

Renew Monona Loan Program



Description

The City of Monona's *Renew Monona Loan Program* is a housing stock renewal loan program that is intended to improve the affordability and attractiveness of purchasing 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 deferred second mortgage loan with 0% interest over the life of the loan. Loans will be funded through the use of TIF funds from a closing TIF district in the city. The primary goal of the program includes rejuvenating existing and aging housing stock to make it more attractive to buyers, especially young families. 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

Eligible applicants include those purchasing or residing in a home within the City of Monona looking to make substantial system or structural improvements to the home to enhance its 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 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 improvements under this program include **owner-occupied homes in Monona** whose most recent assessed value is at or below **120%** of the median assessed value of residential property in the city. Furthermore, eligible homes include those in the City of Monona being purchased whose sale 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 July 1, 2010 the median assessed value of residential property was \$203,500. Eligible homes would be those assessed at or below \$244,200 (120% of \$203,500).

Eligible Uses of Loan Funds

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. Repayment of any loan application fees incurred as part of this program is an eligible use of loan funds received.

In addition to home system upgrades, loan funds may also be used for **window replacement** and **insulation improvements**, measures that will increase the heating and cooling efficiency and overall performance of the home.

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 living space, or a garage** that has a primary purpose of parking cars used by the resident household.

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 particular 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 and Conditions

Loans will consist of **0% interest** over the life of the loan, and act as a deferred second mortgage with **no principal or payments due until after ten (10) years** following the award of the loan, or at sale (or refinancing) of the home, whichever comes sooner. The expectation is that the borrower will preserve sufficient equity to allow for repayment of the Renew Monona loan at the end of the loan term. 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 **\$10,000 or 50%** of the total improvement costs, whichever is less, available to homebuyers or homeowners in the City of Monona looking to make system and other home upgrades. Applicants must work with financial institutions to cover the balance of home improvement costs not covered by the loan. Construction on improvements must begin within thirty (30) days of loan approval and be completed within one-hundred eighty (180) days of the start of construction. 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:

Patrick Marsh, City Administrator
City of Monona
5211 Schluter Road, Monona, WI 53716
(608) 222-2525