

WHEDA: Awards \$35 million in federal and state housing tax credits for 2021

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MADISON – The award of \$35.1 million in federal and state housing tax credits will advance housing opportunity and economic recovery in Wisconsin through creation of 2,200 affordable housing units in the months ahead, Gov. Tony Evers announced Tuesday.

The state and federal housing tax credit awards by the Wisconsin Housing and Economic Development Authority support 33 housing projects in 19 communities statewide and cap a highly competitive process that drew requests totaling more than \$57 million. The award of \$35.1 million represents an increase from the 2020 award total of \$31.9 million.

“Wisconsin’s successful tax credit programs continue to advance equitable access to affordable housing and economic opportunity for the people of our state – supporting our workforce, our families and the well-being of our communities,” said Gov. Evers. “These tax credits drive economic vitality, leverage private capital, strengthen the local employment base and provide housing security for our most vulnerable residents. As we’ve seen, demand for these highly competitive housing tax credits continues to outstrip supply. That’s why my 2021-23 state budget proposal seeks to increase the available state credits to \$10 million per year from the current \$7 million.”

WHEDA CEO Joaquín Altoro said this year’s plan for allocating the credits increased the emphasis on rural communities, supportive housing, partnerships with developers from underrepresented communities and sustainability. The 2021 projects range in size from a 24-unit project by the Lac Courte Oreilles Housing Authority in Hayward to a 173-unit, family-focused project by Roers Investments in Sun Prairie.

“If Wisconsin is to thrive, our workforce, our families and our most vulnerable residents require access to safe, affordable housing,” Altoro said. “As these needs continue to evolve, WHEDA is adapting its programs and strengthening critical partnerships with developers, lenders, local housing groups, community leaders and elected officials. Addressing Wisconsin’s longstanding housing gap demands innovation and collaboration.”

Highlights of this year’s state and federal housing tax credit awards include a total of \$14.7 million in federal 9% housing tax credits to fund 17 projects with 866 low- and moderate-income housing units. A total of \$7.1 million in state 4% housing tax credits will fund 16 projects with 1,334 low- and moderate-income housing units.

The award of the state 4% credits triggers the availability of \$13.3 million in federal 4% tax credits for these projects. In all, the tax credits support development of a total of 2,343 units including the 2,200 low- to moderate- income units affordable for those earning at or below 60% of the area media income.

Communities with projects receiving awards are: Ashland, Ashwaubenon, Eau Claire, Hayward, Kaukauna, Kenosha, Lac du Flambeau, Madison, Manitowoc, McFarland, Middleton, Milwaukee, Mosinee, Oconto, Sister Bay, Stevens Point, Sun Prairie, Two Rivers and Wauwatosa.

The \$14.7 million in federal 9% tax credits are worth some \$126 million over the 10-year lifespan of the credits. The state 4% credits are worth some \$35 million over a six-year lifespan and the federal 4% tax credits are worth some \$114 million over a 10-year lifespan.

In terms of meeting WHEDA’s objectives for the areas of increased emphasis in the 2021-2022 Qualified Allocation Plan:

- Seven of 16 eligible applicants qualified for the rural set-aside under both programs.
- Following WHEDA’s decision to increase the number of points awarded to projects that provide emerging developers with a minimum 24% ownership interest in the general partner/managing member role, 29 of the 54 applicants sought these points. Overall, 18 of the awarded projects reflect minority developer collaboration.
- To qualify, all projects met increased sustainability standards as administered by the Wisconsin Green Built home program.
- Two of the three applicants applying in the Supportive Housing set-aside are receiving awards. In addition, 49 applications received extra scoring points for offering integrated supportive services as part of their project proposal.

WHEDA has been the sole administrator for federal affordable housing tax credits in Wisconsin since the program began in 1986 and since the state program began in 2018. The programs do not subsidize renters; instead, they provide tax incentives through the Internal Revenue Code and the Wisconsin tax code that encourage developers to create qualified affordable housing.

In exchange for receiving the tax credits, developers agree to reserve all or a portion of their housing units for low- and moderate-income households for at least 30 years. Any remaining units are rented at market rates. The developers then sell the tax credits to private investors to obtain funding. Once the housing project is available to tenants, investors can claim the tax credit as a dollar-for-dollar reduction of federal or Wisconsin income taxes owed over a 10-year period.

In 2020, funding requests also exceeded the \$31.9 million allocation through the federal and state programs when applicants sought \$61 million. WHEDA fully deployed the available credits in 2020 including some credits returned from prior allocations to help advance a total 2,058 affordable housing units.

Developments that receive affordable housing tax credits go through a highly competitive application process administered by WHEDA. Tax credit developments must meet high design and operating standards. The scoring system for the awards is referred to as WHEDA’s Qualified Action Plan; it includes points for strong management, excellent development quality, demonstrated market need, provision of supportive services and amenities, proximity to economic opportunities and proper local zoning.

Find details of the 2021 federal and state tax credit allocations [here](#). To keep up with information about WHEDA resources, follow us on Facebook, Twitter, and LinkedIn and sign up to receive emails [here](#).