City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD

ALD. MICHAEL MURPHY, CHAIR
Bethany Sanchez, Vice-Chair
ALD. BAUMAN, Heather Dummer Combs, Cecelia Gore, James HIller, Craig Kammholz, Vincent Lyles, Cathie Madden, Brian Peters, Ray Schmidt, and Mike Soika

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Thursday, June 12, 2008 | **11:00 AM** | **Room 301-B, City Hall**

Meeting convened: 11:08 A.M.

1. Roll call

Present 10 - Murphy, Soika, Hiller, Kammholz, Sanchez, Peters, Dummer Combs, Gore, Schmidt and Lyles

Excused 2 - Bauman and Madden

Also present: Garry Werra, Dept. of Admin., Community Development Grants Administration, Assistant City Attorney Tom Gartner, and Jeff Osterman, Legislative Reference Bureau

2. Approval of the minutes of the May 9, 2008 meeting

Mr. Lyles asked that the minutes be amended as follows:
On page 6, in the middle of the page in the paragraph that starts out "Mr. Lyles replied..." change the $1 million to $100 million.

Ms. Gore moved approval of the minutes as amended, Mr. Lyles seconded. There were no objections.

3. Discussion relating to the WHEDA Qualified Allocation Plan for 2009

Ald. Murphy introduced Mr. Leo Ries, the Executive Director of the Local Initiatives Support Corporation (LISC). He said he thought it would be important to hear about the WHEDA process, because a number of the housing trust fund applicants rely upon funding from WHEDA.

Mr. Ries appeared and said that it was disappointing how the WHEDA allocations played out this year. He said that every two years WHEDA revises its Qualified Allocation Plan (QAP). He said there are several steps in the QAP process. The first is to meet with developers, which took place in May. The second step was to create an advisory board, which he was a member of, and that board has been created and has had two meetings already. The third step is that the WHEDA staff prepares a draft proposal, and that has been done and has been posted on WHEDA's website. The proposal is than reviewed by the governor's office and then the WHEDA board will meet in August to approve the revised QAP. He said now is the time for groups, officials, etc. to weight in on the new QAP proposal.

Mr. Ries said that in early May, LISC convened a meeting with various developers from the community and his memo (Exhibit 1) that he provided to the board members provides a summary of what came out of that meeting. He said most of the people who showed up at the meeting were mainly city-based developers. He said that representative for some of the bigger non-profit developers, such as Hartland and Mercy Housing, etc., were not at the meeting, because they couldn't make it. He said he would be interested in those bigger non-profit developers' reactions to some of the points listed in the summary.

Mr. Ries said the second document he gave to the board members is called "Major Changes" (Exhibit 2) and that is the list of proposed changes that WHEDA provided to the advisory board for review.

In addition, Mr. Reis provided a copy of a draft of a letter (Exhibit 3) that the LISC board has approved to send to the Governor. He said the letter focuses on a few points that his organization is advocating for the proposed changes to the 2009 QAP.

Mr. Ries than explained each of the major changes, listed in the "Major Changes" document.

Ald. Murphy asked Mr. Ries if he knows how much money WHEDA is thinking about setting aside for 2009?

Mr. Ries replied that it is 10% of the total allocation, which could easily be sufficient to support two major housing projects per year.

Mr. Ries than went on to elaborate on each of the three major issues that are noted in the draft letter from LISC to the governor. Those issues are as follows:

1. *A trend toward rewarding projects that utilize fewer tax credits;*
2. *Decreasing support for small developments; and*
3. *Continue over emphasis on “Preservation projects”.*

Ms. Sanchez said that she was wondering about the recommendation to reduce the mix income projects and said that it seem to be a desirable way to include affordable housing in neighborhoods and to increase integration.

Mr. Ries replied that it is desirable, but under the reasons stated for urban environments, in LISC memo, it isn't that significant, because the market rents are so close to affordable rents.
Ms. Sanchez replied in the affirmative if the developers are not using other deep subsidys, but they can combine with housing trust funds to bring those rents down then that’s not necessarily the case.

Mr. Ries replied that under smaller deals it is more difficult to have mixed income, because you have to come up with deeper subsidies to compensate for the market. He said he wasn't tracking that issue very closely, because it wasn't the two or three issues that he was working on. He said he can't really give a thoughtful response to Ms. Sanchez's points.

Mr. Hiller asked Mr. Ries to elaborate on the definition that is written in Mr. Reis memo under "Transparency Issues, Awarding points section", that says “The manner in which points are awarded for developer/management team give too much discretion to WHEDA".

Mr. Ries replied that the advisory board didn't have a chance to discuss that issue, but WHEDA is actually proposing a scoring matrix for the developer and management team. He said he has a copy of WEHDA's proposed scoring changes, (Exhibit 4) if Mr. Hiller would like to see it.

Mr. Hiller asked is there a concern about competition?

Mr. Ries replied in the affirmative. He said that some of the same developers received four or five project awards. He said that If the same developers get the awards each year it is a disincentive for other developers to come in.

Ald. Murphy asked Mr. Werra if the city's Community Development Grants Admin. (CDGA) or the Housing Authority has taken a formal position on the proposed WHEDA's 2009 QAP?

Mr. Werra replied that CDGA hasn't, but the Dept. of City Development (DCD) has been working closely on the proposed 2009 QAP with LISC and other the agencies involved.

Ald. Murphy asked if a letter has been sent by DCD regarding this the proposed 2009 QAP?

Mr. Ries replied that he has been working closely with Maria Prioletta, but doesn't know if DCD has prepared a letter.

Ald. Murphy said that he will invite Ms. Maria Prioletta with the DCD to appear at July's Housing Trust Fund Advisory Board meeting to discuss what the DCD's plans are regarding a formal position on WHEDA's proposed 2009 QAP. He said this board could also draft a letter.

Mr. Soika commented on Ms. Sanchez's comment earlier on the mixed income projects and said that tax credits typically fund projects that run 50-60% CMI and the whole point of the housing trust fund is to drive those projects down to something less than 50% CMI. He said that if this board is saying that it doesn't matter, that could hurt.

Ald. Murphy said that Ms. Sanchez should put together a memo that would elaborate on the mixed income issue for this board to review and at its next meeting.

Mr. Ries replied that WHEDA did make some changes to the mixed income issue, for example, it increased points if it served large families, from 12 to 18 points, and it increased the number of points for those projects that serve the lowest income residents, from 50 to 70. He said that there is other changes as well.

Ald. Murphy asked Mr. Ries for a copy of WHEDA's 2009 QAP proposed changes.

Mr. Ries said he will leave a copy of the WHEDA's proposed changes (Exhibit 4) for the board members.

4. Communication from Ms. Cindy Holler, President of Mercy Housing Lakefront requesting an extension on the use of Housing Trust Fund award

Ald. Murphy said that Mercy Housing Lakefront submitted a letter to this board and came before this board at its last meeting to elaborate on the fact that the Mercy Housing project did not receive its tax credits from WHEDA. He said today the discussion will be on the written request (Exhibit 5) received from Mercy Housing Lakefront to grant them an extension of its housing trust fund award.

Ald. Murphy asked Atty. Gartner if there is any legal issue that would prevent this board from granting an extension of the housing trust fund award given to Mercy Housing Lakefront?

