Attachment A

DEVELOPMENT OF AFFORDABLE OWNER-OCCUPIED HOMES

2026

PROGRAM GUIDELINES & APPLICATION FOR FINANCING

Table of Contents

I. Background and Funding

The Sun Prairie Affordable Housing Fund (AHF) was established in 2020. Funding is from utilization of the State of Wisconsin's One-Year Tax Increment Financing (TIF) Affordable Housing. The purpose of the AHF is to fund initiatives which:

1. Strategically invest in new affordable housing and rehabilitation of existing housing units, prioritizing efforts where the housing market is falling short.

2. Foster stability in all housing types, with an emphasis on affordable housing units.

In 2026 the City has $600,000 available from the City's AHF to support the development of new, affordable owner-occupied units.

II. Eligible Applicants and Project Eligibility

Projects that receive loans made through the Sun Prairie AHF must be dedicated to expanding the availability of affordable housing units through the construction of new owner-occupied units or acquisition/rehab to convert existing units to be affordable. Projects must meet each of these requirements:

- Funds can only be applied to units for households with low incomes (≤80% AMI).
- Projects are located within the City of Sun Prairie.
- All housing units must meet all applicable state and local building codes, ordinances, and zoning regulations at the time of project completion.

In order to be considered for financing, applicants and projects must also meet the following requirements:

1. Project must not have closed on primary financing or begun construction prior to application.

2. Applicant must have site control (for new development only) and must commit to a construction start date no later than one (1) year from the awarding of funds. For development proposals involving acquisition and rehab, an award is valid for two (2) years from the date the funds are awarded.

3. Project must demonstrate that the project is economically viable, has a financial gap, and the applicant(s) will have the economic financial ability to repay funds if the project is not completed consistently with the written agreement.

4. Project must demonstrate financial capacity and experience in producing affordable housing in whole or in part with local, state, or federal funds, on schedule and as proposed.

5. Contribute a minimum of 5% of the total project development costs, through ownership equity or a first mortgage, and demonstrate the ability to secure all funds that may be necessary or convenient to complete the project as proposed.

6. Homeownership dwellings must be transferred to owner-occupied status within nine (9) months of construction completion.

7. Eligible Use of Loan Funds:
   a. At least 75% of the City funds must be spent on capital costs (e.g. construction, buying land)
   b. Up to 25% can be used as grants to cover soft costs (e.g. developer fees, permits, design)
      i. Developer fee can be up to 10% of the total award and are part of the 25% soft cost portion.
   c. Developer shall use a portion of the City funds for mortgage reduction to the homebuyer. Developer will return un-allocated portion of the Deferred Loan as repayment to the City of Sun Prairie at the time of transfer to Homebuyer.
   d. Pre-development costs are not eligible for funding. After commitment, a loan agreement will be available pending land use approval, if necessary.

If a collaborative activity/project is proposed, applicants should describe the purpose of the collaboration, how it is expected to enhance the activity/project and how it will operate, be governed and share resources. The proposal must identify a lead agency and include a Memorandum of Understanding (MOU) signed by each of the collaborating agencies.

III. Form of Funding and Support

This is a 0% interest, long-term deferred loan. Loans are due at time of sale or transfer of ownership of property.

City loans are in second position to the first mortgage holder and construction loan.

Maximum amount per owner-occupied unit: $200,000

IV. Evaluation Criteria

The applications will be scored using the following criteria. To be considered for funding, projects must score a minimum of 70 out of 100 total points:

Proposal Requirements	Points
Project Description	**30**
Sustainability	**10**
Location	**20**
Development Team	**20**
Partnerships	**10**
Project Financing	**10**
TOTAL	**100**

Project Description

Application should provide a detailed description of the project proposed for City support. Application should include planned location, zoning, land use, development costs, how project meets city's housing goals found in its 2022 Housing Study and Strategy, and the minimum amount of City funding necessary to complete the project.

Projects demonstrating the following characteristics should be given the greatest weight within this category:

1. Permanent affordability (i.e. 99+ year LURA).
2. Involve infill development or redevelopment (i.e. project intends to use existing infrastructure), as opposed to greenfield development which requires new city infrastructure.

