

2013

# CITY OF PITTSBURG, KANSAS

## ***HOUSING REHABILITATION LOAN PROGRAM***

### PROGRAM GUIDELINES FOR OWNER-OCCUPIED HOMES

**PURPOSE OF LOAN PROGRAM:** The intent of the loan program is to provide an opportunity for citizens of Crawford County of low – moderate income to obtain low interest loans for the purpose of upgrading their home. The program is intended to assist those who otherwise would not have conventional loans as a resource.

**TARGET AREA LOCATION:** Within Crawford County, KS

**APPLICANT ELIGIBILITY:** To be eligible for a housing rehabilitation loan, applicants must meet the following requirements:

1. Be the recorded owner and occupant of the unit to be rehabilitated for at least one year prior to the time of application. Contract of sales accepted only if the contract has been effective for 5 years or more. Life estate deeds are accepted.
2. Have no outstanding judgments placed on property.
3. Taxes and insurance must be current or could be included in the loan amount to bring current.
4. Income must not exceed the requirements set forth for the purpose of determination for financial eligibility (identified below).
5. Be willing to work with city staff throughout the completion of the project; bidding, construction, and payments.
6. All children in the household under the age of six (6) must be tested for EBL (Elevated Blood Level) through the Crawford County Health Department. There will be no charge for this test to the family.

**NOTE:** Identification of a child with EBL will require notice to the State of Kansas at which time KDHE will inspect the property and determine if any abatement of lead paint in the unit is required. This may delay the approval of an application.

**ELIGIBILITY REQUIREMENTS - PROPERTY:** To be eligible for a housing rehabilitation loan, a property must meet the following requirements:

1. Be located within Crawford County, Kansas.
2. Have an existing need for repair of at least one major system or the need to eliminate unsafe conditions.
3. Single family residences only.
4. Must be substandard and/or suitable for rehabilitation as described in the Plan.

<b>Household Size</b>	<b>Moderate Income</b>
1	\$ 30,960
2	\$ 35,360
3	\$ 39,760
4	\$ 44,160
5	\$ 47,760
6	\$ 51,280
7	\$ 54,800
8	\$ 58,320

**LOAN PROCEDURE:**

The applicant shall place a loan application with the Community Development & Housing Office to be reviewed by the Citizens Advisory Board. The City has the option to perform a credit check of applicant. Recommendation for approval will be made by the Citizens Advisory Board to the Pittsburg City Commission.

\* LOAN MAXIMUM \$18, 000 \* INTEREST 2% \* MAXIMUM TERM 15 YRS

1. The term of the loan is negotiable based upon the loan amount and the applicant's ability to repay.
2. Eligibility for the loan may be based upon information received through a credit report or other applicable information.
3. Loan funds may be approved to enable applicant to bring taxes and insurance current.
4. The applicant will be required to pay for any costs associated with the loan process; title search, credit report, filing fees. These costs may also be included in the total loan financed if the loan is approved and may be paid up front after initially determining the loan process will proceed. Funds will be held in escrow and returned to the homeowner if the loan is unable to be processed.

**The ability to repay the loan will be based upon the current housing costs (Principal, Interest, Taxes, Insurance) which may not exceed 29% of the gross income, but in no case may a loan be approved when the total monthly debt payments exceeds 42% of the gross income.**

Costs that exceed the maximum loan amount will be discussed with the owner. The owner will be allowed to place other funds into escrow for any additional work to be done.

HOUSING ELIGIBILITY: Housing is eligible, provided homes meet the definitions of substandard and suitable for rehabilitation. Any rehabilitation work done under this program requires the home must, at a minimum, be restored to standard condition.

"Substandard" is defined as housing that is in need of any of the following items:

1. Roof Replacement
2. Electrical repairs and/or replacements.
3. Plumbing repairs and/or replacements.
4. Furnace &/or heating units repairs &/or replacements.
5. Weatherization of home; siding, windows, doors, attic insulation.
6. Elimination of, to include but not limited to barrier removal for the elderly and handicapped and to include the property upon which the housing unit is located.
7. Free of structural defects.

