STATE AND FEDERAL HOME REPAIR AND REHABILITATION PROGRAMS

By: Megan Gentry, Legislative Fellow

ISSUE
Briefly describe state and federal government home repair and rehabilitation programs available to homeowners.

SUMMARY
The state and federal governments administer several home repair and rehabilitation programs available to homeowners. Eligibility criteria (e.g., income limits, eligible geographic locations) vary among programs. For example, (1) the federal Department of Veterans Affairs (VA) offers two home renovation programs for veterans with certain service-connected disabilities and (2) the state Department of Economic and Community Development (DECD) offers a program open only to owners of historic homes. The state and federal governments also provide funding to municipalities, businesses, and nonprofit organizations offering home repair and rehabilitation services to homeowners.

The state, through DECD and the Department of Housing (DOH), offers three programs directly to homeowners. DOH offers a rehabilitation and rebuilding program for residential properties damaged by Superstorm Sandy. DECD offers business tax credits for the rehabilitation of certain historic properties.

Additionally, the state funds local business, nonprofit, and municipal programs that offer home repair and rehabilitation assistance to homeowners. For example, it funds (1) ShoreUp CT, a loan program for individuals whose homes are at risk of coastal flooding and (2) Corporation for Independent Living programs that improve a home’s accessibility for persons with disabilities, including homes for people transitioning out of nursing homes as part of the Money Follows the Person program. Homeowners can also refer to their local towns or Connecticut’s 2-1-1 service for assistance with home repairs or rehabilitation.
On the federal level, the VA and the departments of Agriculture (USDA) and Housing and Urban Development (HUD) offer homeowners loans and grants for home modernization, repair, and rehabilitation.

Like the state, the federal government provides funding to private home repair organizations. For example, Rebuilding Together, a national organization with offices in Connecticut, provides home rehabilitation and modification services to low-income homeowners.

For information about residential energy and weatherization programs (e.g., window replacement and sealing doors), see OLR Report 2015-R-0107. For information about state homebuyer assistance programs, including programs that homebuyers can use to rehabilitate properties, see OLR Report 2015-R-0054.

**SUMMARY OF GOVERNMENT-ADMINISTERED PROGRAMS**

Table 1 summarizes three state-administered and nine federally-administered home repair and rehabilitation programs. Many of these programs are offered in conjunction with third parties, such as private mortgage companies.
### Table 1. State and Federal Home Repair and Rehabilitation Programs

