

<p>Municipal Building 625 52nd Street – Room 204</p>	<p><i>HOME Program Commission</i> <i>Agenda</i></p>	<p>Tuesday, April 23, 2013 6:00 p.m.</p>
<p><i>Alderman Curt Wilson - Chairman, Alderman Daniel Prozanski, Jr. - Vice Chairman, Alderman Anthony Kennedy, Alderman Tod Ohnstad, Ron Frederick and Anderson Lattimore</i></p>		

Call to Order and Roll Call

Approval of Minutes from March 4, 2013

1. Resolution By the Finance Committee - To Amend the 2011, 2012 and 2013 Adopted Consolidated Plans - Annual Plans Regarding the HOME Program Description

Public Comments

Commissioner Comments

Staff Comments

Adjournment

HOME PROGRAM COMMISSION
Minutes
March 4, 2013

MEMBERS PRESENT: Alderman Curt Wilson, Alderman Daniel Prozanski,
Alderman Anthony Kennedy and Anderson Lattimore

MEMBERS EXCUSED: Alderman Tod Ohnstad, and Ronald Frederick

STAFF PRESENT: Mike Maki, Tony Geliche and Jeffrey B. Labahn

The meeting was called to order at 4:35 p.m. by Alderman Wilson and roll call was taken.

A motion was made by Alderman Kennedy and seconded by Mr. Lattimore to approve the minutes from January 7, 2013. The motion passed. (Ayes 4; Noes 0)

1. Amendment to 2013 HOME Program Description

Mike Maki, Community Development Specialist, explained that Staff is proposing several changes to the adopted 2013 HOME Program Description. Mr. Maki explained each of the proposed changes and answered questions.

- Down Payment and Closing Cost Assistance Grants
- Clarification of minimum private mortgage amounts
- Amendment of the City Second Mortgage Purchase Assistance Program
- Mortgage Subordination requirements

Alderman Kennedy asked if this assistance was available now, is there anyone who would buy a home today? Mr. Maki said yes, but we currently use CDBG funds to assist the home buyer. Alderman Kennedy said when we use the forgivable grant, how many of those grants are actually forgiven? Mr. Maki said we only started that program a year ago, so we have not reached the 5 year mark yet.

Alderman Kennedy clarified that any home buyer could obtain \$5,000 for a down payment? Mr. Maki said it is limited to buyers who purchase one of the City built homes that are for sale. Alderman Kennedy said the public needs to remember we sell homes to stabilize the neighborhood, not to make money. Alderman Kennedy asked how this assistance changes ownership. Mr. Maki said the VA loan qualifiers need 0% down, but the other qualifiers need only \$1,000 down.

Mr. Maki said there are two representatives from PNC Mortgage here to answer any of your questions. Mr. Maki said with the Second Mortgage Assistance, we have run into problems with people on a fixed income. Staff proposes to review these on a case by case basis. For a specific case we can make special arrangements.

Gary Quedenfeld, Senior Loan Officer from PNC Mortgage then answered questions. Mr. Lattimore said if we determine assistance on a case by case basis, how do we determine continuity? Mr. Quedenfeld said the money is used as necessary to get a person financing. Tony Geliche, Community Development Specialist, added the funds are put in in on an "as needed" basis. We will go by what the underwriter tells us.

Alderman Prozanski said this program helps people, but how much is for people with poor credit? Mr. Quedenfeld people with lower income levels typically don't ask for assistance. Alderman Prozanski said we may have a person who has lost their home and is now looking for a less expensive home. Will this program help people with a "hurt" credit rating? Mr. Quedenfeld said we have people with various credit income levels. Alderman Prozanski asked does the money coming forward help mitigate credit issues? Mr. Quedenfeld said it gives them the edge on getting a house.

Mr. Maki explained that he researched other municipalities regarding Mortgage Subordination and their policies varied greatly. Staff is proposing to increase the loan-to-value limit from 90% to 125%.

A motion was made by Alderman Prozanski and seconded by Alderman Kennedy to approve the changes to the 2013 HOME Program Description. The motion passed. (Ayes 4; Noes 0)

2. Discussion on Tenant Based Rental Assistance

Mr. Maki said the City has funds that must be committed by June 30th or returned to HUD. The funds could be used to help provide tenant-based rental assistance for the Elderly; the Elderly with Disabilities or the Disabled (non-elderly) clients on the Section 8 waiting list. The Housing Authority would look at a client's income and provide the gap between the funds they receive and what is needed for rent.

Alderman Prozanski asked are there appropriate apartments available to move into - or is there a 2-3 year waiting list? Mr. Maki said the elderly without disabilities would be the easiest to provide housing for and the disabled (physical disabilities) would be the most difficult. Mr. Geliche add that by June 30, 2013 we must commit \$160,000 in HOME funds plus all of the program income. Alderman Prozanski said he feels it is important that rental assistance is considered for HOME funding.

Alderman Kennedy asked Donna Cook, Director of Housing Authority if this money would be beneficial. Ms. Cook said yes, we have elderly and disabled people we could help.

Alderman Kennedy said this proposal is not exactly what he was looking for, we need more discussion on this item.

A motion was made by Alderman Kennedy and seconded by Alderman Wilson to receive and file. The motion passed. (Ayes 4; Noes 0)

Public Comments

No public comments.

Commissioner Comments

Aldermen Wilson asked how many City homes have been sold? Mr. Maki said there was one in 2012, another in January of 2013 and we have an offer to possibly close in March of 2013. We will then have 19 homes left to sell.

Staff Comments

A motion to adjourn was made by Alderman Kennedy and seconded by Mr. Lattimore. The motion passed . (Ayes 4; Noes 0) The meeting adjourned at 5:32 p.m.

Meeting Minutes Prepared by: Kay Schueffner, Community Development & Inspections

Draft

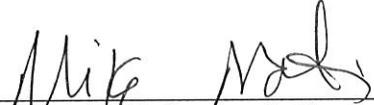
<p>Community Development Division 625 52nd Street Kenosha, WI 53140 262.653.4030</p>	<p>HOME Program Commission</p> <p>FACT SHEET</p>	<p>April 23, 2013</p>	<p>Item 1</p>
<p>Resolution By the Finance Committee - To Amend the 2011, 2012 and 2013 Adopted Consolidated Plans - Annual Plans Regarding the HOME Program Description</p>			

ANALYSIS:

- The HOME Program Commission previously discussed the possibility of providing Tenant-Based Rental Assistance (TBRA) to commit HOME funds by the City's deadline of June 30, 2013.
- Staff has provided information on elderly, elderly with disabilities and disabled (non-elderly) that are on the Housing Authority's Section 8 Waiting List. Staff recommended providing TBRA to the Elderly and Elderly with Disabilities on the waiting list with an expectation of assisting up to forty (40) households over a two (2) year time period.
- Staff further explained the City has a deadline of June 30, 2013 to commit the remaining 2013 HOME funds to a specific project. A contract with the Kenosha Housing Authority to provide TBRA would satisfy the commitment deadline, provided the Common Council approves the changes to the HOME Program Descriptions and a contract with the Housing Authority by June 30, 2013.
- The attached Resolution will amend the descriptions and allow use of HOME funds to provide Tenant-Based Rental Assistance. After the HOME Program Commission's approval, a thirty (30) day comment period is required prior to the Common Council's approval of the HOME Program Description Amendments and the contract with the Housing Authority. The attached Resolution and the contract would be heard at the June 3, 2013 Finance Committee and Common Council meetings.

