

TOWN OF NEWTOWN
HOUSING REHABILITATION PROGRAM
EXTENT OF ASSISTANCE AVAILABLE
(Revised 1/20/2010)

A. GENERAL

This document sets for the extent of assistance available under the Newtown Housing Rehabilitation Program. The eligibility of all applicants for assistance will be dependent upon the Applicant's income level and the household size as established by the U.S. Dept. of Housing and Urban Development for the Danbury Primary Metropolitan Statistical Area (PMSA).

B. COUNSELING ASSISTANCE

The Newtown Economic and Community Development Office will offer assistance as follows:

1. Advise the Applicant of eligibility requirements for financial assistance.
2. Provide eligible Applicants with a list of contractors and standardized contract forms.
3. Oversee and coordinate the process from application state to project completion.

C. TECHNICAL ASSISTANCE

1. The Rehab Specialist will inspect the property and advise the Applicant as to reasonable ways of correcting deficiencies and improving the property consistent with the Program guidelines and procedures.
2. The Rehab Specialist will assist with the preparation of scope of work and cost estimates.
3. The Rehab Specialist will provide the Applicant with Contract Documents to be used by the Applicant to invite contractors for job proposals.
4. The Rehab Specialist will make periodic inspections to verify that the rehabilitation conforms to the specifications and certify project completion.

D. FINANCIAL ASSISTANCE

General

Eligible properties will receive financial assistance for construction costs and for technical services. Both costs will be considered separate and cannot be combined. It is the intent of the program to meet the applicant's needs therefore flexibility has been built into the financial assistance available. It is desirable that applicants provide at least 25% of the rehabilitation costs.

Minimum Funding Levels:

Construction

\$1,000.00

Maximum Funding Levels:

Construction

Single Family Owner Occupied and Single Family Tenant Occupied Housing

The maximum funding will be determined on a case by case basis but shall not be for an amount greater than the value of equity available on a property.

Applicants should be prepared to provide at least 25% of the total rehabilitation costs. The applicant's share is due to the program at the time of the contract signing.

Multi Family Housing

The maximum funding will be limited to \$15,000 per dwelling unit but shall not exceed 75% of the total rehabilitation costs.

Exceptions

The Economic and Community Development Director and the First Selectman reserves the right to waive maximum funding levels for

unusual circumstances, such as inability to secure conventional financing that would have a direct and detrimental effect on the health, safety and welfare of those participating in the program.

Costs which exceed construction maximum or that are not eligible will be provided by the applicant at the time of the contract signing and will be put into an escrow account by the Town of Newtown. The will be dispensed as needed by the Town of Newtown.

TECHNICAL SERVICES

Owners may be required to place a \$500 deposit following cost estimate for rehabilitation costs. These funds will be refunded only at contract signing. Technical services are normally paid by the program funds.

SUBSIDY AGREEMENT

All property owners with eligible properties will be required to sign a Subsidy Agreement prior to executing a contract with the “Contractor”. This agreement will commit the owner to the following:

Owner Occupants

1. The property must remain in the same ownership during the period of assistance as contained in the Subsidy Agreement. Sale of the property will require repayment of remaining loan.
2. The property shall be adequately insured.
3. The property is maintained in accordance with local health codes following the completion of the rehabilitation activity.
4. The rehabilitation work must be undertaken according to the contract.

Tenant Occupied Dwellings

1. For a minimum of five years, the owner shall comply with the following:
 - a) Low and Moderate Income Occupancy
 - b) Fair Market Rents or 30% of gross family income for rent and utilities.
 - c) Fair Market Efforts for newly vacant units.
2. The property shall remain in same ownership during the period of assistance as contained in the subsidy agreement. Sale of the property will require repayment of remaining loan.

Types of Assistance

1. Low Interest Loan: For owner occupied applicants whose income is 80% or less of the area median income having the financial capacity to support a loan and for tenant occupied dwellings.

This loan will include a 2% interest, 5 to 15 year payment schedule for the principle per year. Should the property be sold before payment has occurred, the remaining loan amount shall become due and payable in full upon the completed sale.

This loan will be available to cover a maximum of 75% of total rehabilitation costs. This will require that a program participant obtain the remaining 25% of the cost from other sources. Loans for multi family housing shall be limited to a maximum of \$15,000 per unit dwelling.

2. Deferred Loan: Owner occupied homeowners income is 80% or less of the area median income.

This loan will require a deferred payment at 0% interest. In the event of death or sale or mortgage of the property, the loan amount shall become due and payable in full upon the completed sale. This loan will be available to cover a maximum of 75% of total rehabilitation costs. This will require that a program participant obtain the remaining 25% of the cost form other sources.