



City of La Crosse, Wisconsin

City Hall
400 La Crosse Street
La Crosse, WI 54601

Meeting Agenda - Final

Economic and Community Development Commission

Wednesday, April 26, 2023

3:00 PM

Council Chambers

The meeting is open for in-person attendance and will also be conducted through video conferencing. The meeting can be viewed by visiting the Legislative Information Center (<https://cityoflacrosse.legistar.com/Calendar.aspx>) and clicking on the "In Progress" video link to the far right in the meeting list.

If you wish to speak on an agenda item, arrive early to sign up before the meeting begins. If attending virtually and you wish to speak, contact the Department of Planning, Development and Assessment at the email or phone number below so we can provide you with the necessary information to join in.

Members of the public who would like to provide written comments on any agenda may do so by emailing mcginniscaseyd@cityoflacrosse.org, using a drop box outside of City Hall, or mailing the Department of Planning, Development and Assessment, 400 La Crosse Street, La Crosse WI 54601. Questions, call 608-789-7512.

Call to Order

Roll Call

Approval of Minutes from the March 22, 2023 meeting.

Agenda Items:

- 1 [23-0382](#) Update and discussion on Accessory Dwelling Unit policy research - Lewis Kuhlman
Attachments: [Memo on ADU Research \(April 2023\)](#)

- 2 [23-0458](#) Consideration and possible action to amend TIF 11 Housing Renovation Loan Program.
Attachments: [The City of La Crosse 2020 Housing Renovation Loan Program-Amended April](#)

- 3 [23-0453](#) Resolution to Approve Home Buyer Down Payment Assistance Program.
Attachments: [23-0453 - Resolution Approving Program Policy.pdf](#)
[23-0453 - Homebuyer Down Payment Assistance Program Policy Document.pdf](#)
[23-0453 - Staff Report Guidelines for Property Sales Policy Updates.pdf](#)

- 4 [23-0459](#) Community Development Updates
Attachments: [CAPER Timeline.pdf](#)

Adjournment

Notice is further given that members of other governmental bodies may be present at the above scheduled meeting to gather information about a subject over which they have decision-making responsibility.

NOTICE TO PERSONS WITH A DISABILITY

Requests from persons with a disability who need assistance to participate in this meeting should call the City Clerk's office at (608) 789-7510 or send an email to ADAcityclerk@cityoflacrosse.org, with as much advance notice as possible.

Economic and Community Development Commission Members:

Mayor Mitch Reynolds, Chris Kahlow, Doug Happel, Colin Walsh, Linda Lee, Gina Miller, & Vicki Markussen.



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Text File

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In Control: Economic and Community Development Commission

File Type: Status Update

Agenda Number: 1



Planning, Development, and Assessment

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

Memorandum

To: Neighborhood Revitalization Commissioners and Economic & Community Development Commissioners

From: Lewis Kuhlman, AICP

Date: April 5, 2023

Re: **Survey of communities that allow accessory dwelling units**

After receiving suggested questions about Accessory Dwelling Units (ADUs) from the Neighborhood Revitalization Commission and Community Development Committee in December, staff sent information requests to ten communities that allow ADUs. Eight responded—Madison, Appleton, Eau Claire, Stevens Point, Ripon, Oshkosh, New Berlin, and Harrison.

There are not many ADUs in the responding communities. Some have only recently allowed them and have less than five if any. Madison has approved about twenty-two and about twelve have been built. Stevens Point and Ripon had a few legally nonconforming carriage houses before permitting ADUs.

The cost to build an ADU depends on its size and if it is a new construction or renovation. Stevens Point staff said ADUs could cost roughly \$250-350 per square foot to construct. An article on Madison's ADUs from 2020 said they can cost between \$100,000 to \$250,000. Another estimate was about \$140,000.

Specified maximum areas for ADUs ranged from 400 sq. ft. in Oshkosh to 900 sq. ft. in Madison and Stevens Point. Ripon and Eau Claire have maxes of 800 sq. ft. Two others had maximums based on the primary structure's gross floor area—Less than 100% in Appleton and less than 30% in Harrison. Stevens Point allowed a higher maximum (1,200 sq. ft.) if the ADU was part of the principal building.

