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## **PROGRAM GUIDELINES**

The Housing Rehabilitation Loan Program provides an opportunity for income-limited citizens to obtain low-interest loans to rehabilitate their homes. The program is intended to assist those for whom conventional loans are not a resource.

### **Applicant Eligibility**

Applicants for the Housing Rehabilitation Loan Program must meet the following requirements:

- The applicant must be the recorded owner and occupant of the home to be rehabilitated for at least one year prior to the date of the application. Contracts of Sale are accepted only if the contract has been effective for five (5) years or more. Life estate deeds are accepted.
- The applicant must not have any outstanding judgements against the property.
- The applicant's property taxes and insurance must be current.
- The applicant's income must not exceed the determination requirements as defined below.
- The applicant must work with City of Pittsburg staff throughout the project, including construction, inspections, payments, and project completion.
- The applicant must not be a legal entity.

### **Property Eligibility**

Properties for the Housing Rehabilitation Loan Program must meet the following requirements:

- The property must be located within the city limits of Pittsburg, Kansas.
- The property must have an existing need for the repair of at least one major system or the need to eliminate any unsafe conditions.
- The property must be a single-family residence.
- The property must not be declared dilapidated as determined by the City of Pittsburg's Building Official.
- The property must not be under foreclosure proceedings, in default, or delinquent on the mortgage, if any.
- The property must meet the definitions of "substandard" and "suitable for rehabilitation."

"Substandard" is defined as housing that is free from structural defects but is in need of any of the following items:

- Replacement of the roof
- Replacement and/or repair of the electrical system
- Replacement and/or repair of the plumbing system
- Replacement and/or repair of the furnace or heating unit
- Weatherization of the home, including siding, windows, doors, and attic insulation
- Elimination of barriers for the elderly and individuals with disabilities, including the property upon which the housing unit is located.
  - Requests for accommodations of this kind must be accompanied by proof of disability.

"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 rehabilitation work done under this program requires the home must be restored to standard condition.

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

*Eligible Activities*

Eligible activities are activities that contribute to the rehabilitation or energy conservation of an eligible property by improving the health and safety of residents, or contribute to the decrease of blight of the property. Eligible activities may include any of the items listed under the definition of substandard housing, and other repairs necessary to improve the health and safety of residents.

*Ineligible Activities*

Ineligible activities are activities that do not contribute to the rehabilitation or energy conservation of eligible housing by improving the health and safety of residents, or do not contribute to the decrease of blight of the property. Other excluded costs are land acquisition, new construction, expansion of the size of a structure, and completion of unfinished spaces such as an attic or basement.

**Financial Eligibility**

Applicants for the Housing Rehabilitation Loan Program must meet the following requirements:

- The household annual gross income must fall at or below the income guidelines based on household size as shown in the table below:

1	2	3	4	5	6	7	8
\$34,250	\$39,150	\$44,050	\$48,900	\$52,850	\$56,750	\$60,650	\$64,550

**Loan Procedure**

Loan applications will be submitted to the Community Development & Housing Office, and will be reviewed by designated City of Pittsburg staff. The City may perform a credit check of any applicant or co-applicant. Recommendation for approval or disapproval will be made by City of Pittsburg staff, including the Director of Community Development & Housing.

Loans will be subject to the following requirements:

- Maximum loan amount is **\$18,000**.
- Loan interest rate is fixed at **2%**.
- Maximum loan term is **15 years**.
- The loan will be secured by the real property through a signed note and mortgage.

The term of the loan is negotiable based upon the amount of the loan and the applicant’s ability to repay the loan, as determined by the *Income and Ability to Pay Worksheet*. The ability to repay the loan will be based upon the current financial analysis of housing costs, including principal, interest, taxes, and insurance, which may not exceed 29% of the applicant’s gross monthly income, but in no case may a loan be approved where the total monthly debt payment exceeds 42% of the applicant’s gross monthly income. Eligibility for the loan may be determined based on information received through a credit report or other applicable information.

The applicant will be required to pay for any costs associated with the loan process, including, but not limited to, title search, credit report, and/or mortgage filing fees. These costs may also be included in the total loan amount financed if the loan is approved, and may be paid up front after initially determining the loan will be offered. Funds will be held in escrow and returned to the applicant if the loan is not able to be offered.

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

### **Feasibility of Rehabilitation**

This policy gives the City of Pittsburg the right to ‘walk away’ from rehabilitation projects if rehabilitation is not feasible. The following criteria will be considered when determining the feasibility of rehabilitation:

- Property value before and after rehabilitation.
- Housing suitability for rehabilitation, including unsafe conditions existing anywhere on the property that could prohibit approval.
- Estimated repair costs that exceed the maximum loan amount.
- Estimated repair costs that exceed the value of the structure.
- Applicant’s ability to repay the loan.
- Failure of the applicant to agree to any requirements set forth in the program guidelines.

### **Application Availability**

The availability of the Housing Rehabilitation Loan Program funds will be publicized to residents through the City of Pittsburg website ([www.pittks.org](http://www.pittks.org)). Applications may be obtained at the Community Development & Housing Office, 603 N Pine, Pittsburg, KS. Applications will be reviewed and approved or disapproved by City of Pittsburg staff, including the Director of Community Development & Housing.

### **Role of Applicants**

Applicants agree to the rehabilitation work as bid, to provide access to the property by rehabilitation personnel, and to allow the performance of the required work. Utilities (gas, water, electricity) must be available for the rehabilitation work. Applicants must be willing to remove all valuable and/or breakable items that might be damaged due to rehabilitation work. Applicants must agree to accept the lowest bid and be willing to accept the final completion of the project as approved by the City’s Building Official.

### **Rehabilitation Contract Procedures**

Contractors must be licensed in the City of Pittsburg and insured. Payment for repairs will be made on final completion of project as approved by the City’s Building Official. Approved contractors must agree to the terms as outlined in the Construction Contract Agreement, abide by City ordinances and building codes, and agree to work closely with the City’s Building Official. All bids will be reviewed by the Community Development and Housing Office and all contractors must be approved.

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