

From: [Alex Saloutos](#)
To: [All Alders](#)
Subject: Public Comments on Agenda Item 32, Legistar File No. 91615 -- Awarding up to \$6,310,450 in City and Federal Funds for Affordable Homeownership Development, Programs, and Services
Date: Tuesday, February 24, 2026 2:01:55 PM
Attachments: [260224 LEGISTAR91615 MEMORANDUM.pdf](#)

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Dear Members of the Common Council,

Please find attached my public comments on Agenda Item 32, Legistar File No. 91615, which awards up to \$6,310,450 in City and federal funds for affordable homeownership development.

The memorandum identifies significant concerns with procurement, cost controls, risk management, and program strategy, and recommends alternative approaches supported by research that would serve more families at a lower cost.

I respectfully ask that you review these comments before tonight's vote.

Thank you for your consideration.

My best,

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A handwritten signature in black ink, appearing to be the initials 'AS' or a stylized 'A' with a horizontal stroke.

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M E M O R A N D U M

Date: February 24, 2026
To: Common Council
From: Alex Saloutos
RE: **Public Comments on Legistar File No. 91615, Awarding up to \$6,310,450 in City and Federal Funds for Affordable Homeownership Development, Programs, and Services**

The following are my public comments on Legistar File No. 91615,¹ Agenda Item 32 on the Common Council agenda on Tuesday, February 24, 2026. These comments focus on the development proposals. This is new information not considered by the Finance Committee or the CDBG Committee when they voted to recommend approval.

SUMMARY

This resolution commits \$5,414,250 in City and federal funds, plus the sale of 10 City-owned lots for \$1 each, valued at \$765,990,² to build 29 homes for purchase by income-qualified buyers, an average of \$213,112 per home. For context, in 2025, the City's Home Buy the American Dream program provided direct homebuyer assistance totaling \$2,240,000 to 64 income-qualified families — \$35,000 per home.³ This resolution would spend more than twice as much to serve fewer than half as many families, at more than five times the cost per buyer. No analysis in the legislative file demonstrates this approach is cost-effective.

The Council has approved Affordable Housing Fund awards for development and rehabilitation twice in recent years: \$1,971,719 for 15 units in 2021 (Legistar File 63936) and \$1,650,000 for 15 units in 2022 (Legistar File 74456).⁴⁵ This resolution is substantially larger than both prior commitments combined, both in total and per home.

While the City's goal of expanding affordable homeownership is a worthwhile investment, the following issues with this resolution warrant more careful attention:

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- ¹ City of Madison Legistar File No. 91615, Resolution, filed January 21, 2026. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=7859679&GUID=16E6A114-A51E-42E8-8C39-791076C535C6&Options=ID|Text|&Search=affordable>
 - ² 10 lots at \$76,600 each (2025 median assessed value of residential lots in Owl Creek), less \$10 in sales proceeds. Based on City of Madison property assessment data. Available at: <https://www.cityofmadison.com/assessor/property/> and https://www.dropbox.com/scl/fi/nr2hk8ayad8hs2gxzc3r8/260224_OWLCREEK_RESIDENTIALLOTS.pdf?rlkey=qf2xbbg_i1k7vegrxiz0cie60r&dl=0.
 - ³ Email from Teri Goldbin, City of Madison Community Development Division, 2025 Home Buy the American Dream program data: \$2,240,000 in down payment assistance to 64 buyers (\$35,000 per buyer). Program information available at: <https://www.cityofmadison.com/dpced/community-development/housing/homebuyer-programs>
 - ⁴ City of Madison Legistar File No. 63936, "Awarding up to \$1.7 million from the Affordable Housing Fund and up to \$300,000 in Energy Efficiency and Conservation Block Grant (EECBG) funds to help finance the development of affordable housing," adopted 2021. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=4765969&GUID=582FDED6-D1F1-4BB8-B18C-375FE0E6C6F9>
 - ⁵ City of Madison Legistar File No. 74456, affordable homeownership development awards, adopted 2022. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=5898435&GUID=320CEE79-916E-4B29-A96A-4D02D4392061&Options=ID|Text|&Search=74456>

- This resolution invests \$6,180,240 in public funds to build 29 new owner-occupied homes, an average of \$213,112 per home, without evaluating the most cost-effective way to help families buy homes.
- In one proposal, the cost to build a new twin home is \$573,198, including the lot, requiring \$250,554 in public subsidies to make it affordable to a family of four at 80% AMI. A typical new three-bedroom, 2.5-bath twin home with a two-car garage in Madison currently sells for \$439,900.⁶
- The goal of helping low- and moderate-income families buy a home has been subordinated to cultivating emerging developers and disposing of City-owned lots in Owl Creek, significantly increasing costs.
- This program does not build developers — it builds dependence on public subsidies.
- The scope of work in the RFP is building homes on finished lots, but it's framed as development, adding costs and complexity that the work does not require.
- The lack of a budget, cost controls, and basic product specifications significantly increased costs.
- This proposal funds the construction of 17 homes in Owl Creek in the next 24 months, many of them spec homes, which present compounding risks that the City has not analyzed or disclosed.

The factual basis for these concerns, as well as others, is detailed in this memorandum. Considering the total investment and the investment per home, the Council has a responsibility to evaluate whether this approach is the most cost-effective way to help income-qualified families become homeowners or whether alternatives would serve more families at a lower cost before proceeding further. The development proposals should be referred back to the committee for further analysis and consideration of the issues presented here, which have not been previously considered.

COUNCIL OVERSIGHT

Role of committees, commissions, and the council

The Council's responsibility extends beyond confirming that funds are in the budget. The committees that reviewed this resolution did a thorough job of what they set out to do: they verified that funds were available and that staff had vetted the proposals. But that is not the same as asking whether public funds are being spent wisely, whether this approach is the most cost-effective way to help families buy homes, and whether the risks have been identified and mitigated. The information you have now was not available before those committees when they voted. The Council now has the opportunity — and the obligation — to ask the questions the committees did not.

Is this the most cost-effective way to help families buy homes?

There is a substantial body of research that says it is not. The Harvard Joint Center for Housing Studies, the Brookings Institution, and HUD have each published analyses comparing direct homebuyer assistance (down payment grants, closing cost support, mortgage rate buy-downs) with

⁶ Author's analysis of South Central Wisconsin Multiple Listing Service (MLS) data, year-to-date through February 16, 2026. Median sales price of new three-bedroom twin homes in the City of Madison: \$439,900. Available at: https://www.dropbox.com/scl/fi/as8feq0hmmujao7m1wlrn/260224_LEGISTAR91615_2026YTDSALES.pdf?rlkey=kscmujfudchu39s8v1jtreo4h&dl=0

new construction subsidies.^{7,8,9} The research consistently finds that direct homebuyer assistance serves more families at lower cost with less risk. There is no evidence in the Legistar file that CDD has ever performed a cost-benefit analysis comparing development subsidies with direct homebuyer assistance. When asked, CDD's Jim O'Keefe stated, "I don't know if we have undertaken an analysis like that." Section IV of this memorandum applies a recognized analytical framework to this question.

PROCUREMENT, UNDERWRITING, COST CONTROLS, AND RISK MANAGEMENT

Solicitation process

The RFP frames this program as "Owner-Occupied Housing Development" and solicits proposals from "qualified developers."¹⁰ But the actual scope of work is to build homes on finished platted lots in an established subdivision with all infrastructure in place. The work that distinguishes development from homebuilding is absent: soliciting equity investors, land assemblage, planning, entitlement, plat approvals, zoning approvals, and building infrastructure.

The words "homebuilder" and "homebuilding" do not appear anywhere in the RFP, and there is no evidence that it was distributed to the Madison Area Builders Association or to experienced homebuilders. By framing homebuilding as development, the City solicited the wrong respondents, added costs and complexity that the work does not require, and missed the businesses best suited for the scope of work in the RFP.

Gaps in the financial underwriting

The City's financial underwriting for this program has three significant gaps: no independent credit analysis of developers, deferred risk assessment to the construction lender, and no adjustment for the heightened risk profile of the projects being funded. CDD confirmed that financial statements are required and that staff review financial capacity, development experience, and organizational capacity. Yet the result of this review was a recommendation to fund a proposal with no developer equity, no prior homebuilding experience, and no evidence that the organization has successfully completed a comparable project. If the review was performed, it did not inform the funding decision. CDD did not pull personal or business credit on any developer, stating instead that "primary construction lenders and other funding partners conduct their own underwriting." In other words, the City deferred credit analysis to the construction lender on projects where the City holds a subordinate lien representing 40% of the total capital. This is the reverse of standard practice: when a lender provides a significant share of the capital, it performs its own underwriting. In at least one proposal, the City is providing 40% of the capital in a subordinate lien position and deferring credit analysis to a mission-driven CDFI whose own lending criteria may prioritize access over risk mitigation. Independent City underwriting is especially important where the risk profile includes speculative construction, a challenging location, and emerging developers with limited track records

⁷ Harvard Joint Center for Housing Studies, "Developing Effective Subsidy Mechanisms for Low-Income Homeownership." Available at: <https://www.jchs.harvard.edu/sites/default/files/hbtl-08.pdf>

⁸ Brookings Institution, "How Will First-Time Homebuyer Assistance Affect Housing Markets?" Available at: <https://www.brookings.edu/articles/how-will-first-time-homebuyer-assistance-affect-the-housing-markets/>

⁹ U.S. Department of Housing and Urban Development, Neighborhood Stabilization Program, "Homebuyer Financing and Long-Term Affordability." Available at: <https://files.hudexchange.info/resources/documents/HomebuyerFinancingandLongtermAffordability.pdf>

¹⁰ City of Madison, RFP #2025-14027, "Financing for Affordable Homeownership Development, Programs, and Services," released August 1, 2025. RFP Summary Table, "Scope" section. Goal Area 1 objective: "Owner-Occupied Housing Development (New Units)." Available at: <https://www.cityofmadison.com/dpced/community-development/contracts-funding/funding-opportunities/past-funding-opportunities-5>

and little to no equity in projects exceeding \$2 million. The absence of risk analysis in the legislative file is discussed in detail below.

