



**GRAND RIVER • GREAT CITY**  
La Crosse • Wisconsin



ReInvest  
La Crosse  
Program  
Guideline

Single Family Owner-Occupied  
Housing Renovation/Construction  
Grant Program Guidelines

Approved by the Common Council  
July 14, 2013

**ReInvest La Crosse  
Single Family Owner-Occupied Housing Construction/Renovation  
Grant Program Guidelines**

**Background:**

The ReInvest La Crosse Single Family Owner-Occupied Housing Renovation/Construction Grant Program (ReInvest La Crosse) has been developed to promote reinvestment in the City of La Crosse's housing stock. Aging and deteriorating housing stock, coupled by decades of housing growth and investment external to the City, and a strong rental market within the City, has created a public health, safety and welfare issue for the City and its residents. Residential housing represents 53% of the City's tax base, thus La Crosse's municipal tax rate is heavily influenced by the City's housing values.

La Crosse ranks amongst the lowest valued residential property when compared to other urban Wisconsin cities under 70,000 in population. If La Crosse's housing values do not improve, property taxes will likely remain high. In response to this issue, the City of La Crosse is creating ReInvest La Crosse; a grant program developed to improve the City's neighborhoods and its housing stock. This program is a grant program that will aid in promoting redevelopment in the City's housing infrastructure and overall appearance of the neighborhoods.

The ReInvest La Crosse Program provides a one-time incentive grant for the demolition, construction, or significant capital investment to a single family owner-occupied home and the grant is intended to cover the potential increase in property taxes as a result of the improvements over a five year period. This program is similar to programs in Iowa and in Ohio where those states allow tax abatement programs for home improvements that create and add value to taxable value increase. The ReInvest La Crosse Program is modeled after these programs however the State of Wisconsin does not permit tax abatement and therefore the City of La Crosse program provides the assistance to single family homeowners in the form of a grant.

The ReInvest La Crosse program was a concept originally conceived by La Crosse County UW-Extension Agent Karl Green during the La Crosse City/County Housing Task Force committee meetings in 2011/12. The La Crosse City/County Housing Task Force ranked ReInvest La Crosse as the top housing program idea out of over twenty six ideas studied over the course of an eight-month committee schedule.

Staff has heard that property owners do not wish to improve their homes because if they do, their property taxes will increase. Assessing single family homes by the City Assessor's Office is a complex undertaking. There are numerous factors that comprise the assessment of a property including the national economy, the regional and local economy and housing market, zoning, the neighborhood and sales territory, perceived strength of schools, square footage of a home as well as the age and upkeep of a home. Home owners can feel penalized for improving their home as it will automatically result in a higher assessed value and therefore higher taxes.

ReInvest La Crosse is a grant program designed to provide grant assistance for housing rehabilitation, reconstruction and demolition/new construction projects with a minimum value improvement range of 35% to 75% over the assessed value of the existing structure. The grant amount is intended to cover five years of the expected increase in the property tax as a result of the housing improvement project. The grant covers the potential property tax increase of all four taxing jurisdictions including La Crosse

County, Western Technical College, the School District of La Crosse and the City of La Crosse. The amount of the one-time grant is valued at approximately 13 percent of the project costs. The grant is given in a lump sum once the project is complete and the City Assessor determines the increased assessed value as a result of the project that is over and above the original assessed value.

The program incorporates an analysis to assist in assessing housing projects worthy of grant funding. The success of this program depends on the ability to fill the need of housing rehabilitation and redevelopment that isn't currently happening. The program is not designed to fund projects that would regardless of the program. The City will not incent projects that were intended to be undertaken anyway.

