

Homeowner Rehabilitation Loan Program (HRLP)

About The Program

The City of Redding Homeowner Rehabilitation Loan Program (HRLP) 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 window replacement and insulation are encouraged. Improvements such as pools, spas and interior decorating are ineligible.

Basic Eligibility Requirements

1. The property must be owner-occupied.
2. Applicant must meet current household income guidelines (as of 5/26/2020).
3. The property must be located in a residentially-zoned area within Redding city limits.
4. Deferred-payment loans are available for elderly or permanently 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.

Family Size	Annual Income	Monthly Income
1	\$36,300	\$3,025
2	\$41,500	\$3,458
3	\$46,700	\$3,892
4	\$51,850	\$4,321
5	\$56,000	\$4,667
6	\$60,150	\$5,013
7	\$64,300	\$5,358
8	\$68,450	\$5,704

Loan Highlights

- **Loan Interest Rate:**

- 3% for Deferred (no monthly payments required)
- 5% for Amortized

- **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.

- **Maximum Loan**

The loan amount depends upon the cost of needed repairs and available homeowner equity.

- Total debt on the property, including the rehabilitation loan, may not exceed 90% of the property value.
- There is no charge to apply for a loan. All loan costs, such as title insurance and a pest control report are included in the loan.
- Loans are secured by a promissory note and a deed of trust recorded on the property.
- Borrower must maintain fire insurance coverage, property tax payments and any required mortgage payments through the life of the loan.

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 homeowners 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 to new contractors through the local Builder's Exchange. A contractor's 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 the owner selects a contractor's bid, 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 (10% of contract) is made to the contractor 35 days after work has been satisfactorily completed.

For More Information Contact:

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Hearing impaired persons may call 711 or
1-800-735-2929 for TTY

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