



PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512 | F: (608) 789-7318

Memorandum

To: Community Development Committee
From: Staff
Date: 9/8/2017
Re: Revisions to the Housing Renovation Program 17-588

As a reminder, due to the funding source, this program currently is only eligible for properties within a half mile of the TIF14 Boundary.

At the July meeting, the Committee approved a 1% interest rate if the loan was paid off in 5 years and 3% if it was paid off in 10 years. The original program also allowed monthly payments. The intent of this was for staff to recuperate administrative costs. After an internal discussion, staff believes that it would be more administratively burdensome and costly to operate a loan program with fluctuating interest rates. Additionally, allowing monthly payments also creates costs. There for staff recommends the following and this is reflected in the guidelines:

- **Add an application fee of \$295, payable upon CDC approval of the loan. Apply a 1% interest rate for all loans.**
Rationale: This will allow staff to collect the administrative costs upfront and a simple 1% interest rate will be easier to administer.
- **Do not allow monthly payments.** Again, one lump sum payment from the borrower will make it simpler to administrate the loan.
- **Lower the minimum assessed value from \$80,000 to \$70,000** Allow more properties to be qualified to be rehabbed as part of the program.
- **Multi-family or rental conversions to homeownership shall have 20% of their loan forgiven upon repayment of the loan.** Increase incentives for rental conversions to owner-occupied as typically they are not financially feasible.
- **Only allow reimbursements to licensed contractors.** Loan will not reimburse do-it-yourselfers for materials. While work done by the homeowner may be counted as the part of the 25% of owner contributions for the project, the City will only make payments to licensed contractors for work performed. This guarantees quality of construction, timeliness, and makes this program consistent with the Housing Rehabilitation Program.