***The program is purposely tiered to promote retirement of low valued homes, and reconstruction or redevelopment of the City's core neighborhoods.***

As noted above, the grant is intended to cover the potential increase in valuation as a result of a home improvement project and hence the increase in taxes that might result in a property value that is higher as a result of the project. This grant specifically targets Assessed Value Improvements increases. ***Assessed Value Improvements increases may not be the same as the cost of the project.*** Deferred maintenance may be expensive, but it does not always increase a property's value. The City Assessor will ultimately determine each project's total value increase. Market value is determined on what a willing buyer would consider to pay for the property. In addition to the general market forces, several other factors including location, quality construction, building amenities, numbers of bedrooms, total square footage, and overall aesthetics all have a bearing on the market value of a property. **Bottom line, increased assessed value does not equate to a one-to-one ratio to project dollars spent.**

Grant amounts will be based on final increased assessed value, not project cost. For the purpose of this grant program, land value increase or decrease does not apply. Property is assessed on the land + improvements (buildings, out-buildings, pools and such) for the total assessed value of a property.

### **Program Objectives:**

1. To encourage capital investment (demolition, reconstruction, new construction, major remodeling/additions) to owner-occupied single family housing units.
2. To eliminate housing conditions which are detrimental to the public's health, safety and welfare through incentivized improvements.
3. To encourage private re-investment in real estate within the City of La Crosse in order to conserve and expand the City of La Crosse's single family owner-occupied housing stock.
4. To make it more economically feasible to reduce blight and deteriorating properties within neighborhoods within the City of La Crosse.

### **Grant Eligibility Requirements:**

#### **A. Eligible Properties:**

Any single family owner-occupied residential property within the corporate limits of the City of La Crosse is eligible for a grant if all other program requirements are met including:

1. A property must be the owner's principal place of residence (where they file their income taxes). A property is considered one's principal place of residence when the applicant:
  - (a) Resides in the property at the time of application, or to reside at the property within one year of construction commencement.
  - (b) Occupies the property for at least eight months of the year (allows snow birds to be eligible).
  - (c) Remains as the principle place of residence for a minimum of five years after receiving the grant.

## **B. Non-Eligible Properties**

**The following Land-Use classifications and zoning districts are considered ineligible to receive ReInvest La Crosse grant dollars.**

- (a) Properties not meeting the definition in A above (i.e. non owner-occupied residential properties)
- (b) Properties zoned R-3 through R-6, all commercial and industrial zoned properties
- (c) Single Family Renter Occupied
- (d) Investment/income property
- (e) Public and Semi Public Zoning District
- (f) PDD and TND zoned property (except owner-occupied single family dwellings within a PDD or TND development)

## **Grant Criteria:**

- Home must be owner-occupied as outlined above.
- Homeowners must complete an application form and must agree to remain in the home for five years after the renovation is complete. Homeowner must agree to a deed restriction, keeping the home owner-occupied during the five year period.
- Homeowner must agree to allow City Assessor personnel into the home at time of completion of project.
- Homeowner must agree to obtain all necessary permits (e.g building, plumbing, electrical, HVAC permits, etc.).
- Total grant amount based on Net Present Value (NPV) of the increase in property value times the mill rate over five years (increase is on the "improvement" value not the "lot" value).
- Homes valued below \$50,000 require 75% minimum increase in improvement value.
- Homes valued between \$50,000 and \$100,000 require a 50% minimum increase in improvement value.

- Homes valued between \$100,000 – \$160,000 require 35% minimum increase in improvement value.
- Grant fundable activities dependent on current value of property.
- Funds could be used in conjunction with the City of La Crosse Housing Rehabilitation Loan Program.

**Eligible Grant Reimbursable Expenditures:**

Homeowners making the following improvements may be eligible for a grant. A grant eligible project is more certain for some types of improvements. For example, demolition and construction of a new garage is eligible but the grant amount is ultimately calculated by the amount of increased value of the new garage by the City Assessor's office. In other words, the "improvement" value of the new garage relative to the improvement value of the property before the new garage was constructed. Grant eligible improvements are listed below however as noted above, there is likely not a dollar for dollar increase in value for deferred maintenance.

For another example, a new roof costs \$12,000 to replace a 30 or 40 year old roof, the overall improvement value will not be the same as the cost. The house will not go up in value by \$12,000, it may go up in value by only a thousand or two. Again, under this program, ultimately it is the Assessor that will determine the before and after value. The actual grant amount is dependent on the current Assessed "Improvement" Value of the property and the increase in the Assessed Value of the "Improvement" to be created (minimum required increase).