RECOMMENDATION:

A recommendation is made to amend the 2011, 2012 and 2013 HOME Program Descriptions to allow use of HOME funds for Tenant-Based Rental Assistance and to forward the attached Resolution to the Finance Committee and the Common Council.



 Mike Maki, AICP, Community Development Specialist



 Jeffrey B. Labahn, Director

RESOLUTION # _____ -13

By: The Finance Committee

TO AMEND THE 2011, 2012 and 2013 ADOPTED CONSOLIDATED PLANS – ANNUAL PLANS
REGARDING THE HOME PROGRAM DESCRIPTION

WHEREAS, the City of Kenosha receives an annual grant of CDBG funds under the Housing and Community Development Act of 1974, as amended; and HOME funds under the Home Investment Partnership Program of 1991 as amended; and

WHEREAS, The U.S. Department of Housing and Urban Development (HUD) requires the City to develop a document designed as its Consolidated Plan; and

WHEREAS, on February 21, 2011, the Common Council adopted Resolution #19-11 approving the Consolidated Plan for 2011; and

WHEREAS, on November 7, 2011, the Common Council adopted Resolution #135-11 approving the Consolidated Plan for 2012 and as further amended on August 6, 2012 as Resolution #108-12 and on September 5, 2012 as Resolution #117-12; and

WHEREAS, on November 5, 2012, the Common Council adopted Resolution #143-12 approving the Consolidated Plan for 2013 and as further amended on March 4, 2012; and

WHEREAS, the 2011, 2012 and 2013 HOME Program Descriptions outlined the eligible uses for the 2011, 2012 and 2013 allocations; and

WHEREAS, Tenant-based Rental Assistance is an eligible use of HOME Program funds; and

WHEREAS, public hearings were held before the HOME Program Commission on April 23, 2013, the Finance Committee on June 3, 2013, and the City of Kenosha Common Council on June 3, 2013, to obtain citizen comments on the proposed amendments.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Kenosha, that the 2011, 2012 and 2013 Consolidated Plans are amended in accordance with the revisions to the HOME Program Descriptions by adding thereto "Tenant-based Rental Assistance" as an eligible HOME Program Activity.

BE IT FURTHER RESOLVED that the Mayor is authorized to submit all necessary and required documents to the U.S. Department of Housing and Urban Development, and execute all documents relative thereto.

Adopted this _____ day of June, 2013

ATTEST: _____, City Clerk

APPROVED: _____, Mayor

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) 2011 PROGRAM DESCRIPTION

Use of Funds

The City of Kenosha intends to use its 2011 HOME funds for Program Administration and for eligible HOME Program activities as outlined below. Due to the current and ongoing instability in the housing market, the 2011 HOME Program Description is designed to allow flexibility in the allocation and commitment of funds to a variety of eligible HOME Program housing activities. However, the City will not be using any of its funding for tenant-based rental assistance, as rental assistance is already available through the Kenosha Housing Authority.

The City is funding these particular activities in this plan in order to be consistent with its Consolidated Plan, and to insure local housing activities are consistent with neighborhood revitalization strategies already adopted by the City.

Program Administration

The City of Kenosha will use 10% of its 2011 HOME allocation for payment of administrative and planning costs of the HOME Program. These costs include the reasonable costs of overall program management, coordination, monitoring, and evaluation of HOME activities by the City of Kenosha. The City will also set aside 10% of eligible HOME Program Income for allowable HOME Program administrative costs.

City of Kenosha Eligible HOME Program Activities

The City of Kenosha may use available 2011 HOME allocation to support the following types of activities undertaken by the City, Community Housing Development Organizations (CHDOs), Sub-recipients or Private Developers:

- A) New Senior Rental Housing Development
- B) Acquisition and Rehabilitation of Foreclosed Single Family Homes
- C) Home Buyer Purchase Assistance
- D) Tenant-Based Rental Assistance (TBRA)

Community Housing Development Organizations (CHDO)

The City of Kenosha is setting aside the minimum required 15% of its 2011 HOME funds for eligible CHDOs to undertake eligible HOME Program activities listed above.

The City will allow CHDOs to request a maximum developer/general contractor fee of 15% of the total project cost of each HOME funded project they undertake and complete. Additional funding for CHDO projects may be made available from other HOME Program funds.

The City is also setting aside up to \$25,000 for CHDO administrative expenses. The HOME Program regulations allow CHDO administrative expenses up to 5% of the City's total annual HOME Grant. CHDOs will need to submit an application to the City which includes their operating budget sources and use of funds to support their application for CHDO administrative expenses. The application will be reviewed by the City's HOME Program Commission with a recommendation to the City Finance Committee and Common Council for review and consideration.

HOME Program Income

HOME Program Income funds will be used to fund eligible HOME Program activities and funding set-asides for eligible CHDOs and/or sub-recipients to carry out HOME eligible activities, including housing rehabilitation projects, homeowner rehabilitation loans, rental property rehabilitation and single family new

construction. In addition, up to 10% of eligible program income may be used for HOME Program allowable administrative expenses.

Allocation of Anticipated 2011 HOME Program Entitlement and Program Income Funds (2011 funds based on the 2010 allocation):

<i>Activity</i>	<i>Home Funding</i>	<i>Match Funding (25%)</i>
Administration (2011 Funds)	\$53,293	\$0
Eligible Housing Activities (2011 Funds)	\$374,700	\$93,675
CHDO Set-Aside (2011 Funds)	\$79,940	\$19,985
CHDO Administrative Funds (Max 5% of total HOME Grant)	\$25,000	\$0
TOTAL 2011 HOME FUNDING	\$532,933	\$113,660

Estimated 2011 HOME Program Income	\$324,000
Estimated Program Administration (10%)	\$36,000
TOTAL ESTIMATED 2011 HOME PROGRAM FUNDING	\$360,000

