

WHEDA WEBINARS Innovation Housing Tax Credits



Agenda

- Innovative Housing Set-Aside Goals
- Process & Timeline
- Threshold Requirements
- Scoring Opportunities
- National Housing Trust Fund Availability



Innovation HTC Goals

- Make two awards of \$800,000 in annual credits
- Serve residents and communities that are currently underserved by the HTC Program
- Approach housing development from a holistic perspective
- Create opportunities for innovative development



Application Process

- Applications are to be submitted via Procorem and flash drive
- Paper binders are not required
- Standard application fees will apply



Timeline

| Program Milestone | Date |
|---------------------------------|---|
| Application Cycle Opens | July 13, 2021 |
| Application Submission Deadline | September 3, 2021 at 5:00 pm |
| Cure Period | September 15, 2021 – September 17, 2021 |
| Award Announcement | September 22, 2021 |
| Reservation Agreements Due | October 6, 2021 |
| Carryover Due | December 1, 2021 |



Threshold

- All established threshold requirements in the 2020-2021 QAP will apply to IHSA except the following adjustments:
 - Minimum Score: 100 points required
 - 80% Committed Sources: NHTF may be counted if a complete application is submitted
 - Financial Feasibility: Commercial income allowed in specific circumstances (as defined in Serves Special Needs scoring category)
 - Developer Experience: New minimum experience requirement



Scoring

IHSA Applications will be eligible for only the following scoring categories:

| Scoring Categories | Max Points |
|---|------------|
| Applicable Established Scoring Categories: | |
| Lower-Income Areas | 5 |
| Serves Lowest-Income Residents | 60 |
| Universal Design | 18 |
| Eventual Tenant Ownership | 3 |
| Subtotal: | 86 |
| New IHSA Scoring Categories: | |
| Serves Special Needs Population | 40 |
| Catalyst for Revitalization | 24 |
| Health and the Built Environment | 18 |
| Innovative Housing Narrative | 10 |
| Nonprofit Ownership | 10 |
| Subtotal: | 102 |
| Total Available Points: | 188 |

Points will not be awarded in any other categories.



New Scoring Category: Serves Special Needs

| Points | Description | Required Documentation |
|---------------------------------------|--|---|
| Up to 30 Points | <p>Houses Special Needs Population in the Community</p> <p>Points will be awarded based on the percent of total units designated for special needs:</p> <p style="padding-left: 40px;">25%- 49.99%: 10 points 50%- 74.99%: 20 points 75%-100%: 30 points</p> <p>The units will be required to be a hard set-aside to serve the targeted population. Services must be made available to serve the unique needs of the special needs tenants.</p> <p><i>Some examples of special needs are: Autism, Mental Illness, Intellectual Disabilities, Prison Reentry, Substance Abuse Rehabilitation, Mobility Impairment, Youth Aging Out of Foster Care, Stable Housing for Sex Trafficked Persons, and Domestic Violence Survivors.</i></p> | <p>Narrative identifying the targeted population and how they will be selected, describing the barriers this population faces in finding housing and how the proposed project will address the residents' unique needs. The market study must address the demand specifically within the identified population. A service plan that outlines the needs of the tenants and how they will be met with a budget showing a financing plan for services.</p> |
| 5 points -OR- 10 Points | <p>Serves Special Needs Population in the Community</p> <p>The project leases space to a well-established, mission-driven organization that will serve the target population identified in the scoring category above and that has a strong track record of serving the target population. The rental revenue for this organization may be included in the DCR calculation for the project. (Eligible for 5 points)</p> <p>-OR-</p> <p>The space is leased to the organization at \$1 per year. The lease shall have a 10-year term and an option to renew for another 10-year term. (Eligible for 10 points)</p> | <p>Fully executed lease or MOU with the organization that identifies the rent assumptions, evidence of the organization's services and history of operations, and a floorplan identifying the commercial space within the building footprint.</p> |



New Scoring Category: Catalyst for Revitalization

| Points | Qualified Site (Must choose 1) | Required Documentation |
|---------------|---|---|
| 12 | The project is a significant contribution to neighborhood priorities and/or a broader community revitalization strategy. | The applicant must submit a copy of the plan or similar collaborating documentation that identifies the project and how it contributes to revitalization. In addition, the applicant must submit a narrative (500-1000 words) that describes the project's contribution to the plan. Applicants may also include photos and any other appropriate documentation that supports the narrative and the need for revitalization in the community. |
| 12 | The project will improve a site that contributes to disinvestment in the community such as a site that is dilapidated, unsightly and/or unsafe. | The applicant must submit a narrative (500-1000 words) that describes the condition of the site and why the site is contributing to disinvestment. The narrative must be supported by time stamped photos taken 30 days or less from the time of the application. |



Scoring: Catalyst for Revitalization

| Points | Supplementary Points | Required Documentation |
|--------|---|--|
| 4 | <p>Project will create economic opportunities on-site for residents and community member beyond the normal course of operating the project.</p> <p>Examples may include: new businesses or a grocery store, business incubator space, or low-cost retail space for entrepreneurs.</p> | Narrative description of the proposal. |
| 3 | <p>Evidence of neighborhood investments such as: infrastructure improvements, commercial improvements, investment in public amenities (bike share programs, transit stop, etc.). Improvements must be located within the following distance measurements: 2.0 miles for project sites meeting WHEDA's Rural Set-Aside definition, 4.0 miles for sites on Tribal lands, 1.0 mile for all other areas of the state.</p> | Description of the improvement and evidence that work has begun on the improvement. |
| 3 | <p>Project is located within an active incentive programs (TIF districts, Enterprise Zones, Opportunity Zones, etc.) Projects located on federally designated tribal lands will be eligible for these points.</p> | Map(s) and an accompanying narrative explaining a plan for utilizing these resources to address community needs. |
| 2 | In-unit internet at no cost to residents. | Applicant certification |



