Employee Down Payment Assistance Program Feasibility Study

Communication from the Department of City Development | June 2026

City of Milwaukee | DEPARTMENT OF CITY DEVELOPMENT

City of Milwaukee | INNOVATION OFFICE

Purpose

Prepared in response to Substitute Resolution No. 251449, which directed DCD to study the feasibility of creating an Employee Down Payment Assistance (E-DPA) Program for City employees.

1. Introduced to Common Council: December 16, 2025
2. Communicated at ZND Committee: February 24, 2026
3. Adopted by Common Council: March 3, 2026
4. Signed by the Mayor: March 6, 2026

The resolution directs DCD to evaluate comparable programs offered by peer municipalities and private-sector employers to support employee homeownership, recruitment, and retention.

This memo presents options specifically focused on helping City employees — particularly non-residents and first-time homebuyers — purchase homes within Milwaukee.

For Employees

- Reduces the biggest barrier to homeownership — upfront purchase costs
- Improves access to homeownership and residential stability
- Can reduce commute times and transportation costs

For the City

- Strengthens recruitment and retention of City employees
- Lowers turnover-related costs
- Enhances the overall value proposition of public employment

For the Community

- Encourages employee residency within city boundaries
- Contributes to neighborhood stability and a stronger local tax base
- Retains a greater share of household spending within Milwaukee's economy

WHY EMPLOYEE DOWN PAYMENT ASSISTANCE?

A strategic workforce and community development tool

The Residency Gap

Employee Status by Residency*		
	City Resident	Non-Resident
Regular	4,000 (58.6%)	2,442 (35.8%)
Full-Time	3,791 (55.5%)	2,406 (35.2%)
Other	209 (3.1%)	36 (0.5%)
Temporary	332 (4.9%)	54 (0.8%)
Grand Total	4,332 (63.4%)	2,496 (36.6%)

Since the residency requirement ended in 2013, the share of City employees living outside Milwaukee has grown significantly.

Many, especially first-time homebuyers, face real housing cost barriers to homewonership.

**Data from DER*

MILWAUKEE HOUSING CONTEXT

Overall Median Home Price in Milwaukee City Area is

$229,000

Typical Milwaukee homebuyer puts down

13.3% in downpayment

Tier	Milwaukee Metropolitain Area Median ($)	U.S. Median ($)
Bottom (~5%)	82,780	125,384
Starter (5%–35%)	223,724	260,000
Mid (35%–65%)	345,930	375,000
High (65%–95%)	546,655	581,000
Luxury (top 5%)	1,123,255	1,341,493

DOWNPAYMENT SCENARIOS FOR DIFFERENT PRICING RANGES

Home price	5% down	10% down	15% down
$200,000	$10,000	$20,000	$30,000
$223,724	**$11,186**	**$22,372**	**$33,559**
$250,000	$12,500	$25,000	$37,500
$300,000	$15,000	$30,000	$45,000
$354,930	**$17,747**	**$35,493**	**$53,240**
$400,000	$20,000	$40,000	$60,000

Down Payment Assistance Program Provided by Peer Cities and Counties (slide 1 of 2)

Jurisdiction	Median HH Income (2024)	Median Home Value (2024)	Amount	Terms
Grants				
Washington, DC	$109,870	$707,300	Up to $20K	0% interest, deferred 5 yrs; converts to grant after 5 yrs occupancy.
Forgivable Loans				
Loudoun County, VA (PEG)	$177,567	$691,400	Up to $25K	Balance forgiven at 20% or $5000/yr; annual household incomes must fall within 30% to 70% AMI
Baltimore City, MD	$62,177	$217,900	Up to $10K	Permanent employees only; forgivable 20%/yr over 5 yrs; repayment on early move/sale.
Racine, WI	$57,740	$161,600	Up to $10K	Forgivable 14.3%/yr over 7 yrs
Waco, TX	$54,365	$182,000	Up to $25K	Forgiven 10%/yr over 10 yrs if employee remains; household income must fall within 80% of AMI
Savannah, GA	$59,308	$302,200	Up to $15K	Forgiven 20%/yr over 5 yrs; repay on departure/sale/refinance.

