



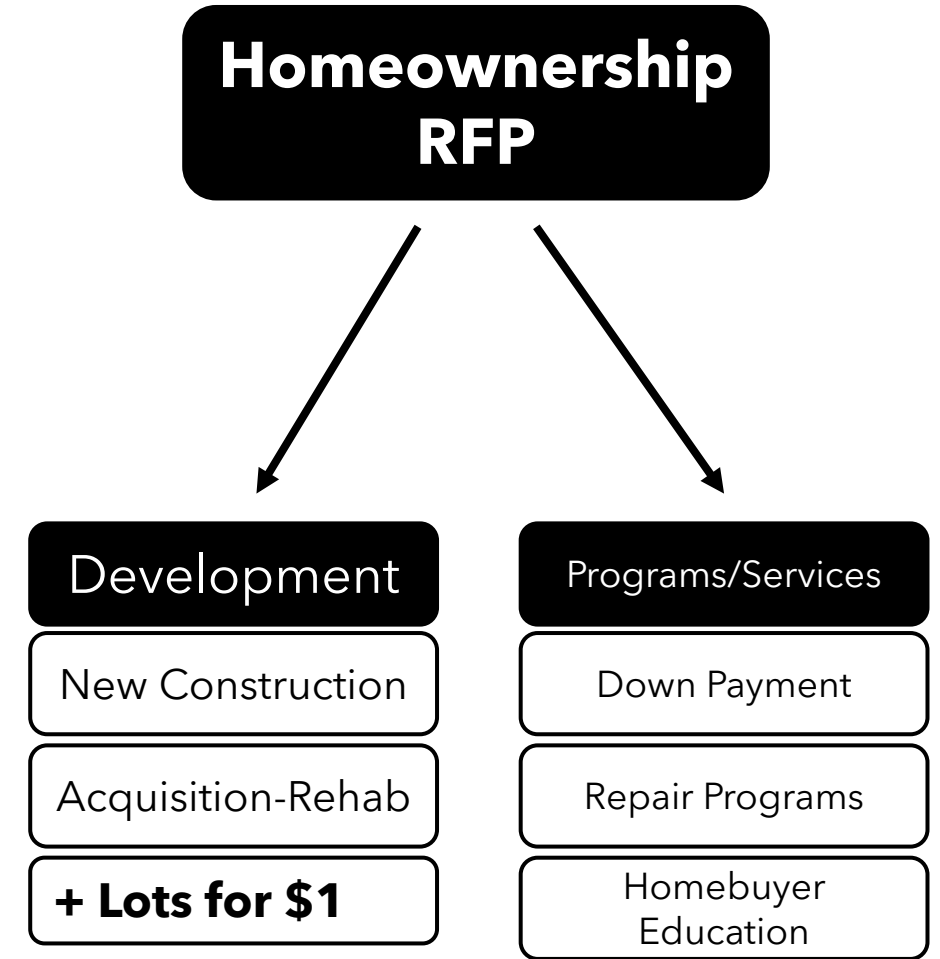
# **DRAFT Homeownership RFP**

CDBG Committee

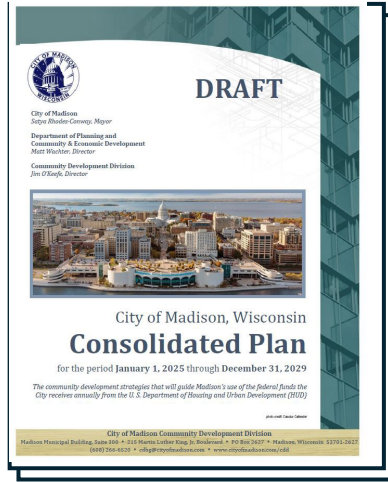
**02.06.2025**

# Overview

- RFP: Financing for Affordable Homeownership Development, Programs, and Services
- **Amount available:** \$5 Million
- **Release Date:** February / March 2025
- **Applications due:** May / June 2025
- **Projects starting**
  - Development: After CC Approval
  - Programs and Services: January 1, 2026



