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CITY OF WHITEWATER HOME RENEWAL PROGRAM POLICY

Owner: Community Development Director (Community Development Department)

Approving Body: Community Development Authority (CDA) / Common Council

Related Policies: Affordable Housing Fund Policy 602.01 (Rev. 02-15-2024); Former Owner-Occupied Rehab Application (2018)

Initial Allocation: \$1,200,000 from Affordable Housing Extension proceeds for Home Renewal Program

1. Purpose & Objectives:

The Home Renewal Program (HRP) invests in Whitewater's single-family owner-occupied housing to (a) reconvert homes that were altered for rental use back to compliant single-family layouts and (b) remedy major health, safety, and code deficiencies (e.g., obsolete wiring, failing foundations, life-safety/code failures), thereby extending the useful life of older homes, stabilizing neighborhoods, and increasing long-term owner-occupancy.

This policy operationalizes the City's Affordable Housing Extension (AHE) objectives and uses loan terms and compliance tools consistent with the City's Affordable Housing Fund policy (10-year deed restriction; repayment plus penalty upon conversion to rental; hardship waiver via CDA). Typical rehabilitation priorities mirror Wisconsin CDBG housing guidance: address health and safety, energy efficiency, and accessibility first, then other essential work.

2. Program Budget & Caps:

- Total initial program budget: \$1,200,000 (non-Down Payment Assistance share of the Affordable Housing Fund).
- Target allocations (for planning):
 - Reconversion projects: approximately 60 percent
 - Major systems/code rehabilitation: approximately 40 percent
- Per-home assistance (not to exceed):
 - Standard cap: \$60,000 or 110% loan to value (whichever comes first),
 - Exceptional need cap (with CDA approval): \$90,000 for structural stabilization, comprehensive electrical replacement such as knob-and-tube removal/rewire, or mandated hazard abatement.
- Average project planning figure: \$40,000 to \$60,000 per home (the prior program's typical roof/siding/windows projects ran approximately \$25,000 to \$30,000; complex reconversions and system replacements will exceed this).

3. Eligible Properties & Households:

Location and Type:

Single-family, owner-occupied homes within the City of Whitewater.

Age/Condition Screen:

To ensure Home Renewal Program resources support the City's older housing stock and address the greatest community need:

- Homes must have been constructed at least 30 years ago (built in or before 1995),
or



- Exhibit verified major structural, code, or life-safety deficiencies as documented by a Building Inspector (e.g., unsafe electrical systems, foundation failure, heating system collapse, fire or egress hazards).

When determining eligibility and prioritization, the following Age Scoring Matrix will be applied:

Year Built	Points	Notes
Pre-1940	25	Legacy and historic housing stock; high rehab potential.
1940–1959	20	Aging postwar homes typically requiring system modernization.
1960–1979	15	Mid-century homes approaching lifecycle end of core systems.
1980–1994	10	Aging but not yet high-need stock.
1995 or newer	0	Generally ineligible unless a major verified life-safety deficiency exists.

4. Owner-Occupancy:

Property must serve as the applicant’s primary residence. Proof of continued owner-occupancy and insurance is required annually for the 10-year deed restriction period. Borrower’s would need to provide proof of insurance on an annual basis for the period of the loan.

5. Income Focus:

At least 75 percent of Home Renewal Program (HRP) funds must benefit households at or below 150 percent of HUD-defined county median income. The remaining 25 percent may assist over-income owners when the project contributes to the stabilization of the City’s housing stock.

6. Property Taxes and Insurance:

Property taxes must be current, and the property must be free of any liens or encumbrances other than an existing mortgage. The City of Whitewater must be listed as an additional insured on the homeowners insurance policy for the life of the loan.

7. Deed Restriction:

A 10-year deed restriction shall be recorded prohibiting conversion of the property to rental use. If this restriction is violated at any time during the 10-year period, the borrower shall be required to immediately repay the full outstanding principal balance of the loan, plus a \$5,000 penalty.

8. Purchase Transactions:

Buyers of qualifying single-family properties who intend to occupy the home as their primary residence may apply for and be approved for HRP funds prior to closing. All documents for HRP will then be signed after closing and access to HRP funds may only occur after closing to finance required reconversion or rehabilitation work.