Down Payment Assistance Program Provided by Peer Cities and Counties (slide 2 of 2)

Jurisdiction	Median HH Income (2024)	Median Home Value (2024)	Amount	Terms
Interest-Free / Other Loans				
Alexandria, VA	$119,681	$735,100	Up to $10K	Repayable if employee leaves employment within 3 yrs of receiving loan, or upon property, if after 3 yrs.
Flagstaff, AZ	$71,512	$552,900	Up to $20K	2:1 matching funds ($10k from buyer unlocks $20k from assistance); $10K forgiven pro rata over 10 yrs; balance due on sale/exit.
Shared Equity Model				
DC Dept. of Education	$109,870	$707,300	Up to 15%	Via Landed: private co-investment up to 15% of price; employee matches min. 5%; shared appreciation at sale.
Ogden, UT	$72,575	$360,800	Up to 15%	Zero city cost; private investor funds; shared appreciation model.

COMMON DOWN PAYMENT ASSISTANCE REQUIREMENTS ACROSS CITIES AND COUNTIES

- Maintain employment with government entity throughout the period of the loan
- Be a first-time home buyer with no ownership in a principal residence within that jurisdiction. However, insome cases, the cities /counties allowed for the purchaser to own properties in another jurisdiction.
- Maintain ownership and occupy the property as the primary residence throughout the period of the loan.

Examples of Down Payment Assistance Program Provided by Private Sector Entities

Employer	City	City Median HH Income (2024)	City Median Home Value (2024)	Assistance	Program Type
Northwestern Mutual	Milwaukee, WI	$54,234	$220,000	Up to $2.5k	Historical employee home purchase plan; 0% forgivable loan
BMO Bank	Milwaukee, WI	$54,234	$220,000	Up to $2.5k	Current employee-only housing assistance grant
BMO Bank	Chicago, IL	$77,902	$334,100	Up to $2.5k	Current employee-only housing assistance grant
Financial-institution participants in REACH Illinois	Chicago, IL	$77,902	$334,100	Employer contributions + state match	Regional EAH participation model

Options for Consideration

3
Options
Presented

Key Assumptions

The benefit will be provided only to:

- Employees past their probationary period
- First time homebuyers who plan

  to purchase a house with the city limits in

  Milwaukee.

