

# Renew Monona Loan Program



## Description

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The City of Monona's *Renew Monona Loan Program* is a housing stock renewal loan program that is intended to improve the quality, functionality, affordability and attractiveness of homes in Monona. The program was created by the City of Monona Community Development Authority (CDA) and will be administered by the City of Monona. Most of Monona's housing stock was constructed in the 1950's and although the homes have been well maintained, many of them no longer meet the needs of today's households, particularly young families with children. We have heard from many families interested in buying a house in Monona that the cost of bringing a home up to modern standards, when added to the initial purchase price, makes a Monona home purchase unaffordable compared to purchasing a newer home in a suburban location.

Funds from the program will be available in the form of a loan with 2% interest over the life of the loan. Loans will be funded using TIF funds from a closing TIF district in the city. The primary goals of the program includes rejuvenating existing and aging housing stock to make it more attractive to buyers, especially young families, and well as working to close the wealth gap through a First-Generation homebuyer program making the Monona community more accessible to all. Important byproducts resulting from home improvements made through this program include the sustaining of a school-age population of children, improving the energy efficiency of the city's housing stock, stabilizing the city's tax base, and building and enhancing community capacity and aesthetics.

## Eligibility Requirements

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Eligible applicants include those purchasing a home for the first time or residing in a home within the City of Monona looking to make substantial system or structural improvements to the home to enhance its safety, functionality, or efficiency, and bring it to modern standards. Homes must be occupied by the funding applicant as the owner for a period of two (2) years after the purchase or the time improvements are made to be eligible for funding. There are no applicant age, income, or other restrictions on applying for this program. Those purchasing a home and seeking loan funds to make improvements must prove the existence of a legitimate primary mortgage lender.

Homes eligible for purchase or improvements under this program include **owner-occupied homes in Monona** whose most recent assessed value is at or below **120%** of the median sale price of residential property in the city as reported on [www.realtor.com/local/Monona\\_WI](http://www.realtor.com/local/Monona_WI). Furthermore, eligible homes include those in the City of Monona being purchased whose purchased price is valued at or below 120% of the median assessed value of residential property in Monona. This determination will be based on the most recent figure, at the time of the loan application, from City of Monona assessment data. For example, on Jan 1, 2021 the median assessed value price of residential property was \$298,500. Eligible

homes would be those assessed at or below \$358,400 (120% of \$298,500).

## Eligible Uses of Loan Funds

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**First-Time Homebuyer:** Funds may be used toward the down payment on the purchase of an eligible home by a first-time homebuyer.

**First-Generation Homebuyer:** Funds may be used toward the down payment on the purchase of an eligible home by a first-generation homebuyer. A First-Generation homebuyer is defined as a loan applicant (including the individual and spouse, if applicable) who have never owned a home and whose parents and/or legal guardians do not currently and have never owned a home. Applicants to this program will be required to sign affidavits attesting that they meet the above criteria.

**Home System Upgrades:** Funds may be used to make upgrades to home systems including **electrical, plumbing, mechanical**, or other systems or functionally outdated features, to bring them into compliance with current standards and codes, or to modernize them to current quality, efficiency, and performance levels. Replacement or maintenance of home components that are expected to be replaced periodically such as roofing, water heaters, and fixtures will not be funded.

**Energy Efficiency:** Funds may be used for **window replacement** and **insulation improvements** and other measures that will increase the heating and cooling efficiency and overall performance of the home. Furnaces replacement is not an eligible use of program funds.

**Renewable Energy Technology Installation:** Funds may be used for the purchase and installation of renewable energy technologies for the residence, such as roof-mounted solar panels.

**Major Rehab:** Many of the existing homes in the City of Monona are smaller in size and are considered less desirable to new home purchasers looking for more living space. Therefore, program funds may be used for **the addition of or significant improvement to living space**, such as adding a floor or a room or rehabbing a kitchen or bathroom. Tear-downs, auxiliary structures, unattached garages not used to park cars are not eligible uses of program funds.

**Environmental Remediation:** Funds may be used to remove asbestos siding, remediate lead-based paint or remediate other environmental issues of the home. Soil remediation or other activities not part of the house are not eligible uses of program funds.