Atty. Gartner replied in the negative.

Mr. Lyles said that he has concerns that this could be setting a precedent for this board. He explained that WHEDA changes its application every two years and because it is such a fluid process, he worries that this board will be held up by a process that it has no control over.

Atty. Gartner said that historically this board has had a number of discussions about timing and setting fairly stringent parameters on projects, but the primary concern was maintaining the ability at the board level to reallocate funds to projects in the event that a particulate project that received an award was unable to proceed. The focus was primarily on retaining some discretion at the board level to deal with those types of circumstances.

Ald. Murphy said he will address both those issues brought up by Mr. Lyles and Atty. Gartner.

Ald. Murphy said that when this board was created it recognized that a project's financing is based on layers and if one doesn't work it will fall apart. He said the intent was to give this board the flexibility to deal with these types of issues. He also said that this is an advisory board and the final decision is up to the full Council.

Ald. Murphy said he is not concerned that this will set a precedent, because at this point in time the extension will only be for eight months. He said this project was given the biggest award and that it scored the highest, therefore, this request is worth consideration by this board.

Mr. Hiller asked does the applicants who were not successful in the first round have aright to challenge this extension request and if an extension is given will there be a deadline on it or is it open ended?

Atty. Gartner replied that any one can attend these HTFAB meetings and be heard, but there isn't an appeal process. He replied that as far as the extension request there is no requirement or set limitation for an extension.

Mr. Soika said he isn't worried about setting a precedent and that this board reserves the right to make decisions on a case- by-case basis.

Mr. Schmidt asked if any one knows what the situation is regarding the non-response by the Milwaukee Public Schools regarding the MPS property for sale?

Ald. Murphy replied that the MPS brokers will probably try to negotiate the quick sale of the property, because they are looking for their commission. He further said that he had advised Mercy Housing this morning that he and/or the Mayor will be willing to *contact the MPS Superintendent to ask for an extension for the purchasing of the property in question.*

Mr. Ries said that he would be very surprised if Mercy Housing didn't get a WHEDA allocation next year.

Mr. Lyles said that the points raised by Mr. Soika and Mr. Reis are important to recognize as it relates to WHEDA's focus, but not only will Mercy Housing be submitting a WHEDA application for tax credits in the next round, but there will also be several other developers submitting WHEDA applications for tax credits as well.

Ms. Gore replied that there is the second round.

Mr. Lyles replied that there wouldn't be as much money available, now that the tax credit pricing is such that there will always be additional subsidy going forward. He said the tax credit market was $.96 on the dollar last year and this year it is at $.82 on the dollar.

Mr. Ries said that for informational purposes, the WHEDA tax credit application is not an easy application to complete, there are a number of threshold tests that the applicants have to meet and it's not something that can be put together in 6 months. He said that if there are other applicants out there they would have heard about them by now.

Ald. Murphy asked someone from Mercy Housing to come to the table.

Mr. Barry Mullen, Vice President of Real Estate Development for Mercy Housing Lakefront appeared at the table.

Ald. Murphy asked Mr. Mullen to elaborate on the status of the MPS property.

Mr. Mullen said that he heard back from the MPS brokers and they want to move forward and work with Mercy Housing. He said the Mercy Housing's letter of interest on the property outlines a series of steps that will need to be dealt with to make sure the property is suitable for its needs. He said he thinks the best option right now is to simply take an option and that it would also depend on if Mercy Housing receives an allocation from WHEDA next year.

Ald. Murphy said that the option route is probably the best route to take right now and that the city will assist Mercy Housing in this effort.

Ms. Sanchez asked what is WHEDA's time line, as far as when are the WHEDA applications due and when does the award announcement take place?

Mr. Mullen replied that the next round of WHEDA applications are due in February of 2009 and the award announcement will take place in April 2009. He continue to say that there is also a due date of July 15th for projects that received awards, to submit their second series of information and at that time some of the awardees may fall out.

Ald. Murphy said that since the market for tax credits has changed due to the credit crunch, he asked if Mercy Housing's initial application to WHEDA will change, by asking for a higher contribution?

Mr. Mullen replied that Mercy Housing's current application had an estimated tax credit *pricing of $.87 on the dollar and that the projects Mercy Housing are doing in Chicago have a pricing in the same area or higher. He said because Mercy housing is a national organization it is in the position to negotiate.*

Ald. Murphy said that Mercy Housing's initial award was $750,000 and asked if they would be looking for a greater subsidy?

Mr. Mullen replied in the negative and said they may see a slight increase in construction cost.

Mr. Lyles asked if it is possible to use a portion of HTFAB monies to buy the MPS property?

Ald. Murphy replied that that suggestion did come up, but based on the HTFAB guidelines that can not be done. He said that the view of the HTFAB has been that the HTFAB monies should be the last monies that go into the project.

A motion was made by Mr. Soika, seconded by Ms. Gore that the housing trust fund award to Mercy Housing Lakefront be extended until April 2009. Mr. Lyles, Schmidt and Kammholz voting no. (7-3) The motion prevailed.

5. Update from Mr. Vincent Lyles, Chair fo the HTFAB Finance Subcommittee

Mr. Lyles said that this morning the Finance Subcommittee met and had Atty. Brent Gregory with the law firm of Wille, Gregory & Lundeen, who is a trust and estates attorney, appear to talk about setting up a trust. Atty. Gregory said that a mechanism is already in place for this Board to set up a trust. He said according to its enabling resolution there is 15% of the housing trust fund monies that could be used to start a trust. Mr. Lyles said that Atty. Gregory said that in order to create a trust it would need a large seed grant, because the trust wouldn't kick off a lot of monies in the initial years. This seed grant could come from a large private or corporate donation. He said that this would function like an endowment, where funds or property is put aside for a period of time and then the interest and/or earnings that it bears over its life would go to a specific purpose.

Mr. Lyles said that Atty. Gartner was also present at that HTFAB Finance Subcommittee meeting and he pointed out that this Board will want to create a mechanism that is out side the City’s budget process to protect the funds. Atty. Gartner used the NIDC and Milwaukee Tech Foundation as examples.

In addition, Mr. Lyles said that Mr. Leo Ries appeared and told the HTFAB Finance Subcommittee that there is already work being done behind the scenes, where a study is being contemplated by the Public Policy Forum. He said as part of the study it will include the creation of a trust idea that could be look at as a way to sustain the housing trust fund and it will also include the collaboration of both the City and County.

Ald. Murphy said he recently put in legislation that will give an avenue for the City to accept private donations up to $250,000.

Ald. Murphy said that he is meeting with Mr. Zilber, his staff and the new individual with the MacArthur Foundation next week to discuss the Housing Trust Fund. He asked Attorney Gartner to attend that meeting with him to explain the idea of creating a trust or endowment.

Ald. Murphy said that it would be helpful if something could be spell out in writing on the idea of creating a trust and have it brought to the next HTFAB meeting for review. He asked that examples be included.

Roll call taken at 11:58 A.M.

