



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: August 7, 2020

Re: Modification to Replacement Housing Program Guidelines

Current Marketing Guidelines

Houses to be constructed, or under construction, will be marketed by the following methods:

- Referrals from other housing providers, non-profit agencies, realtors, banks and other entities will be accepted.
- Housing Counseling programs may refer potential homebuyers to the City. Priority will be given to low income individuals or households who have completed or are enrolled in certified Housing Counseling programs.
- Properties may be listed on the MLS, newspaper ads, for-sale signs on the property and conducting of open houses. Currently Staff accepts applications until the CDC deadline, and the property is marketed a minimum of 30 days.
- Potential homeowners who see the house or have heard of the program by word of mouth should inquire with the City Department of Planning and Development.

Staff recommended modification to Marketing Guidelines

Change minimum number of days on the market to **"15 days"**. Rationale: If there are several offers already received, there is no reason to list it for 30 days. Very often, staff are corresponding on the property to potential buyer months in advance of it actually being listed.

Current Homebuyer Eligibility Criteria

To be eligible as a potential homebuyer, applicants must meet the following criteria:

- Have a gross household income that is at or below 80 percent of the area median income. Income eligibility is determined based on the household's annual income. Annual income is defined in Federal regulations at 24 CFR Part 5 (Part 5 Annual Income).
- In accordance with CFR 24 Part 5, assets shall be included in the calculation of Part 5 Annual Income, based on the income earned from the asset. For assets over \$5000 that receive little or no income, the Part 5 rules requires that an "imputed" income be calculated based on a Passbook Rate applied to the cash value of all assets

VACANT, PLANNING & DEVELOPMENT DIRECTOR
ANDREA TRANE, ECONOMIC DEVELOPMENT PLANNER
TIM ACKLIN, SENIOR PLANNER
LEWIS KUHLMAN, ENVIRONMENTAL SUSTAINABILITY PLANNER
JACK ZABROWSKI, ASSOCIATE PLANNER

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

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- A minimum gross income of \$20,000 or a minimum gross income of \$10,000 for a person(s) with disabilities as defined by federal law."¹
- Are able to obtain first mortgage of \$120,000 for the purchase of the dwelling from a private lending institution,
- To ensure that Federal, State and local tax dollars promote an increase in the safety and security of neighborhoods, lifetime registered sex offenders are ineligible for the program as the City's goal is to prevent the use of taxpayer subsidization of undesirable conduct,
- An Applicant may not be a Student (see definition below) under the age of 24 unless they are independently eligible or member of income eligible household; or is a veteran, married, has dependent child, or is disabled.
- Have a credit score of 640,
- Must complete a HUD certified Homebuyer Education Class
- May not have any outstanding municipal obligations
- Using gross income, the maximum debt-to-income ratio is 43%, and
- If applicant is requesting a deferred 2nd mortgage and has assets equal to or greater than \$100,000, they must provide a down payment that is equal to 5% of their total assets.

Suggested Modification to Eligibility Criteria

- Give preference to first time homebuyers
- Give preference to those with assets less than \$70,000; this is the asset limit for the Housing Rehabilitation Program.
- Preference to those who are eligible for the Replacement Housing Home and have submitted an offer to purchase on a prior RHP home within the last 6 months.

This is a program requirement but is not listed in the Application:

Definition of Student: Any individual who is enrolled as a student at an institution of higher education, as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C.1002); is under 24 years of age; unless they are independently eligible or a member of income eligible household; or are a veteran, is married (including same-sex), has a dependent child or is disabled.

¹ Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."