

Community Development Division
2026 Capital Budget Request Summary

Request by Proposal

Project/Program Name	2026	2027	2028	2029	2030	2031
Affordable Housing- Consumer Lending	3,207,000	3,207,000	3,207,000	3,207,000	3,273,850	3,344,042
Affordable Housing- Development Projects	17,500,000	14,500,000	15,500,000	12,500,000	16,275,000	13,785,000
Community Facilities Loan (CFL) Program	1,000,000	1,000,000	1,000,000	1,000,000	1,050,000	1,100,000
Total	21,707,000	18,707,000	19,707,000	16,707,000	20,598,850	18,229,042

Request by Funding Source - GO Borrowing vs. Other

2026 Request

Funding Source	2026	2027	2028	2029	2030	2031
GO Borrowing	17,037,000	12,787,000	17,837,000	14,837,000	18,728,850	16,359,042
Other	4,670,000	5,920,000	1,870,000	1,870,000	1,870,000	1,870,000
Total	21,707,000	18,707,000	19,707,000	16,707,000	20,598,850	18,229,042

Prior Year CIP

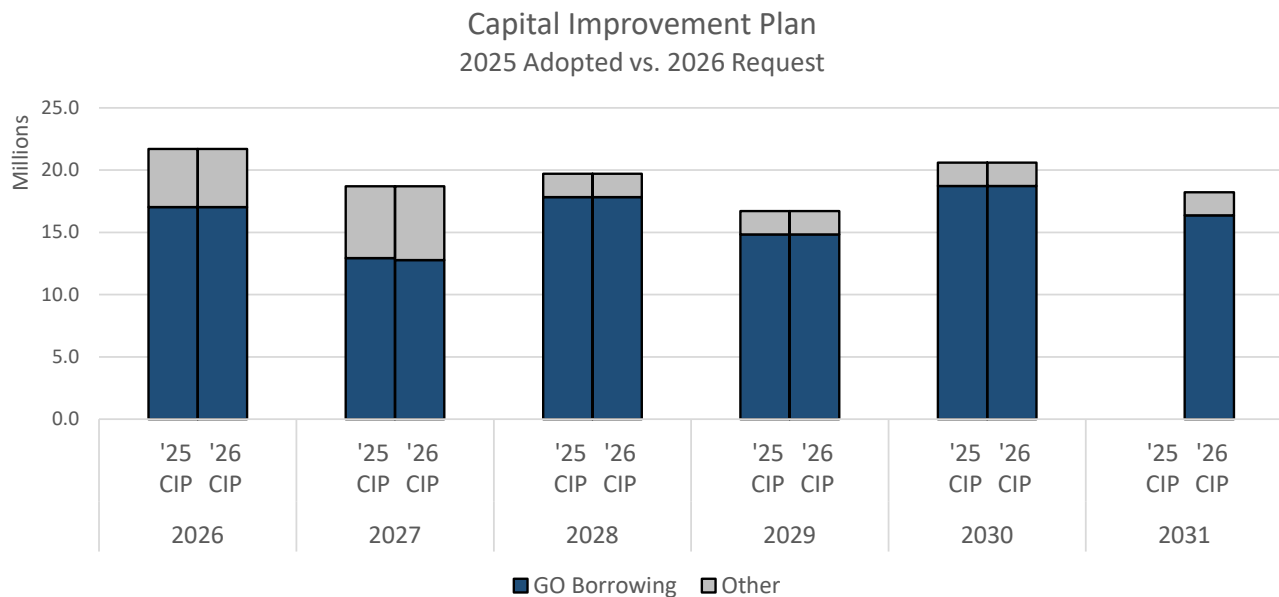
Funding Source	2026	2027	2028	2029	2030
GO Borrowing	17,037,000	12,937,000	17,837,000	14,837,000	18,728,850
Other	4,670,000	5,770,000	1,870,000	1,870,000	1,870,000
Total	21,707,000	18,707,000	19,707,000	16,707,000	20,598,850

Request vs. Prior Year CIP - Difference

Funding Source	2026	2027	2028	2029	2030
GO Borrowing	-	(150,000)	-	-	-
Other	-	150,000	-	-	-
Total	-	-	-	-	-

Community Development Division

2026 Capital Budget Request Summary



Major Changes

Affordable Housing - Consumer Lending

- No major changes compared to 2025 Adopted CIP.