Recovering the City's investment

The Legistar file contains no loan agreement or disclosure of loan terms for the City's Affordable Housing Fund awards. Understanding whether and how the City recovers its investment is essential to evaluating this resolution's cost.

Based on the City's published Q&A for the RFP and CDD's response to my written inquiry, the subsidy to each developer is structured in two parts: up to 80% as a zero-interest loan and up to 20% as an outright grant for soft costs, including the developer fee. The grant portion is not repayable. For an \$800,000 award, up to \$160,000 is a grant and at most \$640,000 is a zero-interest loan. The City's loan is secured by a recorded mortgage and promissory note in second lien position, meaning the City recovers nothing until the senior construction lender is made whole. For properties with a land use restriction agreement (LURA) for permanent affordability, up to half the loan may be forgiven at initial sale. The City's actual recovery on an \$800,000 award could therefore be as low as \$320,000 — 40% of the original commitment. These terms should have been disclosed in the Legistar file so the Council and the public could evaluate them before voting.

Insufficient cost controls

The only cost constraint in this program is on the buyer's monthly payment—not on the cost to build the home. The City's subsidy covers the entire gap between development costs and sales prices, giving developers an incentive to maximize the size and features of each home because every additional dollar in costs is absorbed by the City, not the buyer. Well-designed homeownership subsidy programs prevent this with cost controls. The most fundamental is a purchase price cap: federal regulations require that HOME-assisted homeownership units not exceed 95% of the area median purchase price (24 CFR § 92.254). The 2025 median sales price of a new home in Dane County was \$520,000;¹¹ 95% of that figure is \$494,000. The AnchorHaus target sales price of \$346,000 falls well below this cap, but the total development cost — \$573,198 per unit, including the lot — exceeds it by \$79,198. A price limit on the buyer's side does nothing to control construction costs.

The City's HOME Investment Partnerships Program (HOME) applies a different standard to new homes than to resale homes. CDD has confirmed that as-completed appraisals are required before closing the construction loan — that is, before construction begins. However, an appraisal at that stage does not constrain costs during budgeting. Without a cap on total development cost, the City has no mechanism to prevent the subsidy gap from growing. The cost analysis in the next section demonstrates why these controls were essential here.

It is also important to note that the RFP requires HOME-funded development projects to comply with HUD's published purchase price or value limits (24 CFR § 92.254) and to provide a minimum 25% match from non-federal sources (24 CFR § 92.220). Federal law also requires that before committing HOME funds, the City must evaluate each project to ensure that costs are reasonable, that no more public funds are invested than necessary, and that the City has assessed "the current market demand in the neighborhood in which the project will be located, the experience of the

¹¹ Author's analysis of South Central Wisconsin MLS data, 2025. Median sales price of new homes in Dane County: \$520,000. Median sales price of new homes in the City of Madison: \$504,900. Available at: https://www.dropbox.com/scl/fi/pnvpf6vpggha0d3l6pgndp/260224_LEGISTAR91615_2025DANECOUNTYNEWHOMES.pdf?rlkey=2d59885trrlpsdq13litiezzq&dl=0 and https://www.dropbox.com/scl/fi/6tqg8vmym2t63v69ai8mz/260224_LEGISTAR91615_2025CITYOFMADISONNEWHOMES.pdf?rlkey=kbvh4grudjuoazs7gtbc2i05i&dl=0

developer, the financial capacity of the developer, and firm written financial commitments for the project” (24 CFR § 92.250(b)). For the 12 HOME-funded townhomes at Voit Farms, these are not optional best practices — they are federal requirements. There is no evidence in the legislative file that any of these evaluations were performed. For the remaining 17 homes funded with City Affordable Housing Funds, there appear to be no equivalent cost limits, purchase price caps, matching requirements, or underwriting standards. The AHF-funded projects operate without the constraints that federal law imposes on HOME-funded projects, yet the per-unit subsidies are comparable in scale.

No basis for a 10% hard-cost contingency

The AnchorHaus budget includes a hard-cost contingency of \$136,000, equal to 10 percent of construction costs. In homebuilding, a contingency covers changes to the scope of work, such as buyer-requested upgrades, design modifications, or unforeseen site conditions. But AnchorHaus is building spec homes to its own plans, on finished City-owned lots with completed infrastructure and known site conditions. There is no buyer making changes. The developer controls every variable. The best practice in homebuilding is a fixed-price contract: the price in the contract is the price paid at closing. This is customary and routinely done. There is no legitimate basis for a 10% contingency on these homes, and it should not be funded with public money.

Legislation authorizes funds to build spec homes

A spec home is a home built without a buyer under contract — the builder is betting it will sell. Spec construction is inherently riskier than building for a committed buyer because the developer carries the full cost of construction, financing, and holding until a sale closes. This resolution authorizes funding to build spec homes, and CDD has confirmed that City funds are not contingent on an executed purchase agreement before construction or disbursement. The developer’s actual equity at risk is \$1,255 — 0.06% of the \$2.1 million project cost. When a developer has no meaningful capital at stake, the financial risk of unsold inventory falls almost entirely on the City. This risk is compounded by the factors discussed in this section: an isolated location with a decade-long history of failed development, six developers competing for the same limited pool of income-qualified buyers, and homes that the applicants’ own worksheets show are unaffordable at target income levels. The Common Council and the public should know what safeguards protect the City’s investment if homes go unsold.

No evidence of risk management

There is no evidence that the City performed its own risk analysis for any of the projects funded by this resolution. Neither the CDD memo nor the Legistar file identifies or addresses the risks involved in lending millions of dollars to build spec homes. The City’s application workshop instructed applicants to “be clear about gaps or risks” as part of the project feasibility scoring criteria. The AnchorHaus proposal identifies no risks — none — despite proposing to build spec homes in one of the City’s most challenging locations, with no prior homebuilding experience, in direct competition with five other City-financed builders selling to the same limited pool of income-qualified buyers. The City funded the project anyway. For the 12 HOME-funded townhomes at Voit Farms, 24 CFR § 92.250(b) requires the City to have reviewed construction costs for reasonableness and assessed market demand in the neighborhood before committing funds. For the 17 AHF-funded homes at Owl Creek, the City voluntarily chose not to apply even those basic safeguards to the larger portion of the program.

The City’s risk exposure is compounded by the absence of any real developer equity. The RFP requires a 5% equity contribution, but permits developers to satisfy it entirely through “a deferred portion of the developer fee” — which is itself paid from City funds at project completion. This is smoke and mirrors: there is no equity contribution. AnchorHaus’ actual cash investment in a \$2.1

million project is \$1,255. Even if the 5% requirement were funded with real equity, 5% would be grossly inadequate for speculative construction by a first-time developer in a location the market has rejected for over a decade. No private construction lender would accept these terms. The program was designed so that developers bear no personal financial risk on projects exceeding \$2 million.

Notably, the City's own 2017 Owl Creek Assessment and Strategic Plan identified multiple risks at this location — isolation, negative market perception, depressed home values, and difficulty attracting buyers — yet none of these risks are acknowledged or addressed in the current resolution.¹²

This resolution funds 17 new homes in the Owl Creek neighborhood and 12 in the Voit Farms development. The City's Q&A states that projects must be completed within two years of notification of award — approximately March 2028.^{13,14} This creates several risks that have not been discussed:

Location risk

The City's own planning documents identify Owl Creek's isolation as a fundamental challenge. The 2017 Owl Creek Assessment and Strategic Plan, prepared by the Community Development Authority, found that "the site as well as the majority of the South East Madison Planning District is very isolated, as illustrated by its extremely low Walkscore." Owl Creek's Walkscore is 9 out of 100; the City of Madison average is 48. Its Transit Score is 17; the City average is 38. The Assessment concluded that "these factors make it particularly difficult and inconvenient for residents without access to vehicles to live in the area."¹⁵ The City's Racial Equity and Social Justice (RESJ) analysis of the same plan similarly found "a lack of amenities (schools, grocery and pharmacy) within easy walking distance" and "relatively light transit services to offer other modes of transportation for households with no personal vehicles."¹⁶

Transit access is especially important given this program's goal of serving minority households. According to the City's own transit analysis, people of color in Madison transfer 2.5 times more often than other riders and are twice as likely to have a trip that takes longer than 45 minutes. Owl Creek is served by a single bus route running every 75 minutes — a Transit Score of 17, less than half the citywide average. Placing affordable homes for low-income families of color in a location with this level of transit service compounds the very disparities the City's transit redesign was intended to address. The City's RFP explicitly aims to overcome barriers rooted in "long-standing discriminatory practices." Directing families of color to a location where basic errands require a car — in a program

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- ¹² Owl Creek Assessment and Strategic Plan, prepared by Matt Wachter, City of Madison Community Development Authority, July 2017. City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=3110725&GUID=A003F476-3E40-44DC-9996-4AD2837B9FB1>
- ¹³ City of Madison Community Development Division, Q&A responses for RFP #2025-14027, "Financing for Affordable Homeownership Development, Programs, and Services." Available at: <https://www.cityofmadison.com/dpced/community-development/documents/QA%2009222025.pdf>
- ¹⁴ City of Madison Community Development Division, Memorandum to CDBG Committee, February 5, 2026: per-unit subsidy cap increased from \$150,000 to \$200,000; developer fee allowance increased from 10% to 20% soft costs cap; for-profit entities and ACRE graduates added as eligible applicants. Available at: <https://madison.legistar.com/View.ashx?M=F&ID=15149990&GUID=D07EA99F-0147-4EFB-86E0-19C77DFB4D15>
- ¹⁵ Owl Creek Assessment and Strategic Plan (2017), Section on Transportation and Access. Walkscore data: Owl Creek 9 out of 100 (City average 48); Transit Score 17 (City average 38). City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=3110725&GUID=A003F476-3E40-44DC-9996-4AD2837B9FB1>
- ¹⁶ Racial Equity and Social Justice Initiative, RESJ Fast-Track Analysis: Owl Creek Assessment and Strategic Plan, City of Madison, 2017. The RESJ analysis was prepared as part of the Owl Creek Assessment process and is included in the legislative file. City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/View.ashx?M=F&ID=5330773&GUID=3359DDC2-4F42-4A59-AB84-0B2487EE37FD>

designed to serve households that disproportionately lack access to one — is not overcoming those barriers. It is replicating them.

