

**Dane County Planning and Development Department  
Community Development Block Grant (CDBG)  
2006 Funding Application**

Amount Requested: **\$50,000**

**AGENCY INFORMATION**

**Organization Name:**

**City of Middleton Community Development Authority/Down Payment Assistance  
Program**

**Address:**

**7426 Hubbard Avenue, Middleton, WI 53562**

**Telephone:**

**827-1058**

**Fax:**

**827-1057**

**E-mail Address:**

**mdavis@ci.middleton.wi.us**

**Name and telephone of Contact Person:**

**Mike Davis; 827-1058**

**Legal Status:**

- Private, Nonprofit  
 Private, For-profit  
 Religious, Nonprofit  
 Other

**Date of Organization Incorporation: 1963; Municipality**

**Please attach a copy of the Organization's Mission Statement and resumes of relevant staff.**

\_\_\_\_\_  
**Signature of Executive Director/Official**

\_\_\_\_\_  
**August 12, 2005**

**Date**

## ORGANIZATION REVENUES AND BUDGET

Please describe TOTAL ORGANIZATIONAL REVENUE and sources of project match for calendar year. You may change a row heading to make it applicable to your agency.

Funding Sources (list separately)	2004 Actual	2005 Budget	2006 Proposed
Dane County CDBG/HOME	<b>\$ N/A</b>	\$	\$
Other local govt.	\$	<b>\$140,000</b>	<b>\$Unused Portion</b>
State govt.	\$	\$	\$
Federal govt.	\$	\$	\$
Fund Raising	\$	\$	\$
User Fees	\$	\$	\$
Other Sources:	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
<b>Total Funding</b>	<b>\$ N/A</b>	<b>\$140,000</b>	<b>\$Unused Portion</b>

Please provide your agency's **TOTAL EXPENSE BUDGET** for the three separate years indicated. For 2004, please submit most current budget information.

Account Description	2004 Actual	2005 Budget	2006 Proposed
<b>A: Personnel</b> (Salaries, inc. taxes and fringe)		<b>City subsidizes</b>	<b>City subsidizes</b>
<b>B: Operating Expenses:</b>			
Insurance			
Professional Fees/Audit			
Postage/Supplies/Printing			
Equipment/ Furnishings/Depreciation			
Telephone			
Training/Conferences			
Food/HH Supplies			
Travel			
Vehicle Cost/Depreciation			
Other (Please Specify)			
<b>SUBTOTAL B</b>			
<b>C. Space</b>			
Rent/Utilities/Maintenance			
Mortgage Principal, Interest and Taxes/Depreciation			
<b>SUBTOTAL C:</b>			
<b>D. Special Costs:</b>		<b>100,000</b>	<b>Unused Portion</b>
Assistance to Individuals			
Affiliation Dues			
Subcontracts		<b>40,000</b>	<b>Unused Portion</b>
<b>SUBTOTAL D:</b>			
<b>Total Operating Expenses (Sum A-D)</b>	<b>N/A</b>	<b>140,000</b>	<b>Unused Portion</b>
<b>Total Capital Expenditures</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## PROPOSED PROGRAM INFORMATION

Proposed Program Name:

Down Payment Assistance Program

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**PROGRAM DESCRIPTION:** Briefly describe the program/service being proposed. Include (1) scope and level of services; and (2) geographic area to be served. Please limit your response to the space provided below and one additional page, if needed.

### **CITY OF MIDDLETON DOWN PAYMENT ASSISTANCE PROGRAM - Helping low- to moderate-income families purchase homes -**

*What is the City of Middleton's Down Payment Assistance Program (DPAP)?*

- The City offers down payment assistance to qualified home buyers with total annual household incomes falling between 40% and 80% of Dane County median income.
- Funds may be used for down payment or closing costs, and for certain other costs required to be paid in advance of purchase.

**DRAFT**

*What is a qualifying home?*

- Homes must be owner-occupied primary residences (either free-standing homes or condos) located within the city of Middleton.
- Assistance is targeted to homes priced at or below \$175,000 (76% of the average Middleton sale price in 2003).

*How much assistance is available?*

- Down payment assistance ranges from 5% to 10% of purchase price.
- The City encourages recipients to combine the assistance with financial support from other sources.

*Does the assistance have to be repaid?*

- If the home remains the borrower's primary residence for 15 years, only the original amount of the down payment assistance must be repaid.

