

City of Lawrence  
Community Development Block Grant (CDBG)  
Homeowner Housing Rehabilitation Program  
**Policies and Procedures**



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Planning & Development Services  
Housing Initiatives Division  
6 E 6<sup>th</sup> St  
Lawrence, KS 66044

<https://lawrenceks.org/pds/housing-initiatives/>

*The mission of the City of Lawrence Housing Initiatives Division is to create a community where all enjoy life and feel at home by ending chronic homelessness, ensuring that everyone has a safe and affordable home, and revitalizing neighborhoods for inclusive and equitable community development.*



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## INTRODUCTION AND PURPOSE

Decent, safe, and sanitary housing is critical to the physical and emotional health of City of Lawrence residents. The City of Lawrence Homeowner Housing Rehabilitation Program, hereinafter called the "Program", is funded by and subject to the requirements set forth by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program (CDBG) and is administered by the Housing Initiatives Division of the City of Lawrence. The purpose of the Program is to provide low- and moderate-income property owners with assistance to rehabilitate their homes and bring properties into compliance with local building and property maintenance codes, while also focusing on energy efficiency and weatherization. The Program aims to maintain the City's current affordable housing stock by offering assistance to homeowners with an Emergency Repair Loan or Comprehensive Rehabilitation Loan.

## PROGRAM ELIGIBILITY REQUIREMENTS

- The property must be located within the City limits of Lawrence. Mobiles homes are not eligible.
- Properties located within a floodplain will be reviewed on a case-by-case basis for eligibility.
- The property must be owner-occupied and contain no more than two dwelling units. The applicant must be the owner/occupant of the property for a minimum of one year prior to application.
- The applicant must be current on all mortgage payments and ad valorem property taxes.
- The applicant must have an adequate homeowner's insurance policy in force at the time of the rehabilitation contract award and agree to maintain the coverage for a period equal to the term of the mortgage note and mortgage.
- The applicant and/or structure for which the application is being made cannot exceed lifetime Program funding/application limits as defined in Section 4.
- Applicant's gross household income from all sources may not exceed 80% of area median income (CDBG Moderate Income), as determined yearly by HUD. Current Income guidelines are as follows:

Household Size	Moderate Income (80%)
1	\$57,150
2	\$65,300
3	\$73,450
4	\$81,600
5	\$88,150
6	\$94,700
7	\$101,200
8	\$107,750

- The Applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance received.

- The Housing Initiatives staff shall determine whether the property is of sufficient value to warrant the loan. This determination is based on the appraised value of the property (as determined by the Douglas County appraiser or a certified independent appraiser) plus the cost of rehabilitation. The total amount must not exceed HUD purchase price limits for single-family homes, and the total indebtedness on the property (mortgage) plus the cost of rehabilitation cannot exceed the current appraised value of the property.

## ELIGIBLE PROJECTS

### Comprehensive Rehabilitation

Rehabilitation activities must meet the requirements of local building codes. Any activity that does not contribute to the rehabilitation of eligible housing by improving the health and safety of the residents, contribute to energy conservation, weatherization, or decrease the blighting influence of the property, is ineligible. Cosmetic renovation, remodeling, or upgrades that are not health or safety related will not be eligible for funding.

### Emergency Repair

Emergency repair funds may be used for improvements that eliminate immediate hazards to health and safety, or conditions that are likely to cause health and safety hazards or cause damage to the structure in the near future.

Examples of Emergency Repairs:

1. Furnace/Air Conditioner – Addition/replacement/addition of existing heating and/or cooling source with approved energy-efficient appliance. Installation of a whole house duct distribution system is an allowable use of funds. Portable units are not allowed.
2. Plumbing repairs and/or replacement
3. Electrical repairs and/or replacement
4. Water heater replacement
5. Roofing replacement
6. Any other improvement deemed necessary by the Program to correct an emergency situation.

## FUNDING LIMITS

### Comprehensive Rehabilitation Loan

- Maximum funding of \$60,000, including a maximum of \$6,000 (or 10% of total project cost) for lead-based paint hazard reduction activities and related relocation costs.
- No more than two lifetime Comprehensive Rehabilitation applications per applicant/structure
- Cannot exceed \$60,000 in lifetime total Program funds per applicant/structure
- Applicant must not have received comprehensive housing rehabilitation assistance within the last 5 years.

