

CITY OF JOHNSTOWN

Department of Community & Economic Development

LOAN PROGRAM GUIDELINES

OWNER OCCUPIED HOUSING REHABILITATION PROGRAM

- 2021 -



CITY OF JOHNSTOWN

CITY HALL ROOM 204

401 MAIN STREET

JOHNSTOWN, PA 15901

(814) 539-2504



**EQUAL HOUSING
OPPORTUNITY**

Funding is limited. Applications will be processed on a first-come, first-served basis, or as deemed an urgency by the department staff. Households with small children 5-years or younger will receive priority assistance due to the lead-based paint rule. All applications must be completed in its entirety and submitted with all required documentation for loan consideration. Before applying for assistance from the City of Johnstown, you must have owned and occupied your home for a minimum of one (1) year. Program guidelines are subject to change without prior notice.

Background:

The City of Johnstown has identified the need for Owner-Occupied housing rehabilitation assistance for very low and low-moderate income homeowners as an objective in its five-year Consolidated Plan. The City has developed a program designed to assist owner-occupied homeowners with rehabilitation of existing homes within the City's corporate limits.

The City of Johnstown has received federal financial assistance from the U.S. Department of Housing and Urban Development, hereinafter called HUD, to operate a housing rehabilitation loan program which primarily benefits low and moderate income persons.

Objectives of the Program:

- To assist homeowners within the City of Johnstown in making needed repairs to their homes with the use of rehabilitation loan funds.
- To correct code violations and energy improvements to the home.
- To reduce or mitigate potential health and safety hazards.
- To reduce lead-based paint hazards both inside and outside the home.
- To bring owner-occupied dwelling units up to local building code standards and HUD's housing quality standards and more energy efficient and lead-safe housing units.
- Here are some examples of repair work the City's inspector will include during his/her housing inspection:

Roof Replacement
Window Replacement
Door Replacement
insulation/Weatherization
Vinyl Siding
Plumbing
Sidewalk and Steps
Damp and mold growth

Floor Repairs
Porch Repairs/Replacement
Electrical Updates
Furnace Repair/Replacement
Painting
Handicap accessibility Improvements
Handrails
Lead paint and radon hazards

Program Requirements:

1. Applicants must have household income that does not exceed 80% of the areas median income. HUD has established Section 8 Income limits for our area based on household size. The income limits are subject to change without notice.

HOUSEHOLD INCOME LIMITS FY 2021

Household Members:	1	2	3	4	5	6	7	8
Maximum Income	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200

1. To determine whether households are eligible for participation in this program, the City of Johnstown selected to use HUD's definition of income "Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income". Household income counted must be 6-months current or anticipated to be received during the 12-month period of actual loan review. Therefore, additional information will be required to verify, support and document income reported on your application and reported on your IRS 1040 tax return.
2. An example of income inclusions are: Wages, salaries, tips, taxable income such as interest income, social security payments, dividends, IRA distributions, pension and annuity payments, rental real estate, unemployment compensation payments, alimony payments received and capital gains, (to name a few). Your loan will not be approved if sufficient supporting documentation is not provided in a timely manner. Examples of exclusions are: Child support, money or property that was inherited, willed or given as a gift, life insurance proceeds received as a result of someone's death.
3. The applicant must have owned and occupied their residence for a minimum of one (1) year at the time of application. All utilities must be turned on and operable. The City reserves the right to waive this requirement for homes (occupied by a child age 5 or younger); that will be receiving lead hazard control.
4. The applicant must provide a full copy of the recorded property deed.
5. Applicant must show proof of homeowner's insurance.
6. Applicant must show proof of flood insurance if applicable.
7. Applicant must show proof that property taxes are paid for the previous two-years. The property tax includes City, County and School taxes. Those homeowners who are delinquent on their taxes cannot participate in the program.
8. If you have received previous assistance under this program, you may not re-apply.

Funding Limits:

1. The City of Johnstown's Owner-Occupied Rehabilitation Loan Program provides a source of funding to assist low and moderate income people in making needed repairs to their property. Eligible households may borrow up to a maximum of \$22,000 for a single family structure and \$24,000 for a two-unit structure. If the assistance required exceeds those limits, the borrower will be responsible to pay any costs above the program limit.