The City's 2025 Affordable Housing Targeted Area Map designates Owl Creek as a "Preservation and Rehab Area (Ineligible for New Construction)." The stated rationale is to concentrate housing subsidies in areas served by mass transit, to avoid incompatible land uses, and to prevent overconcentration of low-income housing in a single area. Owl Creek meets all three exclusion criteria: it has minimal transit service (Route L runs every 75 minutes), it is surrounded by commercial and light industrial uses incompatible with residential development, and concentrating 17 subsidized homes in one neighborhood is precisely the overconcentration the policy was designed to prevent. The map was distributed as Attachment A to RFP #14052-2025, the 2025 Affordable Rental Housing Development: Tax Credit RFP, released July 18, 2025. However, it was not included in RFP #2025-14027, the Financing for Affordable Homeownership Development RFP released just two weeks later on August 1, 2025 — the very RFP that authorizes the funding in this resolution. No explanation was provided for this omission. The effect is that the rental housing program enforces the map's restrictions while the homeownership program ignores them, allowing new construction subsidies to flow to a location the City's own targeting map designates as ineligible. Despite this, CDD recommended funding for new construction in Owl Creek and authorized the addition of four lots beyond the original six. The resolution does not explain or acknowledge this contradiction.¹⁷

Buyer and market risk

If Owl Creek underperforms — due to its isolation, limited transit, school assignments, or other factors — the City's entire homeownership investment is affected. Location is the single most important factor in a home purchase decision. The City's own 2017 Assessment identified specific challenges to attracting buyers to Owl Creek, including "negative news coverage of the neighborhood," "awkward and limited access to the neighborhood that requires passing a large concentration of unattractive duplex housing," and "perceived lower quality housing stock compared to surrounding neighborhoods." The Assessment also found that "homes in Owl Creek are valued significantly lower and their values have been slower to recover since the recession," attributing this to "the negative perception of the neighborhood in the market."¹⁸ None of these market challenges are addressed in the current resolution. Limiting buyers to two predetermined neighborhoods narrows the pool of eligible households willing to participate and may not align with the needs or preferences of the families the program intends to serve.

The buyer risk is compounded by the demographics of the target population. Owl Creek's current residents are 74% people of color, and 73% are families with children — a population profile dramatically different from surrounding neighborhoods. The City's RESJ equity analysis warned that

¹⁷ City of Madison, 2025 Affordable Housing Targeted Area Map. The map was distributed as Attachment A to RFP #14052-2025, "2025 Affordable Rental Housing Development: Tax Credit," released July 18, 2025 (available at: <https://www.cityofmadison.com/dpced/community-development/contracts-funding/funding-opportunities/2025-affordable-rental-housing>). The map was not included in RFP #2025-14027, "Financing for Affordable Homeownership Development, Programs, and Services," released August 1, 2025 (available at: <https://www.cityofmadison.com/dpced/community-development/contracts-funding/funding-opportunities/past-funding-opportunities-5>). No explanation was provided for excluding the targeting map from the homeownership RFP. The rental RFP applies the map's restrictions, including designation of Owl Creek as "Preservation and Rehab Area (Ineligible for New Construction)"; the homeownership RFP does not reference the map at all, allowing new construction subsidies in areas the map designates as ineligible.

¹⁸ Owl Creek Assessment and Strategic Plan (2017), Section on Market Analysis. The Assessment identified multiple barriers to attracting buyers, including "negative news coverage of the neighborhood," "awkward and limited access to the neighborhood," and "perceived lower quality housing stock compared to surrounding neighborhoods." Homes in Owl Creek "are valued significantly lower and their values have been slower to recover since the recession." City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/view.ashx?M=F&ID=5330774&GUID=D050D26E-DC79-4985-AD70-5A017C98B7EF>

“current renters in the area may be expected to compete for this new housing with households who already have an advantage in the private market” and noted that the City’s own fair housing data showed mortgage applications by Black residents were rejected at rates of 14–17% and by Hispanic residents at 26–30%, compared to 9–10% for White applicants. The RESJ analysis concluded that “stakeholders were mainly concerned that the City of Madison’s process of re-development will create gentrification in the area.”¹⁹ None of this analysis appears in the current resolution’s legislative file.

Six developers competing for the same buyers

The resolution funds six different developers to build essentially the same product in Owl Creek. This creates significant cost duplication across legal, engineering, sales, marketing, and construction management, and forfeits the economies of scale that a single experienced builder would achieve — the very efficiencies that made Veridian Homes package pricing possible. Worse, it pits subsidized developers against one another for a limited pool of income-qualified buyers, with little product differentiation. If developers receive City funds before buyers are under contract, the City is financing speculative homebuilding in a neighborhood that has failed to attract market-rate development for over a decade, creating a serious risk of unsold inventory and stranded City investment.

Product design decisions that reduce market acceptance

A home’s design determines whether buyers will make an offer. When a developer’s own capital is at risk, every design choice — floor plan, finishes, garage, lot orientation — is disciplined by the market. When the City absorbs the entire downside, that discipline is absent. The AnchorHaus proposal illustrates this risk. The homes AnchorHaus plans to build have a one-car garage. In the last three years (2023–2025), no new homes sold in the City of Madison included a one-car garage; all had at least a two-car garage. A one-car garage is a product feature that has been rejected by the market. In a neighborhood with limited access to mass transit, where each household member is likely to need a car, this design choice is particularly consequential. This raises a broader question: what other design and product decisions will reduce market acceptance from a developer who has never built a spec home? A two-car garage, appropriately sized living space, and market-standard finishes are not luxuries — they are the baseline that buyers expect. Deviating from that baseline to save costs may instead result in homes that sit unsold, converting construction cost savings into a carrying cost liability for the City.²⁰

UNNECESSARILY HIGH COSTS

As noted throughout this memorandum, the AnchorHaus Development LLC proposal is used as a representative example because it is the proposal I have reviewed in detail. Their costs are significantly higher than market norms.

AnchorHaus’ cost to build a three-bedroom twin home is \$527,589, not including the lot. Including the lot at market value, the total per-unit cost is \$573,198. By comparison, in 2026 YTD, the median price of a new three-bedroom, two-and-a-half-bath twin home with a two-car garage in the City of

¹⁹ RESJ Fast-Track Analysis: Owl Creek Assessment and Strategic Plan (2017). Demographic data from the analysis: Owl Creek residents are 74% people of color and 73% families with children. Mortgage rejection rates from the City’s fair housing data (HMDA): Black residents 14–17%, Hispanic residents 26–30%, White applicants 9–10%. The RESJ analysis concluded that “stakeholders were mainly concerned that the City of Madison’s process of re-development will create gentrification in the area.” City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/View.ashx?M=F&ID=5330773&GUID=3359DDC2-4F42-4A59-AB84-0B2487EE37FD>

²⁰ Author’s analysis of South Central Wisconsin MLS data as of February 16, 2026. Of 161 new homes sold in the City of Madison in 2025, none included a one-car garage. All had at least a two-car garage. Available at: https://www.dropbox.com/scl/fi/ibmr1ct4xsqt58ly1337e/260224_LEGISTAR91615_2025CITYOFMADISON_GARAGES.pdf?rlkey=w4tywrtjzxc3r4y4oc2kan94i&dl=0

Madison is \$439,900. The typical (median) size of these new homes was 1,547 square feet; the AnchorHaus home is 1,900 square feet.

In addition, when homes are built and sold in bulk, they can cost less. In 2023, Veridian Homes sold approximately 70 new three-bedroom twin homes in the City of Madison to investors. All included at least 2.5 baths, the median size was 1,604 square feet, and the sales price included the lot. Adjusting the sales price for the time of sale, the median price for one of these homes today would be about \$379,507.²¹

The following table compares AnchorHaus’ proposed costs against current market benchmarks for comparable new twin homes in the City of Madison.

Metric	AnchorHaus	2025 Median All Homes	2025 Median New Twin Home	2025 Package Price Twin Home	Difference
Livable area (sq. ft.)	1,900	1,496	1,547	1,604	+18–27%
Cost/sales price per unit	\$573,198	\$455,000	\$417,400	\$379,507	+26–51%

Note: “2025 Median All Homes” = median of all homes (resale and new) sold in the City of Madison in 2025. “2025 Median New Twin Home” = median of all new half-wall duplexes sold in the City of Madison in 2025. “Package Price Twin Home” = median of new half-wall duplexes Veridian Homes sold as a package to investors in 2023, adjusted for 8.7% construction cost inflation to 2025 dollars. “Difference” = range of AnchorHaus premium over the three benchmark columns.