Rental Housing Development – New Construction

The City may utilize HOME Program funds to support the construction of affordable Senior Rental Housing. Eligible projects which must include a minimum of twenty-six (26) total units and should also utilize private funds, Low Income Housing Tax Credits, Low Income Housing Revenue Bonds or other grant /loan programs to help leverage the HOME funds. New construction of rental housing utilizing HOME funds will require a *20-year affordability period* for the HOME Assisted Units. The HOME Assisted Units will be "fixed units" as opposed to "floating" HOME units for the 20-year affordability period. HOME Assisted Units must be comparable to non-HOME Assisted Units in terms of amenities, number of bedrooms, square footage and location in the building. The household occupying such rental units shall be families or individuals whose income does not exceed 50% of Kenosha County median family income as published annually by the US Department of Housing and Urban Development (HUD). Low HOME Rent Limits will apply to all designated HOME units. The 50% HOME Rent Limits less any tenant paid utilities would apply to all other 50% CMI designated Assisted Senior Units. Determination of the minimum number of HOME Assisted Units per project and maximum per-unit HOME subsidy will be calculated according to all HOME Program standards, including, pro-rata (fair share test), the HOME per unit subsidy limit and subsidy layering analysis to determine the funding gap to be financed to provide the HOME affordable senior units. The City's subsidy layering evaluation requirements are included in the next section below. The City may use the subsidy layering review done by WHEDA for the Low Income Tax Credit Program to ensure that no more than the necessary amount of HOME Program funds are invested in any one project to provide affordable housing.

Rental Housing Development Subsidy Layering Analysis

HUD establishes subsidy limits annually on the amount of HOME funds that may be invested in affordable rental housing on a per-unit basis per locality.

Before committing HOME funds to a project that combines the use of any other local, state or federal assistance, the City must evaluate the proposed project in accordance with the guidelines that it has adopted, to ensure that the City does not invest any more HOME funds than are necessary to provide affordable rental housing. The guidelines, referred to as Subsidy Layering Guidelines, are incorporated as part of the City of

Kenosha HOME Program Description and Consolidated Plan.

The City of Kenosha will use the following types of subsidy layering review before committing HOME Program funds to any rental housing development project:

- A) A subsidy layering review produced by HUD when the other source of funding is provided by HUD, and HUD conducts a subsidy layering review;
- B) Subsidy layering analysis produced by the Wisconsin Economic and Housing Development Authority when Low Income Housing Tax Credit (LIHTC) is used, and WHEDA conducts an evaluation to determine whether there are excess tax subsidies;
- C) A subsidy layering analysis produced by the developer and reviewed by the City of Kenosha in accordance with the guidelines presented in HUD Notice CPD 98-1. These guidelines include review of the following documents supplied by the developer/applicant:
 - Sources & Uses of Funds: As part of the application process, the City of Kenosha will require a Sources and Uses of Funds Statement for the proposed project with supportive documentation, including lender commitment letter(s), documentation of owner cash equity and any deferred developer fees. This should reflect the project development budget and should list:
 1. All proposed sources (both private and public) of the funds and dollar amounts for each respective source; and
 2. All uses of funds (including acquisition costs, rehabilitation or new construction costs, financing costs, and professional fees) associated with the project.
 - Certification of Governmental Assistance: The applicant/developer must provide a formal certification as to whether or not additional governmental assistance will be provided to the project, and if so, what kind of assistance.
 - *Project Development Budget*: The City of Kenosha will review the project development budget to determine whether the development costs are necessary and reasonable. The budget is to include all costs associated with the development of the project, regardless of the funding sources.
 1. "Reasonableness" of costs should be based on all of the following factors:
 - a) Cost of comparable projects in the same geographical area;
 - b) The qualifications of the cost estimators for the various budget line items; and
 - c) Comparable costs published by recognized industry cost index services.
 - *Proforma*: The City of Kenosha will determine the reasonableness of the rate of return on equity investment by looking at the applicants proforma (project income and expense statement). The proforma should include achievable rent levels, market vacancies, and operating expenses. It should also specify the consequences of tax benefits, if any, and any other assumptions used in calculating the project cash flow. The proforma should represent, at a minimum, the term of the HOME affordability requirements (20 years) or longer if any other funding sources require longer affordability terms.

- The subsidy guidelines can also be used to determine the appropriate level of HOME funds to be used in a project absent of any other governmental assistance.

Home Sales Policy

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

HOMEBUYER APPLICANT REQUIREMENTS

Citizenship

Applicants to purchase properties for sale through the City of Kenosha's HOME Program must be US citizens or have "Qualified Alien" status under Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Income

Eligibility for buyers through the HOME Program is based on annual household income. Total annual household income cannot exceed 80% of the County's median income per family size as determined by HUD. In accordance with the federal HOME Program Rules, the City has chosen to use Federal Income Tax IRS Form 1040 adjusted gross income to determine annual income. All homebuyers must sign IRS Form 4506 "Request for Copy of Tax Form" and the City will request a copy of the applicant's federal tax return transcript from the IRS. For IRS tax returns older than six months, the City will require an updated income verification, including third party verification of employment and recent earnings statements.

Ability to Obtain Mortgage Financing

Potential homebuyers must have the ability to obtain a Fixed Rate mortgage loan from a private lender or the City for up to 80% of the purchase price of the property offered for sale.

Down Payment Requirement

All homebuyers are required to provide a 3% down payment at closing. The down payment may be from the buyer's personal savings or from a down payment assistance grant provided through the Federal Home Loan Bank or other source of down payment assistance.

Down Payment Assistance for VA Loan Borrowers

The City may provide a down payment assistance loan of up to \$5,000 for eligible Veterans Administration Loan borrowers. Down payment assistance loans will be a lien filed on the property and will be forgiven provided the borrower resides at the property for a period of 10 years after purchasing the property.

Primary Residence and Owner Occupied Single Family Deed Restriction

HOME assisted property must be occupied as the homebuyer's primary residence. The City will place a Deed Restriction on the property at the time of property transfer: "This property is a single family dwelling and will always remain a single family dwelling and owner occupied for as long as it remains on the land." The homebuyer cannot own any other residential property at time of closing.

Homebuyer Counseling Requirement

All homebuyers receiving assistance through the City's HOME Program must participate in homebuyer training offered through a HUD certified Local Housing Counseling Agency and provide the City with certification they have successfully completed such training.

Mortgage Subordinations

The City will process requests for mortgage subordinations from homebuyers for their HOME funded second mortgage under the following criteria:

- A) By refinancing their first mortgage, the borrower will be able to lower their interest rate and/or loan term.
- B) The borrower will be able to convert from an ARM to a fixed rate mortgage.
- C) The borrower will be taking out an equity loan or refinancing for purposes of doing home improvements, purchasing a car or for college costs.
- D) The City will require a 90% Loan to Value limit on refinancing or equity loans. The Loan to Value ratio will include the City's HOME second mortgage balance.
- E) The City will use the Assessed Value as determined by the City Assessor's Office to determine the property value.
- F) Closing costs and fees for the proposed refinancing loan or equity loan must be no more than 3% of the proposed new loan amount.

Written requests for mortgage subordinations from homebuyers with a HOME second mortgage will be accepted and reviewed by City staff. A report and recommendation will be submitted to the City of Kenosha Housing Authority Board of Commissioners for review and consideration. A processing fee of \$100 will be charged to the borrower upon approval and processing the mortgage subordination.

