

HomeReach DeForest: A program for attainable housing and strong neighborhoods

Introduction

HomeReach DeForest is a Village of DeForest initiative aimed at strengthening the community's housing stock and making housing more attainable. DeForest's housing market is under increasing pressure due to regional job growth, rising construction costs, and shifting regional demographics. Local employers report that workers struggle to find housing in the community, while seniors looking to downsize or age-in-place face a shortage of options that fit their budgets and accessibility needs. The goal of this program is to provide additional funding resources to address specific housing challenges.

Initial funding for the program was obtained by leveraging a Wisconsin statutory provision commonly referred to as the "Affordable Housing Extension." Under this provision, a municipality may extend a Tax Incremental District (TID) for up to one year once it has retired its debt and paid all project costs. The resulting increment (tax revenue) collected during that extra year can then be directed toward the creation and improvement of affordable housing.

In March 2025, the DeForest Village Board adopted a resolution to extend TID #3 and provide funding for HomeReach DeForest. Two housing funds were established that serve different purposes:

1. Incentivizing larger-scale workforce housing developments (with a preference for owner-occupied housing) through the **Affordable Housing Development Fund**; and
2. Providing direct assistance to eligible homeowners and homebuyers for home improvements, accessibility modifications, and downpayment assistance through the **Home Improvement and Downpayment Assistance Fund**.

This program guide is intended to create the framework upon which HomeReach DeForest will be administered. While initially capitalized via the TID #3 extension, the program could secure additional capital through other methods, including any future TID extensions for affordable housing. This guide may be amended or revised at the direction of the Village Board as local housing market conditions or local priorities change. Development or funding proposals may be considered on a case-by-case basis if they demonstrate an extraordinary public benefit, as determined by the Village Board.

Ultimately, the Village's overarching goal is to invest in local housing in a way that not only benefits income-qualified households but also strengthens the broader DeForest community for years to come.

PROGRAM DETAILS

1. The DeForest Affordable Housing Development Fund

Overview

The DeForest Affordable Housing Development Fund is designed to incentivize larger-scale workforce housing developments that serve low-income households. It is anticipated that approximately half of the TID #3 extension proceeds will initially capitalize this fund, with the ability for additional funds to be added from other sources at the discretion of the Village Board.

Eligible Developments

Residential development projects that propose new construction, redevelopment, or substantial rehabilitation of multi-family or single-family housing that is affordable to households earning up to 80% Area Median Income (AMI) are eligible.

This program, and Wisconsin Statute, define “affordable housing” as housing, and its associated costs such as utilities, property taxes, and home insurance, that costs no more than 30% of the occupying household’s gross monthly income. For example, “affordable housing” for a single-person household earning 80% of AMI in DeForest in 2025 meant housing costing no more than \$1,818 per month inclusive of all housing-related expenses. Exhibit A to this Program Guide includes a chart showing Dane County Area Median Income in 2025. This chart is included as a reference to help applicants determine affordability levels and may be updated annually as federally designated income limits change.

While both owner-occupied and rental projects may apply to this fund, developments that include owner-occupied housing units will receive priority consideration. Projects will be evaluated on a case-by-case basis by the Village Board and funding may be allocated proportional to the amount of the development held affordable to income-qualified households.

Ineligible Developments

1. Developments located outside the Village of DeForest municipal boundary.
2. Developments that do not include housing units that are affordable for those earning up to 80% AMI.
3. Developments either owned in part or in full, or to be owned in part or in full, by a tax-exempt entity. The Village may grant exceptions to this restriction to allow for temporary ownership by a non-profit organization engaged in affordable housing development if provided adequate written assurances that the organization will transfer ownership to an eligible recipient within a reasonable time.
4. Developments that do not comply with applicable zoning, building codes, or other Village regulations, unless the program funds will be used for renovations that will achieve compliance with those regulations.

Application Requirements and Process

1. **Application Submission:** Applicants must submit a Letter of Intent (LOI), which shall include a project narrative, conceptual site plans, draft development pro forma, demonstration of the inclusion of affordable housing units, preliminary financing plan, preliminary development schedule and the amount of funding being requested.
2. **Staff Review:** Village staff will review the LOI for completeness and to ensure eligibility. Staff will communicate and coordinate with applicants to address any incomplete areas of the LOI prior to submitting to the Village Board for further review.
3. **Village Board Review:** The applicant will be required to present a concept of the development plan at a Village Board meeting. The Board may subsequently evaluate the development's request for funding based on certain criteria including, but not limited to, alignment with local housing goals, degree of affordable housing included, developer experience, project design, operational management plans, and potential community benefit.
4. **Funding Agreement:** Applicants that receive a funding award will be required to enter into a development agreement setting forth the obligations of the developer in order to receive funding.

