

About the Program

The City of Redding Homeowner Rehabilitation Loan Program provides low-interest loans to qualified homeowners for rehabilitation of residential property. Repairs may include roofing, pest control work, plumbing, electrical, flooring, painting and some types of general property improvements. Energy conservation work like weatherstripping and insulation are encouraged. Improvements such as pools, spas and interior decorating are ineligible.

Basic Eligibility Requirements

1. The property to be rehabilitated must be owner-occupied.
2. Household gross income must be at or less than:

Family Size	Annual Income	Monthly Income
1	\$31,550	\$2,629
2	\$36,050	\$3,004
3	\$40,550	\$3,379
4	\$45,050	\$3,754
5	\$48,700	\$4,058
6	\$52,300	\$4,358
7	\$55,900	\$4,658
8	\$59,500	\$4,958

3. The property must be located in a residentially-zoned area within the Redding city limits.
4. Deferred-payment loans are available for elderly or disabled homeowners, with principal and interest due upon transfer of title. An applicant not eligible for a deferred payment loan must be financially able to make monthly payments.

Loan Highlights

1. Loan Interest Rate:
 - 3% for Deferred (no monthly payments required)
 - 5% for Amortized (monthly payments required)
2. Term of Loan:
 - Deferred
Loan amount plus 3% simple interest per year is due upon transfer of title.
 - Amortized
From 10 to 15 years at 5% interest
 - Partially-deferred
Available for homeowners who have limited funds for payments. Repayment period of 10 to 15 years, with interest at 3% for the deferred portion and 5% for the amortized portion.
3. Maximum Loan: The loan amount depends upon the cost of needed repairs and available homeowner equity.
4. Total debt on the property, *including the rehabilitation loan*, may not exceed 90% of the property's value.
5. There is no charge to apply for a loan. All loan costs, such as title insurance and pest control report are included in the loan.
6. Loans are secured by a promissory note and a deed of trust recorded on the property.
7. Borrower must maintain fire insurance coverage and property tax payments and any required mortgage payments through the life of the loan.

How to Apply

Contact the City of Redding Housing Division to determine if you meet the qualifications for a rehabilitation loan.

Complete an application. Staff will obtain a credit report, verification of household income, savings, and any existing mortgages to determine eligibility.

Inspections, Bidding & Contracts

Inspections

The home is inspected to determine the scope of work. A repair list outlining the work to be done is prepared along with a preliminary cost estimate. Upon the homeowner's acceptance of the repair list, formal plans and specifications are prepared. Specifications detail the exact work to be completed and are used by the contractor in bidding and performing the work. In addition to the above inspection, a pest control inspection is completed by a pest control company.

Bidding

Staff maintains a list of qualified general contractors and advertises through the local Builder's Exchange to new contractors. A contractors' tour is conducted for interested general contractors to survey the repairs. Sealed bids are received from interested contractors within two weeks of the tour date. The competitive bidding process encourages fair bids to the homeowner and in most cases, the project is awarded to the lowest responsible bidder.

Contracts

After a contractor's bid is selected, the construction contract and loan documents are prepared. A preconstruction conference is held to review all specifications and details of the project. This meeting provides the homeowner and contractor time to confer before work starts.

Once work begins, repairs are expected to be completed promptly, with most projects completed within 30 to 60 days. Staff monitors the work to assure that it is performed according to the contract.

All funds are held by the City with progress payments made as work is completed. Final payment is made to the contractor 35 days after work has been satisfactorily completed.

For an application or further information about the Homeowner Rehabilitation Loan Program, please contact:

Dave Forseth

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Hearing-impaired persons can call
225-4363, if they have a TDD.



City of Redding
Housing Division
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Homeowner Rehabilitation Loans



Housing & Community Development

BULK RATE
U.S. POSTAGE
PAID
Redding, CA
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