

Early Childhood Education (ECE) Educators

Homeownership Initiative

Policies and Procedures

v.4 8.11.24

1. **Background.** Early Childhood Education (ECE) Educators are fundamental to the quality of life of the children they serve, the communities they are in, and the thousands of families in Milwaukee that could not go to work if there was not a safe and enriching place to send their children. ECE Educators have been displaced from the workforce because wages have not kept up with the increase in housing costs. Through the investments of the Department of Workforce Development, the Northwestern Mutual Foundation, the Zilber Family Foundation, the American Family Institute, the City of Milwaukee, LISC, CDA, and others, 40 new single family homes will be built near 5 major ECE Providers. The homes are exclusively for ECE Educators and will be sold for approximately \$100,000 each.
2. **Purchaser Eligibility.** In order to purchase a home, a Purchaser must meet the following criteria at the time of entering the Lottery System and at the time of closing on the purchase of the home.
 - a. Employed by a Wisconsin Licensed Provider. The Purchaser must be employed by or own a Wisconsin Licensed Family Child Care Center or a Licensed Group Child Care Center (together, “ECE Provider”). Employees of public schools are not eligible. Employees of private or charter schools are not eligible unless the agency is part of a larger social service agency that provides additional services beyond education (e.g. senior services, food pantry, etc.).
 - b. ECE Educator or Supervisor. The Purchaser must be an ECE Educator or the Supervisor of an ECE Educator. An ECE Educator is an individual that provides classroom instruction to children, even if the ECE Educator may perform other duties for the ECE Provider. However, employees who do not provide any classroom instruction are not eligible, unless they are supervising with work of those that do provide classroom instruction.
 - c. HUD Certified Counseling. The Purchaser must have received a Certificate of Completion of an 8 hour homebuyer training course from a HUD Certified Home Buyer Counseling Agency (HUD HBCA).

- d. Pre-Approval Letter. The Purchaser must have received a pre-approval letter from a lender that they are eligible for a mortgage of \$90,000 or more. The submitted letter must be a pre-approval letter, not a pre-qualification letter.
 - e. Individual Income. The Purchaser must have an annual income of less than \$49,920 per year as certified by HUD HBCA. This amount has been set because it is approximately 150% of the average income of an ECE Educator.
 - f. Household Income. If there are other household income earners in the household of the Purchaser, the combined household income must be less than 80% of the Area Median Income. For a family of four that is \$81,700 per year. See Appendix A – Household Income Limits for a table for each family size. This amount has been set because it is a requirement of most of the resources used to build these homes.
 - g. First Time Homeowner. Purchasers, and any other head of household (e.g. spouse or partner), must not be a homeowner currently or in the last 3 years, nor can they currently own other residential real estate.
3. **Application**. To be entered into the Lottery System, the purchaser must complete and submit the application available at www.housingplan.com/ece (“ECE Portal”). Applications may be submitted at any time starting August 12, 2024. Included with the application must be:
- a. Application Signed by Purchaser and HUD HBCA representative certifying the Purchaser and Family Income.
 - b. Pre Approval Letter from a Lender
 - c. Homebuyer Counseling Completion Certificate
 - d. Letter from employer (see Appendix B – Template Employment Letter)
4. **Lottery System**. Homes are expected to be built over a 24-month period. When a home is approximately 60 days before completion, the Community Development Alliance will conduct a Lottery Draw. As of the date of the lottery draw, the names of all eligible Purchasers that have submitted a complete application to the ECE portal will be printed off, folded and put into a container. The Lottery Draw may include two stages:
- a. Neighborhood & Employer Preference. The first Lottery Draw will be for (i) residents who currently live within 0.5 miles of the home being built, (ii) employees of ECE Providers whose primary campus is within 0.5 miles of the home being built, and (iii) employees of ECE Providers with a YoungStar rating of 5.0 whose primary campus is within 2.0 miles of the home being built ((i)-(iii) together “Neighborhood Preference Lottery”). Names will be drawn from the Neighborhood Preference Lottery until all available homes in that Lottery are assigned.