Present	9 -	Murphy, Soika, Hiller, Kammholz, Bauman, Sanchez, Peters, Dummer Combs and Gore
Excused	3 -	Madden, Schmidt and Lyles

6. Update from the Community Block Grants Administration relative to the award funding process

Attorney Gartner said that he has been in contact with the attorneys for the St. Catherine's project and that project is under way. He said he is waiting to hear from them about the grant agreements.

Atty. Gartner also said that the Milwaukee Christian Center will be the next applicant to move though the process.

7. Discussion on the scheduling of the second round of Housing Trust Fund awards

Ald. Murphy asked if there is any feedback regarding when the second round of funding would take place?

Mr. Kammholz said that the Technical Review Subcommittee met a couple of weeks ago to review the application and scoring sheet. He said the subcommittee plans to meet again to review and vote on those changes and will forward those recommendations to this board for final approval at its July 10th meeting.

Mr. Kammholz said that he thinks they should be able to start the second round of applications at the end of the third, beginning of the forth quarter of this year.

Meeting adjourned: 12:02 A.M.

Terry J. MacDonald
Staff Assistant

LISC
Milwaukee

To: Interested Parties

From: Leo J. Ries, Executive Director
LISC – Milwaukee

Date: May 8, 2008

Re: WHEDA's 2009 QAP

On May 6, 2008 a number of individuals, who work on affordable housing in Milwaukee, met to consider the tax credit allocation process in the State of Wisconsin. The following is a summary of that discussion.

Key recommendations:

1. Encourage high quality, low density developments by increasing points for smaller projects
2. Decrease emphasis on Preservation projects
3. Create a new category for supportive housing projects
4. Increase the set aside for nonprofit developers
5. Give greater consideration to local preferences and priorities
6. Change the way in which market studies are handled
7. Encourage expanded developer involvement by limiting the number of awards to a single developer in any given year
8. Implement procedural changes to increase the transparency of the process

Specific recommendations:

1. Add 12 points to the 24 units or less category and get back to 24 points
2. Add 20 points back for locations near jobs and mass transit
3. Raise or eliminate the cost cap.
4. Eliminate points for RCAC.
5. Instead, create a new set aside for supportive housing, and in the scoring give extra points for the strength of the service provider
6. Significantly reduce target and percentage set aside for preservation projects.
7. Use different scoring for Preservation projects to encourage competition.
8. Reduce points for mixed income in QCT areas due to the significant drop in tax credit sales price
9. Increase the nonprofit set-aside to 20%
10. Limit the number of projects that can be awarded to a single developer each year – two (2) seems like a reasonable number; 64% of the credits

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awarded this year went to just 6 firms (some states even limit the number of applications that can be submitted each year)

11. Give consideration to priority projects as ranked by the local municipality

Summary of concerns/issues with the current QAP and allocation process:

- Current scoring decreases support for smaller, "neighborhood-friendly" projects
  - ✓ Emphasis on larger developments tends to concentrate LI residents in large developments and reduce the likelihood for projects that address economic development.
  - ✓ Emphasis on larger developments runs against national trends that tent to favor "sustainable" development linked to and leveraged by other public investments – e.g. transit-oriented development
  - ✓ Typically smaller developments are within the financial capacity of nonprofit development corporations and emerging, minority developers.
  - ✓ Smaller developments lease up faster, spur economic development activities in many neighborhoods and lead to a disciplined and incremental development approach.
  - ✓ Higher quality, lower density developments are desirable for the following reasons:
    1. These projects create a "design standard" in blighted neighborhoods for other projects that follow
    2. These projects generate more economic development projects in LI neighborhoods
    3. These projects result in higher quality and safer environments for residents
    4. These projects create a more positive perception of affordable housing
    5. Smaller projects encourage more competition and enables more developers to enter the field
    6. These projects generate property tax revenue for municipalities
    7. These projects generate more investor/ equity interest
    8. These projects are less likely to distort local markets through over-building

- Current scoring strongly favors Preservation projects
  - ✓ Basically no competition for preservation projects – currently funded on a 1:1 basis – even non-deserving projects were approved
  - ✓ Many preservation deals could work with 4% credits, so why use the more precious 9% credits?
  - ✓ There are not many opportunities for preservation in Milwaukee, but we do have vacant lots that need developing
  - ✓ If the preservation category stays at 40%, then the category should be broadened to include adaptive re-use
  - ✓ Generally, Preservation projects do not add tax base for local municipalities due to the "fix up, paint up" nature of an existing development as opposed to a new development that adds value to the tax base.

- ✓ Some "preservation" projects were initially poorly designed and/or maintained over the years. In some cases tax credits provided a higher than market acquisition price effectively bailing out poor design and/or management.
- ✓ Preservation developments also tend to cluster low income residents in a concentrated area.

- Consideration of local priorities & local knowledge:
  - ✓ The City of Milwaukee provides WHEDA with a ranking of preferred projects – how is this ranking treated by WHEDA? In some cases the City and / or the County have made financial commitments, yet these priorities seem to be disregarded

- Developer qualifications
  - ✓ In evaluating developer experience, developers should be given credit for local knowledge and local involvement – often "outside" developers may have impressive credentials, but have no understanding of local conditions
  - ✓ A big problem seems to be that projects are being designed to maximize the score for tax credits rather than the needs of the community or appropriateness – e.g. some sites are inappropriate even if the site "scores" well; projects are designed with a RCAC component, but the developer has no expertise in that area
  - ✓ Consequently, greater consideration needs to be given to local preferences

- Market studies and market issues:
  - ✓ Although market studies are required, the results are often disregarded by staff – proposals are thrown out on the basis that there is "no market" regardless of what the market study says
  - ✓ Every neighborhood is different – you can't base a market study for a project in one Milwaukee neighborhood based on an assessment of the market in the entire city
  - ✓ Since market studies seem to discounted by WHEDA, perhaps market studies should be a "post submission" item – i.e. after the initial allocation decision
  - ✓ Some states allow an early submission of the market study, so the developer has a sense of how the HFA views the location of the proposed development
  - ✓ Applications for tax credits are getting very expensive – up to $40,000 – and this pricing some developers out of the market
  - ✓ Perhaps studies from the previous year should be accepted rather than requiring new studies
  - ✓ WHEDA needs to expand the list of approved market study providers (perhaps encourage minority providers, like WHEDA is doing with developers and contractors)

- Cost cap:
  - ✓ Urban projects (especially in QCT) are more expensive due to
    1. Contamination /environmental issues

2. Soil compaction issues due to non structural fill placed in most vacant properties;
3. The higher use of DBE firms;
4. Storm water management plans;
5. Design requirements and Municipal reviews (brick and first floor commercial)
6. The need for secure indoor parking in urban areas.
7. Higher operational costs

✓ For example, a developer could theoretically use modular construction, but then it would more difficult to reach DBE / MBE goals

- Mixed-income points are hard to achieve in LI urban markets due to market rent levels not being substantially different than tax credit units. This leads to a larger financial gap for QCT developments that you find in most large cities. Housing development in urban areas are primarily a revitalization tool rather than an affordable housing development tool.