AnchorHaus’ costs are 28–31% higher than those of a typical new twin home. In addition, when 17 homes are developed in one neighborhood, economies of scale should drive down costs, not raise them.

Oversized homes inflate costs without adding value

As discussed in the cost controls section above, this program has no cap on the cost of building a home. Without a price control tied to market values, there is no mechanism to discipline decisions about home size and specifications. The result is homes that are significantly larger and more expensive than necessary.

The proposed homes are also significantly larger than necessary. At 1,900 square feet, the AnchorHaus homes exceed the current market median of 1,517 square feet for a twin home with at least three bedrooms by 25%. Of 116 comparable twin homes sold in 2025, only two were 1,900 square feet or larger.²² For additional context, the median size of all homes sold in the City of Madison in 2025 was 1,496 square feet, and the median size of all new homes was 1,647 square

²¹ Author’s analysis of Veridian Homes sales data, City of Madison, 2023. Approximately 70 duplexes sold to investors at bulk-discounted prices. Three-bedroom, 2.5-bath half-wall duplexes; median 1,604 sq. ft.; median price \$349,263 (\$217.75/sq. ft.) including land. Adjusted for 8.7% construction cost inflation from 2023 to 2025, the comparable figure is \$236.60/sq. ft. Available at: https://www.dropbox.com/scl/fi/3lb1smpy7sm8svcwz0c3p/260224_LEGISTAR91615_2023VERIDIAN_3-2HALF-2CAR.pdf?rlkey=m5pufh7x8qkrzp8edgo2uqhc9&dl=0

²² Author’s analysis of South Central Wisconsin MLS data, 2025. Of 128 new three-bedroom half-wall/duplex sales in the Madison area, only 2 (1.6%) were 1,900 sq. ft. or larger. Median size was 1,517 sq. ft. Available at: https://www.dropbox.com/scl/fi/l90zlutpuwbxikat13sni/260224_LEGISTAR91615_2025MADISONAREA_HALFWALL.pdf?rlkey=opa7pu7jhdqciy12s3e8bhk2&dl=0

feet.²³ For a program intended to serve low- and moderate-income households, building homes in the 98th percentile of this housing type is extravagant and unnecessary. A home sized to align with market expectations would reduce costs, lower the required subsidy, and serve more families.

The AnchorHaus proposal offers a larger, more feature-rich home than the market norm — 1,900 square feet with universal design and sustainability enhancements. In a competitive RFP process, this makes the proposal appear to deliver more value. But the additional product is entirely taxpayer-funded. The developer is not delivering more for less; the City is subsidizing more for more. Every additional square foot and every additional feature increases the City subsidy required per unit, making the homes less affordable for the families the program is designed to serve.

Soft costs and contingencies exceed industry norms

The AnchorHaus budget includes \$391,410 in total soft costs (\$97,853 per home). Several expenses are significantly higher than what is normal and customary for building two duplexes on finished platted lots:

- Architect fees are \$50,000. Standard practice in homebuilding is to use a stock plan and retain a draftsman to make any necessary modifications. Total architect and drafting fees for two duplexes of this type should be between \$5,000 and \$10,000.
- Legal fees, if any, are \$50,000. This figure is extraordinary for a straightforward residential construction project involving two duplexes on lots that the City is providing for \$1 each. There is no complex land assemblage, no zoning variance, no environmental remediation, and no negotiation with a private seller. Legal fees for a project of this scope and complexity should be a small fraction of this amount.
- Civil engineering and surveying is \$50,000. The lots are in an existing platted subdivision with completed infrastructure. Civil engineering and surveying costs for two duplex sites in an established subdivision should be well under \$15,000.
- The hard cost contingency is \$136,000 (10% of construction costs). A 10% contingency on spec homes built to the developer's own plans has no legitimate basis. There is no disclosed mechanism for auditing whether contingency funds were spent appropriately

These four line items total \$286,000 across all four homes, or \$71,500 per unit. The excess above industry norms is approximately \$60,000 per unit. A construction lender underwriting this project would flag each of these figures and require justification or reduction before approving the loan. CDD has stated that development budgets are reviewed and that final design plans and contractor bids are required as projects advance. But reviewing a submitted budget is not the same as constraining it. There is no evidence that CDD benchmarked these costs against market norms, required competitive bidding for soft-cost services, or imposed per-unit cost limits. The level of line-item review this creates is itself a cost — requiring significant staff time that a fixed maximum price, similar to the HOME Program standard, would have eliminated entirely.

²³ Author's analysis of South Central Wisconsin MLS data, 2025. Median size of all homes sold in the City of Madison: 1,496 sq. ft., median price \$455,000. Median size of new homes sold: 1,647 sq. ft., median price \$504,900 including land. Available at: https://www.dropbox.com/scl/fi/t8emddhtaes4wwrgfedqb/260224_LEGISTAR91615_2025CITYOFMADISON_ALL.pdf?rlkey=tr5z6c7b905we0v0g6ig79bc1&dl=0 and https://www.dropbox.com/scl/fi/mgh0h3a8ki8dzmg9r5ya/260224_LEGISTAR91615_2025CITYOFMADISON_ALLNEW.pdf?rlkey=ujmndsl3v5zg8l3cqexjoyvdiy&dl=0

Developer fee and scope of work

The AnchorHaus developer fee is \$190,176 (\$47,544 per home), 9% of the \$2.1 million total project cost. As discussed in the procurement section above, the actual scope of work is homebuilding, not development. This developer plans to hire a general contractor to build the homes. Considering the scope of work, the developer fee appears to be an added cost that does not add value. It compensates the developer for managing a process that a homebuilder typically performs.

Developer equity is a fiction

The developer’s equity in this project is \$1,255 — 0.06% of the \$2.1 million total development cost. The remaining capital comes from a construction loan (59.7%), City AHF funds (37.9%), and an ACRE predevelopment grant (2.4%).²⁴ The RFP permits developers to meet the 5% equity requirement entirely through a deferred portion of the developer fee — in other words, with City money. When a developer has no meaningful personal capital at risk, the financial consequences of cost overruns, construction delays, or unsold homes fall almost entirely on the City.

No budget for carrying costs

With 29 new homes scheduled for delivery within 6 to 24 months of developers receiving notice, it is likely that some homes will remain unsold for a period after completion. Carrying costs — the interest, property taxes, insurance, and maintenance expenses that accrue from the day a home is completed until the day it is sold — should be budgeted for this eventuality. The development budget I reviewed in detail does not include an allowance for these costs. CDD has confirmed that the developer bears these costs until sale, but the developer has essentially no equity in the project. If carrying costs mount on completed but unsold homes and the developer cannot sustain them, the City is left holding a second-lien loan on homes that the market has not absorbed. For speculative homes in a location where absorption is uncertain, this is a significant and unbudgeted risk.

High City subsidy per home

The gap between total development cost and the target sales price is the clearest measure of this program’s cost. For the AnchorHaus proposal, the total development cost is \$573,198 per unit, including the lot’s market value, and the target sales price is \$346,000. The gap is \$227,198 per home — the amount that must be covered entirely by City subsidy. By comparison, the 2025 median price of a new three-bedroom twin home in Madison was \$417,400. If an income-qualified buyer purchased a typical new twin home at that price with the City’s existing direct assistance (\$35,000 in City funds plus \$10,000 in federal funds), the gap between the buyer’s means and the purchase price would be approximately \$45,000 — one-fifth of the AnchorHaus gap.

The following table illustrates the financial impact of four policy changes the Council can make: adopting the HBAD affordability standard (38% of income instead of 30%), applying HOME purchase price limits (\$385,700 instead of \$346,000), and using a NACA below-market mortgage (5.0% instead of 6.0%). Each scenario uses the same household income (80% AMI, family of four) and the same home. The assumptions underlying these calculations are detailed in Appendix B.

	AnchorHaus Proposal (6.9% / 30%)	AnchorHaus Current Rate (6.0% / 30%)	Market Rate Home (6.0% / 38%)	Market Rate Home (5.0% / 38%)
Cost of home incl. lot	\$565,888	\$565,888	\$439,900	\$439,900
Target/max sales price	\$346,000	\$346,000	\$385,700	\$385,700

²⁴ ACRE (Associated Contractors, Realtors, and Employers) is a City-supported program that provides training and technical assistance to emerging developers, with a focus on developers of color.
<https://www.marquette.edu/business/real-estate/diversity.php#>

	AnchorHaus Proposal (6.9% / 30%)	AnchorHaus Current Rate (6.0% / 30%)	Market Rate Home (6.0% / 38%)	Market Rate Home (5.0% / 38%)
Interest rate	6.9%	6.0%	6.0%	5.0%
Payment cap (% of income)	30%	30%	38%	38%
Monthly PITI payment	\$2,595	\$2,595	\$3,083	\$2,837
Monthly surplus (deficit)	\$0	\$0	\$204	\$450
First mortgage	\$293,361	\$322,254	\$393,414	\$393,414
Total City subsidy	\$269,447	\$240,554	\$54,200	\$54,200
City savings vs. proposal	—	\$28,893	\$215,247	\$215,247

Note: All scenarios assume 80% AMI household income (\$103,800/year, family of four), 30-year fixed-rate mortgage, 1% buyer down payment, 3% closing costs, mill rate 0.018656312, and \$1,500 annual property insurance. The "AnchorHaus Proposal" uses the pro forma rate (6.9%) and the target sales price (\$346,000). Other scenarios use the HOME maximum purchase price (\$385,700, which is 95% of the \$406,000 FHA median). "City savings" is measured against the AnchorHaus proposal at 6.9%.