  - Includes employees who have previously

  been renting within or outside the city limit

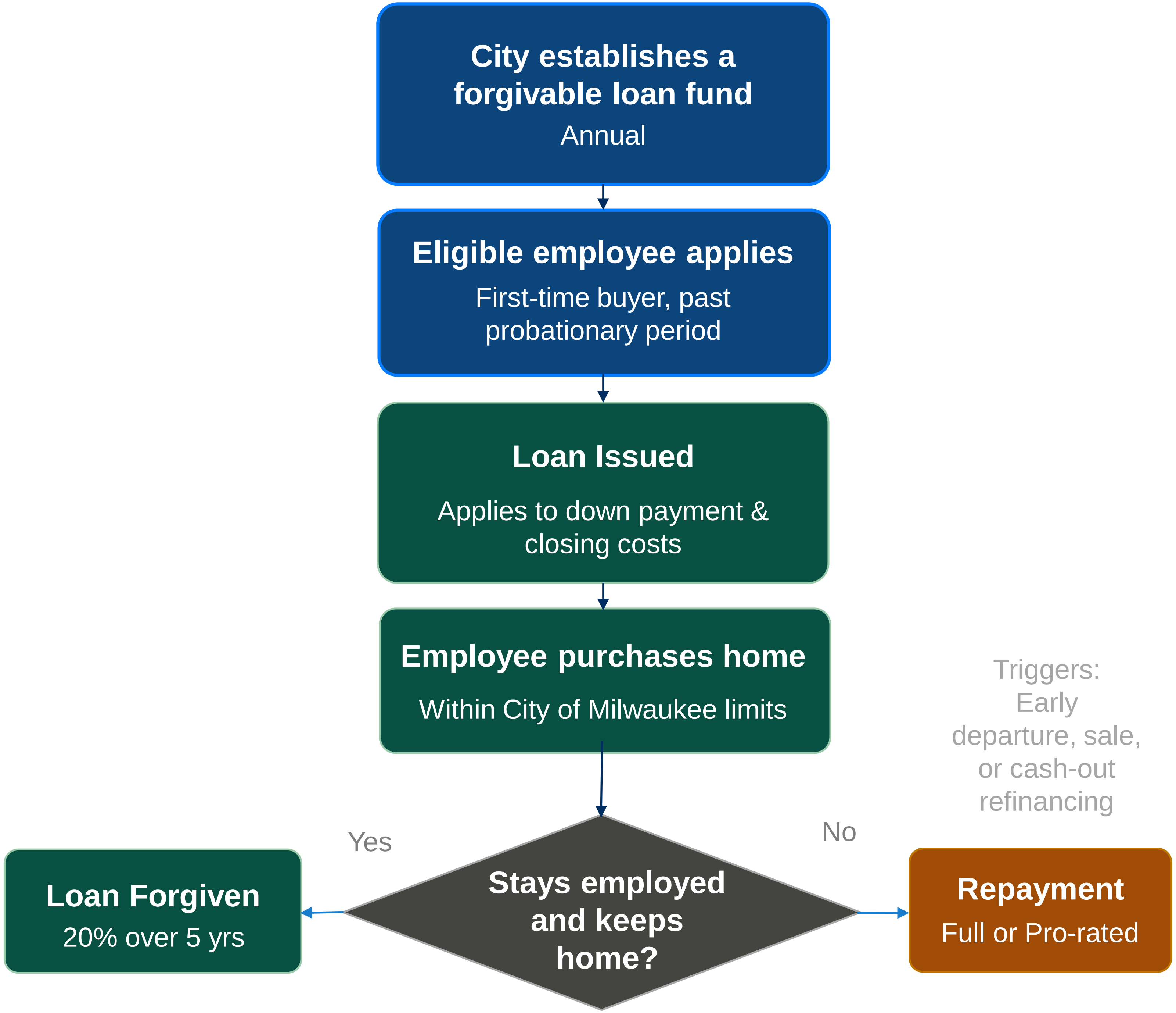
  - Will not include those who own properties

  outside the city limit.