- Why are there no points for mixed use?
  - ✓ it would seem that in urban environments, you would want to encourage linkages and integration into the streetscape

Transparency Issues:

- Awarding points
  - ✓ The manner in which points are awarded for developer / management team give too much discretion to WHEDA
  - ✓ Applicants should be told up front how they "score"
  - ✓ Developer / management agent "scores" should be shared, so that developers can assemble teams with the greatest likelihood for approval
  - ✓ Other states are more transparent – team is scored according to specific criteria – i.e. successfully completed X projects, etc.
  - ✓ Developers should be told prior to April 15th why points are being rejected so that supplemental information can be provided – sometimes evaluators take off points based on a misunderstanding only to learn, after the fact, that a mistake was made

- Showing the scores of applicants
  - ✓ Scores should be shown for all groups on the waiting list, so that everyone knows how the waiting list is ranked
  - ✓ Some states show all scores above the threshold requirements

- Returned credits & "left-over" credits
  - ✓ How is the use of returned credits prioritized?
  - ✓ When credits are not completely utilized in a set aside (e.g. the nonprofit set aside), they are allocated to a project "next in line" and then that project receives the first priority for credits in the next round – this is problematic, because in the next round there

may be a more deserving projects then the one that is left over from the previous year

- Timing of the QAP
  - ✓ It is hard to plan for a strong proposal if the QAP comes out in November / December and an application is due in early February – developers need to know WHEDA's priorities sooner so that they can plan accordingly

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
2009-2010 Wisconsin Qualified Allocation Plan

<u>Preliminary-For Discussion Only</u>

MAJOR CHANGES

<u>Scoring Changes:</u>

- **Category 1 – Lower-Income Areas**. Decrease from 15 to 10 points.
- **Category 2 – Location.** Change name to "Location and Energy Efficiency". Increase from 20 points to 30.
- **Category 3 – Local Support.** No major changes.
  Category 4 - Mixed-Income Incentive. Decrease from 25 to 15 points.
- **Category 5 – Serves Large Families**. Increase from 12 to 18 points.
- **Category 6 – Serves Lowest-Income Residents**. Increase from 50 points to 70 points.
- **Category 7a. - Resident Populations with Special Needs**. Change name to "Supportive Housing". Add project based voucher requirement.
- **Category 7b. – Create sub-category for Elderly Assisted Living/RCACs.** Decrease points from 25 to 15 or 20.
- **Category 8 – Small Developments.** Decrease points from 12 to 6. Increase development size from a maximum of 24 to 30 units.
- **Category 9 – Market Appeal.** No major changes.
- **Category 10 – Accessible Design.** No major changes.
- **Category 11 - Financial Participation**. Expand local/municipal financial participation options. Decrease points from 40 to 25.
- **Category 12 – Ownership Characteristics.** No major changes.
- **Category 13 (new category) – Eventual Residential Ownership –** For 6 points
- **Category 14 – Development Team.** Decrease from 60 to 45-50 points. Add ability to reduce score up to 15 points for failure to deliver on previous deals (i.e. Amenities, accessibility, etc.)
- **Category 15 - Readiness to Proceed**. No major changes.
- **Category 16- Credit per Unit.** Increased points from 15 points to 35.

<u>QAP/Process Changes:</u>

1. **Set-Asides:** Reduce preservation set-Aside from 40% to 30%. Create Supportive Housing Set-Aside.
2. **Developer Fee Policy:** Eliminate 15% fee for 24 units or less and for HUD/RD deals. All will be 12%. Only exception: 4% LIHTC deals in which 25% or more is deferred.
3. **Process:** Revise allocation schedule to issue Reservation Agreements at award, rather than wait 90 days.
4. **Process:** Added site inspection at 8609 issuance.
5. **Revised Appendix M to the application:** Changed name from Energy Efficiency" to "Design Requirements". Added "universal design" elements and some additional energy efficiency requirements.
6. **Fees:** Fees for document re-issuance (i.e. Reservation, Carryover, 8609 etc.) doubled from $250 to $500. Re-issuance fees for 8609s shall be $250 *per 8609 document.*

June 5, 2008

Honorable Jim Doyle, Governor
State of Wisconsin
P.O. Box 7863
Madison, WI 53707-7863

DRAFT

Dear Governor Doyle,

I am writing in my capacity as a business leader and as Chairman of the Advisory Board for LISC – Milwaukee. Specifically, I'm writing to discuss with you some proposed changes to the 2009 QAP (Qualified Allocation Plan) for the Low Income Housing Tax Credit Program which is administered by WHEDA.

As you know, LISC (Local Initiatives Support Corporation) is a national non-profit intermediary that provides financial and technical assistance to community-based organizations, public agencies and private (for-profit) entities focused on the redevelopment of urban neighborhoods and rural communities. Founded in 1979, LISC works in 30 metropolitan areas throughout the nation to assist its various partners in the development of affordable multi-family and senior housing, homeownership opportunities, commercial enterprises, community facilities and various community-building programs such as employment, day care, health care and open space. Since LISC began working in Milwaukee in 1995, over $20 million has been invested in the form of grants, loans and loan guarantees; nearly $35 million has been invested as equity through Low Income Housing Tax Credits and New Market Tax Credits. These local investments have leveraged $202,372,633 in additional investments in Milwaukee neighborhoods.

All of us who serve in a voluntary capacity with LISC are motivated by our deep concern for the well-being of Milwaukee's central city neighborhoods which, we believe, is critical to the long-term, economic well-being of the entire state of Wisconsin.

We want to acknowledge and commend, unequivocally, the great work that is being done by WHEDA's executive director, Antonio Riley. Under his leadership, we've seen an infusion of energy and creativity that has benefited Milwaukee and the entire state of Wisconsin greatly.

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We are aware that WHEDA is currently considering changes to the 2009 QAP. The QAP is the policy document that will guide WHEDA's allocation of Housing Tax Credits for the next two years. We are very encouraged by some of the changes being proposed including a reduction to the set-aside for "preservation housing" from 40% to 30% and creation of a new 10% set-aside for special needs housing.

Having said that, there are a few areas of concern that we would like to bring to your attention. One of the stated objectives for the State's QAP is to "support community-initiated and neighborhood-supported affordable housing plans". We strongly support that objective, however, some of the proposed changes to the QAP run contrary to that stated goal. There are three specific issues that we would like to bring to your attention:

1. A trend toward rewarding projects that utilize fewer credits for housing units produced
2. Decreasing support for small developments (i.e., projects with 24 or fewer units).
3. Continued over-emphasis on "Preservation projects"

Although, we're sure it is not intended, each of these trends implies a certain anti-urban bias, since development in an urban environment is more expensive and more complicated than "green field" development. Some of the reasons for this disparity are the following:

- There is less vacant land in urban environments and site assembly is more complicated.
- There is often sub-surface soil conditions due to non-structural fill used when previous structures were demolished.
- There is generally a higher use of MBE/DBE firms.
- There is a requirement to incorporate storm water management plans and often more demanding design requirements and municipal reviews.
- There is often the need for secure indoor parking and higher operational costs.