Affordable Housing - Development Projects

- Program budget replaced \$150,000 of General Fund GO Borrowing with TIF Increment in 2027 based on updated estimates available from Tax Increment District (TID) closures. Overall budget impact is neutral.

Community Facilities Loan (CFL) Program

- No major changes compared to 2025 Adopted CIP.



Department of Planning and Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

TO: Dave Schmiedicke, Finance Director
Satya Rhodes-Conway, Mayor

FROM: Jim O'Keefe, Community Development Division

DATE: April 18, 2025

SUBJECT: Community Development Division 2026 Capital Budget Recommendations

Summary of Changes from 2025 Capital Improvement Plan

Thank you for the opportunity to offer recommendations for the 2026 Capital Budget.

The Community Development Division's 2026 Capital Budget Recommendations closely follow the Division's 2025 CIP. However, for each of the three programs identified in the CIP, the 2031 entries reflect proposed 5% spending increases, consistent with the Mayor's guidelines, to reflect anticipated inflationary impacts.

Inflationary pressures will continue to raise the cost to construct housing, making it increasingly difficult for lower-income households to afford. Today, there is more than the usual amount of uncertainty regarding the cost of future housing development and the level of City support needed to achieve many of the goals set forth in Housing Forward. For example, still-evolving federal tariff, immigration and tax policies could further increase building material and labor costs, disrupt supply chains and undermine tax credit pricing. In addition, last year saw the unexpected erosion of a resource – the Affordable Housing Program, available through the Federal Home Loan Bank system – that had become a reliable piece of the mix of funding needed to finance affordable developments. All of these factors point to rising costs to build housing and greater subsidies to keep it affordable. Finally, changes are being considered at both the City and State levels that could affect the extent to which Tax Increment Financing can assist affordable housing. They could have very significant impacts for Madison.

All of which is to say that, despite mounting evidence that more City support may be needed in coming years to sustain our momentum toward expanding housing choices in Madison, it is more difficult than usual to project what the scale of that need might be, or the options available to meet it. It is the Division's recommendation, therefore, that as the City's process proceeds, we closely monitor developments at the federal, state and local levels and revisit decisions affecting support for affordable housing at a later date, as circumstances warrant.

Risk Assessment of Federal Funding

The Community Development Division has long relied on federal funding for part of the support we offer to a variety of housing activities. That funding includes dollars made available through the HOME Investment Partnerships (HOME) program and the Community Development Block Grant program. Some uses of these funds are accounted for in the Division's Capital Budget and some in the Operating Budget. For example,

HOME and CDBG funds, make up a portion of funding in the Capital Budget for the Affordable Housing – Consumer Lending program. The Division uses these funds, in combination with City and State resources, to provide downpayment assistance to lower- and moderate-income households seeking to purchase their first home.

The fate of HOME and CDBG has frequently been the topic of debate in past federal budget cycles. But despite repeated proposals to reduce or eliminate funding levels, the City's annual allocations have remained relatively stable. Still, their future is almost certain to be part of upcoming budget talks. Therefore, we categorize these funds as at **medium** risk of not continuing.

Importantly, the Division has traditionally offered HOME and CDBG funds used to support housing activities in the form of loans. Repayments of those loans generate program income which is then used as a source of funding to support new loans. So, while it remains to be seen whether Congress will reduce or eliminate future allocations of new HOME or CDBG funding, access to program income should allow current activities to continue. But if new funds are cut, corresponding changes may be required to existing program parameters like those that govern, for example, Home Buy the American Dream (HBAD).

Prioritized List of Capital Requests

The Community Development Division's Capital Budget requests resources needed to expand access to housing opportunities for households with lower and moderate incomes, and make investments in physical spaces in neighborhoods that community partners use for neighborhood-focused programming and community building. Both are important. However, as access to quality, stable housing is foundational to virtually every other aspect of daily living – health outcomes, educational attainment, gainful employment, household stability, successful aging, etc. – efforts to advance that goal must remain the Division's top priority. For that reason, the Division prioritizes its capital budget requests as follows:

1. **Affordable Housing – Development Projects** [18015] (Major: 17110)
Maintains support for the Affordable Housing Fund (AHF), enabling CDD to respond to a broader range of development opportunities that emerge within the City. This work provides the greatest long-term benefit for the greatest number of people.
2. **Affordable Housing – Consumer Lending** [18010/18011/18014] (Major: 62010)
Continues support for loan programs designed to help households achieve and maintain home ownership (with particular emphasis on extending that support to households of color) and to make needed repairs and improvements to existing rental homes.
3. **Community Facilities Loan (CFL) Program** [18013] (Major: 13672)
Continues support for a loan program that offers help to community partners to finance non-residential capital projects that establish or improve spaces in neighborhoods that are used for public benefit.

