



# 2020 Housing Tax Credit Results State 4% Program

September 2020



# State Housing Tax Credit

- On March 28, 2018, Wisconsin 2017 Act 176 created the Wisconsin Housing Tax Credit program within Section 234.45 of the Wisconsin Statutes
- The State Housing Tax Credit was designed to be a complement to the Federal 4% Housing Tax Credit and follows the majority of rules that are currently in place for the federal housing tax credit program.
- \$7 million of State Housing Tax Credits are available each year, un-allocated credit from prior cycles can be carried forward
- The State HTC has a six-year credit period, rather than the 10-year federal credit period
- 4% State Housing Tax Credits are awarded competitively, through a once-per year cycle coinciding with the federal 9% application round.



# State Housing Tax Credit Minimum Threshold Score

## Minimum Score

- Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, and © located within a Treasury-designated Opportunity Zones will be required to score a minimum of 110 points to be eligible for state HTCs
- Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, will be required to score a minimum of 120 points
- Properties located in areas meeting USDA's Rural Development Property Eligibility Criteria will be required to score a minimum of 130 points
- Properties outside of Milwaukee and Madison that do not meet any of the previous criteria will be required to score a minimum of 140 points
- Properties in the cities of Milwaukee and Madison will be required to score a minimum of 155 points.



# State Housing Tax Credit Scoring Categories

## Unique Scoring Categories

- Readiness to Proceed: Bonus 20 points for projects that maintain all items required on the WHEDA Credit Award Checklist (Shovel Ready)

## Location Points akin to Minimum Scoring Threshold Criteria

- Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, and (c) located within a Treasury-designated Opportunity Zones will receive 35 points
- Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, will receive 25 points
- Properties located in areas meeting USDA's Rural Development Property Eligibility Criteria will receive 15 points
- Properties outside of Milwaukee and Madison that do not meet any of the previous criteria will receive 10 points.



# 2020 State 4% HTC Applications

- 18 applications in total were submitted for developments in 9 Wisconsin communities, including:
  - Milwaukee (6)
  - Madison (4)
  - Marshfield (2)



# 2020 State 4% Awards

- During the competitive 4% 2020 cycle, State 4% HTC awards were made to properties in 11 of the 13 eligible projects with the initial cutoff score of 219.
- 4 of the remaining applications failed to meet minimum threshold requirements, while 1 withdrew the application.



# 2020 State 4% Awards

Program	# of Applications	# of Awards	Tax Credits Requested	Tax Credits Awarded
State 4%% HTCs	18	11	\$ 12,088,024	\$ 7,947,444

- During the State 4% Housing Tax Credit Cycle, HTC Awards were made to 7 different communities
- The 11 State 4% HTC awards will assist in the development or rehabilitation of 1,019 residential units
- The 11 projects represent more than \$243 million of construction, rehabilitation, and related soft costs.



# 4% State Housing Tax Credits – Location and Construction Type

- By Location:

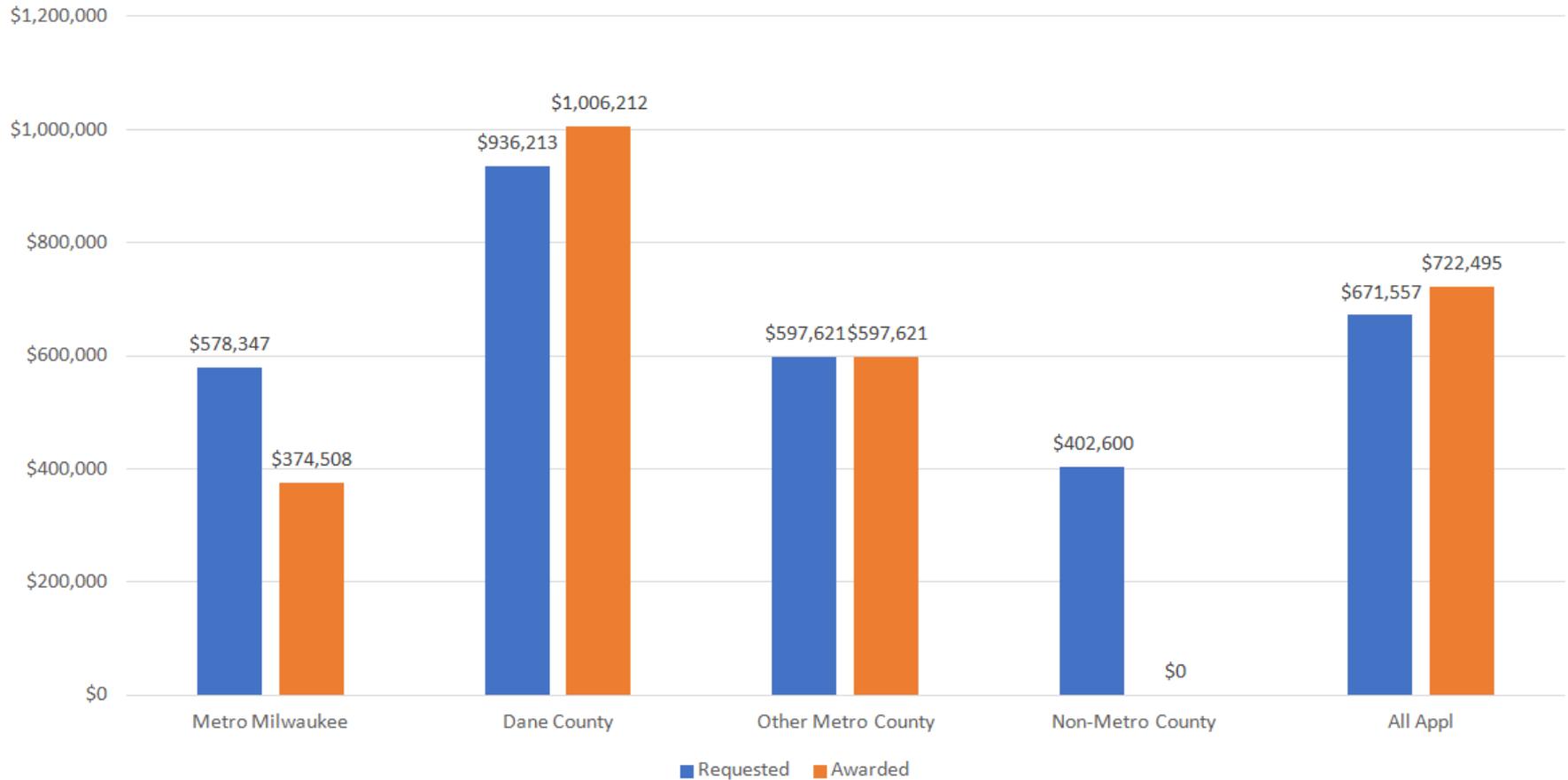
Type	Credit Request				Credit Award			
	Applications	Total Units	Affordable Units	State Credits	Awards	Total Units	Affordable Units	State Credits
Metro Milwaukee	6	411	411	\$3,470,084	3	141	141	\$1,123,523
Dane County	6	705	695	\$5,617,279	5	640	630	\$5,031,059
Other Metro County	3	238	238	\$1,792,862	3	238	238	\$1,792,862
Non-Metro County	3	289	289	\$1,207,799	0	0	0	\$0
<b>Total</b>	<b>18</b>	<b>1643</b>	<b>1633</b>	<b>\$12,088,024</b>	<b>11</b>	<b>1019</b>	<b>1009</b>	<b>\$7,947,444</b>

- By Construction Type:

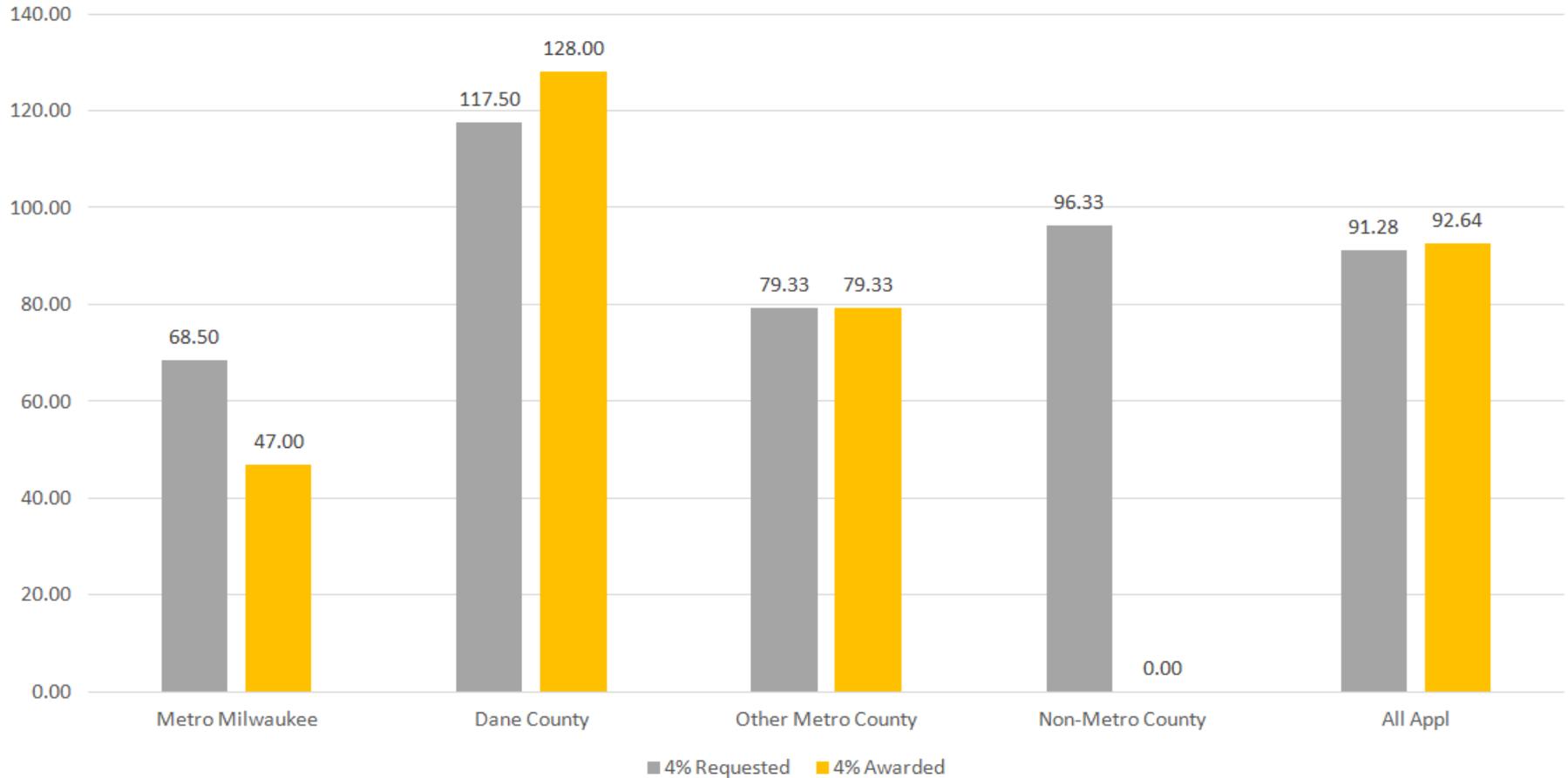
Type	Credit Request				Credit Award			
	Applications	Total Units	Affordable Units	State Credits	Awards	Total Units	Affordable Units	State Credits
New Construction	9	986	976	\$8,930,088	6	751	741	\$5,997,308
Adaptive Reuse	5	320	320	\$1,399,137	3	131	131	\$973,353
Acquisition & Rehab	4	337	337	\$1,758,799	2	137	137	\$976,783
<b>Total</b>	<b>18</b>	<b>1643</b>	<b>1633</b>	<b>\$12,088,024</b>	<b>11</b>	<b>1019</b>	<b>1009</b>	<b>\$7,947,444</b>



