

**AN ORDINANCE TO AMEND CHAPTER 8 OF THE CITY CODE TO
CREATE A RENTAL DWELLING IMPROVEMENT PROGRAM**

#0241

Sponsor:

Council
Member
Darby

WHEREAS, a significant portion of the City of Wilmington’s housing consists of rental dwellings owned by small landlords; and

WHEREAS, City Council recognizes that much of the City’s rental housing stock is aging and in need of substantial repair and improvements; and

WHEREAS, City Council further recognizes that small landlords require access to capital to make much needed repairs and improvements to their properties while maintaining reasonable rents; and

WHEREAS, improving the quality of rental housing stock will facilitate positive and productive partnerships among landlords, tenants, and city government; and

WHEREAS, the City desires to create a Rental Dwelling Improvement Fund to assist eligible landlords to make necessary improvements and repairs to their rental dwelling units in order to improve the rental housing stock in the City.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:**

SECTION 1. Chapter 8 of the City Code is hereby amended by adding a new section 8-8 to read as follows:

Sec. 8-8 – Rental Dwelling Improvement Program

- (a) Authorization. The Department of Real Estate and Housing is hereby authorized to undertake a program using funds from the Neighborhood Stabilization Fund or federal grant funds in any fiscal year for the purpose of providing forgivable loans and interest free loans to eligible landlords to assist them with making improvements and repairs to rental dwelling units located in the City.
- (b) Rental Dwelling Improvement Program. A revolving loan fund shall be established for the purpose of making available loans of grant or capital budget funds to eligible landlords of certain rental properties located in the City. The purpose of the loans shall be to assist eligible landlords in making improvements

and repairs to certain rental properties. The program shall establish two loan options which shall include terms implementing the following:

(1) Loan Option 1 – Forgivable Loan. Loans shall be provided in an amount no less than \$10,000 and no more than \$49,999 per rental dwelling unit under the following terms:

- a. The term of the loan shall be ten (10) years per rental dwelling unit;
- b. All loan payments are deferred;
- c. The loan shall be forgiven at an annual rate of ten percent (10%) over ten (10) years if an application for loan forgiveness is submitted annually to the department of real estate and housing. The annual application shall contain a copy of the current lease and a certification that the requirements set forth in subsections (c) and (d) below have been met.
 - i. Repayment of the unforgiven portion of the loan shall be required beginning in Year 6 if affordability requirements are no longer met.
- d. If the landlord does not apply for or fails to meet the requirements for loan forgiveness each year, the landlord will be required to repay the unforgiven portion of the loan at 4% interest;
- e. If a landlord chooses to fully repay the loan during the first three (3) years of the loan term, a penalty will be incurred according to the following schedule:
 - i. The early repayment penalty for a loan fully repaid in year 1 shall be \$5,000;
 - ii. The early repayment penalty for a loan fully repaid in year 2 shall be \$2,000;
 - iii. The early repayment penalty for a loan fully repaid in year 3 shall be \$1,000;
- f. Loans may not exceed \$24,999 per property.

(2) Loan Option 2 – Interest Free Loan. Loans shall be provided in an amount no less than \$50,000 and no more than \$100,000 per property under the following terms:

- a. The term of the loan shall be fifteen (15) years;
- b. Monthly loan payments are deferred for the first year of the loan term;
- c. The loan principal is amortized on a monthly basis with the first monthly payment due in Year 2;
- d. The property where the repairs will take place has a debt service coverage ratio (DSCR) of above 1.2 once the loan is taken into account;
- e. The interest rate for the loan shall be interest free (0% interest) if an application for an interest free (0%) loan is submitted annually to the department of real estate and housing. The annual application shall contain a copy of the current lease and a certification that the requirements set forth in subsections (c) and (d) below have been met;

