

CITY OF MERCED HOUSING DIVISION HOUSING REHABILITATION PROGRAM

Welcome to the City of Merced Housing Division Housing Rehabilitation Program!

Each year we receive funds from the Federal Government in the form of a Community Development Block Grant and HOME Program allocation.

The purpose of our program, under our funding source guidelines, is to provide low interest loans to property owners who are either low income themselves, or who rent to low income tenants.

"THE FACTS"

Who is eligible?

The property to be rehabilitated must be within the City of Merced. An owner who occupies his own property must be low income according to HUD Section 8 Income Guidelines. An owner of rental property must have tenants who meet these low-income guidelines.

MAXIMUM QUALIFYING INCOME:

NUMBER OF PERSONS IN HOUSEHOLD

1	2	3	4	5	6	7	8
\$32,050	\$36,600	\$41,200	\$45,750	\$49,450	\$53,100	\$56,750	\$60,400

What is the interest rate?

The interest rate for owner-occupant loans is 3%. Owners of rental property are usually required to get half of the project funds from some other source, and the City loan is at no interest.

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What is the term of the loan?

The term, or payoff period, is usually 20 years for an amortized loan. An amortized loan is one in which payments are made over the term until the entire loan amount (principal and interest) is paid in full.

What is a deferred payment loan?

A deferred payment loan is one in which interest accumulates, but the borrower does not make any payments. The City of Merced gets its money back when the house is sold or transferred to a different owner.

Who qualifies for a deferred payment loan?

Homeowner-occupant: Current housing expense is more than 30 percent of household income.

If I am granted a loan, what kind of repairs can I make on my property?

The first priority for loans is the correction of code violations affecting the health and safety of the occupants. Numerous other improvements and repairs are allowable, including painting, carpet and vinyl floor replacement, new roofs, and room additions warranted by overcrowding. Your Housing Rehabilitation Specialist will provide information to you about all of the improvements that are possible through a rehabilitation loan.

Luxury items, such as swimming pools, fireplaces, spas, and patio covers are not allowable.

What if I have code violations on my property and decide not to get a loan?

If a property owner later decides not to get a loan through our program, the Inspection Services Division of the City of Merced may still require that the code violations be repaired. This is up to the Inspection Services Division. If you have questions, please talk to your Housing Rehabilitation Specialist.

What services do you provide other than loan funds?

- 1. Survey of property to determine work that needs to be done.
- 2. Work write-up detailing scope of work which will allow contractor's estimated costs to be accomplished.

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- 3. Solicitation of proposed cost estimates from contractors.
- 4. Contract documents related to the rehabilitation project.
- 5. Monitoring of project for quality and phase completion.
- 6. Temporary relocation of occupants and belongings during construction.

What do I need to do in order to apply?

In order to apply for a loan through the City of Merced Housing Division, you will need to fill out our application form and return all requested information promptly.

You will not be given an application unless we feel you meet the basic eligibility requirements (property location and low income).

Upon verification of eligibility, your property will be scheduled for a preliminary survey. After completion of this survey, you will be notified of your status. A project will not be accepted or scheduled for a survey until your application is complete. Your Housing Finance Specialist will explain the entire application process; you should arrange an appointment to discuss this in person.

FOR MORE INFORMATION, PLEASE CONTACT:

CITY OF MERCED HOUSING DIVISION 678 W. 18TH STREET MERCED, CA 95340 (209) 385-6863 (TDD 209-385-6816)