Alternate Priority List If Federal Funding Is Unavailable

Potential reductions to federal funding would not affect the priorities described above.

2026 Capital Improvement Plan

Program Budget Proposal

Identifying Information

Agency	Community Development Division	New or Existing Project	Existing
Proposal Name	Affordable Housing-Consumer Lending	Project Type	Program
Project Number	62010	2026 Project Number	18010/ -11/ -14

Project Description

This program supports several direct consumer lending programs administered by the Community Development Division (CDD), including the Home Purchase Assistance (Home-Buy the American Dream), Property Tax Financing for Eligible Seniors, and Rental Rehabilitation programs. Their goals are to help eligible residents acquire homes, to finance their property taxes, and to finance small-scale rehabilitation of rental housing. City funds complement, or are occasionally combined with, available federal and state dollars to support these programs. The programs help advance the objectives in the City's Housing Forward Initiative to increase homeownership among households of color and enable senior homeowners to remain in their homes, and they offer help to owners of rental properties to maintain and improve their units. These programs are parts of a larger affordable housing strategy that also devotes resources to financial literacy programs, complementary down payment assistance programs, and a program that helps single-family homeowners make needed repairs to their homes. Funding to support this set of programs is included in CDD's operating budget.

Budget Comparison

	2026	2027	2028	2029	2030	2031
2025 CIP Total	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,273,850	
2026 CIP Total	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,273,850	\$ 3,344,043
Difference '26 vs. '25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,344,043

Requested 2026 Budget by Funding Source

Funding Source	2026	2027	2028	2029	2030	2031
Borrowing - GF GO	\$ 1,037,000	\$ 1,037,000	\$ 1,337,000	\$ 1,337,000	\$ 1,403,850	\$ 1,474,043
Federal Sources	\$ 1,110,000	\$ 1,110,000	\$ 1,110,000	\$ 1,110,000	\$ 1,110,000	\$ 1,110,000
Reserves Applied	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Loan Repayment	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000
State Sources	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,273,850	\$ 3,344,043

Requested 2026 Budget by Expense Type

Expense Type	2026	2027	2028	2029	2030	2031
Loans	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,273,850	\$ 3,344,043
Total	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,207,000	\$ 3,273,850	\$ 3,344,043

Explain any changes from the 2025 CIP in the proposed funding for this project/program

No changes compared to 2025 Adopted CIP.

TIF funding is included in this request:	No
Impact Fees are included in this request:	No

Request does not include TIF or Impact Fees. Skip Supplemental Budget Info.

Project Information

Agency: Community Development Division

Project/Program: Affordable Housing-Consumer Lending

Project Schedule and Location

Complete the table below for each year of requested funding. If detailed project plans are not available, explain why and when this information will be available.

- For **programs**, detail the minor projects that will occur and provide location detail when necessary.
- For **projects**, detail costs across the major project phases (planning, design, or construction/implementation).

Year	Phase/Project Name	Cost	Location	Alder District
2026	Home Purchase Assistance	\$ 1,230,000	TBD	TBD
2026	Housing Rehabilitation Services	\$ 1,752,000	TBD	TBD
2026	Property Tax Financing for Eligible Seniors	\$ 225,000	TBD	TBD
2027	Home Purchase Assistance	\$ 1,230,000	TBD	TBD
2027	Housing Rehabilitation Services	\$ 1,752,000	TBD	TBD
2027	Property Tax Financing for Eligible Seniors	\$ 225,000	TBD	TBD
2028	Home Purchase Assistance	\$ 1,130,000	TBD	TBD
2028	Housing Rehabilitation Services	\$ 1,852,000	TBD	TBD
2028	Property Tax Financing for Eligible Seniors	\$ 225,000	TBD	TBD
2029	Home Purchase Assistance	\$ 11,360,000	TBD	TBD
2029	Housing Rehabilitation Services	\$ 1,852,000	TBD	TBD
2029	Property Tax Financing for Eligible Seniors	\$ 225,000	TBD	TBD
2030	Home Purchase Assistance	\$ 1,137,500	TBD	TBD
2030	Housing Rehabilitation Services	\$ 1,905,600	TBD	TBD
2030	Property Tax Financing for Eligible Seniors	\$ 230,750	TBD	TBD
2031	Home Purchase Assistance	\$ 1,145,375	TBD	TBD
2031	Housing Rehabilitation Services	\$ 1,961,880	TBD	TBD
2031	Property Tax Financing for Eligible Seniors	\$ 236,788	TBD	TBD

Additional Information

Facility Expenses

Does the proposal include facility expenses?

