EQUAL HOUSING OPPORTUNITY

Revised 6/2021

POLICIES FOR DEVELOPMENT SERVICES LOANS AND GRANTS

I. GENERAL

A. Rehabilitation loans and grants may be offered to eligible applicants as funds are available.

B. Comprehensive Rehabilitation Deferred and Installment Loans, Weatherization Grants, Emergency loans, Furnace loans and Mobile Home Emergency Loans are available to homeowners based upon the eligibility criteria for each program, which is outlined below.

C. The Development Services Staff shall be empowered to approve or disapprove all applications for the Comprehensive Rehabilitation Deferred and Installment Loans, Weatherization Grants, Emergency Loans, Furnace Loans and Mobile Home Emergency Loans

D. Decisions made by the Development Services staff may be appealed to the Director of Planning and Development Services.

E. All applications will first be reviewed by staff to determine whether the eligibility requirements are met. Grant applications will be processed on a first-come, first serve basis. Applicants must meet the income guidelines as contained herein.

Family Size	80% of Median	50% of Median
1	$47,350	$29,600
2	$54,100	$33,800
3	$60,850	$38,050
4	$67,600	$42,250
5	$73,050	$45,650
6	$78,450	$49,050
7	$83,850	$52,400
8	$89,250	$55,800

F. All approved applicants for Comprehensive Rehabilitation:

1. With homes built before 1978, are required to be inspected for lead hazards (lead-based paint).
2. With homes of any age, are required to be tested for Radon gas.

G. The Development Services Staff will evaluate the Loan and Grant programs on a continuing basis and make recommendations to the City Commission as deemed necessary.

II. COMPREHENSIVE REHABILITATION LOANS

A. Eligibility Requirements - *Deferred Loans*

1. Applicants must be 62 years or older.

2. The property must be located within the city limits and not within a designated flood plain area. Mobile homes are not eligible.

3. The property must be owner-occupied containing not more than two dwelling units. A purchaser under a land sales contract is herein defined as an owner. The applicant must be the owner/occupant of the property for a minimum of one year prior to application.

4. The property must comply with program *property rehabilitation standards* (PRS); substandard items will be rehabilitated. The *rehabilitation cost* cannot exceed the *program loan limit* unless the applicant provides the necessary additional funds, which may not exceed $3,500.00, (includes the $1,000.00 required contingency). The program loan limit is 125% of the real estate value less the indebtedness of the real estate and not to exceed $25,000.00. The real estate value is determined by the Douglas County appraiser or a certified independent appraiser.

5. In homes tested in section **I. G.** above: lead paint stabilization, radon gas mitigation and structure rehabilitation costs must be less than the program loan limit or the applicant must provide necessary additional funds. ***See A. 4.*** above.

6. The applicant and/or the structure for which the application is being made cannot previously have received a Community Development Division loan or grant for comprehensive housing rehabilitation.

7. The applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance.

8. 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.

9. The applicant must accept, in writing, the "Terms and Conditions".

10. Payment of ad valorem taxes must be current.

B. Eligibility Requirement - *Installment Loans*

1. Applicant must meet income guidelines as contained herein.

2. The property must be located within the city limits and not within a designated flood plain area. Mobile homes are not eligible.

3. The property must be owner-occupied containing not more than two dwelling units. A purchaser under a land sales contact is herein defined as an owner. The applicant must be the owner/occupant of the property for a minimum of one year prior to application.

4. The property must comply with program *property rehabilitation standards* (PRS); substandard items will be rehabilitated. The *rehabilitation cost* cannot exceed the *program loan limit* unless the applicant provides the necessary additional funds, which may not exceed $3,500.00, (includes the $1,000.00 required contingency). The program loan limit is 125% of the real estate value less the indebtedness of the real estate and not to exceed $25,000.00. The real estate value is determined by the Douglas County appraiser or a certified independent appraiser.

5. In homes tested in section **I. G.** above: lead paint stabilization, radon gas mitigation and structure rehabilitation costs must be less than the program loan limit or the applicant must provide necessary additional funds. ***See B. 4.*** above.

6. The applicant and/or the structure for which the application is being made cannot previously have received a Community Development Division loan or grant for comprehensive housing rehabilitation.

7. The applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance.

8. The applicant must have an adequate homeowner's insurance policy in force at the time of rehabilitation contract award, and agree to maintain the coverage for a period equal to the term of the mortgage note and mortgage.

9. The applicant must accept, in writing, the "Terms and Conditions".

10. Payment of ad valorem taxes must be current.

11. By signing the application, Applicant indicates ability to repay the loan.

C. Payback Requirements

1. Deferred Loans

   a. No repayment of any kind is required so long as the recipient continues to own and occupy the property that is rehabilitated.

   b. A maximum of 50% of the loan may be forgiven over a seven (7) year period, as provided in the “Terms and Conditions”.

   c. The balance of the loan is due in full when the recipient ceases to be the owner/occupant of the property to be rehabilitated.

2. Installment Loans

   a. Regular monthly payments of $50.00 are required.

   b. No interest shall be charged to the recipient of the loan.

   c. A maximum of 50% of the loan may be forgiven over a seven (7) year period, as provided for in the “Terms and Conditions”.

   d. Monthly payments will be set up on a direct draft system. NO EXCEPTIONS.

   e. A charge of $25.00 will be required for all insufficient funds payments.

f. Foreclosure proceedings may start if payments are three or more months in arrears.

g. The balance of the loan is due in full when the recipient ceases to be the owner/occupant of the property to be rehabilitated.

D. Costs includable in Comprehensive Rehabilitation Loans

1. Work necessary to meet the program property rehabilitation standards (PRS) for Development Services of the City of Lawrence.