9. Priority Scoring (for Award Sequencing): Applications will be evaluated on a 100-point scale to prioritize projects that address the most critical needs and align with the City’s long-term housing stabilization goals.

Category	Points	Description
Home Age	0–25	Based on the Age Scoring Matrix (above). Focus on pre-1980 homes and older structures with greater community benefit.
Neighborhood Impact / Reconversion Benefit	0–20	Converts former rental units back to compliant owner-occupied single-family use.
Building Code Compliance Deficiencies	0–30	Foundation, framing, or roof deficiencies threatening structural integrity. Must be verified through inspection or engineer report. Imminent hazards such as electrical, plumbing, heating, or egress failures, consistent with HUD <i>Life-Safety and Health Priority</i> criteria. Violations under Wisconsin UDC SPS 320–325 or local ordinances, including broken windows, damaged/failing siding, roofing issues, damaged porches, entryways, etc
Energy Efficient Upgrades	0-20	High-efficiency HVAC systems, insulation, air sealing, energy audits, electrical panel upgrades, and energy-star appliances
Household Income Level	0–5	≤80% CMI = 5 points; ≤150% CMI = 2 points. Reflects Affordable Housing Fund priorities.

Total Possible: 100 Points

Minimum Recommended Threshold for Selection: 60 Points

Tie-breakers (if needed, based on available funding):

If multiple applicants receive equal scores, preference will be given to:

1. Homes within targeted neighborhood stabilization areas;
2. Homes converting a rental to owner-occupied single-family;
3. Properties with disabled owner-occupants or owner occupant over 65 years of age;
4. Projects addressing multiple life/safety and accessibility factors.
5. Projects utilizing local contractors from within a 25-mile radius of City of Whitewater.

10. Eligible Activities: Allowable rehabilitation activities include those that will aid in increasing the supply of decent, safe and sanitary housing, as well as those that will contribute to more habitable housing conditions by promoting energy conservation and heating efficiency. Priority will be given to projects designed to eliminate situations that present an immediate threat to the health or safety of the occupants or the structural integrity of the owner occupied housing unit.

1. Reconversion to Single-Family Layout (primary track)
 - a. Removal of unpermitted or unsafe bedroom partitions; restoration of required living/dining/common areas.
 - b. Reconfiguration of means of egress, smoke/CO detection, and room dimensions to comply with Wisconsin Uniform Dwelling Code (UDC) SPS 320–325 and local code.
2. Major Systems and Code/Life-Safety Repairs
 - a. Electrical: replacement of obsolete or unsafe wiring (e.g., knob-and-tube) to code compliant electrical systems.
 - b. Structural/foundation stabilization; roof replacement; exterior envelope when failing to meet code compliant standards.

- c. Mechanical: heating/ventilation replacements where unsafe or at end-of-life; plumbing repairs to meet code compliance standards/leaks.
 - d. Lead-safe work to meet code compliance standards/leaks where paint is disturbed; clearance as applicable.
 - e. Energy and weatherization measures required to meet UDC energy standards when part of a broader life-safety scope. This may include windows and siding if meeting energy standards.
 - f. Accessibility modifications essential to safe occupancy. Wisconsin CDBG guidance prioritizes accessibility. This may include items such as doors and entryway steps if meeting accessibility standards.
3. Energy Efficiency Upgrades

11. Ineligible Activities: The following are NOT eligible for funding through this program:

- Acquisition/purchase of property
- New construction
- Additions
- Building or rebuilding of garages
- Any improvements to unattached garages
- Cost of materials, fixtures, or equipment whose quality exceeds that of products customarily used in surrounding properties of the same general
- Concrete work (sidewalk, driveway and garage floor replacement)
- Nonstructural foundation repairs
- Landscaping, unless soil is contaminated with lead or the structure of the home is affected

Note: Improvements made solely for cosmetic reasons (remodeling rooms, etc.) may not be paid for with program funds

12. Professional Services:

Pre-work inspections, scopes of work, bid packages, construction management, and post-work inspections or clearance testing will be required. All payments will be made directly to the contractor. Payment to contractors is contingent upon the property passing final inspection and the submission of a complete invoice along with properly executed lien waivers.

