

Questions and Answers | *Updated 09/22/2025*

New update for this Q/A begins at Question 19.

- 1. Does the affirmative marketing plan get approved ahead of time or submitted with the application?**
 - a. Correction to the question – it is in relation to the Affirmative Action Plan, not in relation to marketing.
 - b. The Affirmative Action Plan is submitted after award. When the contract is being signed, there will be a section to state if you already have an Affirmative Action Plan on file with the City of Madison, or if you do not, that you will file one within 30 days of the contract execution
 - c. If in relation to the Affirmative marketing plan (Attachment B of the RFP), a draft submission should be included with the application. The final version of the AMP would be part of the contract requirements, should the applicant be selected and awarded.
- 2. Do the affirmative action plan requirements come before or after award of funds?**
 - a. After award of funds.
- 3. Can you explain each of the tabs in the budget workbook?**
 - a. Applicants should submit one workbook that includes all of the proposals they are applying for.
 - **Development projects** → Complete all **purple tabs**.
 - **Tab 2 – “Dev Budget”**: Enter all project costs here. This tab can accommodate multiple development proposals.
 - **Tab 3 – “Summary-Dev”**: Provides a summary of the development budgets and includes a quick affordability analysis for the end buyer.
 - **Programs and services** → Complete all **green tabs**. Enter annual costs associated with running the program.
 - **Tabs “Program A” to “Program C”**: Each tab represents a separate program proposal.
 - **Tabs “AppIV-Summ” and “AppIV-PgExp”**: Summarizes the program proposal budgets.
- 4. When are developments required to attend a DAT meeting? Can you go to more than one if needed? Can you clarify pre-application or post-application? What if you have already attended a DAT meeting prior to the release of the RFP regarding the proposal?**
 - a. Developments with 4 or more units are required to attend a DAT meeting prior to submission. If you have attended a DAT meeting prior to the release of the RFP, related to the proposal you are requesting funding for, you can count that towards fulfilling your

requirement. Although not required, an applicant can request to attend more DAT meetings, if scheduling allows.

5. When a proposal is awarded, is the subsidy provided on the front end, or is it a reimbursement process?

- a. Funding is usually provided as reimbursements or draws:
 - i. **New construction** → Held in escrow by title company; draws released with invoices and City approval.
 - 1. **This cycle** → 10% of City funding will be held back until project completion and final report are submitted.
 - ii. **Acquisition-Rehabilitation** → Funds needed for site acquisition will be wired by time of closing. Any work completed would be reimbursed as draws are submitted and required documentation is provided.

Note that subsidy is provided after an awardee has completed all due diligence items requested of them and a contract/loan agreement has been executed between the parties.

6. Is the amount of funding for homebuyer education different than in prior years?

- a. Yes, during the 2022 cycle, the City of Madison had funding available to support targeted neighborhood homebuyer education. This was not a continuous source of funding and has since been spent.

7. Can a project mix and match HOME and AHF?

- a. Yes, for development proposals, an applicant may be awarded a mixture of funding sources. The stricter rules and regulations would apply in those cases.

8. Is the City certain that HOME funds will be available in the future?

- a. The City of Madison will continue to submit required plans and reports to ensure compliance with HUD's requirements. But we cannot provide certainty that federal funds will be available in the future.

9. How are goals set and determined between M/W/DBE and SBE? What does the certification look like?

- a. Goals are determined based on who the funding is coming from (City of Madison versus Housing and Urban Development), as each agency has their own rules, regulations, and program goals for business development and support.
- b. Goals are set on a project by project bases based on the current market availability and the type of work being done on the project.
- c. City of Madison funded projects over \$200,000 and with 4 or more units will have Small Business Enterprise (SBE) goals set.
- d. HUD funded projects over \$200,000 will have Minority, Women, and Disadvantaged Business Enterprise (MWDBE) goals set.
- e. HUD funded projects under \$200,000 will not have goals set, but will need to report MWDBE usage.

