

**BCPS Housing Incentive Program  
Policy and Procedures Manual**

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## **I. PURPOSE**

This document is the policy and procedures for the administration and implementation of the BCPS Housing Incentive Program (HIP), which creates incentives for Battle Creek Public School (BCPS) teachers to purchase or rent homes in targeted neighborhoods within the district. HIP is a program of the City of Battle Creek Community Development Division, funded by a W.K Kellogg Foundation (WKKF) Grant. Program staff of the City, its subcontractors, and participating teachers must adhere to these policies and procedures.

Updates to the policy and procedures are discussed periodically during team meetings and meetings with external partners such as the BCPS Administration. In addition, program staff participate in meetings with WKKF program staff to discuss progress, deliverables and obstacles. As procedures are updated and additional policies are executed by City staff with input from partners, updated versions of this document will be issued to all interested parties via electronic mail.

## **II. PROGRAM DESCRIPTION**

### **A. Overview**

1. The BCPS Housing Incentive Program is designed to attract teachers and administrators to live in targeted neighborhoods (see III.B “Target Area”) within the district by providing down payment assistance, and rent allowances to defray first year housing costs.

### **Benefits**

1. Down Payment Assistance
  - a. Available to home purchasers for properties located within the program target area.
  - b. Provides down payment and closing cost assistance up to \$10,000—not to exceed 20% of the appraised home value.
  - c. If the full amount of down payment assistance is not needed, remaining funds can be used to do a mortgage buy down to reduce monthly mortgage costs.
  - d. Assistance is secured by a no payment, no interest loan forgivable after three years, contingent on continued employment with BCPS and use of property as primary residence by the applicant.
2. Renter Assistance
  - a. Available to renters signing a new lease for a qualifying rental on or before December 31, 2024.
  - b. Provides up to \$4,500 rent allowance for new renters towards the cost of their eligible rental, paid out over one year.
  - c. Payments are made directly to landlords and paid on a monthly basis. Please note that a completed Landlord Agreement form will need to be submitted to begin making payments.
3. Pairing Benefits
  - a. Applicants applying for the rental assistance benefit may later pursue the down payment

assistance benefit, pending continued eligibility and availability of funds.

**B. Unit Production**

1. Teachers and administrators will be assisted by the program over three years based on the availability of funds.
2. A minimum of two-thirds of program funds shall benefit home purchasers.

**III. PROGRAM REQUIREMENTS**

**A. Eligibility**

1. Household eligibility criteria include:
  - a. Applicant is a full-time teacher or administrator of the BCPS as determined by BCPS Administration.
  - b. Applicants for the down payment assistance benefit must be able to secure a mortgage with a lender for home purchase.
  - c. Applicants for the down payment assistance benefit are required to complete an 8 hour accredited homebuyer education class before closing.
    - (i) City shall ensure that an accredited homebuyer education classes are available in the Battle Creek area at no cost to the buyer. If these services are not available free of cost then the City will pay for such services using program funds.
  - d. Applicants for the rental assistance benefit must provide a copy of their lease and a landlord participation agreement (completed by the landlord) which stipulates how payments are to be applied. Landlords may elect to:
    - (i) Discount the monthly rent;
    - (ii) Apply payment to the previous months rent; or
    - (iii) Apply payment to the next months rent.
  - e. No part of the grant can inure to the benefit of any private person or entity in violation of Section 501(c)(3) and 4941 of the Code, including, but not limited to, any W.K. Kellogg Foundation trustee, officer, employee, or his/her spouse, children, grandchildren, and great grandchildren or their respective spouses for any purpose.
  - f. The City of Battle Creek and its contractors will not discriminate against any individual or group because of his or her actual or perceived race, sex, gender, sexual orientation, religion, age, national origin, color, marital status, height, weight, physical or mental disability, family status, sexual orientation, gender identity, or political belief.