Prefabricated homes (except mobile homes) are allowed in all communities. For those that only allow attached ADUs, the construction would likely have to match the house.

Madison, Appleton, Oshkosh, and New Berlin do not have a minimum parking requirement for ADUs. Stevens Point, Ripon, and Harrison require at least one space. Eau Claire technically requires at least two since their ADU code is based on the Traditional Neighborhood Development model code.

Most municipalities don't specify whether utilities should be separate. However, Stevens Point requires that water service be separate, while Harrison requires that water service be connected to the principal dwelling. Requiring detached ADUs to have separate utility connections from the principal structure can increase the cost compared to internal ADUs.

PLANNING AND DEVELOPMENT

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Regarding concerns about splitting lots, Madison's minimum lot sizes and street frontages wouldn't allow the creation of a new lot around the ADU. Appleton and Stevens Point also requires that ADUs be in the same ownership as the primary dwelling. In Ripon, an accessory use alone would be noncompliant.

Madison, Appleton, Oshkosh, New Berlin, and Harrison allow ADUs by right in specified zoning districts. Of those, New Berlin requires an administrative permit and deed restriction. Stevens Point and Ripon require conditional use permits, and Eau Claire relies on the Traditional Neighborhood Development zoning process. Neighbors are not notified where ADUs are allowed by right. They would be notified through a CUP or rezoning petition.

In Madison, ADUs fill a need for more and diverse housing types. It also supports their vision to promote inter-generational living. Stevens Point also wanted to address their housing shortage. Appleton was looking for an alternative for providing affordable housing solutions without the need for large scale redevelopment of existing neighborhoods. Ripon and Oshkosh wanted to encourage the reuse of carriage houses and add housing. Oshkosh's vision is to add to the workforce housing stock, use existing infrastructure, and increase opportunities to accommodate extended family members. Harrison wanted an option for nearby caretaker facilities.

ADUs only indirectly address housing affordability. They add to the overall supply, but rents are still likely high due to high expenses to build. They also shouldn't be used for short-term rental. Some communities have general housing incentives that could apply, but only Madison has specific incentives for ADUs—loans up to \$130,000 at 2% interest for 15-year term.

Based on the research, an ordinance for the City of La Crosse could allow ADUs as a permitted use in conjunction with single-family homes in zoning districts where duplexes are allowed - R2-R4. The City could establish a maximum size of 800 sq. ft. (or no more than the principal unit) and allow prefabricated housing. Regulations for parking minimums and water connection may not be necessary. An ordinance may want to explicitly prohibit the ADU from splitting off. If directed, planning staff can request funding for an ADU incentive program.



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The City of La Crosse 2020 Housing Renovation Loan Program Downtown and Washburn Neighborhoods (\$150,000 TIF 11) City-Wide Rental Loan Conversion Program (\$100,000 2019 CIP Trust Fund)

The City of La Crosse is launching a Housing Renovation Loan to properties in the boundaries of the Downtown and Washburn Neighborhood Associations. Its purpose is to improve the quality of housing in these neighborhoods. The program will assist property owners who desire to implement needed repairs and maintenance, aesthetic upgrades to the interior or exterior, additions, and for energy improvement measures. Loan forgiveness will be offered for conversion from rental to owner-occupied.

Eligible Property:

- Must be located within boundary of Downtown Neighborhood Association or Washburn Neighborhood Association, four units or less.
- Exterior/interior of home **must need repair**, as defined by failure of HQS inspection in 3 areas or more, including at least one failure on the exterior item or a history of orders to correct for building-maintenance issues.
- Currently a rental property or can provide evidence that it has been rented out for 2 years or more over the past 5 years.¹

Eligible Recipient:

- Must hold title to the property (can be developer, builder, etc.) or have an accepted offer to purchase on a property.
- Must fulfill commitments to the City, which include paying property taxes, maintaining properties in accordance with all municipal codes/ordinances and any other municipal claims.
- Individuals or corporations that homeowners are associated with may not be delinquent on any debt owed to the City of La Crosse.
- Recipient may intend to rehab and maintain the property as a rental OR convert to owner-occupancy.

