Multifamily Overview

Multifamily housing creation and preservation through:

- Direct Lending
  - Construction and Permanent Financing
  - New Construction, Rehabilitation, Adaptive Reuse

- Allocation of Low Income Housing Tax Credits (aka LIHTC or Section 42 tax credit program)
  - Credits are sold to generate equity for LIHTC developments
Policy Objectives

• Create Affordable Housing
  – All projects whether family, senior, supportive, rural or urban, must have an affordability component and must remain affordable for a period of years.

• Preserve Affordable Housing
  – Much of our existing affordable housing is aging, with affordability restrictions set to expire. There is an on-going effort to keep existing housing affordable.

• Encourage Strong Projects
  – These are real estate deals and they must work as such. There must be a market for the product and the deals must underwrite.

• Other goals
  – Sustainability, Accessibility, Special-Needs, Eventual Tenant Ownership, etc

 Loan Products

Multifamily Loan Products

• Tax Exempt Bond Financing - Pooled and Stand-Alone
• Tax Credit Development Financing
• Construction Plus Loans
• Preservation Plus Loans
• Preservation Revolving Loan Fund
LIHTC

WHEDA is the State Allocating Agency for:

9% Competitive Credits
- Designed to fund 70% of Development Costs
- Allocated annually through a competitive process
- WHEDA develops competitive process outlined in the “Qualified Allocation Plan” or “QAP”

4% “As of Right” Credits
- Designed to fund 30% of Development Costs
- Automatic Credits are available when project is financed using Tax Exempt Bonds

LIHTC Overview

LIHTC Investment Process
Qualified Allocation Plan

2010 Set-Asides
- General – 35%
- Non Profit – 10%
- Preservation – 30%
- Rural – 10%

2010 Scoring
- Low Income Areas
- Energy Efficiency and Sustainability
- Local Support
- Mixed Income Incentive
- Large Families
- Lowest Income
- Supportive Housing
- Elderly Assisted Living
- Small Developments
- Market Appeal
- Universal Design
- Financial Participation
- Owner Characteristics
- Eventual Tenant Ownership
- Project Team
- Readiness
- Credit/Unit

Current Challenges

Multifamily housing is impacted by the current economic crisis:
- Diminished demand for LIHTC
  - Projects are unable to find investors
  - Investors that are active are seeking higher returns
- Reduced appetite for housing bonds
  - Lack of investment results in higher interest rates
- Market Considerations
- Other Funding Sources
New Resources

Disaster Credits

ARRA Resources
  TCAP
    • Soft financing for tax credit projects
  1602 Exchange Program
    • Grants/soft financing for low income projects

Multifamily Online

WHEDA.com
  • Data Library
  • Portfolio Reports
  • On-Demand Training
  • Multifamily Newsletter
  • Term Sheets
  • QAP
  • Loan Application

  • Indicative Rates
  • Properties for Sale
  • Regulatory Info
  • Development Guidelines
  • Forms and Manuals
  • WHEDA in Your Area
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