Additional factors to be considered when scoring this criterion include:

- Project readiness – applicant will begin the project within the next six months (for acquisition/rehab projects, this means the applicant is committed to start within six months)
- Location and access to jobs, transit, schools, parks, and other key amenities. For acquisition/rehab projects which cannot have site control at the time of application, ensure that the developer considers proximity to these amenities during site selection.
- Incorporation of universal design features.

Energy Efficiency/Sustainability

Higher scores should be awarded to projects demonstrating a stronger commitment to sustainability appropriate to the development type (new construction or acquisition/rehab). Recognized programs and certifications (such as ENERGY STAR, Enterprise Green Communities, Wisconsin Green Built, EPA Indoor airPLUS, or Passive Housing (PHIUS) could support a higher score, but reviewers should consider the overall package of measures proposed that improve energy performance (e.g. solar installed, EV charging installed, air sealed attic, wall insulation: cavity + continuous at R-20 + R-5 respectively) and indoor air quality (air infiltration (ACH50) rate of 3, fans with CFM of at least 50 in bathrooms and at least 300 in kitchens), rather than awarding points for each certification or feature.

Location

Evaluation is based on how the specific site helps the City expand affordable housing opportunities. Access to public transit; social, recreational, educational, commercial, and health facilities and services; and other municipal facilities and services are more desirable for locating homes. Per RFP guidelines, acquisition/rehab projects can NOT have a site secured prior to applying to this program. Therefore, acquisition/rehab project should be scored based on whether the project will be infill within an existing neighborhood (vs. greenfield new development) and what criteria the developer will utilize when searching for a project location. Reviewers should score more highly projects that:

1. Create or preserve affordable homeownership in established neighborhoods with access to community amenities.
2. Prioritize locations with access to schools, parks, grocery stores, employment, healthcare, transit, or other daily services.

Development Team & Partnerships

Provide a description of the organization including key staff who will be involved in the project, past projects the team has completed, and projects currently in progress.

Additional items that should be included in Development and Service Team Experience:

- Participating in public/private joint ventures
- Developing owner-occupied housing
- Experience with lease-purchase (if applicable)
- Partnerships with other organizations to provide support for homeowners

Evaluation is based on the capacity, track record, and experience of the development team to successfully complete projects similar to the project being proposed, whether that is new construction or acquisition/rehab; as well as the team's ability to build relationships with and provide support to homeowners to ensure successful homeownership. **The greatest weight should be given to demonstrated experience successfully completing similar affordable housing projects and the team's ability to successfully deliver the proposed project.** Reviewers should also consider using public funds, references, and the team's ability to provide meaningful support to homeowners before, during, **and** after purchase

Project Financing

Funds will be provided in the form of a long-term deferred loan. Loans will be at 0% interest. Developer shall use a portion of the City funds for mortgage reduction to the homebuyer. Developer will return un-allocated portion of the Deferred Loan as repayment to the City of Sun Prairie at the time of transfer to homebuyer.

Evaluation based on the clarity, feasibility, and effectiveness of the proposed financing structure, including how City funds will be utilized to support affordability and successful project delivery. **Projects which leverage other sources of funding from other loan or granting agencies would receive higher points (e.g. Dane County funds, FHLB downpayment assistance funds).** Reviewers should evaluate the financial feasibility of the proposed project based on the financing approach appropriate to the project type and should not favor one development type over another.

Reviewers should consider whether the proposed financing structure is realistic, whether the applicant has adequately demonstrated the need for City funding, and whether other sources are being leveraged effectively.

Alternative Financing Terms

- Developers willing to commit to permanent affordability on the subject property, through a 99-year Land Use Restriction Agreement (LURA) can choose to have 50% of the Deferred Loan forgiven at time of sale to the first homebuyer of the property. The LURA will require subsequent sales to benefit future low-to-moderate income households and require the non-profit to assist the homeowner in the resale process of the property.
- The City anticipates offering gap-financing awards of up to $200,000 per unit of affordable housing, depending on the scale or number of proposed units in the development. The amount of subsidy offered will reflect the extent to which proposals match the City's stated goals, objectives, and preferences as described in this RFP; the extent to which all other available financing sources are leveraged; and the availability of funds.
- An awarded applicant must make an equity contribution equal to a minimum of 5% of the project's budget. In lieu of making the required equity contribution, applicants may choose to defer a portion of the proposal's development fee, or provide a combination of owner equity and deferred development fee that equals at least 5% of the project budget.
- The City may alter the terms and conditions of its loans from those described above if deemed necessary to maximize the expansion of affordable housing units or better respond to stated preferences.

