

What You Need to Know About Housing Rehabilitation



Facts about the Indoor Plumbing Rehabilitation Loan Program

Questions should be directed to:

Prepared by
Program Administration and Assistance Office
Department of Housing and Community Development
600 East Main Street, Suite 300 • Richmond, Virginia 23219

What is this? The Virginia Department of Housing and Community Development (DHCD)'s Indoor Plumbing Rehabilitation Loan Program (IPR) provides 0% loans to low- and moderate-income (LMI) homeowners whose houses have no commode and the occupants use an outdoor privy *or* have a "failed septic system." A failed system is either a malfunctioning system in need of repair to the absorption system, deemed a health hazard by the Virginia Department of Health (VDH) due to the presence of sewage on the ground *or* a malfunctioning system in need of a VDH permit for repair to the absorption system.

How can this help you? The state's definition of "safe, durable, accessible, and affordable housing" includes making sure all homes meet guidelines known as Housing Quality Standards (sometimes called HQS). Therefore, the IPR program also provides for the general rehabilitation of houses, and for accessibility improvements or relief from overcrowded conditions, as needed, once the primary income, ownership and failed plumbing criteria are met.

How do you sign up for this? You will need to fill out an application form. It will ask you to provide information about who all lives in your house, their ages, and if they have any special housing needs. You will need to prove you are the property owner or have life estate rights to the house. Finally, you will have to provide information about the income of everyone in your household over 18 years of age.

What is the definition of "low- and moderate-income"? Your household's total income must be equal to or less than the figures in the chart below in order for you to be able to participate in this program. The "Housing Program Administrator" is a person in your community working with DHCD to get the loan funds. This person will need to verify your household income so you will need to allow them to receive or see official paperwork, such as pay stubs, bank statements, and benefits. ***All applications and attached paperwork will be kept confidential and secured!*** The dollar amounts in this chart and the rules the Housing Program Administrator follow are set by the federal government.

Size of Household	Income
1	
2	
3	
4	
5	
6	
7	
8	

What happens after the application form is complete? Applications are reviewed by a Housing Rehabilitation Board, which is made up of local people from your region. A ranking system is used to decide who can receive housing assistance with this

they usually try to help the ones with the most need first. The ranking system and other information on the program are available in a document called "Program Management Plan". If you ask the housing program administrator for a copy, one will be given to you.

After your application is approved by the Housing Rehabilitation Board someone hired by your community called a "Rehab Specialist" will visit your home to see what repairs need to be made. The Rehab Specialist will be comparing your home to the HQS, and will make a list of needed repairs as well as an estimate of what those repairs may cost. You will need to allow this person to come into your home and look in all rooms, as well as the crawlspace or basement and attic.

The Rehab Specialist will also be responsible for inspecting the contractor's work.

What kind of repairs are typical? Housing rehabilitation is not "remodeling," Instead, it is making improvements to your house that focus on electrical, heating, plumbing, foundations, windows, and doors. Work can also be done to help make the home easier to live in for those with physical disabilities, if this applies to someone in your family.

How much does it cost to make repairs? The IPR program has maximum amounts that can be spent on each house depending on what work is needed. Help from our program is limited to this amount for every family

who participates. Each house is put out to bid using the same process, and contractors submit their costs to do the work. The Rehab Specialist and Housing Review Board will decide which contractor to use if more than one bid is received. No contractor can be hired to do the work unless the cost limits are followed. The housing program administrator will explain the cost limits to you.

Will it cost me anything? The rehabilitation work will be done using a 0% interest loan. The Housing Program Administrator will use your income information to find out your ability to repay any repair costs. This is based on a formula set by the federal government. If it is decided you cannot contribute the full amount toward the cost of the repairs, a portion of the costs will be forgiven by 1/120 over 10 years.

If it is decided that you can pay some amount toward the cost, you will be expected to make a payment every month for ten years. The difference between what you can pay and what the repairs actually cost is forgiven monthly. The minimum repayment is \$25 per month.

Paperwork will be filed with the Court (a "lien" will be placed on your house) as official record of the state's investment and describing the terms. Please ask the housing program administrator for additional information on how the 0% interest loan works and for a definition of the terms related to loan closing.



Frequently Asked Questions

“What happens to my house if I pass away or have to go into a nursing home?”

If your housing needs change within 10 years, your relatives, if income eligible, could live in the house, the house could be rented to an LMI person or the house could be sold (and the outstanding balance of the loan repaid to your community out of the sale price). After a 10 year period, the terms of the loan have been satisfied (meaning the lien will be released) and no further requirements apply.

“Why did my neighbor get a new house, but you only fixed my old house?”

In some cases, houses are in such bad shape that they must be demolished and new ones provided. In some cases, a house could be rehabilitated instead of demolished and brought up to a safe, durable, accessible and affordable level. The Rehab Specialist helps to determine this.

“What happens if I miss a payment?”

If your finances change during your loan period, you should let the housing program administrator know immediately. In most cases, a new payment plan better suited to your current ability-to-pay can be worked out. If need be, your missed payment and the associated forgiven amount will be tacked onto the end of your loan.

“Why can't the contractor just do some additional work while he's here?”

The loan pays for specific types of repairs based on the mission of providing safe, durable, accessible and affordable housing, and cannot pay for cosmetic items, such as a second bathroom or spare bedrooms. Also, the funds are limited, and there is only so much available for each house. We can only do as many houses as possible by honoring fair and consistent limits for everyone.

“What if I have a complaint about how this program is being done?”

This program has a written complaint and appeals procedure; you can request a copy from your housing program administrator. Generally speaking, if you have a question or a complaint, the first step is to talk to the housing program administrator. If you are not satisfied with the response, you should put your question or complaint in writing.