



CITY OF OSHKOSH

GENERAL INFORMATION HOME Rental Rehabilitation Program

The HOME Rental Rehabilitation Program offers financing for the rehabilitation of rental housing. The purpose of this program is to provide financing to assist owners of rental properties to upgrade rental units, to provide decent, safe and affordable housing for low income renters, to improve the appearance of older properties and to stabilize older areas of the City.

Congress recently enacted a Lead Based Paint Regulation (24 CFR PT35) which requires that houses or buildings built prior to 1978 and funded by federal monies through the Department of Housing and Urban Development for purposes of rehabilitation be addressed for the presence of Lead Based Paint. Properties selected for the HOME Rental Rehabilitation Program must be inspected for the presence of lead based paint. Any work done on the properties that requires the disturbance of such paint must be done by Certified Lead Abatement Contractors.

Eligible Improvements

Work eligible for HOME financing includes repair and maintenance, correction of code violations and energy related work. HOME financing cannot cover construction of garages or luxury type items. Additionally, projects should maintain the architectural character and detail of older properties.

City staff will inspect the property and develop a list of work required to bring the property into compliance with applicable City Codes and Federal HOME program requirements. All items on this list must be included in the project. Bids for required work will be solicited by the City on behalf of the owner using the specifications developed by the City. Contractor selection will be the responsibility of the owner based on these bids. No work which occurs before closing on HOME financing will be financed under this program.

Examples of Eligible Projects

Repair of an existing rental unit.

Creation of a new unit within an existing structure, for example in a second floor area previously used for storage over a commercial space.

Rehabilitation projects which also involve Historic Preservation Tax Credits.

Ineligible Projects/Applicants

Any project requiring displacement of an existing tenant in order to complete rehabilitation work.

Any project with tenants who are over income in place at time of application.

Applicants who have received a citation from the City of Oshkosh for a rental housing code or zoning violation related to rental property in the three years preceding application for HOME financing.

Projects which will create additional rental units in distressed residential areas containing declining rates of home ownership, particularly conversion of owner occupied units to rental use.

HOME PROGRAM REQUIREMENTS

HOME funding is provided by the federal government and, as a result, all HOME financed projects must comply with federally imposed program requirements regarding tenant income and rent limits. These requirements are in effect for a period of five years with HOME funding at the level of up to \$14,999 per unit and ten years with HOME funding at the level of up to \$24,998 per unit. The five or ten year periods are referred to as the "affordability periods". The five or ten year period shall begin with the first rental day of the last unit in the apartment. Therefore, if the apartment has six units that are rehabbed and they are newly created units, upon rental of the last unit, the day of that rental will start the rental period of five or ten years. If the units are already occupied, the rental date shall start when the last day of work on the unit is finished and the unit is inspected and qualified as done by a City of Oshkosh Inspector.

Tenant Income

Tenants living in the rehabilitated units at the time the project is completed must have a household income which conforms to HOME program requirements. Household income limits are adjusted by HUD annually. Current HOME program income limits are attached. When vacancies occur during the life of the lien on the property, units must be rented to households who conform to these income limits. If the tenants' household income rises above these limits after meeting initial income requirements to rent a unit, the tenants may remain.

Rent Limits

Current HOME rent limits are provided on an attached sheet. These rents are the maximum that a tenant must pay for a unit, including utilities. A separate sheet providing information on HUD utility allowances for the area is also attached. If the rent does not include utilities, the City will use this allowance sheet to determine whether the unit meets the rent limit requirements.

If a property contains one or two units, then the rent, including utilities, cannot exceed the "high" rent level for both units. If a property contains three or more units, then 20% of the units in the property must charge a rent such that the total tenant rental cost, including utilities, does not exceed the "low" rent level. The remaining 80% of the units can be at the "high" level. For the year 2002 HUD has released only one rent level, so this would be considered for all units rehabbed with HOME money.

Fair Housing Requirements

Owners may not discriminate on the basis of sex, race, religion, national origin, or handicap. Owners must be willing to rent to families with children and cannot refuse to rent to prospective tenants who are receiving, or are eligible to receive, rent assistance from the Housing Authority.

Monitoring

Rents and income levels will be monitored annually by the City throughout the period of affordability. Additional monitoring may also be completed by either the State of Wisconsin Division of Housing or the Department of Housing and Urban Development.

Units must be kept in good condition, and will be inspected at least every two years for compliance with applicable codes.

Financing

There are two types of financing available within the City of Oshkosh guidelines. One is for financing of projects within the General Area of HOME Funding and one is for projects located within the City of Oshkosh Business Improvement District (BID). Maps of both areas are attached and labeled to show areas.