OPTION 1: FORGIVABLE LOAN

CITY FUNDED

IMMEDIATE LAUNCH



OPTION 1: FORGIVABLE LOAN

CITY FUNDED

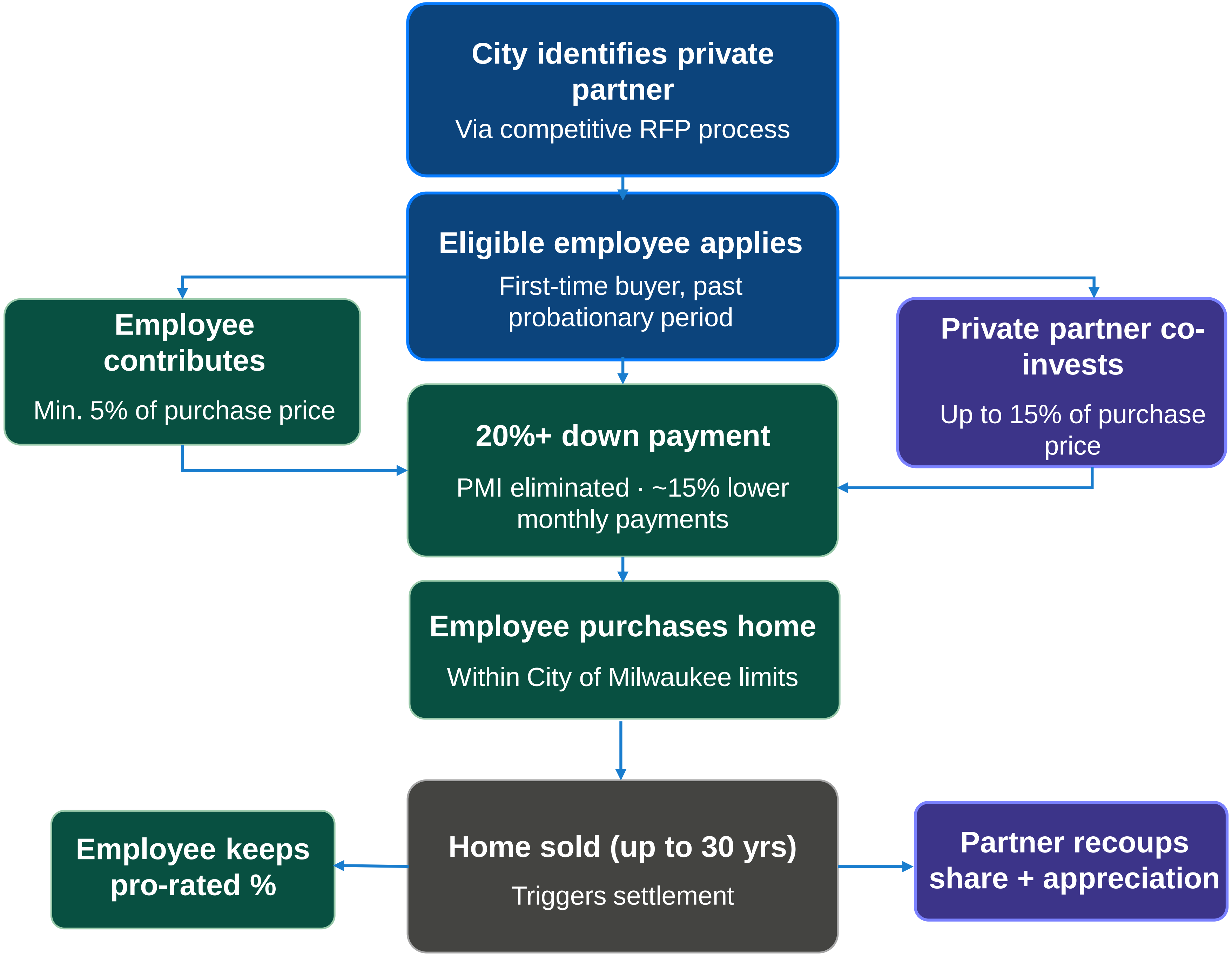
IMMEDIATE LAUNCH

Pros

- Fully City-controlled
- Proven model (Baltimore, Waco, DC, Savannah, Racine)
- Leverages DCD's existing DPA expertise
- Works as an actual benefit for employees.
- Applies to both down payment and closing costs

Cons

- Requires annual budget allocation
- Limited benefit reach
- Funds not recycled if most beneficiaries follow requirements during the forgiveness period.



OPTION 2: SHARED EQUITY

ZERO CITY COST

PRIVATE PARTNER FUNDED

SCALABLE

* Numbers in the flowchart are representative of the Landed Shared Equity model and can change for other partners

