CITY OF LA CROSSE

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LEGISLATION STAFF REPORT FOR COUNCIL

File ID
23-0453

Caption
Home Buyer Down Payment Assistance Program - Reconsideration Memo

Staff/Department Responsible for Legislation
Jonah Denson / Planning & Community Development

Requestor of Legislation
Jonah Denson

Location, if applicable
N/A

Summary/Purpose
Reduce owner occupied deed restriction to follow US Dept of Housing & Urban Development (HUD) guidelines

5 years for grants from $0.00 - $15,000.00
10 years for grants $15,001.00 - $25,000.00

Background

At the April 26th 2023 ECDC meeting Planning presented a proposed policy for an ARPA funded Down Payment Assistance program. The commission voted unanimously to accept the amended policy. The amendment to the policy changed a 10 year owner occupied deed restriction requirement to a 20 year owner occupied deed restriction to match that of our Replacement Housing Program.
Planning Dept is asking for the decision to be reconsidered for a number of reasons.
- The 20 year deed restriction is in place for our Replacement Housing Program because we require grantees to secure a $120,000+ mortgage with the City so there is much greater risk involved.
Grant awards for the Down Payment Assistance Program cap at $25,000 and could be lower.
- Because this program is ARPA funded, once the ARPA expenditure period ends 12-31-2026 we will no longer have ARPA admin funds available to monitor these deed restrictions. The positions of staff responsible to monitor this program are grant funded through CDBG funds, therefore, monitoring this program would require funding from the City General Fund.
-If the property purchased by grantees of the DPA program go into foreclosure, the owner occupied deed restriction stays with the property. This could make it more difficult to sell the foreclosed property adding risk for the lender. This has the potential to further challenge grantees from securing financing for their homes.
-Once ARPA funds have been granted, if we choose to keep the program in place with funding from CDBG and HOME funds, we would need to revise the program policy to reflect the proposed 5 & 10 year deed restrictions to reflect HUD guidance.
-These grant awards cap at $25,000. While Planning fully supports promoting owner occupied housing projects, we don't feel it is cost effective to track a grant of this size for a 20 year time period

Fiscal Impact

Once ARPA admin funds run out, City tax dollars would need to be used to monitor grantees unless other Federal Grant funds are used to support the program

Staff Recommendation

Planning Department recommends reconsideration of the owner occupied deed restriction in the policy to reflect 5 years for grants from $0.00 - $15,000.00 and 10 years for grants $15,001.00 - $25,000.00 to align with HUD guidance for grant awards