Award Disbursement

The Village Board has the discretion to determine the form of funding disbursement, which will be detailed in the Development Agreement. Funding may be offered as a grant, low-interest loan, forgivable loan, or other mechanism, depending on development financing needs, the availability of funds and risk to the Village. Disbursement schedules and milestones will also be set forth in the Development Agreement. The Village reserves the right to include provisions for the recapture of funds if the developer fails to meet project requirements.

2. The DeForest Home Improvement and Downpayment Assistance Fund

Overview

The DeForest Home Improvement and Downpayment Assistance Fund is intended to provide direct funding support to income-qualified homeowners and homebuyers. It is anticipated that approximately half of the TID #3 extension proceeds will initially capitalize this fund, with the ability for additional funds to be added from other sources at the discretion of the Village Board. This fund helps individuals address property improvement needs or downpayment barriers, ensuring that existing housing stock remains safe, accessible, and within reach for qualified residents.

Program Categories

This fund is divided into four sub-programs, each with distinct purposes and additional eligibility criteria:

1. Aging-in-place and Accessibility Program
2. Emergency Health & Safety Hazard Mitigation Program

3. Downpayment Assistance and Home Improvement Program
4. Local Public Service Downpayment Assistance Program

General Eligibility

Criteria specific to individual categories are listed under each category, but all categories share the following common eligibility criteria:

- Applicant must be the owner of the property that will be improved with the funding being requested or, in the case of downpayment assistance, must be the owner-occupant of the property upon purchase.
- The property must be located within the Village of DeForest municipal boundaries.
- The applicant must demonstrate that household income at the property is at or below 80% Area Median Income (AMI). See Exhibit A for reference. The Village will consider household assets when determining income eligibility. For purposes of this program, assets affecting eligibility include all cash and financial resources that can be reasonably accessed or converted to cash to support housing costs. These assets include, but are not limited to financial accounts such as checking and savings accounts, certificates of deposit, brokerage and investment accounts, insurance policies with cash value and retirement accounts (including 401(k)s, and similar accounts) regardless of whether such accounts are currently being drawn upon. Applicants whose primary residence has an assessed value equal to or greater than \$500,000 shall have the value of such residence included in asset consideration. The value of a primary residence that is less than such value shall be excluded from consideration for income eligibility. Vehicles, personal property, and other non-financial assets are also excluded. The Village may, at its discretion, consider other assets not listed above if such assets can be reasonably converted to cash or used to secure financing to meet the purpose for which assistance is sought.
 - When considering assets for eligibility purposes, if total household liquid assets are greater than \$150,000, 10% of the total value of those assets will be added to annual household income. If that total amount exceeds the maximum AMI percentage for eligibility under the applicable program, the household will be deemed ineligible.
- Applicant must contribute a minimum of 20% funding of total project costs and demonstrate a minimum household debt service coverage ratio of 1.05. This means that household income must be 1.05 times the amount needed to cover total household debt payments, including both mortgage and consumer debt.
- Applicant must submit a \$50.00 application fee along with a completed application and supplemental materials, including:

- Proof of income for all household members. This includes the most recently filed taxes (Form 1040) or a signed statement explaining non-filing, 60 days of income proof (paystubs, SSA, 401k benefit statements, bank statements reflecting income deposits, etc.)
- A copy of the homeowner's insurance policy.
- A completed IRS Form W-9.
- For Accessibility project, hazard mitigation project, and home improvement project loans:
 - Construction plans, design materials, or other descriptive project documentation, and a tentative project schedule. Projects must be substantially completed within twelve (12) months of funding approval, unless otherwise approved by the Village Board.
 - Itemized description of the proposed/estimated cost for labor and materials necessary for completing the project. All project work must pass all requisite inspections.

Awards and Administration

The following parameters govern funding allocations for applicants.

