

WHEDA 2021-2022 QAP: Innovative Housing Set-Aside

The 2021-2022 QAP establishes the Innovative Housing Set Aside (“IHSA”), a new set-aside of 10% of Wisconsin’s 9% federal housing tax credit (“HTC”) for developments that incorporate innovative solutions to affordable housing.

The focus of this set-aside for the 2021 cycle will be to finance two projects that actively promote the health and well-being of the residents and the surrounding community. The goal is to support projects that have deeper community impact in addition to what is currently represented in the 2021-2022 QAP. To achieve this goal, some of the existing 2021-2022 QAP scoring categories are maintained to this set-aside, and five new categories are introduced to address the population to be served, building design elements, and project ownership.

All other requirements of the 2021-2022 QAP will apply to the IHSA except as otherwise stated in this document. The IHSA scoring categories will be applicable only to the 2021 IHSA.

Scoring

Projects in the IHSA will be scored according to scoring categories in the grid below. The “Applicable Existing Scoring Categories” will have the same definition and meaning as outlined in the 2021-2022 QAP round. The “New IHSA Scoring Categories” are further defined in this document.

Scoring Categories	Max Points
Applicable Existing Scoring Categories:	
Lower-Income Areas	5
Serves Lowest-Income Residents	60
Universal Design	18
Eventual Tenant Ownership	3
<i>Subtotal:</i>	<i>86</i>
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
<i>Subtotal:</i>	<i>102</i>
<i>Total Available Points:</i>	<i>188</i>

Applications in the IHSA will not be eligible for points in any scoring categories other than those listed above. WHEDA acknowledges that some of the new IHSA scoring categories are subjective in nature and reserves the right to make the sole determination on which submitted items satisfy the intent of these scoring categories. As is already provided in the 2021-2022 QAP, WHEDA will have the ability to deduct up to 6 points for non-compliance with a previous HTC award’s representation of scope, support services, design, energy efficiency, amenities, score, certifications, or for nonpayment of fees for any developer or co-developer.

Threshold

All threshold requirements stated in the 2021 Application Submission Checklist in the Multi-Family Application Workbook will apply to this set-aside except for the following revisions:

- **Minimum Scoring Threshold:** The minimum score required for the IHSA will be 100 points.
- **80% Committed Funding Sources:** The requirement for 80% committed sources will still apply. National Housing Trust Funds may be counted as a committed source if a complete HTF application is submitted with the IHSA application in accordance with the details below under “Availability of Subordinate Financing.”
- **Financial Feasibility Thresholds:** Commercial income may be used for the DCR calculation only from a service provider or other organization that supports the mission of the development that qualifies for points in the “Serves Special Needs Population” Scoring Category. Rent from other commercial occupants will not be included in the DCR calculation.
- **New Threshold Requirement for Development Team Experience:** The development team must meet minimum threshold criteria as follows:
 - In the past 5 years, either the Primary Applicant/Developer or one of the Co-Applicants/Developers must have completed (as the Primary Applicant/Developer) at least two successful HTC properties that received 8609s in Wisconsin or at least four successful HTC properties that received 8609s in other states.
 - The applicant that meets eligibility threshold described above is not required to hold ownership in the project and may be a for-fee developer.

The maximum credit award per developer within the 9% program as defined in the 2021-2022 QAP will apply to all Primary Applicant/Developers and Co-Applicants/Developers.

Availability of credits:

Credit requests may not exceed \$800,000 per application.

Availability of Subordinate Financing:

WHEDA will make available funds from the 2020 allocation of National Housing Trust Funds for projects awarded under the IHSA. To apply for these funds, applications must include a supplementary application of HTF materials with the IHSA application, which can be found at this link:

<https://www.wheda.com/developers-and-property-managers/developers/national-housing-trust-fund>.

Applications must meet all HTF program requirements. Applicants may request up to \$1,500,000 or the maximum HTF award per project unit based on the guidelines provided in the Request for Applications.

Preliminary Submission Timeline

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

Application Submission Instructions

Electronic submission will be required via Procorem **AND** flash drive. Applicants will not need to submit hard copies. The flash drives and nonrefundable fee(s) will be accepted by mail, postmarked no later than the submittal due date, or hand-delivery, received in WHEDA's Madison office by 5:00 p.m. CST no later than the due date. Procorem will be made available for submission ahead of the application deadline. Please contact WHEDA Commercial Lending staff request a Procorem setup for the proposed development. WHEDA may accept applications after this period should WHEDA determine it has not received an adequate quantity of quality applications.

A complete application will consist of a completed Multi-Family Application Workbook and all threshold and applicable scoring documentation as listed in the Threshold and Self Scoring Checklists included in the Application and within this document. The application must be accompanied by a check for the appropriate nonrefundable application fee (See Wisconsin 2021-2022 Qualified Allocation Plan, Section XII, Tax Credit Allocation Fees).