- f. Definitions:
 - i. Small Business Enterprise - an independently owned and controlled business with annual gross receipts of \$4 million or less when averaged over the past three years. And the majority owner has a personal net worth maximum of \$1.32 million dollars.
 - ii. Minority Business Enterprise (MBE) - an independent business 51% or more owned and controlled by racial/ethnic affirmative action group members.
 - iii. Woman Business Enterprise (WBE) - an independent business 51% or more owned and controlled by women.
 - iv. Disadvantaged Business Enterprise (DBE) - an independent business 51% or more owned and controlled by socially and economically disadvantaged individuals. Size restrictions as regulated by the U.S. Small Business Administration in 13 CFR apply.
 - g. Certification process – firms fill out an application and compile supporting documents, and then turn those in to the Department of Civil Rights. The application and supporting documents are reviewed by the Department of Civil Rights. The Department of Civil Rights conducts an informational interview with the firm. The Department of Civil Rights makes a certification decision.
 - i. Applications - <https://www.cityofmadison.com/civil-rights/contract-compliance/targeted-business-enterprise-programs/applications>
 - ii. Certification process overview - www.cityofmadison.com/civil-rights/documents/Steps_to_TBE_Certification.pdf
- 10. Is there a list of programs/agencies and amounts that are currently being funded in the "Homebuyer Assistance," "Minor Home Repair," and "Homebuyer Education" categories?**
- a. A list of awarded contracts can be found here:
<https://www.cityofmadison.com/dpced/community-development/contracts-funding>
- 11. If an agency that is a CHDO applied jointly with another developer that is not a CHDO, is that still considered an application by a CHDO?**
- a. The lead applicant would have to be the CHDO and they would have to be the recipient of the HOME set aside funds (\$1 million available in HOME CHDO set aside funding through this RFP).
- 12. Is there a location where you can check CHDO status?**
- a. There is not an active webpage where an applicant can check their current CHDO status. Applicant should contact RFP lead point of contact to check on their CHDO status.
- 13. On slide 19 of the presentation, can you please elaborate on the structure of the loan? In the example \$80k is repaid to the City, and \$80k is passed onto the buyer. Please explain.**

- a. The example shown applies to *non-permanent affordability* development proposals. Permanent affordability proposals have different financing terms and may look very different when resold to the end buyer; for that reason, a resale example was not provided.

For non-permanent proposals, the financing works in three steps:

- i. **Developer Subsidy Award** – The City’s Community Development Division (CDD) provides a subsidy to the developer. This subsidy is made up of:
 1. **Loan Portion (up to 80%)** – A 0% interest capital loan to cover eligible capital costs.
 2. **Grant Portion (up to 20%)** – A grant to cover eligible soft costs, including the developer fee.
- ii. **Loan Repayment Requirement** – The loan portion of the Developer Subsidy must be repaid to the City at the time the home is sold to the end buyer.
- iii. **Pass-Through to Buyer** – Instead of repaying the *entire* loan at closing, the developer may “pass through” a portion of the loan to the buyer to close the affordability gap. This pass-through is provided to the buyer as a 0% interest, long-term deferred loan with a shared appreciation provision.
 1. The portion of the loan passed to the buyer becomes the buyer’s obligation to the City.
 2. The remaining loan balance (not passed to the buyer) is repaid by the developer to the City at closing.
 3. In the example referenced, \$80,000 of the Developer Subsidy loan is repaid by the developer at closing, and \$80,000 is passed through to the buyer in the form of a deferred loan with shared appreciation.

14. In the non-permanent development example, who determines the sales price – the City or the developer? Is there guidance on how to set the sale price?

- a. In all development proposals, the developer would determine the sales price. Part of the review and scoring of proposals is to ensure that the end buyer is able to afford and sustain the home being developed. The developer, at time of transfer of sale to the homebuyer, will work with CDD and is able to use the developer subsidy as pass through assistance to make the home affordable to the end buyer (and other sources of funding secured and leveraged). The buyer will have to meet eligibility/compliance income (be at or below 80% Area Median Income), secure a first mortgage, and meet CDD’s “Subrecipient Guide for Homeownership Developers and Subrecipients” underwriting standards, which can be found here:

<https://www.cityofmadison.com/dpced/community-development/contracts-funding/contract-compliance>

15. If I currently have lots that I own, can I propose to build on them using this criteria to get funds to help?

- a. Yes, you would apply under the new construction category. This category requires that you have site control to be eligible to apply.

16. Can we find the end buyer that meets this criteria? Or do you guys have the buyers lined up already?

- a. The developer is responsible for finding the buyer, the City does not retain a list of qualified buyers. This could be an opportunity to connect with other homeownership programs in the region that may have a pipeline of homebuyers.

17. Could funding be awarded to new construction single-family projects that are already underway, or will be underway very soon? Assuming they otherwise meet the criteria outlined in the RFP.

- a. If construction is underway or will take place before the RFP process is concluded, it is not an eligible activity under this RFP.

18. Our organization has received funding from the Community Development Division before and have not registered as lobbyist in the past, do we have to?

- a. The Madison General Ordinance 2.40 has been in place for years and did apply to previous applications. CDD must disclose that it is a requirement. If an agency fails to register it may be addressed as an issue if said agency registers for public comment at City meetings without disclosing their financial investment request from the City.

19. There is only space for 3 projects on the development budget (Sheet 2. Dev Budget), but we are working on an application more.

- a. **These questions assume each project is a home we will build, and the address listed would be the address of the Owl Creek lot. Please let me know if we are mistaken.**

- i. You can group any budgets that would look identical and just state which lots the budget applies to.

- b. Must we limit our application to 3?**

- i. You do not have to limit your application to 3. If the above does not work, let me know ASAP, and I can do a tweak and provide you with a budget workbook that does have the space for 6.

