

# FACT SHEET

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## INVESTMENT HOME IMPROVEMENT LOAN PROGRAM PROGRAM GUIDELINES

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<b>Investment Program:</b>	<p>The Investment Property Improvement Loan is designed to provide low-interest rate financing for acquisition and rehabilitation or rehabilitation of investment property under 11 units.</p> <p>For rehabilitation only loans, the maximum amounts per unit apply.</p> <p>For acquisition and rehabilitation, the Agency funds are loaned as “gap” financing through which applicants are required to secure the maximum private financing possible. Agency funds are loaned to fill the difference between such financing and total project development costs up to the maximum amount per unit.</p>
<b>Maximum Amount:</b>	<p>\$15,000 per unit \$20,000 per unit in target and redevelopment areas</p>
<b>Interest Rate:</b>	<p>4.00 fixed rate, simple</p>
<b>Term:</b>	<p>Up to 20 years</p>
<b>Borrower Equity Requirement</b>	<p>For rehabilitation only projects outside of redevelopment and target areas, Borrowers must match Agency funds 1 to 1 with cash or other financing.</p> <p>For rehabilitation only projects in redevelopment, target areas and priority properties identified by City/County Agency staff, Borrowers must have 10 percent cash equity of the rehabilitation costs.</p> <p>If property was purchased within the last 6 months, property equity or financing may count toward match/cash equity requirement.</p> <p>For acquisition and rehabilitation projects in all areas, Borrowers must have 10 percent cash equity of total project costs.</p>
<b>Max Agency LTV:</b>	<p>50% of rehabilitation loan 90% of rehabilitation loan in redevelopment and target areas</p>
<b>Max CLTV:</b>	<p>90% 95% in redevelopment and target areas</p>
<b>Repayment:</b>	<p>Payments may be deferred for up to five years if needed to assist in project feasibility.</p>

Maximum Total Debt Ratios Per Agency Underwriting Guidelines

Credit Standards Per Agency Underwriting Guidelines

Use of Funds: Funds may only be used to finance real property improvements that substantially protect or improve the basic livability or utility of the property. At a minimum, improvements must meet local housing quality standards, Agency rehabilitation standards and code requirements.

Eligible Applicants: Parties interested in rehabilitating distressed properties of 1-10 units in the City and County of Sacramento. The following information is required.

- Evidence of Site Control
- Appraisal (after-rehabilitation value)
- Detailed Scope of Work with cost estimates
  - ***As of January 1, 2002, any project utilizing public funds will be required to pay prevailing wages. Please notify your general contractor to include this cost into his/her estimate.***
- Pro-forma Budget including sources of financing to cover the balance of project costs
- Management Plan

Lead-Based Paint: If the building was built before 1978, a lead-based paint risk assessment will be required. The applicant will be required to cover the cost of the risk assessment as part of the application process.

The Agency will allow a grant of up to \$5,000 per unit not to exceed \$40,000 per project to address lead-based paint hazards. The applicant would be reimbursed as part of the grant if a loan is provided.

Eligible Properties: Rental housing in the City and County of Sacramento.

For 1- 4 units, a minimum of 50% of the units are to be affordable to families earning up to 60% of median income adjusted for family size. For 5-10 units, a minimum of 20% of the units must be affordable to families earning up to 50% of median income adjusted for family size.

Regulatory Term: 20 years

	<u>50%</u>	<u>60%</u>
Net Rental Rates		
Studio	\$472	\$474
1-bedroom	\$499	\$529
2-bedroom	\$592	\$656
3-bedroom	\$673	\$862
4-bedroom	\$742	\$933