### Emergency Repair Loan

- Maximum funding of \$24,000 per application, including a maximum of \$2,400 (or 10% of total project cost) for lead-based paint hazard reduction activities and related relocation costs.
- No more than two lifetime Emergency Repair applications per applicant/structure
- Cannot exceed \$60,000 in lifetime Program funds per applicant/structure
- Applicant must not have received comprehensive housing rehabilitation assistance within the last 5 years.

## APPLICANT SELECTION PROCESS

The availability of funds will be publicized to residents of the City of Lawrence through local media and City communications whenever Program funding exceeds the needs of applicants. Application forms are available on the City of Lawrence website and can be requested by emailing [housinginitiatives@lawrenceks.org](mailto:housinginitiatives@lawrenceks.org). Paper copies can be obtained at the Planning & Development Services office at City Hall, 6 E 6<sup>th</sup> Street, Lawrence, KS. Applications are accepted year-round or until funding is unavailable. All applications will be screened for general eligibility and placed in a queue in the order received.

### Comprehensive Rehabilitation

Applications for comprehensive rehabilitation will be scored and processed on the 1<sup>st</sup> of every month until the need exceeds the funding for the Program. Applications will be scored based on general eligibility, project scope, previous participation in the Program, and Code Compliance referral.

### Emergency Repair

Applications for emergency repairs will be processed as they are received.

## PROJECT APPROVAL PROCESS

Once an applicant has been preliminarily qualified for the Program, the City of Lawrence will perform any necessary inspections, an environmental review, and conduct a Lead Risk Assessment and/or Lead Hazard Screen, if needed.

### Comprehensive Housing Rehabilitation

If the results of the Lead Risk Assessment and/or Lead Hazard Screen meet the criteria for participation, the Program will solicit bids from qualified contractors for the project. Once the City receives and awards an acceptable contractor bid, a Mortgage Note and Mortgage will be signed by the applicant, and a Rehabilitation Agreement will be executed between the applicant and the contractor that sets forth the responsibilities of the parties and scope of work. Upon execution of the Rehabilitation Agreement, the applicant has been approved for participation in the Program.

### Emergency Repair

If the results of the Lead Risk Assessment and/or Lead Hazard Screen meet the criteria for participation, the applicant is approved for participation in the Program. City staff will work with the applicant to obtain at least three bids from qualified contractors for the project. Once an acceptable bid has been identified, a Mortgage Note and Mortgage will be signed by the owner, and City staff will provide a Notice to Proceed to the selected contractor.

## LEAD-BASED PAINT AND RADON

### Lead-Based Paint

The Program will maintain compliance with federal requirements regarding lead-based paint as per 24 CFR Part 35.

Unless an exemption applies, any property constructed prior to 1978 that is approved for the Program as a project that constitutes comprehensive rehabilitation shall receive a Lead-Based Paint (LBP) Risk Assessment, performed by a Risk Assessor licensed by the Kansas Department of Health and Environment. Results of the Risk Assessment will be provided to the property owner.

Work specifications will include all lead-based paint rehabilitation work needed to perform interim controls and reduce lead hazards, and all work shall be consistent with the requirements and guidelines of the U. S. Department of Housing and Urban Development (HUD) Office of Lead Hazard Control and Healthy Homes (OLHCHH) and the State of Kansas. Clearance testing of the property is required after the completion of the lead-based paint rehabilitation work. Protections will be carried out, as per federal requirements, to inform and protect occupants. (*See Relocation due to Lead-Based Paint Hazards*)

### Radon Gas

All properties applying for comprehensive rehabilitation projects that are accepted into the program will be tested for radon levels. The Program will comply with State and Federal requirements using the American National Standards Institute/American Association of Radon Scientists and Technologists (ANSI/AARST) radon testing standards.

## RELOCATION DUE TO LEAD-BASED PAINT HAZARDS

In accordance with federal regulations, it may be necessary to temporarily relocate occupants of the subject property to provide protection from lead-based paint hazards as per 24 CFR Part 35.

Occupants will be informed of the potential for temporary relocation through personal interviews with representatives of the Program. Occupants shall receive a copy of the EPA pamphlet Protect Your Family from Lead in Your Home. They will also receive written disclosure of the nature of the work to be performed and whether rehabilitation activities will disturb lead-based paint.

Occupants 62 years of age or older may waive their rights to temporary relocation and refuse to relocate. In this case, the Program may ask to see a driver's license or government-issued ID card to confirm age. The owner must execute a waiver form and agree to not allow small children or pregnant women in the home while lead-based paint related work is being performed.

