



City of Commerce
2535 Commerce Way
Commerce, CA 90040

COMMERCE COMMUNITY
DEVELOPMENT COMMISSION

SUBSTANTIAL REHABILITATION LOAN PROGRAM

ACKNOWLEDGEMENTS

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SUBSTANTIAL REHABILITATION LOAN PROGRAM



City of Commerce

2535 Commerce Way
Commerce, CA 90040
Phone: (323) 722-4805

SUBSTANTIAL REHABILITATION LOAN

PROGRAM SUMMARY

The Commerce Community Development Commission (“Commission”) has established the Substantial Housing Rehabilitation Program (“Program”) in recognition of the need to eliminate blight and to upgrade and preserve the existing housing stock of owner-occupied housing in the City of Commerce. The Program provides a loan to eligible home owners for the cost of substantial rehabilitation. The Program is funded with Redevelopment Agency Low and Moderate Income Housing Funds (“Housing Set-Aside Funds”).

LOAN AMOUNTS AND INCOME

The Program provides a **maximum loan of up to \$100,000 and a minimum loan of \$75,000** or that amount determined by the Loan Committee (Community Development Department and Housing Division Staff) to achieve 25% of the after rehabilitation value of the home to be assisted. Household Income must be at or below 120% of Area Median Income as published annually by the Department of Housing and Urban Development.

INCOME LIMITS

| 2010 Income Guidelines | | | | |
|-----------------------------|----------|-----------|-----------|-----------|
| Percentage of Median Income | 1 Person | 2 Persons | 3 Persons | 4 Persons |
| Ext. Low (30% AMI) | 17400 | 19900 | 22400 | 24850 |
| Very Low (50% AMI) | 29000 | 33150 | 37300 | 41400 |
| Low (80% AMI) | 46400 | 53000 | 59650 | 66250 |
| Median (100% AMI) | 44100 | 50400 | 56700 | 63000 |
| Moderate (120% AMI) | 52900 | 60500 | 68050 | 75600 |

TERMS

- Loan funds should first address health and safety issues, overcrowding, and interior and exterior deterioration.
- No loan shall be paid unless all housing code violations in the Dwelling Unit, as identified by inspections, are corrected in accordance with the City of Commerce Municipal Code.
- Loan proceeds must be used in their entirety within 12 months of the execution of loan documents by the applicant and Commission.
- The Commerce Community Development Commission will enter into a Housing Rehabilitation Program Agreement with the Applicant(s) prior to disbursing the loan. The Housing Rehabilitation Program Agreement will include a Regulatory Agreement, which will be recorded against the Dwelling Unit providing for a 45-year affordability covenant. Should the Applicant(s) sell the Dwelling Unit prior to the end of the 45 year period or fails to occupy the Dwelling Unit as their primary residence, the Applicant(s) shall repay to the Housing Fund and loan plus 3% simple interest plus a percentage of the increase in equity that the property has realized. The loan and equity-share shall be repaid as follows:

| Year of Transfer/ Sale | Equity paid to Commission | Loan Interest Rate |
|------------------------|---------------------------|--------------------|
| 0-10 | 15% | 3% |
| 11-15 | 10% | 0% |
| 16-30 | 5% | 0% |
| 31-45 | 2% | 0% |
| After 45* | 0% | Loan is forgiven |

PROGRAM ELIGIBILITY

- The Dwelling Unit must be of the existing conventional single-family residential housing stock or a pre-manufactured home and located within the City of Commerce.
- The Dwelling Unit must be owner-occupied. (Proof of property ownership will be required)
- The Dwelling Unit must be the owner’s primary residence. (Proof of residency will be required)
- The maximum fair market value of the Dwelling Unit may not exceed 120% of the Median Home Value for the City of Commerce.
- The Dwelling Unit’s total liens and mortgages on the property cannot exceed 100% of the value of the property after rehabilitation.

APPLICANT REQUIREMENTS

- Applicant(s) must first fill out an Interest Form to receive an application.
- Applicant(s) must submit a completed application with the required supporting documentation.
- Applicant(s) must be owner(s) of record of the Dwelling Unit .
- Applicant(s) must not have assets that exceed \$50,000 at the time the application is submitted (Retirement accounts are exempt) .
- Applicant(s) must be able to show both willingness and ability to repay outstanding debts and may not be in any default of any such loan(s).

CONTACT INFORMATION

For more information or to obtain an application contact the City of Commerce Housing Programs Specialist at (323) 722-4805.