



EMERGING BUSINESS PERFORMANCE REPORT



WHEDA

2015 WHEDA Tax Credit Awards Cycle

For the period ending December 31, 2017

WISCONSIN HOUSING AND
ECONOMIC DEVELOPMENT AUTHORITY



A Message from Executive Director **WYMAN B. WINSTON**

At WHEDA our mission is to stimulate Wisconsin's economy and improve the quality of life for residents through our affordable housing and business development tools. Specifically designed to spur new employment options, the **Emerging Business Program (EBP)** supports our mission by linking small, disadvantaged business as well as minority-, women-, and veteran-owned businesses with WHEDA developer partners seeking construction services.

When WHEDA allocates **Low-Income Housing Tax Credits (LIHTC)** or **New Markets Tax Credits (NMTC)**, developers that receive a tax credit award are encouraged to use emerging businesses as well as hire local unemployed and underemployed construction workers to build their projects. A strong partnership between developers and emerging businesses leads to greater affordable housing and business development opportunities all across Wisconsin.

During the 2015 tax credit awards cycle, 18 tax credit developments realized a 23% average Emerging Business Program participation. This activity has resulted in \$29 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 186 workforce hires during the 2015 tax credit cycle.

This report contains important EBP highlights, information and data. You'll see performance numbers on the program's impact in Wisconsin communities. Our feature article highlights Bear Development's efforts to expand housing options in a rural area. S.R. Mills, president of Bear Development, chronicles how WHEDA's EBP was pivotal in their construction of affordable housing along the Fox River in Burlington.

I truly value associates like Bear Development for the support and high regard they have for WHEDA's Emerging Business Program. The ability to collaborate with such talented and indispensable partners is vital to WHEDA's ongoing mission to re-energize local economies.

A handwritten signature in black ink, appearing to read 'Wyman B. Winston', followed by a long horizontal line extending to the right.

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.

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

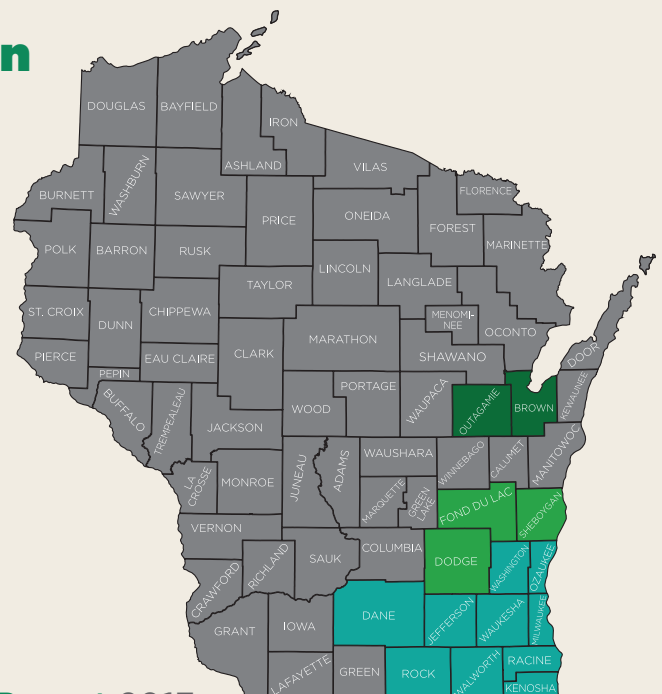
WHEDA has EBP resources online and in person to help developers locate, qualify and hire emerging businesses and local construction workers to meet their specific project needs. WHEDA offers:

- **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:

Emerging business participation goals by county

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



SKILL EXPLORER: DEPARTMENT OF WORKFORCE DEVELOPMENT

Skill Explorer is a free online resource enabling 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 for more information.

DEPARTMENT OF CHILDREN AND FAMILIES

The **Transform Milwaukee Jobs (TMJ)** and the **Transitional Job (TJ)** programs were created in the Department of Children & Families (DCF) 2013-2015 biennial budget.

