



# WHEDA Tools for Affordable Housing and Economic Development

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# Overview

1. Who is WHEDA?
2. Housing Tax Credits
3. Multi Family Financing
4. Economic Development Resources
5. Single Family Lending
6. Engage with WHEDA



# WHO IS WHEDA?

# WHO IS WHEDA?

- Founded in 1972
- Independent Authority Established by the State of Wisconsin
- Housing and Economic Development
- Mission-based Organization

WHEDA's mission is to stimulate the state's economy and improve the quality of life for Wisconsin residents by providing affordable housing and business financing products.



# MULTI FAMILY AFFORDABLE HOUSING

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Housing Tax Credits

Multifamily Financing



# HOUSING TAX CREDITS

- WHEDA allocates the states Federal and State Housing Tax Credit programs
- Nearly \$342 million in tax credits awarded to date
- Creating and preserving more than 53,000 units of affordable rental housing



# HOUSING TAX CREDITS

- Dollar for dollar offset to federal tax liability
- The equity generated from the sale of tax credits allows the developer to build the property with a significantly lower-than-normal debt load
  - HTC equity may represent as much as 60-65% of the total development budget
- Involved Parties: WHEDA, Developer, Investor, Municipality



# HOUSING TAX CREDITS

9%

## Federal

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- Approximately \$15.5 million allocated per year
- One allocation cycle per year



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**4**

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- Tied to state's tax-exempt bond volume cap
- Year-round allocation
- Must meet minimum scoring requirements for 9% program



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**4**

## **State%**

- Created in 2018
- Competitive application process
- \$7 million available each year
- Designed to complement the Federal 4% program



# MULTIFAMILY FINANCING

WHEDA offers a variety options for multifamily developers who set aside units for LMI individuals:

- Construction, acquisition, and rehabilitation of affordable housing
- Long-term, fixed or variable rate financing
- Below market interest rates
- Stand alone programs and programs designed to accompany HTC projects