Trying to produce more units for the same amount of money may on the surface appear to be an admirable goal; however, it is really a short-sighted strategy. I think most people would prefer to have fewer units of high quality, rather than concentrating low income individuals in large complexes that will not stand the test of time. **For these reasons, we strongly encourage you and the WHEDA Board not to change the scoring for "Credit per Unit" category.**

Similarly, relative to small developments, while we recognize that these projects may be more expensive on a per unit basis, these projects bring numerous secondary benefits in distressed urban neighborhoods like we have in Milwaukee. These smaller, "neighborhood-friendly" projects are desirable for many reasons, including:

- They blend into the neighborhood context and act as a stimulus for complementary development, especially in neighborhoods that have not seen new development in decades.
- They lease up faster and are less likely to distort local markets through over-building.
- Typically, smaller developments are within the financial capacity of nonprofit development corporations and emerging, minority developers. Hence, these projects encourage more competition and enable more developers to enter the field.
- Smaller developments are more in line with national trends that favor "sustainable" development linked to and leveraged by other public investments – e.g. transit-oriented development.
- These projects result in higher quality and safer environments for residents and reduce the concentration of low income residents in large "project-like" facilities.

For all these reasons, we hope that you and the WHEDA Board will return the scoring for "Small Developments" to level it was at in during the 2005/2006 QAP, i.e. 24 points.

Although we're pleased that WHEDA is proposing to reduce the set-aside for "Preservation projects" from 40% to 30%, we believe this is still in excess of what is necessary. During the last round of allocations, there was a dearth of competitive preservation projects. Clearly, even a 30% set-aside is more than what is needed at this time. Because of the set-aside, some preservation projects secured an allocation with fewer than half the points of projects that were denied credits in other categories. **While we agree that it is critical that the State preserve federally subsidized units, perhaps a better way to do this would be to eliminate the set aside completely and instead provide a large allocation of points (30 – 50 points) for preservation projects. Using this approach, preservation projects would receive a significant advantage in scoring, but in other respects would compete with other worthy projects.**

We would welcome the opportunity to discuss these issues in greater depth at your convenience.

Thank you for your consideration.

Sincerely,

Michael Weiss, President
General Capital Group LLP
Chair, LISC – Milwaukee Advisory Board

C: WHEDA Board Members

20098 -Self Scoring Exhibit

DRAFT 2009- Version 5 15 08

Calculate Applicant Scores for your development on this Exhibit. You must proactively choose or decline participation in each scoring category. **Points will not be awarded if not requested, or if the required documentation for a category is not submitted, is insufficient, or is in an unacceptable form. Applicants must commit via written agreements to actions supporting points awarded in scoring categories. Once a development has executed a Reservation of Credit, no changes to the development score will be allowed.**

WHEDA will determine final point scores after reviewing information provided by applicant. **If two or more applicants receive the same score, the application with the highest percentage of units set aside at 30% and 40% of county median income will be ranked the highest. A secondary tiebreaker, if needed, will rank applications by lowest cost per unit.**

All developments must score at least 12000 points to be eligible for Credit. Points ending in a fraction will be rounded down. WHEDA reserves the right to change this threshold as it deems appropriate.

	2008 Maximum Points	
1. Lower-Income Areas	1015	
2. Location/Energy Efficiency	3020	
3. Local Support	27	
4. Mixed-Income Incentive	1525	
5. Serves Large Families (Three-bedroom or larger units)	1812	
6. Serves Lowest-Income Residents	7050	
7. a. - Resident Populations with Special Needs/Supp Hsg OR	2525	
7. b. Elderly Assisted Living-RCACs	1512	
8. Small Developments	6	
9. Market Appeal	20	
10. AccessibleUniversal Design	230	
11. Financial Participation	2540	
12. Ownership Characteristics	6	
13. Eventual Tenant Ownership	6	
143. Project Team	5060	
154. Readiness to Proceed	15	
165. Credit per Unit	3545	
Scoring Total	XXX362-38196	

EXHIBIT

tabbies

4

2. Location and Energy Efficiency - Maximum Score -(30~~20~~ Points)

~~Points will be awarded to developments in which location and design promote long term energy conservation, in which indoor air quality is maximized and in which recycled materials are incorporated.~~

***In scattered site developments, two-thirds of the sites must meet criteria to receive points in any of the subcategories**

Points	Description
10~~15~~	**Infill Location (New construction and adaptive reuse only)** The following. criteria will be considered by WHEDA in determining whether a site is infill or not: **Select all that you believe apply to the project:** ☐ Site has had water, electric, gas, and sewer service for at least 15 years ☐ Site platted and subdivided for at least 15 years ☐ Site directly bounded on at least three sides by existing developments ☐ Site is in downtown, urban, or central city area Provide corroborating information with this application (i.e., site map, land use plan, dated plat map, dated aerial or other photos, certified survey map, fact letter from local planner or zoning official, etc.). **WHEDA, in its sole discretion, will determine whether the corroborating information satisfies infill requirements.**
5	**Public Transportation** ~~Points will be awarded to d~~Developments located no more than two tenths (0.2) of a mile ~~(2) city blocks~~ from a regularly scheduled bus stop **OR** developments served by government-supported transportation services (service must be door-to-door and be offered at a clearly subsidized rate) . Provide corroborating information with this application.
~~1~~	~~Indoor Air Quality *(1 point)*~~ **Check box next to all that apply:** ☐ ~~Developments using Energy Star-labeled bathroom fans (exhausted to the outdoors and equipped with a humidistat sensor or timer), AND using Energy Star-labeled power vented fans or range hoods (exhausted to the outdoors)~~
36	~~Resource Conservation *(3 points for each item below)*~~ **Check box next to all that apply:** 3 ~~Minimum of 20% recycled content material – excluding mechanical equipment and electrical equipment. Architect Certification required~~ 3 ~~Minimum of 35% of wood products that are (A) salvaged wood, (B) engineered materials, and/or Forest Stewardship Council certified wood products and materials. Architect Certification required.~~
10	~~National Green Standards~~ ~~Points will be awarded to developments certifying they will be /have been built according to one of the following national green building standards: LEED, Green Communities Program, or NAHB. The architect must certify the building will be/has been built to the standard. It is not necessary to provide the actual certification from the national standard.~~
3	Focus on Energy Consultation Submit a letter from Focus on Energy, stating that the applicant has met in person with Focus on Energy staff to review this proposed development for possible energy savings ideas. (website http://www.focusonenergy.com)

because you want balance it against c other factors

3. Community Support (27) Points)

Points	Description
15	**Municipal Support** Support is indicated on the attached Local Notification Form Support = 15 No position or opposed = 0 Maximum 15 points
6	**Community Support. Check box** Two (2) points for each letter of support from local non-elected municipal officials, local elected public officials other than individuals signing Local Notification Form, local housing-related neighborhood groups, or local housing authorities. The letter(s) must not be neutral and must clearly demonstrate favorable support. The letter(s) must not be from multiple individuals from the same entity/organization. The letter(s) must not be from an official from a different jurisdiction. The letter(s) must be received by WHEDA no later than the application deadline date. Maximum 6 points
6	Financial Support. Check box Evidence of 1) government OR non-government-funded offsite improvements that benefit the development. Must total a minimum of 5% of the total development budget to be eligible for points. The offsite improvements must have occurred within the previous twelve months or are to be completed within the next twelve-month period (budget commitments or documented expenditures must be provided). Types of improvements normally considered include, but are not limited to: New or upgraded access road, parks, schools, walkways, community facilities or utility extensions. (Routine maintenance or service items are not included.). Improvement or TIF/TID boundary shall be no more than 2/10ths of a mile distant from the development. Maximum 6 points

4. Mixed Income Incentive (15~~25~~ Points)

Percentage of market-rate units in development. Score 1.00~~25 (one & one quarter)~~ points for every percentage point of market-rate units in the development as a whole, up to 15~~25~~ points.

