

GROWING WISCONSIN: Economic Development & Affordable Housing Tools

Opportunities Across Wisconsin Workshop

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What's a WHEDA?

- The Authority was created by the state in 1972 (WHFA)
- WHFA changed its name to WHEDA in 1983 in response to economic conditions adding Business and Agricultural Finance to its mission
- Today it is a quasi-governmental entity that assists communities grow by assuring access to affordable housing and capital for businesses



Economic Development Tools



Economic Development Tools

Guarantees

How do guarantees work to help businesses grow?

1. Increase the likely hood of getting financing approved
2. Increase the likely hood of more favorable terms

Rates

Repayment Terms



Economic Development Tools

Guarantees

WHEDA has **Eight (8) guarantee** programs to help a wide range of businesses get access to capital in order to grow.



Economic Development Tools

Guarantees

Small Business Guarantee

Unique Features



Mixed use properties

Business can occupy as little as 25% of total space

Can finance non profit enterprises



Economic Development Tools

Guarantees

Neighborhood Revitalization Guarantee

Unique Features

Can be mixed-use

Owner does not have to occupy building



Economic Development Tools

Guarantees

Contractors Loan Guarantee

Unique Features

Quick Turnaround

Ease of Use

Finance Contract, Sub-Contract, or Purchase Order



Economic Development Tools

Participations

How does a Participation help my business?

1. Size
2. Risk



Economic Development Tools

Participations

Participation Lending Program

Up to **\$2 Million** or 50%

Can participate with a wide range of lenders



Economic Development Tools

Participations

SBA 504 Bridge Financing



Economic Development Tools

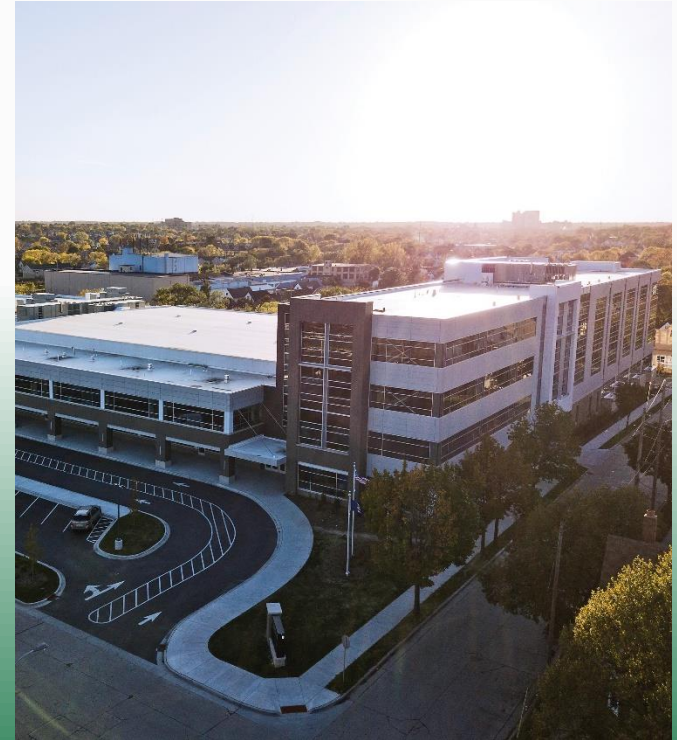
New Market Tax Credits

Leveraged deals over **\$5 Million**

Can provide equity (39%)

Loan Pool deals under **\$5 Million**

Can provide out of market terms



LIFT  Wisconsin



Economic Development Tools

New Market Tax Credits Example

Sources of Proceeds			Use of Proceeds	
Bank Debt	\$4,320,000.00		Hard Costs	\$12,116,674.00
NMTC	\$9,240,000.00		Soft Costs	\$1,611,100.00
WEDC Grant	\$500,000.00		Tax Credit Fees / Expenses	\$850,700.00
50% Owner Equity	\$133,199.00		Construction Interest	\$155,509.00
Investment Group Equity	\$2,631,498.00		Tenant Improvements	\$650,000.00
Managing Member	\$14,803.00		Developer Fee	\$923,033.00
Deferred Developer Fee	\$461,516.00		Contingency	\$994,000.00
Total Sources	\$17,301,016.00		Total Uses	\$17,301,016.00