HOME PROGRAM ASSISTANCE TO BUYERS

Second Mortgage Purchase Assistance

HOME funded second mortgage purchase assistance will be provided for up 17% of the purchase price of the home. HOME second mortgage purchase loans will be written as deferred payment loans at 0% interest for the first ten (10) years, then monthly payments will be required for the next 20 years at an interest rate of 3% annually.

Second mortgage purchase assistance loans will continue to be made available to income eligible homebuyers purchasing new homes in the Grandview Meadows (KAT) subdivision as was approved for the HOME Program in 2009 (City Resolution No. 106-09). These purchase assistance loans will be provided for up 17% of the purchase price of the home. HOME second mortgage purchase loans for eligible Grandview Meadows homebuyers will be written as deferred payment loans at 0% interest for the first ten (10) years, then monthly payments will be required for the next 20 years at an interest rate of 3% annually. *As was also part of the approved 2007-2008 HOME Program amendment, these Purchase Assistance Loans will only be made available if the City has HOME Program Income revenue on hand.*

Recapture and Resale Provisions

The City of Kenosha anticipates that some of the first-time Homebuyer (FTHB) assistance provided with HOME funding will be a development subsidy used by the City or developer (HOME fund recipient) to produce

affordable housing units. In those instances, it is expected that some of this subsidy will be a project development subsidy and this subsidy amount may not be recaptured.

Recapture Option

This option will be used by the City to recapture the HOME funded second mortgage purchase assistance loans provided to the homebuyers if the HOME recipient decides to sell the house within the required affordability period. The homeowner is able to sell the property at whatever price the market will bear. Recaptured funds are considered HOME Program Income to be reused for any HOME-eligible activity.

The City of Kenosha will also require that rental housing developers who have been assisted with HOME funding be subject to recapture provisions in the event the owner/developer sells their property before the period of affordability has expired:

- five (5) years when the per unit of HOME funds is less than \$15,000
- ten (10) years where the amount of HOME funds provided is \$15,000 to \$40,000
- fifteen (15) years where the per unit amount of HOME funds is greater than \$40,000

Affordability periods for homeownership assistance through the HOME Program are as follows:

<i>HOME Funds Provided (Per Unit) *</i>	<i>Affordability Period</i>
Less than \$15,000	5 Years
\$15,000 to \$40,000	10 Years
Greater than \$40,000	15 Years

**Per unit HOME Program assistance for homeownership is based on the amount of the HOME mortgage purchase assistance provided to the homebuyer. For example, if the City's HOME funded second mortgage to the buyer is \$25,000, the affordability period on the home is 10 years. Therefore, the City will provide second mortgage purchase loans with monthly payments deferred for 10 years at 0% interest. After the initial 10 years, the loan converts to a 3% monthly installment loan at 3% interest for a 20-year term.*

Resale Option

The resale option will only be used by the City in those cases where the homebuyer declines to accept a HOME funded second mortgage to purchase a HOME Buyer Program property. This option ensures that the HOME-assisted unit remains affordable over the entire affordability term. Resale requirements under the “resale option” include the following:

- A) The new purchaser must meet HOME Program income eligibility requirements (annual adjusted income below 80% of Kenosha County median income for family size).
- B) The new purchaser must occupy the property as their principal place of residence.
- C) The sales price must be affordable to the new buyer.
- D) Affordability is defined as: Monthly payment for principal, interest, taxes and insurance (PITI) cannot exceed 40% of the purchasers gross annual income.
- E) The seller is entitled to a “fair return” on their investment upon sale of the property. “Fair Return” on investment for purposes of the City’s HOME Program includes the homeowner’s initial investment (first mortgage, down payment and closing costs) and any documented capital improvements to the

property completed after the initial sale.

Enforcement of the Recapture or Resale Options

The City will use the following legal instruments to meet and enforce the requirements of the recapture or resale restrictions:

<i>HOME Requirement</i>	<i>Recapture Option</i>	<i>Resale Option</i>
Principal Residence	Deed Restriction & HOME Lien	Deed Restriction & HOME Lien
Affordability Period	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Repayment of HOME Subsidy	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Fair Return to Owner	N/A	Deed Restriction & HOME Lien
Affordable Resale Price	N/A	Deed Restriction & HOME Lien
Subsequent Buyer's Income	N/A	Deed Restriction & HOME Lien
* HOME Lien is a document recorded as a "Rider" with the HOME Program Mortgage securing repayment of the HOME subsidy.		

Matching Funds

The City of Kenosha intends to satisfy the Federally-mandated match requirements by using a combination of the eligible forms of match outlined in Section 92.220 of the HOME Program regulations. The City and all sub-recipients will document "match" on a per-project basis.

Funding Reduction and Adjustments Based on Actual HUD Allocation

If the funding level is more or less than the \$528,340 as indicated in this program description, each program activity will be adjusted by applying the same percent of funding increase or decrease equally to each activity.

Applicability of this HOME Program Description

The 2011 HOME Program Description shall supersede any and all previous HOME Program Descriptions in regard to the purposes and use of HOME Program funds.

Approved by City of Kenosha HOME Program Commission: [December 14, 2010]

Approved by Common Council: [Date]

***CITY OF KENOSHA
HOME SALES POLICY***

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

Applicant Requirements

Applicants must meet the following requirements:

- U.S. citizenship or "Qualified Alien" status (as defined by HUD)
- 18 years of age or older
- Must meet the City's income limits for HOME Program
- Cannot own any real estate at time of closing
- Good verifiable credit rating
- Adequate verifiable income to support homeownership
- Must have 3% in funds to be used towards down payment plus closing costs
- Must complete a HUD accredited Homebuyer Counseling Course

When the purchase contract is signed, a \$500 earnest money deposit is required and will be credited toward the down payment. Obtaining first mortgage loan financing from private sources is the responsibility of the applicant.

FOR FURTHER INFORMATION CONTACT

Department of City Development
625 52nd Street, Room 308
Kenosha, WI 53140
Phone: 262.653.4030
Hours: 8:00 A.M. - 4:30 P.M.

2011 HOME Program Review & Approval Schedule

<i>Date</i>	<i>Activity</i>
By 12/20/10	Publish Public Notice for City of Kenosha Consolidated Plan/Annual Plan for CDBG and HOME Funds and Activities with a 30 Day Comment Period
02/21/11	City Plan Commission Review and Consideration of 2011 Annual Plan/Consolidated Plan (Public Hearing)
02/21/11	Finance Committee Review and Consideration of 2011 Annual Plan/Consolidated Plan and 2011 HOME Program Description (Public Hearing)
02/21/11	Common Council Review and Consideration of 2011 Annual Plan/Consolidated Plan and 2011 HOME Program Description

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) 2012 PROGRAM DESCRIPTION

Use of Funds

The City of Kenosha intends to use its 2012 HOME funds for Program Administration and for eligible HOME Program activities as outlined below. Due to the current and ongoing instability in the housing market, the 2012 HOME Program Description is designed to allow flexibility in the allocation and commitment of funds to a variety of eligible HOME Program housing activities. However, the City will not be using any of its funding for tenant-based rental assistance, as rental assistance is already available through the Kenosha Housing Authority.

