



# WHEDA

## EMERGING BUSINESS PERFORMANCE REPORT



2014 WHEDA Tax Credit Awards Cycle  
*For the period ending December 31, 2016*

WISCONSIN HOUSING AND  
ECONOMIC DEVELOPMENT AUTHORITY



A Message from:  
**EXECUTIVE DIRECTOR  
WYMAN B. WINSTON**

**W**HEDA utilizes its innovative financial products and programs to help communities meet their affordable housing needs while also fostering business development and job creation in Wisconsin. Our **Emerging Business Program** (EBP) specifically focuses on generating new job opportunities. The program pairs businesses that are small, disadvantaged, or operated by minorities or women with WHEDA developer partners looking to hire construction services.

Developers awarded WHEDA **Low-Income Housing Tax Credits** (LIHTC) or **New Markets Tax Credits** (NMTC) are encouraged to work with emerging businesses as well as hire local unemployed and underemployed individuals. I know our valued partners are as delighted as I am that the collaborations between emerging businesses and developers have been beneficial in helping to grow Wisconsin communities.

During the 2014 tax credit awards cycle, 14 LIHTC developments realized a 29% average Emerging Business Program participation and one NMTC development realized a 30% program participation. This activity has resulted in \$24.3 million in total emerging business contracts. A total of 12 tax credit developments met or exceeded WHEDA's EBP participation goals. In addition, there were 117 workforce hires during the 2014 tax credit cycle. These figures demonstrate that the program is helping to boost local economies.

This report contains EBP highlights, information and data. You'll see performance numbers on the program's positive impact in Wisconsin communities. Our feature article highlights a recent Gorman & Co. housing development. Ted Matkom, the developer's Wisconsin Marketing President, discusses how WHEDA's Emerging Business Program was instrumental in Gorman's ongoing, multi-phase effort to literally save and re-stock housing on Milwaukee's north side. Gorman & Co. leveraged the program to train and hire an unconventional, but invaluable workforce.

I'm grateful for the support our developer partners like Gorman & Co. have for the Emerging Business Program. The opportunity to work with our partners is essential as WHEDA continuously strives to revitalize local economies.

# WHEDA EMERGING BUSINESS PROGRAM (EBP)

## PROGRAM OVERVIEW

### PROGRAM PURPOSE

The **Emerging Business Program (EBP)** was created by the Wisconsin Housing and Economic Development Authority (WHEDA®) in an effort to increase job opportunities in Wisconsin communities.

The EBP encourages WHEDA developer partners to hire certified emerging businesses and local residents for the construction of commercial properties as well as for various professional services such as accounting, architecture and legal counsel. WHEDA offers a variety of resources to support the development, involvement and utilization of economically disadvantaged businesses and workers in Wisconsin.

### EMERGING BUSINESS PARTICIPATION

As WHEDA does not certify emerging businesses, in order to be eligible to participate in the program, an emerging business must have one of the following certifications administered by a local, state or federal organization listed below.

#### Accepted emerging business program certifications:

- **8(a) Small Disadvantaged Business (8a)** - Small Business Administration/Wisconsin office
- **Disadvantaged Business Enterprise (DBE)** - Wisconsin Department of Transportation (DOT), Milwaukee County Community Business Development Partners or City of Madison
- **Disabled Veteran Business Enterprise (DVB)** - Wisconsin Department of Administration (DOA)
- **Minority Business Enterprise (MBE)** - Wisconsin Department of Administration (DOA), Wisconsin Supplier Development Council or City of Madison
- **Service-Disabled Veteran Owned Small Business (SDVOSB)** - US Department of Veterans Affairs
- **Small Business Enterprise (SBE)** - City of Madison, City of Milwaukee
- **Veteran-Owned Business (VOB)** - State of Wisconsin, Department of Veterans Affairs
- **Women Business Enterprise (WBE)** - Wisconsin Department of Administration (DOA) or City of Madison

### WORKFORCE DEVELOPMENT PARTICIPATION

Another component of the EBP is workforce development. Workforce development participation seeks to train and hire local workers for the construction of WHEDA-financed properties. WHEDA aims to help program participants attain jobs through opportunities for long-term employment, apprenticeships and/or other job training programs related to work experience in a trade. Unemployed or underemployed individuals may qualify for workforce development participation if their household income is at or below 80% of their county's median income. These income limits are established by the US Department of Housing and Urban Development (HUD) for the Section 8 Program.

## WHEDA TAX CREDIT PARTICIPATION

Developers that receive federal **Low-Income Housing Tax Credits** (LIHTC) or federal **New Markets Tax Credits** (NMTC) through WHEDA are encouraged to participate in the EBP.