General Terms:

- Application and Inspection Fee of \$295, paid upon CDC approval of project. The Application and Inspection Fee covers loan administration; initial, in-process and final completion inspections.
- Maximum loan amount: Single-Unit Property \$40,000, \$60,000 2-unit property, \$80,000 3-units, \$100,000 four units, or 100% LTV², whichever is less.³
- At least 25% of the total scope of work shall be used on exterior renovations.⁴

¹ Owner-occupied properties in these neighborhoods already have access to the City of La Crosse Housing Rehabilitation Program with NRSA benefits, which means a higher income limit. Any owner-occupied properties would be referred to one of these programs.

² Loan to Value (LTV) will be based off Fair Market Value (FMV), as currently listed on the County of La Crosse Land Records, or appraised value. CDC may approve a higher maximum loan amount, depending on project and LTV. The number of units will be verified by documentation by the number of addresses.

Will consider higher LTV in the case of a rental loan conversion.

³ The loan amount may be modified based on project needs.

⁴ Exterior renovations are defined as siding, roofing, soffit, fascia, windows, exterior doors, chimney repair, porch and/or front entry reconstruction.

- Borrower will be required to bring any non-conforming use into a conforming use through approval by the City of La Crosse of a Conditional Use Permit before closing on the loan documents or through the renovation.
- Loan must be in the form of a 1st or 2nd mortgage, 3rd in the case of a construction loan that will be refinanced into a first.
- Pre-payment is allowed at any time, without penalty.
- Must contract with a licensed contractor.
- 25% match requirement by the Owner.
- All non-conforming uses through zoning must be brought into conforming use through a Conditional Use Permit. The cost to apply for this permit is \$450.

Rental to Owner-Occupied Conversion Terms:

- Agree to a 10-year owner occupied **land-use deed restriction (LURA)**, where at least one unit must continuously be owner-occupied. There will be a penalty provision requiring payment of the loan amount not to exceed \$50,000 to the City if the property is rented for more than 6 consecutive months.
- 50% of the principal forgiven if property is sold within 5 years and in compliance with all loan terms. After 5 years, an additional 10% of the loan will be forgiven every year up to 100% after 10 years.
- If the property is renovated and re-sold, the new owners will be required to sign the LURA before the loan with the City can be satisfied.
- Before providing loan forgiveness or satisfying LURA, recipient will need to prove owner-occupancy for the time period.

Rental Renovation Loan Terms:

- The property may not at any time, qualify as a chronic nuisance property or receive more than 3 orders to correct in a 12-month period. If this occurs, the loan will be immediately called due and payable in full.
- 1% simple interest rate, with interest and principal paid in full after 10 years or if the property is sold or transferred.
- The city will not subordinate to future debt.

Guidelines:

- Recipient must certify that upon completion of the renovation, the structure is code compliant as verified by the City of La Crosse's Community Risk Management Department. Also, must be a conforming use in accordance with Zoning.
- Recipient must keep the property insured for fire and extended coverage perils for at least an amount not less than the total debt against the property, naming the City of La Crosse as loss payee. Said policy shall remain in effect for the term of the loan.
- Recipient must agree to pay, before they become delinquent, all taxes and assessments, or other charges which may be levied or assessed against the property.
 - The City of La Crosse staff reserves the right to deny any applicant based on the applicant's inability to provide adequate information needed to determine eligibility.
- Recipient will have 10 months, from CDC approval, to complete the renovation. They also must follow the established timelines. Based on the scope of work, staff have the discretion to grant an extension.
- Expenses incurred prior to CDC approval of the project are not eligible for reimbursement.