- If awarded funding, the applicant will be required to enter into a Funding Agreement with the Village setting forth the terms of funding and any repayment obligations. Loans shall be subject to accelerating interest rates or other penalties upon instances of borrower default or non-compliance with project requirements.
- If the property is sold within three (3) years, or rented to another party within three (3) years, the Village will require repayment of any loan funds. Recipients may petition the Village for an exception in the case of hardship.
- Awardees may request disbursement of approved funds up to six (6) times during the project, until the approved total loan or grant amount has been disbursed. Each request for disbursement must include the following supporting materials:
 - Associated expenditures itemized by materials and labor, where applicable;
 - Receipts or comparable documentation of expenditures;
 - In the case of fund requests for advance deposits on materials and/or labor, awardee must provide invoice and/or estimates. After payment is made, applicant must also provide receipts or comparable documentation of payment.
- Upon project completion, awardee must submit a Letter of Satisfactory Completion to Village Staff. Staff will work with awardee to finalize project close-out documentation and may perform an inspection to verify completion.
- Awardee is responsible for ensuring that all necessary permits and approvals are secured prior to performing project work.

Loan Repayment Requirements

- Repayment may be deferred until project completion and, upon request from awardee, up to 60 days following, at the discretion of Village staff. This is a delay in starting payments, only. Any interest incurred due to instances of default will begin to accrue upon fund disbursal.
- Awardee must undertake all loan repayments and must comply with all requirements established in the Funding Agreement.

Application Process

- 1. Submission:** Applicants must complete an application form with supplemental documentation such as income verification, project scope, cost estimates, and other program specific requirements. Applications may be found on the DeForest website or by request by emailing development@deforestwi.gov.
- 2. Staff Review & Notification:** Village staff will confirm whether an application is complete and meets initial eligibility. Staff will coordinate with applicant to correct any incomplete applications or address any eligibility concerns.
- 3. Approvals:** Funding applications that meet all eligibility criteria and program requirements may be approved administratively by Village staff, using pre-authorized agreement templates approved by the Village Board. Staff will take into consideration financial information provided by applicants in determining whether applicant is likely to be able to make timely loan repayments.
- 4. Funding Agreements:** Approved applicants will enter into a Funding Agreement setting forth the responsibilities and obligations of the applicant and detailing terms of funding. This agreement or an appropriate memorandum will be recorded against the property in the case of loans and may be recorded for grants at the discretion of the Village.

Conclusion

HomeReach DeForest is an opportunity to invest strategically in the community's housing stock—both by encouraging new, affordable developments and by helping existing and prospective residents improve or retain safe, quality homes. By offering a structured set of guidelines and funding categories, the Village aims to balance responsible stewardship of limited public resources with the flexibility to adapt to evolving local needs.

Category Descriptions

Category 1: Aging-in-Place and Accessibility Program

Purpose: Assist owner-occupants with accessibility-related improvements (e.g., ramps, grab bars, or bathroom modifications).

Financial Assistance:

Loan: Up to \$20,000 at 0% interest, repaid over 10 years or due upon sale.

Grant: Applicants who demonstrate a household income at or below 60% Area Median Income are eligible for a grant up to \$7,500. Grant funds can be combined with loan.

Eligible Projects: Home improvements and modifications that enhance the interior or exterior safety or accessibility of the home are eligible projects. Examples include, but are not limited to: installing grab bars, accessible bathing facilities, accessible toilets, non-slip flooring, ramps, widening doorways, stair lifts, lighting improvements, handrails, zero-clearance door thresholds, etc. A complete list of eligible projects is included as Exhibit C to this program guide and will be updated from time to time. An applicant who believes they have a qualifying project that is not listed as eligible for this program may petition the Village for its inclusion as an eligible cost.

Ineligible Projects: Home improvements and modifications that do not have an impact on safety or accessibility, are purely aesthetic in nature, or upgrade mechanical systems are not eligible projects.

Category 2: Emergency Health & Safety Hazard Mitigation Program

Purpose: Fund urgent repairs or remediation (e.g., failing roofs, mold, unsafe electrical).

Financial Assistance:

Loan: Up to \$20,000 at 0% interest, repaid over 10 years or due upon sale.

Grant: Applicants who demonstrate a household income at or below 60% Area Median Income are eligible for a grant up to \$7,500. Grant funds can be combined with loan.

Eligible Projects: Home improvements and modifications that will remedy an emergent life or health threatening circumstance. Examples include, but are not limited to: failing structural components, mold, sewage backups, water damage, replacement of lead water supply pipes, etc.