The City is funding these particular activities in this plan in order to be consistent with its Consolidated Plan, and to insure local housing activities are consistent with neighborhood revitalization strategies already adopted by the City.

Program Administration

The City of Kenosha will use 10% of its 2012 HOME allocation for payment of administrative and planning costs of the HOME Program. These costs include the reasonable costs of overall program management, coordination, monitoring, and evaluation of HOME activities by the City of Kenosha. The City will also set aside 10% of eligible HOME Program Income for allowable HOME Program administrative costs.

City of Kenosha Eligible HOME Program Activities

The City of Kenosha may use available 2012 HOME allocation to support the following types of activities undertaken by the City, Community Housing Development Organizations (CHDOs), Sub-recipients or Private Developers:

- A) Homeowner Rehabilitation
- B) Home Buyer Purchase Assistance city-wide
- C) Tenant-Based Rental Assistance (TBRA)

Community Housing Development Organizations (CHDO)

The City of Kenosha is setting aside the minimum required 15% of its 2012 HOME funds for eligible CHDOs to undertake eligible HOME Program activities listed above.

The City will allow CHDOs to request a maximum developer/general contractor fee of 15% of the total project cost of each HOME funded project they undertake and complete. Additional funding for CHDO projects may be made available from other HOME Program funds.

The City could also set aside up to \$25,000 for CHDO administrative expenses. The HOME Program regulations allow CHDO administrative expenses up to 5% of the City's total annual HOME Grant. CHDOs will need to submit an application to the City which includes their operating budget sources and use of funds to support their application for CHDO administrative expenses. The application will be reviewed by the City's HOME Program Commission with a recommendation to the City Finance Committee and Common Council for review and consideration.

HOME Program Income

HOME Program Income funds will be used to fund eligible HOME Program activities and funding set-asides for eligible CHDOs and/or sub-recipients to carry out HOME eligible activities, including housing rehabilitation projects, homeowner rehabilitation loans, rental property rehabilitation and single family new construction. In addition, up to 10% of eligible program income may be used for HOME Program allowable administrative expenses.

Allocation of Anticipated 2012 HOME Program Entitlement and Program Income Funds (2012 funds based on the 2011 allocation):

<i>Activity</i>	<i>Home Funding</i>	<i>Match Funding (25%)</i>
Administration (2012 Funds)	\$46,488.10	\$0
Eligible Housing Activities (2012 Funds)	\$348,660.75	\$87,165.19
CHDO Set-Aside (2012 Funds)	\$69,732.15	\$17,433.04
TOTAL 2012 HOME FUNDING	\$464,881.00	\$104,598.23

Estimated 2012 HOME Program Income (3 houses @ \$104,000, net proceeds at sale, less 10% Program Administration)	\$280,800
Estimated Program Administration (10%)	\$31,200
TOTAL ESTIMATED 2012 HOME PROGRAM INCOME FUNDING	\$312,000

Home Sales Policy

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

HOMEBUYER APPLICANT REQUIREMENTS

Citizenship

Applicants to purchase properties for sale through the City of Kenosha's HOME Program must be US citizens or have "Qualified Alien" status under Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Income

Eligibility for buyers through the HOME Program is based on annual household income. Total annual household income cannot exceed 80% of the County's median income per family size as determined by HUD. In accordance with the federal HOME Program Rules, the City has chosen to use Federal Income Tax IRS Form 1040 adjusted gross income to determine annual income. All homebuyers must sign IRS Form 4506 "Request for Copy of Tax Form" and the City will request a copy of the applicant's federal tax return transcript from the IRS. For IRS tax returns older than six months, the City will require an updated income verification, including third party verification of employment and recent earnings statements.

Ability to Obtain Mortgage Financing

Potential homebuyers must have the ability to obtain a Fixed Rate mortgage loan from a private lender or the City for up to 80% of the purchase price of the property offered for sale.

Down Payment Requirement

All homebuyers are required to provide a 3% down payment at closing. The down payment may be from

the buyer's personal savings or from a down payment assistance grant provided through the Federal Home Loan Bank or other source of down payment assistance.

Down Payment Assistance for VA Loan Borrowers

The City may provide a down payment assistance loan of up to \$5,000 for eligible Veterans Administration Loan borrowers. Down payment assistance loans will be a lien filed on the property and will be forgiven provided the borrower resides at the property for a period of 10 years after purchasing the property.

Primary Residence and Owner Occupied Single Family Deed Restriction

HOME assisted property must be occupied as the homebuyer's primary residence. The City will place a Deed Restriction on the property at the time of property transfer: "This property is a single family dwelling and will always remain a single family dwelling and owner occupied for as long as it remains on the land." The homebuyer cannot own any other residential property at time of closing.

Homebuyer Counseling Requirement

All homebuyers receiving assistance through the City's HOME Program must participate in homebuyer training offered through a HUD certified Local Housing Counseling Agency and provide the City with certification they have successfully completed such training.

Mortgage Subordinations

The City will process requests for mortgage subordinations from homebuyers for their HOME funded second mortgage under the following criteria:

- A) By refinancing their first mortgage, the borrower will be able to lower their interest rate and/or loan term.
- B) The borrower will be able to convert from an ARM to a fixed rate mortgage.
- C) The borrower will be taking out an equity loan or refinancing for purposes of doing home improvements, purchasing a car or for college costs.
- D) The City will require a 90% Loan to Value limit on refinancing or equity loans. The Loan to Value ratio will include the City's HOME second mortgage balance.
- E) The City will use the Assessed Value as determined by the City Assessor's Office or appraised value, whichever is lower, to determine the property value.
- F) Closing costs and fees for the proposed refinancing loan or equity loan must be no more than 3% of the proposed new loan amount.

Written requests for mortgage subordinations from homebuyers with a HOME second mortgage will be accepted and reviewed by City staff. A report and recommendation will be submitted to the City of Kenosha Housing Authority Board of Commissioners for review and consideration. A processing fee of \$100 will be charged to the borrower upon approval and processing the mortgage subordination.

HOME PROGRAM ASSISTANCE TO BUYERS

Second Mortgage Purchase Assistance

HOME funded second mortgage purchase assistance will be provided for up 17% of the purchase price of the home. HOME second mortgage purchase loans will be written as deferred payment loans at 0% interest for the first ten (10) years, then monthly payments will be required for the next 20 years at an interest rate of 3% annually.