Economic Development Tools

Taking a degree of mystery out of Leveraged Deals

Allocation		NMTC Pricing	
\$10,000,000	0.39	0.85	\$3,315,000
\$3,900,000		Legal Fees	\$150,000
		Accting tax	\$140,000
		3% upfront fee	\$300,000
		Net Equity	\$2,725,000
		3% backend fee	\$300,000
		1% interest	\$190,750
		Net Benefit	\$2,234,250



Multifamily Housing Finance Tools

National
Housing
Trust Fund

Capital
Magnet
Fund

Housing
Tax Credits

Multifamily
Financing



WHEDA

Multifamily Housing Finance Tools

National Housing Trust Fund

- Created by the Housing & Economic Recovery Act of 2008
- At this time, all HTF resources allocated for rental housing development/rehabilitation must be used to assist households at or below 30% of Area Median Income.
- Currently, **\$6.48 million** of HTF proceeds are available within Wisconsin.
- It is expected that each state will continue to receive an annual allocation of NHTF funds in the future.



Multifamily Housing Finance Tools

Capital Magnet Fund

- Competitive Grant Program
- WHEDA has been successful in winning these dollars for the state of Wisconsin.
- Last award was for application year 2017
 - WHEDA - **\$5.2** Million



Housing Finance Tools

Housing Tax Credits

WHEDA Allocates Housing Tax Credits for the State of Wisconsin

Federal

State

HFA



Housing Finance Tools

Housing Tax Credits and Multifamily Financing Example

Sources of Proceeds		Use of Proceeds	
WHEDA Loan #1	\$6,725,700.00	Acquisition Building/Land	\$2,210,000.00
WHEDA Capital Magnet Fund	\$125,000.00	Construction Hard Costs	\$21,395,357.00
Preservation Alliance	\$5,286,034.00	Soft Costs	\$8,673,328.00
Cash	\$100.00	Lease-up Operating Deficit	\$29,500.00
LIHTC Equity	\$9,290,853.00	Operating Reserve	\$533,929.00
Deferred Developer Fee	\$2,512,204.00		
State Housing Tax Credit Equity	\$3,937,440.00		
Federal Historic Equity	\$4,964,783.00		
Total Sources	\$32,842,114.00	Total Uses	\$32,842,114.00



Housing Finance Tools

Housing Tax Credits And Multifamily Financing

YF – 2018 MTSP Income Limits

1 – Person = \$38,520

2 – Person = \$44,040

3 – Person = \$49,560

www.huduser.gov – Dane County



Job Title	Avg Mean	Avg Median
Preschool Teachers, Except Special Education	\$ 26,440.00	\$ 24,200.00
Library Technicians	\$ 27,900.00	\$ 25,630.00
Teacher Assistants	\$ 28,730.00	\$ 28,560.00
Floral Designers	\$ 26,620.00	\$ 25,550.00
Home Health Aides	\$ 25,300.00	\$ 24,020.00
Nursing Assistants	\$ 28,830.00	\$ 28,370.00
Occupational Therapy Aides	\$ 28,360.00	\$ 28,890.00
Physical Therapist Aides	\$ 28,010.00	\$ 27,580.00
Pharmacy Aides	\$ 23,090.00	\$ 21,750.00
Veterinary Assistants and Laboratory Animal Caretakers	\$ 26,270.00	\$ 24,870.00
Security Guards	\$ 28,230.00	\$ 26,080.00
Cooks, Fast Food	\$ 21,430.00	\$ 20,620.00
Cooks, Restaurant	\$ 24,880.00	\$ 24,090.00
Food Preparation Workers	\$ 22,140.00	\$ 21,330.00
Bartenders	\$ 21,280.00	\$ 19,780.00
Waiters and Waitresses	\$ 21,900.00	\$ 18,900.00
Dishwashers	\$ 19,220.00	\$ 18,740.00
Janitors and Cleaners	\$ 27,160.00	\$ 24,740.00
Landscaping and Groundskeeping Workers	\$ 29,510.00	\$ 27,950.00
Funeral Attendants	\$ 27,720.00	\$ 26,700.00
Hairdressers, Hairstylists, and Cosmetologists	\$ 28,040.00	\$ 25,200.00
Childcare Workers	\$ 22,300.00	\$ 20,850.00
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$ 26,100.00	\$ 23,180.00
Tire Repairers and Changers	\$ 28,760.00	\$ 27,490.00
Bakers	\$ 29,140.00	\$ 28,200.00
Slaughterers and Meat Packers	\$ 29,080.00	\$ 28,440.00
Laundry and Dry-Cleaning Workers	\$ 24,190.00	\$ 23,050.00

Contact Us

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