Ineligible Projects: Home improvements and modifications that are not in response to an emergent life or health threatening circumstance.

Category 3: Downpayment Assistance & Home Improvement Program

Purpose: Provide downpayment assistance and a home improvement loan to help entry-level homebuyers enter homeownership and to improve the quality of DeForest's housing stock.

Financial Assistance:

Downpayment Grant: \$10,000 (may be combined with a home improvement loan).

Home Improvement Loan: Up to \$30,000 at 0% interest, repaid over 10 years or due upon sale of the home. A loan may be applied for without applying for a downpayment grant if the applicant is the current homeowner of a property and meets all other program eligibility criteria.

Eligibility and Requirements Specific to this Category:

- The property must be located within the Village of DeForest municipal boundaries and must have its most recent assessed value be no greater than 120% of the median average assessed home value in the Village, as established by the Village Assessor on an annual basis. Exhibit B to this Program Guide includes a chart showing the median assessed home value in DeForest in 2024. This chart is intended as a reference to help applicants for funding determine whether the property in their application may qualify. The chart may be updated periodically as assessed values change.
- Applicants for only the home improvement loan must contribute a minimum 20% funding of total project costs. Applicants combining the downpayment assistance grant and the home improvement loan are exempt from this requirement.
- Applicants for downpayment grants must demonstrate a financing commitment from a financial institution to purchase the property associated with the application prior to any Funding Agreement being executed.

Eligible Home Improvement Projects: Home improvements and modifications eligible under this program include, but are not limited to: repairs to structural components of the home, repair or replacement of windows and doors, exterior façade improvements, repair or replacement of gutters, trim, soffit and fascia, painting or staining, concrete or driveway repairs, repairs or upgrading of mechanical systems, etc.

Ineligible Projects: Home improvements and modifications that are not eligible under this program include, but are not limited to: purchase and installation of appliances, equipment or tools, demolition only, landscaping and site work, interior projects to accessory structures or garages, repair or replacement of outdoor dog houses, animal structures, or other accessory structures.

Category 4: Local Public Service Downpayment Assistance Program

Purpose: Assist employees of local public service entities in purchasing a home within the Village.

Downpayment Grant: Up to \$20,000 or 50% of the required downpayment (whichever is less).

Eligibility and Requirements Specific to this Category: All eligibility criteria and requirements are the same as in the Category 3 Downpayment Assistance Program with the addition of the following:

- Applicant must demonstrate that a full-time member of the household is a current full-time employee in good standing of any of the following organizations at the time of purchasing the property:
 - Village of DeForest,
 - DeForest Windsor Fire/EMS,
 - DeForest Area School District,
 - DeForest Area Public Library,
 - Cornerstone Community Center.
- If applicant initiates termination of employment at the qualifying organization within one (1) year of purchasing the property, the Village shall require repayment of any funds, unless the applicant demonstrates that he or she has obtained employment with another qualifying entity within 30 days after termination. Recipients may petition the Village for an exception in the case of hardship.
- Applicants receiving funding through this program may be eligible to apply for, and receive funding through, the Category 3 Home Improvement Loan.

EXHIBIT A

Dane County Median Income Levels 2025

Median Household Income (WHEDA, 2025)				
County	1-person	2-person	3-person	4-person
Dane	\$90,875.00	\$103,875.00	\$116,875.00	\$129,812.50

EXHIBIT B

DeForest Median Assessed Home Value 2025

2025 Median Home Value	120% Median Home Value
\$372,600	\$447,120

EXHIBIT C

Eligible Projects for the Emergency Health and Safety Hazard Mitigation Program

- Damage from flooding, fire or other natural disasters
- Damage and cleanup from sewage backup
- Mold remediation
- Asbestos remediation
- Roof repair or replacement where there is a structural failure, risk of structural failure or active roof leaks present
- Active electrical issues presenting an imminent fire danger
- Lead water supply line replacement
- Heating or cooling system failures at critical times when exterior temperatures could pose a threat to life, safety, or health
- Structural repairs to floors and/or walls where building components demonstrate structural damage or deterioration which pose an immediate threat to life, safety, or health
- Window and/or door replacement or repair where necessary to remedy a threat to life, safety, or health

*Applicants who believe they have a qualifying project that is not listed in this Exhibit may petition the Village for a determination of eligibility.