For a project to be grant eligible, the original improvement value must increase as indicated:

- Homes valued below \$49,000 require 75% minimum increase in improvement value.
- Homes valued between \$50,000 and \$99,999 require a 50% minimum increase in improvement value.
- Homes valued between \$100,000 – \$160,000 require 35% minimum increase in improvement value.
- Homes valued greater than \$160,000 in improvement value are not eligible for the grant program.

| Beginning Assessed Value Improvements                   | Minimum required % Assessed Value Improvements increase | Grant Eligible Activities   |
|---|---|---|
| < \$49,000  | 75%   | <ul style="list-style-type: none"> <li>• Demolition of dilapidated structures</li> <li>• New Construction</li> <li>• Clean Fill (if in floodplain)</li> </ul>   |
| <p>\$50,000 - \$99,999</p> <p>\$100,000 - \$160,000</p> | <p>50%</p> <p>35%</p>                                   | <ul style="list-style-type: none"> <li>• Demolition / Reconstruction</li> <li>• Fill (if in the floodplain)</li> <li>• Roofing, Siding, or Window Replacement</li> <li>• Foundation replacement</li> <li>• Electrical upgrades</li> <li>• Lead abatement</li> <li>• Asbestos abatement</li> <li>• Home / garage additions</li> <li>• New additions (e.g. 3/4 season porch)</li> <li>• Renewable energy systems</li> <li>• Interior modifications (adding/removal of a structural wall)</li> <li>• New garage or carriage house</li> </ul> |

**Program Impacts – Measuring success:**

Since each project is individually administered by the Planning, Building and Inspection and Assessor's Office, the City will be able to determine the assessed value increase. Each project is individually tracked at the outset by listing on the application form the current value of the "improvements" on the tax parcel. Each project will be monitored as to the value of the improvements since a NPV Grant calculation must take place in order to award the grant to each individual homeowner.

**Year 1 Appropriation:**

The City has a total of \$250,000 available to initiate this program which was approved in the 2012 Capital Improvement Budget. The program is expected to leverage \$4.54 Million in homeowner investments.

**Future Expenditures:**

The continuation of the program is dependent on the City's annual allocation of funds via the Capital Improvement Budget process and whether the grant program results in quantifiable assessed value increase and neighborhood revitalization goals. It is anticipated the program is a multi-year grant program, as the issue of neighborhood dilapidation will take significant effort to noticeably improve local conditions.