Cost of City staff time

Administering this program requires significant CDD and EDD staff effort across the full lifecycle of each project: RFP development, distribution, and evaluation; pre-application meetings and technical assistance; proposal scoring and committee presentations; loan origination, documentation, and closing for each award; construction draw processing and approval; construction monitoring and site inspections; review and approval of change orders; coordination with title companies on escrow disbursements; compliance oversight for income qualification and buyer eligibility; coordination with MACLT on Community Land Trust transactions; HUD reporting and federal compliance for HOME-funded projects; processing of as-completed appraisals; developer fee disbursement upon project completion and compliance verification; affordability monitoring for the duration of the 40-year or 99-year restrictions; administration of shared-appreciation provisions and resale formulas; and management of loan repayment, forgiveness, and default provisions over the life of each loan. The fiscal note states that "no additional appropriation is required," but includes no estimate of the staff hours or cost required to implement and administer these 12 development contracts and service agreements. This estimate should be part of the legislative file so the Council and the public can evaluate the program's true cost.

\$200,000 in City funds still leaves an affordability gap

Even after \$200,000 in City subsidy per home, free land, and a below-market sales price, the resulting homes are still too expensive for the families they are designed to serve. The AnchorHaus proposal lists a target sales price of \$346,000. However, the applicant's own affordability worksheet reveals that even at 80% AMI, the estimated monthly housing cost (PITI) of \$2,900 exceeds the 30%-of-income affordability cap of \$2,596 by \$304 per month. At 60% AMI, the monthly deficit is \$953. At 50% AMI, it is \$1,277. Additional subsidies from other sources will be needed to make these homes affordable to the target population.

The applicant's worksheet shows only a \$3,460 buyer down payment (1%) and a first mortgage of \$342,540, with no additional buyer-level subsidy to close this gap. The supplemental questions identify potential sources — a \$35,000 Home Buy the American Dream down payment assistance and a \$10,000 FHLBC Down Payment Plus program — but these are not reflected in the affordability calculations and were not included in the proposal budget.

The significance of this gap is straightforward: even after \$200,000 in City subsidy, free land, and a below-market sales price, the resulting homes are still too expensive for the families they are designed to serve. The affordability gap can only be closed with additional subsidies from programs that were not secured at the time of application. The legislative file should disclose how this gap will be closed and whether the additional subsidies are funded and committed. The City's own RESJ equity analysis of the Owl Creek plan warned that "creating design guidelines that will increase construction costs for any new housing options could make it too costly for households to afford the alternative housing options offered after re-development."²⁵ That is precisely what has occurred.

Long-term property tax risk

There is also a long-term property tax risk that does not appear to have been analyzed. If a home costs approximately \$573,198 to build but sells for \$346,000 because of City subsidies, Wisconsin assessors — who base market value on both replacement cost and comparable sales — would likely set the initial assessed value near the sale price. But as the neighborhood develops and comparable sales without restrictions occur at higher prices, the assessed value could rise well above what the buyer paid. If the assessed value climbs toward \$400,000 or \$450,000, the resulting property tax increase could push monthly housing costs further beyond what income-qualified buyers can afford.

Adopting HBAD standards will reduce the City subsidy

The resolution limits homebuyer payments to 30% of monthly income. The City's own Home Buy the American Dream program — which targets the same population, buyers at or below 80% AMI — allows payments up to 38% of income. There is no explanation in the Legistar file, the CDD memo, or the RFP for why two City programs serving the same population apply different affordability standards. Applying the HBAD standard of 38% to the AnchorHaus proposal reduces the total City subsidy from \$240,554 to \$180,188 per home — a savings of \$60,366 per unit²⁶ — because the buyer can carry a larger mortgage without additional City funds to bridge the gap. At that standard, no AFH mortgage reduction, HBAD funds, or FHLBank DPP funds are needed. The only subsidies required are the AFH buydown to the target sales price and the land. Across 29 homes, the 30% cap adds approximately \$1.75 million in unnecessary City subsidy. The HBAD program has operated successfully at the 38% standard with robust growth over the last three years. If the Council proceeds with this resolution, it should at minimum require the same affordability standard the City already applies to its most successful homebuyer program.

STRATEGY AND APPROACH

The \$64,000 question is: what is the most effective way to help low-income families in Madison become homeowners? Is subsidizing new construction by emerging developers the best use of \$6.2 million in scarce public housing funds, or would a different approach serve more families at lower cost with less risk? There are two fundamentally different strategies. The first — the approach in this resolution — subsidizes developers to build new homes and sell them at below-market prices. The second provides direct financial assistance to income-qualified buyers, enabling them to purchase homes of their choice on the open market. The research is clear that the second approach serves

²⁵ RESJ Fast-Track Analysis: Owl Creek Assessment and Strategic Plan (2017). The analysis warned that "creating design guidelines that will increase construction costs for any new housing options could make it too costly for households to afford the alternative housing options offered after re-development." City of Madison Legistar File No. 48236. Available at: <https://madison.legistar.com/LegislationDetail.aspx?ID=3110725&GUID=A003F476-3E40-44DC-9996-4AD2837B9FB1>

²⁶ The savings calculation uses a 6.0% interest rate, reflecting current market conditions as of February 2026. The AnchorHaus proforma was based on a 6.9% rate. At 6.9%, the buyer qualifies for a smaller mortgage, and the City subsidy gap widens further. See Appendix B for detailed scenarios at both rates.

more families, at lower cost, with less risk. The Council must evaluate this resolution against that alternative before committing to the more expensive and riskier path.

Rapidly escalating per-unit costs compared to existing programs

The Council has approved similar development-subsidy approaches twice in the last five years, and some members may view this resolution as a continuation of established practice. It is not. In 2021 (Legistar File 63936), the Council approved \$1,971,719 in total public funds for 15 homes, an average of \$131,448 per unit, excluding the value of any City-owned land sold at a discount. In 2022 (Legistar File 74456), the Council approved \$1,650,000 for 15 homes, an average of \$110,000 per unit, again excluding discounted land. This resolution requests a total City investment averaging \$213,112 per household — 62% more than the 2021 figure and nearly double the 2022 figure — and the total includes land and buyer assistance that prior figures excluded. Even with the increased per-unit subsidy cap, the subsidy is not sufficient: the AnchorHaus proposal requires an additional \$73,000 per unit in land subsidy and buyer assistance, and unbudgeted carrying costs will further increase public exposure.

Using the funding strategy in this resolution, the total City investment per household averages \$213,112 — with a maximum of up to \$238,300 per unit when land subsidy and buyer assistance are included — a nearly fivefold increase over the direct assistance model's maximum of \$45,000 per household. Collins' framework, presented in Appendix A, provides the analytical tool for evaluating whether this increased investment produces proportionally better outcomes. The Council should apply that framework before committing to an approach that costs nearly five times as much per household. When public resources are scarce, the measure of a program is not what it builds but how many families it moves from renting to owning.

New construction costs more per household in the Midwest

Subsidizing new construction is an inherently expensive way to help low-income families become homeowners, particularly in the Midwest. Nationally, the price gap between new and existing homes has nearly closed — and in some quarters has reversed — as tight resale inventory has pushed existing home prices upward. But the Midwest remains an outlier. In the first quarter of 2025, new homes in the Midwest sold at a median price of \$367,500, while existing homes sold at \$297,800 — a premium of \$69,700, or 23 percent.²⁷ Every public dollar directed toward new construction in this market purchases fewer homeownership units than the same dollar directed toward helping a buyer purchase an existing home.

Emphasis on secondary goals substantially increases costs and risks

The program structure has elevated developer support over cost-effectiveness for the families it is supposed to serve. The 2025 RFP increased the per-unit City subsidy cap from \$150,000 to \$200,000 and increased the developer fee allowance from 10% to a 20% soft costs cap — changes that appear designed to support emerging and minority-owned development firms. Staff then added \$960,450 beyond the original RFP allocation and four additional lots based on the strength of the proposals.

Cultivating a pipeline of diverse local developers is an “explicit” City goal, CDD's Jim O'Keefe confirmed. But when that objective operates within an affordable housing program, the Council should examine whether the program structure has elevated developer support over cost-

²⁷ NAHB, “Prices for New Homes Continue to Drop as Existing Rises,” Eye on Housing (May 2025), . Based on U.S. Census Bureau and National Association of Realtors data (not seasonally adjusted). The Q2 2025 data showed a similar pattern: Midwest new homes at \$385,300 versus existing homes at \$328,800. Available at: <https://www.nahb.org/blog/2025/05/prices-for-new-homes-drop-as-existing-rises#:~:text=Share,the%20same%20period%20last%20year>

effectiveness for the families it is supposed to serve. Collins' research finds that development subsidies are "not capable of serving a large number of first-time low-income homebuyers" and that their "primary intent... is to spur real estate markets, with the support of first-time homebuyers as a secondary consideration." The AnchorHaus developer fee alone — \$190,176 (\$47,544 per unit) — is enough to cover nearly an entire year's housing costs for a family at 60% AMI.

This program does not build developers

The current program structure also fails on its own terms as a developer capacity-building strategy. In the private market, emerging developers build capacity through a well-established progression: working for experienced builders or developers to learn the business, assembling a small deal with personal savings or capital raised from private investors, acquiring and assembling land, navigating zoning and entitlements, managing the financial risk themselves, and building a track record that earns access to larger projects and more favorable financing. Every step in that progression develops a specific skill — raising capital, managing risk, controlling costs, designing a product the market will respond to, and building lender relationships — that the developer will need throughout their career.

