

AMANI HOMEOWNERSHIP INITIATIVE

Frequently Asked Questions

A Guide — Your Neighborhood, Your Questions, Answered in Plain Language

The 15-Year Rental Period and the Path to Ownership

1. How exactly does the 15-year rental period work? What happens at the end of 15 years — can I purchase, or do I continue renting?

Emem Group is applying to the Wisconsin Housing and Economic Development Authority (WHEDA) for Low-Income Housing Tax Credits (LIHTCs) to build 40 new three-bedroom, two-bath homes in the Amani neighborhood.

Under the LIHTC program, the homes must remain affordable rentals for at least 15 years. After this compliance period ends, the household living in the home will have the opportunity to purchase it for approximately \$100,000.

Residents may also choose to remain renters at affordable rates if they prefer. If a tenant decides not to purchase the home and moves out, the home will be sold to another income-qualified buyer at the same affordable price.

2. Do residents really have to wait 15 years?

The federal Low Income Housing Tax Credit (LIHTC) program requires that the homes be rental apartments for 15 years. During the 15-year rental period, each household will have a 1-year lease.

The household can leave after their 1-year lease expires, or they can renew their 1-year lease. In order to renew, they will again need to be reviewed for income eligibility. They do not need to stay for 15 years.

Whichever household lives in an apartment home after the 15-year rental period will be able to purchase the home if they are ready, qualified, and decide to do so.

3. If you rent and move out, but want to buy one later, are you able to?

In order to purchase a home after the 15-year affordable rental period, it is best to be the current renter in year 15.

The current renter after the 15-year affordable rental period can either choose to keep renting their apartment or may choose to purchase the home. If the renter decides to vacate their apartment and not purchase the home, then the home will be available for affordable sale to another income-eligible home buyer.

4. If you are renting and the 15-year mark comes up, but you are not ready to buy, will you have to move out? And if you are preparing yourself to buy, will the unit be held for you?

You will not need to move out as long as you continue to be income eligible and agree to renew your 1-year rental lease. You may purchase the home when you are ready to purchase the home.

5. How does the transition from rental to ownership occur? What are the steps, criteria, and timeline for qualifying for a mortgage afterward?

Near the end of the 15-year compliance period, residents who wish to purchase their home will complete homeownership counseling and become HUD-certified homebuyers.

The counseling process helps households prepare for homeownership by improving credit, reducing debt, and saving for closing costs.

At the estimated purchase price of \$100,000, the expected monthly mortgage, taxes, and insurance would be approximately \$1,000 per month, which is comparable to or less than the projected rent at that time.

6. If I want to buy early, or if my income changes, what options exist to adjust the plan?

Because of federal LIHTC rules, homes cannot be sold before the 15-year compliance period ends.

However, residents may prepare for homeownership during that time through financial counseling and savings programs. If a resident chooses to move before the 15 years, they may pursue purchasing another home on the open market.

Renting: Eligibility, Rent Levels, and Affordability

7. What are the rental occupancy requirements?

A full response to this question is being prepared and will be provided separately.

8. Can there be multiple listings for residents sharing the space?

We want to be sure we answer this accurately. Could you share a bit more detail about what this question is asking? We will provide a complete response once we understand the situation being described.

9. Will rent increase, or is the price locked?

The U.S. Department of Housing & Urban Development (HUD) determines the rent limits each year. The rent is not locked. Typically, the monthly rent increases by about 1% to 2% each year.

Currently, rent for a 3-bedroom apartment targeting households earning 50% of Area Median Income is \$1,093 per month. A 1% to 2% increase would be about \$11 to \$22 per year. Between 2025 and 2026, the rent limit decreased.

10. What is the total cost comparison: rent during the 15-year period versus traditional renting or buying later? How are increases determined (e.g., 2% annually)?

Initial rent for Amani homes will be approximately \$1,170 per month, which aligns with the HUD rent limit for households earning 50% of County Median Income (CMI). Rent increases are expected to average about 2% per year, consistent with LIHTC guidelines.