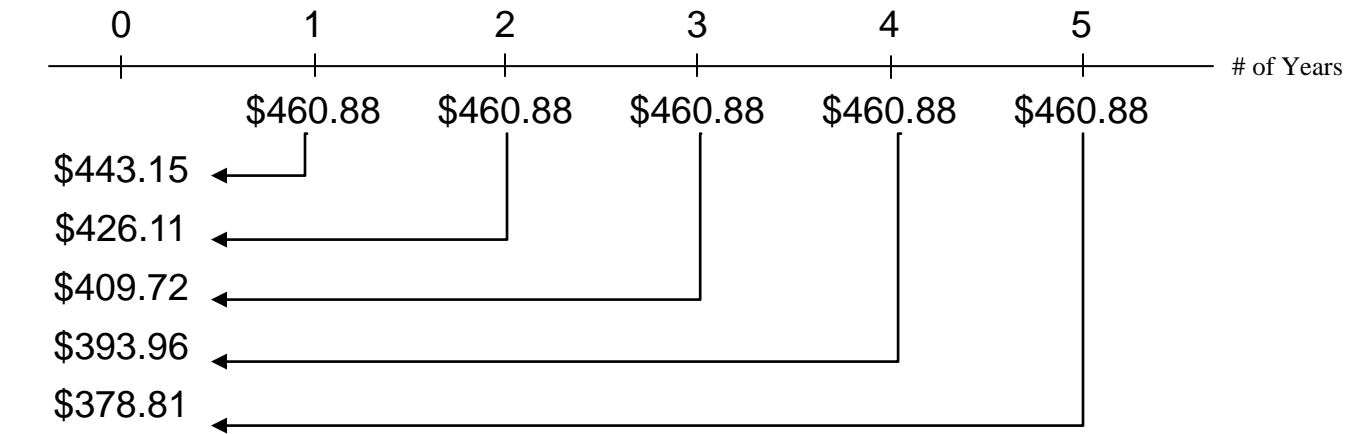
**Net Present Value (NPV) Example**

Residential Parcel Value: \$50,000

Improvement/Increment Value: \$37,500

$\$37,500 \times .01229 = \$460.88$

4% assumed interest rate



**\$2,051.73 Grant Amount**

Five year term = 5.5% grant

Terms of Grant Agreement:

- Recipient agrees to create **\$X** value to home, determined by municipal assessor following project completion (must set term of this i.e. 1 year)
- Grant amount based on increased improvement value multiplied by 5.5% of improvements
- Grant awarded following post-construction reassessment of property (year 1), based on increment increase
- Grant not determined by recipients income, but value created

The total grant amount is based on the net present value of the increase in Assessed Improvements for a five (5) year period. Currently, this can be estimated by the proposed value of increased assessed value multiplied by 0.0585. For example \$35,000 dollars of property value increase on a \$50,000 house provides a grant amount of approximately \$2,050.00 (\$35,000 x 0.0585).

# Reinvest la Crosse Flow Chart



THE CITY OF  
**LA CROSSE** *Wisconsin*

## REINVEST LA CROSSE GRANT APPLICATION

**GRANT APPLICATION NUMBER: 12-001**

### APPLICANT INFORMATION

|                  |        |           |
|------------------|--------|-----------|
| Name:            |        |           |
| Email:           |        | Phone:    |
| Mailing address: |        |           |
| City:            | State: | ZIP Code: |

### PROJECT PROPERTY INFORMATION

|  |        |           |
|--|--------|-----------|
| Project Property Address:  |        |           |
| City:  | State: | ZIP Code: |
| 1. Assessed Value Improvements of the project property<br><i>From your <b>2012 property tax bill</b></i>   |        |           |
| 2. What is the total proposed cost of your project?  |        |           |
| 3. What do you expect your Assessed Value Improvements of the property to be when the project is completed?  |        |           |
| 4. What is the percentage increase of the project property's Assessed Value Improvements?<br><i>(Question #3 – Question #1) / Question #1 = (% Increase)</i> |        |           |
| 5. Estimated project completion date?<br><i>Projects are required to be completed <b>within one year</b> of grant approval date</i>                          |        |           |
| 6. Are property taxes paid up to date on the project property?   |        |           |
| 7. Is the project property owner-occupied or renter-occupied?<br>If rental, provide the registration number from the City's rental property list.            |        |           |

### PROJECT PROPOSAL INFORMATION

Please describe in general detail what is proposed in your construction project. Additional space is available on the back of this page.

### APPLICANT SIGNATURE

By applying for this grant you are acknowledging you recognize the difference between Assessed Value Improvements increases and property improvements. **By applying for this grant you also acknowledge that improvements to your property may not result in the awarding of grant dollars.**

I recognize all the above statements to be true, and further agree to forgo any potential litigation contrary to the statements above.

|                         |       |
|-------------------------|-------|
| Signature of applicant: | Date: |
|-------------------------|-------|

### OFFICIAL USE ONLY

|   |                              |                             |
|---|------------------------------|-----------------------------|
| Does the Project Proposal meet the Grant Eligibility Requirements based on the property's Assessed Value Improvements and project activities? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Signature of verifying official:  | Date:                        |                             |

### PROJECT PROPOSAL INFORMATION (CONTINUED)



# Reinvest la Crosse Flow Chart



THE CITY OF

LA CROSSE

*Wisconsin*

## REINVEST LA CROSSE GRANT APPLICATION

Please describe in general detail what is proposed in your construction project.

