

City of Madison

Community Development Division

Suite 300, 215 Martin Luther King, Jr. Blvd.
Madison, WI 53703-3348

REQUEST FOR PROPOSALS

Subsection B

RFP #2022-11066

See General Requirements

Subsection B

Housing Forward: Financing for Homeownership - Programs & Services

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SECTION B-1: ELIGIBILITY REQUIREMENTS

1. Eligible Applicants

To be considered for funding under **Homeownership - Programs and Services** in this **Subsection B**, applicants must be:

- a) Not-for-profit corporations. Must be, at the time of application, a 501(c)(3) or 501(c)(4) tax-exempt organization with an active board that meets regularly in accordance with its by-laws and is in good standing with the Wisconsin Department of Financial Institutions
 - If applying for federal funds, at the time of application, all applicants must have an active registration in the System for Award Management website (SAM). Registration for the SAM website can be found at <https://sam.gov/content/entity-registration>

NOTE: Organizations with faith-based affiliations or For-Profit entities may partner with a Non-Profit entity. The Non-Profit must be the lead applicant.

Applicants must also meet the following requirements:

- a) Demonstrate knowledge, experience, and/or capacity managing a program of similar complexity for which funds are being requested.
- b) Have established procedures for the program that reflect fair housing policies.
- c) Market the proposed program effectively, including implementing an affirmative marketing program to the community to ensure non-discriminatory access to benefits.
- d) Demonstrate knowledge of the sector and current trends.
- e) Demonstrate knowledge of the City of Madison's Minimum Housing Code (MHC) and Lead-Based Paint standards and protocols.
- f) If applying for funds to administer **homebuyer assistance (mortgage reduction)**, demonstrate experience working with traditional mortgage lenders to provide financial assistance to borrowers.
- g) Demonstrate a commitment to embracing the City's Racial Equity and Social Justice goals in all aspects of the project including, but not limited to, bidding, construction, marketing, tenant and applicant selection, and property management.

If a **collaborative activity/project is proposed**, applicants should describe the purpose of the collaboration, how it will enhance services and how the collaborative will operate, be governed and share resources. The proposal must identify a lead non-profit agency and include a Memorandum of Understanding (MOU) signed by each of the collaborating agencies.

2. Eligible Properties

To be eligible, properties that are the subject of proposals must meet the following City standards and/or requirements:

- a) The property must be located in the City of Madison.
- b) All housing units must satisfy all applicable state and local building codes, ordinances and zoning regulations at the time of project completion.

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- c) The property must undergo and pass an environmental review, conducted by CDD, **prior to receiving a final commitment of federal funding.**
 - d) For Minor Rehabilitation proposals **ONLY**: Manufactured housing is an eligible property type. ([24 CFR 570.202 \(a\)\(5\)](#) or [24 CFR 92.205\(a\)\(4\)](#)).

SECTION B-2: SCOPE OF WORK

Owner-Occupied Rehabilitation Requirements

Background: Many low- and moderate-income homeowners in Madison lack the resources to maintain, repair, or improve their homes in an adequate and timely manner. These circumstances can lead to deferment of important repairs and, in extreme circumstances, make homes unsafe or inhabitable. Proposals under this category will address CDD goals and objectives focused on strengthening City neighborhoods through the improvement of existing owner-occupied stock. They will help ensure that homeowners are able to live in safe, habitable, accessible, and energy-efficient homes.

Eligible Activities

- Minor Home Repairs: Minor home repairs are those for which costs per home total less than \$5,000. Program **may** offer funds as grants and/or loans.
- Major Home Repairs: Major home repairs are those for which costs per home are greater than \$5,000 but less than \$25,000.
 1. Eligible homeowner is eligible for maximum assistance of \$24,500 (the maximum amount must include remaining balances from any previous rehabilitation loans made by the City of Madison).
 2. A homeowner who wishes to make repairs for the sole purpose of correcting HQS and Minimum Housing Code Violations, the costs for which will exceed \$24,500, may request a waiver from the City of Madison of the \$24,500 award limit. Waiver decisions will be determined on a case-by-case basis and must be approved by the CDD Contract Manager prior to funding commitment.
- Funds **may not** be used to pay for costs related to the operation or administration of the agency receiving funds. However, agencies may request to use up to 15% of their total awards for service delivery costs, prorated for eligible and closed transactions. Such costs must be clearly identified and documented.