General Area of HOME Funding

HOME financing up to \$14,999 per rental unit is available regardless of unit size. HOME financing is available through the City under the following rates and terms:

- No payments are due and no interest accrues during the first five years following completion of the rehabilitation work.
- Five years following completion of the rehabilitation work, if the owner has complied with rent and tenant income requirements, a portion of the initial HOME fund is forgiven. Up to 50% of HOME fund may be forgiven. The amount of HOME funding forgiven is based on the initial owner's expenditure in the rehabilitation work. For example, if the rehabilitation project cost \$20,000 and the owner paid 50% of the project cost, requesting only \$10,000 in HOME financing, 50% of the HOME financing, or \$5,000 would be forgiven and the \$5,000 balance would be due. If the owner paid 25% of the project cost and requested the maximum \$14,999, then 25% or \$5,000 would be forgiven and the balance of \$10,000 would be due.
- Payment of the HOME balance is due five years following completion of the rehabilitation work. If the balance is paid in full at this time, the balance due is discounted by 5%. Alternatively, the City will finance the balance for an additional five years with a monthly payment requirement. The balance will be financed at 0% interest for projects located in the target area and for projects which fill into the priority project types listed on the attached

sheet and 3% for projects located outside the target area and which are not priority type projects.

City of Oshkosh Business Improvement District (BID)

For properties located within the City of Oshkosh Business Improvement District, 25% of the HOME rental rehabilitation financing will be repayable at the end of the affordability period (5 years for financing of \$14,999 or less per unit, and 10 years for financing of \$24,998 per unit) and no interest will accrue. This repayment term will only apply to those units where the owner pays at least half of the cost of the residential rehabilitation work. The Business Improvement District Boundaries are those in effect at the time the loan is made. Repayment will be due in one lump sum.

APPLICATION AND SELECTION

When you complete your application, it will be submitted to the City of Oshkosh Rehabilitation Loan Committee. A determination will be made and you will be informed about your acceptance or denial. If accepted, you will need a prospectus and plan which will be discussed with you by the Principal Planner.

If your application is denied, you have a right to a second appeal to the Loan Committee. Some of the things to be aware of when considering application for a HOME Loan are:

- The City of Oshkosh must be able to hold second mortgage on the property.
- Overall project plan which consists of a summary of the physical building to be rehabbed and any plans that you have for it, and a financial summary of your current level of investment and any other plans for funds to be used on the project.
- You must have clear title to the property.

- **HOME PROGRAM HOUSEHOLD INCOME LIMITS**

EFFECTIVE FOR 2002

To determine the household income of tenants being considered for a HOME assisted unit the income of every member of the household must be included. All forms of regular income, including child support, supplemental social security and other regular payments must be considered. Shared child custody arrangements may have an impact on determination of household size. City staff will provide assistance in verifying income of prospective tenants to ensure compliance with HOME program requirements.

Persons in Household	Maximum Income
1	\$25,998
2	\$29,700
3	\$33,402
4	\$37,098
5	\$40,098
6	\$43,098
7	\$46,098
8	\$49,002

HOME PROGRAM RENT LIMITS

HOME program rents include all utilities. If some or all utilities are charged separately, use the attached HUD utility allowance sheet to determine the rent which can be charged by the property owner.

	STUDIO	1 BR	2 BR	3 BR	4 BR	
HUD Rent	\$336	\$414	\$526	\$663	\$765	

HOME RENTAL REHABILITATION PROGRAM TARGET AREA AND PROJECT PRIORITY LIST

Eligible properties located in the target area below qualify for lower HOME financing rate following the first 5-year period of affordability. Period of Affordability is explained in the heading above listed HOME PROGRAM REQUIREMENTS.

