

# Expanding Economic Opportunity Through Homeownership

**Wisconsin Housing and Economic Development Authority**  
Homeownership: Home Improvement and Rehabilitation

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## 2021 NCSHA Annual Awards for Program Excellence

### Background

Since the 2008 market crash, several studies have documented that racial disparities in employment, wealth, homeownership, and entrepreneurship in Madison, WI are among the worst in the nation. Dane County, where Madison is located, has an African American homeownership rate of 10%. This is lower than Wisconsin's and the nation's African American homeownership rates which are 26% and 45% respectively.

The South Madison neighborhood has long been an enclave for African American families, businesses, and community institutions. The diverse neighborhood is also home for the two largest African American churches in the region. In 2010 the Urban League of Greater Madison (ULGM) moved its offices to South Madison to anchor its efforts in this neighborhood. ULGM has been serving the Greater Madison community since 1968. It operates an array of high-impact programs and services in the areas of workforce development, youth development, and community engagement. ULGM's programs and services reach over 10,000 individuals and households annually.

### Overview



In 2020, ULGM partnered with WHEDA to implement an innovative pilot utilizing federal New Markets Tax Credits (NMTCs) to expanded homeownership opportunities to South Madison residents. The pilot is part of what ULGM expects will be a more extensive commitment by others to help make the re-development of South Madison into a model for economic inclusion.

The pilot utilizes a NMTC allocation from the National Community Investment Fund (NCIF) to acquire, renovate, and sell 16 renovated homes to qualifying families between 60% and 80% of County Median Income. In addition to providing stable housing and homeownership for families who may not have access through conventional financing mechanisms, the program also includes an extensive financial empowerment and wealth building component. ULGM is providing financing to families during the NMTC period to include at or below market interest rates, relaxed credit score requirements on entry, interest-only loans, and culturally relevant financial and homeownership education training and coaching.

The pilot starts with net tax credit equity of \$600,000 after transaction costs. Second, a WHEDA loan of \$3,400,000 was added to the capital stack resulting in a total of \$4,000,000 to acquire, rehabilitate, and finance the homes.

### Program Benefits

This pilot has the following benefits:

- Assist 16 low- to moderate-income households in the South Madison neighborhood realize the dream of homeownership
- Help the City of Madison address the extreme homeownership and wealth gap for some of its underserved residents
- Helps families collectively build savings and equity
- Establishes a model that can be replicated locally and throughout the country, especially through the network of 90+ Urban League affiliates
- Offers the ability for the pilot to be replicated with non-NMTC sources; it would require \$600,000 of subsidy from other sources
- Helps ULGM build its organizational capacity for future homeownership and rental housing projects, and other real estate development projects
- Expands ULGM's construction training programs through new opportunities for local residents to assist with the renovation of some of the homes being acquired and renovated
- Provides risk mitigation for lenders with a \$600,000 equity cushion that acts like a loan loss reserve to the \$3,400,000 loan



Together, WHEDA and the Urban League of Greater Madison are partnering to expand economic opportunity through homeownership.

### Visual Aids

[Stand for Justice - Homeownership - YouTube](#)

<https://www.youtube.com/watch?v=ZtcfI0YPVX8>