# CASE STUDY

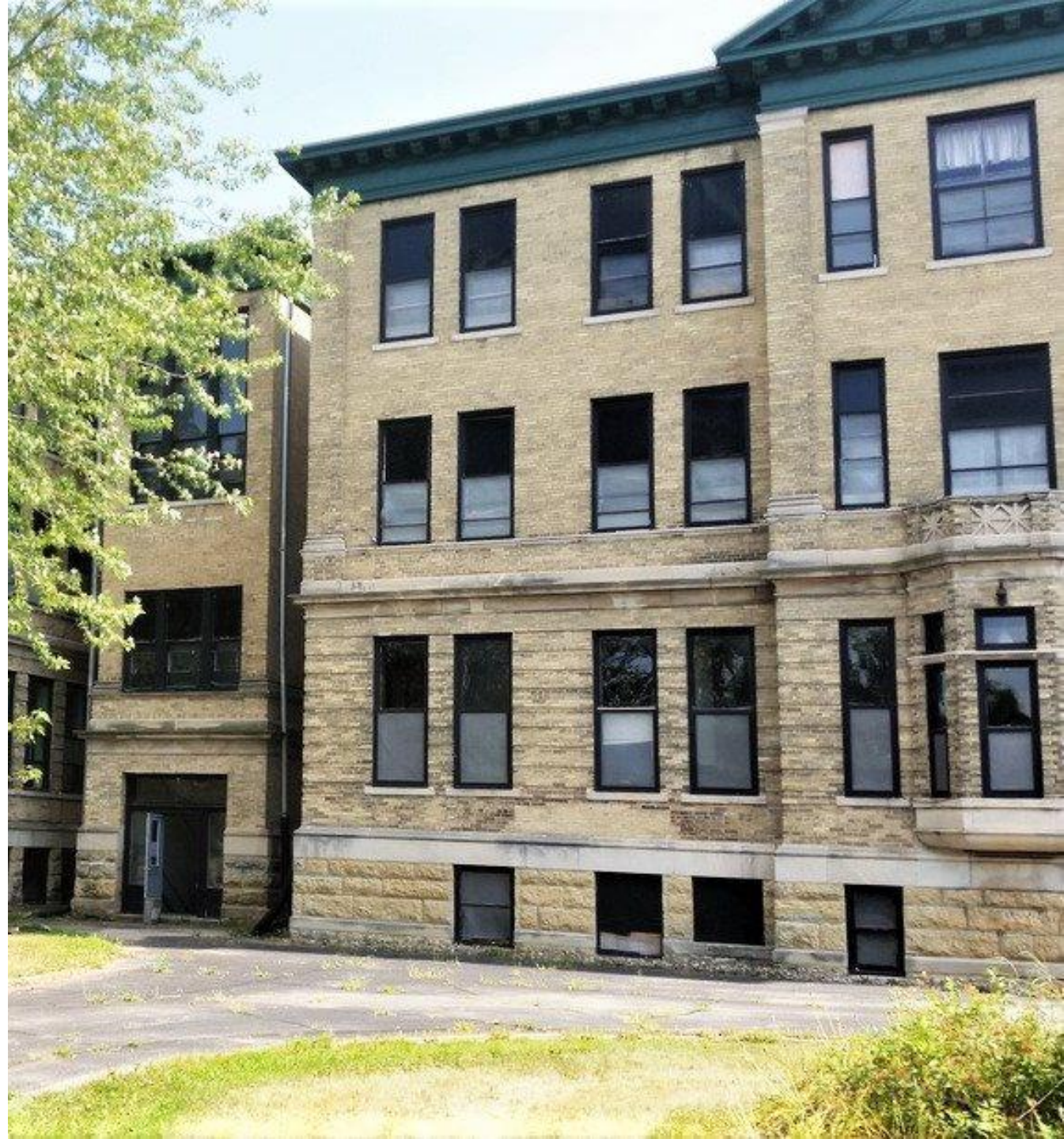
## Franklin School Apartments

- 1,2,3 Bedroom apartments and Townhomes in Rice Lake
- 20 Units – 15 family, 5 supportive
  - All affordable
- Covered parking, playground, open-concept, picnic area, in unit washer/dryer
- 9% allocation awarded in 2014
- \$318,353 annual credit (\$3,183,530)
- Also funded with Historic Tax Credits
- New construction/adaptive reuse



# LAWLER SCHOOL LOFTS— CRAWFORD COUNTY

- Renovated property: St. Mary's/Wyalusing Academy in Prairie Du Chien
- Available in 2 and 3 bedroom units
- Covered parking, fitness center, in unit washer/dryer, views of Mississippi
- 9% HTC Allocation awarded in the 2016 cycle (credit received in 2017)
- \$479,231 annual credit (\$4,792,310)
- New Construction/Adaptive Reuse
- 40 total units, 34 affordable
- 10 units set aside for supportive services
- Project also included Historic Tax Credit equity of \$2,916,000 and WHEDA financing



# FAIRVIEW HEIGHTS – IOWA COUNTY

- Senior Housing – Serves residents 62 and older
- Available in 1 and 2 bedroom units
- In unit washer/dryer, accepts Section 8 vouchers, community room, handicap accessible
- 9% HTC Allocation awarded in the 2017 cycle (credit received in 2018)
- \$96,100 annual credit (\$961,000)
- Acquisition/Rehab
- 16 Units, all affordable
- 4 units set aside for supportive services
- WHEDA and USDA Rural Development financing



# ECONOMIC DEVELOPMENT TOOLS

# Guarantees

A WHEDA guarantee reduces the risk to a lender in making a loan to a business owner, by ensuring that, if it is not repaid, a portion of that loan will be met by WHEDA.



# ECONOMIC DEVELOPMENT TOOLS

## **GUARANTEES**

### **What does a WHEDA guarantee include?**

- Limited guarantee at varying percentages
  - Typically, the lesser of 50% or \$750,000
- Eight different products for a range of businesses, sectors and sizes
- Available for the purchase or improvement of land, buildings, inventory, and livestock
- Examples:
  - Acquisition or expansion of a small business
  - Start-up day care for children or adults
  - Expansion, modernization, or start up of a farming operation



# ECONOMIC DEVELOPMENT TOOLS

## GUARANTEES

### **How can guarantees help businesses grow?**

- Increase the likelihood of securing financing
- Increase the likelihood of more favorable terms for the borrower
- Alternative to other programs with inflexible terms



# Participations

When WHEDA participates on a loan with a lender, we buy a portion of that loan. This helps banks, especially small local institutions, lend more to business owners in Wisconsin.