2. Unit eligibility criteria include:
  - a. Unit must be located within the designated target area within the City of Battle Creek and BCPS district boundaries (as described in section III.B of this document).
  - b. Units receiving down payment assistance must be eligible under local codes and zoning to be occupied as a single-family owner-occupied dwelling. Other eligible unit types include:
    - (i) Duplexes and other multi-unit properties up to four units rental units are registered with the City of Battle Creek.
    - (ii) Condominium units
    - (iii) Manufactured homes provided that at the time of completion the manufactured housing is connected to permanent utility hook-ups and the housing is located on land that is owned by the unit owner.
    - (iv) Unit type may be further limited by lender requirements.
    - (v) Land contracts and leases are not an eligible form of ownership. The participant must be the deed holder to the property.
  - c. Property sales must include title insurance.
  - d. Units receiving rental assistance can be a single family home or apartment. The unit must have a valid rental permit issued by the City of Battle Creek Code Compliance Division.

**B. Target Area**

1. The HIP target area, located within both the Battle Creek city limits and the BCPS catchment area, is comprised of Neighborhood Planning Councils (NPC) 1, 2, 4, 5, and the portion of NPC 3 north of Territorial Rd. and east of La Vista Blvd. The area is generally bounded on the north, east, and west by the Battle Creek city limits and to the south by Territorial Road and Kingman Avenue.
2. Reference Appendix A: Map of BCPS HIP Target Area

**C. Retention Period**

1. Rental assistance is paid to the landlord monthly (unless other arrangements have been made in advance) and is contingent on the participant maintaining the property as their principal residence and continued employment with the Battle Creek Public School District up until the date of payment or the end date of the lease, whichever comes first.
  2. Down payment assistance is provided in the form of a loan, secured by a no interest/no payment mortgage, which shall be forgiven upon completion of a retention period.
  3. The retention period for home purchase assistance is 3 years from the date the mortgage is signed.
  4. In addition to the mortgage and note, home purchasers and homeowners must sign a Retention Agreement to certify their understanding and acceptance of the following conditions until the end of the retention period:
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- a. The Loan (mortgage and note) is a lien against the property.
  - b. The Loan bears no interest.
  - c. The Loan is not a grant or a gift.
  - d. All of the Loan will be due and payable at any time during the retention period if the property is no longer the Eligible Owner's principal place of residence or if the Eligible Owner ceases to be employed by BCPS.
  - e. No portion of the property may be rented unless registered with the City of Battle Creek as a 2-4 unit rental at the time assistance is provided. The Eligible Owner must occupy one of the units.
  - f. The property may not be used for any illegal activity.
  - g. The property must be insured at all times.
  - h. The owner must keep real estate taxes paid at all times by the due date.
  - i. The owner must keep all mortgage payments (if any) up to date and paid on time.
  - j. The owner must keep the home in reasonably good repair.
  - k. The owner must keep all debris to a minimum to reduce fire, health and safety hazards.
  - l. The owner must keep the City of Battle Creek Community Development Division (10 N. Division St., Battle Creek, MI 49014, 269-966-3267) informed as to any changes in the above.
5. If a homeowner defaults on a mortgage condition before the retention period ends, the following procedures and responsibilities will apply:
    - a. When the City becomes aware that a program participant may fall out of compliance with the requirements of the retention agreement, they will contact the participant to assess the situation and attempt to work out a repayment of the program funds or resolve the issue causing non-compliance.
    - b. The City may confer with the BCPS District Administration to confirm continued employment.
  6. The City will monitor down payment and rental assistance projects annually to verify compliance with the retention agreement by doing the following:
    - a. A City staff person will check City Assessor and Water Utility Department records to confirm that the property and the water bill are still listed in homeowner's name and that the property is appropriately claiming its Principle Residence Exemption.
    - b. The City will provide the BCPS district administration with a list of program participants
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and request confirmation of continued employment.

- c. City will maintain a list of participants with benefit completion dates, retention period, and compliance checks.
7. Quarterly, the City will send a list of current rental assistance participants to BCPS District Administration to confirm employment before making payments.
8. In the event that repayment of the benefit is required and arrangements cannot be agreed upon and issues causing non-compliance cannot be resolved, the City may make a determination of default and initiate recapture of the funds.
  - a. The City will notify WKKF in the event a determination of default has been made and recapture is initiated.
  - b. The City may take all steps permitted under the loan terms for default.