Repayment Requirements:

- As identified previously this is a federally funded program through the Department of Housing and Urban Development. There are Federal regulations attached to the funding that the borrower is expected to follow and is held responsible for. Failure to comply with the regulations or failure to cooperate with the City's staff during the term of your loan may result in full or partial loan repayment.
- The program loan funds are a deferred loan at 0% interest. This means that no required payment of the principal amount of the loan is due during the period that the homeowner owns and occupies the home as his/her principal residence. The owner-occupied rehabilitation loan has a forgiveness provision if the property remains free of code and energy violations and remains occupied by the borrower during the term of the loan. The forgiveness provision works as follows:
 - The borrower is expected to enter into a mortgage with the City. The mortgage amount will include renovation costs, recording fees for legal documents to the Cambria County Court House and inspection fees such as the lead-based paint risk assessment, paint testing and clearance costs.
 - The mortgage will be filed as a lien against the property for a period of five-ten (5- 10} years depending on the amount of funding.

- Total forgiveness of the loan amount will be made at the end of the "lien period" only if the property is owned, occupied and maintained during the term of the loan by the original borrower.
- If the property is sold or the title to it is transferred before the term has been reached repayment of the entire loan amount will become due and payable to the City of Johnstown at the time of sale or transfer.
- This loan is transferrable to a family member upon the death of the original borrower, or if the original borrower can no longer reside at the subject residence due to health reasons.
- The family member assuming ownership of the property is required to meet program standards throughout the balance of the term of the loan in order to qualify for loan forgiveness. Any person occupying the property must meet current income eligibility criteria.
- An inspection of the property will be made to determine loan forgiveness eligibility. If violations are found, the borrower will be given ninety (90) days to make necessary repairs and corrections. If a second inspection reveals violations remain, the borrower forfeits their opportunity to have the loan satisfied. The lien will remain against the property and full loan repayment will become due and payable to the City of Johnstown.

Program Procedures:

1. Applications may be obtained from the Department of Community and Economic Development; City Hall; Room 204, 401 Main Street; Johnstown, PA 15901; (814) 539-2504.
2. Applications must be supported by all required documentation as noted in these guidelines. The application must be completed in its entirety, using ink pen, and signed by the applicant. Please contact our office to schedule an appointment to apply for the program at (814) 539- 2504.
3. Applications will be processed on a first-come, first-served basis, or as deemed an urgency by the department staff. Households with small children 5-years or younger will receive priority assistance due to the lead-based paint rule. All applications must be completed in its entirety and submitted with all required documentation for loan consideration.
4. Applicants will be given a "Contractor Selection List", and asked to select four (4) to six (6) contractors. Those selected contractors will be invited to bid on the work to be performed with the lowest responsible bidder being awarded the contract.

5. The rehabilitation inspector will perform a preliminary inspection of your property to determine what work is required. If the property passes the City inspection, a lead-based paint Risk Assessment/Paint Testing will be ordered. Both inspections will be reviewed, and a final work write-up and cost estimate will be prepared for the borrower to review. Once the final work has been accepted by the borrower, no changes can be made.
6. Project specifications will be prepared and bid proposals mailed to the selected contractors.
7. The lowest responsible bidder will provide a start date to the City and a loan closing date scheduled with the borrower.
8. The homeowner is responsible to monitor all work performed by their contractor each day and to work with their contractor while renovation is underway. The homeowner shall immediately report concerns or construction questions to the City. The City Inspector will monitor the work as required and schedule inspections with the borrower as work is completed and payments are requested by the contractor. The homeowner is required to approve all work as it is completed and sign all payments made to the contractor. The Residential Development Officer and Director of the Community and Economic Development Department have final approval to release payment to the contractor for all acceptable work completed.
9. The City reserves the right to "Walk Away" from a housing unit that poses undue threat to health or safety of the inspector or contractor at any time. Housing units that violate the following will NOT be assisted. Conditions which may constitute undue threat include, but are not limited to the following:
 - Structurally unsound dwellings that are, or should be condemned for human habitation.
 - Evidence of substantial, persistent infestation of rodents, insects and other vermin.
 - Environmental hazards such as serious moisture problems, friable asbestos or other hazardous materials, which cannot be resolved before rehab work is to start.
 - The presence of animal feces in any area of the dwelling.
 - Negligent housekeeping practices that limits access or create an unwholesome working environment.
 - A threat of violence
 - The presence and/or use of any controlled substances before or during rehab
 - Suspected manufacturing of a controlled substance before or during rehab
 - Occupants allowing only limited access to the dwelling

CHECKLIST FOR OWNER OCCUPIED HOUSING
REHABILITATION LOAN PROGRAM

APPLICATION

IRS Form 1040 Adjusted Gross Inc

**Most Recent pay stub or Social Security Award
Letter Full Copy of Recorded Property Deed**

Homeowners Insurance Declaration Page

TWO years of PAID tax receipts for CITY, COUNTY & SCHOOL

Flood Insurance Declaration Page (if applicable)

**APPLICATIONS SUBMITTED WITHOUT THE ABOVE DOCUMENTATION
WILL NOT BE PROCESSED.**