- b. Open Lottery. If there are still homes available after the Neighborhood Preference Lottery, the remaining eligible purchasers will be entered into an Open Lottery and remaining homes in that Lottery will be allocated.
 - c. Remain in Lottery. Any eligible purchasers not selected will remain on the Eligible Purchaser's list and automatically be entered into future lotteries.
 - d. Multiple Homes. If multiple homes are the subject of a single lottery, then a name will be pulled for each address separately.
5. **Notification of Lottery Winner**. Each Lottery winner, and corresponding developer, will be notified of their opportunity to purchase the home assigned ("Lottery") and will have 5 business days to inspect the home and submit an Offer to Purchase to the developer of the home using the Template Offer in Appendix C. Buyer must submit a Template Offer signed by the developer of the home to CDA within 5 business days of Lottery Notice together with a recertified Employment Letter and Pre-Approval Letter ("Offer Notice"). If no valid Offer Notice is received, or if buyer rejects the home, then CDA will re-enter the home into a new lottery.
 6. **Template Offer**. All buyers must use the Template Offer in Appendix D and no edits should be made unless approved by both the developer and the buyer. If a buyer utilizes a broker, the Seller will pay a 2.4% broker fee upon a successful closing.
 7. **Must Close within 45 days**. The buyer must close in 45 calendar days from the Offer Notice, unless extended by the developer. If the buyer does not close, CDA will re-enter the home into a new lottery.
 8. **Shared Equity Deed Restriction**. There is more than \$150,000 of subsidy that has been used to build this home and discount the purchase price. Consequently, the home is subject to a shared equity requirement. Shared equity allows the homeowner to build equity while ensuring that the home is affordable to the next generation of homeowners. The details of the deed restriction are included in Appendix D. As an example, if the home is purchased for \$100,000 and the homeowner wants to sell the home after 10 years, the home could be sold to the next purchaser for \$112,500. Thus the initial homeowner would have equity of \$12,500, plus downpayment assistance received (estimated \$10,000), plus the amount of the mortgage they have paid off (estimated at \$20,000) for a total of an estimated \$42,500 of equity. There are income qualifications for the next homeowner, but not a requirement that they be an ECE Educator.
 9. **Recertification at Closing**. At Closing, buyer must submit an updated Template Employer Letter.
 10. **Offer not assignable**. The winning of lottery or offer is not assignable to anyone else.

11. **Restrictions after Closing.** After closing, there is no employment or income restrictions on the purchaser.
12. **Remain in Lottery System.** Eligible buyers that are unsuccessful in lottery, or otherwise reject a home, will stay on the list of Eligible Buyers for future lottery, but will have no priority over other eligible buyers. Eligible buyers that successfully close on a home, may not enter future lotteries. Eligible buyers no-longer interested.
13. **HOME Funds.** Some homes have utilized HOME Funds for construction which put additional restrictions on the home, which are summarized in Appendix E. This includes a minimum income requirement.
14. **No Contractual Right.** This process, including the lottery system, does not create a legal right for the developer, eligible buyers or any other party. This process is simply a way to fairly distribute the opportunity to purchase properties when demand is expected to exceed supply. This process is not a lottery or raffle as defined by Wisconsin Law. The only legal rights a developer and eligible buyer may have is an independent contract executed by both parties.

Appendix A – Household Income Limits

Appendix B – Template Employment Letter

Appendix C – Application

Appendix D – Template Offer

Appendix D - HOME – Addendum to Offer for HOME Funded Properties

Appendix E - Template Deed Restriction

INTERNAL CHECKLIST NOTES

1. Notify HBCA's of Lottery 1 week prior.
2. Lottery must be witnessed by 1 other person. Save document signed by lottery drawer and witness.

APPENDIX A

HOUSEHOLD FAMILY INCOME LIMITS

Milwaukee-Waukesha-West Allis, WI MSA								
Income Limit	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
Final FY2024 Low-Income Limits	\$57,200	\$65,400	\$73,550	\$81,700	\$88,250	\$94,800	\$101,350	\$107,85

Subject to change based on [HUD Income Limits](#)

APPENDIX B
TEMPLATE LETTER FROM EMPLOYER

[PLEASE PLACE ON EMPLOYER LETTERHEAD]

[DATE]

ECE Educators Homeownership Initiative
c/o Community Development Alliance
3800 W Lisbon Avenue
Milwaukee, WI 53208

RE: Employee Certification

Dear Application Review Team,

Our organization is a Wisconsin Licensed Family Child Care Center or a Licensed Group Child Care Center (“ECE Provider”). The employee below is employed by our organization and either (a) provides direct classroom instruction to children, or (b) directly supervises employees that provide direct classroom instruction to children.

Organization Name: _____

Organization Address: _____

City, State, Zip Code: _____

Contact Phone: _____

Contact Email: _____

Employee Full Name: _____

Sincerely,

[Organization Representative]

APPENDIX C
APPLICATION

[SEE ATTACHED]

APPENDIX D
TEMPLATE OFFER

[SEE ATTACHED]

APPENDIX D - HOME
HOME ADDENDUM

[SEE ATTACHED]

APPENDIX E
TEMPLATE DEED RESTRICTION

[SEE ATTACHED]