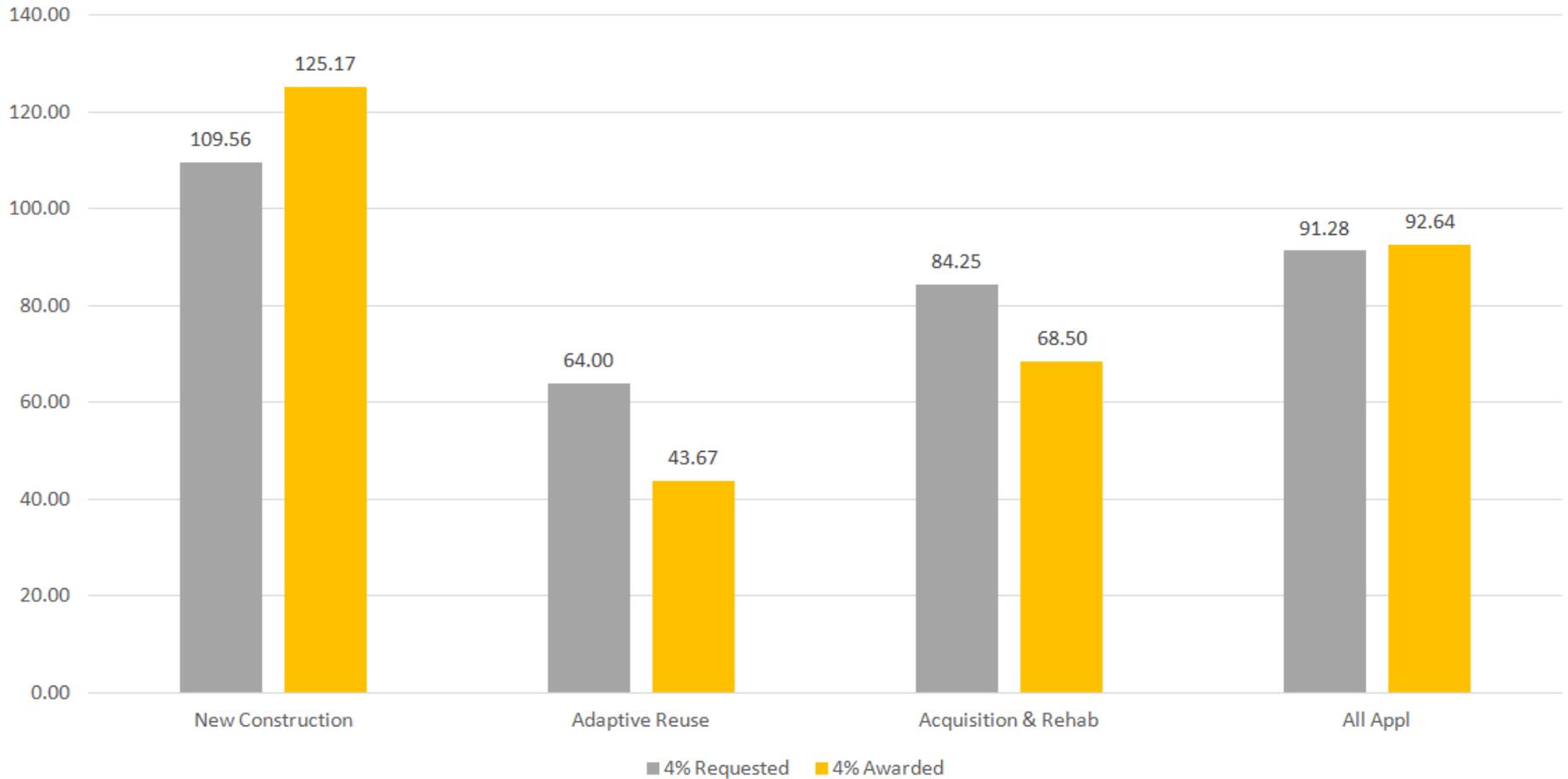
# Average Tax Credit Requested vs. Awarded 4% State HTC - Location



