



## 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:** Dawn Reinhart

**Date:** 10/4/18

**File ID:** 18-1398

**Re:** Action on offer to purchase 2223 East Ave S

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**Assessed Value:** \$162,800

**List Price:** \$156,900



The property was listed for assessed value in April 2018. Due to the inability to find an eligible household, Staff decreased the listing price in June 2018 and August 2018. Staff received feedback from the Buyer's Agents that most of the individuals they were showing the home to were over income. An average low income household can afford \$120,000-150,000 first mortgage so our listing was not reaching our target audience. When a Realtor is searching for a home for a Buyer they typically do not search over the maximum price they can afford. This amount is based on the Buyer's loan approval, which is ultimately based on their debt to income.

This has been an obstacle for our program for some time. Staff has decided to change the way properties are listed, in hopes of reaching our target audience. Properties will be listed with the sales price of \$120,000-\$140,000 in the search field of any marking site and the description will state the actual list price which will be assessed value, see below. Couleecap has listed their properties this way for a few years and their experience has been positive. Staff sought legal approval from the MLS board.

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KEVIN CLEMENTS, HOUSING SPECIALIST  
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*“The sales price is \$156,900 however qualified Purchasers may receive a deferred second mortgage of up to \$36,900 to ensure monthly mortgage payments are affordable. Deferred mortgages accrue at 3% simple interest and mature after 30 years. Purchaser shall provide \$120,000 of investment, through down payment and/or financing. Purchaser must meet the gross income eligibility requirements listed below and be eligible for the City’s Replacement Housing Program. Please refer to the [Replacement Housing Application](#) for a full list of eligibility requirements. Home must remain single family owner occupied.*

**Offer to purchase (OTP):** \$156,900, contingent upon the RHP providing a deferred 2<sup>nd</sup> mortgage of \$36,900. Loan terms to be 3% simple interest per annum, interest will cease to accrue at 50% of the principal value and due in full upon transfer of the property, the date the first mortgage matures or 30 years, whichever occurs first.

**Staff Recommendation:** Accept offer, contingent upon the Buyer attending a homebuyer education course and executing the Replacement Housing Purchase Agreement.