**WHEDA's LIHTC program** encourages private investment in the development and rehabilitation of rental housing for low- to moderate-income families, seniors and persons with special needs. WHEDA allocates and administers LIHTCs throughout the state to help developers achieve affordable rents.

**WHEDA's NMTC program** serves as a resource to help fuel job creation and economic development efforts by promoting equity investment in low-income urban and rural communities. WHEDA awards NMTCs to enhance financing for projects in highly distressed areas throughout Wisconsin that have demonstrable community impact.

In exchange for these tax credits, developers are measured by WHEDA on the utilization of emerging businesses for a property's hard costs for planning, design and construction. Developers awarded tax credits are also encouraged to participate in local workforce development by hiring individuals from the very neighborhoods where WHEDA-financed developments are being constructed.

## MEASUREMENT OF PROGRAM SUCCESS

Developers awarded tax credits submit reports and documentation to WHEDA throughout the construction process to demonstrate their effort to meet program goals.

Participation goals vary by county and are based on percentages of allowable construction costs such as fees for architecture, electrical, general contracting, landscaping, masonry and trucking. As a result, WHEDA encourages developers awarded tax credits to hire emerging businesses to work on the properties in Wisconsin counties wherever possible.

### Emerging business participation goals by county:

- **25% participation** per project for Dane, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Rock, Sheboygan, Walworth, Washington or Waukesha Counties
- **15% participation** per project for Brown and Outagamie Counties
- **10% participation** per project for Dodge and Fond du Lac Counties
- **5% participation** per project for all other counties on a voluntary basis

### Workforce development participation goals:

All counties participating in the EBP are encouraged to hire 12 unemployed or underemployed individuals living in the county or zip code where the developments are located.

## AVAILABLE RESOURCES

WHEDA has EBP resources online and in person to help developers locate, qualify and hire emerging businesses and local construction workers to meet their specific project needs. WHEDA offers:

- **Training** for emerging businesses on the rules, regulations and requirements associated with tax credit developments;



- **Information sessions** for developers, general contractors and construction managers to understand WHEDA's EBP process and program requirements;
- **Networking opportunities** for emerging businesses and developers to connect; and
- **Outreach plans and tracking tools** to easily and consistently report on EBP participation.

The **Wisconsin Department of Workforce Development** and **Department of Children and Families** also offer resources to help match employers with qualified, local job applicants:

■ **Skill Explorer** by the *Department of Workforce Development*

**Skill Explorer** is a free online resource that enables employers and job seekers to search for each other based on specific job requirements and skill sets. Candidates can post work applications and resumes online as well as access employment opportunities, job center services, and other occupational resources. In turn, employers can post their job openings, search for potential candidates and access labor market data. Visit [skillexplorer.wisconsin.gov](http://skillexplorer.wisconsin.gov) for more information.



■ **Transitional Jobs** by the *Department of Children and Families*

**Transitional Jobs** is a workforce development program targeted to increase economic stability and job development in Ashland, Bayfield, Florence, Forest, Iron, Kenosha, Langlade, Menomonee, Milwaukee, Racine, Rusk, Sawyer, Taylor counties and the city of Beloit. The program assists eligible unemployed parents and low-income workers who are between 18 and 25 years old obtain job training and skill enhancement through subsidized employment. For more information, please contact **Mikal Wesley, Transform Milwaukee Jobs Program Manager** at 414.270.4716 or email at [mikal.wesley@wisconsin.gov](mailto:mikal.wesley@wisconsin.gov).



**SUMMARY**

The EBP strives to bring developers and emerging businesses together to build strong communities through economic development and job creation. Program results and successes of the 2014 WHEDA tax credit award cycle for the period ending December 31, 2016, are reflected in this report. To learn more about the program or get involved, please visit [www.wheda.com](http://www.wheda.com) or call **Jesse Greenlee, Emerging Business Program Manager** at 414.227.4348.

# EMERGING BUSINESS PROGRAM (EBP) PARTICIPATION

Performance by development for the 2014 WHEDA Tax Credit Cycle

For the period ending December 31, 2016

WHEDA measures emerging business participation during a two year construction cycle. LIHTCs and NMTCs awarded to WHEDA developer partners in 2014 have until December 31, 2016, to complete construction of a development receiving tax credits. The emerging business participation performance numbers presented in this report are for WHEDA's 2014 tax credit awards for developments that completed construction by December 31, 2016.