<table>
<thead>
<tr>
<th>Program Name &amp; Sponsor</th>
<th>Type of Assistance</th>
<th>Eligibility and Conditions</th>
<th>Repairs and Rehabilitation Covered</th>
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</thead>
<tbody>
<tr>
<td><strong>Owner-Occupied</strong></td>
<td>Grants, in the form of 5-year deferred forgivable promissory notes, ranging from $10,000 to $150,000</td>
<td>Homeowners whose primary residences were impacted by Superstorm Sandy</td>
<td>Housing recovery needs unmet by insurance, FEMA, or other sources, including:</td>
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<tr>
<td><strong>Rehabilitation and Rebuilding Program</strong></td>
<td></td>
<td>Priority is given to low and moderate income homeowners</td>
<td>• Structural repair or replacement</td>
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<td><strong>DOH</strong></td>
<td></td>
<td>If the homeowner sells, transfers, or vacates the property during the 5-year term of the note, the grant must be repaid based on the note’s repayment terms (Currently not taking new applications)</td>
<td>• Energy improvements</td>
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<td><strong>Historic Homes Rehabilitation Tax Credit</strong></td>
<td>Business tax credit voucher for 30% of rehabilitation expenses, up to $30,000 per dwelling unit</td>
<td>Homes listed on the national or state register of historic places or located in a district listed on either register and that have up to four dwelling units</td>
<td>Any costs associated with physical rehabilitation, except:</td>
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<tr>
<td><strong>DECD</strong></td>
<td></td>
<td>One unit must be the owner’s principal residence for at least 5 years after the rehabilitation</td>
<td>• The owner’s personal labor</td>
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<tr>
<td><strong>(This row describes rules that are effective until June 30, 2015)</strong></td>
<td></td>
<td>Owner must live one of the following areas:</td>
<td>• Site improvements, unless to provide access to people with disabilities</td>
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<td>• A census tract in which 70% or more of the families have a median income of 80% or less of the statewide median family income</td>
<td>• An addition, except as may be required to comply with state fire or building codes</td>
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<td>• A state-designated and federally-approved area of chronic economic distress</td>
<td>• Costs associated with the rehabilitation of an outbuilding, unless such building contributes to the property’s historical significance</td>
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<td>• An urban and regional center as identified by the Connecticut Conservation and Development Policies Plan</td>
<td>• Nonconstruction costs, such as architectural fees, legal fees, and financing fees</td>
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<tr>
<td><strong>Historic Homes Rehabilitation Tax Credit, DECD</strong> (This row describes rules that become effective July 1, 2015)</td>
<td>Business tax credit voucher for 30% of rehabilitation expenses, up to $30,000 per dwelling unit</td>
<td>Homes listed on the national or state register of historic places or located in a district listed on either register and that have up to 4 dwelling units 1 unit must be the owner’s principal residence for at least 5 years after the rehabilitation 70% of credits reserved for rehabilitation projects in DECD-designated “regional centers”</td>
<td>Any costs associated with physical rehabilitation, except:  • The owner’s personal labor  • Site improvements, unless to provide access to people with disabilities  • An addition, except as may be required to comply with state fire or building codes  • Costs associated with the rehabilitation of an outbuilding, unless such building contributes to the property’s historical significance  • Nonconstruction costs, such as architectural fees, legal fees, and financing fees</td>
</tr>
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<td><strong>Historic Rehabilitation Tax Credit, DECD</strong></td>
<td>Business tax credit voucher for 25% to 30% of rehabilitation expenses</td>
<td>Building with at least 5 dwelling units listed on the national or state register of historic places or located in a district listed on either register (mixed-use and nonresidential buildings are also eligible)</td>
<td>Any costs associated with physical rehabilitation, except:  • The owner’s personal labor  • An addition, except as may be required to comply with state fire or building codes  • Nonconstruction costs, such as architectural fees, legal fees, and financing fees</td>
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| **Single Family Housing Repair Loans & Grants, USDA** | Low-interest loans of up to $20,000 and grants of up to $7,500 | For loans, homeowners must:  
  - Currently occupy the home to be repaired  
  - Be unable to obtain affordable credit elsewhere  
  - Have family income below 50% of the area median income  
For grants, homeowners must:  
  - Meet the above criteria and be 62 years of age or older and not be able to repay a repair loan  
  - Repay the grant if property is sold in less than 3 years | Loans: repair, improve, or modernize homes or remove health and safety hazards  
Grants: remove health and safety hazards |
| **Single Family Housing Direct Home Loans (Section 502 Direct Loan Program), USDA** | Payment assistance loans (i.e., a subsidy that reduces mortgage payments for a short period) | Applicants must:  
  - Have an adjusted income that is at or below the applicable low-income limit for the area  
  - Demonstrate willingness and ability to repay the debt  
  - Be without decent, safe, and sanitary housing  
  - Be unable to obtain a loan from another source under reasonable terms  
Borrowers must repay all or a portion of the payment subsidy if title transfers or the borrower moves out | Purchase, build, repair, renovate, or relocate a home  
Purchase and prepare sites, including providing water and sewage facilities |
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| **Single Family Housing Guaranteed Loan Program, USDA** | Loans | Applicants must:  
  - Meet income-eligibility requirements (vary by area)  
  - Agree to occupy the property as a primary residence  
  - Demonstrate willingness to meet credit obligation in a timely manner | • Repairs and rehabilitation of an existing dwelling  
  • Special design features or permanently installed equipment to accommodate a household member with a disability  
  • Connection fees for utilities such as water, sewer, and electricity  
  • Essential household equipment (e.g., carpeting, certain appliances, heating and cooling equipment)  
  • Energy efficiency measures  
  • Site preparation (e.g., grading, landscaping) |
| **203(k) Standard Rehabilitation Mortgage Insurance, HUD** | Loans | Current homeowners or purchasers of a home requiring rehabilitation  
  Repairs must cost at least $5,000 | • Structural alterations and reconstruction  
  • Modernization and improvements to the home’s function  
  • Elimination of health and safety hazards  
  • Changes that improve appearance  
  • Reconditioning or replacing plumbing  
  • Adding or replacing floors, roofing, gutters, and downspouts  
  • Enhancing accessibility for a disabled person  
  • Making energy conservation improvements |
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<td><strong>203(k) Streamlined Rehabilitation Mortgage Insurance, HUD</strong></td>
<td>Loans of up to $35,000</td>
<td>Current homeowners or purchasers of a home requiring rehabilitation</td>
<td>Minor to moderate repairs or remodeling, including: Basements, Decks/patios, Floors and roofs, HVAC systems, New appliances, New windows and weatherization, Painting, Plumbing and electrical, Septic and well repairs, Sewer hook-up</td>
</tr>
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<td><strong>Property Improvement Loan Insurance (Title I), HUD</strong></td>
<td>Loans of up to $25,000 for a single family home, up to $60,000 for a multi-family home</td>
<td>The owner of the property to be improved, the person leasing the property, or someone purchasing the property under a land installment contract</td>
<td>Funds may be used to finance property improvements that protect or improve the basic livability or utility of the property, including purchasing fire safety equipment</td>
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<td><strong>Section 184 Indian Home Loan Guarantee Program, HUD</strong></td>
<td>Loans</td>
<td>Native American and Alaskan Natives, Homes with 1-4 dwelling units, Must be borrower’s primary residence</td>
<td>Funds can be applied toward new construction, rehabilitation, purchase of an existing home, or refinancing, Funds can be applied to properties both on and off native lands</td>
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| Specially Adapted Housing (SAH) Grant, VA | Grants of up to $70,465 (may be awarded three times to the same veteran) | Veterans with certain service-connected disabilities | • Construct a specially adapted home on land to be acquired  
• Build a home on land already owned if it is suitable for specially adapted housing  
• Remodel an existing home if it can be made suitable for specially adapted housing  
• Apply the grant against the unpaid principal mortgage balance of an adapted home already acquired without the assistance of a VA grant |
| Special Housing Adaptation (SHA) Grant, VA | Grants of up to $14,093 (may be awarded three times to the same veteran) | Veterans with certain service-connected disabilities | • Adapt an existing home the veteran or a family member already owns and in which the veteran lives  
• Adapt a home the veteran or family member intends to purchase in which the veteran will live  
• Help a veteran purchase a home already adapted in which the veteran will live |

**HYPERLINKS**


HUD, Home Repairs: Connecticut,  


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