No

Technology

Does the proposal include a technology component (e.g. electronic hardware, upgrades or migrations of existing systems, website changes, technology-related operating costs such as software licenses)?

No

Over the next six years, will the project/program require any of the following operating expenses:

Facilities or land maintenance?

No

Software or software licenses?

No

Vehicle setup or maintenance costs?

No

External management or consulting contracts?

No

Additional FTE positions for ongoing operations of this project/program?

No

Is this project/program required to meet the Percent for Arts ordinance?

No

[Percent for Art requirements detailed in MGO Section 4.30](#)

End of Proposal Form.

2026 Capital Improvement Plan

Program Budget Proposal

Identifying Information

Agency	Community Development Division	New or Existing Project	Existing
Proposal Name	Affordable Housing-Development Projects	Project Type	Program
Project Number	17110	2026 Project Number	18015

Project Description

This program represents the primary resource by which the City offers direct support for efforts to expand and improve the supply of quality, affordable housing accessible to low- and moderate-income households in Madison. Generally, program funds are used in combination with other public and private resources in order to maximize their impact. The program's support was once limited to medium-density rental developments that also relied on a specific type of federal low-income housing tax credits. However, in recent years, the program has supported a wider range of project types and scales, as well as development opportunities initiated more directly by the City or the Madison Community Development Authority. Funds are allocated through a series of competitive funding processes, each of which targets specific project types. Each commitment of City funds requires Council approval. Since the Affordable Housing Fund was created in 2015, it has been used to support a variety of development proposals, including 35 tax credit projects that, collectively, have or will add over 2,900 units of new rental housing in Madison, nearly 2,400 of which are reserved for households earning not more than 60% of the Dane County median income. The City's offers of support to selected developers are made contingent upon their securing tax credits and/or other needed funding, outcomes which often are determined months after City funds are offered. If developers are unsuccessful in attracting these other resources, they must return City funds. Continued pressures on the Madison housing market, especially for lower-income households; changes in how developers are choosing to finance projects, steadily rising construction costs and other economic uncertainties will combine to make likely that demand for these program funds will only grow.

Budget Comparison

	2026	2027	2028	2029	2030	2031
2025 CIP Total	\$ 17,500,000	\$ 14,500,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	
2026 CIP Total	\$ 17,500,000	\$ 14,500,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	\$ 13,785,000
Difference '26 vs. '25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,785,000

Requested 2026 Budget by Funding Source

Funding Source	2026	2027	2028	2029	2030	2031
Borrowing - GF GO	\$ 15,000,000	\$ 10,750,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	\$ 13,785,000
TIF Increment	\$ 2,500,000	\$ 3,750,000	\$ -	\$ -	\$ -	
Total	\$ 17,500,000	\$ 14,500,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	\$ 13,785,000

Requested 2026 Budget by Expense Type

Expense Type	2026	2027	2028	2029	2030	2031
Loans	\$ 17,500,000	\$ 14,500,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	\$ 13,785,000
Total	\$ 17,500,000	\$ 14,500,000	\$ 15,500,000	\$ 12,500,000	\$ 16,275,000	\$ 13,785,000

Explain any changes from the 2025 CIP in the proposed funding for this project/program

No changes compared to 2025 Adopted CIP.

TIF funding is included in this request:	Yes
Impact Fees are included in this request:	No

Request includes TIF or Impact Fees. Proceed to Supplemental Budget Info.