#### **D. Recapture**

1. If a determination of non-compliance is made the City will endeavor to recapture the full amount of the assistance.
  - a. The City will allow a defaulting homeowner to make payments on amount subject to recapture.
  - b. Payments shall be amortized over a period of up to five years.
  - c. There will be no interest added to the repayment.
  - d. Failure to make payments may result in foreclosure and/or garnishing of the homeowner's wages.
2. The City will document all good faith efforts to recapture funds.
3. The City will be compensated for any expenses associated with recapturing funds from any unspent or successfully recaptured program funds.
4. The City reserves the right to decline to pursue recapture in the event that it determines recapture activities are unlikely to result in enough funds to cover its expenses. If such determination is made, a written justification will be included in the project file.
5. Remaining recaptured funds are treated as program income. If remaining funds are recaptured during the WKKF grant making cycle, said funds will be placed back into the program. If remaining funds are recaptured after the close of the WKKF grant making cycle, said funds and will be used for community development actives i.e. housing, placemaking, redevelopment, or the like.

## **IV. PROGRAM ADMINISTRATION**

### **A. Collaboration with WKKF Initiatives and BCPS**

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1. The BCPS Housing Incentive Program is being implemented within the context of strengthening core neighborhoods that house the community's most vulnerable children and families. The goal is to restore economic vitality to targeted neighborhoods by increasing investment in housing and providing wrap-around community development services that support neighborhood revitalization. Providing down payment assistance and rental assistance to BCPS teachers and administrators to encourage residency in the district is key to improving existing housing stock and reinvigorating district neighborhoods as destinations of choice.
2. City shall confer quarterly with BCPS to ensure coordination of the program with the recruitment and retention needs of the District.
  - a. City shall provide a benchmark report and a program update to BCPS.
  - b. BCPS shall provide information to the City regarding the status of the district's recruitment and retention efforts that might affect the demand for program services.

**B. Roles and Responsibilities**

1. City staff will administer the program, including:
    - a. Distribute benefits;
    - b. Cultivate program partners and sub-contractors to provide support to program participants during the home purchase process;
    - c. Coordinate interactions with participants, lenders, realtors, and contractors through the sale and rehabilitation of the property;
    - d. Develop pools of qualified contractors and lenders with qualified match loan products; and
    - e. Provide oversight and management of the rehabilitation through the completion of construction and re-occupancy.
  2. Key City staff include:
    - a. Program Manager—provides program administration, procures services, prepares draws, manages internal and contracted staff, creates and maintains written policies and procedures, compiles reports, convenes team meetings, and reviews and approves applications.
    - b. Housing Rehab Coordinator—does initial site inspections, prepares specifications, estimates and bid packages, manages construction, approves construction invoices, does final inspections and project closeout.
    - c. Grant Specialist—assists with program monitoring and project close out.
  3. Contracted services include:
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- a. General Contractors—provides rehab services.
  - b. Enrollment Coordinator—serves as point of contact for applicants, conducts initial review of applications for completeness, answers questions about the home buying process, fields questions from applicant’s realtor and/or lender, makes referrals to program qualified lenders, credit repair service agency, and home buyer education agency as needed.  
  
NOTE: If a realtor, Enrollment Coordinator may not act as the buyer’s agent.
  - c. Rehab Consultant—provides specialized construction management services and added capacity.
  - d. Evaluator—measures program impacts and progress towards program goals.
4. Program Partners include:
- a. BCPS—promote the program to new recruits and current educators and administrators; provide data to the city for compliance checks; provide collaborative oversight; provide information about recruitment and retention efforts including demographic shifts over time.
  - b. Homebuyer Education—a contractor agency with an accredited homebuyer education program, provides an eight (8) hour course to program participants before purchase.
  - c. Credit Repair—a third party agency that does credit repair & accepts applicants that have credit issues as referrals.