This program skips every one of those steps. It hands emerging developers projects exceeding \$2 million with zero personal equity, no requirement to raise private capital, and no financial consequence for failure. Without market discipline, critical mistakes in product design — homes that are too large, too expensive, or mismatched to buyer demand — carry no cost to the developer. The City absorbs those errors through higher subsidies, and if the homes don't sell, the City holds the financial risk the developer never had.

The skills this program develops are those of navigating a City subsidy process, not those of developing real estate. The first time these developers attempt a project without full City subsidy, they will have no track record of raising private capital, no experience managing personal financial exposure, no demonstrated ability to build a product the market accepts, and no lender relationships built on their own creditworthiness. The program is not building developers; it is building subsidy-dependent organizations.

A direct homebuyer assistance approach — providing down payment assistance, closing cost support, and mortgage buy-downs to qualified households purchasing the home of their choice anywhere in the city — would deliver results faster, serve more families, reduce geographic risk, and respect the preferences of the homebuyers the program is designed to help.

A cost-benefit analysis would identify more effective strategies

There is no analysis in the Legistar file, the CDD memo, or any related file that compares the cost of this approach with alternative strategies to help the same households achieve homeownership. For example, the resolution does not address whether direct down payments and mortgage assistance for qualified buyers purchasing existing or new market-rate homes would serve more households at a lower per-unit cost, with less risk, and faster results. The Collins framework presented in Appendix A provides the analytical tool for exactly this kind of comparison. The Council should direct staff to perform this analysis before committing \$6.2 million to a single strategy.

WHAT THE RESEARCH SAYS WORKS

There are proven strategies that would serve more low-income first-time homebuyers at a lower cost and with less risk. These are operating programs with measurable track records, supported by research from the Harvard Joint Center for Housing Studies, the Brookings Institution, and HUD.^{28,29}

In evaluating what approach Madison should take, it is useful to apply the framework developed by J. Michael Collins of the University of Wisconsin–Madison for the Harvard Joint Center for Housing Studies. Collins categorizes homeownership subsidies into three types: payment subsidies that lower monthly costs, down payment assistance, and sales-price or development subsidies that reduce the purchase price or subsidize construction costs. The approach in this resolution is a sales price/development subsidy — the category Collins finds is “costly per homebuyer,” produces small-scale programs, and where “neighborhood revitalization is often the primary goal... rather than aiding low-income homeownership.” Collins identifies eight criteria that policymakers should consider when designing or evaluating subsidies for low-income or first-time homebuyers: scalability, marginal effect (whether the program converts the marginal renter into a homeowner), targeting, administrative efficiency, subsidy recapture, neighborhood externalities, default risk, and mobility. Appendix A applies Collins’ framework to the program proposed in this resolution.³⁰

The approach in this legislation fails or rates poorly on six of Collins’ eight criteria. It passes only on targeting (income restrictions exist, though actual affordability is not achieved) and partially on recapture (CLT restrictions help, but developer-side recovery is weak). For a program that commits \$6.2 million in scarce City resources to produce 29 homes, this is a disqualifying result. The City has funded similar development-subsidy approaches twice in the last five years, with per-unit City subsidies of \$131,448 in 2021 and \$110,000 in 2022, now escalating to an average of \$213,112 per household — without adding cost controls or independent underwriting at any stage. The results documented in this memorandum suggest it is time for a different strategy. The alternatives outlined below directly address these deficiencies.

Direct homebuyer assistance serves more families at a lower cost

Madison currently operates a direct homebuyer assistance program that provides up to \$35,000 in City funds for down payment and closing costs to income-qualified buyers, often supplemented by an additional \$10,000 from a federal program, for a total of up to \$45,000 per household. Research shows that even modest assistance — as little as \$7,500 to \$10,500 per household — can dramatically expand access to homeownership for low-income renters. For the same total investment contemplated by this resolution, the City could serve approximately 137 households at \$45,000 each, rather than 29 households averaging \$213,112 each. Buyers would choose any home, anywhere in the city, eliminating the geographic concentration risk that defines the current proposal. Minneapolis operates a comparable program that provides up to \$20,000 per household and serves hundreds of families annually, with citywide location choice.³¹

²⁸ Harvard Joint Center for Housing Studies, “Developing Effective Subsidy Mechanisms for Low-Income Homeownership.” Available at: <https://www.jchs.harvard.edu/sites/default/files/hbtl-08.pdf>

²⁹ Brookings Institution, “How Will First-Time Homebuyer Assistance Affect Housing Markets?” Available at: <https://www.brookings.edu/articles/how-will-first-time-homebuyer-assistance-affect-the-housing-markets/>

³⁰ J. Michael Collins, “Developing Effective Subsidy Mechanisms for Low-Income Homeownership,” Harvard Joint Center for Housing Studies, HBTL-08 (October 2013), Section 4: “A Framework for Evaluation.” Available at: <https://www.jchs.harvard.edu/sites/default/files/hbtl-08.pdf>

³¹ Minneapolis Homes Down Payment Assistance program, operated by NeighborWorks Home Partners. Available at: <https://nwhomepartners.org/minneapolis-homes-access-down-payment-assistance/>

NACA mortgage program

The Neighborhood Assistance Corporation of America operates the largest nonprofit homeownership program in the United States. Its mortgage product requires no down payment, no closing costs, no private mortgage insurance, and no fees, and carries a below-market fixed interest rate. NACA has originated over 75,000 mortgages — approximately 90% to people of color — with a near-zero foreclosure rate of approximately 0.01%, one of the lowest in the mortgage industry.³²

NACA maintains an office in Milwaukee and is licensed to originate mortgages in Wisconsin. Eligibility is based on the metropolitan statistical area where the property is located, not where the buyer lives or the nearest office. NACA also provides remote counseling services nationwide. There is no geographic barrier to Madison households accessing the NACA program.³³

NACA's character-based underwriting eliminates the credit score barrier

NACA's underwriting model directly addresses the barriers this RFP identifies. The City's RFP states that Madison's homeownership disparities "have their roots in long-standing discriminatory practices in the housing and private financing markets," and the City's own HMDA data confirms the result: Black mortgage applicants are rejected at 14–17%, Hispanic applicants at 26–30%, compared to 9–10% for White applicants.³⁴ Credit scores are the primary mechanism through which these disparities operate. NACA eliminates credit scores from the underwriting process entirely. Instead of risk-based pricing — the industry standard that penalizes borrowers for low scores with higher rates and fees — NACA uses character-based underwriting that evaluates whether the borrower has made on-time payments on obligations within their control over the past 12 to 24 months, with rental payment history as the primary indicator. NACA does not penalize applicants for medical debt, predatory loans, or losses from circumstances beyond their control. Every borrower who meets NACA's requirements receives the same below-market rate regardless of credit history. The current NACA 30-year fixed rate is 5.0%, compared to 5.875% at UW Credit Union, a major local mortgage lender. On a \$250,000 mortgage, that difference saves approximately \$135 per month — over \$48,000 over the life of the loan. The rate can be bought down further, to as low as 0.125%, using City funds or other contributions. NACA's comprehensive pre-purchase counseling ensures that every borrower is financially ready before closing, producing a near-zero foreclosure rate while serving the very populations conventional lenders routinely reject.

NACA One-Dollar Homeownership Program

Madison is already proposing to sell City-owned lots in Owl Creek for \$1 — precisely the transaction NACA's One-Dollar Homeownership Program is designed for. Under NACA's model, the homebuyer purchases the property directly from the city, and NACA provides financing for new construction or renovation through its below-market mortgage. The program eliminates the developer as a middleman, transfers the property directly to the homebuyer, and preserves long-term affordability through a ten-year deed restriction or land trust. NACA operates this program in cities across the country at a fraction of the public cost contemplated in this resolution, and with a proven national track record.³⁵

³² Neighborhood Assistance Corporation of America (NACA). Available at: <https://www.naca.com/naca-is-reinventing-mortgage-lending/>

³³ NACA Milwaukee office: 4011 W. Capitol Drive, Milwaukee, WI 53216, (414) 442-6222. Area eligibility available at: <https://www.naca.com/area-eligibility/>. NACA office locations available at: <https://www.naca.com/offices/>

³⁴ Home Mortgage Disclosure Act (HMDA) data. The City's RFP references HMDA data showing that Black residents are denied mortgages at rates 2.7 times higher than White applicants. HMDA data is publicly available at: <https://ffiec.cfpb.gov/data-browser/>

³⁵ NACA One-Dollar Homeownership Program. Under the program, "Community residents can purchase a vacant house or lot from the city for only one dollar. NACA will provide financing for any necessary repairs/renovations, or for new construction through NACA's Best in America Mortgage. This program eliminates the developer's significant overhead

Mortgage interest rate buy-downs

City dollars spent buying down a borrower's mortgage interest rate go further than dollars spent subsidizing construction. A relatively small one-time investment can reduce monthly payments by hundreds of dollars over the life of the loan, directly closing the affordability gap identified in this memo. Rate buy-downs can be combined with direct down payment assistance to maximize the impact of each public dollar. NACA's own mortgage product incorporates a generous buy-down feature that allows borrowers to permanently reduce their interest rate, in some cases to zero percent.