Procedures/Requirements:

- Applications will be accepted on the first of the month until all funds are committed to qualified projects. The program will be re-advertised if some projects are committed but are not completed. If one more than one application is received, priority will be established based on stated goals of the program and experience of the applicant.
- Allow inspections of property of interest for HUD Quality Standards and City Code (initial inspection, progress for release of payment and final). Based on initial inspection, City may require certain repairs be made.
- Provide project timeline, site plans, building plans, scope of work, cost estimate and any other documentation requested by staff that outlines project details.
- Prior to disbursement of funds, property owner must submit a request for payment and provide supportive documents, such as:
 - Invoice from contractors
 - Checks will be made out to the contractor (W-9 and certificate of liability insurance required).
 - Evidence of a title company inspection/authorization to release funds.
 - City of La Crosse onsite inspection of property before payments will be released.
- Request for payments can be submitted twice a month. Deadline to submit payments is Tuesday by 5:00pm, payment to occur by mail the following week Friday after 12:00pm. There is a maximum of 3 payment requests and payments.

Project Management

- All repaid loans from the Housing Renovation Loan Program will be available to be re-used in this program while the TID is open.
- All available funding in the Housing Renovation Loan Program that have not been awarded/contracted after 4/26/23 will become available for the city's housing replacement program for acquisition, demolition, and reconstruction. This is due to the inability to do further projects with a 10-year term based on the dissolution date of 10/31/31 for the tax increment district.



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Text File

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In Control: Planning & Development

File Type: Resolution

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RESOLUTION

WHEREAS, the Common Council approved Resolution 22-0259 to commit American Recue Plan Act (ARPA) funds to specific categories; and

WHEREAS, as part of this resolution, Common Council approved \$400,000 for a down payment assistance program for low-moderate income households to assist approximately 20-25 households with down payment assistance. Properties will be inspected to ensure they are decent, safe and sanitary. All rehab needs will be referred to the CDBG rehabilitation program to be addressed.; and

WHEREAS, the Home Buyer Down Payment Assistance Policy outlines program eligibility, guidelines, responsibilities and grant award procedure.

THEREFORE, BE IT RESOLVED the Home Buyer Down Payment Assistance policy be approved as submitted.

BE IT FURTHER RESOLVED, that the Mayor and the Community Development staff are authorized to effectuate this resolution.

Home Buyer Down Payment Assistance Program

Program Overview

The City of La Crosse's Home Buyer Down Payment Assistance Program, funded with American Rescue Plan Act Funds (ARPA), is available to help first time home buyers achieve an affordable mortgage payment. To participate in the program, you must purchase a home in the City of La Crosse, qualify for a 30-year fixed mortgage and meet the eligibility requirements below.

Eligibility Requirements

- Must be a first-time home buyer as defined by HUD.
- Have an income of 120% CMI or less based on HUD's Part 5 Income definition¹.
- Applicant must be able to obtain 30-year fixed rate mortgage financing.
- Mortgage interest rate may not be greater than 2% of the national mortgage rate average.
- Applicant required to provide a cash contribution of \$1,000 or 1% of the purchase price; whichever is greater.
- Purchase price may not exceed HUD's area median purchase price²
- Home buyers must participate in a HUD approved First-time Home Buyer Education Class.³
- May not be paired with other Down Payment Assistance (DPA) grant or forgivable loan programs.
- Ineligible properties include; those conveyed with a land contract, rent or lease to own properties, mobile homes, homes that are not located in the City of La Crosse.
- Homes must be free of major housing deficiencies⁴.

Terms

- Sign a 10-year owner-occupied deed restriction.
- Grant amounts are based on the applicant's household income.
 - Applicants that earn:
 - 80% CMI or less may be eligible to receive a grant up to 20% of the purchase price;
 - 81-100% CMI may be eligible to receive a grant up to 15% of the purchase price
 - 101-120% CMI may be eligible to receive a grant up to 10% of the purchase price;
 - Maximum DPA grant is \$25,000.
- Applicant has 90 days from grant award date to provide the City of La Crosse Community Development office with a signed offer to purchase.
- Mortgage payments must be affordable to the Buyer. Monthly payments cannot exceed 30% of the applicant's income. Maximum overall debt to income ratio cannot exceed 43%.
- A home inspection must be performed on the property and submitted to the City Community Development Office. Property must be free of major housing deficiencies.
- Applicant may not receive cash back on the purchase.