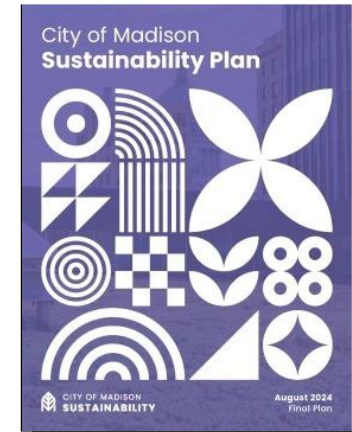
# Goals



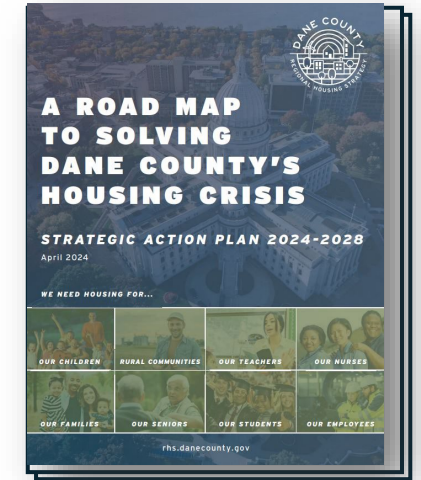
*Consolidated Plan and Annual Action Plan*



*Comprehensive Plan and Area Plans*



*Sustainability Plan*



*Dane County Housing Strategy Report*

## Goal Area 1. Housing Development and Financing: Homeownership

- Housing Rehabilitation and Accessibility Improvements
- Owner-Occupied Housing Development (New Units)
- Homebuyer Assistance (Down Payment)

- **Homebuyer Education**

# Overall Changes

- Extend application timeline (from 4 weeks to 8 weeks)
- Application is streamlined and number of questions are reduced
- Scoring criteria aligns with application and equalizes community need and preferences as an important component of evaluation

# Development

## Eligible applicants

- Non-Profits
- For-Profits *(new)*

Increase supply

Support permanent affordability

Be proactive and reduce costs in the future

Reach lower income bands to increase choice

## Per Unit Subsidy

Up to \$200,000 / unit

*Previously up to \$150,000*

## Sustainability *(new)*

Requirement for ENERGY Star Certification for new construction

*Additional subsidies to exceed.*

## Accessibility *(new)*

Minimum requirements for visitability and accessibility to greatest extent feasible

*Additional subsidies to exceed.*

## Financing

- 0% Long Term Deferred Loan
- 80% capital costs
- 20% soft costs *(reduced split)*

## Developer Fee Boost *(new)*

- Developer fee can max out at 20% cap of award minus any soft costs

## Permanent Affordability

Incentive for permanent affordability

- Forgive 50% of loan at time of resale
- Park Impact Fee Waiver

# Increased Subsidy

## Owl Creek Twin Home Features

5165 GREAT GRAY DRIVE, MADISON, WI 53718

**LISTING PRICE: \$235,000**

- 2-story, Twin home, Shared Wall
- 1,199 sqft
- 2 bedroom, 1.5 bathroom plus study
- 1 car attached garage
- Open-concept kitchen with a great room
- Solid surface countertops
- Concrete patio from the kitchen
- Barrier-free first floor with 43-inch stairway

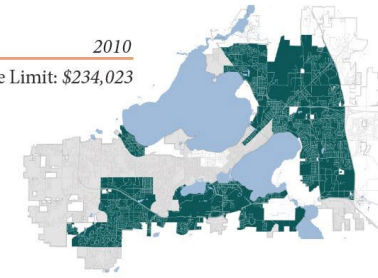


The actual floor plans and elevations may differ from those shown based on modifications, options, and improvements to the plans by the developer. Image credit Kaba-Baal LLC.

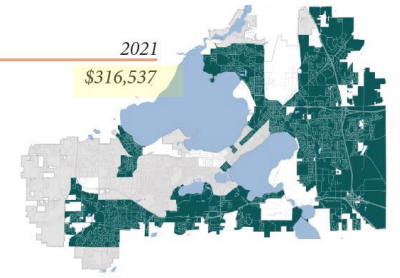
### Why?

- Above was possible with \$150,000 subsidy
- Limited other sources of funding to leverage
- Lower capacity for smaller scaled projects
- Increased labor and materials costs

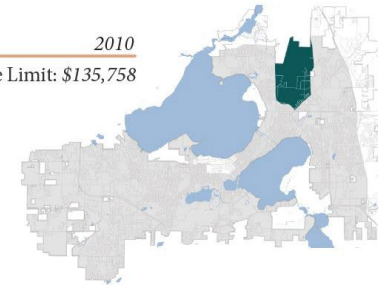
White Households: 2010  
2010 Affordable Purchase Limit: \$234,023