V. Grant Award and Distribution

Recipients must sign a Sun Prairie Affordable Housing Loan Agreement that lays out the responsibility of the recipient in carrying out the project, including reporting requirements. Recipient will also be expected to execute a note, mortgage, and Land Use Restrictive Agreement (if applicable) to secure funds. All written agreements must be approved by the Sun Prairie Common Council.

It is expected that recipients will secure all sources of financing for the project prior to execution of City documents. Significant changes to the project will not be considered without Common Council approval.

Funds awarded to projects that do not move forward will be released the following funding year.

APPENDIX A

APPLICATION FOR SUN PRAIRIE AFFORDABLE HOUSING FUND (AHF)

DEVELOPMENT OF NEW OWNER-OCCUPIED HOUSING

APPLICATION SUMMARY

<table>
<tr><td>APPLICANT NAME</td><td colspan="2"></td></tr>
<tr><td>MAILING ADDRESS

If P.O. Box, include Street Address on second line</td><td colspan="2"></td></tr>
<tr><td>TELEPHONE</td><td></td><td>LEGALSTATUS</td></tr>
<tr><td>PROJECT/PROGRAM CONTACT</td><td></td><td rowspan="3">☐ Private, Non-Profit Private, Non-Profit (CHDO)

☐ For Profit

☐ Other: LLC, LLP, Sole Proprietor

Federal EIN: ____________________

Unique Entity Identifier (UEI):</td></tr>
<tr><td>WEBSITE

(if applicable)</td><td></td></tr>
<tr><td>E-MAIL ADDRESS</td><td></td></tr>
</table>

FUNDS REQUESTED: Please list the amount and source of funding for which you are applying.

TOTAL PROJECT COST	AMOUNT OF AHF FUNDS REQUESTED	PECENT OF AHF FUNDS TO TOTALPROJECT COST
$	$	

______________________________ ______________________________

Signature of Applicant Title

______________________________ ______________________________

Printed Name Date

APPENDIX A

PROJECT DESCRIPTION

A. **PROJECT NAME AND LOCATION:** Indicate the name, address, and parcel number where the Project will be located. Attach maps to the application indicating the location of the proposed project.

Project Address:					
Parcel Number:					
Project Type:	☐	New Construction	☐	Acquisition/Rehab	
Total # of Units:		Number of Affordable Units <80% AMI:		Number of Affordable Units <50% AMI:	

B. **ZONING AND LAND USE:** Provide the current zoning classifications of the site and describe any changes in zoning, variances, special or conditional use permits, or other items that are needed to develop this proposal. Indicate if the project is consistent with the City's Comprehensive Plan or sub area plans.

C. **PROJECT DESCRIPTION**: Provide a detailed description of the project, including the impact of your proposed program on the community, key characteristics, and if applicable, targeted populations to be served. Examples of target populations can include BIPOC, LGBTQ+, immigrant, income-level, dis/ability, and/or individuals, households, and geographic clusters, etc.

D. **REHABILITATION:** For proposals that have identified a property that will require rehabilitation, summarize the scope of rehabilitation work.

E. **DISPLACEMENT:** Will any business, including churches and non-profit organizations, or residential tenants (owner or rental) be displaced temporarily or permanently? If so, please describe the relocation requirements, relocation plan and relocation assistance that you will implement or have started to implement.

F. **GREEN TECHNOLOGIES/SUSTAINABILITY** What is your organization's track record of developing projects that incorporate extraordinary sustainable, energy efficient, and/or green building design techniques? Please describe how this proposed development will contribute to the City's Sustainability Goals found in the City of Sun Prairie Task Force on Sustainability Report (2021) (page 8).

G. **TIMELINE AND MILESTONES:** List the estimated/target completion dates associated with the following activities/benchmarks to illustrate the timeline of how your proposal will be implemented.