Second mortgage purchase assistance loans will continue to be made available to income eligible homebuyers purchasing new homes city-wide. These purchase assistance loans will be provided for up 17% of the purchase price of the home. HOME second mortgage purchase loans for eligible homebuyers will be written as deferred payment loans at 0% interest for the first ten (10) years, then monthly payments will be required for the next 20 years at an interest rate of 3% annually. *As was also part of the approved 2007-2008 HOME Program amendment, these Purchase Assistance Loans will only be made available if the City has HOME Program Income revenue on hand.*

Recapture and Resale Provisions

The City of Kenosha anticipates that some of the first-time Homebuyer (FTHB) assistance provided with HOME funding will be a development subsidy used by the City or developer (HOME fund recipient) to produce affordable housing units. In those instances, it is expected that some of this subsidy will be a project development subsidy and this subsidy amount may not be recaptured.

Recapture Option

This option will be used by the City to recapture the HOME funded second mortgage purchase assistance loans provided to the homebuyers if the HOME recipient decides to sell the house within the required affordability period. The homeowner is able to sell the property at whatever price the market will bear. Recaptured funds are considered HOME Program Income to be reused for any HOME-eligible activity.

The City of Kenosha will also require that rental housing developers who have been assisted with HOME funding be subject to recapture provisions in the event the owner/developer sells their property before the period of affordability has expired:

- five (5) years when the per unit of HOME funds is less than \$15,000
- ten (10) years where the amount of HOME funds provided is \$15,000 to \$40,000
- fifteen (15) years where the per unit amount of HOME funds is greater than \$40,000

Affordability periods for homeownership assistance through the HOME Program are as follows:

HOME Funds Provided (Per Unit) *	Affordability Period
Less than \$15,000	5 Years
\$15,000 to \$40,000	10 Years
Greater than \$40,000	15 Years

**Per unit HOME Program assistance for homeownership is based on the amount of the HOME mortgage purchase assistance provided to the homebuyer. For example, if the City's HOME funded second mortgage to the buyer is \$25,000, the affordability period on the home is 10 years. Therefore, the City will provide second mortgage purchase loans with monthly payments deferred for 10 years at 0% interest. After the initial 10 years, the loan converts to a 3% monthly installment loan at 3% interest for a 20-year term.*

Resale Option

The resale option will only be used by the City in those cases where the homebuyer declines to accept a HOME funded second mortgage to purchase a HOME Buyer Program property. This option ensures that the HOME-assisted unit remains affordable over the entire affordability term. Resale requirements under the “resale option” include the following:

- A) The new purchaser must meet HOME Program income eligibility requirements (annual adjusted income below 80% of Kenosha County median income for family size).
- B) The new purchaser must occupy the property as their principal place of residence.
- C) The sales price must be affordable to the new buyer.
- D) Affordability is defined as: Monthly payment for principal, interest, taxes and insurance (PITI) cannot exceed 40% of the purchasers gross annual income.
- E) The seller is entitled to a “fair return” on their investment upon sale of the property. “Fair Return” on investment for purposes of the City’s HOME Program includes the homeowner’s initial investment (first mortgage, down payment and closing costs) and any documented capital improvements to the property completed after the initial sale.

Enforcement of the Recapture or Resale Options

The City will use the following legal instruments to meet and enforce the requirements of the recapture or resale restrictions:

<i>HOME Requirement</i>	<i>Recapture Option</i>	<i>Resale Option</i>
Principal Residence	Deed Restriction & HOME Lien	Deed Restriction & HOME Lien
Affordability Period	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Repayment of HOME Subsidy	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Fair Return to Owner	N/A	Deed Restriction & HOME Lien
Affordable Resale Price	N/A	Deed Restriction & HOME Lien
Subsequent Buyer’s Income	N/A	Deed Restriction & HOME Lien
* HOME Lien is a document recorded as a “Rider” with the HOME Program Mortgage securing repayment of the HOME subsidy.		

Matching Funds

The City of Kenosha intends to satisfy the Federally-mandated match requirements by using a combination of the eligible forms of match outlined in Section 92.220 of the HOME Program regulations. The City and all sub-recipients will document "match" on a per-project basis.

Funding Reduction and Adjustments Based on Actual HUD Allocation

If the funding level is more or less than the \$464,881 as indicated in this program description, each program activity will be adjusted by applying the same percent of funding increase or decrease equally to each activity.

Applicability of this HOME Program Description

The 2012 HOME Program Description shall supersede any and all previous HOME Program Descriptions in regard to the purposes and use of HOME Program funds.

Approved by City of Kenosha HOME Program Commission: [September 22, 2011]

Approved by Common Council: [November 7, 2011]

***CITY OF KENOSHA
HOME SALES POLICY***

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

Applicant Requirements

Applicants must meet the following requirements:

- U.S. citizenship or "Qualified Alien" status (as defined by HUD)
- 18 years of age or older
- Must meet the City's income limits for HOME Program
- Cannot own any real estate at time of closing
- Good verifiable credit rating
- Adequate verifiable income to support homeownership
- Must have 3% in funds to be used towards down payment plus closing costs
- Must complete a HUD accredited Homebuyer Counseling Course

When the purchase contract is signed, a \$500 earnest money deposit is required and will be credited toward the down payment. Obtaining first mortgage loan financing from private sources is the responsibility of the applicant.

FOR FURTHER INFORMATION CONTACT

Department of City Development
625 52nd Street, Room 308
Kenosha, WI 53140
Phone: 262.653.4030
Hours: 8:00 A.M. - 4:30 P.M.

2012 HOME Program Review & Approval Schedule

<i>Date</i>	<i>Activity</i>
By 10/07/11	Publish Public Notice for City of Kenosha Consolidated Plan/Annual Plan for CDBG and HOME Funds and Activities with a 30 Day Comment Period
11/07/11	Finance Committee Review and Consideration of 2012 Annual Plan/Consolidated Plan and 2012 HOME Program Description (Public Hearing)
11/07/11	Common Council Review and Consideration of 2012 Annual Plan/Consolidated Plan and 2012 HOME Program Description

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) 2013 PROGRAM DESCRIPTION

Use of Funds

The City of Kenosha intends to use its 2013 HOME funds for Program Administration and for eligible HOME Program activities as outlined below. Due to the current and ongoing instability in the housing market, the 2013 HOME Program Description is designed to allow flexibility in the allocation and commitment of funds to a variety of eligible HOME Program housing activities. However, the City will not be using any of its funding for tenant-based rental assistance, as rental assistance is already available through the Kenosha Housing Authority.

The City is funding these particular activities in this plan in order to be consistent with its Consolidated Plan, and to insure local housing activities are consistent with neighborhood revitalization strategies already adopted by the City.

Program Administration

The City of Kenosha will use 10% of its 2013 HOME allocation for payment of administrative and planning costs of the HOME Program. These costs include the reasonable costs of overall program management, coordination, monitoring, and evaluation of HOME activities by the City of Kenosha. The City will also set aside 10% of eligible HOME Program Income for allowable HOME Program administrative costs.