Comprehensive pre-purchase housing counseling

NACA's near-zero foreclosure rate is built on comprehensive, full-documentation counseling that ensures borrowers are financially ready for homeownership before they purchase. Madison already invests in this infrastructure, and this memorandum recommends that the Council approve the funding for it. The Home Buyers Round Table of Dane County offers free homebuyer education and resources; the Urban League of Greater Madison provides HUD-certified financial literacy workshops and one-on-one counseling; Movin' Out offers HUD-certified housing counseling for people with disabilities; and WHEDA's Housing Counseling Resource Program recently awarded \$4.7 million in grants to 14 housing counseling agencies statewide. The City should continue to leverage and strengthen this existing network as a condition of any homeownership assistance, regardless of the delivery model. The cost is minimal relative to the investment being protected, and the evidence that it works is overwhelming.

Acquisition and rehabilitation of existing homes

Rather than building expensive new construction on isolated lots the market has rejected for a decade, the City could help qualified buyers purchase and rehabilitate existing homes in established neighborhoods with schools, transit, grocery stores, and amenities already in place. Per-unit costs are substantially lower than new construction, the homes are in locations buyers actually want, and the investment improves existing housing stock. Direct buyer subsidies — such as down payment assistance and closing cost support — are essential to making this strategy work for the target population, enabling income-qualified families to compete in the existing market. The City currently funds acquisition and rehabilitation through nonprofits responding to the City's RFP, and the HUD HOME and Neighborhood Stabilization Programs both support this model. NACA's rehab escrow program provides financing for post-purchase renovation. Expanding this approach would align the City's investment with market demand rather than working against it.

Efficient new construction if warranted

If the Common Council determines that new construction in Owl Creek should proceed, the evidence strongly favors engaging a single experienced builder rather than six emerging developers. Veridian Homes delivered comparable certified new homes at approximately \$379,500 per unit, significantly less than their retail price when purchased at scale. The six-developer model in this resolution forfeits these efficiencies, duplicates costs across legal, engineering, sales, and construction management, and pits subsidized developers against one another for a limited pool of income-qualified buyers. Building 17 homes in a single neighborhood is exactly the circumstance where economies of scale should drive costs down.

Financial impact of recommended changes

The comparison table in Section III quantifies the financial impact of three policy changes the Council can make within this resolution. Adopting the HBAD affordability standard of 38% of income — the same standard the City already applies to its most successful homebuyer program — reduces

and profit as the properties are directly transferred to a homebuyer." Available at: <https://www.naca.com/city-one-dollar-homeownership-program/>

the City subsidy by approximately \$60,000 per home, saving roughly \$1.75 million across 29 homes. Applying HOME purchase price limits establishes a cost ceiling tied to federal standards. Using NACA's below-market mortgage where possible reduces the City subsidy to \$54,200 per home, a 77% reduction from the current proposal, because the lower interest rate allows the buyer to carry a larger mortgage without additional public funds. For a market-rate new twin home purchased with NACA financing at the HBAD affordability standard, the buyer's monthly payment is \$2,837 — \$450 below the cap — and the only City subsidy needed is the \$54,200 to buy down the sales price to the HOME limit. At that rate, the same budget contemplated by this resolution could serve approximately 114 families instead of 29.

CONCLUSION AND RECOMMENDATIONS

City staff and the developers recommended for funding have invested considerable time and effort in this process, and I recognize the difficulty of asking the Council to send this back. But the Council's fiduciary obligation to taxpayers and to the families this program is designed to serve must take precedence. These problems are not cosmetic — they are structural and cannot be fixed by conditions added at the point of approval. The Council will not have a better opportunity to get this right. Once construction begins, the City's leverage disappears and the financial commitments become irreversible. The time to impose the controls, require the analysis, and evaluate the alternatives is now — before the vote, not after.

These are not hypothetical programs — they are operating programs with documented outcomes.

The evidence in the preceding sections supports the following actions:

1. Approve the funding for the homeownership service programs in this resolution.
2. Direct CDD and EDD staff to evaluate the alternative strategies to help the target population buy homes using the Collins framework (Appendix A), and present results and their recommendations to the CDBG Committee, Finance Committee, and Common Council for their review and approval.
3. In the alternative, refer this resolution back to the CDBG Committee and Finance Committee with direction to impose appropriate controls, including:
 - Fixed total development costs subject to the cost reasonableness review required by the HOME Program (24 CFR § 92.250(b)), with sales prices not exceeding HOME purchase price limits (24 CFR § 92.254).
 - A minimum of 10% developer equity in cash or committed investor capital, secured before City funds are awarded — not from deferred developer fees or other City-funded sources.
 - Standard financial underwriting for all developers receiving City funds, including independent evaluation of credit, capacity, and collateral; and full disclosure of all loan terms in the Legistar file.
 - Make City funding contingent on a signed building contract from a qualified buyer.
 - Make payment of developer fees contingent on the closed sale of the home to a qualified buyer.

- Distribute an amended RFP to the Madison Area Builders Association and active homebuilders in Dane County.
 - A market absorption analysis for Owl Creek before committing to 17 homes in one location, including a realistic demand assessment, a phased development schedule, and identification of carrying costs and responsible parties if homes are not sold within 90 days of completion.
4. Approve the sale of Owl Creek lots for \$1 each directly to income-eligible buyers who are financially qualified to build a home and agree to commence construction within one year, with a City option to repurchase the lot at the original sales price if construction is not commenced within one year.

We cannot abandon our commitment to affordable homeownership, but must pursue it in a way that is fiscally sound, transparent, and prioritizes the families the program is designed to serve.

Thank you for your consideration.

APPENDIX A: COLLINS FRAMEWORK EVALUATION

The following table applies Collins' eight criteria for effective homeownership subsidies to the program proposed in this resolution. See J. Michael Collins, "Developing Effective Subsidy Mechanisms for Low-Income Homeownership," Harvard Joint Center for Housing Studies, HBTL-08 (October 2013), Section 4: "A Framework for Evaluation."

Collins Criterion	What Effective Programs Do	What This Resolution Does	Assessment
1. Scalability	Serve enough of the target market to influence behavior. Collins suggests at least 10% of the target population.	29 homes for a city with thousands of income-qualified renter households. Serves a fraction of 1% of the target market.	Fails. The per-household cost is so high that the program cannot achieve meaningful scale.
2. Marginal effect	Convert the marginal renter—the renter who would never buy a home without the subsidy—into a homeowner, rather than subsidizing bigger homes or larger mortgages for households who would have bought anyway.	Subsidizes 1,900 sq. ft. homes with universal design and sustainability enhancements — 25% larger than the market median. Increases the intensity of ownership among owners rather than expanding the number of owners from targeted income groups.	Weak. Subsidizes the intensive margin—bigger, more feature-rich homes—rather than converting marginal renters into homeowners.
3. Targeting	Explicitly restrict subsidies to borrowers below income thresholds.	Targets households at or below 70–80% AMI. Targeting is present but undermined by the affordability gap: homes are unaffordable even for the target population without additional subsidies not secured at time of application.	Mixed. Income targeting exists but does not translate to actual affordability for the families it is designed to serve.
4. Administrative efficiency	Minimize overhead; direct resources to activities with a direct impact on families and communities rather than regulatory compliance that, as Collins warns, can "trigger reams of regulatory restrictions that limit access and absorb a significant portion of resources for overhead."	Requires CDD to administer 12 development contracts and service agreements, monitor construction, coordinate with MACLT and HUD, and oversee 40–98 year affordability restrictions. No estimate of staff cost. Developer fees (\$190,176 for AnchorHaus alone) and above-market soft costs consume a large share of subsidy.	Fails. High administrative burden with no cost estimate. Resources are absorbed by overhead—developer fees, above-market soft costs, and program administration—rather than activities with a direct impact on homebuyers.
5. Recapture	Make subsidies recyclable so that a single subsidy	CLT model preserves affordability through resale	Mixed. CLT restrictions address long-term

Collins Criterion	What Effective Programs Do	What This Resolution Does	Assessment
	can be reused for subsequent first-time homebuyers. Penalize violations of terms.	restrictions (up to 50% of AHF loan may be forgiven). However, forgivable loans to developers with no personal liability and no equity create a structure with limited recapture if projects fail.	affordability, but developer-side recapture is weak.
6. Neighborhood externalities	Generate positive investment that may revitalize a neighborhood. However, to the extent a program relegates low-income homebuyers to disinvested areas that offer fewer amenities or access to opportunities, the neighborhood benefits of owning a home are undermined.	Concentrates all 29 units in two isolated locations. Owl Creek lacks walkable access to schools, grocery stores, or pharmacies. City has been unable to develop these lots for over a decade despite the strongest housing market in Madison's history.	Fails. Relegates low-income buyers to precisely the kind of disinvested, isolated location Collins warns against.
7. Default risk	Reduce information asymmetry for lender underwriting, lower exposure to negative house price changes, and provide buyers with a more secure position in case of a negative financial shock.	No evidence of borrower underwriting or pre-purchase counseling requirement. Homes are unaffordable at target income levels. Developers have essentially no equity in the projects. Speculative construction with no buyer commitments.	Fails. Multiple risk factors that increase rather than reduce default probability.
8. Mobility	Not impair the homebuyer's ability to sell or move in response to employment opportunities or household disruptions. Ownership ties a household to a specific labor market, which can become a significant disadvantage for workers with lower incomes.	CLT and deed restrictions of 40–98 years limit resale options. Isolated location with limited market demand compounds the constraint. Buyers may find it difficult to sell if circumstances change.	Weak. Long-term restrictions combined with a location the market has already rejected create significant mobility risk.

