

City of Middleton- Workforce Housing



Down Payment Assistance: The Need

- Average sale price of a Middleton home is \$231,700
- Median household income is \$50,786
- Median income for a family of 4 is \$73,200
 - Those earning the median income cannot afford to buy a median-priced home
- With a 5% down payment and 5% interest rate on a mortgage loan, a buyer would **need an income of \$81,427 to keep housing costs below 30% of income**

The Need for Assistance

- Starting salaries of the Middleton workforce:
 - Police Officer: \$39,975
 - Childcare Worker: \$19,190
 - Nursing Aides: \$24,310
 - Retail Sales Associate: \$21,440
 - Middleton School Teacher :\$28,650
- For a married couple of teachers, it would take at least 6 years to earn the necessary \$81,427 to afford a down payment on a home in Middleton.

The Need

- Given the cost of living, the barrier for those who can afford a monthly mortgage payment is the inability to save enough money for the down payment.
- Wages are not increasing at the same rate as housing costs
 - Housing costs are increasing 13.5% per year
 - Wages are increasing 4% per year
 - Source: Professor Marcia Caton Campbell, University of Wisconsin Madison. Department of Urban and Regional Planning
- 0% interest rates are not good for consumers
 - Families cannot earn equity on their homes

What is the Down Payment Assistance Program?

- The City will offer down payment assistance to home buyers with total annual household income between 40% and 80% of Dane County median income.
 - 80% of median income for a household of 2 is \$46,880.
 - 80% of median income for a household of 4 is \$58,560.
 - Funds can be used for down payment or closing costs, and other costs required to be paid in advance.

What Workforce Housing Can Do For The Community

- Affordable workforce housing is essential for:
 - **Community and Economic Development**
 - Reduces travel times and expenses
 - Reduces fuel consumption
 - Reduces air pollution
 - Reduces the need for expensive new roads
- Those who provide essential services to the community should be able to live in Middleton:
 - School teachers, firefighters, police officers, retailers, factory employees, and office workers.

How Much Assistance is Available?

- Down payment assistance from the City ranges from 5% to 10% of purchase price
- Opportunities are available to combine assistance with support from agencies such as the Dane County Housing Authority
- Outside sources will also be utilized to educate first-time home buyers

Does the Assistance Have to be Repaid?

- If the home remains the borrower's primary residence for 15 years, **ONLY** the original assistance must be repaid
- Within the first 15 years, if the borrower sells, refinances, or the property is no longer the primary residence, the City recovers the full amount of assistance plus a % of property appreciation
- **Never** will the required repayment be more than 2X the initial down payment assistance

Middleton's Goals

- 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

What is affordable housing?

- Highland Park, IL:
- **Median Household Income: \$ 100,967**
Median Value of Homes: \$ 370,900
- **6 Affordable Townhomes in Highland Park:**
 - **\$110,000-\$190,000 per unit of affordable housing**



Great Looking Homes for Hard-Working People