Preferences

Preference will be given to proposals that do one or more of the following:

- Use funds to improve the accessibility of existing housing units.
- Demonstrably reduce long-term utility costs through energy efficiency measures.
- Target minor and/or major rehabilitation services to seniors and low-to-moderate income homeowners with the goal of helping them maintain housing stability.
- Use funds to help owners of properties that, in November 2022 will be absorbed into the City of Madison from the Town of Madison, finance home repair/rehabilitation projects needed to comply with City of Madison building codes, or address other health and safety issues.
- Target residences where children were identified to have Elevated Blood Lead Levels (EBLL).

Homebuyer Assistance (Mortgage Reduction) Requirements

Background: In 2021, the median home sales price in Madison was \$350,000—10% higher than the previous year. The data further show the added burdens faced by families as the number of bedrooms increase. For example, the difference in average price between a 3-bedroom home and a 2-bedroom home was nearly \$70,000 in 2021, and between a 4-bedroom home and a 3-bedroom home, it was nearly \$90,000.

Higher home prices, pressures on household budgets, the need for larger homes, access to traditional financing – all of these pose challenges for households seeking homeownership. But down payment obligations remain one of the top barriers to homeownership and they must be addressed as part of any effort to make homeownership possible and affordable to households with modest means. Programs looking to provide down payment assistance need to reflect and respond to current and changing market conditions and the needs of our residents.

There is another, more troubling, component to the situation in Madison – namely the sizable gap in homeownership rates between white and non-white households. In the City, nearly 91% of all homeowners are White even though they make up 73% of Madison’s population. In comparison, 2% of all homeowners are Black though they constitute 7% of the population, 4.7% of all homeowners are Asian though they constitute 9% of the population, and 3% of Latinxs are homeowners though they constitute nearly 7% of the population. The reasons for this disparity are varied – some are rooted in economic issues but other systemic and institutional biases have worked to deny homeownership opportunities to members of our community. Through this funding process, the City seeks to take intentional steps to expand and create opportunities for individuals and families from communities that historically have been denied the opportunity to purchase a home. The CDD is particularly interested in supporting agencies that demonstrate awareness of racial equity and its impacts on housing in our community, that have a proven history of working with diverse populations and that will commit to helping position households of color in Madison for homeownership.

Eligible Activities

- Administer a program that provides mortgage reduction assistance to first-time income-qualified homebuyers. First-time homebuyers are defined as those not owning other property at the time of closing, not having owned property within the last three years, or a single parent with a dependent minor child. Mortgage Reduction Programs must follow [CDD Underwriting Standards](#).
- Agencies providing technical assistance to clients to navigate the home buyer process may request to use up to 15% of awarded funds for service delivery costs, prorated for eligible and closed transactions. Such costs must be clearly identified and documented.
- Funds **may not** be used to pay for costs related to the operation or administration of the organization receiving funds.
- Any **federal funds** awarded to administer a mortgage-reduction assistance program, **may not** be used to pay for rehabilitation work.

Preferences

Preference will be given to proposals that:

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- Prioritize first-generation or first-time homebuyer households in populations that have historically faced barriers to homeownership.
 - Provide ready access to culturally-sensitive marketing materials and make all materials and documentation available in multiple languages.
 - Collaborate in outreach and marketing efforts with community partners that are well-connected to Black, Indigenous, People of Color residents in Madison.
 - Will be responsive in their design and awarding structure to the needs of the clients. For example, programs can be designed to scale assistance based on bedroom size.
 - Work closely with clients who participate in financial literacy, or equivalent, programming.

Financial Literacy & Homebuyer Education Requirements

Background: For individual households, homeownership can enhance both financial and family stability. On a broader scale, homeownership helps to stabilize and strengthen neighborhoods and communities and contributes to economic growth and job creation. The goal of this service is to increase the rate of success among first time/first generational homebuyers by helping prepare them for the prospect of homeownership.