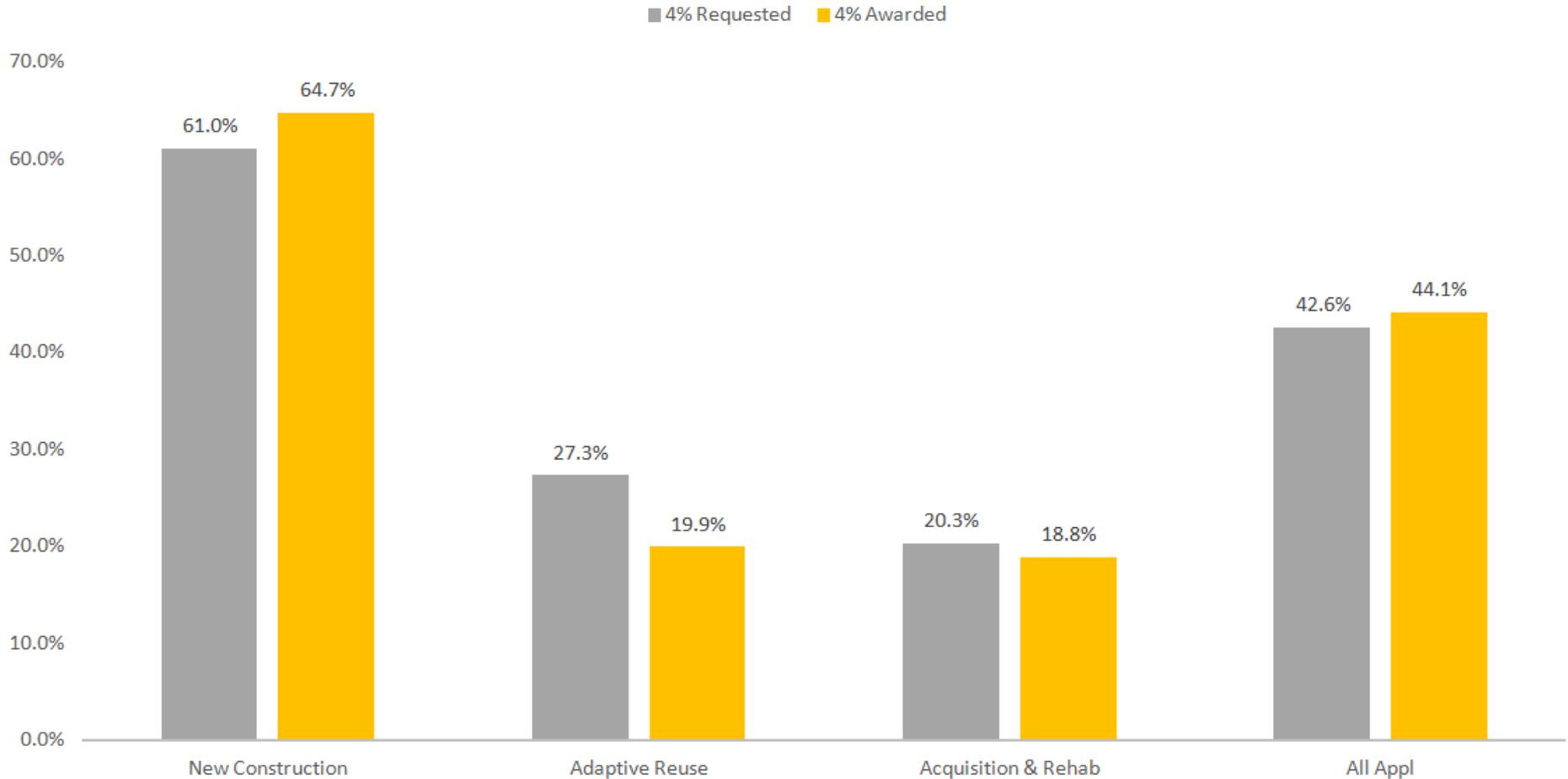
# Average Project Size Requested vs. Awarded 4% State HTC - Location



