



City of Salem

Housing Rehabilitation Loan Program—Owner-Occupied Loans

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The Housing Rehabilitation Loan Program’s Owner-Occupied Loans are offered through the City of Salem through the Department of Planning and Community Development (DPCD), as part of the Mayor’s goal to improve the quality and safety of Salem’s housing. The program provides assistance for moderate rehabilitation projects in order to eliminate existing or potential health and safety hazards, to carry out handicapped access improvements and to undertake historic preservation.

To help homeowners better understand the program, below is a list of frequently asked questions and answers. If you would like further information or would like to apply, please contact the DPCD.

What Type of Assistance is Available?

The Housing Rehabilitation Loan Program provides technical and financial assistance.

- Technical Assistance is in the form of a housing inspection and work write-up that is used to solicit bids from qualified contractors.
- Financial Assistance is offered in the form of zero percent interest loans. Repayment options depend on the applicant’s income and ability to repay: Loan repayment is deferred for all very-low and low-income borrowers and for any moderate-income borrowers who currently pay 30% or more of their monthly gross income in housing costs. Loan repayment is required for moderate-income borrowers who currently pay less than 30% of their monthly gross income in housing costs. All loans are paid back upon transfer, sale or refinance of property and are secured by a lien on the property.

Who can apply?

Applicants and their properties must meet Federal Income Guidelines and Maximum Value Limits, both determined by United State Department of Housing and Urban Development (HUD) and updated annually.

2006 income limits are as follows:

Household Size	1	2	3	4	5	6
Max Income	\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750

2006 value limits are as follows:

Property Type	1-Family	2-Family	3-Family	4-Family
Max Value	\$362,790	\$461,113	\$560,231	\$646,421

Additional requirements:

- The property must be owner occupied and located in Salem;
- Real estate taxes and water/sewer fee payments must be up to date;
- Assisted rental units will be subject to an Affordable Housing Restriction for no less than 15 years;
- If your property is located in a Flood Hazard Area, you will be required to purchase flood insurance, as required by the National Flood Insurance Act of 1968;
- Applicants must comply with all statutory requirements of the CDBG and/or HOME Programs; and
- Applicants must abide by all Federal, State and Local Regulations pertaining to Fair Housing and Equal Opportunity. The City of Salem is an Equal Employment Opportunity and Affirmative Action advocate.

What rehabilitation work is eligible?

Funds are used to pay contractors for rehabilitation work to:

- Correct all code violations and meet Federal Housing Quality Standards (HQS);
- Eliminate serious or potential hazards to health and safety;
- Remedy emergency and imminent emergency conditions;
- Provide for handicapped accessibility;
- Undertake limited historic preservation; and,
- Remove lead hazards, including the cost of deleading, lead reports and inspections.

Work completed prior to submission of application is **not** eligible.

What is the maximum amount I can borrow?

Property Size	1-unit	2-unit	3 or more units
Max Loan	\$25,000	\$45,000	\$60,000

Your actual loan amount will be based upon the work required to meet program guidelines and the amount of assistance you qualify for. Additional funding for lead abatement is available through *MassHousing Get the Lead Out* and the *City of Salem Gap Filler Loan* programs.

If your project scope is beyond the maximum loan amounts, the DPCD will work with you to seek additional forms of assistance or other loans in order to eliminate all code violations and meet HQS.

How do I apply?

The program uses a 2-step application process. The timeframe to process your application depends on the scope of your project, as well as the number of applications received and the funds available.

- **Step 1:** Submit a *Pre-Qualification Form*. The information provided on this form is used to preliminarily qualify you for Housing Rehabilitation Loan Assistance. Pre-qualified applicants will be notified and placed on a waiting list. Projects that require emergency repairs, deleading, handicapped accessibility and those that have not previously received assistance from the Housing Rehabilitation Loan Program are given priority. All other applications are processed in the order they were received as funds become available.
- **Step 2:** Once your property has come to the top of the waitlist, you will be mailed a full *Application for Assistance*. All materials must be submitted by the date specified on the cover letter, generally 14 days from the mailing date. Once your eligibility has been verified, the City will present you with a loan offer.

What happens after I am accepted?

Upon your acceptance of the City's loan offer, the City's Housing Rehabilitation Specialist will contact you to schedule a time to inspect your property. Based on the inspection, the Housing Rehabilitation Specialist will generate a Work Write-up for your approval and then issue the bid package to qualified contractors. Once a contractor has been selected, the City will arrange a loan closing date with you and then the work can begin.

Deleading funds available

The Department of Housing and Urban Development requires that all dwellings rehabilitated with Federal funds comply with HUD Lead Based Paint Provisions and the Massachusetts Lead Law. To maximize program funds, the City requires all properties with lead hazards to apply for and use *MassHousing Get the Lead Out* and/or the *City of Salem Gap Filler* programs, whenever available prior to proceeding with the Housing Rehabilitation Loan Program. DPCD staff will work closely with participants on combining the Housing Rehabilitation Loan Program with lead abatement programs.

Contact Information

City of Salem
Department of Planning and Community Development
120 Washington Street, 3rd Floor
Salem, MA 01970
Julie Quinn, Housing Coordinator
(978) 619-5685.

Para información en español, favor de llamar 978-619-5685.

The City of Salem reserves the right to make changes in the conditions of the Housing Loan Rehabilitation Loan Program as warranted. Please check with DPCD staff for the latest information.



This program does not discriminate on the basis of race, color, national origin, gender, age, religion, familial status, sexual orientation or disability. This program is funded through the United States Department of Housing and Urban Development (HUD), utilizing HOME and Community Block Grant Funds (CDBG).