# ECONOMIC DEVELOPMENT TOOLS

## PARTICIPATION LENDING PROGRAM

### **How does a WHEDA participation work?**

- Up to \$2 million, or 50% participation
- Able to participate with a wide range of lenders
- Able to mitigate risk
- Able to accommodate legal lending limits



# ECONOMIC DEVELOPMENT TOOLS

## PARTICIPATION LENDING PROG

### Examples:

- Manufacturing facilities and operations
- Research and Development
- Recreation and tourism
- Retail sale of goods or services



# New Market Tax Credits

NMTC program serves as a resource to help fuel economic development efforts by promoting equity investment in low-income urban and rural communities.

WHEDA's CDE awards NMTCs to enhance financing for projects in highly distressed areas throughout Wisconsin that have demonstrable community impact.



# Opportunity Zones

WHEDA offers placed based strategies for municipalities wanting to take advantage of their OZ Census Tracts.



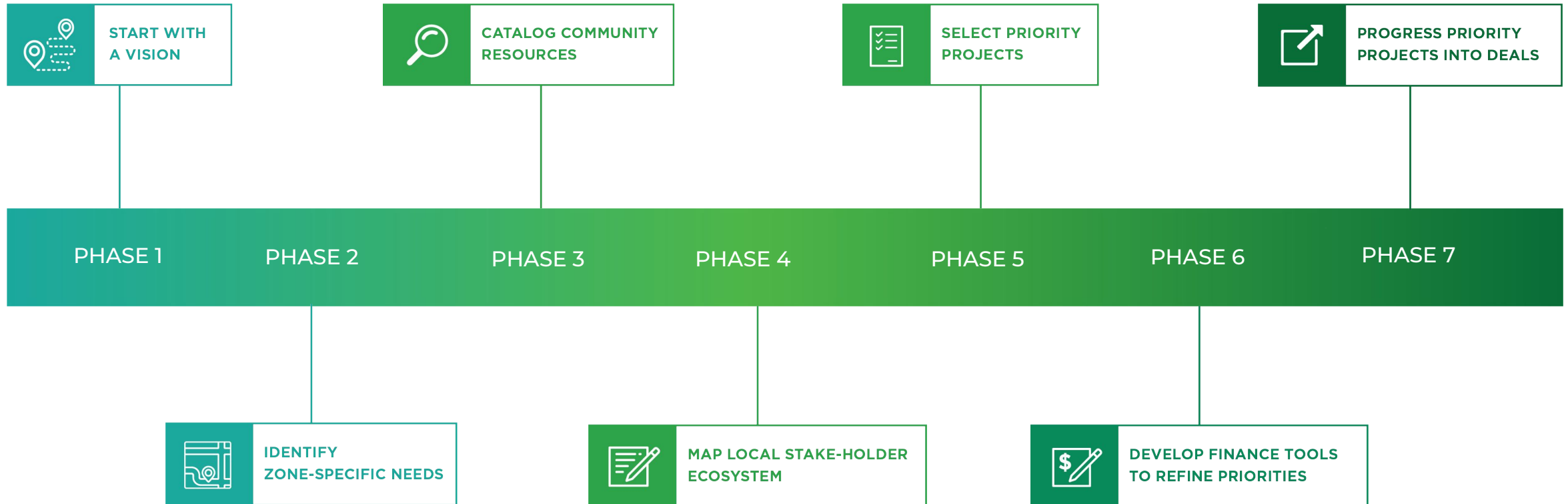
# Opportunity Zones in Wisconsin

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- Nominated through WHEDA with cross-agency partnerships:
  - DOA
  - DCF
  - WEDC
  - USDA Rural Development
- 120 designated Economic Opportunity Zones in the state
  - 44 counties
  - 39% Rural
  - 72 of the 120 Opportunity Zone tracts are also HTC QCTs, making it a strong opportunity to create investments in affordable housing with the Opportunity Zone financial model.



# HOW COMMUNITIES CAN ENGAGE



# SINGLE FAMILY LENDING

# SINGLE FAMILY

WHEDA's single family products help can help people in our communities, especially first-time homebuyers, to purchase and rehab a home.

In Fiscal Year 2019, WHEDA provided **3,703** single family loans for a total of **\$480 million**. **2,533** families utilized down payment assistance for a total just under **\$11 million**.



