



RACL

REDEVELOPMENT AUTHORITY of the COUNTY of LEBANON

MILLCREEK TOWNSHIP HOUSING REHABILITATION PROGRAM GUIDELINES

The policies and procedures contained in this document provide guidance for the Township's existing owner-occupied Housing Rehabilitation Program. It includes program goals and objectives, a program description and policies and procedures for program implementation.

The Housing Rehabilitation Program is funded by the U.S. Department of Housing and Urban Development (HUD) and the Pennsylvania Department of Community and Economic Development (DCED), including with Community Development Block Grant funds. When appropriate, Lebanon County's ACCESS and Senior Repair program or other program may supplement and leverage housing rehabilitation funding.

Housing Rehabilitation Program funds can be used Township-wide. The Program is designed to assist lower income property owners to maintain their homes, eliminate housing code violations, and stabilize neighborhoods. This Program will provide decent, safe, and sanitary housing for Township residents and contribute to a long-term and viable housing stock in the future.

Rehabilitation standards will include DCED Housing Rehab Standards (June 2022 guidebook) and other applicable local, state and federal requirements and/or codes. Eligible repairs will also include lead hazard reduction or abatement as appropriate and radon mitigation. Energy related improvements and minor general property improvements may be considered.

Only owner-occupied, single family residential properties are eligible. The property must be used as the owner's principal residence. Life estates are eligible if the person having the life estate pays all costs associated with the property. The after rehabilitation value of the property will be used to determine if the property is Program-eligible; the property must comply with the current HOME homeownership value limits as issued by HUD in order to be assisted with HOME funds. To calculate the after rehab value of the property, the following formula will be used. After rehab value = property assessment x Common Level Ratio + (5% x total non-lead rehab cost).

Income eligibility is based on total household income projected forward twelve months and is calculated according to 24 CFR Part 5 inclusions and exclusions, the most recent

HOME Program income limits, and DCED guidance in the Income Eligibility Technical Assistance Manual. Household composition will include unborn children.

No asset limit applies, however interest and dividends from assets is included in income determination.

The minimum rehabilitation cost is \$1,000. There is no cap on the cost of repairs (beyond the maximum HOME subsidy limit and homeownership value limit); however, this Program is designed to provide moderate or substantial rehabilitation. This is not a gut rehab program that replaces the interior of the property or includes significant changes or replacement of structural elements.

The rehabilitation costs associated with the lead hazard reduction/abatement work will be forgiven upon the completion of repairs and the completion and execution of closeout documents. The balance of the rehabilitation costs will be forgiven over five (5) years at 20% per year. This assistance is secured by a mortgage recorded at closing and executed by all parties with an ownership interest in the property and will include resale, repayment and recapture conditions, as applicable.

Efforts will be made to protect the investment of funds from the applicant's imminent loss of the property proposed for rehabilitation. Credit will be reviewed only for housing-related debt and this debt must be current with no late payments in the last three months. Property taxes must be current or paid under an agreement with the Tax Claim Bureau. Property insurance is required in an amount sufficient to cover existing and new secured debt.

Applicants may be required to attend financial counseling to develop a budget and spending plan that includes housing related expenses. Applicants may be referred to agencies and programs that provide services to stretch owners' limited financial resources.

The property inspections and scope of work will be prepared by an inspector or Authority staff, and be approved by the owner.

The owner will select contractors with the necessary credentials to submit competitive prices. The lowest acceptable price will be funded after review by the inspector or Director, who will certify that the costs are necessary and reasonable.

Progress inspections of work will be conducted by an inspector or Authority staff. The owner is responsible for daily monitoring of work.

All work payments will be approved by the owner, inspector, and Authority staff.

Change orders to the work will be approved by the owner, inspector, and Authority staff before the change is made. Change order costs must be reasonable.

Disputed work or payment will be resolved through binding arbitration. Authority staff will determine when arbitration is necessary.

Contractors will provide a one year warranty period during which defects in material or workmanship may become apparent to the owner. The contractor should supply all manufacturer warranties to the owner. The owner is responsible to contact the contractor to perform warranty work.

The owner is responsible to maintain the property and keep repairs in good order.

An owner may receive funding for his/her property only one time unless conditions cause the property to be unfit for habitation or jeopardize the Township's financial interest, or at the discretion of the Township or Authority.

Properties purchased with funding from the County's First Time Homebuyer Program are not eligible for the Rehab Program unless conditions cause the property to be unfit for habitation or jeopardize the County's financial interest, or at the discretion of the Township or Authority.

Emergency assistance may be provided (from funding sources other than HOME) on a case-by-case basis until the entire property can be rehabbed. An owner offered full rehab within twelve months and declining full rehab will result in the demand for immediate repayment of the emergency assistance funds. Emergency assistance will be provided as a deferred loan.

All rehab applications will be approved by the Authority Executive Director who may waive non-federal guidelines for extenuating circumstances with adequate documentation.

Subordination of mortgage requests may be approved by the Authority if the request increases the affordability of the property and the Township's financial interest is not adversely affected. Requests based on refinancing for more favorable terms are usually approved as are those for property improvements and repairs. Requests for debt consolidation are seldom approved without extenuating circumstances. Cash-outs are capped at \$500. An underwriting fee of \$150 will be collected. If the lender does not require an appraisal, an appraisal fee may also be collected. Only two requests per borrower will be considered.

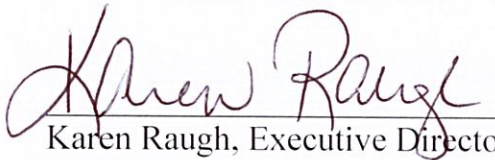
Applicants determined ineligible can reapply in six months if their situation changes and deserves reevaluation.

Appeals of decisions must be directed in writing to the Chairman of the Redevelopment Authority Board of Directors.

Public access to records will comply with the Authority's Right-to-Know Policy.

These Program guidelines and procedures are subject to change without prior notice.

October, 2024



Karen Raugh, Executive Director
Redevelopment Authority of the
County of Lebanon

CDBG Program Administrator
Millcreek Township