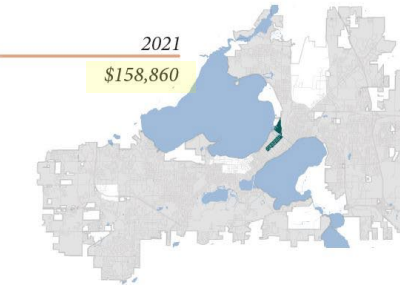
2021  
\$316,537



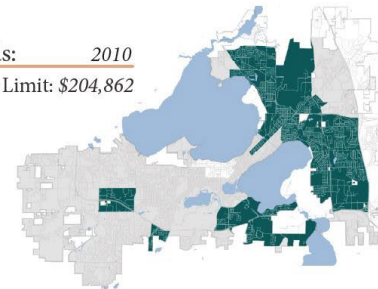
Black Households: 2010  
2010 Affordable Purchase Limit: \$135,758



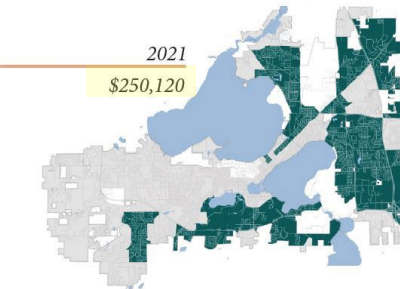
2021  
\$158,860



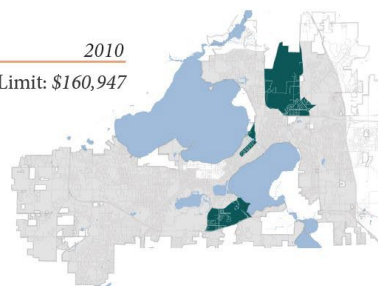
Hispanic/Latino Households: 2010  
2010 Affordable Purchase Limit: \$204,862



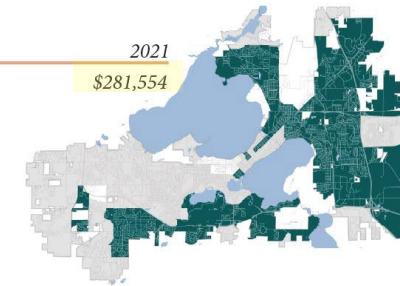
2021  
\$250,120



Asian Households: 2010  
2010 Affordable Purchase Limit: \$160,947



2021  
\$281,554



# Increased Subsidy

|                             |                    |
|-----------------------------|--------------------|
| <b>Estimated payment</b>    | <b>\$1,753 /mo</b> |
| Loan amount                 | \$200,000          |
| Down payment                | \$35,000           |
| Interest rate               | 6.9%               |
| Loan term                   | 30 years           |
| Taxes & insurance included? | Yes                |
| Property tax                | 1.8%/yr            |
| Homeowner's insurance       | \$1,000/yr         |
| Mortgage insurance          | \$0/mo             |
| HOA dues                    | \$0/mo             |

\$50k  
subsidy



|                             |                    |
|-----------------------------|--------------------|
| <b>Estimated payment</b>    | <b>\$1,341 /mo</b> |
| Loan amount                 | \$150,000          |
| Down payment                | \$35,000           |
| Interest rate               | 6.822%             |
| Loan term                   | 30 years           |
| Taxes & insurance included? | Yes                |
| Property tax                | 1.8%/yr            |
| Homeowner's insurance       | \$1,000/yr         |
| Mortgage insurance          | \$0/mo             |
| HOA dues                    | \$0/mo             |

**\$70,120 ANNUAL INCOME =**  
**~ 56% AMI** (as of 2/3/2024)

**\$53,640 ANNUAL INCOME =**  
**~ 43% AMI** (as of 2/3/2024)



# Development – Lots for sale

- Revision to the draft will include **6 vacant** lots offered for **\$1.00** in the Owl Creek neighborhood
- Reduces project costs by **\$70,000 - \$100,000** per lot and increases affordability





# Programs and Services

## **Eligible applicants**

Non-Profits; collaborative proposals provide exceptions

## **Program and Services contract may be**

**extended** beyond the 2-year cycle, if funds are available.

## **Homebuyer Assistance (Down Payment)**

a program that provides mortgage reduction assistance for first-time income-qualified homebuyers

*Reasonable and must adhere to CDD Underwriting Standards*

## **Minor Home Repair**

a program for minor home repairs under \$5,000 to improve safety, weatherization, accessibility, or energy efficiency

## **Homebuyer Education**

provide financial literacy and homebuyer education, issue HUD-certified completion certificates, to prepare residents for homeownership and access down payment assistance

*30% of budget should be used towards program support: incentivizing, retainment, reducing barriers*

# Timeline

