



## 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:** 9/6/19, updated 10/3/2019

**File ID:** 19-1329

**Re:** Action on offer to purchase 1402 Charles St



**Assessed Value:** \$219,400, property has 2 bedrooms, 1 bath, 1,104 sq. ft., two car detached garage, full basement with 2 egress windows and stubbed plumbing.

**List Price:** \$169,000; City will provide a forgivable mortgage of \$15,000 and deferred 2<sup>nd</sup> mortgage of up to \$49,000. Property was listed on 8/21/2019

**Challenge:** While the RHP is selling homes at or below the assessed value; Buyers do not receive a discount on property taxes. The Buyer is responsible to pay property taxes at the full assessed value. The program requires Buyers have a 1<sup>st</sup> mortgage of \$105,000 or \$120,000; which typically the Buyer could afford. Property taxes on a home valued at \$120,000 are roughly \$290.00/mo. On 1402 Charles St the assessed value is \$219,400, which equates to a monthly property tax payment of \$468.42. This adversely effect Buyers ability to afford RHP properties.

JASON GILMAN, AICP, PLANNING & DEVELOPMENT DIRECTOR  
TIM ACKLIN, AICP, SENIOR PLANNER - HERITAGE PRESERVATION  
LEWIS KUHLMAN, AICP, CFM, ENVIRONMENTAL PLANNER  
ANDREA SCHNICK, ECONOMIC DEVELOPMENT PLANNER  
ASHLEY MARSHALL, CLERK STENO III

CAROLINE GREGERSON, COMMUNITY DEVELOPMENT ADMINISTRATOR  
DAWN REINHART, NEIGHBORHOOD HOUSING DEVELOPMENT ASSOCIATE  
TARA FITZGERALD, PROGRAM COORDINATOR  
KEVIN CLEMENTS, HOUSING SPECIALIST  
KEVIN CONROY, HOUSING REHABILITATION SPECIALIST

**Offer to purchase (OTP) #1:** \$169,000, contingent upon the City to provide a deferred 2<sup>nd</sup> mortgage of \$49,000 and a forgivable mortgage of \$15,000.

Buyer is preapproved for a 1<sup>st</sup> mortgage of \$120,000 however due to the property taxes, the Buyer's affordable mortgage (after escrow and child support payment) equates to \$58,000. This client would need a deferred 2<sup>nd</sup> mortgage of \$96,000. Another guideline that the program has is not to allow the 2nd mortgage to be greater than the 1<sup>st</sup>.

**OTP #2:** \$169,000, contingent upon the City providing a deferred 2<sup>nd</sup> and a forgivable mortgage of \$15,000.

Buyer is preapproved for a 1<sup>st</sup> mortgage of \$120,000 however due to the property taxes, the Buyer's affordable mortgage (after escrow) equates to \$89,000. This client would need a deferred 2<sup>nd</sup> mortgage of \$65,000.

**Staff Recommendation:** Either wait a month to see if other applicants can afford a larger first mortgage or accept OTP #2, provide buyer a deferred 2<sup>nd</sup> mortgage of \$65,000 and a \$15,000 forgivable mortgage. OTP contingent completing an updated application and meeting all Replacement Housing requirements listed in the application; such as credit score, homebuyer education class, etc.

**Updated information 10/3/2019:**

Based on the Committee's decision, Offer to Purchase 2 was accepted. The Buyer has since rescinded their offer, due to the estimated property taxes. In the meantime, OTP#1 has secured additional down payment assistance to increase their affordability. Staff recommends moving forward with now accepting OTP#1, since OTP#2 has been officially canceled.