Repayment of any loan application fees incurred as part of this program is an eligible use of loan funds received. All decisions regarding loan fund disbursements, loan eligibility, and the uses of loan funds will be made by the City of Monona Community Development Authority.

Please note that funds may only be used for improvements made on the **primary housing structure**, and not any auxiliary structures on a lot. Work on garages where the primary use is parking cars used by the resident household is an eligible use of loan funds; however, higher priority will be given to attached garages.

## Loan Terms, Conditions, and Procedures

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Loans will consist of **2% interest** over the life of the loan, and act as a deferred second mortgage with **payments amortized over ten (10) years** following the award of the loan, or at sale (or refinancing) of the home, whichever comes sooner. At the end of the loan term, the amount of the loan must be

repaid in full.

The maximum amount of any loan award will be **50%** of the total down payment or improvement costs (with the exception of the First-Generation Homebuyer program as further described below), whichever is less up to the maximum for the program for which the applicant is applying as described in the following table. Applicants may only qualify for one (1) of the below programs, and may not combine with any other City loan program.

Program	Description	Max Loan Amount	Loan Terms and Requirements
Home Improvement Program	Home System Upgrades, Energy Efficiency, Renewable Energy Technology Installation, and Environmental Remediation (asbestos, lead)	\$15,000	<ul style="list-style-type: none"> <li>▪ Payments amortized up to 10 years.</li> <li>▪ 2% annual interest.</li> <li>▪ Loan due upon sale or after 10 years.</li> <li>▪ Construction must begin within 60 days of loan approval.</li> <li>▪ Construction must be completed within 180 days of start of construction.</li> </ul>
Major Home Rehab Program	Major work such as adding floor, rooms, rehab of kitchens, baths, etc.	\$75,000	
First-time Homebuyer Program	Provides no more than 40% of the required down-payment.	\$20,000	
<p><u>First-Generation Homebuyer Program</u></p> <p><u>Note: This program may potentially be combined with other homebuyer assistance programs offered by other financial institutions or non-profits at the discretion of City Administrator or their designee.</u></p>	<p><u>Provides up to \$40,000 of down payment assistance for qualified buyers with a \$10,000 payment match from Borrower.</u></p>	<p><u>\$40,000</u></p>	<ul style="list-style-type: none"> <li>▪ <u>Borrower and family must provide signed affidavit verifying that they qualify as First-Generation home buyers</u></li> <li>▪ <u>Borrower must complete and provide documentation of completion of an approved homebuyer education course, prior to receiving the approved funds. Borrowers may participate in a course from their financial institution(s) or the University of Wisconsin-Extension services.</u></li> <li>▪ <u>Borrower must provide documentation of a minimum of a \$10,000.00</u></li> </ul>

			<p><u>contribution towards property down payment.</u></p> <ul style="list-style-type: none"> <li>▪ <u>Annual Payments are amortized over 10 years. For example, a \$40,000 loan would have a total interest cost of \$4,166.46.</u></li> <li>▪ <u>2% annual interest.</u></li> <li>▪ <u>Full Loan repayment is due upon sale or after 10 years.</u></li> </ul>
<p><i>Eligibility requirements apply, see program information for details.</i></p>			

**Additional Terms and Conditions**

Applications for Renew Monona Loan funding requests of \$50,000.00 or less will be reviewed by City Staff for program eligibility and a determination on any project funding award, subject to available program funding. Application requests for more than \$50,000.00 will be subject to review and approval by the Community Development Authority, subject to available program funding.

Applicants must work with a local financial institution or provide another source of identifiable funding to cover the balance of home improvement costs or down payment costs not covered by the loan.

Construction on home improvement projects must begin within sixty (60) days of loan approval and be completed within one-hundred eighty (180) days of the start of construction, unless a longer time-frame is approved by the CDA. The Monona CDA will keep record of the dates of loan approval and the start of construction. The Monona CDA reserves the right to take and use photographs, as well as develop project summaries of individual improvement projects for publicity purposes.

**For questions regarding the program, please contact:**

City Administrator/Economic  
 Development Director  
 City of Monona  
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