

Appendix B: City of Lancaster Homeowner Rehabilitation Program Description

Source: City of Lancaster Website

The City of Lancaster Housing and Neighborhood Revitalization Unit administers a loan program to provide financial and technical assistance to rehabilitate eligible, substandard, owner-occupied, single family housing units in the City of Lancaster. Repairs are completed according to Lancaster City Housing Code.

City staff members interview and determine program eligibility, conduct a preliminary inspection, prepare cost estimates, assist in bidding to selected contractors and conduct the final inspection. Staff inspects for code compliance and completion of repairs.

Types of Improvement and Repairs Funded by the Program

- Heating Units
- Sewer Pipes/Plumbing
- Electrical Wiring/Smoke Detectors
- Roof Repair/Replacements
- Structural Problems
- Bathroom/Kitchen Repairs
- Reduction of Lead Paint Hazards
- Repairs to bring property up to Lancaster City Housing Code

Program Requirements

- All City accounts must be current (water/sewer, taxes, trash and municipal liens).
- Applicant must be deed holder and reside at the property for at least one year, have current homeowner's insurance and be current with mortgage obligations.
- A lien search and credit report is conducted and taken into consideration to determine eligibility.
- Property must be located within the City of Lancaster, have conditions requiring repair as per the housing code and/or HUD housing standards and be economically feasible to rehabilitate for less than \$25,000.

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2009 FAMILY INCOME GUIDELINES

(1/1/09-12/31/09)

Number of Persons in Family	<u>Extremely Low Income Ceiling for the Lancaster SMSA (30% of Median Family Income)</u>	<u>Very Low Income Ceiling for the Lancaster SMSA (50% of Median Family Income)</u>	<u>Low Income Ceiling for the Lancaster SMSA (80% of Median Family Income)</u>
1	\$14,150	\$23,600	\$37,750
2	16,150	26,950	43,100
3	18,200	30,350	48,500
4	20,200	33,700	53,900
5	21,800	36,400	58,200
6	23,450	39,100	62,500
7	25,050	41,800	66,850
8	26,650	44,500	71,150

* These figures are based on the U.S. Department of Housing and Urban Development (HUD) estimate for the Fiscal Year 2009 Median Family Income of \$67,400 for the Lancaster Standard Metropolitan Statistical Area (SMSA). The SMSA and the area covered by Lancaster County are identical. As required by statute, the definition of "Extremely Low Income" is tied to 30 percent of the median income, the definition of "Very Low Income" is tied to 50 percent of the median income, and the definition of "Low Income" is tied to 80 percent of the median income for the area. Using the median income, a four-person family income limit is calculated and adjustments then made for other family sizes.

Higher income limits apply to families with more than eight persons, although they are not shown because of space limitations. For each person in excess of eight, 8 percent of the four-person base should be added to the eight-person income limit (for example, the nine-person limit equals 140 percent of the relevant four-person income limit). All limits are rounded to the nearest \$50.

Two Types of Financial Assistance

1. Repayment Loans

- 0% Interest
- 15 years, 180 payments
- Repayment Loans are provided to homeowners who have incomes more than 50% and less than 80% of HUD's median income for the area

2. Forgivable Loans

- 10% of loan is forgiven annually.
- Forgiveness loan are provided to homeowners who are at the income level below 50% of HUD median income. This type of loan requires the homeowner to have resided in the property for 10 years. Every year, 10% of the loan amount is forgiven.
- Applicants who meet the criteria for the Homeowner Rehabilitation Program and are interested in applying, can download and complete the [Homeowner Rehabilitation Assistance application](#) (PDF) and mail it to:

City Of Lancaster
Attention: Housing and Neighborhood Revitalization Unit
120 North Duke Street
Lancaster, PA 17602
(717) 291-4730

Applications are placed on a waiting list once received until funding becomes available.

Frequently Asked Questions

What is a rehabilitation loan?

It is a zero percent (0%) loan from the City of Lancaster funded by HUD through the Housing and Community development Act of 1974 to rehabilitate owner-occupied properties.

What types of loans are available?

Depending on family size and income, homeowners may qualify for either a repayment loan or a forgiveness loan. Repayment loans are paid back monthly for a term of 15 years. Forgiveness loans allow for 10% of the total loan amount to be forgiven annually. A combination of the two types may also be arranged. The homeowner would pay a portion of the loan and the remaining portion would be forgiven over ten years. The homeowner must remain living in the property for the term of the loan.

What is the maximum amount available for a rehabilitation loan?

The amount of the repairs equals the amount needed to bring the property up to code. The maximum amount to be funded for the repairs is \$24,999 including any repairs made through the Critical Repair Program.

Who is eligible for a loan?

Owners who occupy the home, meet the current family income guidelines and all criteria as established by the Homeowner Rehabilitation Program and HUD.

Will a lien be placed on my property?

Yes. A Mortgage (lien), which is recorded at the Lancaster County Recorder of Deeds Office, will be placed on your property. When your loan balance is \$0.00, the lien will be satisfied.

What if I move or sell my property before the lien is satisfied?

The balance of your loan, whether a repayment or a forgiveness loan, will be due.

Can the property be located anywhere?

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To be eligible, the property must be within the city limits.

What kind of work may be done?

Any work needed to bring the property up to the current City of Lancaster Housing Code as adopted by Lancaster City Council.

What if the funds are not enough to bring my home up to these standards?

A determination is made by the Rehabilitation Specialist to ensure the property justifies rehabilitation within the allotted grant and loan maximum limits.

Who decides what work is needed?

The City of Lancaster's Rehabilitation Specialists will create a work write-up only including work that brings the property up to the current City Housing Code.

What if I have an emergency?

Contact our office. The Critical Repair Program is specifically designed to assist with emergency repairs.

Who will do the work?

The owner will choose contractors to bid on work as stated in the bid packet. If homeowners are not familiar with any contractors, the City staff will provide you with a list of licensed and lead trained contractors to choose from. Contractors may bid on work only if they meet specific qualifications. The contractors will bid on the work and you choose the contractor you want as long as they provide a responsible bid. Responsible bids are those that include all work as specified in the work write-up and must be within 15% of the Rehabilitation Specialists estimate.

Who will inspect the work?

The Rehabilitation Specialist and/or City Housing staff will make periodic inspections of all work performed.

How long does the rehabilitation work take?

The length of time depends on the amount of work necessary to bring your house up to the Rehabilitation standards. Work must begin within 30 days of signing the agreement with the contractor and must be completed within 90 days of signing the contract. Contract extensions may be given for change orders or for unforeseen setbacks such as in-climate weather.