Number of Market Rate Units		
Total Units		= XX %
Multiplied by 1.00~~25~~	X 1.00~~25~~	= XX Points

Note: Applicants with scattered site developments should consult with their tax or legal counsel before selecting points in this category. See IRS Code Section 42(g) (7).

Developments electing points in Category 4 (Mixed Income) may be subject to a reduction in Credit by the equity gap calculation. In order to encourage and assist developments in providing both market rate units and very low rent units, applicants are allowed an "override" of the equity gap model if the application provides for at least as many 30% CMI units as market rate units proposed.

Applications scoring points for Supportive Housing are prohibited from scoring points in this category. Applications in the Preservation Set-Aside are prohibited from scoring points in this category unless specifically designed to accommodate an 'over-income' person. Provide documentation.

5. Serves Large Families (18~~12~~ Points)

Divide the number of three-bedroom (or larger) low-income ~~low-income~~ units by total number of low-income units. ~~The market study must support the need for three-bedroom units.~~

All units (including Preservation units) ~~New construction or adaptive reuse units~~ must have ~~ground floor individual (private) entrances and~~ washer/dryer hookups for three bedroom units to claim points. ~~Only townhouse, single family and duplex style construction are acceptable.~~
New construction units must be 50% CMI or below to claim points

Applicant must provide architect's certification with initial application showing washer/dryer hookups ~~these features and construction styles~~ will be incorporated into the development.

Three-Bedroom (or Larger) Low Income ~~Low-Income~~ Units		
Total low-income units	/	= XX%

Percentage	Points
10-15%	10~~6~~
16-20%	12~~8~~
21-25%	14~~10~~
26%+	18~~12~~

6. Serves Lowest Income Residents (70~~50~~ Points)

WHEDA will award points to developments with a minimum percentage of units reserved for households with incomes at 50% or less of county median income~~, and having gross rents based upon 50% or less of county median income~~. The market study must show there is a sufficient market for the target population.

Points will not be awarded in this category for developments applying in the Preservation Set-aside, or for developments with federal operating or rental subsidies, or developments with federal financing unless they clearly result in the creation of new low-income units. In addition, points are not awarded for units with dedicated, project-based vouchers or certificates*. Tax-exempt bond-financed developments are allowed to score points. Projects using HOME funds that result in the addition of new low-income units are also allowed to score points.

*Developments scoring points in Category 7, Supportive Housing, may use committed dedicated vouchers as 50% CMI equivalents for the below calculation.

Calculate appropriate percentages and points				
Total Units for Development				
CMI Set-Aside Percentage	Number of Units @ CMI	Percentage of Total (Must equal or exceed 5%)	Multiply Percent by Factor	Total Points
50%		%	X 1.00 =	
40%		%	X 1.25 =	
30% or lower		%	X 1.50 =	

Note to Applicants: The unit mix stated in the Application, and the unit mix for which points are taken above, will be reflected in the eventual Land Use Restriction Agreement for the property.

~~Bill added this 2/11/08~~

7.a. Supportive Housing (25 Points)

Revised

See next page

Points will be awarded to developments intending to provide supportive services in ~~at least 50% of the~~ units to those with special needs. Following are examples of populations for which supportive housing might be targeted: Persons with alcohol and substance abuse problems, ex-offenders, persons with a severe and persistent mental illness, persons with a permanent physical and/or sensory disability that limit major life activities, persons with a developmental disability, persons with AIDS, homeless individuals or families.

Please describe primary target population you intend to serve in the Project section of the application.

In order to score points in this category the applicant must demonstrate to WHEDA's satisfaction the following:

1. Support Service Provider - Provide to WHEDA documentation indicating experience, mission and capacity of Service Provider(s) for the target population. Complete and attach a *Relevant Experience and Certification Service Provider* sheet. (see www.wheda.com for form). Note: All Service Providers described must be a 501©(3) non profit or tax exempt organization with a minimum of five years experience in the field.

2. Service Plan-Provide to WHEDA a Memorandum of Understanding~~Service Plan~~ executed by both the applicant and anticipated Service Provider detailing:

- h~~H~~ow the services will enhance independent living success and promote the dignity of residents
- the services that will be offered
- how the services will be funded
- a marketing plan to insure the target population can be attracted to the development
- how residents will be connected with a service provider if services are not provided by the owner

~~3. Design Features - The development design must include features necessary for the population being served, if the population is physically disabled.~~

3. Market Demand – The market study submitted must specifically support a sufficient market for and demand by the target population.

4. County agency and/or Care Management Organization Support-Provide to WHEDA a letter of support from the appropriate county agency or Care Management Organization (in Family Care counties) where the development will be located indicating that:

- the proposed development and the Service Plan has been reviewed;
- the agency or organization feels there is a need is for the supportive housing, and that the housing and service plan is consistent with State or local plans and policies;
- the agency or organization currently provides or will provide funding for services to residents that meet its eligibility criteria;
- the agency or organization does (or does not) have experience with the proposed service provider and, if it does have experience with the service provider, a description of that experience.

5. Project Based Rental Assistance. Provide evidence the applicant has a commitment of Project-based Section 8 vouchers or similar other rental subsidy assistance for a minimum of 50% of the units targeted for supportive housing.

POINTS (check only one)

_______ 20 points Check the box if the development and application meets all of the above criteria.~~, and intends to offer supportive services to 100% of the total development units.~~

_______ 25 points Check the box if development and application meets all of the above criteria ~~and intends to offer supportive services to 100% of the total development units~~ **AND** includes a firm commitment of Project-based Section 8 or similar other rental subsidy assistance for 100% the units.

Note: Supportive Housing developments intending to offer services to more than 10% of the total development units can not score points in Category 4, Mixed Income.

7.a. Supportive Housing (25 Points) May 28 version

Points will be awarded to developments intending to provide supportive services to those with special needs. Following are examples of populations for which supportive housing might be targeted: individuals and families who are homeless, at risk of homelessness and/or have disabilities, ex-offenders, persons with a severe and persistent mental illness, persons with a permanent physical and/or sensory disability that limit major life activities, persons with a developmental disability, persons with AIDS, and who require access to supportive services to maintain housing.

POINTS (check only one)

_______ 5 points Check the box if the development and application meets all of the below criteria **AND** intends to offer supportive services to a minimum of 5% of the development units.

_______ 25 points Check the box if the development and application meets all of the below criteria **AND** intends to offer supportive services to a minimum of 50% of the development units. Developments seeking these points must apply in the Supportive Housing Set-Aside.

Please describe primary target population you intend to serve below.

In order to score points in this category the applicant must demonstrate to WHEDA's satisfaction the following:

1. **Rental Assistance.** Provide documentation the applicant has a firm commitment of rental subsidy assistance for the targeted number of units. Example: A 24 unit development with 50% targeted units must demonstrate rental assistance commitments for 12 units. Examples of allowable rental assistance include: Project-based Section 8 vouchers, operating subsidy, or capitalized operating fund or similar rental subsidy assistance provided by a public housing authority or other government entity.