- c. If we can do all 6, is there a different version of the spreadsheet we can use? With the formulas throughout, we do not want to make edits.**

20. We are a new entity, created this year as an LLC (recent ACRE graduate), and are applying as the Lead Applicant. We have no financials associated with our new entity yet, what should we submit as financials?

- a. We would ask that you submit to us whatever you had to submit to your lender. Below are some options on what we are looking for and how to proceed depending on your

current status with a lender. This will help us evaluate your capacity to secure financing for the proposed development.

i. If You Have Already Spoken with a Lender

1. Submit the same financial documents you are providing to your lender.
2. If available, include a preapproval letter from your lender as part of your application

ii. If You Have Not Yet Spoken with a Lender

1. Speaking with a lender is not required at this stage, but it will likely be a supplemental question during our review.
2. We recommend you begin reaching out to a lender now to start the preapproval process.
3. Even if you do not have a preapproval letter by the time you submit your application, you can still apply. In that case:
 - a. Submit a letter stating which lender you are working with, and
 - b. Include any financial documents the lender has requested from you as part of their review process.

21. What date should we aim for project completion for development projects.

- a. The date stated in the RFP is December 2027. However, it should be noted that it would be 2 years from the date of notification of award. If award is notified in March 2026, then 2 years from the date would be February 2028. Communication with CDD would be necessary if project completion shifts due to unforeseen circumstances.

22. We want to include the sustainability and accessibility features in the hard costs part of the budget workbook to account for them in the hard costs contingency calculation. However, they are currently listed separate from hard costs. Can we include them into the construction line item to account for them in the hard costs contingency?

- a. Yes, please do. Ensure that you do not include them again as a budget item but make note of how much you are setting aside for each category. See image below for example:

RFP 2025-14027 – Financing for Affordable Homeownership Development, Programs and Services

Hard Costs			
General Requirements			
Demolition			
Site Work			
Offsite Improvements			
Environmental Remediation			
Construction	\$	800,000	
Builder's Overhead			
Bond Premium			
Building Permits			
Other:			
Other:			
Hard Cost Contingency (%) of Hard Costs	\$	80,000	
Total Hard Costs	\$	880,000	
Fees			
Developer Fee			
Architectural Fee (Design & Admin)			
Legal			
Civil Engineering & Survey			
Design & Permitting			
Soils/Structural Report			
Environmental Reports			
Energy & Green Audits/Consulting			
Capital Needs Assessment			
Bridge Loan Fee			
Organizational Fee			
Syndication Fee			
Appraisal			
Market Study			
Cost Certification			
Other:			
Other:			
Total Fees	\$	-	
Miscellaneous Development Expenses			
Utility Tap, Hook Up, Municipal Fees			
Lease Up Reserve (If lease component in Project)			
Relocation			
Other: Sustainability Features - \$10k/unit	\$	-	
Other: Accessibility Features - \$5k/unit	\$	-	
Total Miscellaneous Development Expense	\$	-	

b.

23. What do you consider soft costs in your budget workbook?

- a. Utilizing the budget application workbook, I have highlighted in red what we typically permit as soft costs.

Uses of Funds

Acquisition
Purchase Price
Earnest Money
Appraisal Costs
Closing Fees
Title Insurance
Title Search
Transfer Taxes
Financing Fees
Other:
Other:
Total Acquisition
Hard Costs
General Requirements
Demolition
Site Work
Offsite Improvements
Environmental Remediation
Construction
Builder's Overhead

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Bond Premium
Building Permits
Other:
Other:
Hard Cost Contingency (%) of Hard Costs
Total Hard Costs

Fees
Developer Fee
Architectural Fee (Design & Admin)
Legal
Civil Engineering & Survey
Design & Permitting
Soils/Structural Report
Environmental Reports
Energy & Green Audits/Consulting
Capital Needs Assessment
Bridge Loan Fee
Organizational Fee
Syndication Fee
Appraisal
Market Study
Cost Certification
Other:
Other:
Total Fees

Miscellaneous Development Expenses
Utility Tap, Hook Up, Municipal Fees
Lease Up Reserve (If lease component in Project)
Relocation
Other: Sustainability Features
Other: Accesibility Features
Total Miscellaneous Development Expense

Construction & Permanent Loan Financing Charges
Construction Loan Interest
Construction Loan Fees (Origination, Credit Enhancements, App)
Taxes During Construction

RFP 2025-14027 – Financing for Affordable Homeownership Development, Programs and Services

Insurance During Construction
Title Insurance
Recording
Construction Monitoring Fee
Permanent Loan Fees
Other:
Other:
Soft Costs Contingency (excl. Dev Fee)
Total Construction & Financing Charges

Total Development Costs

Transaction Fees
Real Estate Agent Fee
Marketing Fee
Other:
Other:
Total Transaction Fee

b.