



PLANNING AND DEVELOPMENT

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Memo

To: Economic and Community Development Commission

From: Community Development Manager

Re: Update to Replacement Housing Policy & Procedures

Background:

The purpose of the Replacement Housing Program (RHP) is to increase the availability of affordable homes for low- and moderate-income persons, maintain a stock of affordable housing, redevelop city neighborhoods by eliminating the blight of vacant, dilapidated or abandoned properties, eliminate the worst housing to improve the environment so others will invest in adjacent housing; ensure that Federal, State and local tax dollars promote an increase in the safety and security of neighborhoods by preventing the use of taxpayer subsidization of undesirable conduct; equitably distribute homeownership opportunities within the city, and generate payment of property taxes.

Under the Replacement Housing Program:

- The City identifies, acquires, clears and prepares vacant, dilapidated, or foreclosed properties suitable for redevelopment to affordable single-family houses.
- Contractors are selected to construct new single-family housing that is affordable for low to moderate income households.
- The City partners with Western Technical College, Habitat for Humanity, the School District of La Crosse, developers or the LCHDO to construct single family owner-occupied housing.
- Qualified La Crosse residents are provided the opportunity to purchase those houses using a combination of private and City financial assistance.

Proposed Changes to Guidelines

Section 4: Homebuyer Selection | H. Homebuyer Selection

Potential homebuyers approved for participation in this program will be required to obtain a first mortgage from a private lending institution approved by the City. The RHP may provide a second mortgage Deferred Payment Loan with an interest rate at 3% simple interest per annum. The RHP may provide a third mortgage which may be forgivable if the homebuyer remains in the home for the specified time period and as long as the homebuyer is not in default of any provisions of the program. Exhibits F & G are sample 2nd and 3rd mortgages. The interest rate may be changed by the City if the homeowner is in default or advances are made against the loan.

Addition: The amount of City funds leveraged for the 2nd and 3rd mortgages shall not exceed 45% of the homes total sale price. City contributions must be subordinate to the homeowner's primary financing and structured to ensure that the homeowner maintains a greater financial stake in the property.