Occupants will **not** be required to temporarily relocate if:

- Treatment will not disturb lead-based paint, dust-lead hazards or soil-lead hazards.
- Only the exterior of the dwelling unit will be treated, and windows, doors, ventilation intakes, and other openings in or near the worksite will be sealed during hazard control work and cleaned afterward, and an entry free of dust-lead hazards, soil-lead hazards, and debris will be provided.

- Treatment of the interior will be completed within one (1) period of eight (8) daytime hours, the worksite will be contained so as to prevent the release of lead dust and debris into other areas, and treatment will not create other safety, health, or environmental hazards.
- Treatment of the interior will be completed within five (5) calendar days, the worksite will be contained so as to prevent the release of lead dust and debris into other areas, the treatment will not create other safety, health or environmental hazards, and at the end of the each work day, the worksite and the area within at least ten (10) feet of the containment areas will be cleaned to remove any visible dust or debris, and occupants will have safe access to sleeping areas, bathrooms, and kitchen facilities.

If relocation is required and the occupants do not comply with the relocation or waiver requirements, Program staff may terminate the project.

Any occupants temporarily relocated shall move to a lead-safe location. Typically, this will be a local hotel/motel with all arrangements made by the Program administrator. If the owner identifies an optional location with adequate room for all occupants needing to be relocated, the Program will consider that location, provided the relocation site meets the lead-safe requirement. If an owner utilizes a relocation site not meeting lead-safe requirements, the owner must execute a form waiving temporary relocation costs. The Program reserves the right to decline a proposed temporary relocation site.

In the event of temporary relocation, the Program will provide per diem assistance to the affected residents as follows:

- One Adult: \$140 per day for meals and lodging
- Two Adults: \$155 per day for meals and lodging
- Each Child: \$30 per day for meals and lodging

*NOTE: Lead-based paint mitigation and relocation costs are limited to 10% of the total project cost.*

If it becomes necessary to remove the occupant's belongings from the project worksite, the occupant will be responsible for packing and moving their property to a safe and secure location of their choosing until the lead clearance has been achieved. During temporary relocation, the property and the project worksite shall be secured against unauthorized entry and occupants will not be permitted to enter until lead clearance has been achieved.

Occupants may choose to relocate from the property during the completion of the project work, even though temporary relocation is not required. In these cases, the Program will not review the relocation site to verify the date of construction or pay any temporary relocation costs.

## PROCUREMENT

### Comprehensive Rehabilitation

If the project is deemed feasible, the City will solicit bids or quotes for the project pursuant to HUD and City of Lawrence procurement guidelines. Awards will be made to responsible, qualified contractors. If the project scope includes any lead abatement activities, workers shall be licensed and/or certified by the Kansas Department of Health and Environment and the City of Lawrence, if applicable, and all services provided shall be consistent with the requirements and guidelines of the U. S. Department of Housing and Urban Development (HUD) Office of Lead Hazard Control and Healthy Homes (OLHCHH) and the State of Kansas.

Bids will be reviewed by the Program administrator and a recommendation for the award will be made. In the event an insufficient number of bids are received, or the bids do not meet all standards and qualifications, the Program may re-bid the project, select an alternative procurement procedure, or terminate the project.

Once the City makes an award, the awarded contractor and the homeowner will execute a Rehabilitation Agreement for the project and a pre-construction meeting will be scheduled. Any agreements entered into contrary to the Rehabilitation Agreement will subject the project to cancellation, at the discretion of the City. The homeowner will issue a Notice to Proceed to the contractor within 30 days of signing the Rehabilitation Agreement, typically at the pre-construction meeting.

#### Emergency Repair

City staff will work with the applicant to obtain at least three bids from qualified contractors for the project. Once an acceptable bid has been identified, a Mortgage Note and Mortgage will be signed by the owner, and City staff will provide a Notice to Proceed to the selected contractor.

## REPAYMENT REQUIREMENTS

Upon approval of participation in the Program, the applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance received.

#### Comprehensive Rehabilitation Loans

Comprehensive Rehabilitation Loans will receive up to 100% forgiveness over 7 years:

Duration of Ownership & Occupancy	Percentage of Loan to be Repaid
Less than 1 year	100%
1 year	90%
2 years	80%
3 years	70%
4 years	60%
5 years	50%
6 years	25%
7 years or more	0%

#### Emergency Repair Loans

Emergency Repair Loans will receive up to 100% forgiveness over 5 years:

Duration of Ownership & Occupancy	Percentage of Loan to be Repaid
Less than 1 year	100%
1 year	80%
2 years	60%
3 years	40%
4 years	20%
5 years or more	0%



## Note and Mortgage Provisions

Loan terms will be set forth in the note and mortgage signed by the property owner/applicant.

