



## SUMMARY

# RENTAL REHABILITATION PROGRAM

## CITY OF MADISON, WISCONSIN



The Department of Planning & Community & Economic Development is administering a loan program to assist investors to upgrade their non owner-occupied rental properties.

The current interest rate for the Rental Rehabilitation loan is 5%. The loan is to be repaid in monthly installments which include principle and interest. The maximum term of the loan is 15 years.

### **Requirements for Participation**

Certain minimum requirements must be met before a property can be rehabilitated through the program. Here are the basic prerequisites for participation:

- The property must be a non owner-occupied, residential rental property containing no more than eight dwelling units.
- The property must be located within the City of Madison.
- Eligible properties must be 75% occupied by households with incomes of no more than 80% of the Dane County median income (see attached chart).
- The property after rehabilitation must meet the local Minimum Housing and Energy Codes.
- If the construction work involves disturbing existing lead-based paint or asbestos, accepted industry abatement standards must be followed.
- The maximum loan amount shall be \$19,000 for a single unit and \$3,000 per additional unit up to a maximum of \$40,000 for a 8-unit building.
- The rents after rehabilitation for the first year cannot exceed the HUD fair market rents for Dane County (see attached chart).
- Borrowers must assist and actively cooperate with the City in obtaining compliance of contractors and subcontractors with the Equal Employment Opportunity and Affirmative Action Ordinances.
- Borrowers must agree to not refuse to lease or otherwise make unavailable units in the property solely because an applicant for a unit is a direct recipient of a federal, state, or local government housing subsidy.
- Loan applications will not be funded that involve permanent displacement of existing lower-income tenants.
- Total debt secured by the property, including the new City loan, cannot exceed 90% of the value of the property.

The amount of the application fee to be charged by the City is \$200 and must be paid at the time of application. The required loan processing fee is 1% of the loan amount. Also, the applicant will be responsible for covering the cost of an appraisal for a property containing two or more units. The loan processing fee and appraisal fee are eligible costs which can be included in the loan.

### INCOME LIMITS (2009)

| <u>Household Size</u> | <u>80% of Median</u> |
|-----------------------|----------------------|
| 1 person              | \$44,800             |
| 2 persons             | \$51,200             |
| 3 persons             | \$57,600             |
| 4 persons             | \$64,000             |
| 5 persons             | \$69,100             |
| 6 persons             | \$74,250             |
| 7 persons             | \$79,350             |
| 8 or more             | \$84,500             |

### RENT LIMITS

|                    | SRO   | Efficiency | 1 BR  | 2 BR  | 3 BR    | 4 BR    |
|--------------------|-------|------------|-------|-------|---------|---------|
| Fair Market Rents* | \$473 | \$631      | \$788 | \$931 | \$1,249 | \$1,547 |

\* The rents have been adjusted for Madison by the Community Development Authority Board, effective November 1, 2008.

For assistance or more detailed information on program requirements, please call Terri Goldbin 266-4223 or Craig Wilson at 266-6557.

[www.cityofmadison.com/homeloans](http://www.cityofmadison.com/homeloans)