**C. Procurement**

Staff will follow City of Battle Creek procurement policies when making a purchase of goods or services using program funds.

**D. Program Outreach**

1. The City shall be responsible for the creation of promotional materials and activities.
2. The City shall coordinate direct marketing activities to teachers with BCPS District Administration.

**E. Data Collection and Reporting Responsibilities**

1. Within 45 days following the end of the program year, which runs from June 1 through May 31, the City shall furnish to the WKKF program officer a report as detailed in the grant agreement. The report will contain the following:
    - a. A narrative report of what was accomplished by expenditure of the grant funds;
    - b. An evaluation report;
    - c. A financial statement reporting expenditures according to the approved budget.
  2. Community Development staff will maintain a monthly benchmark report of grant activities that includes applications received, applicants referred for credit repair, applicants enrolled, applicants completing home buyer education, closings, number of benefits initiated and completed, and total investments made.
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3. The City and its contracted service providers will confer monthly to exchange information and review monthly progress towards goals.
4. The City will confer with BCPS quarterly.
5. Reference Appendix B: Benchmark Progress Report

## **V. DOWN PAYMENT AND RENTAL ASSISTANCE ACTIVITIES**

### **A. Enrollment**

1. Application Distribution
    - a. The primary method of application distribution will be through BCPS. Promotional materials and applications will be made available for dissemination to teachers and administrators. Dissemination methods may include posting at work sites, email, and other electronic forms of communication, and/or hosting an information session at one or more of the schools.
    - b. The Enrollment Coordinator will be listed on all promotional materials as the point of contact for questions, connecting with resources, and submitting applications.
  2. Application Received
    - a. All applications shall be submitted to the Enrollment Coordinator.
    - b. Applications received are reviewed by the Enrollment Coordinator within two (2) business days.
    - c. The Enrollment Coordinator confirms that the application is complete. If any part of the application is incomplete or if additional information is needed, the Enrollment Coordinator will attempt to contact the applicant no fewer than two times to request the information. If the applicant does not respond, the application is closed out two weeks after the last attempt at contact.
  3. Application Approved
    - a. The Enrollment Coordinator shall confirm that the applicant meets the program eligibility criteria.
      - (i) Eligible employment status shall be confirmed with BCPS.
    - b. When the applicants have been determined to be eligible for HIP, the Enrollment Coordinator will enter applicant information into Applicant Tracking Sheet.
      - (i) Applicant tracking sheets shall be forwarded to Program Manager monthly.
    - c. The Enrollment Coordinator then contacts the applicant to schedule an intake.
  4. Application Denied
    - a. Applications may be denied for the following reasons:
      - An applicant refuses to provide additional documentation requested by Enrollment Coordinator.
      - An applicant does not reside, nor intend to reside, within the program target area.
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- An applicant is not a current teacher or administrator of BCPS as defined by BCPS Administration.
- An applicant is unable to meet any other eligibility criteria.
- An applicant has sent an incomplete application and has failed to respond to at least two contacts by intake staff.

5. Intake

- a. The purpose of an intake is to provide an orientation, collect any required additional documentation (i.e. loan pre-approval), develop a plan to address any barriers to enrollment and if the applicant is ready, enroll them in the program so they can move forward to either purchasing a home and/or locating an eligible rental property.
  - b. Intakes shall be scheduled around the needs of the applicant and will occur over the phone unless other arrangements have been made in advance.
    - (i) The Enrollment Coordinator shall arrange for an intake call time that is accessible to the applicant.
  - c. The Enrollment Coordinator shall provide an overview of how the process will work that includes all the applicable phases of the program including unit selection, coordination between realtors and lenders or landlords, closing, occupant protection and relocation, and occupancy.
  - d. If the applicant is already pre-qualified for a loan(s), they shall provide copies of required loan pre-qualification(s).
  - e. The Enrollment Coordinator shall provide assistance as needed to applicants including but not limited to:
    - (i) Making referrals to program qualified lenders, a credit repair institution, a buyer's agent or other resources as needed; and
    - (ii) Providing program information to applicant representatives in the home buying process such as a realtor, lender, or home inspector.
  - f. Applicants shall be given as much time as they need to address challenges and barriers that arise during the enrollment process and the application shall remain open as long as an applicant demonstrates they are making progress towards completion.
    - (i) Program funds will not be reserved or committed for applicants that have not completed enrollment.
  - g. Once loan pre-approval documentation has been collected, it shall be attached to the application and forwarded to the Program Manager for enrollment into the program.
  - h. Enrollment will be determined on a first come, first serve basis and will be contingent on the availability of program funds as allocated for each benefit.
  - i. The Program Manager will send an enrollment letter to the applicant that includes a description of the benefit, next steps in the process, any applicable conditions, and
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contact information for City staff.

