

The City of La Crosse Housing Renovation Loan Program

The City of La Crosse offers a unique Housing Renovation Loan for homeowners in a defined geographic area within La Crosse, with a simple 1 % interest rate, to assist homeowners who desire to implement needed repairs and maintenance, aesthetic upgrades to the interior or exterior of their homes, additions, and for energy improvement measures. As an added benefit, the Housing Renovation Loan can be paired with the La Crosse Promise Program.

Eligible Property:

- Must be located within the Powell Poage Hamilton, Washburn Neighborhoods or between West Avenue and 16th Street and Ferry Street and Green Bay (add map).
- Zoned Washburn Residential (WR) or Residential (R-1)
- Shall have a minimum assessed value of \$70,000
- May not have an outstanding City of La Crosse Housing Rehabilitation Loan
- Property may not have an outstanding City of La Crosse Replacement Housing Program Deferred Payment Loan Repayment Agreement
- Property may not be a recipient of the County Acquisition and Demolition Grant Program

Eligible Recipient:

- Must hold title to the property (can be developer, builder, etc.)
- Agree to a 10 year owner occupied deed land use restriction agreement.
- 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
- If recipient qualifies for the City of La Crosse's Housing Rehabilitation Loan Program, they are not eligible to participate in the Housing Renovation Loan Program.
- Recipient may not have an outstanding Housing Rehabilitation Loan
- Recipient may not have an outstanding City of La Crosse Replacement Housing Purchase Agreement (Vacant Land)
- May not have a property that is currently in the housing renovation program

Eligible Uses of Funding:

- Engineering and architectural services
- Construction material and labor costs
- Land survey and other site improvements

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
- Minimum loan amount of \$15,000, maximum \$40,000 or 100% LTV¹, whichever is less²

¹ Loan to Value (LTV) will be based off of Fair Market Value (FMV), as currently listed on the County of La Crosse Land Records, or appraised value. CDC may approved a higher maximum loan amount, depending on project and LTV.

² The loan amount may be modified based on project needs

- Recipient must contribute 25% of the total project costs, contribution can be borrowed funds but borrowed funds would affect debt loan to value (LTV)
- At least 25% of the total scope of work shall go towards exterior renovations³
- Project must be approved by the Community Development Committee
- 1% simple interest rate
- **Monthly payments are not allowed.**
- Loan must be in the form of a 1st or 2nd mortgage, the City will not subordinate to future debt
- Repayment must occur upon refinance, transfer of property or 10 years, whichever occurs first.
- Pre-payment of the total outstanding principle and interest is allowed at anytime
- Contract with a licensed contractor

Special Terms for Multiple unit Conversions

- For Individuals seeking to convert homes with multiple units into single family home or single family rentals into single family owner-occupied
- Maximum loan amount will be based on scope of work, minimum loan amount of \$10,000
- **1% interest rate and 20% of the principal is forgiven upon repayment of the loan**

Guidelines:

- Recipient must certify that upon completion of the renovation, the structure is code compliant as verified by the City of La Crosse's Department of Fire Prevention and Building Safety
- 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 6 months, from CDC approval, to complete the renovation. 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 be eligible for reimbursement

Procedures/Requirements:

- 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 will require certain repairs be made.
- Provide project timeline, site plans, building plans, scope of work, cost estimate or 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

³ Exterior renovations are defined as siding, roofing, soffit, fascia, windows, exterior doors, chimney repair, porch and/or front entry reconstruction

- 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 the following Friday after 12:00pm. There is a maximum of 3 payment request and payments.

Financing and Loan Example

Example Parameters

- FMV \$97,500
- Current Mortgage Balance: \$76,000
- Initial LTV 78%

Loan and Homeowner Contribution Details

- Total project cost to max out loan **\$46,667**
- Maximum Loan Amount \$35,000
- Homeowner contribution of 25% \$11,667
- Exterior Improvements required 25% \$11,667

Projected New Property Value (Equalized Value): Assumes that 50% of the improvement will be added to determine equalized value

- \$46,667 @ 50% \$23,234
- Initial FMV \$97,500
- Equalized Value **\$120,934**

Indebtedness

- Initial Mortgage Balance \$76,000
- Renovation Loan \$35,000
- Total Indebtedness **\$111,000**

New LTV 97% (≤ 100% qualifies)