

## HOMEOWNER REHABILITATION FACT SHEET

### HOME Helps Low-Income Homeowners and Neighborhoods

HOME funds can assist low-income homeowners make necessary repairs and improvements to their homes. Participating Jurisdictions (PJs) often target homeowner rehabilitation programs to certain neighborhoods or types of properties in order to leverage greater impact in a particular area.

Using HOME funds to assist low-income homeowners can help jurisdictions that have:

- Neighborhoods that are at-risk of deterioration because of the number of low-income homeowners who are unable to pay for property maintenance; or
- High rate of homeownership among the residents with a limited or fixed income (such as the elderly population).

### HOME Funds Pay for Necessary Repairs

HOME funds can be used to cover the actual cost of rehabilitating the housing as well as associated soft costs such as financing, legal, and architectural fees. Housing that is rehabilitated with HOME funds must, upon completion, meet all applicable local codes and rehabilitation standards, or a national model building code.

Examples of eligible repairs include:

- All development costs incurred to bring properties up to local rehabilitation standards and applicable codes,
- Costs related to addressing lead-based paint hazard reduction, and
- Costs incurred to create accessibility for disabled persons.

### Homeowner Rehabilitation Programs Are Easy to Administer

A limited number of basic rules apply to a homeowner rehabilitation program. The most significant rules are:

- The homeowner must be *low-income*;
- The property must be the homeowner's *principal residence*;
- HOME funds may be used for *eligible costs* related to the repair, rehabilitation, or reconstruction of the home;
- When work is complete, the property must meet established *property standards*, including the PJ's rehabilitation standards and state or local codes; and
- The *after rehabilitation property value* may not exceed 95 percent of the area median property value.

### Nonprofit Organizations Can Help

There are many potential roles for nonprofit organizations in a homeowner rehabilitation program, such as:

- Administering a homeowner rehabilitation program, or a portion of the program, such as marketing;
- Acting as a community advocate or advisory committee; or
- Counseling owners.

### Learn More About the HOME Program.

To obtain more information on the HOME Program, visit the HOME Program website at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home>, or contact the Community Planning and Development (CPD) Office of U.S. Department of Housing and Urban Development. To locate the field office nearest you, go to <http://www.hud.gov/directory/ascdir3.cfm>.

## UNDERSTANDING HOMEOWNER REHABILITATION PROGRAMS

### HOME Terms and Requirements

#### Eligible Homeowners

To receive assistance, homeowners must be *low-income* or *very low-income*. This means that they have a gross annual household income of 80 percent or less of the median income for their area. PJs are responsible for ensuring that those assisted meet the low-income requirements.

#### Eligible Properties

To be eligible for rehabilitation under the program, properties must meet several conditions:

- Property Type.** Eligible property types include any property that will serve as the purchaser's principal residence, including: single-family properties (one unit), two-to-four-unit properties, condominium units, or manufactured housing units. PJs must verify that ownership or membership in cooperative units or units in a mutual housing project constitute homeownership under applicable state law.
- Ownership interest.** The homeowner must have legal ownership of the property, as verified by the PJ. Ownership must be in the form of fee simple title, a 99-year leasehold interest, or another form of ownership approved by HUD. The property may not have any liens or encumbrances that impair the good and marketable nature of the title to the ownership interest.
- Principal Residence.** The property must be the homebuyer's principal residence. This must be specified in a deed restriction or other program documents.
- Property Value.** The estimated property value, after rehabilitation, may not exceed 95 percent of the area median purchase price for the area. The value can be assessed by cost estimates by qualified person on staff, appraisal, or tax assessment. The value must be assessed before any work may be performed.
- Property Standards.** All properties assisted with HOME funds must meet applicable program rehabilitation standards, as well as local codes.

#### Eligible Costs

HOME funds may be used to cover the following costs in a homeowner rehabilitation project that meets HOME requirements:

- Hard costs such as cost of construction material and labor.
- Soft costs such as architectural fees and appraisals.
- Temporary relocation costs such as moving costs, temporary replacement housing, and advisory services.

#### Key Program Requirements

HOME requires that homeowner rehabilitation projects meet the following requirements:

- The minimum per unit HOME investment by the PJ must be \$1,000;
- The value of the property after rehabilitation must not exceed 95 percent of the purchase price for the area;
- Applicable codes and property standards must be met;
- The program and property must comply with other applicable Federal requirements, such as environmental reviews and fair housing; and
- A PJ may impose additional requirements, such as income or neighborhood targeting, if it chooses.