Comparable three-bedroom rental homes within 1.5 miles of Amani average \$1,213 per month, with a median rent of \$1,300, and most are older homes with only one bathroom.

The Amani homes will be new construction, lead-safe, and include two bathrooms, offering newer housing at competitive rents.

11. Are there caps or protections against sudden spikes in costs?

Rents are regulated under the LIHTC program and must remain at or below HUD-published affordability limits for Milwaukee County.

Rents are expected to increase gradually, typically around 2% annually, and cannot exceed HUD affordability caps.

12. What is the average rent for homes of a comparable size in the area?

Within approximately 1.5 miles of Amani, recent listings for three-bedroom single-family rentals averaged \$1,213 per month, with a median of \$1,300.

Most of these homes are older properties with one bathroom. The Amani homes will be new construction with two bathrooms, offering newer housing at a comparable or lower rent level.

13. How was affordability decided?

Affordability is based on federal LIHTC program requirements. The program serves households earning 30%–60% of County Median Income.

Amani homes will target households earning up to 50% CMI, with rents set at approximately \$1,170 per month. For a typical household, this aligns with the guideline that housing costs should be about 30% of income, which corresponds to an annual income of roughly \$46,800.

14. Are residents able to use Section 8 to pay for the rental homes?

Yes. Housing Choice (Section 8) vouchers may be used to help pay rent if residents qualify.

Taxes, Maintenance, and Home Improvements

15. How are property taxes determined and managed during the program? Will taxes increase, and by how much?

During the 15-year rental period, Emem Group will pay all property taxes.

If the home is purchased after the compliance period, the homeowner will then be responsible for property taxes. Based on a sales price of \$100,000, current City of Milwaukee tax rates would result in taxes of approximately \$2,079 per year.

16. What maintenance and repairs are included by the program, and what is the resident responsible for?

During the 15-year rental period, Emem Group and its professional property manager will handle all maintenance and repairs.

The project budget includes funds for routine maintenance as well as long-term replacement reserves for major items such as appliances, furnaces, and unit turnover costs.

17. How does the program handle upgrades or improvements requested by residents?

During the rental period, repairs and maintenance are handled by the property manager. After a home is purchased, the homeowner will be responsible for any upgrades or improvements they choose to make.

Funding, Equity, and the Neighborhood

18. What sums are being funded by WHEDA and other agencies, and what conditions are attached to that funding (e.g., rental minimums, income caps)?

Current funding sources include:

- **Low-Income Housing Tax Credits:** \$9,735,000
- **Permanent Loan:** \$2,487,000

- **CDA TIF Loan:** \$1,800,000

Total Development Cost: \$14,022,000

These funding sources require the homes to remain affordable to households earning between 30% and 60% of County Median Income for the required compliance period.

19. Are there restrictions on selling the home to non-participants or for-profit developers?

Emem Group's goal is to sell homes affordably to income-qualified homeowners.

Commitments to WHEDA and the City of Milwaukee also support maintaining long-term affordability and homeownership opportunities in the neighborhood.

20. What equity is being built for families over the 15-year rental period?

Residents who purchase their home will benefit from a significant discount on the purchase price.

By year 15, projected rents could support a market value closer to \$200,000, but Emem plans to sell the homes for approximately \$100,000.

For reference, Habitat for Humanity homes built in the area around 2009–2011 for about \$65,000 are now valued near \$180,000, demonstrating the long-term wealth-building potential of homeownership.

21. Have any community harm studies been done, and if so, what will help mitigate displacement?

No formal displacement study has been conducted for this project. However, the City of Milwaukee's 2018 Anti-Displacement Plan identified other neighborhoods as higher risk for displacement.

The plan also emphasizes the need to expand and preserve affordable housing, which this project directly supports.

Upcoming Meetings and Events

In response to the request for an additional meetings the following dates are available:

- **8/22:** Homebuyer Counseling with Housing Resources INC