NLIHC's Summary of Wisconsin's Draft HTF Allocation Plan Summary

Wisconsin Housing and Economic Development Authority (WHEDA)
$3,004,558 HTF Allocation for 2016

Affordability

WHEDA does not directly address.

WHEDA point system awards 25 points (out of 85-point base) to the extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income households.

WHEDA proposes to award points based on the project having commitments for Housing Choice Vouchers or Rural Development Section 515 project based assistance.

> NLIHC: Does state have spare vouchers or RA?
>
> Note: Although in the interim regulation, there is no statutory basis for narrowing the statute's language of "the extent to which rents will be affordable, especially to ELI."

Length of Affordability

Although listed in the 85-point system, WHEDA provides zero points.

> NLIHC: Does not suggest or reward points to projects designed to be affordable beyond the regulatory minimum of 30 years. (page 3)

Merit of Project

Properties designed to serve homeless households and/or veterans households requiring supportive services to get 20 points (in 85-point base system). (page 3)

Preference or Limits to Population Served

"WHEDA has created a scoring priority for properties designed to serve the homeless and/or veterans requiring supportive services" (page 5).

> NLIHC: However, out of WHEDA's base 85-point system (with potential of "Other" points adding up to 35 points), such a priority is not apparent.

1000 Vermont Avenue, NW, Suite 500, Washington, D.C. 20005 | tel: 202.662.1530 | fax: 202.393.1973 | info@nlihc.org | www.nlihc.org

Renter/Homeowner

WHEDA does not intend to use HTF in 2016 for homebuyer activities. (page 4)

New Construction/Rehabilitation/Preservation

WHEDA will use for new construction or rehabilitation. (page 4)

However, in the "Other" Selection Criteria WHEDA is offering 10 bonus points (beyond the 85-point base) for the use of 4% credits to rehab existing Section 8 or 515 properties. (page 3)

> NLIHC: This is essentially "preservation". Given that there is only $3 million available, NLIHC urges money to be used to add to the housing stock.

WHEDA will not permit permanent displacement. If temporary relocation is needed, will comply with the Uniform Relocation Act. (page 4)

Plan to Use HTF for Operating Cost Assistance

No mention.

Grant or Loan

WHEDA expects all awards will be subordinate loans (at BMIR approximating the Applicable Federal Rate) to be repaid from cash flow. (page 3)

> NLIHC: In order to keep units affordable to ELI, debt service must be as low as possible – even zero. Since it seems WHEDA envisions most if not all HTF applicants to also have LIHTC, does BMIR at AFR work? It is tricky but not impossible to use federal funds and not erode the LIHTC eligible basis.

Affirmatively Furthering Fair Housing

See "Geographic Distribution" next page

Geographic Distribution

Geographic diversity to get 5 points, out of 85-point base (page 1)

- Properties located in the Transform Milwaukee Area.
- Properties located in a High Need Area as defined in the WHEDA Qualified Allocation Plan for the Low Income Housing Tax Credit program.
- Properties located in an area meeting the Rural Set-Aside definition for the Low Income Housing Tax Credit program.

Note: Proposed changes to the WHEDA 2017-2018 QAP indicates they are changing the name “High Need Area” to “Opportunity Zone” (page 5 of changes to QAP). These would be:

- Census Tract with median income at or above the County Median or at or above 120% of County Median.
- Census Tract with Unemployment Rate at or below national average or at or below 70% of the national average.
- In school district in top 25% of state’s Overall Accountability Score.
- In Tribal lands.
- Has access to services and amenities (list includes full service grocery stores job-training facility, etc.)

Eligible Recipients

Nonprofits, for-profits, housing authorities, tribal housing authorities (page 1)

WHEDA says 9% LIHTC projects won’t be considered unless there is an insufficient number of non-9% applicants. (page 3)

Leveraging

WHEDA point system awards 25 points (out of 85-point base) to the extent the project will make use of non-federal sources. (page 3)

> NLIHC: While leveraging is important, it doesn’t warrant 25 points, when “Merit” can only get 20 points.

Maximum Per-Unit Subsidy

WHEDA will use HOME maximum per-unit subsidy limits. (page 4)

> NLIHC: Advocates checking whether too restrictive and whether WHEDA should use HUD's HTF FAQ.

However, in the "Other" Selection Criteria WHEDA is offering up to 25 bonus points (beyond the 85-point base) to projects that will need less than $15,000 per unit (and only 5 points to projects that request between $25k and $30k). (page 3)

> NLIHC: This seems to fail to address the fact that targeting to ELI households will require more HTF funds per unit. The point system is backward. In fact points should not be a consideration here.

Maximum HTF Per Project

No mention

Use of Subgrantees

No subgrantees (page 1)

Mixed Income/Close Ties to LIHTC Program

Uses WHEDA's Development Team scoring system (page 2)

Among other references to the LIHTC program:

Other selection criteria (page 3)

- Properties utilizing the 4% LIHTC program to rehabilitate existing HUD Section 8 or Rural Development Section 515 properties (10 points)

Process (page 3)

- It is expected that the RFP will not allow recipients of 9% Low Income Tax Credit awards to request HTF resources until it has been determined that an insufficient number of non-9% LIHTC properties have applied for the available HTF resources.

- As many applications will likely utilize 4% LIHTCs, the RFP response requirements may be constructed as an addendum to the 4% LIHTC application for those developments.

Applicant Capacity

WHEDA gives 5 points to ability to obligate funds, plus another 5 points to ability to undertake activities in a timely fashion. (page 2)

> NLIHC: These do not warrant points – they should be threshold criteria. If applicant can't meet these criteria, they shouldn't advance to the real competition.
>
> Also, using the "six to twelve points in the Development Team scoring section of the LIHTC program" biases the competition to large-scale LIHTC developers and disadvantages small-scale, yet effective, community based development organizations.