## 2014 LIHTC Project Summary

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
5th Avenue Lofts	Bear Development	Kenosha	25%	25%	12	\$1,965,458
Dempsey Place Apartments	Stone House Development, Inc.	Dane	25%	33%	8	2,970,278
Elementary School Apartments <sup>2</sup>	Commonwealth Development Corporation	Marathon	5%	12%	1	606,318
Greenwich Park Apartments <sup>1</sup>	Mercy Housing Lakefront	Milwaukee	25%	26%	9	2,434,095
Greenwood Manor <sup>2</sup>	Wisconsin Housing Preservation Corp	Rusk	5%	37%	13	740,882
Rethke Terrace <sup>3</sup>	Heartland Housing, Inc.	Dane	25%	11%	12	639,730
Milwaukee Prosperity <sup>4</sup>	Brinshore Development, LLC	Milwaukee	25%	71%	13	3,538,359
Monroe Street Apartments	Movin-Out, Inc.	Jefferson	25%	24%	11	709,870
Newbury Place	ADVOCAP, Inc.	Fond Du Lac	10%	14%	1	695,643
Ridgecrest Apartments	Mirus Madison MM, LLC	Dane	25%	27%	0	1,681,556
Saxony Manor	Horizon Development Group, Inc.	Kenosha	25%	39%	12	1,737,661

## 2014 LIHTC Project Summary (continued)

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
Sherman Park Homeowners Initiative	Gorman & Company, Inc.	Milwaukee	25%	51%	12	3,498,665
Union Square Apartments	Commonwealth Development Corporation	Outagamie	15%	7%	1	416,416
Whitewater Woods Apartments <sup>4</sup>	Crown Court Properties	Walworth	25%	26%	6	447,568
			<b>Avg EBP Participation:</b>	<b>29%</b>	<b>Total EBP Hires: 111</b>	<b>\$22,082,501</b>

## New Markets Tax Credit (NMTC) Project Summary

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
North End Phase III Retail/ Fresh Thyme	The Mandel Group	Milwaukee	25%	30%	6	\$2,179,981
			<b>Avg EBP Participation:</b>	<b>30%</b>	<b>Total EBP Hires: 6</b>	<b>\$2,179,981</b>

(1) As of February 2016, this development was in the process of issuing final payments to subcontractors; therefore, the participation data reported for this development is not final.

(2) Participation in WHEDA's Emerging Business Program in this county is voluntary with a 5% participation goal per development.

(3) This development did not meet the Workforce Development requirements, however, it was issued a Workforce Development Program Good Faith Waiver for their efforts.

(4) This development received Low-Income Housing Tax Credits under WHEDA's High Impact Project Reserve program (HIPR). Participation goals for HIPR projects must exceed the minimum county goal. The HIPR program was created to award LIHTCs to projects with strong economic development or redevelopment attributes that have significant community support and/or have a tangible impact on job creation, job retention or job training. Developments receiving LIHTCs under the HIPR program were selected in a Special Round" held later than WHEDA's normal selection round held in the spring of each year.

# **BRINGING PRIDE BACK TO THE SHERMAN PARK NEIGHBORHOOD**

**GORMAN & CO. PARTNERS  
WITH WHEDA IN  
MILWAUKEE NEIGHBORHOOD  
REVITALIZATION INITIATIVE**





Under WHEDA's unique Emerging Business Program (EBP), developer partners are encouraged to hire emerging businesses and use unemployed/underemployed individuals from the communities where WHEDA-financed properties are being constructed.

A recent, successful EBP development is the **Sherman Park Homeowners Initiative (SPHI)**. The project, developed by Gorman & Co., consisted of repairing and restoring 40 homes: 30 single family homes, three duplexes, and one 4-plex building.

In 2014, WHEDA allocated \$850,000 in Low-Income Housing Tax Credits (LIHTC) to SPHI. Gorman and Co. exceeded the emerging business participation goal with 51% of the construction

and professional services being completed by emerging businesses resulting in contracts totaling nearly \$3.5 million. Furthermore, Gorman achieved 12 workforce hires from the Sherman Park neighborhood.

"We target the chronically unemployed and underemployed that are previously incarcerated to reduce recidivism of these individuals so that we can develop their skills and they can reenter the workforce with family supporting wages," said Gorman and Co.'s Wisconsin Market President Ted Matkom.

Gorman & Co. works with Northcott Neighborhood House in Milwaukee for its innovative workforce development program that trains local residents

with challenged backgrounds. Workers enrolled in the training program learn construction trades and demolition work. After participants complete Northcott's program, Gorman & Co. hires recent trainees to perform carpentry, roofing, siding and demolition on construction projects on Milwaukee's north side which included SPHI.

