



2023 HOUSING IMPROVEMENT LOAN INFORMATION CDBG - OWNER OCCUPIED HOUSING REHABILITATION PROGRAM

The City of Oshkosh offers financial assistance to qualified city homeowners to make housing repairs.

The purpose of the program is to pay for housing repairs. The program may also correct code related problems, address lead based paint hazards, and assist with handicap accessibility modifications. The program is not intended to cover remodeling type work, or the construction of new buildings or additions. The program must address all exterior property maintenance issues and identified lead paint hazards.

WHAT TYPES OF LOANS ARE AVAILABLE?

The city offers two types of loans; Comprehensive Repair and Critical Repair. Both types of rehabilitation loans are interest free loan and repayable when the owner no longer owns and/or occupies the house or when household income rises above 80% of median and housing related expenses are less than 30% of household income.

Comprehensive Repair Loans

Comprehensive Repair loans address housing repairs, lead paint and accessibility issues. Applications for these loans are accepted from December 15 through March 15 each year.

The loan amount provided to each approved applicant is based on a number of issues including the cost of the proposed work, the value of the property and the amount already owed on the property.

Applications are ranked on the basis of the condition of the property and the income of the household and are approved by the City of Oshkosh Loan Committee based on eligibility and program funding available. There is no waiting list. Homeowners who do not receive funding may reapply the next program year. In situations where there are significant financial and credit issues, loans may be made contingent on credit counseling or other requirements to improve the financial stability of the household.

Critical Repair Loans

Critical Repair loans address conditions that pose an immediate threat to the health and safety of the occupants as determined by program staff. Examples those kinds of conditions are replacement of non-repairable furnaces during the winter months and upgrade of electrical service or water/sewer laterals when the owner is faced with utility shut off or loss of insurance due to unsafe conditions.

Applications for Critical Repair loans are accepted throughout the year. Applications are subject to review and approval by the City of Oshkosh Loan Committee.

WHO IS ELIGIBLE FOR REHABILITATION FUNDING?

Owner Occupants within the City of Oshkosh

Applicants must own and live in the property for which rehabilitation funding is requested. The home may be a single family home or an owner occupied property that contains living units rented to others.

Income Qualifications

Households living in the property for which a loan is being requested must have an annual income below 80% of the area median income. Income includes all payments received by all household members 18 years and older on a regular basis. Income includes, but is not limited to, wages, disability payments, social security, pension and retirement income, unemployment and child support. The household includes all persons living in the home, related or unrelated. If the property contains separate living units rented to others, the tenant household must also be income qualified.

Household Size	2022 Annual Household Income Limit
1	\$47,600
2	\$54,400
3	\$61,200
4	\$68,000
5	\$73,450
6	\$78,900
7	\$84,350
8	\$89,800

Mortgage for rehabilitation loan

The rehabilitation loan is secured by a mortgage on the property. In determining eligibility for a rehabilitation loan, the city will consider how many mortgages are already on the home and the amount of money owed on those mortgages as compared to the value of the home.

Other qualifications

To be considered, the property must be insured at all times, and the homeowner must be current on municipal tax and utility payments.

WHAT HAPPENS IF YOU ARE APPROVED FOR A REHABILITATION LOAN?

Timing

Loan funds cannot be applied to improvements that have already been started or completed. Prior approval is required. The city will determine the order in which projects will be undertaken based on the type of work needed. Due to limitations of staff and contractor availability, it may take six months or more following loan approval before work begins, unless there is an emergency. Contractors are expected to complete work 100 days following the date the city issues an order to proceed on a given project.

Determining the Scope of Work

The city will determine the work to be included in the project and will develop a scope of work or specifications for bidding purposes. Owners receive a draft copy of the specifications for review prior to bidding.

Bidding and Contractor Selection

The city and/or owner solicits bids from general contractors, unless the nature of the work to be done would be more appropriate to bid to one or two trades. Owners are encouraged to solicit bids from licensed and insured contractors and provide bids with their application. The owner reviews completed bids and selects the general contractor. The owner is not required to select the lowest bid.

Completion of Work

All work included in the project is to be completed by the general contractor, his subcontractors, and employees. All lead paint related work must be performed by contractors and/or subcontractors that are trained and State certified in a lead hazard reduction discipline and associated with a certified lead company.

WHAT ARE THE ONGOING LOAN TERMS AND CONDITIONS?

The rehabilitation loan is secured by a mortgage on the property.

Rehabilitation loans are interest free and do not require repayment unless the owner no longer owns and/or occupies the home or household income rises above 80% of county median income and the owner is paying less than 30% of household income for housing related expenses.

When the owner no longer owns and/or occupies the home, the full amount of the loan is immediately due and payable.

If the household income rises above 80% of county median income and the owner is paying less than 30% of household income for housing related expenses, loan repayments will be made in installments and will carry no interest. The amount repaid, together with other housing related expenses, will not exceed 30% of the household income.

During the time the rehabilitation mortgage is in effect, the following must apply:

- The person who owns the home at the time the loan was approved must continue to own and live in the property.
- The owner is responsible for continuing insurance coverage on the home, being current on municipal tax and utility payments and maintaining the property in good condition.
- The city will periodically verify household income to determine if loan repayment is necessary.
- The city will not automatically subordinate the rehabilitation mortgage in the event the property owner wants to refinance the first mortgage.
- In considering a subordination request, the city will consider household income, the purpose of the refinance, the terms and conditions of the proposed loan versus the loan to be refinanced, as well as the value of the property.