Transform Milwaukee Jobs: The Transform Milwaukee Jobs (TMJ) program offers jobs to low-income adults in Milwaukee and provides businesses with needed workers at little or no risk or expense to the business. Learn more at <https://dcf.wisconsin.gov/w2/researchers/tmj>

Transitional Jobs: The Transitional Jobs (TJ) program is available in urban areas outside of Milwaukee with high unemployment rates and in rural counties with the highest poverty rates. Learn more and see program overview at <https://dcf.wisconsin.gov/w2/researchers/tj>

For questions, please email **Linda Richardson**, at Linda1.Richardson@wisconsin.gov or call at 608-422-6276.



SKILL  **EXPLORER**

To learn more about the **Emerging Business Program** or to find out how to get involved, please visit 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 2015 WHEDA Tax Credit Cycle For the period ending December 31, 2017

WHEDA measures emerging business participation during a two year construction cycle. LIHTCs and NMTCs awarded to WHEDA developer partners in 2015 have until December 31, 2017, to complete construction of a development receiving tax credits. The emerging business participation performance numbers presented in this report are for WHEDA's 2015 tax credit awards for developments that completed construction by December 31, 2017.

2015 LIHTC Project Summary

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
Central City Home Owners Initiative ³	Gorman & Company, Inc.	Milwaukee	25%	50%	41	\$3,557,267
Fox Crossing II	Bear Development, LLC	Racine	25%	29%	13	943,152
Germania	Haywood Group/ Cardinal Capital Management, Inc.	Milwaukee	25%	53%	12	3,465,590
Haymarket Lofts ¹	Lutheran Social Services of WI & UP	Milwaukee	25%	17%	2	1,591,388
Historic Berlin School Apartments	ADVOCAP, Inc.	Green Lake	5%	17%	0	999,922
Janesville Garden	Crown Court Properties Ltd.	Rock	25%	24%	7	857,833
Lakeside Gardens	General Capital Group	Fond du Lac	10%	17%	7	817,819
Layton Square	Bear Development, LLC	Milwaukee	25%	28%	15	2,152,169
Maple Grove Commons	Oakbrook Corporation	Dane	25%	25%	13	2,341,692
Meadow Ridge Middleton ^{(1) (3)}	JT Klein Company, Inc.	Dane	25%	37%	16	3,631,226
Mission Village of Kaukauna ^{(1) (2)}	Commonwealth Development	Outagamie	15%	8%	0	472,087
Randall Court Redevelopment, LLC	Housing Authority of the County of Outagamie	Outagamie	15%	7%	8	625,947

2015 LIHTC Project Summary (continued)

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
Shoe Factory Lofts	Keystone Development, LLC	Milwaukee	25%	31%	12	\$2,026,594
Tennyson Ridge ¹	The T.W. Sather Company	Dane	25%	25%	6	2,137,953
Thurgood Marshall Apartments	Cardinal Capital Management, Inc.	Milwaukee	25%	26%	12	913,123
Union Corners Apartments ²	Gorman & Company, Inc.	Dane	25%	14%	13	1,533,130
Woolen Mills Lofts ¹	Keystone Development, LLC	Outagamie	15%	17%	9	1,279,741
			Avg EBP Participation:	25%	Total EBP Hires: 186	\$29,346,633

2015 New Markets Tax Credit (NMTC) Project Summary

Development	Developer	County	EBP Participation Goal	EBP Participation Achieved	Workforce Development Hires	Tot. Emerging Business Contracts
Ignace Health Center ⁴		Milwaukee	25%	0%	0	\$0
			Avg EBP Participation:	0%	Total EBP Hires: 0	\$0

(1) As of February 2018, this development was in the process of issuing final payments to subcontractors; therefore, the participation data reported for this development is not final.

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

(3) 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.

(4) Ignace Health Center hired six emerging business firms totaling \$885,927 in contracts resulting in a 27% emerging business participation. The firms were not certified by the designated certifying agencies (see Page 3) for WHEDA's EBP and therefore are not eligible to be included in the participation data reported.

CONNECTING EMERGING BUSINESSES AND DEVELOPERS IN RURAL WISCONSIN

WHEDA connects developer partners with emerging businesses and a local workforce to advance affordable housing in urban and rural Wisconsin communities.

Kenosha-based Bear Development tapped into WHEDA's innovative Emerging Business Program (EBP) to build a two-phase, multifamily development located on the Fox River in downtown Burlington.