City of Kenosha Eligible HOME Program Activities

The City of Kenosha may use available 2013 HOME allocation to support the following types of activities undertaken by the City, Community Housing Development Organizations (CHDOs), Sub-recipients or Private Developers:

- A) Homeowner Rehabilitation
- B) Home Buyer Purchase Assistance city-wide
- C) Down Payment and/or Closing Cost Assistance Grant
- D) Tenant-Based Rental Assistance (TBRA)

Community Housing Development Organizations (CHDOs)

The City of Kenosha is setting aside the minimum required 15% of its 2013 HOME funds for eligible CHDOs to undertake eligible HOME Program activities listed above.

The City will allow CHDOs to request a maximum developer/general contractor fee of 15% of the total project cost of each HOME funded project they undertake and complete. Additional funding for CHDO projects may be made available from other HOME Program funds.

The City could also set aside up to \$25,000 for CHDO administrative expenses. The HOME Program regulations allow CHDO administrative expenses up to 5% of the City's total annual HOME Grant. CHDOs will need to submit an application to the City which includes their operating budget sources and use of funds to support their application for CHDO administrative expenses. The application will be reviewed by the City's HOME Program Commission with a recommendation to the City Finance Committee and Common Council for review and consideration.

HOME Program Income

HOME Program Income funds will be used to fund eligible HOME Program activities and funding set-asides for eligible CHDOs and/or sub-recipients to carry out HOME eligible activities, including housing rehabilitation projects, homeowner rehabilitation loans, rental property rehabilitation and single family new construction. In addition, up to 10% of eligible program income may be used for HOME Program allowable administrative expenses.

Allocation of Anticipated HOME Program Entitlement and Program Income Funds: (2013 funds based on the 2012 allocation)

Activity	Home Funding	Match Funding (25%)
Administration (2013 Funds)	\$34,164.50	\$0
Eligible Housing Activities (2013 Funds)	\$256,233.75	\$64,058.44
CHDO Set-Aside (2013 Funds)	\$51,246.75	\$12,811.69
TOTAL 2013 HOME FUNDING	\$341,645.00	\$76,870.13

Estimated 2013 HOME Program Income (3 houses @ \$74,100, net proceeds at sale, less 10% Program Administration)	\$200,070
Estimated Program Administration (10%)	\$22,230
TOTAL ESTIMATED 2013 HOME PROGRAM INCOME FUNDING	\$222,300

Home Sales Policy

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

HOMEBUYER APPLICANT REQUIREMENTS

Citizenship

Applicants to purchase properties for sale through the City of Kenosha's HOME Program must be US citizens or have "Qualified Alien" status under Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Income

Eligibility for buyers through the HOME Program is based on annual household income. Total annual household income cannot exceed 80% of the County's median income per family size as determined by HUD. In accordance with the federal HOME Program Rules, the City has chosen to use Federal Income Tax IRS Form 1040 adjusted gross income to determine annual income. All homebuyers must sign IRS Form 4506 "Request for Copy of Tax Form" and the City will request a copy of the applicant's federal tax return transcript from the IRS. For IRS tax returns older than six months, the City will require an updated income verification, including third party verification of employment and recent earnings statements.

Ability to Obtain Mortgage Financing

Potential homebuyers must have the ability to obtain a Fixed Rate mortgage loan from a private lender or the City for a minimum of 80% of the purchase price of the property offered for sale (non City owned properties), or a minimum of 57% of the purchase price of the City properties offered for sale. The minimum financing is based on a 3% down payment. Where the homebuyer provides a larger downpayment, the minimum financing obtained through a private lender or the City may be reduced.

Down Payment Requirement and Down Payment Assistance

All homebuyers are required to provide a 3% down payment at closing. The down payment may be from the buyer's personal savings or from a Down Payment Assistance Grant provided through the Federal Home Loan Bank, City of Kenosha, or other source of down payment assistance.

The City may provide a Down Payment Assistance Grant to eligible homebuyers through HOME Program funds. The Down Payment Assistance Grant will require the homebuyer to pay a minimum of 25% of the required downpayment amount, or \$1,000, whichever is greater. The Homeowner will be required to live in home for minimum of five years, or the grant amount will be required to be paid back in full, less a 20% reduction for every year the homeowner resides in the home.

Down Payment Assistance for VA Loan Borrowers

The City may provide a Down Payment Assistance Grant of up to \$5,000 for eligible Veterans Administration Loan borrowers. Down Payment Assistance Grants will be a lien filed on the property and will be forgiven provided the homeowner resides at the property for a period of 5 years after purchasing the property. Where the homeowner lives in the home less than 5 years, the grant amount will be required to be paid back in full, less a 20% reduction for every year the homeowner resides in the home.

Primary Residence and Owner Occupied Single Family Deed Restriction

HOME assisted property must be occupied as the homebuyer's primary residence. The City will place a Deed Restriction on the property at the time of property transfer: "This property is a single family dwelling and will always remain a single family dwelling and owner occupied for as long as it remains on the land." The homebuyer cannot own any other residential property at time of closing.

Homebuyer Counseling Requirement

All homebuyers receiving assistance through the City's HOME Program must participate in homebuyer training offered through a HUD certified Local Housing Counseling Agency and provide the City with certification they have successfully completed such training.

Mortgage Subordinations

The City will process requests for mortgage subordinations from homebuyers for their HOME funded second mortgage under the following criteria:

- A) By refinancing their first mortgage, the borrower will be able to lower their interest rate, monthly payment and/or loan term.
- B) The borrower will be able to convert from an ARM to a fixed rate mortgage.

- C) The borrower will be taking out an equity loan or refinancing for purposes of doing home improvements, purchasing a car or for college costs.
- D) The City will require a 90% Loan to Value limit on equity loans, and a maximum of 125% Loan to Value limit on refinancing where the borrower is able to lower their interest rate, payment or loan term. The Loan to Value ratio will include the City's HOME second mortgage balance.
- E) The City will use the Assessed Value as determined by the City Assessor's Office, Estimated Market Value consistent with valuation modules permitted by the first mortgage's loan program, or appraised value, whichever is higher, to determine the property value.
- F) Closing costs and fees for the proposed refinancing loan or equity loan must be no more than 3% of the proposed new loan amount.

Written requests for mortgage subordinations from homebuyers with a HOME second mortgage will be accepted and reviewed by City staff. A report and recommendation will be submitted to the City of Kenosha Housing Authority Board of Commissioners for review and consideration. A processing fee of \$100 will be charged to the borrower upon approval and processing the mortgage subordination.

HOME PROGRAM ASSISTANCE TO BUYERS

Second Mortgage Purchase Assistance

HOME funded second mortgage purchase assistance will be provided for up to 40% of the purchase price of homes sold by the City of Kenosha. HOME second mortgage purchase loans will be written as deferred payment loans at 0% interest for up to the first fifteen (15) years, then monthly payments will be required for the next fifteen (15) years at an interest rate of 3% annually.

