



HOUSING PRESERVATION Loan PROGRAM

*Preserving Homes,
Enhancing Lives*

Program Purpose

The Housing Preservation Program offers technical and financial assistance to lower-income property owners to make a wide range of repairs or improvements to their home. The goal of this program is to achieve long term and sustainable improvements that will enable property owners to maintain decent, safe, and sanitary living conditions. The program serves as a vital tool in preserving the affordable housing stock in San José through rehabilitation of homes owned and occupied by low-income property owners.

Eligible Applicants

Owner-occupants, whose gross annual income does not exceed 80% of the Santa Clara County Area Median Income (AMI), adjusted for household size. *Please refer to the Eligibility Criteria for eligible income levels and asset restrictions (see attached for household size).*

Eligible Properties

Owner-occupied single-family or duplex properties located in the City of San José.

Loan Limit

The maximum loan amount available is up to \$150,000. However, the final loan amount will be the actual cost of repairs or improvements as determined by Housing Department staff. The loan may be offered in combination with Housing Department grants. The City's loan plus all other indebtedness secured by the property (*first or second mortgages and any other liens*) cannot exceed 95% of the value of the property (*lower limits apply if the first mortgage has a variable interest rate*).

Terms

- The actual cost of repairs can not exceed \$150,000
- Annual interest rates are 3% for properties located city-wide and 0% for properties located within a Strong Neighborhood Initiative area (*see attached map for SNI area boundaries*).
- The maximum term for the City's loan is 30 years
- Property must have been owned by the applicant for a minimum of one year prior to application
- Repairs and improvements will be prioritized by the Housing Rehabilitation Inspector based on health and safety
- Loan approval is subject to underwriting criteria and asset limitations in effect at the time of application
- Certain improvements may be ineligible or beyond the scope of this loan; this decision is determined by the Housing Rehabilitation Inspector

**Programs are subject to change without notification*

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Housing

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- The City's loan must be paid in full upon sale of the property, property transfer, refinance or at loan term, whichever one comes first
- Loan payments may be deferred based on the applicant's income, housing expenses and loan amount
- Loans are made at the discretion of the Housing Department

Security for the City's Loan

The borrower will be required to execute a Promissory Note and a Deed of Trust. The loan will be recorded as a lien against the real property and will be due upon maturity of loan, sale, re-finance, or transfer of the property.

Eligible Repairs

Improvements under the Housing Preservation loan may include:

- Roof repair
- Furnace and water heater repair/ replacement, plumbing, electrical
- Window repair, stairway, porch, and deck repairs
- Floor covering and interior/exterior paint and disabled accessibility
- Weatherization and energy efficiency upgrades, seismic retrofit
- Bathroom and/or kitchen improvements
- Other emergency repairs as authorized by Housing staff

Ineligible Repairs

- Pools, spas and hot tubs, outdoor cooking facilities, storage sheds, patio covers, furniture and window coverings

Application Process

A Housing Rehabilitation Inspector will contact the homeowner to set up an inspection appointment. The inspector will conduct a complete inspection of the property, including the inside of the home. If the Inspector determines the loan amount is adequate to resolve all repairs, and that the property has no other serious health and safety related issues, the inspector will provide a loan application. Once the application is submitted and basic program eligibility has been established, the application will be processed for approval. Following approval, Housing Department staff will coordinate with the homeowner to select a contractor to perform the needed work.

Affordability Restrictions

When the City's loan exceeds a certain dollar amount per unit, equal to 25% of the median sales price of single-family homes in San José (*please refer to the Eligibility Criteria for loan amounts*), the property will be subject to a 30-year affordability restriction that runs with the land. This restriction requires either that: (1) the property be sold only to an income-qualifying family at an affordable price, or (2) the City and the borrower share any increase in equity that accrues between the date of the rehabilitation loan and the date of sale.

Contact Information

City of San José , Department of Housing
200 East Santa Clara Street, 12th floor, San José, California 95113
408.975.4440 Housing Rehabilitation
www.sjhousing.org/program/repairs.html