¹ Actual income from assets will be counted towards the household's income.

² Current 2022 limits are \$214,000 for existing housing and \$267,000 for newly constructed housing
<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

³ <https://hudgov-answers.force.com/housingcounseling/s/>

⁴ Home Inspection deficiencies equals decent, safe and sanitary for this program.

Program Process

- 1) Staff will work with Applicants to determine their eligibility for the DPA Program.
 - a. Applicants must apply through the City's Neighborly software program and provide current source documents (income statements, bank pre-approval letter, bank and investment statements etc.)
 - b. Staff will send eligible applicants a conditional approval letter, contingent upon meeting the rest of the program eligibility requirements. The letter will expire 90 days from the date of issuance.
 - i. Staff will assume the applicant is eligible for the maximum grant amount. This amount will be reserved for a period of 90 days. 90 days after the date on the letter, any unclaimed funds will return to the program.
 - ii. In the event the applications received exceed the amount available, Staff may prioritize applicants using the following criteria:
 1. Application completed in entirety
 2. Date the completed application was received
 3. Attended a Home Buyer Education Course
 4. Have identified a home and have a signed offer to purchase
- 2) Eligible applicants will be instructed to complete a HUD certified First-time Home Buyer Education Class.
- 3) Applicants will start their home search. When a home is identified, the applicant will enter into a binding purchase agreement.
 - a. The purchase agreement should be contingent upon receiving a DPA grant, unless prepared to move forward with the purchase of the property without the grant.
- 4) Applicant will provide Staff with an accepted offer to purchase and completion certificate from their Home Buyer Education Class. Upon receipt Staff will determine the final award amount and issue an official acceptance letter specific to the property which also describes the award amount and any other contingencies (home buyer education certificate, Home Inspection etc.).
- 5) Applicant must have a Home Inspection conducted. If the Home Inspection identifies major deficiencies;
 - a. The Applicant may ask the Seller to cure the deficiencies OR
 - b. If the home is habitable AND the applicant is eligible for a City repair program⁵; the Applicant may start the repair program application process but wait to execute the deferred loan repayment agreement until closing and have the repairs performed after they purchase their home.
 - i. The terms of the DPA grant would change to a forgivable loan; which would be forgiven after completion of the repairs.
 - c. If the home is habitable and the Applicant is NOT eligible for a City repair program, but have the funds necessary to make the repairs or are eligible for bank financing, the DPA would be in the form of a forgivable loan. The loan would not be forgiven until completion of the necessary repairs.
- 6) Applicant and/or their Lender shall provide a Loan Estimate, prior to closing, to ensure that the Applicant's Mortgage Payments do not exceed 30% of their income.
- 7) Grant Agreement will be finalized and executed by the Applicant.
- 8) Applicant will be required to sign a 10-year owner-occupied deed restriction that will be recorded at closing.
- 9) The check will be issued directly to the title company. The title company will provide the City with copies of the closing documents.
- 10) Applicant will move into home and any necessary renovations will commence.

⁵ City Repair Programs include Housing Rehabilitation, Housing Renovation, Lead Safe Homes Program