- f. If the landlord does not apply for or fails to meet the requirements for the 0% interest rate, the landlord will be required to repay the entire loan at 4%;
 - g. There is no penalty if the landlord chooses to fully prepay the loan; and
 - h. Loans may not exceed \$100,000 per rental dwelling unit and \$200,000 per property.
- (3) The loan maximum per landlord under either loan option is \$100,000. Landlords who own more than one rental property can apply for more than one loan, but the total of all loans made to a single landlord cannot exceed \$100,000. The loan options cannot be combined to repair one multifamily property.
- (c) *Eligible Landlords.* Only landlords who own no more than 3 rental properties and no more than 5 rental dwelling units are eligible to receive loans under this program. This total includes rental properties owned by individuals and associated LLCs inside and outside the City of Wilmington. Further, the landlord must maintain ownership of the rental property for the entire applicable loan term.
- (d) *Eligible Rental Properties.* Loans under this program may only be applied to rental properties meeting the following requirements:
- (1) The current rent must be affordable to households earning at or under 60% of the area median income (AMI) as determined by the current base payment standards established by the New Castle County Housing Authority ("NCCHA"). The Department of Real Estate and Housing shall update the base yearly rent per NCCHA data.
 - (2) Tenants residing in the units that will benefit from improvement and repairs using funds from the program must complete an income attestation form as part of the loan application.
 - (3) The property must have any code violations identified by the department of licenses and inspections corrected within six (6) months during the applicable loan term.
 - (4) Property insurance and an active rental dwelling unit business license must be maintained during the applicable loan term, unless the loan proceeds will be used to address open code violations or lead remediation that currently prevents proper licensure and insurance. In such cases, a rental license and insurance must be obtained immediately following completion of the repair work.
 - (5) The rental property must be current with or under a payment agreement for city property taxes and/or water and sewer service charges.
- (e) *Eligible Repairs.* Loan proceeds may be used for any improvement or repair that addresses a safety, health, habitability, energy or water efficiency concern. Examples include but are not limited to: new and repaired roofs, windows, and doors; repairs to deteriorated walls, floors and ceilings; asbestos, mold and lead remediation; electrical and plumbing improvements; heating and cooling systems and energy efficiency upgrades. All repairs must be done by a licensed and insured contractor. Loan proceeds cannot be used to cover the costs of any repairs completed prior to approval of the applicable loan.

SECTION 2. This Ordinance shall become effective immediately upon its date of passage by the City Council and approval by the Mayor.

First Reading..... June 4, 2026
Second Reading.... June 4, 2026
Third Reading.....

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved as to form this 3rd
day of June 2026



Assistant City Solicitor

Approved this _____ day of _____ 2026

Mayor

SYNOPSIS: This Ordinance amends Chapter 8 of the City Code to create a Rental Dwelling Improvement Fund that shall be administered by the Department of Real Estate and Housing. The Rental Dwelling Improvement Fund offers a suite of loan products to eligible, small landlords to make repairs and improvements to their rental properties. Loans are eligible for full forgiveness or preferable 0% interest rate if landlords meet certain program requirements during the applicable loan term.

FISCAL IMPACT: The Office of Management & Budget has reviewed and analyzed the proposed Ordinance and coordinated with the Director of Real Estate and Housing regarding its operational and fiscal impacts. Implementation of the proposed Rental Dwelling Improvement Program will create direct programmatic and administrative fiscal impacts for the City. The Ordinance authorizes the Department of Real Estate and Housing to establish and administer a revolving loan fund, using the Neighborhood Stabilization Fund or federal grant funds, to provide forgivable and interest-free loans to eligible landlords for rental property improvements.

According to the Director of Real Estate and Housing, administration of the Program will require the Department to manage program intake, construction verification, inspections, payment processing, annual compliance certifications, and long-term repayment monitoring. The Director has advised that these functions are expected to require at least two (2) additional full-time employees: one Development Specialist position and one Senior Rehabilitation Specialist II position, with staffing needs potentially increasing if program scale, production targets, or utilization levels expand. The projected annual personnel cost associated with these positions is approximately \$225,500, inclusive of salaries and fringe benefits. This includes \$118,800 for the Development Specialist position and \$106,700 for the Senior Rehabilitation Specialist II position.

In addition to personnel costs, the City may need to appropriate funds for related administrative expenses necessary to implement the Ordinance. Preliminary estimates for non-personnel operational costs are approximately \$90,000 annually and are expected to include legal and loan documentation services, inspections and construction verification, compliance and repayment monitoring, annual recertifications, and general program administration.

Accordingly, the Ordinance is estimated to have an annual administrative and operational fiscal impact of at least \$315,500, including approximately \$225,500 in annual personnel costs and approximately \$90,000 in non-personnel operational costs. It is important to note that this estimate excludes the appropriations required to fund the actual revolving loan fund itself. The ultimate fiscal impact on the City will depend upon future funding allocations, staffing decisions, participation levels, and overall program utilization.