On a case-by-case basis, subject to final approval by the Kenosha Housing Authority Board, the City may offer a second mortgage loan where repayment is deferred until time of sale or when the property ceases to be the principal residence of the homebuyer. This provision is also available to existing holders of City Second Mortgage Loans when refinancing. Repayment shall not be required until the borrower sells the home or it is no longer their principal residence. Such loans shall be subject to a "deferred loan fee" of 10% of the original loan amount at the time of repayment.

Second mortgage purchase assistance loans will continue to be made available to income eligible homebuyers purchasing new homes city-wide. These purchase assistance loans will be provided for up to 17% of the purchase price of the home. HOME second mortgage purchase loans for eligible homebuyers will be written as deferred payment loans at 0% interest for the first ten (10) years, then monthly payments will be required for the next twenty (20) years at an interest rate of 3% annually.

Closing Cost Assistance

The City may provide a Closing Cost Assistance Grant, up to 3% of the purchase price, to eligible homebuyers through HOME Program funds. The Homeowner will be required to live in home for minimum of five years, or the grant amount will be required to be paid back in full, less a 20% reduction for every year the homeowner resides in the home.

Recapture and Resale Provisions

The City of Kenosha anticipates that some of the first-time Homebuyer (FTHB) assistance provided with HOME funding will be a development subsidy used by the City or developer (HOME fund recipient) to produce affordable housing units. In those instances, it is expected that some of this subsidy will be a project development subsidy and this subsidy amount may not be recaptured.

Recapture Option

This option will be used by the City to recapture the HOME funded second mortgage purchase assistance loans provided to the homebuyers if the HOME recipient decides to sell the house within the required affordability period. The homeowner is able to sell the property at whatever price the market will bear. Recaptured funds are considered HOME Program Income to be reused for any HOME-eligible activity.

The City of Kenosha will also require that rental housing developers who have been assisted with HOME funding be subject to recapture provisions in the event the owner/developer sells their property before the period of affordability has expired:

- Five (5) years when the per unit of HOME funds is less than \$15,000
- Ten (10) years where the amount of HOME funds provided is \$15,000 to \$40,000
- Fifteen (15) years where the per unit amount of HOME funds is greater than \$40,000

Affordability periods for home ownership assistance through the HOME Program

HOME Funds Provided (Per Unit) *	Affordability Period
Less than \$15,000	5 Years
\$15,000 to \$40,000	10 Years
Greater than \$40,000	15 Years

**Per unit HOME Program assistance for home ownership is based on the amount of the HOME mortgage purchase assistance provided to the homebuyer. For example, if the City's HOME funded second mortgage to the buyer is \$25,000, the affordability period on the home is 10 years. Therefore, the City will provide second mortgage purchase loans with monthly payments deferred for 10 years at 0% interest. After the initial 10 years, the loan converts to a 3% monthly installment loan at 3% interest for a 20-year term.*

Resale Option

The resale option will only be used by the City in those cases where the homebuyer declines to accept a HOME funded second mortgage to purchase a HOME Buyer Program property. This option ensures that the HOME-assisted unit remains affordable over the entire affordability term. Resale requirements under the "resale option" include the following:

- A) The new purchaser must meet HOME Program income eligibility requirements (annual adjusted income below 80% of Kenosha County median income for family size).
- B) The new purchaser must occupy the property as their principal place of residence.
- C) The sales price must be affordable to the new buyer.

- D) Affordability is defined as: Monthly payment for principal, interest, taxes and insurance (PITI) cannot exceed 40% of the purchasers gross annual income.
- E) The seller is entitled to a "fair return" on their investment upon sale of the property. "Fair Return" on investment for purposes of the City's HOME Program includes the homeowner's initial investment (first mortgage, down payment and closing costs) and any documented capital improvements to the property completed after the initial sale.

Enforcement of the Recapture or Resale Options

The City will use the following legal instruments to meet and enforce the requirements of the recapture or resale restrictions:

HOME Requirement	Recapture Option	Resale Option
Principal Residence	Deed Restriction & HOME Lien	Deed Restriction & HOME Lien
Affordability Period	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Repayment of HOME Subsidy	Promissory Note & HOME Lien	Deed Restriction & HOME Lien
Fair Return to Owner	N/A	Deed Restriction & HOME Lien
Affordable Resale Price	N/A	Deed Restriction & HOME Lien
Subsequent Buyer's Income	N/A	Deed Restriction & HOME Lien

* HOME Lien is a document recorded as a "Rider" with the HOME Program Mortgage securing repayment of the HOME subsidy.

Matching Funds

The City of Kenosha intends to satisfy the Federally-mandated match requirements by using a combination of the eligible forms of match outlined in Section 92.220 of the HOME Program regulations. The City and all sub-recipients will document "match" on a per-project basis.

Funding Reduction and Adjustment Based on Actual HUD Allocation

If the funding level is more or less than the \$341,645 as indicated in this program description, each program activity will be adjusted by applying the same percent of funding increase or decrease equally to each activity.

Applicability of this HOME Program Description

The 2013 HOME Program Description shall supersede any and all previous HOME Program Descriptions in regard to the purposes and use of HOME Program funds.

Approved by City of Kenosha HOME Program Commission: September 19, 2012

Approved by Common Council: November 5, 2012

CITY OF KENOSHA HOME SALES POLICY

Homes for sale through the City of Kenosha HOME Program will be advertised and sold on a first-come-first-served basis.

Applicant Requirements

Applicants must meet the following requirements:

- U.S. citizenship or "Qualified Alien" status (as defined by HUD)
- 18 years of age or older
- Must meet the City's income limits for HOME Program
- Cannot own any real estate at time of closing
- Good verifiable credit rating
- Adequate verifiable income to support home ownership
- Must have 3% in funds to be used towards down payment plus closing costs
- Must complete a HUD accredited Homebuyer Counseling Course

When the purchase contract is signed, a \$500 earnest money deposit is required and will be credited toward the down payment. Obtaining first mortgage loan financing from private sources is the responsibility of the applicant.

FOR FURTHER INFORMATION CONTACT

Department of Community Development & Inspections
625 52nd Street, Room 308
Kenosha, WI 53140
Phone: 262.653.4030
Hours: 8:00 A.M. - 4:30 P.M.

2013 HOME Program Review & Approval Schedule

Date	Activity
By 10/05/12	Publish Public Notice for City of Kenosha Consolidated Plan/Annual Plan for CDBG and HOME Funds and Activities with a 30 Day Comment Period
11/05/12	Finance Committee Review and Consideration of 2013 Annual Plan/Consolidated Plan and 2013 HOME Program Description (Public Hearing)
11/05/12	Common Council Review and Consideration of 2013 Annual Plan/Consolidated Plan and 2013 HOME Program Description

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