

# Inclusionary Zoning (IZ) Home Buyers Guide

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## Things To Do/Know When Considering An IZ Home

- 1. Review the IZ Homeownership and IZ Frequently Asked Questions Fact Sheet.**
- 2. Review your knowledge about buying and maintaining a home.**  
Participate in a homebuyer workshop sponsored by your local lender, your realtor, the Homebuyer's Round Table, the Dane County Housing Authority, or a local non-profit corporation.
- 3. Talk to your bank, credit union, or another lender about your financial situation.**  
Check your credit rating and your savings history, how much you pay for housing now, and what you could reasonably borrow. Your own goals and the lender's approval of a loan amount will help focus your housing search to the range of IZ housing you want and can afford.
- 4. Have your lender (or the developer) verify your eligibility to purchase a home created by the inclusionary zoning ordinance.**  
The developer or lender will need to verify your income at the time that you make an offer on an IZ home, and will need to review either your most recent income tax returns or your current payroll reports as part of the application for a loan. (**IZ Income Certification Form and Qualification Sheets**)
- 5. Review the List of IZ Homes on the City's website**  
([www.cityofmadison.com/cdbg/iz](http://www.cityofmadison.com/cdbg/iz)). This lists all approved projects with homes to be made available in the next 12 to 18 months, their approximate location, number of bedrooms and prices. It lists contact information for each development so that you can obtain more information about the available units
- 6. Call the Developer/Broker and visit the IZ homes that interest you; and review their terms of purchase with the developer or your own realtor or agent and your lender.**  
Each project will have different dates for construction and availability, and different terms of occupancy, condominium or resident association fees and terms. Owners of Inclusionary zoning homes will need to follow the same association rules as other homeowners. The primary difference between IZ homes and 'market' homes lies in the price (the maximum is set by the City to be more affordable to buyers like you), the resale terms (the City has an option to purchase at an appraised rate when you want to sell), and the financing terms (the City will take a second mortgage on the IZ units to retain the affordability gap between the market value of the IZ home and the often lower IZ price at which the developer is required to sell the home.) ***See the IZ Q/A for a more detailed explanation of the City's mortgage and promissory note related to equity share.***
- 7. Make an offer for the IZ unit you wish to purchase.**  
Consult with a realtor, an attorney, and your friends as you develop the offer. A home is a major purchase and the offer to purchase can involve a series of choices and negotiations regarding price, additional amenities or finishes, and other conditions of purchase, such as final approval of your financing by your lender.
- 8. Make sure the Developer notifies the City when you have an accepted offer on an IZ unit using the IZ Unit Sale Notification form found on our website.**
- 9. Complete the financial and other arrangements. Make Sure your Lender is aware of the rules of the IZ program and has contacted the City. Close the sale.**  
Like other buyers of homes, you and the seller and often your lender will help to arrange a closing where you, the seller, the lender, and the City will formally sign a set of documents that transfers ownership to you, and detail the terms of the mortgages and sale.  
(IZ Buyer Mortgage Form, IZ Buyer Promissory Note Option Agreement for Buyer)
- 10. When you want to sell, notify the City of your desire.**  
Submit a formal letter to the City's Dept. of Planning and Development Director telling the City that you wish to sell you IZ home. The City has 15 days to indicate to you whether it wants to buy the home itself (or transfer it to another eligible family) or whether it will permit you to simply sell the property on the market to anyone willing to buy the property around the market value of the home. Keep in mind that whether or not the City buys your home you still owe the City funds upon the sale of your home based on the terms of your promissory note.