2. **Support Service Provider -** Provide documentation indicating experience, mission and capacity of Service Provider(s) for the target population. Documentation examples include financial reports, annual reports, brochures, resumes, letters of recommendation, etc. Also, complete and attach a *Relevant Experience and Certification Service Provider* sheet. (see www.wheda.com for form). Note: All Service Providers described must be a 501©(3) non profit or tax exempt organization with a minimum of five years experience in the field.

3. **Service Plan**-Provide to WHEDA a Memorandum of Understanding executed by both the applicant and anticipated Service Provider detailing:
- how the services will enhance independent living success and promote the dignity of residents
- the services that will be offered
- how the services will be funded
- a marketing plan to insure the target population can be attracted to the development
- a draft tenant selection plan
- how residents will be connected with a service provider if services are not provided by the owner

4. **Market Demand** – The market study submitted must specifically support a sufficient market for and demand by the target population.

5. **County agency and/or Care Management Organization Support**-Provide to WHEDA a letter of support from the appropriate county agency (or Care Management Organization in Family Care counties) where the development will be located indicating that:
- the proposed development and the Service Plan has been reviewed;
- the agency or organization feels there is a need is for the supportive housing, and that the housing and service plan is consistent with State or local plans and policies;
- the agency or organization currently provides or will provide funding for services to residents that meet its eligibility criteria;
- the agency or organization does (or does not) have experience with the proposed service provider and, if it does have experience with the service provider, a description of that experience.

7.b. Elderly Assisted Living (15 Points)

Points will be awarded to developments intending to provide supportive services to elderly persons in a certified Residential Care Apartment Complex (RCAC).

In order to score points in this category the applicant must demonstrate to WHEDA's satisfaction the following:

1. Support Service Provider - Provide to WHEDA documentation indicating experience, mission and capacity of Service Provider(s) for the target population. Complete and attach a *Relevant Experience and Certification Service Provider* sheet. (see www.wheda.com for form). Note: All Service Providers must demonstrate a minimum of five years experience in the field.

2. Service Plan-Provide to WHEDA a Service Plan executed by both the applicant and anticipated Service Provider detailing:

- How the services will enhance independent living success and promote the dignity of residents
- the services that will be offered
- how the services will be funded
- a marketing plan to insure the target population can be attracted to the development
- how residents will be connected with a service provider if services are not provided by the owner

3. Design Features ~~–~~Include architect's certification this building will be built according to the requirements in Wisconsin Statute 50, HFS 89.~~The application must include a description of the design features necessary for the population being served. Developments requesting points in this category must score the maximum number of points in Category 10, Accessible Design.~~

4. Market Demand – The market study submitted must specifically support a sufficient market for and demand by the target population. WHEDA's Market Study Guidelines for RCACs must be followed.

5. County agency and/or Care Management Organization Support-Provide to WHEDA a letter of support from the appropriate county agency or Care Management Organization (in Family Care counties) where the development will be located indicating that:

- the proposed development and the Service Plan has been reviewed;
- the agency or organization feels there is a need is for the RCAC, and that the housing and service plan is consistent with State or local plans and policies;
- the agency or organization currently provides or will provide funding for services to residents that meet its eligibility criteria;
- the agency or organization does (or does not) have experience with the proposed service provider and, if it does have experience with the service provider, a description of that experience.

6. Licensed CBRFs and Adult Family Homes are not eligible for credit.

POINTS (check box~~only one~~)

_______ 15~~20~~ points Check the box if the development and application meets all of the above criteria and intends to offer supportive services to the elderly in a certified (State of Wisconsin Administrative Code HFS 89) RCAC in at least 50% of the total development units.

8. Small Developments (6 ~~12~~ Points)

6~~12~~ points will be awarded to Applications with 30~~24~~ or fewer units.
Scattered site developments totaling greater than 30~~24~~ units do not qualify for points.

9. Market Appeal (20 Points)

WHEDA will award points to Projects in which the owner is providing amenities that enhance market appeal and promote long-term Project viability. . This list is all inclusive. Applicants may not add "Other Amenities". **Note: Owner-paid items checked below must be included as a line item in the Project operating budget**

Unit Amenities. Amenity must be included in a minimum of 50% of units. Check box next to all that apply.

Check Box	Points	Amenity
	3	Separate ground floor exterior entries or basement in townhouse, duplex or single-family unit
	~~3~~	~~Basement in townhouse, duplex or single-family unit~~
	3	Washer and dryer (Stacked units or individual washer and dryer units acceptable)
	3~~5~~	Underground parking and/or garage (at least 1 space per 2 units) - no carports/other covered parking
	1	Air conditioning (central only) ~~- window units)~~
	1	Washer and dryer hookup (in addition to central/common laundry)
	~~1~~	~~Microwave oven~~
	3	Electronic pass keys
	1	Private balconies/patios/porches (minimum 4' X 8' size)
	~~1~~	~~Both required: Built-in dishwasher and garbage disposal T hold for all 2BR units or larger~~
	~~1~~	~~Mini-blinds T hold~~
	3	Owner-paid high-speed internet service~~access~~ (this means free, unrestricted internet service supplied to the resident by the development-not just wired access)

Common Area Amenities. In scattered site development, amenity must be included in a minimum of two-thirds of sites. Check box next to all that apply.

Check Box	Points	Amenity
	2	Dedicated community space appropriately furnished & equipped
	~~2~~	~~Community dining room with kitchen serving at least 1 meal/day (not Meals on Wheels)~~
	2	Elevator installation for existing preservation/acquisition-rehab transactions
	2	Dedicated playground areas with new playground equipment (equipment appropriate to size of development)
	1	Beauty salon/barber shop - plumbed & equipped
	1	Business center with computer and copy machine and/or fax machine
	1	Sports court or fitness center (with equipment appropriate to development size & type)
	1	Individual storage lockers (no charge) in residents' building

10. *__Universal__ ~~Accessible~~ Design (~~23~~20 Points)*

Developments offering architectural features that increase accessibility will broaden the market for many units. All items must be specified and certified by an architect and attached to the application.
Common Area Features. In scattered site developments, feature must be included in a minimum of two-thirds of sites. Check box next to all that apply.

