



Memorandum

To: Economic and Community Development Committee

From: Housing Specialist

Date: August 28, 2024

Re: Proposed Increase to Housing Rehabilitation Loan Limits

The cost of improvements funded through the Housing Rehabilitation Loan Program have increased markedly over the last several years. As a result, we are seeing more homeowners that have project costs that exceed the current maximum loan amount of \$35,000. In most cases, the projects costs are for the required repairs as identified from the Housing Quality Standards (HQS) Inspection. Under the current guidelines, and maximum loan amount, if all HQS deficiencies cannot be addressed, the project is considered “not economically feasible to rehabilitate” and the project is not eligible for the loan program.

The recommendation will be to increase the total maximum loan amount to \$45,000. All other program requirements remain including that the project cost meets a debt factor of ≤ 1.0 *

* Debt Factor shall be the numerical comparison between the recorded indebtedness against the property after rehabilitation and the fair market value of the property after rehabilitation. The debt factor shall be determined by dividing the amount of recorded indebtedness by the equalized value.

HOUSING REHABILITATION UNDERWRITING				
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First mortgage balance	\$ 80,000.00	←		
Any other liens, second mortgages, delinquent taxes due on the property	\$ -	←		
	TOTAL		\$ 80,000.00	*
Estimated Rehabilitation Cost	\$ 45,000.00	←		**
	Value of Rehabilitation		\$ 22,500.00	*
Fair Market Value of the Property	\$ 102,500.00	←		**
Equalized Value After Rehabilitation			\$ 125,000.00	*
Total Indebtedness After Rehabilitation			\$ 125,000.00	*
DEBT FACTOR			1.00	*

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