**DOCUMENTATION OF NEED/OPPORTUNITY:** (1) Please document and explain the specific nature of the need that the program addresses. (2) How does this program address the current priorities in the 2004-2008 Dane County Consolidated Plan?

## **Housing for Middleton**

**Mayor Doug Zwank created an Affordable Housing Task Force for Middleton as one of his first official actions because housing that meets community needs is one of his top priorities. In formulating its goals and objectives, the Task Force benefited from the work being done on the Dane County Comprehensive Plan, and from the work being done by the City of Madison to address its affordable housing needs.**

**Although Middleton can learn from our neighbors, we have our own housing needs and challenges.**

- **The average sale price for a home in Middleton was \$231,700 in 2003. With a 5% down payment – or about \$11,600 – and a 5% interest rate on a mortgage loan, a buyer would need an income of about \$71,700 to keep total housing cost at 30% of their income.**
- **If mortgage interest rates rise above their current record low levels, an even higher income would be needed to buy the average home in Middleton. A higher down payment would reduce the mortgage payment, but not many first-time home buyers have \$20,000 or \$30,000 saved to buy a home.**
- **The starting salary for a police officer is \$39,975. The average salary for a restaurant chef in Dane County in 2002 was \$23,190 and for a child care worker was \$19,080. Nursing aides made \$24,310 and retail sales people made \$21,440.**
- **Almost half of the households in Middleton are renters, and 30.6% of these households pay more than 30% of their income toward rent.**
- **Almost 23% of Middleton households in all income ranges pay more than 30% of their incomes toward housing costs.**

**The Dane County Consolidated Plan includes several goals relating to making housing more affordable to Dane County residents, and the City of Middleton's Down Payment Assistance Program, as stated above, meets those goals pertaining to affordable home ownership for low- to moderate-income persons and families.**

## **PROGRAM GOAL, OUTCOME AND PROCESS OBJECTIVES AND MEASUREMENT INDICATORS.**

State the goal(s) and objective(s) of the program. State the desired outcome and process objectives and describe the expected level of performance and how the outcome objectives will be measured, i.e., what indicators will be tracked. Please use only space provided.

### **(1) Goal**

(Should be clear and long range)

- **To provide affordable home ownership opportunities for low- to moderate-income residents of Middleton.**
- **To create incentives for developers to meet the City's workforce housing guidelines.**
- **To encourage reinvestment in and redevelopment of Middleton's existing housing supply.**
- **To establish a replenishing fund to leverage the City's original investment, including federal, state, county, and not-for-profit grants.**

### **(2) Outcome Objectives (usually more than one)**

(Please ensure that objectives are specific, problem-related, attainable and measurable objectives. Describe the intended effect on the participants' knowledge, skills, attitudes, behavior or condition)

**The DPAP would be inconsequential without the construction of affordable units within the City of Middleton. Therefore, the City is in the process of selling 8+ acres to the Ellefson Company d/b/a Cornerstone Development, LLC, for a mixed income condominium project of 132 units on Pleasant View Road, just south of Airport Road in Middleton.**

**The City will adjust the proposed purchase price of \$1,654,000 by \$390,852 per the following explanation:**

- a. \$193,332 offset for Park Fees to be paid for 132 units (96 two bedrooms at \$1634 and 36 one bedrooms at \$1013)**
- b. \$150,000 offset for cost of installing water pump system.**
- c. \$47,520 offset for city sewer interceptor fees (\$6000/Acre for 7.92 Acres).**

**In return, the Ellefson Company will guarantee 35 units will be listed for a purchase price below \$150,000. (The unit count is based upon 25+% of the total number of units which is higher than the typical 15% affordable units used in similar scenarios.)**

**In addition to the 35 units to be built by the Ellefson Company over the next 3-5 years, the City estimates assisting an additional 15 families with down payment assistance over the next 1-2 years. Therefore, a total of 50 families are projected for down payment assistance.**

### **(3) Performance Standard**

(Number or percentage level that constitutes a reasonable level of achievement for the program participants based on expected outcomes)

**Of the 35 aforementioned units from the total of 132, 22 will be two bedrooms, 11 will be one bedroom and 2 will be three bedrooms. The Ellefson Company will complete 7 affordable units per year and evenly disperse the units throughout the development. Further, these units will be restricted to buyers with income at or below 80% of the median income for Dane County. The income will be verified by both the seller and the City of Middleton by gathering the buyer's past two paycheck stubs and the past years W-2 form.**