Project Information

Agency: Community Development Division

Project/Program: Affordable Housing-Development Projects

TIF Supported Projects/Programs

If TIF is a funding source, please identify the amounts by district for TIF-supported borrowing and TIF increments:

TIF Borrowing

District	2026	2027	2028	2029	2030	2031
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TIF Increment

District	2026	2027	2028	2029	2030	2031
TID 51 South Madison	\$ 2,500,000	\$ 2,500,000				
TID 41 University/Whitney (UW Clinic Project)		\$ 1,250,000				
Total	\$ 2,500,000	\$ 3,750,000	\$ -	\$ -	\$ -	\$ -

If TIF is a requested funding source, is this request included in an approved TIF project plan?

Yes

Impact Fees

District	2026	2027	2028	2029	2030	2031
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Information

Agency: Community Development Division

Project/Program: Affordable Housing-Development Projects

Project Schedule and Location

Complete the table below for each year of requested funding. If detailed project plans are not available, explain why and when this information will be available.

- For **programs**, detail the minor projects that will occur and provide location detail when necessary.
- For **projects**, detail costs across the major project phases (planning, design, or construction/implementation).

[illegible]

Additional Information

Facility Expenses

Does the proposal include facility expenses?	No
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No

Technology

Does the proposal include a technology component (e.g. electronic hardware, upgrades or migrations of existing systems, website changes, technology-related operating costs such as software licenses)?	No
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No

Over the next six years, will the project/program require any of the following operating expenses:

Facilities or land maintenance?	No
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No

Software or software licenses?	No
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No

Vehicle setup or maintenance costs?	No
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No

External management or consulting contracts?	No
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No

Additional FTE positions for ongoing operations of this project/program?	No
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No

Is this project/program required to meet the Percent for Arts ordinance? No

No

Percent for Art requirements detailed in MGO Section 4.30

End of Proposal Form.

2026 Capital Improvement Plan

Program Budget Proposal

Identifying Information

Agency	Community Development Division	New or Existing Project	Existing
Proposal Name	Community Facilities Loan (CFL) Program	Project Type	Program
Project Number	13672	2026 Project Number	18013

Project Description

This program supports modest-sized capital projects by non-profit partners to meet facility needs that serve or benefit specific neighborhoods or populations. Originally authorized in 2022, the program offers a valuable and flexible resource for external agencies that need help to acquire or improve properties from which they serve residents in low- to moderate-income households. Per Council directive, unused budget authority in any given year is not carried forward to the subsequent year. These funds supplement Federal Community Development Block Grant (CDBG) funds, the usefulness of which is often hampered by regulatory burdens that add cost and complexity to small projects, and by the inability to predict when those funds will be available. Availability of CDBG funds is largely dependent upon program income generated from loan repayments that are unplanned/unscheduled.

Budget Comparison

	2026	2027	2028	2029	2030	2031
2025 CIP Total	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	
2026 CIP Total	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000
Difference '26 vs. '25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000

Requested 2026 Budget by Funding Source

Funding Source	2026	2027	2028	2029	2030	2031
Borrowing - GF GO	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000
Total	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000

Requested 2026 Budget by Expense Type

Expense Type	2026	2027	2028	2029	2030	2031
Loans	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000
Total	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,050,000	\$ 1,100,000

Explain any changes from the 2025 CIP in the proposed funding for this project/program

No changes compared to 2025 Adopted CIP.

TIF funding is included in this request:	No
Impact Fees are included in this request:	No

Request does not include TIF or Impact Fees. Skip Supplemental Budget Info.

Project Information

Agency: Community Development Division

Project/Program: Community Facilities Loan (CFL) Program

Project Schedule and Location

Complete the table below for each year of requested funding. If detailed project plans are not available, explain why and when this information will be available.

- For **programs**, detail the minor projects that will occur and provide location detail when necessary.
- For **projects**, detail costs across the major project phases (planning, design, or construction/implementation).

[illegible]

Additional Information

Facility Expenses

Does the proposal include facility expenses?	No
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No

Technology

Does the proposal include a technology component (e.g. electronic hardware, upgrades or migrations of existing systems, website changes, technology-related operating costs such as software licenses)?	No
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No

Over the next six years, will the project/program require any of the following operating expenses:

Facilities or land maintenance?	No
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No

Software or software licenses?	No
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No

Vehicle setup or maintenance costs?	No
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No

External management or consulting contracts?	No
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No

Additional FTE positions for ongoing operations of this project/program?	No
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No

Is this project/program required to meet the Percent for Arts ordinance?	No
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☐ No

[Percent for Art requirements detailed in MGO Section 4.30](#)

End of Proposal Form.