



**LINCOLN**

Urban Development

**Housing Rehabilitation Programs**

**Policies, Procedures and Program Guidelines**

**Lincoln, Nebraska**

**September 1, 2024**

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## Introduction

The City of Lincoln receives federal funding through the U.S. Department of Housing and Urban Development (HUD) to help meet the following goals:

- Creating Suitable Living Environments,
- Providing Decent Housing,
- Creating economic opportunities.

The following rehabilitation programs are intended to achieve outcomes leading to availability/accessibility, affordability, and sustainability. The rehabilitation programs were identified through the Five-Year Strategic Plan (known as the Consolidated Plan) and the funding identified each year in the Annual Action Plan.

## Direct/Deferred Payment Loan Programs (DPL)

### Eligibility

- Service Area: Citywide
- Age of Home: Any
- Income Restrictions: Household Income at or below 80% Area Median Income (AMI)
- Ownership Status: Owner Occupied only
- Must have homeowners insurance and if in a special flood hazard area flood insurance

### Eligible Rehabilitation Costs

The following chart shows a tiered system for eligible rehabilitation costs. Tier 1 items are those that are prioritized for funding, while Tier 2 items can be funded under special approval. Tier 3 items are generally not funded. Following the table is a list of items this loan program cannot fund. Prioritization is based on meeting Housing Rehabilitation Standards that prioritize health and safety concerns first.

<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
HVAC Systems	Accessibility Upgrades	Fences
Water Heater	Window Replacement	Flooring
Roofing/Gutters	Egress Windows**	Kitchen/Bath Remodels
Dead/Dying Trees*	Siding Replacement	New Garage/Shed/Carport
Utility Replacement (sewer/water lines, indoor plumbing)	Drain Tile Systems	Driveway Replacement***
Foundation Repair		Patios and Decks****
Electrical		

Code Violations/Insurance Requirements		
<p>*Priority given when insurance company is threatening to discontinue a policy due to the tree  **Considered a Tier 1 item if the window is necessary to provide egress to a bedroom in use  ***Unless a driveway is creating water intrusion into the home or is heaved and creating safety or accessibility concerns  ****Unless they create egress issues or safety hazards</p>		

Ineligible Expenditures:

- Cleaning
- Basic repairs
- Appliances
- Basement finishes
- Additions

**Amount and Terms of Assistance**

- Maximum Amount:
- Rate: 0%
- Minimum Payment: \$50 a month
- Payment Start: For a Direct Loan, payments start 2 months after loan approval; Deferred Loan payments start 2 years after loan approval
  - Whether a loan is a direct payment or deferred payment is based on the borrower's ability to make payments
  - If the property is sold or changes ownership, the remaining balance of the loan is immediately due

**Emergency Repair Deferred Loan Program (ER)**

**Eligibility**

- Service Area: Citywide
- Age of Home: Any
- Income Restrictions: Household Income at or below 50% Area Median Income (AMI)
- Ownership Status: Owner Occupied only
- Must have homeowners' insurance

**Eligible Rehabilitation Costs**

The Emergency Repair program is intended to eliminate immediate health and life safety conditions. Examples include:

- Replacement of a leaking roof, water service, water line, water heater
- Replacement of a broken HVAC system during peak seasons
- Dangerous wiring
- Caved in foundations

### **Amount and Terms of Assistance**

- Maximum Amount: Amount required to achieve health and safety standards
- Rate: 0%
- Payments: Deferred until change of ownership or until the owner is no longer using the dwelling as their primary residence; payments may be required if the loan is a second loan with our program
  - If the property is sold or changes ownership, the remaining balance of the loan is immediately due

### **Lead-Based Paint Hazard Reduction Grant (LBP)**

#### **Eligibility**

- Service Area: Citywide
- Age of Home: Pre-1978
- Must be combined with another housing rehabilitation program (for standalone lead paint remediation, consider the Lead Hazard Control Grant)

### **Loan and Construction Process**

**Step 1:** An initial screening may be made by phone, in person or via email. If it appears a household may be eligible for one of the loan programs, they are invited to complete an application in person, with a requested mailed application, or via the City's website.

**Step 2:** Complete the Application and submit to Urban Development Department along with income verification documents

**Step 3:** Upon receipt of a completed Application, UDD staff will review all documentation to project income and determine eligibility and then refer the viable application to a Rehabilitation Specialist.

Annual Income is the adjusted gross income for all members of the household as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes. Annual Income is projected for each household based on federal income tax returns and current income documentation, i.e. paystubs and award letter. Below are the income limits for 2024:

Persons in Family								
	1	2	3	4	5	6	7	8
50% AMI	\$35,750	\$40,850	\$45,950	\$51,050	\$55,150	\$59,250	\$63,350	\$67,400
80% AMI	\$57,200	\$65,400	\$73,550	\$81,700	\$88,250	\$94,800	\$101,350	\$107,850

**Step 4:** The Rehabilitation Specialist (RS) will walk through the house, identifying required improvements, learning what improvements the owner wishes to undertake, and observing cost-effective energy-saving techniques to recommend. The RS will take photographs of all work to be undertaken and complete the Property Evaluation form that will be provided to the owner.

**Step 5:** The Owner obtains written bid proposals from contractors (more than one is recommended) to complete the work and submits that to the RS. The Property Evaluation form should be provided to the contractors to ensure all work is bid.

**Step 6:** The Owner submits the bids to the RS who reviews and ensures the bids meet all criteria.

**Step 7:** The Owner signs the Improvement Certificate Part I – List of Improvements and any documentation regarding lead-based paint

**Step 8:** RS ensures all contractors sign the Improvement Certificate Part III – Contractor Agreement.

**Step 9:** The RS will conduct the loan closing with the homeowner which will include the Promissory Note and Disclosure Statement, deed of Trust, Notice of Right of Recission, Subordination Policy, and any other documents necessary. The homeowner can sign a UDD-prepared letter to request their homeowner's insurance agent add UDD to the homeowner's policy if not already accomplished by the homeowner.

**Step 10:** The homeowner can now sign contracts, begin work, and contact the RS once improvements have been completed. The homeowner is responsible for signing any contracts, ordering the contractors to proceed, supervising the contractors' work, resolving disputes, and requesting UDD to make payment to the contractors. The RS will inspect work as necessary, help resolve disputes between the homeowner and contractor if needed, and make partial payments as warranted.

**Step 11:** Upon completing of all contracted improvements, the owner will contact the RS to arrange a final inspection. The RS will determine if permits have been secured and inspections conducted, review completed work, review final invoices and/or receipts from self-help work, and take final photographs.