



*City of East Providence*  
**HOME IMPROVEMENT PROGRAM (HIP)  
 INFORMATION PACKET**

The Home Improvement Program offers no-interest deferred payment loans, and low interest loans with grant incentives to owner-occupied residences and qualifying rental properties in East Providence. Eligibility is based on income, household size and other factors.

**What kind of work can be done through the HIP program?**

The Home Improvement Program will provide assistance to homeowners in need of emergency repairs, building/health code violation repairs, and/or other repairs in order to improve the safety, accessibility, and energy-efficiency of their home.

**Who is eligible?**

You may qualify for the Home Improvement Program if you are a homeowner:

- WHO owns a single or multi-family rental property in East Providence
- WHOSE household or tenant’s income is less than 80% of the area median income, adjusted by household size (see Program Terms & Conditions for more Rental Property requirements)

**How is Household Income defined?**

**Household income** consists of current gross income from all sources including Social Security, pension, salaries, wages, interest income, rent, etc. **Household Size** is the number of people who live in the home or housing unit.

DETERMINING HOUSEHOLD INCOME								
HOUSEHOLD SIZE	1	2	3	4	5	6	7	8
80% MEDIAN AREA INCOME	\$48,450	\$55,400	\$62,300	\$69,200	\$74,750	\$80,300	\$85,850	\$91,350

**HIP Financing Products**

**Single Family Homeowners** and **Owner-Occupied Landlords** can choose one of the two following loan options:

1. **0% Interest Nonrecourse Deferred Payment Loan** - The total amount borrowed will remain as a lien on your property as long as you own the house and it remains your primary residence. No monthly payments are due and the original amount borrowed remains the same.
2. **“60/40” Loan** - 60% of the total amount is a **3% Interest Loan** paid back in monthly installments over a 10-year term, and the 40% balance is a **0% Interest Deferred Payment Loan**, which converts to a grant after a 10-year term and the 3% loan is paid in full.

**Rental Property Landlords** who do not reside in the rental property qualify for a **3% Interest Loan** paid back in monthly installments over a 10-yr. term.

**For more information or to apply...**

Call the Community Development Office at (401) 435-7536, visit us on-line at [www.eastprovidenceri.gov](http://www.eastprovidenceri.gov) under Departments/Community Development, or email [dbachrach@eastprovidenceri.gov](mailto:dbachrach@eastprovidenceri.gov)

## HIP PROGRAM PROCEDURES

1. Interested homeowners complete and submit a HIP Application, along with copies of the supporting documentation outlined in the Application Checklist. If assistance is required for rental property, a Tenant Information Form should be completed for all the units to undergo improvements. The Community Development staff are available to help landlords in obtaining this type of personal information and required documentation.
2. If a homeowner meets all program eligibility requirements, the City's Housing Rehab Specialist will schedule an initial inspection to determine all eligible improvements. If potential lead hazard reduction work is required, a lead inspection is ordered. The homeowner will be contacted by an independent lead inspector, contracted by the City, to schedule a comprehensive lead inspection.
3. The Rehab Specialist prepares a proposed scope of work, then meets with the homeowner to discuss the work specifications and project estimate. At this time, changes to the scope of work made accordingly.
4. Once the scope of work is finalized, a Contractor WalkThru of the property is scheduled and the Rehab Specialist meets with pre-qualified contractors to review the work specifications.
5. The contractors are given one week to submit a bid. The homeowner is presented the bids by the Rehab Specialist and selects a contractor, if they choose to go forward with the project. The program provides financing equal to the lowest bid. If the homeowner selects a contractor other than the lowest, it's their responsibility to pay the difference in bids.
6. The Community Development Office creates a work contract for the project, to be reviewed and signed by the homeowner and the contractor, and witnessed by the Rehab Specialist.
7. A Loan Closing for the cost of the home improvements is scheduled with the homeowner, by the Community Development Coordinator. A Loan Agreement with the City, Promissory Note and Mortgage Deed are issued and signed by the homeowner. If rental property is involved, the homeowner will also sign a Rent Regulatory Agreement, in which the homeowner agrees to limit rents to below fair market rent limits published by HUD.
8. If the lead hazard reduction work requires a household to temporarily relocate, the Community Development staff will help arrange temporary housing. Occupants are encouraged to seek temporary relocation with family or friends, whenever possible.
9. While the work is in progress, the Rehabilitation Specialist conducts periodic inspections to ensure work specifications are being met and in accordance with the work contract.
10. Partial payments are made to contractor for portions of the work completed, following the Rehabilitation Specialist's inspections and homeowner's approval.
11. If lead hazard reduction work is required, the contractor schedules a final lead clearance inspection. Upon successful passage, the lead inspector issues a Lead-Safe Certificate to the property. If the property fails the clearance test, the contractor must address the outstanding lead paint issues at their own expense, until final clearance is granted.
12. After the rehab work is completed, the Rehabilitation Specialist conducts a final inspection to confirm work specifications are met and the homeowner is satisfied with the workmanship performed. Any additional required City inspections are scheduled by the contractor and confirmed by the Rehab Specialist.
13. The contractor submits a final invoice and the City processes a final payment directly to the contractor.