2. Repair or replacement of faulty kitchen range and refrigerator.

NOTE: All materials, fixtures, equipment, or landscaping shall be of a quality customarily used in the neighborhood for properties of the same general type as the property to be rehabilitated.

E. Loan Limits per Property

1. Program loan limit or the amount necessary to bring the property into compliance with PRS, whichever is less.

2. The amount of emergency and/or furnace loan assistance previously received from the City, if any, will be counted toward this loan limit. ***See III below***.

NOTE: Instruments described in the "Terms and Conditions" shall be filed with the Douglas County Register of Deeds.

F. Processing and Submission Steps

1. Development Services Staff

a. Review all applications.

b. Verify occupancy and ownership.

c. Verify income of applicant.

d. Verify tax and insurance status.

e. Complete required Environmental Review.

f. Identify needed work and prepare a work write-up and cost estimate.

g. Conduct a staff review of all areas and recommend an action to the program manager. This review shall be based on criteria which will reflect an economic feasibility of rehabilitation, environmental, historic and zoning regulations.

h. Establish bid dates for contracts and prepare bid documents.

i. Review contracts and recommend awards.

2. City Commission

    a. Approve bid dates for contracts.

    b. Award contracts.

    c. Hear appeals as presented by citizens or Planning and Development Services Director, or his/ her designee.

III. EMERGENCY LOANS/FURNACE LOANS

A. Eligibility Requirements

1. The property must be located within the city limits and not within a designated flood plain area.

2. 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 and payment of ad valorem taxes must be current. The applicant must be current on any and all mortgage payments.

3. The *applicant and/or structure* for which the application is being made cannot have received comprehensive rehabilitation assistance from the City since December 31, 1978.

4. The *structure* for which the application is being made can receive only one emergency loan and one furnace loan assistance from the City

5. The applicant's gross family income from all sources may not exceed 80% of median income as listed in section ***I. F.***

6. The applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance.

7. The Development Services Staff shall determine whether the proposed work is necessary and appropriate.

8. The Development Services Staff shall determine whether the property is of sufficient value to warrant the loan.

B. Eligible Use of Funds

1. Improvements that eliminate immediate hazards to health and safety or cause damage to the structure or conditions that are likely to cause health and safety hazards or cause damage to the structure in the near future.

2. Replacement/addition of existing heating and/or cooling source with approved energy-efficient appliance, minimum 80% energy-efficient furnaces and 13 SEER on air conditioners. Installation of a whole house duct distribution system is an allowable use of funds. Heat pumps will not be allowed. Cooling must be affixed to heating air handler. No portable units.

C. Loan Limit per Property

1. $5,000 or the amount necessary to make the improvement, whichever is less.

D. Payback Requirements

1. The financial assistance shall be in the form of a loan, which must be repaid when the recipient ceases to be an owner/occupant of the property improved.

2. No interest will be charged on loans, nor are monthly payments required.

3. Loan Subordination

   a. 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.

IV. MOBILE HOME EMERGENCY LOANS

A. Eligibility Requirements

1. The property must be located within the city limits and not within a designated flood plain area.

2. The mobile home must be owner-occupied for more than six months at the time of application and payment of personal property taxes must be current. Lot rent must be current and lien payments for the Mobile Home must be current.

3. The applicant and/or structure for which the application is being made cannot have received emergency loan assistance from the City since December 31, 1978.

4. Mobile home applicant's gross family income from all sources may not exceed **50%** of median income in section ***I. F.***

5. The applicant must sign a personal property lien for the amount of financial assistance.

6. The Development Services Staff shall determine whether the proposed work is necessary and appropriate.

7. The Development Services Staff shall determine whether the property is of sufficient value to warrant the loan.

B. Eligible Use of Funds

1. Improvements that eliminate immediate hazards to health and safety or cause damage to the structure or conditions that are likely to cause health and safety hazards or cause damage to the structure in the near future.

2. Replacement/addition of existing heating and/or cooling source with approved energy-efficient appliance, minimum 80% energy-efficient furnaces and 13 SEER on air conditioners. Heat pumps will not be allowed. Cooling must be affixed to heating air handler. No portable units.

C. Loan Limit per Property

1. $2,500 or the amount necessary to make the improvement, whichever is less.

D. Payback Requirements

1. The financial assistance shall be in the form of a loan, which must be repaid when if recipient ceases to be an owner/occupant of the property improved within thirty-six months of the date of the final inspection of the improvements.

2. No interest will be charged on loans, nor are monthly payments required.

3. After 36 months the loan is forgiven and the personal property lien is released.

4. Loan Subordination

   a. Not applicable for Mobile Homes and will not be granted.

V. WEATHERIZATION GRANTS

A. Eligibility Requirements

1. The property must be located within the city limits and not within a designated flood plain area. The home for which the application is being made cannot have received weatherization assistance from the City since January 1, 1993. Mobile homes and rental units are not eligible.

2. The home must be owner/occupied with 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 and payment of ad valorem taxes must be current.

3. The applicant's family gross annual income must not exceed the limits set out in section ***I. F***. Where applicable, occupants of second dwelling unit family gross annual income also must not exceed the limits set out in section ***I. F.***

B. Use of Grant Funds

1. Funds may be used for attic insulation, storm windows, and weather-stripping of entry doors. Development Services Staff will have sole discretion to determine the suitability of property and appropriateness of the needed improvements.

2. Development Services Staff will prepare bid specifications, solicit bids from qualified companies and enter into contracts with low bidding companies for installation services of attic insulation, storm windows and weather-stripping of entry doors.

C. Grant Limit per Property

1. The grant is limited to the amount needed for the installation of necessary eligible improvements listed in ***B. 1.*** above.

D. Payback requirements

1. No repayment of any kind is required.