - 1. Listed on the City of Knoxville's Homemakers Program (https://www.knoxvilletn.gov/UserFiles/Servers/Server_109478/File/CommunityDevelopment/Homemaker/hm_lots.pdf), or
 - 2. On Knox Heritage's annual Fragile and Fading List (<http://knoxheritage.org/>), or
 - 3. Determined or Certified as "Blighted" by the Better Building Board, or
 - 4. Placard as "unfit for human habitation" by City Neighborhood Codes Enforcement. This can be verified by contacting Neighborhood Codes Enforcement at 865-215-2119

VII. Program Priorities

The BPRP encourages applications that address the following program priorities:

- A. Projects located in a Historic District, Redevelopment Area (<https://www.kcdc.org/redevelopment/>), or a pre-1950's neighborhood.
- B. Project that utilize a minority or woman owned contractor or subcontractors.
- C. Projects that will meet visitability standards including: one zero-step entrance in the front, back or basement; doors and hallways that provide at least 32" clearance on the zero-step level; and at least a half bathroom, that is use-able by a person in a wheelchair or scooter.

- D. Structures identified as potentially eligible as a contributing structure in a historic district or potential historic district by the Metropolitan Planning Commission's Historic Preservation Officer (<https://knoxmpc.org/historic>).

VIII. Proposal Submittal and Contact Information

Applicants must complete, sign and submit the *Application for Blighted Property Redevelopment Program Funding*, along with the following information:

- A. Documentation of experience and capacity of applicant and partners.
- B. Previous development, sales and rental experience.
- C. Documentation of legal control (e.g. deed, option to buy or sales contract).
- D. If applicant will own the BPRP-assisted property following construction (i.e. property will not be sold), please submit recent pre-qualification letter from lender describing ability to secure permanent financing.

To obtain application forms and program information, contact Housing and Neighborhood Development at 215-2235 or visit www.cityofknoxville.org/development. Please call for assistance in completing your proposal.

The City reserves the right to modify these regulations as necessary to improve the effectiveness of the Blighted Properties Redevelopment Program.