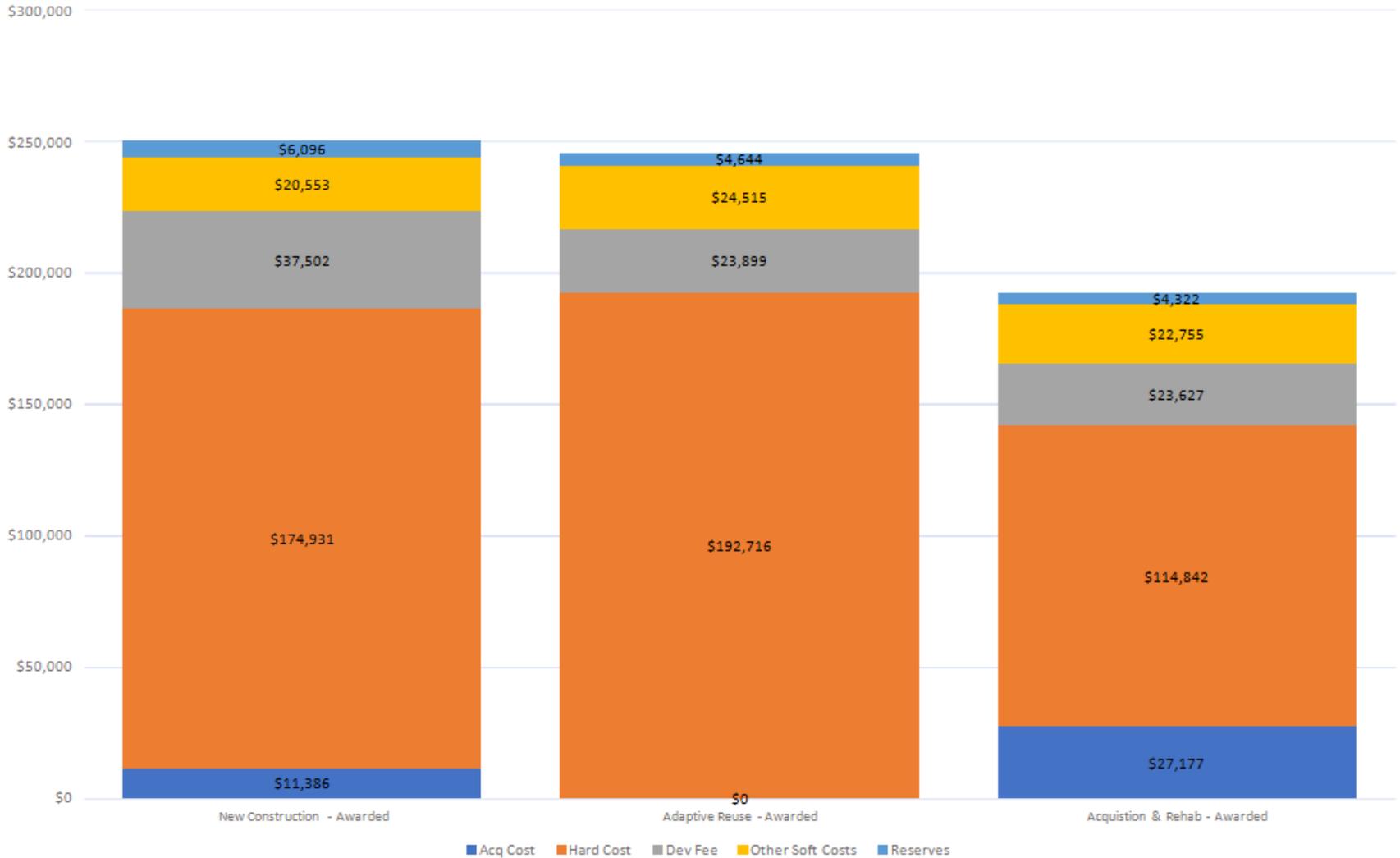
# Average Project Size Requested vs. Awarded 4% State HTC – Construction Type