Request: The City of Madison seeks proposals from an organization, or group of organizations, designed to help individuals and families, who aspire to become homeowners within the City, achieve and maintain greater economic security by: increasing their access to high quality, culturally-responsive financial education and counseling, affordable and appropriate financial products and services, providing tangible incentives for repairing credit, and saving and building wealth. Proposals must relate primarily to financial education issues and homebuyer education. Applicant must be a HUD Approved Housing Counseling Agency. In the case of a collaborative proposal; at least one agency must be a HUD Approved Housing Counseling Agency. Selected entity would be responsible for assisting City of Madison residents by providing: one-on-one counseling, homebuyer group education, and assistance to current and prospective homeowners and renters in making responsible choices regarding their housing and finances.

Preferences

Preference will be given to proposals that:

- Include a HUD-Certified housing counseling agency.
- Are able to demonstrate success working with underserved populations, i.e., those that face socio-economic, cultural, linguistic and/or other barriers that make it more difficult to access financial and community resources that many take for granted.
- Clearly define their desired outcomes and identify quantitative and qualitative metrics by which they will measure progress toward meeting those outcomes.
- Are culturally-sensitive and culturally-responsive:
 - Develops curriculum for homebuyer education that is culturally-responsive.
 - Provides ready access to culturally-sensitive marketing materials and makes all materials and documentation available in multiple languages.
 - Incorporates language justice and other accessibility enhancements into homeownership, financial literacy programs.

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- Works with trusted and connected partners that can help reach BIPOC communities.
 - Address pre- and post-purchase counseling and demonstrate an ability to deliver counseling/coaching services in innovative ways (e.g., peer-to-peer or cohort model).
 - Incorporate incentives for participation in evidence-based asset-building strategies
 - For example, a financial matching program (i.e. individual development account) or credit booster program.
 - Collaborate with other partners in order to have a greater impact for historically underrepresented households, specifically as it relates to the path to homeownership.

Southside / Owl Creek: Financial Literacy & Homebuyer Education

Background: The City recognizes current and future homeownership development occurring in Owl Creek and Southside neighborhoods. As pursuing homeownership can pose significant challenges for first time homebuyers and families of low and moderate incomes, the City is interested in offering Financial Counseling and Homebuyer Education classes for residents in Owl Creek and Southside Madison. Our goal is to give renters that currently live in the area access to financial literacy and counseling resources that could lead to homeownership.

Request: The City of Madison seeks proposals from organizations or teams to deliver Financial Counseling & Homebuyer Education services. The City anticipates awarding contracts of \$100,000 to two agencies to provide these services. The contracts will be awarded January 1st, 2023 for up to \$50,000 per program and be renewed January 1st, 2024 pending acceptable contract outcomes. One contract would serve the South Madison area; the second would serve the Owl Creek and surrounding area. The services would be offered only to residents of each respective neighborhood and to Section 8 voucher holders. Any organization seeking these funds **must be** a HUD Approved Housing Counseling Agency. In the case of a collaborative proposal, at least one agency **must be** a HUD Approved Housing Counseling Agency and submit an application on behalf of the team.

The selected applicants will be responsible for delivering neighborhood-centered-and-based services for financial counseling & homebuyer education that meet the goals of the residents. The objectives are to assess readiness for homeownership, help improve residents' mortgage readiness, and increase probability of long-term successful homeownership. The services should include offerings such as pre-purchase homebuyer counseling, savings strategies, debt management, credit education, budgeting, and understanding standard financial services and products.

Preferences

Preference will be given for proposals that:

- Include a HUD- Approved Housing Counseling Agency.
- Provide for the design and delivery of services that meet the needs of participants.
- Can demonstrate a successful track record in reaching significant numbers of underserved people, i.e., those that face socio-economic, cultural, linguistic and/or other barriers that make it more difficult to access financial and community resources that many take for granted.