Application Procedures

- Application will include: Conflict of Interest Page, General Release, hold harmless agreement, media release and the counseling agreement.
- Applicants will be asked to provide the documents below for all household members 18 years of age and older:
 - A copy of their most recent W-2's and tax returns,
 - Three months of paystubs/earning statements (including child support, alimony),
 - Three months of bank statements and other investment statements,
 - Pre-approval letter from their lender indicating the maximum loan amount they are approved for. This does not have to be property specific.
- Upon receipt of a completed application, Staff will:
 - Use the City's Underwriting Worksheet to determine the Applicant's eligibility for the City's DPA Program.
 - Income will be determined by using the last 3 months of income statements to project forward their income for the next 12 months. For applicants who perform seasonal work and/or work overtime, it may be necessary to request more income statements.
 - Confirm the projected annual income with the Applicant's most recent W-2's and Federal Tax Returns
 - For applicants who have recently switched employers, a Fannie Mae Verification of Employment form should be completed.
- Eligible applicants will receive a conditionally approved award letter. The award letter will:
 - expire 90 days from issuance,
 - be contingent upon meeting the rest of the program eligibility guidelines,
 - contain instructions how to enroll in a HUD Certified Home Buyer Education Course,
 - include instruction to submit Home Buyer Education Certificate upon completion.
- Ineligible applicants will receive a denial letter that will contain the reason(s) for the denial.
- Once the Applicant has identified a home and provided Staff a copy of the accepted offer to purchase, they must contact a licensed home inspector to perform a home inspection.
 - A copy of the inspection report must be submitted to staff within 15 days of the signed offer to purchase date so to advise Staff of necessary repairs to be performed,
 - Applicant may request Seller to perform repairs, or have funds to make the repairs after purchasing the property,
 - If the Applicant is unable to negotiate the repairs or does not have sufficient funds to make the repairs, City Housing Specialists should determine the Applicant's eligibility for City Repair Programs,
 - Advise the Applicant that it may be necessary to bid the repairs to determine the cost of the repairs and ultimately their eligibility for the program.
 - Communicate to the Applicant the length of time that this process can take.
 - Final determination is made on the property's eligibility for the program and reported to the Applicant.
- If the property is NOT eligible for the DPA Program, the Applicant may choose not to use the DPA Program or find another home.
- If the property is eligible for the program, the Applicant will be given an award letter that is specific to the home and their final award amount.
- Applicant would start the closing process with their Lender and/or Realtor. This will take about 30-60 days depending on how busy the real estate market is.
 - The Realtor will place an order for title work, coordinate fulfillment of any other inspections (pest inspection, radon inspection, etc.)

- Lender will finalize the loan application, draft a Loan Estimate, order the appraisal, etc.
- Applicant or their Lender should provide Staff with a copy of the Loan Estimate to ensure that the loan payments are affordable,
- Upon completion of the title work, a copy should be sent to Staff to finalize the grant agreement, deed restriction, and if applicable the City's Repair Program Agreement.
- Final closing date will be established,
- Lender will finalize their loan documents,
- Prior to closing the title company shall provide Settlement Statement and Lender Closing Statement that:
 - List the City's down payment grant as ARPA Downpayment Assistance,
 - Identifies the Applicant/Buyer's down payment contribution,
 - Has the final first mortgage amount and terms,
 - This shall be provided to Staff 3-5 days in advance of closing to provide ample time to request the funds from Finance.
- On or before closing Staff will deliver, to the title company, the check, DPA Grant Agreement, Deed Restriction, the City's Repair Program Agreement (if applicable) and any other requested documents to be executed by the Applicant and recorded by the title company.
- After closing the title company shall provide the City with a copy of the executed Settlement Statement, the Lender or Loan Closing Statement (which will disclose the interest rate, loan and payment amount), the warranty deed, deed restriction, the 1st mortgage document and City Repair Program Agreement (if applicable).
- Staff will retain the above documents along with the Application, Applicant's source documents, Home Buyer Education Certificate, Home Inspection for 7 years.
- The Applicant will move into their home. If necessary, the repairs will commence.



CITY OF LA CROSSE

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LEGISLATION STAFF REPORT FOR COUNCIL

File ID Caption

Staff/Department Responsible for Legislation

Requestor of Legislation

Location, if applicable

Summary/Purpose

Background

Fiscal Impact

Staff Recommendation



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CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) TIMELINE

March 31, 2023	End of Program Year
April 1-30	Final Sub-recipient reports and fiscal draws are due for processing
May 1-31	Developing the CAPER Report
June 5, 2023	Publish CAPER and Legal Ad for Public Comment
June 28, 2023	Public Hearing
June 30, 2023	CAPER due to HUD