- j. For homebuyers, once an applicant is enrolled they shall have 60 days from the date of approval to locate a property for purchase. The applicant will further have 60 days from property pre-approval in order to complete their purchase and close on their home. In the event of a delayed closing, a one-time 30-day extension can be considered and authorized. Applicants whose closing date is delayed beyond the 30-day extension must reapply and will be subject to funding availability.
  - k. For renters, once an applicant is enrolled they shall have 60 days from the date of approval to locate an eligible property for rent. The applicant will further have 60 days from property pre-approval in order to complete the leasing process and submit all required documentation. In the event of a delay, a one-time 30-day extension can be considered and authorized. Applicants whose lease start date is delayed beyond the 30-day extension must reapply and will be subject to funding availability.
6. Prioritization
- a. In the event of high demand for HIP, the City will use the following prioritization hierarchy to determine which applicants will be given the highest priority for service:
    - (i) Home buyer that currently lives outside the district
    - (ii) Home buyer that currently rents within the district
    - (iii) Home buyer that currently owns a home within the district and wants to purchase
    - (iv) Renter that currently lives outside the district
    - (v) Renter that currently lives within the district

7. Reference Appendix C: Application & Enrollment Process

**B. Realtors and Lender Requirements**

- 1. Participants may use a realtor of their choice.
    - a. Participants will be provided a list of realtors/brokers that have attended a program orientation or have a loan product that has been qualified by the City.
  - 2. Participants may use a lender of their choice provided the loan meets program requirements.
    - a. The City will only provide subsidy second mortgage financing in conjunction with first mortgage loans that meet the following criteria:
      - (i) The interest rate must be within 100 basis points of the current national average 30-year fixed rate as published weekly by Freddie Mac.
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- (ii) Closing costs must be competitive and reasonable as described in Appendix C: Eligible Borrower Costs and Fees.

- 3. Reference Appendix D: Eligible Borrower Costs and Fees

**C. Occupant Protection and Relocation**

- 1. The Housing Coordinator will ensure that occupants have safe access or require temporary relocation during construction.
  - a. Temporary relocation shall be required if residents cannot have safe access to at least one bathroom, sleeping areas, and kitchen facilities (or alternative eating arrangements) during non-work hours.
  - b. Safe access includes the absence of other significant safety, health, or environmental hazards such as lead hazards, toxic fumes, on-site disposal of hazardous waste, or exposed electrical wiring.
- 2. The City does not provide funds for relocation. Any costs associated with relocation or delayed occupancy are the responsibility of the participant.

**D. Project Close Out**

- 1. Program staff will use Project Closeout form to verify all required items are in the file.
  - 2. The appropriate staff person will be notified in the event of missing items and will have five business days to respond.
  - 3. Intake Staff will verify copies of all necessary invoices and documentation are included in the file.
  - 4. Upon verification of all required documents, disclosures items and invoices, the file shall be reviewed for completion and signed by Grant Specialist.
  - 5. All files will be kept in a secure location for five years beginning the day after the lien is discharged. Following the five-year retention period, the City will securely destroy all files.
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## **VI. LIST OF APPENDICES**

1. Appendix A: Map of BCPS HIP Target Area
  2. Appendix B: Benchmark Progress Report
  3. Appendix C: Application & Enrollment Process
  4. Appendix D: Eligible Borrower Costs and Fees
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