Activity/Benchmark	**Estimated Month / Year of Completion**
Acquisition/Real Estate Closing	
Rehab or New Construction Bid Publishing	
New Construction/Rehab Start	
Begin Sales/Marketing	
New Construction/Rehab Completion	
Complete Sales	
Request Final Draw of CDD Funds	

LOCATION

H. **NEIGHBORHOOD AMENITIES:** Describe the neighborhood in which the project will be located noting access to public transit; social, recreational, educational, commercial, and health facilities and services; and other municipal facilities and services.

I. **SITE SELECTION:** Explain why this site was chosen and how it helps the City to expand affordable housing opportunities where most needed. Describe the neighborhood and surrounding community.

J. **SITE INFORMATION:** Enter the site address(es), if known, of the proposed housing and answer the questions listed below for each site.

# of Units Prior to Purchase	# of Units Post-Project	# Units Occupied at Time of Purchase	# Biz or Residential Tenants to be Displaced	# of Units Accessible Prior to Purchase	# of Units Accessible Post-Project	Appraised Value Current (Or Estimated)	Appraised Value After Project Completion (Or Estimated)	Purchase Price
Enter Address 1								
Enter Address 2								
Enter Address 3								

DEVELOPMENT TEAM & PARTNERSHIPS

K. **EXPERIENCE AND QUALIFICATIONS**: Describe the development team's experience with developing or rehabilitating owner-occupied affordable housing. If limited experience, describe the collaboration or mentorship that will be available to support you.

L. **PRIOR WORK:** Has your organization ever performed work for the City of Sun Prairie? If yes, please specify scope of work:

M. **LEASE-PURCHASE**: If proposing a lease-purchase program, describe the team's experience with lease-purchase programs. Describe how the development team will operate the program and waitlist. Identify if any prioritization will be a component of the program design. How will the agency help households or individuals on the waitlist qualify and prepare for the responsibilities of homeownership?

N. **PROJECT TEAM:** Identify all key roles in your project development team (i.e. architect, legal counsel, and any other key consultants, if known) and a main point of contact including name, phone number, and address for the person that will have primary responsibility for project management.

Contact Person	Company	Role in Development	Email	Phone
		Main Point of Contact		

O. **CONFLICT OF INTEREST:** A conflict of interest may exist where an employee or close relative/family member has a connection to your business, and a third party may consider that this relationship may compromise the competitive process. Does any employee of your company have a possible conflict of interest with this process? ☐ Yes ☐No

If yes, please specify the following:

Employee Name:______________________________ Employee Phone Number:____________________

Employee's Relationship:____

P. **PARTNERSHIPS:** Briefly describe your connection to relevant systems, collaborations, and networks in the homeownership system? What is your group/agency's role and how long have you been in this role? Identify any partnerships that have been or will be formed to ensure the success of the developments.

Q. **HOMEOWNER ENGAGEMENT:** Describe how your agency builds relationships and authentically engages with individuals and households served. Specifically include information on previous and new strategies to engage individuals or households (who are BIPOC, LGBTQ+, immigrant, low-to-moderate income, and/or have a dis/ability), into your agency's operations and housing programs.

R. **HOMEOWNER SUPPORT:** Describe how your team will support prospective program participants and homebuyers to ensure their success as homeowners. Describe what programs and services, if any, will be made available to potential homebuyers. Describe financial literacy, home maintenance, credit builder programs or HUD-approved education counseling available to potential buyers pre- and post-purchase. Indicate the team member(s) primarily responsible for this service.

S. **REFERENCES:** Please list at least three municipal/financing references who can speak to your work on similar projects completed by your team.

Name	**Project**	**Location**	**Contract Amount**	**Completion Date**	**Email Address**	**Phone**

PROJECT FINANCING

T. **BUDGET SUMMARY:** Indicate the sources and uses of all funds for this project.

The City expects agencies to leverage additional funds for each project. Describe the capacity of your agency to secure the total financing necessary to complete your proposed project (i.e. list financial commitments already secured or partnerships already obtained with other funding sources).

APPENDIX A

SOURCE	USES	AMOUNT	SECURED?
	TOTAL		

U. **FUNDS NEEDED:** In the space below, please describe why Sun Prairie AHF funds are needed to ensure the viability of this project.