"Suitable for Rehabilitation" is defined as a substandard house for which it is technically and financially feasible to restore it to standard conditions, given the limits of the program.

Any immediate health or safety hazard found during the preliminary inspection will receive priority over other rehabilitation applications.

ELIGIBLE ACTIVITIES: Rehabilitation activities may include, as necessary, any of the items listed under Housing Eligibility and other repairs necessary to improve the health and safety of residents.

INELIGIBLE ACTIVITIES: Any activity, which does not contribute to the rehabilitation or energy conservation of eligible housing by improving the health and safety of residents, or does not contribute to the decrease of blight of the property, is considered ineligible. Other excluded costs are land acquisition, new construction, expansion of the size of a structure, completion of unfinished spaces such as an attic or basement.

WALK AWAY POLICY: This policy gives the City to right to "walk-away" from homes if rehab is not feasible. The following criteria will be taken into consideration when determining the feasibility of rehab:

1. Current property value
2. The after rehab value
3. Whether the home is suitable for rehabilitation; unsafe conditions existing anywhere on the property could prohibit rehabilitation approval.

4. Estimated repairs exceed the maximum grant and/or loan.
5. Ability of the applicant to repay City loan (if applicable)
6. Failure of the applicant to agree to requirements set forth in the guidelines.

APPLICATION PROCEDURES: The availability of the Housing Rehabilitation Loan Program funds will be publicized to residents through the local newspaper and other appropriate means. Applicants may obtain forms at the City of Pittsburg - Community Development and Housing Office located at 603 North Pine. Applications will be accepted from the date of publication. Applications will be screened in accordance with the income eligibility requirements and then ranked in accordance with the approved Rating System, date and time of application. Applications will then be forwarded to the Citizen's Advisory Board for their review and recommendations to the City Commission.

ROLE OF HOMEOWNERS: Homeowners agree to the rehabilitation work as bid and provide access to the property by rehabilitation personnel to allow performance of required work. Utilities must be available for the rehabilitation work. Homeowners must be willing to remove all valuable items, which might be damaged due to construction. Owners must agree to accept the lowest bid and be willing to accept the final completion of the project as approved by the Housing Rehabilitation Inspector from the Division of Community Development & Housing.

REHABILITATION CONTRACT PROCEDURES: Bids provided to the homeowner by contractors for housing rehabilitation will be accepted by the City of Pittsburg for individual properties only if the contractor is licensed and insured. All contractors, inspectors, and crew members must attend and successfully complete a Kansas Dept. of Health and Environment (KDHE) approved, Lead Safe Work Practice Training course and fulfill the KDHE requirements to become Certified Renovators by December 1, 2009 or as soon as the certification is available through KDHE. All contractors and crew members will be responsible for complying with the EPA's Renovation Repair and Painting (RRP) regulations as enforced by KDHE in Kansas.

Contractors must apply to KDHE by December 1, 2009 or as soon as the licensing is available from KDHE, to become a KDHE Licensed Renovation firm. KDHE requires that licensed firms employ only certified renovators to perform rehabilitation work.

KDHE monitors rehabilitation activities to ensure all firms and workers are in compliance. Contractors found to be out of compliance may be subject to penalties and fines up to \$5000 per occurrence.

All bids will be reviewed by the Community Development and Housing Office and all contractors must be approved.

COMPLAINT PROCEDURES: The Citizen's Advisory Board will serve as an appeal board to hear written grievances of individuals regarding the administration of the program. All grievances shall be answered in writing within fifteen (15) working days after the appeal board hears the grievance. The appeal board will hear the grievance no later than within

14 days from date the Community Development and Housing Office receive such written appeal. The decision of the Board shall be final and the grievant notified in writing.

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