# Average Deferred Developer Fee Requested vs. Awarded 4% State HTC – Construction Type

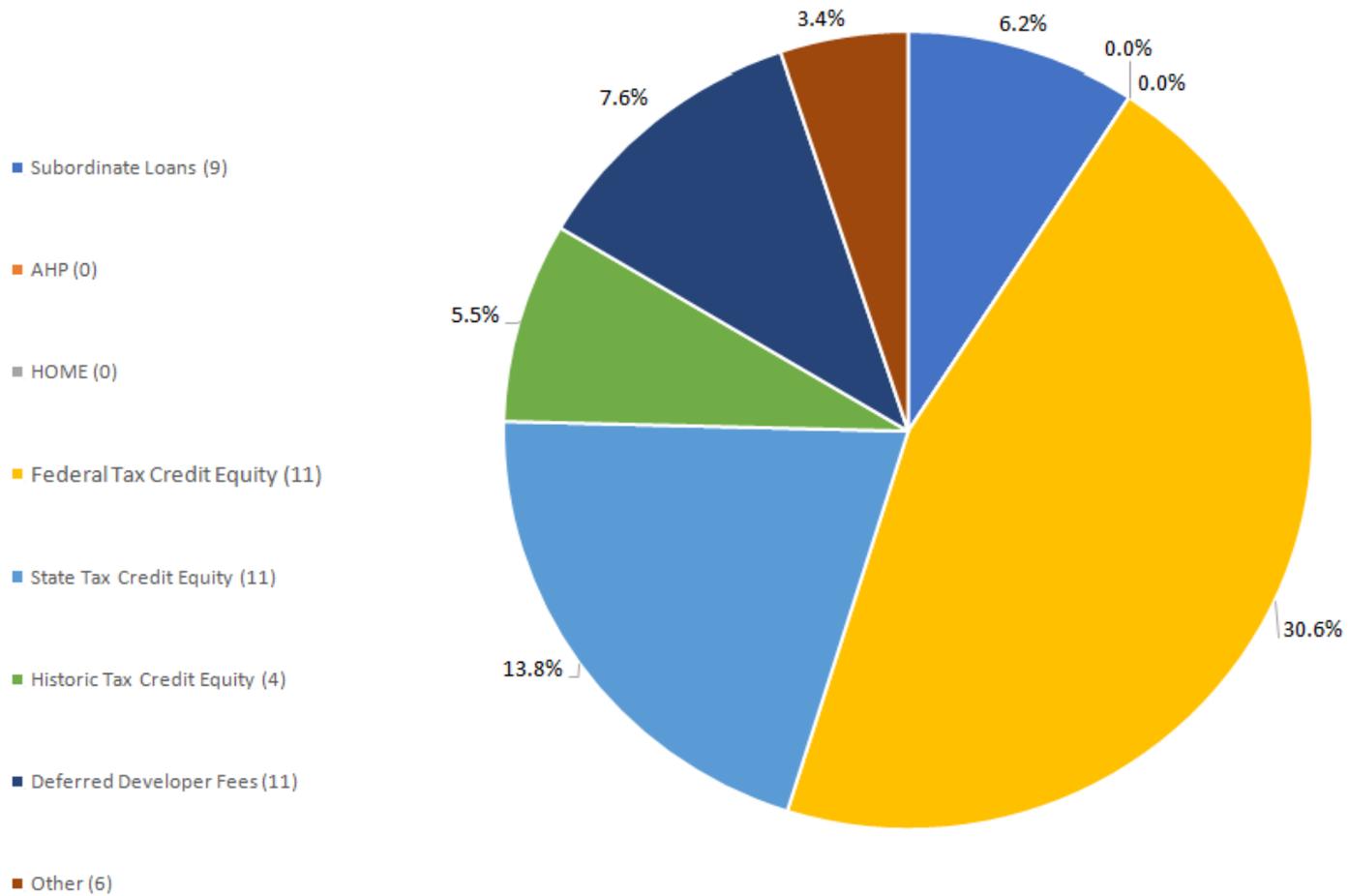


# Per-Affordable Unit Development Budget – State 4% HTC Awarded Projects Construction Type



# Proposed Capital Sources HTC Awarded Projects

State 4%





**WHEDA**

MULTIFAMILY