When completing the Multi-Family Application, be sure to select "Innovative Housing Set-Aside" as the set-aside on tab 3 "Project Description." Note that only the IHSA-eligible scoring categories will be included in the application score.

If requesting Housing Trust Funds, include the requested HTF amount in the Funding Sources tab of the Multi-Family Application and label it as HTF in column D on Tab 12 "Funding Sources." Include all required documentation defined in the HTF Application Materials. Note that a loan application fee will not be required at this time.

IHSA Scoring Criteria

The scoring criteria noted below are incorporated in the WHEDA Multifamily Application (“MFA”). Please also refer to the MFA scoring tabs for these details.

Serves Special Needs Population

To receive points, the project must be designed to house members of the community that face barriers to accessing housing beyond income limitations. The intention is to serve residents who are not currently served or are underserved by the HTC program.

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>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>

Catalyst for Revitalization

To receive points for this category, applicants must demonstrate that the project enhances the fabric of the community. This can be accomplished by either improving a site that is contributing to disinvestment in a neighborhood or by making a significant contribution to a broader neighborhood revitalization strategy. Plans focusing on geographic areas larger than a neighborhood, such as Comprehensive Plans, are not specific enough to score points in this category.

Points	Qualified Site (Must choose 1)	Required Documentation
12	<u>The project is a significant contribution to neighborhood priorities and/or a broader community revitalization strategy</u> .	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	<u>The project will improve a site that contributes to disinvestment in the community such as a site that is dilapidated, unsightly and/or unsafe.</u> ..	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.

Points	Supplementary Points	Required Documentation
4	Project will create economic opportunities on-site for residents and community member beyond the normal course of operating the project. Examples may include: new businesses or a grocery store, business incubator space, or low-cost retail space for entrepreneurs.	Narrative description of the proposal.
3	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	Description of the improvement and evidence that work has begun on the improvement.

	definition, 4.0 miles for sites on Tribal lands, 1.0 mile for all other areas of the state.	
3	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.	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

Health and the Built Environment

Health and the Built Environment points are available to projects that incorporate design elements or offer amenities or services that will positively impact the health and wellness of project residents and the surrounding community. The built environment, including housing and the community in which it is located, has a profound impact on the health and wellness of its residents. The subcategories below offer several dimensions for integrating health and wellness into a development. Applicants should select the subcategories that will be applicable to the proposed development and provide the required documentation to support each of the points requested.

In addition to the documentation of selected subcategories, please also provide a narrative that describes how the selected subcategories will be incorporated into the project, how they will support the project's intended tenant population, and how these elements advance the larger goals of the project.

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

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>

Innovative Housing Narrative

To receive Innovative Housing Narrative points, developers must submit a narrative as a separate document (1,500 words or less) that answers the three questions below.

- 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.**

This section will be reviewed by a group of seven reviewers including staff from various departments at WHEDA and WHEDA board members. Each reviewer will select the two projects they considered to be most innovative based on the responses to the three questions above. Reviewers will independently review the responses to this section and assign scores in isolation. Each reviewer will be given 3 points to distribute among the total applicant pool as follows:

The reviewer determines the project is:	Points Awarded:
Most Innovative	2 Points
Second Most Innovative	1 Points

Scores will be tallied cumulatively after all points are awarded. After reviewing all application narratives, reviewers will submit their scoring reports to the tax credit manager. The tax credit manager will aggregate the total scores submitted by all reviewers and distribute them to projects accordingly.

The maximum score that can be awarded to any project in this category is 10 points.

QAP Core Pillars	Objectives
A. Increase supply of affordable housing	Housing for very-low-income families and seniors
	Housing with services, including those experiencing homelessness and veterans
B. Employ place-based strategies	Coordinate housing development with housing & community development plans
	Encourage and increase supply of affordable housing in high housing need areas including rural and high growth areas
	Incentivize the delivery of affordable housing which meets the life cycle needs and priorities of the communities
C. Seek innovative ways to leverage capital	Collaborate with foundations, employers, industry leaders, and other key stakeholders to find new opportunities for leverage
	Build capital stacks which reflect local, state, and federal funding opportunities
D. Increase economic opportunity	Encourage homeownership and equity building
	Increase tenant stabilization through integrated resident services and property management
	Cultivate local ecosystem of affordable housing practitioners Encourage high quality supportive services design, partnerships, and outcomes

Nonprofit Ownership

Points in this category are available to projects that include nonprofit ownership and tenant representation in the property's operation. To receive nonprofit ownership points it is expected that the nonprofit will actively participate in the planning and implementation of the development.

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>