



# High demand depletes Milwaukee's home repair loan program

By Crocker Stephenson of the Journal Sentinel  
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The City of Milwaukee is no longer accepting applications for a popular — perhaps too popular — home improvement loan program.

The reason: No more money.

"We are currently oversubscribed," Maria Prioletta, a Department of City Development official, said in a message sent to Common Council members last week. "The program has experienced overwhelming demand."

The STRONG Homes Loan Program offers partially forgivable loans to city residents for emergency and essential home repairs. The terms and rates of the loans are based on applicants' income and ability to pay.

Twenty-five percent of the loan is forgiven if its recipients remain in their homes for 10 years after the completion of their projects.

The city provided \$1 million for the program in its 2015 budget, DCD spokesman Jeff Fleming said, with the expectation that the sum would be sufficient to cover 50 loans. Applications were considered on a first-come, first-served basis.

By the end of last week, nearly 40 loans had been completed, totaling \$459,000. Roughly 100 applications were still in the queue, he said.

"Applications have literally come from all over the city," Fleming said. "We have people from every aldermanic district."

DCD has moved \$250,000 from the Homebuyer Assistance Program to the loan program. Fleming said officials think the additional sum will cover homeowners whose applications have been already received.

But no more than that. A note has been posted at the top of the loan program's website that says: "Due to extremely high demand, the STRONG Loan Program has committed all its available funding for 2015."

Beneath the notice is a link to the city's housing resource guide.

Housing officials now will evaluate how well the loan program has worked and decide what to request in the 2016 budget, Fleming said.

Not good enough, said Ald. Bob Bauman.

He wants the city to find more money before the summer home improvement season ends.

"We need to act on this — like now," Bauman said.

Bauman cited a Haas Institute report that examined nationwide rates of negative home equity — that is, homes whose mortgages exceed their market value — and ranked the Milwaukee Metropolitan Area as the 15th worst in the nation.

According to the study, 23% of metro-area homes were underwater in 2013. In the city, it was 40%. In two ZIP codes, greater than half the homes were underwater.

While the nation appears to be pulling out of its housing slump, for homeowners in these hot spots of negative equity "the nightmare persists," the report says.

These homeowners, unable to borrow against the equity in their homes, are unable to keep abreast of expensive maintenance, Bauman said.

"As a result, you have housing stock that is deteriorating," Bauman said.

Bauman has asked that the Special Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes discuss ways to continue funding the loan program when it meets June 1.

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