In 2013, Bear received \$407,005 in Low-Income Housing Tax Credits (LIHTC) from WHEDA to build the first phase of **Fox Crossing Apartments**. The result was a 24-unit property of one-, two- and three-bedroom units with modern amenities, appliances and enclosed parking where a contaminated manufacturing gas plant once stood.

"We opened the first phase in December 2014," said Bear Development President,



S.R. Mills. “Not the best time of year to open an apartment project. Despite the winter conditions, we were 100% occupied in just 60 days. This told us that there was significant demand in the community.”

Another LIHTC allocation of \$394,050 in 2015 and the confidence they could proceed with phase two, Mills and his team built the second development right next door to the first phase.

Fox Crossing II opened in January 2017. It consists of 34 one-, two- and three-bedroom units in a 4-story building with great views of the Fox River. It too is 100% occupied.

Fox Crossing II addressed the ongoing demand for affordable housing in Wisconsin’s rural areas. Bear Development has been involved in rural numerous projects and Mills said he finds the need to be comparable

to that in urban areas.

“Rural areas often suffer from declining population and poor housing stock,” said Mills. “New, modern rental housing can breathe new life into a community by providing an attractive place for both existing and new residents to live. A tax credit development in rural areas is often very impactful and can move the needle. Properties such as Fox Crossing should enjoy high levels of occupancy for the foreseeable future.”

Bear Development exceeded the emerging business participation goal with 29% of the construction and professional services being completed by emerging businesses resulting in contracts totaling \$943,152. Bear Development also obtained 13 workforce hires from the Fox Crossing neighborhood.

Working with WHEDA’s EBP, Bear has





discovered many EB contractors they continue to use on current market rate developments as well as other WHEDA-financed projects. Mills credits WHEDA's EBP for providing an entry point for these companies into the housing industry. He believes EB firms are an essential component to the state's future growth, as there is presently a great need to develop a large pool of skilled contractors that

developers can utilize for future projects.

"The WHEDA team administering the EBP are true professionals and advocates of all the good the program facilitates, their clients and the residents we serve," said Mills. "We work with housing agencies in multiple states and WHEDA continues to be one of the most consistent and easy to work with while never compromising on their mission."



EBP PARTICIPATING EMERGING BUSINESSES

A listing of emerging businesses hired for the construction of developments awarded tax credits from WHEDA in 2015.

1-800-Pro-Painter
84 Lumber Company
A&A Plumbing of Milwaukee
ADS Disposal, A Division of Liberty Iron and Metal
Advanced Restoration, Inc.
Advantage Flooring & Design, LLC
All Season Lawn Care & Landscaping Co., Inc.
Anderson & Anderson Construction, LLC
Anointed Cleaners, LLC
Aztec Plumbing
Brickstone, LLC
Capital Lawn Sprinkler, Inc.
Capital Steel Erectors, Inc.
CMS Contracting, LLC
Commonwealth Construction Corp.
Devix Heating and Cooling, LLC
Duwe Metal Products
Early Bird Painting, LLC
F & H Drywall, LLC
Foust Foundations, Inc.
Garage Door Express, LLC
Garten Factory
Gestra Engineering, Inc.
Global Janitors
Halverson Carpet Center
Hernandez Roofing, LLC
Hero Plumbing, LLC
Horner Plumbing Co., Inc.
Insulation Technologies, Inc.
JT Rams
Koenig Concrete Corporation
Majestic Wood Floors, Inc.
Masonry Restoration, Inc.
Master Repair Water
Restoration Company, Inc.
Midwest Roofing & Construction, Inc.
Native Remodels, LLC
Noffke Lumber, Inc.
Northcentral Construction Corp.
Northeast Construction & Landscaping
Professional Construction, Inc.
Professional Heating & Air Conditioning
R.A. Heating & Air Conditioning, Inc.
Regency Janitorial Service, Inc.
Sanchez Painting & Decorating
SDC Drywall, Inc.
Sonag Ready Mix, LLC
Temps Plus Staffing Services
TL Reese Electrical Systems, LLC
Treysta Group, LLC
United Brick and Fireplace, Inc.
United We Stand Cleaning Service, LLC
UPI, LLC
Urban Construction Administration
Vak Installation Services, LLC
Valley North Distributing, Inc.
White Glove Environmental
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 or contact:

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