## HIP PROGRAM TERMS & CONDITIONS

1. Qualified applicants receive financing for home improvements, and a mortgage is recorded for all financing provided.
2. Technical assistance is provided at no cost to the homeowner, i.e. property needs & eligible work assessment, written work specifications & estimates, contractor walk-thru, bidding & selection assistance, and project oversight.
3. Required permits will be obtained by the contractor before work is started.
4. Applicant's property tax, water bill or other assessments due to the City must be current.
5. The homeowner must have homeowner's insurance on the property to be assisted, and must maintain coverage for the loan period. Evidence of flood insurance coverage will be required if the property is determined to be located in the FEMA-designated Floodplain.
6. For projects estimated to exceed \$10,000, a title search is ordered to confirm the homeowner has clear title of the property. Upon completion of the project, title insurance is rendered to the City. The title search and insurance fees totaling \$350 are included as closing costs to the homeowner, and rolled into the HIP loan.
7. A comprehensive lead inspection is required for all homes built prior to 1978. All lead hazards sighted in the lead report will need to be addressed by the program, for all projects requiring rehab assistance of \$5,000 or more. Upon completion of the project, a final lead clearance inspection is conducted, as to achieve Lead-Safe status. The cost of the all lead inspections are rolled into the HIP loan.
8. In some cases, lead hazard reduction activities require the household to temporarily relocate while lead hazard reduction work is being completed. Occupants are encouraged to seek out free temporary relocation options. The costs of relocation of single-family and owner-occupied multi-unit homes is not charged to the home owner. For non-occupied multi-unit homes, relocation costs are rolled into the HIP loan.
9. Rental Property: For 2-family homes, at least 1 unit must be income eligible. For 3 or 4-family homes, at least 51% of all units must be income eligible. All units must submit a Tenant Information Form. The program only covers the costs of general improvements for eligible units and all common areas, including roofs and siding. Lead paint hazards are addressed for all units. The owner must enter into a Rent Regulatory Agreement, limiting rents of assisted income eligible tenants not to exceed Fair Market Rent Limits, for 1 year, upon completion of improvements.

Final FY 2021 & Final FY 2020 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2021 FMR	\$848	\$955	\$1,148	\$1,428	\$1,714

10. Funding caps and financing terms may be adjusted on a case by case basis only when one of the following consequences of not making the adjustment can be documented: Loss of property, imminent homelessness or significant safety or health threat.

Funding Caps		
Single-Family Home	2-Family, Multi-Unit Home	3 & 4-Family, Multi-Unit Home
Up to \$35,000	Up to \$40,000	Up to \$50,000

11. The following would cause a HIP loan to default:
  - A change in title or ownership interest, i.e. property sale, foreclosure, bankruptcy, etc.
  - The borrower has knowingly provided fraudulent information to the Community Development Office
  - The borrower passes away
  - The borrower fails to pay scheduled monthly loan payments
  - The home is no longer the primary residence of the borrower (excluding non-occupant landlords)