# SINGLE

## FAMILY

- Many eligible types: condominiums, manufactured homes, and owner-occupied rental properties of 2-4 units
- Loans generated through local lenders
- Down payment assistance with up to 100% financing
- HomeStyle Program: Allows home buyers to purchase and renovate home with a single mortgage
- Reduced interest rates for First Time Homebuyers, Eligible Veterans, and borrowers purchasing in target areas - including Barron, Rusk, and Sawyer



ENGAGE WITH WHEDA



# BUSINESS & COMMUNITY ENGAGEMENT GROUP 2020

## WHEDA GROUP 2020

### Together we can...

- revitalize neighborhoods
- grow small business
- improve housing opportunities
- impact communities
- invest in homeownership

### TOGETHER WE BUILD WISCONSIN™

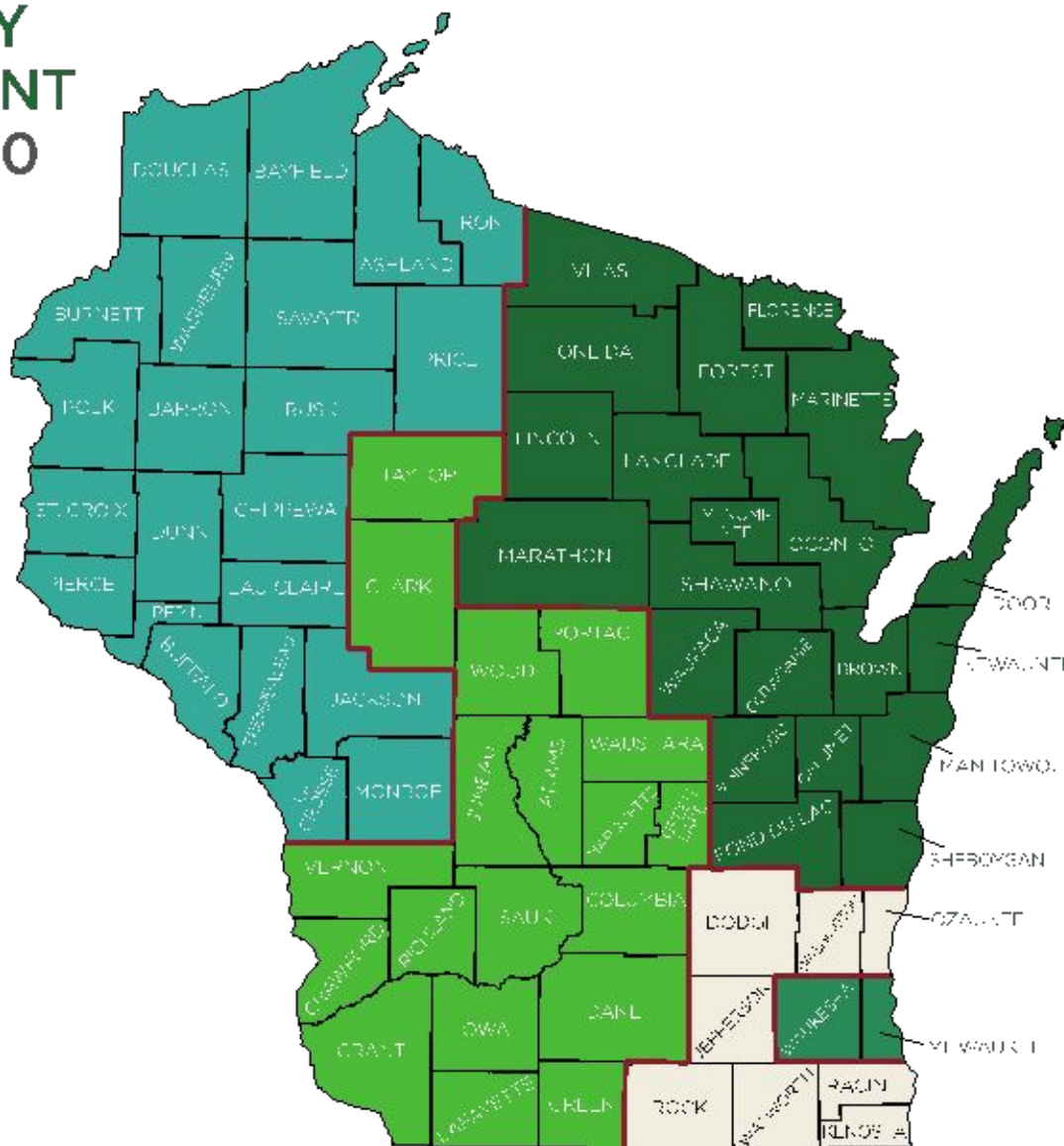
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