

# Home Rental Program (HRP)

## About The Program

The City of Redding Home Rental Program (HRP) provides long-term, low-interest loans to owner-investors of rental properties to upgrade units occupied by low income tenants. The purpose of the program is to increase the supply of decent, safe, sanitary, and affordable rental housing while revitalizing neighborhoods within the community. This is a federally funded program through the HOME Investment Partnerships Program which was created by the National Affordable Housing Act of 1990.

## Basic Eligibility Requirements

1. The applicant must own or be in the process of acquiring a property in need of rehabilitation in a residentially zoned area within the Redding city limits.
2. The applicant must demonstrate the ability and financial capacity to secure, manage, and maintain the property upon completion of the rehabilitation.
3. A minimum of 10% of the cost of rehabilitation work must also be provided in cash by the applicant.
4. The applicant must demonstrate the property's ability to repay by generating a positive cash flow. Evidence of a good credit rating by the applicant is also required.

## Loan Highlights

### 1. Maximum Loan

The maximum loan amount per unit, as per HOME Program Regulations, Section 221(d)(3) is as follows: (11/18/2015)

*Studios:* \$140,107

*1-Bedroom:* \$160,615

*2-Bedroom:* \$195,305

*3-Bedroom:* \$252,662

*4-Bedroom:* \$277,344

### 2. Interest Rate

The maximum interest rate would be 5%, and the minimum would be 0%. The interest rate is determined by needs of project and/or term of affordability of units.

### 3. Loan-to-Value Ratio

Projects having less than 12 units cannot exceed 90% of post-rehab value. Projects having more than 12 units cannot exceed 80% of post-rehab value.

### 4. Loan Term and Repayment

Thirty (30) years, maximum. Loans shall be repaid in one of three repayment plans depending upon the needs of the project. The repayment plans are as follows;

- a. Principal and interest shall be fully amortized.
- b. Partial amortization of principal and interest, or interest only payments.
- c. Principal and interest payments may be fully deferred in two to five year increments on a case-by-case basis.

## Affordability

HOME assisted units must be affordable to low and very low-income tenants upon completion of the rehabilitation as follows:

1. Low HOME rents - 20% of the HOME assisted units in a project must be occupied and affordable to very low-income tenants having an income below 50% of the median income.
2. High HOME rents - the remaining 80% of the units in a project must be occupied and affordable to persons having an income below 60% of the area-wide median income for the Redding area as determined by the Federal Department of Housing and Urban Development.
3. **A Declaration of Rent Restrictions** will be recorded against the property. The rent restrictions shall be binding on the borrowers and successors for term of the Agreement, regardless of sale, transfer, or repayment.
  - a. Term of Rent Restriction: Minimum of 5 to maximum of 15 years depending on per unit loan amount.
  - b. Project will be reviewed annually for compliance with rent restrictions.

## 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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