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PRIVATE PARTNER FUNDED

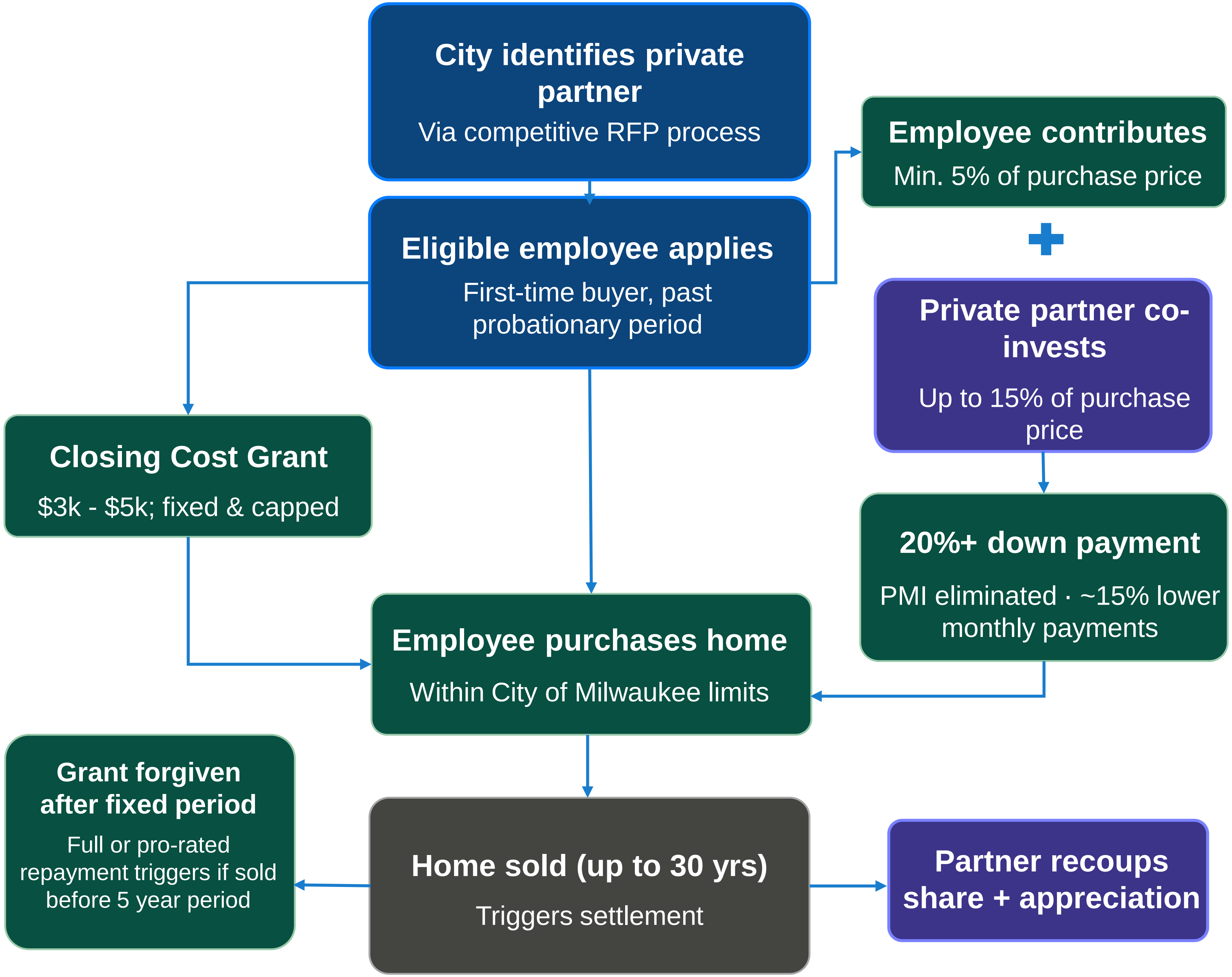
SCALABLE

Pros

- Zero City cost
- Larger per-employee benefit than Option 1
- Eiminates PMI
- Scalable with partner capacity
- Precedent in Ogden UT and DC schools.

Cons

- Longer launch timeline (RFP required)
- Does not include closing cost
- Dependent on finding a willing private partner
- Employees share home appreciation;
- Primary market operator has narrowed focus
- Primary evidence for adoption of Shared Equity model only in rapidly appreciating housing markets



OPTION 3: HYBRID - CLOSING COST GRANT + SHARED EQUITY

MINIMAL CITY COST

LAYERED BENEFIT

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LAYERED BENEFIT

Pros

- City cost is minimal and predictable (closing cost grant only)
- Combined benefit is more comprehensive than either component alone
- Proven layered approach (DC stacks public grants on Landed)
- Strengthens recruitment message.

Cons

- Carries all the risks of option 2
- Two benefit streams add administrative complexity
- City grant alone is insufficient if the private partner arrangement falls through.

Options Comparison Table

Variable	Option 1 Forgivable Loan	Option 2 Shared Equity	Option 3 Hybrid Grant + Shared Equity
Cost to City	High	Low	Moderate
Employee Benefit	High	Low	Moderate
Operational and Administrative Complexity	Low	High	High

RECOMMENDATION

Option 1 (Forgivable Loan) strikes the strongest balance across cost, employee benefit, and operational complexity.

Why Option 1?

- Delivers a high, unambiguous benefit to employees — no equity sharing, no partner dependency
- Lowest operational complexity; builds on DCD's existing DPA program infrastructure
- Meaningful cost for the City, but manageable through a modest pilot appropriation

Proposed Path Forward: A pilot Forgivable E-DPA Loan Fund, with outcomes informing a full appropriation request in a subsequent budget cycle.

THANK YOU!