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- Clearly define desired outcomes and express quantitative and qualitative metrics that will measure progress toward meeting those outcomes.
 - Are culturally-sensitive and culturally-responsive:
 - Develops curriculum for homebuyer education that is culturally responsive.
 - Provides ready access to culturally-sensitive marketing materials and makes all materials and documentation available in multiple languages.
 - Incorporates language justice and other accessibility enhancements into homeownership, financial literacy programs.
 - Works with trusted and connected partners that can help reach BIPOC communities.
 - Address pre- and post-purchase counseling and demonstrate an ability to deliver counseling/coaching services in innovative ways (e.g., peer-to-peer or cohort model).
 - Incorporate incentives for participation in evidence-based asset-building strategies
 - For example: a financial matching program (i.e. individual development account) or credit booster program
 - Collaborate with other partners in order to have a greater impact for historically underrepresented households, specifically as it relates to the path to homeownership.

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SECTION B-3: SCORING CRITERIA

While important, proposal scores are not the sole determinant in making funding decisions.

Rehabilitation Programs and Homebuyer Assistance (Mortgage Reduction) Programs

Scoring Criteria	Points Available
<p>1. AGENCY CAPACITY, EXPERIENCE AND QUALIFICATIONS Demonstrated organizational and financial capacity to provide high-quality services – based on successful history of operating affordable homebuyer or rehabilitation programs, adhere to relevant federal regulations/requirements in program operations, and show diversity of agency and performance on past CDD-assisted contracts. Demonstrated record of success using financial support from other public and/or non-profit sources. Demonstrated commitment to an affirmative marketing plan that omits unreasonable barriers to access, especially for the target population(s).</p>	<p>30 points</p>
<p>2. INNOVATION AND PROGRAM IMPACT Agency currently operates or proposes to implement creative approaches to improve outcomes for new homeowners and current owners. Program should have well-defined metrics to describe how participant success will be achieved and measured. Agency proposes collaboration with other programs and creative ways to use City funds to leverage other sources.</p>	<p>25 points</p>
<p>3. TARGET POPULATION NEED Proposal demonstrates a commitment to serve populations that have historically faced barriers to homeownership, or to seniors and low- and moderate-income homeowners that have had difficulties financing minor rehabilitation services. Agency commits to providing culturally-sensitive marketing materials to prospective beneficiaries, including making documentation available in a variety of languages, including English, Spanish, and Hmong.</p>	<p>25 Points</p>
<p>4. FEASIBILITY Proposal budget details reasonable sources and uses of funds to operate program, and is complete. Financial structure reflects maximized available resources (including other public/grant funds expected to be utilized), financial strength of proposal, financial strength of applicant, and includes reasonable assumptions and projections.</p>	<p>10 Points</p>
<p>5. PROPOSED SITE/TARGETED AREA Agency operates in, or proposes to operate homebuyer assistance program to residents living in, a City-designed CDBG Target Area; or, demonstrated commitment to expand homeownership opportunities in areas that have historically had high barriers to entry, but are located proximate to transit, schools, and neighborhood amenities.</p>	<p>10 points</p>
<p>Total Points Available</p>	<p>100 points</p>

Financial Literacy and Home Buyer Education

Scoring Criteria	Points Available
<p>1. CERTIFICATION & COLLABORATION Proposal includes an agency that is a HUD-approved certified counseling agency and includes collaboration with other programs and stakeholders, as well as diversity of agency and collaborative partners. Agency seeks creative ways to leverage City funds with other sources.</p>	<p>25 points</p>
<p>2. INNOVATION & PROGRAM IMPACT Agency currently operates or proposes an innovative pre- and/or post-homebuyer education or counseling program(s) that represent creative approaches to encouraging the success of homebuyers and new homeowners. Program should have well-defined metrics to describe how participant success will be achieved and measured.</p>	<p>10 Points</p>
<p>3. TARGET POPULATION NEED Proposal demonstrates a commitment to serve first-generation and first-time homebuyers and populations that have historically faced barriers to homeownership. Agency commits to providing culturally-sensitive marketing materials to prospective beneficiaries, including making documentation available in a variety of languages, including English, Spanish, and Hmong. Agency proposes a delivery of design that is committed to respond to the needs of the target population.</p>	<p>15 Points</p>
<p>4. FEASIBILITY Proposal budget details reasonable sources and uses to operate program, and is complete. Financial structure reflects maximized available resources (including other public/grant funds expected to be utilized), financial strength of proposal, financial strength of applicant, and includes reasonable assumptions and projections.</p>	<p>10 points</p>
<p>Total Points Available</p>	<p>60 points</p>