



CITY OF SALEM

Housing Rehabilitation Loan Program for Owner-Occupied Properties

Dominick Pangallo
Mayor

Tom Daniel, AICP
Director, DPCD

The City of Salem’s Housing Rehabilitation Loan Program for owner-occupied properties is offered through the Department of Planning and Community Development (DPCD) as part of the Mayor’s goal to improve the quality and safety of Salem’s housing. The program provides assistance for moderate rehabilitation projects in order to eliminate existing or potential health and safety hazards, to carry out handicapped access improvements and to undertake historic preservation. To help homeowners better understand the program, below is a list of frequently asked questions and answers. If you would like further information or to apply, please contact the DPCD.

What type of assistance is available?

The Housing Rehabilitation Loan Program provides technical and financial assistance.

- Technical Assistance is in the form of a housing inspection and work write-up that is used to solicit bids from qualified contractors.
- Financial Assistance is offered in the form of zero percent interest loans. Repayment options depend on the applicant’s income and ability to repay:
 - No monthly payments are required by very-low and low-income borrowers and by moderate-income borrowers who currently pay 30% or more of their monthly gross income in housing costs.
 - Deferred-payment loans to repair **single-family homes are forgiven after 10 to 15 years (terms contingent upon the type of funding availability at time of request)**, or due upon sale or transfer of the property before the anniversary of the loan.
 - Deferred-payment loans to repair **multi-family homes (2 to 4 units) are forgiven after 15 years** or due upon sale or transfer of the property before the 15th anniversary of the loan. Depending on the type of funds available, either the loan balance will decrease 1/15th per year (CDBG funds) or the loan balance will be non-declining (HOME funds).
 - Monthly loan payments are required for moderate-income borrowers who currently pay less than 30% of their monthly gross income in housing costs.

Who can apply?

Applicants and their properties must meet Federal Income Guidelines. Maximum Rent Limits cannot be exceeded for properties with rental units. Both are determined by United State Department of Housing and Urban Development (HUD) and updated annually.

Gross annual income limits effective May 1, 2024, are as follows:

Household Size	1	2	3	4	5	6
Max Income	\$91,200	\$104,200	\$117,250	\$130,250	\$140,700	\$151,100

A household cannot have more than **\$50,000 in cash assets**, excluding 401Ks and other retirement accounts.

Rent Limits (effective June 1, 2024):

Bedrooms	SRO	1BR	2BR	3BR	4BR
Max Rent	\$2,212	\$2,377	\$2,827	\$3,418	\$3,765
Note: Rent limits include utility allowance for certain tenant paid utilities - ask DPCD staff for details.					

Additional requirements:

- The property must be owner-occupied and located in Salem;
- Mortgage, real estate taxes and water/sewer fee payments must be up to date;
- In multi-family homes, at least 51% of the property’s units must be occupied by households that meet the income limits. (In a 2-unit property, at least 1 unit must income-qualify.) Repairs can only be done in the income-qualifying units and common areas.
- Property maximum value limits may apply depending on source of available funding;
- Assisted units may be subjected to an Affordable Housing Restriction for no less than 15 years;
- If your property is located in a Flood Hazard Area, you will be required to purchase flood insurance, as required by the National Flood Insurance Act of 1968;
- If your property is located in a local historic district or listed/eligible to be listed on the National Historic Register and the work alters the structure’s exterior, then the work is subject to the Salem and/or Massachusetts Historic Commission’s review.
- Applicants must comply with all statutory requirements of the CDBG and/or HOME Programs;
- All dwellings rehabilitated with federal funds must comply with HUD Lead Based Paint Provisions and the Massachusetts Lead Law; and

- Applicants must abide by all Federal, State and Local Regulations pertaining to Fair Housing and Equal Opportunity. The City of Salem is an Equal Employment Opportunity and Affirmative Action advocate.

What rehabilitation work is eligible?

Funds are used to pay contractors for rehabilitation work to:

- Correct all code violations and meet Federal Housing Quality Standards;
- Eliminate serious or potential hazards to health and safety;
- Remedy emergency and imminent emergency conditions (leaking roof or no heat in winter);
- Provide for handicapped accessibility;
- Undertake limited historic preservation; and,
- Remove lead hazards, including the cost of deleading, lead reports and inspections.

Work completed prior to the loan signing is not eligible. Other work that is not eligible includes, but is not limited to, landscaping, driveway or garage repairs, purchasing appliances, vinyl siding (if home is not already vinyl sided), mold remediation, structural repairs that require consultation by an engineer, new construction, additions that expand the footprint of the house, and gut rehabilitation.

How much in loan funds can I borrow?

Your actual loan amount will be based upon the lowest bid for the work required to meet program guidelines and the amount of assistance for which you qualify. On average, loans are not more than \$35,000 for 1-unit, \$45,000 for 2 units or \$60,000 for 3 or more units. The total of all property loans (ie. Existing primary mortgage plus estimated amount of rehabilitation loan) cannot exceed 95% of your home's value. If the project scope is beyond acceptable loan amounts and your loan is denied, the DPCD will work with you to seek additional forms of assistance or other loans in order to eliminate all code violations and meet Housing Quality Standards.

How do I apply?

Submit the *Loan Program Application* along with the required documentation listed on the *Loan Program Checklist*. Projects that require emergency repairs, deleading, handicapped accessibility and those that have not previously received assistance from the Housing Rehabilitation Loan Program are given priority. All other applications are processed in the order they were received. The timeframe to process your application depends upon the number of applications received and the funds available.

If there is a waiting list at the time that you apply for assistance, then the information provided on the application will be used to preliminarily qualify you for the program. If determined eligible for assistance, pre-qualified applicants will receive written notification of their eligibility and placement on the waiting list. Once your application has reached the top of the waiting list, you will be notified by mail and asked to provide updated information and income documentation to verify your eligibility.

What happens after I am accepted?

The City's Housing Rehabilitation Specialist will contact you to schedule a time to inspect your property. Based on the inspection, the Housing Rehabilitation Specialist will generate a Work Write-up for your approval. The approved Work Write-Up will be sent to qualified contractors to obtain bids for the work. Once a contractor has been selected, a date will be set for you to sign the loan with the City and an agreement between you and the contractor. After contracts are signed, the work can begin. The Work Write-Up, bidding process, and loan signing takes approximately 4 weeks - longer if the Work Write-Up requires revisions or if there are other unforeseen delays.

Contact Information- City of Salem - Department of Planning and Community Development
98 Washington Street, 2nd Floor, Salem, MA 01970
Para información en español, favor de llamar 978-619-5685.

The City of Salem reserves the right to make changes in the policies and procedures of the Housing Loan Rehabilitation Loan Program as deemed necessary. Please check with DPCD staff for the latest information.

This program does not discriminate on the basis of race, color, national origin, gender or gender identity, age, religion, ancestry, marital status, veteran history/military status, genetic information, familial status, sexual orientation, disability or status with regard to public assistance. This program is funded through the United States Department of Housing and Urban Development (HUD) utilizing Community Development Block Grant (CDBG) and HOME funds.