New Scoring Category: Health & the Built Environment

| Health and Wellness Design Elements | | |
|-------------------------------------|---|--|
| Points | Criteria | Documentation Required |
| 2 | On-site outdoor recreational opportunities (i.e. outdoor adult exercise equipment, walking/running trails, sports facilities, kids playground, etc.) | Developer certification OR architectural plans |
| 2 | Select at least one active building design element to encourage physical activity: <ul style="list-style-type: none"> • Accessible and appealing stairs • Activity space (i.e., inside kids play area, multipurpose fitness center with programs, etc.) | Developer certification OR architectural plans AND description of design element(s) |
| 2 | Enhanced multipurpose community room no smaller than 500 square feet. The space should offer flexible amenities that can support resident activities and wellness, such as: <ul style="list-style-type: none"> • Kitchen • Library • Moveable furniture and/or equipment | Include a plan for design of the space that specifies a budget for buildout, and proposal for including community input in the design. |
| 2 | Secure indoor bike storage | Developer certification OR architectural plans |



New Scoring Category: Health & the Built Environment

| Access to Amenities and Services | | |
|----------------------------------|--|--|
| Points | Criteria | Documentation Required |
| Up to 10 points | <p>Applicants may select from the list of services and amenities provided or propose alternative services that will meet resident needs, subject to approval by WHEDA. Two points will be awarded for each service to be offered on-site and 1 point will be awarded for services located within the following distance measurements: 2.0 miles for project sites meeting WHEDA's Rural Set-Aside definition, 4.0 miles for sites on Tribal lands, 1.0 mile for all other areas of the state. The same services may not be claimed for points for both on-site and off-site availability.</p> <ul style="list-style-type: none"> • Mental health services • Health clinic or reproductive health services • Wellness services (i.e. nutrition, yoga, acupuncture, etc.) • Financial literacy • Job training • Tutoring for school-aged kids or adult students • Certified childcare facility • Business/technology center (only eligible for on-site points) <p>Other services (Describe):</p> <ol style="list-style-type: none"> 1. 2. 3. | <p>For On-Site Services: Include MOU with Service Provider evidencing availability of services and that services will be accessible at low or no-cost. Architectural plans evidencing location of services.</p> <p>For Off-Site Services: Include a map with distance measurements, clear color photos, contact person, and contact information. At WHEDA's discretion, absence of these items may result in the project not receiving points claimed.</p> |



New Scoring Category: Innovative Housing Narrative

Narrative Questions:

1. How does the project take an innovative approach to create solutions for resident and community needs?
2. How does the project address local or regional disparities such as health, economic opportunity, racial equity or other?
3. The Core Pillars of the QAP are outlined on the following page. Which of these pillars does the project best accomplish and why? For your answer, please select one pillar from Pillars B, C or D, as it is expected that all projects will accomplish Pillar A.



New Scoring Category: Nonprofit Ownership

| Points | Criteria | Documentation Required |
|----------------|---|---|
| Up to 8 points | <p>Spearheaded by Nonprofit Organization</p> <p><24% ownership = 2 points 25-49% ownership = 5 points 50%> ownership = 8 points</p> <p>Nonprofit entity must meet the following requirements:</p> <ul style="list-style-type: none"> • Must have active role as key decision maker in development process. • Must be unrelated party to for-profit developer (may not share staff or board members, may not be controlled in any way by for-profit entity). • Developer fee received by the nonprofit must be at least proportionate with ownership level. • Right of first refusal for the nonprofit to purchase the property in year 15. | <ul style="list-style-type: none"> • Executed Appendix S • If the nonprofit will hold less than 100% of ownership provide an MOU between nonprofit and other entities addressing the four requirements outlined in the cell to the left • Certification for right of first refusal |
| 2 Points | <p>Tenant Advisory Council</p> <p>The property will form a Tenant Advisory Council that will represent tenants' interests. The council must include representatives of the project's residents and members of the greater community. Evidence of the council including names of representatives, bylaws, and meeting minutes will be required prior to issuance of 8609. The Council is intended to benefit the residents and will be subject to compliance oversight by WHEDA. At WHEDA's discretion, negative developer points may be assessed due to noncompliance with stated goals.</p> | <p>Provide a certification of the intent to create the Advisory Council and a narrative description of the plan for the creation and operations of the Council.</p> |



National Housing Trust Funds

- Projects may apply for up to \$1,500,000 in National Housing Trust Funds (HTF)
- HTF Applications should be included with the IHSA Tax Credit application
- HTF applications must meet a minimum score of 25 points. Awards will be made based on top scoring IHSA applications and only to successful IHSA projects
- This HTF Cycle will have a floor of \$100k/HTF unit created
- WHEDA is required to serve as primary lender for projects using HTF



Questions

Please submit any questions to HTC.FAQ@WHEDA.com.

Responses will be published in writing in an FAQ document on WHEDA's website.

Please visit wheda.com/2021htc for all program materials.



THANK YOU!



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