**The \$150,000 cap will be adjustable by 5% per year the project is under construction. In addition, the Ellefson Company will attempt to provide additional units that list for a purchase price for which an 80% AMI buyer qualifies.**

**The City anticipates that many, if not the vast majority, of the new condominium owners will be interested in utilizing the City's Down Payment Assistance Program (DPAP) for mortgage financing assistance. The City's CDA has made available \$100,000 for Down Payment Assistance and has budgeted \$40,000 and contracted with the Wisconsin Partnership for Housing Development for administration of the DPAP.**

### **(4) Process Objectives**

(Measurable statements of the program's activities, i.e., what "things or activities" will be done in the program to accomplish the desired outcome)

**If a qualified buyer does not purchase the designated unit in a reasonable time, the Ellefson Company will have the right to shift the designated unit to a later building/phase in order to control extensive holding costs. If, in the end, the targeted units are not purchased by the targeted buyers, the Ellefson Company agrees to pay back \$11,167 per unit for any of the 35 affordable units not sold to qualified buyers. This money will be paid to the Middleton Community Development Authority for the Down Payment Assistance Program.**

**In addition to the 35 units mentioned above, the City estimates that another 15 families may utilize DPAP over the next 1-2 years.**

## **TARGET GROUP**

Describe the program's target population and service guidelines.

**Middleton workers and prospective home owners between 40-80% of median income are the target population. The Ellefson Company's development will be near the bus line and within walking distance of the City's two major industrial parks: Middleton Business Park and Airport Road Business Park. Therefore, the City believes that the affordable units to be built will be readily accessible for the vast majority of Middleton's burgeoning workforce. The City would like to help Middleton workers drastically reduce commute times and associated pollution from commuting.**

## **IMPLEMENTATION PLAN**

(1) Describe how the program will be implemented and the methodology used. Include timelines for key events. (2) Describe coordination links with other groups.

**Of the 35 aforementioned units from the total of 132, 22 will be two bedrooms, 11 will be one bedroom and 2 will be three bedrooms. The Ellefson Company will complete 7 affordable units per year (2006-2010) and evenly disperse the units throughout the development. Further, these units will be restricted to buyers with income at or below 80% of the median income for Dane County. The income will be verified by both the seller and the City of Middleton by gathering the buyer's past two paycheck stubs and the past years W-2 form.**

**The City is requesting \$100,000 from Dane County CDBG (\$50,000) and HOME (\$50,000) funds to complement and supplement the CDA's existing \$100,000 allocation for Down Payment Assistance. We have applied for a federal earmark via Congresswoman Tammy Baldwin, and we continue to apply for additional grant funds to supplement and complement the DPAP.**

## PROGRAM BUDGET

FY 2006 Estimated Operating Budget

Activity	Total Proposed Budget	Dane County CDBG/HOME	Other Sources: (City of Middleton)	Other Sources: (Middleton CDA)	Other Sources: (Alliant Energy Foundation)
Personnel					
Operating	<b>40,000</b>			<b>40,000</b>	
Space					
Special Costs	<b>595,852</b>	<b>100,000</b>	<b>390,852 (land write down)</b>	<b>100,000</b>	<b>5,000</b>
<b>FY 2006 Total Budget</b>	<b>635,852</b>	<b>100,000</b>	<b>390,852</b>	<b>140,000</b>	<b>5,000</b>

## UNIT COST

This chart is for unit and participation/client costs for the program you are applying for only. For column (4), divide column (2) by column (3). For column (6), divide column (2) by column (5).

	(2) Total Cost of Program	(3) Unduplicated Participants	(4) Cost per Participant	(5) Units Provided	(6) Unit Cost
FY 2006 Budget (total)	<b>635,852 (over 3-5 years)</b>	<b>115 (50 households of 2.3 each)</b>	<b>5,529</b>	<b>50</b>	<b>12,717</b>
FY 2006 Budget (CDBG/HOME portion)	<b>100,000</b>	<b>115</b>	<b>870</b>	<b>50</b>	<b>2,000</b>

**Note: Contact Ann Webbles at 608.261.9782 with questions about the application or by e-mail at [webbles@co.dane.wi.us](mailto:webbles@co.dane.wi.us).**

ComDev/CDBG Program/2006 Action Plan/CDBG App.doc