APPENDIX B: PUBLIC SUBSIDY AND MONTHLY PAYMENT SCENARIOS

The attached spreadsheet presents four detailed scenarios that compare the public subsidy and the monthly payment impacts of different policy choices for the AnchorHaus proposal. Each scenario models the same household (family of four at 80% AMI, \$103,800 annual income) purchasing a three-bedroom twin home, and varies four policy variables: the affordability cap (30% vs. 38% of income), the maximum sales price (\$346,000 per proposal vs. \$385,700 HOME limit), and the mortgage product (conventional at 6.0–6.9% vs. NACA at 5.0%). The spreadsheet includes the full set of assumptions, monthly payment calculations, sources of funds, and subsidy breakdowns for each scenario. Key findings are summarized in the comparison table in Section III of this memorandum.

Key assumptions common to all scenarios: 30-year fixed-rate mortgage; 1% buyer down payment; 3% closing costs; City of Madison mill rate 0.018656312; \$1,500 annual property insurance; no private mortgage insurance; HOME maximum purchase price of \$385,700 (95% of \$406,000 FHA median purchase price for new twin homes). AnchorHaus proposal: \$527,589 per unit (excluding lot) from the applicant's pro forma. Median 2025 assessed value of residential lots in Owl Creek: \$76,600 (\$38,299 per half-lot after \$1 sales price). Market-rate new home price of \$439,900 based on 2026 MLS data for a typical (median) twin home with three bedrooms, two and a half baths, and a two-car garage located in the City of Madison.

FUNDING FOR AFFORDABLE HOME OWNERSHIP DEVELOPMENT, PROGRAMS, AND SERVICES
RFP #2025-14027, LEGISTAR ID NO. 91615

Summary	AnchorHaus' Proposal	AnchorHaus' Proposal & Current Interest Rate	Market Rate New Home, 38% Ratio & Current Interest Rate	Market Rate New Home & NACA Mortgage Rate
Maximum annual income (80% of AMI) for a family of 4	\$ 103,800	\$ 103,800	\$ 103,800	\$ 103,800
Maximum monthly income (80% of AMI) for a family of 4	\$ 8,650	\$ 8,650	\$ 8,650	\$ 8,650
Maximum payment as a % of monthly income	30%	30%	38%	38%
Cost of home including lot	\$ 565,888	\$ 565,888	\$ 439,900	\$ 439,900
Target sales price	\$ 346,000	\$ 346,000	\$ 385,700	\$ 385,700
Mortgage interest rate	6.90%	6.00%	6.00%	5.00%
City of Madison subsidies	\$ 269,447	\$ 240,554	\$ 54,200	\$ 54,200
Monthly payment expenditure cap	\$ 2,595	\$ 2,595	\$ 3,287	\$ 3,287
Monthly PITI payment	\$ 2,595	\$ 2,595	\$ 3,083	\$ 2,837
Monthly payment surplus (deficit)	\$ 0	\$ 0	\$ 204	\$ 450
Net monthly payment				
Monthly PITI payment	\$ 2,595	\$ 2,595	\$ 3,083	\$ 2,837
Less principal reduction	\$ 245	\$ 321	\$ 392	\$ 473
Net monthly payment after principal reduction	\$ 2,350	\$ 2,274	\$ 2,692	\$ 2,364
Public Subsidy				
City of Madison Subsidy				
Market value City-owned lot (1/2 median '25 assessment)	\$ 38,299	\$ 38,299	\$ -	\$ -
AFH funds to reduce cost of home to target sales price	\$ 181,589	\$ 181,589	\$ 54,200	\$ 54,200
AFH funds to reduce homebuyer's mortgage	\$ 18,411	\$ 18,411	\$ -	\$ -
Home Buy American Dream funds	\$ 31,148	\$ 2,255	\$ -	\$ -
Subtotal City of Madison Subsidy	\$ 269,447	\$ 240,554	\$ 54,200	\$ 54,200
FHLBank Chicago Downpayment Plus Program funds	\$ 10,000	\$ 10,000	\$ -	\$ -
Total Public Subsidy	\$ 279,447	\$ 250,554	\$ 54,200	\$ 54,200
Total AFH funds required	\$ 200,000	\$ 200,000	\$ 54,200	\$ 54,200
Total all City of Madison subsidies	\$ 269,447	\$ 240,554	\$ 54,200	\$ 54,200

FUNDING FOR AFFORDABLE HOME OWNERSHIP DEVELOPMENT, PROGRAMS, AND SERVICES
RFP #2025-14027, LEGISTAR ID NO. 91615

	AnchorHaus' Proposal	AnchorHaus' Proposal & Current Interest Rate	Market Rate New Home, 38% Ratio & Current Interest Rate	Market Rate New Home & NACA Mortgage Rate
Monthly Payment Calculation				
Cost of home including lot at market value	\$ 565,888	\$ 565,888	\$ 439,900	\$ 439,900
Less discount on sales price City-owned lot	\$ 38,299	\$ 38,299	\$ -	\$ -
Cost of home, including lot	\$ 527,589	\$ 527,589	\$ 439,900	\$ 439,900
Less AFH funds to buy down cost to Target sales price	\$ 181,589	\$ 181,589	\$ 54,200	\$ 54,200
Target sales price/max sales price per HOME Rules	\$ 346,000	\$ 346,000	\$ 385,700	\$ 385,700
Closing costs paid by buyer	\$ 10,380	\$ 10,380	\$ 11,571	\$ 11,571
Total Funds Required to Close	\$ 356,380	\$ 356,380	\$ 397,271	\$ 397,271
Sources of Funds Required to Close				
Buyer's down payment	\$ 3,460	\$ 3,460	\$ 3,857	\$ 3,857
Home Buy American Dream downpayment assistance	\$ 31,148	\$ 2,255	\$ -	\$ -
FHLBank Chicago Downpayment Plus Program	\$ 10,000	\$ 10,000	\$ -	\$ -
AFH funds to reduce homebuyer's mortgage	\$ 18,411	\$ 18,411	\$ -	\$ -
Subtotal down payment and down payment assistance	\$ 63,019	\$ 34,126	\$ 3,857	\$ 3,857
1st mortgage loan	\$ 293,361	\$ 322,254	\$ 393,414	\$ 393,414
Total Sources of Funds Required to Close	\$ 356,380	\$ 356,380	\$ 397,271	\$ 397,271
Monthly Payment (PITI)				
Monthly principal and interest payment	\$ 1,932	\$ 1,932	\$ 2,359	\$ 2,112
Property taxes	\$ 538	\$ 538	\$ 600	\$ 600
Property insurance	\$ 125	\$ 125	\$ 125	\$ 125
Condo fee	\$ -	\$ -	\$ -	\$ -
Private mortgage insurance	\$ -	\$ -	\$ -	\$ -
Total Monthly Payment (PITI)	\$ 2,595	\$ 2,595	\$ 3,083	\$ 2,837

FUNDING FOR AFFORDABLE HOME OWNERSHIP DEVELOPMENT, PROGRAMS, AND SERVICES
RFP #2025-14027, LEGISTAR ID NO. 91615

Assumptions	AnchorHaus' Proposal	AnchorHaus' Proposal & Current Interest Rate	Market Rate New Home, 38% Ratio & Current Interest Rate	Market Rate New Home & NACA Mortgage Rate
Cost of home per AnchorHaus proposal with lot for \$1	\$ 527,589	\$ 527,589	\$ 527,589	\$ 527,589
Median 2025 assessment of residential lot in Owl Creek	\$ 76,600	\$ 76,600	\$ 76,600	\$ 76,600
Sales price of City-owned lot	\$ 1	\$ 1	\$ 1	\$ 1
City of Madison 2026 median sales price new homes	\$ 504,900	\$ 504,900	\$ 504,900	\$ 504,900
HOME FHA median purchase price new twin homes	\$ 406,000	\$ 406,000	\$ 406,000	\$ 406,000
HOME max purchase price as a % of FHA median	95%	95%	95%	95%
Target sales price per proposal	\$ 346,000	\$ 346,000		\$ 346,000
Affordability cap as a percent of household income	100%	100%	100%	100%
Area Median Income (AMI) for a family of 4	\$ 103,800	\$ 103,800	\$ 103,800	\$ 103,800
Maximum monthly PITI payment as a % of income	30%	30%	38%	38%
Closing costs as a percent of sales price	3.0%	3.0%	3.0%	3.0%
Buyers down payment as a % of purchase price	1.0%	1.0%	1.0%	1.0%
Home Buy American Dream downpayment assistance	\$ 31,148	\$ 2,255	\$ -	\$ -
FHLBank Chicago Downpayment Plus Program (DPP)	\$ 10,000	\$ 10,000	\$ -	\$ -
Interest rate	6.90%	6.00%	6.00%	5.00%
Number of payments per year	12	12	12	12
Number of years	30	30	30	30
Final value of mortgage	\$ -	\$ -	\$ -	\$ -
Mil rate	0.01866	0.01866	0.01866	0.01866
Annual property insurance	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Condo fee	\$ -	\$ -	\$ -	\$ -
Private mortgage insurance as %	0.0000	0.0000	0.0000	0.0000
Principal Payment Calculations				
=PPMT (rate, per, nper, pv, [fv], [type])	\$245.25	\$320.81	\$391.65	\$472.71
rate - The interest rate per period.	0.575%	0.500%	0.500%	0.417%
per - The payment period of interest.	1	1	1	1
nper - The total number of payments for the loan.	360	360	360	360
pv - The present value, or total value of all payments now.	\$ (293,361)	\$ (322,254)	\$ (393,414)	\$ (393,414)
fv - [optional] The cash balance desired after last payment	0	0	0	0
type - [optional] When payments are due. 0 = end of period	0	0	0	0