13. Financial Terms:

- Form: 0 percent interest deferred-payment loan secured by a mortgage and note; due upon sale or transfer, cash out mortgage refinance, or program default mirroring the City's prior rehab program terms.
- Forgiveness: None; principal is repaid at sale or transfer, cash out mortgage refinance.
- Match: No homeowner cash match required; however, owners may add private funds for non-eligible upgrades under a separate contract.
- Stacking: HRP may coordinate with other resources (e.g., utility rebates or separate CDBG rehab if available), including HOME Consortium, Southern Housing Region; federal funds trigger HUD LSHR compliance.
- Homeowner will be required to pay the county recording fee to properly record the loan.

14. Mortgage:

- Homes with a reverse mortgage in place are not eligible to participate in the program.
- Properties held in any type of trust are also not eligible to participate in the program.
- Subordination Policy: The City will maintain a policy outlining the criteria and process for determining whether a project may be considered for a subordination agreement prior to the loan being paid in full. Approval of any subordination request shall be subject to the terms and conditions set forth in that policy.

15. Application and Application Checklist, Underwriting and Procurement:

- Application
Use an updated HRP application form (owner/household info; debts; proof of insurance; income documentation; consent to verify; conflict-of-interest; appeal process).
- Property Inspection and Scope
City (or contracted agent) performs code/condition inspection; produces a written Scope of Work aligned to UDC and lead-safe rules. Payment for these inspections is taken from the total loan amount.
- Bidding and Contractor Requirements
 - Minimum 3 written bids (unless emergency work).
 - All contractors must be licensed and insured. Contractors will need to provide proof of insurance. There may be special certifications/license required where paint will be disturbed in pre-1978 homes, EPA RRP-certified.
 - Change orders require pre-approval by program staff; retainages allowed until final acceptance.
- Agreements and Security
Homeowner signs mortgage, consumer note, truth and lending statement, contractor contracts, City records lien.

16. Code, Health and Environmental Compliance (minimums):

- UDC compliance (SPS 320–325): All finished work must meet state and local code.
- Lead-Safe Requirements:
 - All projects follow HUD Lead Safe Housing Rule 24 CFR Part 35 Subpart J.
 - Regardless of funding, any work disturbing paint in pre-1978 housing must meet EPA RRP Rule 40 CFR Part 745.

16. Monitoring, Reporting and Enforcement:

- Construction oversight: Progress inspections; final inspection for code compliance; lead clearance documentation if applicable.
- Annual compliance: Owner must submit annual certification of owner-occupancy and mandated insurance coverage
- Rental prohibition: If converted to rental within 10 years, the City will demand immediate repayment of principal plus \$5,000 penalty; CDA may grant a hardship waiver case-by-case.
- Records: Maintain project files for not less than seven years after repayment or closeout.

17. Appeals and Conflict of Interest:

- Conflict of Interest: Applicants disclose relationships with covered persons; the program follows the City's existing disclosure/recusal process.

- Appeals: Applicants may appeal staff determinations to the CDA; if federal funds are used under a CDBG overlay, follow DEHCR/HUD appeal protocols.

18. Program Workflow (summary):

- Intake → eligibility pre-screen.
- Inspection → written scope.
- Project Scoring
- Bidding → homeowner submits all bids received, minimum of three. Homeowner may select any of the bidders, but City will only reimburse up to the lowest responsible contractor bid.
- Closing → record mortgage and deed restriction; issue Notice to Proceed.
Contracts are initiated – homeowner to sign and contractor. Work begins after contracts are signed by both parties and returned program administrator
- Construction upon receipts of contracts → change-order control.
- Final → Final invoice received with W-9 (if not already supplied) and a signed lien waver, close out inspection, code sign-off; lead clearance if required. Final inspection. Sign off payment directly to contractors
- Annual monitoring → occupancy and insurance certifications.
- Repayment → at sale/transfer/ cash-out refinance or upon prohibited rental conversion.

19. Communications and Branding:

Public-facing materials shall consistently use the “Home Renewal Program” branding and emphasize: helping owner-occupants reconvert former rentals and address major code and safety issues, as well as renewing Whitewater’s single-family homes for the long term.