Workforce Housing Homebuyer Incentive Plan

Updated Version – 2025

Healthy Community, LLC
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Mission Statement

The Workforce Housing Homebuyer Incentive Plan aims to revitalize CRA District 1 neighborhoods by eliminating blight, increasing homeownership, and supporting workforce families. With a $800,000 investment from the CRA, the plan funds new home construction and incentives to create vibrant, affordable communities and promote long-term growth.

Targeted Locations

- South of Madison Academic lots
  - Emphasis on Hatton, Gordon, Williams, Glendale, and Fairgrounds
- Additional lots may be added per Committee recommendations

Lot Prices & House Plans

- Prioritize CRA owned lots - Values: $10,000 – $30,000
- House sizes: 1,100 – 1,600 sq ft
- Target sale prices: $200,000 – $250,000
  - Sale price is based on independent appraisal
- Parking pads and garages optional
- Neighborhood design reviews and covenants ensure consistent quality and alignment with existing architectural styles

CRA Role & Incentives

- CRA will provide $800,000 in funding as the initial investment into the program
- Proceeds from each home sale will be reinvested into the project fund to support future housing development
- CRA assembles properties for infill development
- Budget $100,000 annually for program expenses

- Provide up to $15,000 per home in downpayment assistance
- Funding supported through available TIF proceeds
- CRA will absorb administrative costs and contribute lots

Healthy Community Role & Fees

- Healthy Community responsibilities:
    - Manage Lot/House Plan Selection
    - Administrate Progress Draws/Inspections and Payments
    - Work with the City for Infrastructure Improvements
    - Oversee Construction Bid Process
    - Validate Buyer Qualification
    - Align Design and Specifications to Meet Program Budget Requirements
- Developer & Administrative Fees associated:
    - Developer & Administrative Fee – 12%
    - Real Estate Sales Commission – Industry Standard
    - Fees and admin expenses maintained at or below HUD & THDA Safe Harbor standards

Target Market

- Workforce Housing – Ex. entry-level professionals, city/county/state employees, hospital/university staff, teachers, first responders, etc
- Pioneers seeking amenity-rich, livable neighborhoods
- Draws: Walkability, proximity to downtown/work/school, charm, aesthetics
- Maximum qualifying income: 120% Workforce Housing median income

Incentive Program Overview

- Requirements:
    1. Eligible for new construction or renovation within designated areas
    2. Must meet CRA design criteria and consistent with current neighborhood architectural style
    3. Buyer must meet the maximum income requirement at time of purchase

4. Transferable to other qualified buyers if resold, providing they meet income requirements during the first 5 years.
5. If sold early to a non-qualified buyer, incentive must be repaid

- Incentives
    1. Soft second mortgage (up to $15,000) to provide downpayment assistance
    2. Forgivable over 5 years (20% per year) with occupancy requirement

Eligible Buyers Must:

- Meet credit and loan criteria
- Use property as primary residence
- Comply with repayment terms and covenants
- Sign CRA Buyer Incentive Agreement

Process & Tax Benefit

- Rebuild property tax base in challenged, blighted neighborhoods