



Residential Rehabilitation Loan Program



The mission of the **Residential Rehabilitation Loan Program (“RRLP”)** is to provide financial means to conserve the housing stock in the City’s mature neighborhoods, to eradicate substandard housing conditions, and to eliminate and prevent slums and blighting influences, principally for the benefit of low and moderate income individuals and families.

Port Hueneme’s housing rehabilitation efforts are targeted exclusively within the Neighborhood Strategy Area (“NSA”) and the Bolker Park single family homes. Eligible properties are: (1) at least ten years old; (2) not a part of a Planned Unit Development or governed by a homeowner’s association; and (3) improved with no more than four dwelling units on a single parcel of record. See [Target Area Map](#) for eligible neighborhoods.

While correction of code violations and deferred maintenance are the City’s priority, owners may also undertake a broad range of general property improvements. For most RRLP projects, work is performed by general contractors in accordance with specifications written by the City and approved by the owners. The City prescribes the terms of the RRLP contract and supervises the quality of work and the incremental payments to the contractor. All City loans are secured by a Deed of Trust on the property to be improved and accordingly, the loan amount is governed in part by the owner’s available equity. Maximum property debt may not exceed 80-90% of the after-rehab value, all liens inclusive. Where equity is more than adequate to secure the debt, loan amounts are also limited to 50% of the estimated replacement cost of the structure.

Two types of loans are available under RRLP, Simple Interest loans and Equity Share loans:

1. Simple Interest financing is available to low and moderate income owner-occupants whose gross annual income does not exceed 120% of the Area Median Income adjusted for household size as follows:

Household Size	1	2	3	4	5	6
Maximum Income	\$72,850	\$83,250	\$93,650	\$104,050	\$112,350	\$120,700

The **Simple Interest** “curb appeal” loan is a deferred loan (no monthly payments) designed to assist homeowners with limited rehabilitation needs. The maximum principal of a **Simple Interest** loan is \$25,000 with a fixed interest rate of 3% per year. Repayment of the principal and all accrued interest is due in a lump sum in thirty years, or earlier if the property is sold, refinanced, transferred, or becomes non-owner-occupied.

The following types of improvements can be financed with a **Simple Interest** loan:

- Exterior improvements such as roofing, stucco, windows, doors, driveways, garage doors, fences, and front yard landscaping.
- Energy and water conservation improvements such as insulation, weatherstripping, tankless water heaters, and dual flush toilets.
- Interior work or exterior work not visible from a public right-of-way which is required to bring the property into compliance with the Port Hueneme Municipal Code, the California Uniform Housing Code, and Federal Section 8 Housing Quality Standards.
- Up to 50% of a **Simple Interest** loan may be used for general property improvements; however general property improvements that affect only the interior of the dwelling are not eligible.

2. **Equity Share** financing is available to all qualified owner-occupants regardless of income and investor-owners of 1-4 unit rental properties. The **Equity Share** loan is the preferred option for larger projects or properties requiring a significant amount of interior work. Because there is no predefined maximum loan amount, the **Equity Share** loan can be used to cover up to 100% of the cost of eligible rehabilitation work. Typical improvements include:

- Exterior improvements such as roofing, stucco, painting, windows, doors, driveways, garage doors, fences, and front yard landscaping.
- Energy and water conservation improvements such as insulation, weatherstripping, tankless water heaters, and dual flush toilets.
- Interior work or work not visible from the exterior such as plumbing, electrical upgrades, heating and ventilation work, kitchen and bathroom remodeling, floor coverings, and termite control.
- Up to 50% of an **Equity Share** loan may be used for general property improvements.

Equity Share loans consist of deferred principal and deferred contingent interest, computed as an equity share in the property. The City's equity share is equal to the percentage that the City's loan represents of the pre-rehabilitation value of the property. For example, if the City makes a \$40,000 loan to improve a home that is worth \$200,000 in its pre-rehab condition, the City will take an equity share of 20% ($\$40,000/\$200,000 = 20\%$). The borrower makes no payments on the deferred loan until a lump sum payoff is triggered upon sale, transfer, refinancing, or when a borrower who was an owner-occupant at the time the property was improved with a City RRLP loan, moves out of the property. At payoff, the property value is reestablished (by sales price or appraisal) and the borrower repays the loan principal plus 20% of the appreciation in value.

For low and moderate income owners who continuously occupy the property in full accordance with the terms of the City's loan, **Equity Share** interest is gradually forgivable over the forty-five year term of the loan. See the [Sample Equity Share Interest](#)

Computation Schedule. **Equity Share** loans for higher income owner-occupants are deferred for a maximum term of thirty years and equity share interest is not forgivable.

Investor-owners of 1-4 unit residential properties within the target neighborhoods may choose from three **Equity Share** loan options under RRLP:

- **Market Rent Option:** The City's loan may not exceed 50% of eligible rehab costs. The owner must contribute the balance of funds needed to complete the project. No rent controls are imposed and equity share interest is not forgivable.
- **Revocable Rent Stabilization Option:** The City's loan may cover up to 100% of eligible rehab costs. Investor-owner must commit to rent controls to keep rent levels for improved units at or below Fair Market Rents for a period of 15 years. Equity Share interest is partially forgivable over the 15-year period that rent controls are in place. Rent controls may be canceled early. However, owners who adhere to the rent control commitment for a full 15 years will benefit from forgiveness of 50% of the equity share interest.
- **Irrevocable Rent Stabilization Option:** The City's loan may cover up to 100% of eligible rehab costs. Investor-owner must commit irrevocably to rent controls to keep rent levels for improved units at or below Fair Market Rents for a period of 15 years. All equity share interest is forgiven after 15 years.

Investor-owned properties of five or more dwelling units situated within the target neighborhoods may also be eligible for financial assistance under RRLP subject to the negotiation of specific terms and conditions for specific projects.

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Photo Gallery. Click here to view before and after photos of some recent projects.