Appendix B - Budget Workbook

APPLICANT & PROJECT NAME:

1. AGENCY OVERVIEW

This chart describes your agency's total budget for 3 separate years. Where possible, use audited figures for 2025.

Account Description	2025 Actual	2026 Budget	2027 Proposed
A. PERSONNEL			
Salary (including benefits)			
Taxes			
Subtotal A	-	-	-
B. OPERATING			
All "Operating" Costs			
Subtotal B	-	-	-
C. SPACE			
Rent/Utilities/Maintenance			
Mortgage/Depreciation/Taxes			
Subtotal C	-	-	-
D. SPECIAL COSTS			
Subcontracts			
Deposits to Reserves			
Debt Service (Excl Mortgage)			
Other: (Specify)			
Subtotal D	-	-	-
Total Operating Expenses:	-	-	-
REVENUE			
Direct Public Grants			
Direct Public Support			
Indirect Public Support			
Miscellaneous Revenue			
Restricted Funds Released			
Program Income			
Total Income	-	-	-
Net Income	-	-	-

APPLICANT & PROJECT NAME:

2. CAPITAL BUDGET

Enter ALL proposed project funding sources.

FUNDING SOURCES

Source	Amount	Non-Amortizing (Y/N)	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service
Permanent Loan-Lender Name:						
Subordinate Loan-Lender Name:						
Subordinate Loan-Lender Name:						
Tax Exempt Loan-Bond Issuer:						
City-AHF Loan						
Other-Specify Lender/Grantor:						
Other-Specify Lender/Grantor:						
Other-Specify Lender/Grantor:						
Historic Tax Credit Equity						
Deferred Developer Fees						
Owner Investment						
Other-Specify:						
Total Sources	**$ -**					

Construction Financing			
Source of Funds	Amount	Rate	Term (Months)
Construction Loan-Lender Name:			
Bridge Loan-Lender Name:			
Historic Tax Credit Equity:			
Total	**$ -**		

Estmated pricing on sale of Federal Tax Credits:

(if applicable)

Estmated pricing on sale of State Tax Credits:

(if applicable)

Remarks Concerning Project Funding Sources:

APPLICANT:

3. PROJECT EXPENSES

Enter the proposed project expenses

Acquisition Costs	Amount
Land	$0
Existing Buildings/Improvements	$0
Other (List)	
	$0
Construction:	
Construction/Rehab Costs	$0
Construction Profit	$0
Construction Overhead	$0
General Requirements	$0
Construction Supervision	$0
FF&E/Personal Property	$0
Demolition	$0
Site Work	$0
Landscaping	$0
Letter of Credit/P&P Bond	$0
Construction Contingency	$0
Other (List)	
	$0
Architectural & Engineering	
Architect - Design	$0
Architect - Supervision	$0
Engineering	$0
Other (List)	
	$0
Interim/Construction Costs	
Builder's Risk/Property Insurance	$0
Construction Loan Interest	$0
Construction Loan Origination Fee	$0
Real Estate Taxes	$0
Park Impact Fees	$0
Other Impact Fees	$0
Other (List)	
	$0
Financing Fees	
Cost of Bond Issuance	$0
Permanent Loan Origination Fee	$0
Credit Enhancement	$0
Other Permanent Loan Fees	$0

<--- If applicable, please list the costs attributable to "above and beyond" green building/Net Zero construction components included in the Construction

Total Cost: $0

Soft Costs	
Appraisal	$0
Market Study	$0
Environmental Reports	$0
Survey	$0
Permits	$0
Lease-Up Period Marketing	$0
Accounting/Cost Certification	$0
Title Insurance and Recording	$0
Relocation	$0
FF&E	$0
Capital Needs Assessment (if rehab)	$0
Legal	$0
Other (List)	
	$0
Fees:	
Bridge Loan Fees	$0
Organizational Fees	$0
Syndication Fees	$0
Total Development Fee	$0
Developer Overhead	$0
Other Consultant Fees	$0
Other (List)	
	$0
Reserves Funded from Capital:	
Lease-Up Reserve	$0
Operating Reserve	$0
Replacement Reserve	$0
Capital Needs Reserve	$0
Debt Service Reserve	$0
Escrows	$0
Other: (List)	
	$0
TOTAL COSTS:	**$0**