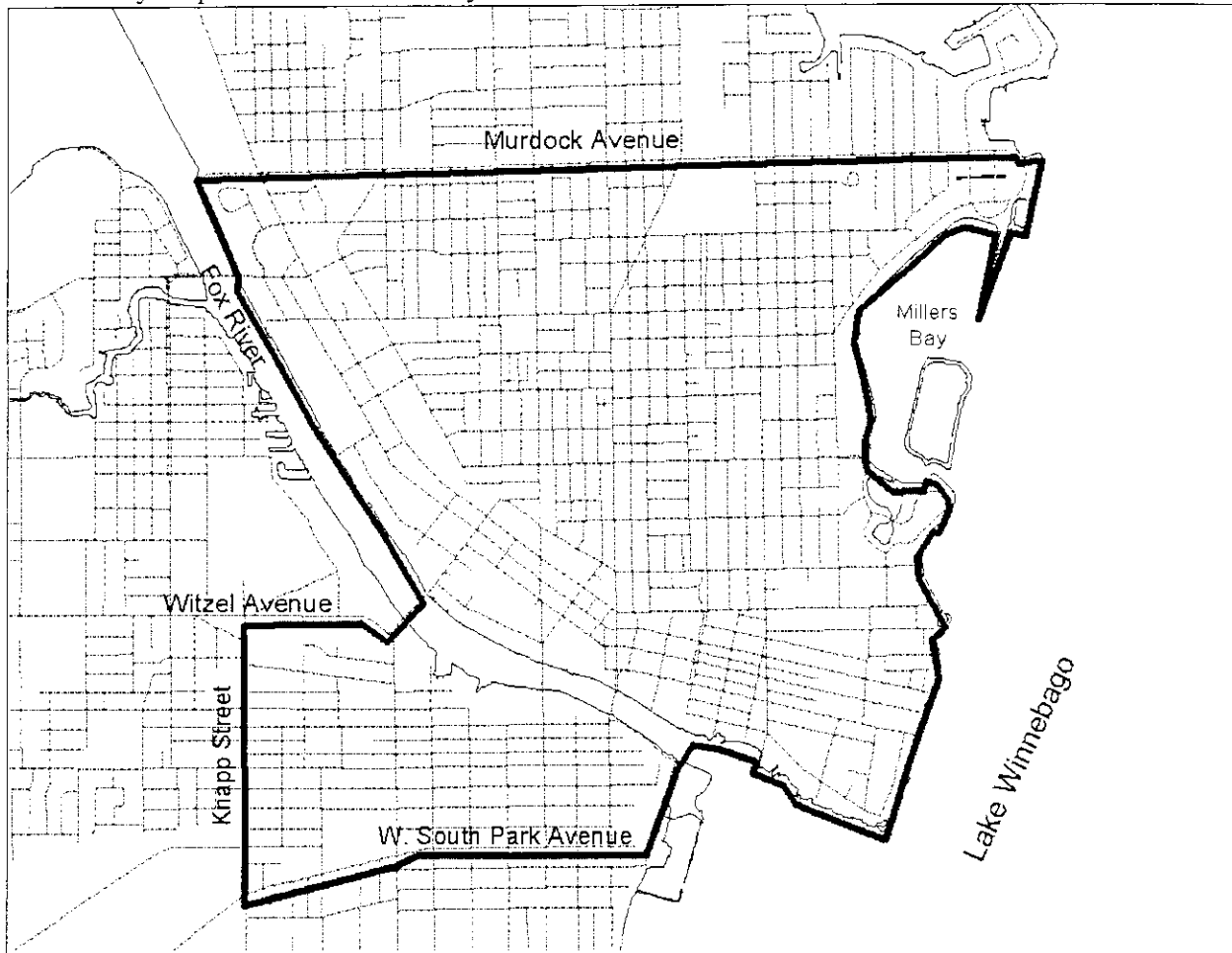
HUD UTILITY ALLOWNACES - City of Oshkosh

These prices may vary if you are working with a 2 story or more property. Please ask for that separate sheet.

UTILITY OR SERVICE	UNIT SIZE				
	STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM
HEATING					
Natural gas	26	35	48	61	82
Bottle gas	64	78	128	156	185
Oil	34	43	71	86	102
Electric	26	37	48	53	63
COOKING					
Natural gas	4	5	6	7	8
Electric	3	5	6	7	7
Bottle gas	7	9	10	11	13
OTHER ELECTRIC					
	9	12	16	17	19
WATER HEATING					
Natural gas	5	6	9	10	12
Electric	4	6	9	10	11
Bottle gas	14	18	21	26	30
Oil	9	11	14	16	18
WATER AND SEWER					
Water	17	18	19	26	37
Sewer	14	15	17	23	31

HOME RENTAL REHABILITATION PROGRAM TARGET AREA AND PROJECT PRIORITY LIST

Eligible properties located in target area below qualify for lower HOME financing rate following the first 5-year period of affordability.



Projects outside the target area which are determined by the City to fall into one of the following categories will also qualify for the lower HOME financing rate. The City will also consider these issues in committing limited program funds to projects, regardless of whether projects are located with or outside the target area.

- Properties which are listed on or eligible for the National Register of Historic Places,
- Properties located within an established Redevelopment Area, and properties to be rehabilitated in conjunction with an established neighborhood improvement project or plan,
- Properties which are newly purchased and which constitute a blighting influence on a neighborhood,
- Projects to convert or repair second floor units in existing commercial building, where consistent with land use plans for the area,
- Projects which will address special housing needs identified in the City's Consolidated Plan.