



Department of Planning & Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: CDBG Committee
From: Maria Davila-Martinez, Community Development Specialist
Date: February 5, 2026
RE: 2025-2026 Affordable Homeownership RFP Award Recommendations

Background

The City of Madison's 2026 Adopted Capital and Operating Budgets include funding to support the development of affordable homeownership opportunities and homeownership services for low- and moderate-income households, consistent with the City's adopted plans and the 2025–2029 Five-Year Consolidated Plan.

On August 1, 2025, the Community Development Division (CDD) released the 2025 Affordable Homeownership Request for Proposals (RFP), formally titled *RFP 2025-14027: Financing for Affordable Homeownership Development, Programs, and Services*. The RFP solicited proposals for affordable owner-occupied housing development and for homeownership programs that would offer down payment and closing costs assistance (homebuyer assistance), minor home repair, or homebuyer education. All development and homeownership services funded through this RFP are intended to serve households at or below 80 percent of Area Median Income (AMI), as determined annually by the U.S. Department of Housing and Urban Development (HUD).

Certain changes were implemented in this RFP including: increase in the per unit subsidy for development from \$150,000 per unit to up to \$200,000 per unit, inclusion of Associates in Commercial Real Estate (ACRE) participants and graduates and for-profit entities as eligible applicants for housing development proposals, an increase to the allowable developer fee percentage from 10% to maxing out the 20% cap of soft costs grants that includes the developer fee, and establishing minimum requirements for sustainability and accessibility features for housing development proposals.

Seventeen (17) proposals were received in response to the RFP. All proposals were deemed responsive, but some were thought to be stronger based on readiness, financial feasibility, per-unit subsidy, organizational capacity, and alignment with City goals and preferences.

Summary of Resolution

The accompanying resolution authorizes funding awards totaling up to \$6,310,450 across City Affordable Housing Funds (\$2,970,000), Federal HOME Investment Partnerships Program Funds (\$2,990,450), Federal Community Development Block Grant Funds (\$300,000), and City Levy Funds (\$50,000), and authorizes the sale of ten (10) City-owned vacant residential lots in the Owl Creek Neighborhood to support the development of affordable owner-occupied housing and housing services related to homeownership.

Expected Outcomes

Collectively, the recommended award allocations are expected to result in the creation of at least 27 new affordable owner-occupied housing units, providing 27 households with low to moderate incomes the opportunity to purchase and live in an affordable home in the City of Madison. In addition, the homeownership services funded through this RFP cycle are

anticipated to serve at least 217 households, supporting access to homeownership, housing stability, and long-term affordability.

Expanded Use of City-Owned Lots

As originally proposed, the RFP made six (6) City-owned lots available for development:

- 5109 Horned Owl Dr
- 5133 Great Gray Dr
- 5117 Great Gray Dr
- 4301 Valor Way
- 4307 Valor Way
- 4320 Valor Way

Following proposal review and further coordination with the City's Economic Development Division, four (4) additional City-owned lots were made available for affordable homeownership development. Those four lots include:

- 5109 Horned Owl Dr
- 4307 Crested Owl Dr
- 4308 Valor Way
- 5109 Great Gray Dr

The inclusion of these additional lots allows the City to leverage strong proposals received through the competitive RFP process and increase the number of affordable homeownership opportunities.

Increased Funding Allocation

The original RFP anticipated approximately \$5.35 million in available funding. However, based on the strength of the proposals, the availability of additional City-owned lots, and the availability of Affordable Housing Funds, staff recommend adding \$960,450 in City Affordable Housing Funds, bringing the total of all funds recommended to be allocated under this resolution to \$6,310,450.