Construction work on the SPHI couldn't have come at a better time. Well-known Milwaukee historian and frequent Milwaukee Journal Sentinel columnist John Gurda wrote in a 2013 newspaper article, "the pride of Sherman Park is undoubtedly its homes," and called Sherman Park "a neighborhood bedeviled by the ongoing foreclosure crisis . . . the casualties of foreclosure loom like sentinels of doom, heralds of decay." SPHI served to ignite a stabilizing effect and create a positive impact in the distressed neighborhood.

SPHI is the 7th phase of Gorman and Co.'s scattered site development. Now in its 8th phase, Gorman's collective work has renovated or built over 330 homes spanning over 200 blocks in Milwaukee north side neighborhoods.

"The units account for more than \$500,000 in property taxes annually, remove previously blighted and vacant homes, provide updated and affordable

housing to large families and raise the bar for the neighbors on all blocks we touch," said Matkom. "These neighbors are incentivized to invest more in their properties. After 15 years all of these homes will be purchased by the residing tenant for approximately \$35,000 and [will] greatly increase home ownership in these neighborhoods."

Participating in the EBP, training chronically unemployed individuals for today's workforce environment, and using the new workforce to revamp foreclosed homes, according to Gorman and Co.'s Matkom, results in an incredible impact.

Gorman & Co.'s participation in the EBP has enabled the developer to continue its multi-phase effort to purchase foreclosed vacant lots, homes, or duplexes from the city of Milwaukee and make extensive renovations. The revitalized properties are then placed back on the tax rolls to help rejuvenate neighborhoods.

"The EBP is an important part of our workforce development," said Matkom. "Gorman & Co. mentors subcontractors from the neighborhood and approximately 50% of our subcontractors [are] EBP contractors for this project. WHEDA's vision in funding this type of project is essential in rebuilding and stabilizing these challenged neighborhoods."



# EBP PARTICIPATING EMERGING BUSINESSES

A listing of emerging businesses hired for the construction of developments awarded tax credits from WHEDA in 2014.

1-800-Pro-Painter  
A&A Plumbing of Milwaukee  
AA Security  
ADS Disposal, A Division of Liberty Iron and Metal  
Advanced Restoration, Inc.  
Advantage Flooring & Design, LLC  
Affirmative Supply Co., Inc.  
All Season Lawn Care & Landscaping Co., Inc.  
ALLCON, LLC  
Amigo Construction, LLC  
Anderson & Anderson Construction, LLC  
Anointed Cleaners, LLC  
Aztec Plumbing  
Braxton/Team Environmental Services, Inc.  
Brickstone, LLC  
Burse Surveying and Engineering, Inc.  
Commonwealth Construction Corp.  
Commonwealth Landscape & Maintenance, LLC  
Corporate Design Interiors  
Craftsman Restoration Guild, LLC  
Devix Heating and Cooling, LLC  
D.J. Burbach Insulation Co., Inc.  
Drywall Plus, Inc.  
F & H Drywall, LLC  
Floor 360, LLC  
Gordon Solutions, LLC  
Grade A Construction  
Heider & Bott Company  
Hernandez Roofing, LLC  
Horner Plumbing Co., Inc.  
Install Carpets, LLC  
Insulation Technologies, Inc.  
J&K Security Solutions, Inc.  
J F Cook Co., Inc.  
Jordan's Construction Services, LLC  
JRT Top Notch Roofs  
Kepa Services, Inc.  
Koenig Concrete Corporation  
Kujawa Enterprises, Inc.  
Master Repair Water Restoration Company, Inc.  
Mavid Construction Services, LLC  
Native Remodels, LLC  
P.L. Freeman Co.  
Patulski Concrete & Masonry, LLC  
Rams Contracting Ltd.  
Regency Janitorial Service, Inc.  
Sanchez Painting & Decorating  
SDC Drywall, Inc.  
Sonag Ready Mix, LLC  
Thomas A. Mason Company, Inc.  
TL Reese Electrical Systems, LLC  
Tremmel-Anderson Trucking, LLC  
Tri City Glass & Door  
United We Stand Cleaning Service, LLC  
Valley North Distributing, Inc.  
Vinii Solar Engineering, LLC  
Watry Homes, LLC  
White Glove Environmental  
Wisconsin Automatic Door, Inc.  
YMYSPOT Cleanup, LLC

## CONTACT US

WHEDA's **Emerging Business Program** is a powerful catalyst for creating better opportunities and communities. Emerging businesses and developers are encouraged to take advantage of all WHEDA has to offer. To learn how WHEDA can help your business and your community grow, visit [www.wheda.com](http://www.wheda.com) or contact:

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# WHEDA

TOGETHER WE BUILD WISCONSIN®

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