If, after a Rehabilitation Agreement is executed, the property owner breaches the Rehabilitation Agreement or related documents, the owner may be responsible for any costs associated with the project that have been incurred following the execution of the Rehabilitation Agreement, both before and after the breach. The unforgiven amount for any rehabilitation loan is due in full if at any time the owner does not comply with the provisions of the Mortgage Note and Mortgage, including upon transfer of the property.

If the program administrator determines that the property owner was a resident of the home at the time of their death, then the loan will be forgiven in full.

In extraordinary circumstances and at its sole discretion, the City may forgive the outstanding balance of a Program loan based on the specific situation of and hardships to the owner. If any portion of a Program loan is forgiven at the City's discretion, the owner will not be eligible for future Program funds of any kind.

## **LOAN SUBORDINATION**

In some cases, after the project is completed, loan participants wish to refinance the primary loan on their property or borrow additional funds against the property for various reasons. In most cases, the City is asked to subordinate its mortgage to this new mortgage in order for the new loan to proceed. (In effect, the City's loan must be secondary to the primary mortgage.) The objectives of the housing loan programs are to preserve housing/neighborhoods while protecting the City's financial interest. This policy is designed to support these objectives. Following are the conditions under which a Request for Loan Subordination will be approved or disapproved.

1. Only subordination requests for a homeowner/occupant will be considered.
2. In all cases, an independent appraisal or current Douglas County Appraisal Valuation Notice must be submitted along with the completed Request for Subordination form.
3. The request will not be approved if the City loan is less than or equal to \$2,500, except in cases where the recipient can demonstrate a bona fide hardship, such as medical emergency or natural disaster catastrophe.
4. The request will be approved if the loan recipient wishes to refinance to a lower interest rate, receiving no cash or using cash only for closing costs. At the time of subordination, total indebtedness against the property\* shall not exceed 100% of the appraised value.
5. The request will be approved if the loan recipient is getting cash, but at the time of subordination, total indebtedness against the property\* shall not exceed 80% of the appraised value.
6. The request will be approved if the loan recipient is getting cash, but at the time of subordination, total indebtedness against the property\* shall not exceed 90% of the appraised value in cases where the recipient can demonstrate a bona fide hardship, such as medical emergency or natural disaster catastrophe.

\* Total indebtedness against the property includes all City of Lawrence loans.

## APPEAL PROCEDURES

The Community Development Block Grant Program of the City of Lawrence, Kansas, encompasses many activities and is regulated by several laws, rules, and regulations.

One of the requirements of the program is that citizens be allowed to voice their comments, criticisms, and suggestions. In order to provide the citizens of Lawrence a procedure for voicing complaints with some assurance that those complaints will receive fair consideration, the City of Lawrence has established the following procedure for hearing complaints regarding any part of the Lawrence Community Development Block Grant Program:

1. If any person wishes to lodge a complaint about any aspect of the Community Development Block Grant (CDBG) Program, the complaint shall be in writing and addressed to the Director of Planning & Development Services, P.O. Box 708, Lawrence, KS 66044.
2. If the person lodging the complaint does not get a satisfactory explanation from the Director, the complaint shall be addressed to the City Manager with the Statement that the Director did not give a SATISFACTORY RESPONSE. This complaint shall also be in writing and addressed to P.O. Box 708, Lawrence, KS 66044.
3. If the complainant does not receive a satisfactory response from the City Manager, he or she may request that the complaint be included as an item on the agenda of the next regularly scheduled City Commission Meeting for hearing. A record of this meeting will be maintained.
4. If the complainant does not receive a satisfactory response to the complaint from the City Commission, the complainant may submit the complaint to the area office of the Department of Housing and Urban Development (HUD) in Kansas City, Missouri, Attention: Area Director. The City will forward all records of meetings relevant to the complaint to HUD upon request.
5. The Planning & Development Services Department will assist complainants with the preparation of written complaints or advise the complainants of other sources which could help with the presentation.
6. All complaints shall be submitted on a form provided by the Planning & Development Services Department of the City of Lawrence and shall be signed by the complainant(s).