~~Common Area Features~~

Check Box	Points	Feature
	3	Hand rails on both sides of common hallways
	3	Automatic door openers at main entrances to all buildings
	~~2~~	~~Low-profile thresholds – ¼" maximum vertical height, or ½" maximum beveled at 1:2 are required between ALL interior common areas and in all dwelling unit openings when floor transition height differs~~
	2	**Front-loading** washers and standard dryers (mounted on permanent base for accessibility)

Unit Features. Minimum of 20% of units. Check box next to all that apply

Check Box	Points	Feature
	3	Five-foot turning diameter ~~or T-turns 36" in width~~ in kitchen(s) and bathroom(s). Space shall permit knee-toe clearance per ANSI Chapter 3. Space required to make 180-degree turn is clear space. Floor space below countertop/vanity is initially constructed to self-support and base cabinet is easily removable.
	3	Switches at accessible height for garbage disposal, range hood and electrical receptacles mounted on the front of cabinets or on an end wall
	3	At minimum, one accessible work counter at a maximum 34" height and minimum 36" wide & 25% of base cabinets with pull-out shelves
	3	Roll-in showers with trench drains or low curb showers. Shower compartment at minimum 36" X 60" with no raised curb over 2" and have, at minimum, a clear-floor space in front of 36" X 48"
	~~3~~	~~Installed non-slip surface grab bars in bathroom(s) – (matching or contrasting shower/tub color, nylon & 1-to-1 1/2 inch diameter)~~
	3	Exterior doors with delayed closures
	~~3~~	~~Front controls on self-cleaning oven(s)/range(s) AND refrigerator with bottom freezer~~
	3	Multi-story townhouse units: Accessible bathroom on main level. (3~~6~~2" door clearance, plus clear floor space at least 30" x 48' to allow either forward or parallel approach by wheelchair)
	~~2~~	~~Lever door handles within units~~
	2	~~Closets shall have with adjustable rods and she~~Closets shall have ~~lving. Rods/shelves a maximum of 54" above finished floor for slide approach. Where distance from wheelchair to rod/shelf exceeds 10" the height shall be 48", depth not to exceed 21". C~~clear floor space at least 30" X 48" to allow either forward or parallel approach by wheelchair.
	2	Sinks in kitchen with offset drain and 30-inch minimum clear open knee space below sinks with either removable or stowaway doors on front
	2	Windows and window locks accessible. Windows requiring less than 5 lbs. of pressure to operate. Handles, pulls, etc. shall have shape easily grasped with one hand. No tight grasping, necessary pinching, OR twisting of wrist required to operate. Locks/latches mounted no more than 48" above finished floor.
	2	Low-pile carpeting (HUD UM44d standards) - Restricted to single level pile in corridors & exit ways. Elderly Housing - class 1. Moderate wear in-unit; 2, heavy wear for all levels, but, specifically for public areas such as lobbies & corridors. Family Housing - Type 1, class 1 in-unit; class 2 heavy-wear for use at all levels. Not all textures are recommended for stairs.
	2	Medicine cabinet and/or permanently-mounted tilt mirror accessible, or 36" mirror mounted on wall with bottom no higher than 40" above floor
		Items below only available for Acquisition/Rehab and Preservation projects
	2	Bathtub/shower stall with offset controls
	2	All interior doors 36" (minimum 32" clear)
	1	Electrical outlets and cable/datea outputs set to a maximum height 27" above the floor.

	1	Thermostats, primary ~~fuse~~electrical box and light switches set to a maximum height of 48" above the floor.
	2	Sinks in bathroom AND kitchen must have single-lever faucets
	1	Anti-scald devices on water-supply fixtures
	1	All unit light switches shall be Rocker type light switches.~~-in the units.~~
	3	100% visitable units (i.e. Accessible route from vehicle parking, at least one no-step entry with weather-sealed door threshold less than ½" high, all exterior doors 36" wide, and 60" x 60" level maneuvering space on both sides of exterior doors)
	2	Toilet space will have a minimum 42" side clear area and be 18" from the wall/tub/cabinet on the opposite side to the center of bowl.
	2	Low-profile thresholds - ¼" maximum vertical height, or ½" maximum beveled at 1:2 are required between ALL interior common areas and in all dwelling unit openings when floor transition height differs
	2	All walls within 36" of toilet, and in tub/shower area, shall have ¾" plywood behind drywall to provide sufficient support for grab bars or other assist devices
	1	Bathtub/shower stall permanently lined with non-skid surface or pattern covering 75% of floor

Sum of Checked Items	Maximum Total Points
38 and Over	20
30-37	16
22-29	12
14-21	8
6-13	4

11. Financial Participation (25 Points)

Points will be awarded for various types of financial participation that is provided to a development. The percentage of development costs or the percentage of rental units covered by a rental or operating subsidy qualify for points in this category.

Funding sources that typically fund a portion of the development costs include: unaffiliated private companies, federal, state or local government loans or subsidies, federal or state Historic tax credits, tax-exempt bond financing (only on 4% tax credit applications) unaffiliated religious, philanthropic, or charitable organizations, unaffiliated nonprofits and unaffiliated public or private foundations, or public housing authorities.

Development operating or rental subsidies also score points as outlined below.

A. Up to 25 points will be awarded by dividing the financial participation amount by the total development costs. Score 1 point for every percentage point of financial participation.

OR

B. Section 8 HAP or RAP or other rental subsidy contracts and all documented contracts providing operating subsidies are eligible to score points. Score 1 point for each 4% of the development units that are covered by the rental or operating subsidy. The point score must be rounded down to the next whole number when completing the point score calculation.

An applicant cannot claim points from a combination of Sections A and B above.

Examples of the types of financial participation include, but are not limited to, the following:

- The local government funds on-site project costs by providing HOME, CDBG funds or other financial resources in the form of loans, grants, or a combination thereof
- The local government creates a quantifiable reduction of on-site project development costs. Examples of quantifiable reduction of on-site development costs include: waiver of water or sewer fees, waiver of building permit fees or other government development fees, waiver of impact fees, donation or waiver of project specific assessment or infrastructure costs, provides demolition and removal of existing structures at no/reduced cost
- USDA RD Section 515 financing, generally in the form of a loan
- Federal Home Loan Bank AHP funds, generally in the form of a loan
- NAHASDA funding, generally in the form of a loan
- A Section 8 HAP or RAP, or other rental subsidy contract
- Documented development contract providing an operating subsidy.
- TIF financing in the form of a grant or loan.
- Permanent amortizing debt from banks or other financial institutions
- Cash donations or grants from any of the above named entities
- Loans, grants or cash donations made by area employer(s)

Note: A Payment in Lieu of Taxes (PILOT) agreement with a Local Government does not qualify for points in this category.

Guidelines under which points will be awarded:

A. Funding or project cost reductions must be documented in the form of a written commitment

B. Funding can be in the form of a loan, grant, or cash donation.

C. Only loans which provide permanent financing for a minimum term of ten (10) years will be considered for points in this category. The loan must be at a rate equal to, or less than, the Long Term Applicable Federal Rate (compounded annually). Origination fees may not exceed 2.5%.

D. All loans, grants or cash donations must be included as a source of funding for the development on the application. If cash donations or grant funding will be paid in multiple years, only the initial year funding will be included in the point scoring.

E. All Local Government contributions which provide a quantifiable reduction of on-site development costs must be identified in the application.

F. "Local government" includes the city, town, village or county where the proposed development will be located.

G. Applicants must provide a letter from the appropriate representative of the Local Government certifying the Local Government's contribution and/or actions that create a quantifiable reduction of on-site development cost. The "appropriate representative" of the Local Government would include the person or person(s) that have the authority to sign such a commitment. That person may include the mayor, common council president, or department head, etc. The letter must clearly show the types, amounts, value or terms and conditions of such contributions and/or quantifiable reductions. All such contributions must be included in the Application.

H. Commitments may contain conditions, but only within control or based upon the performance of the borrower, not the local government or other provider.

I. To receive points in this category, written, fully executed, conditional funding commitments must be submitted with the application to document any points claimed.

J. If claiming Historic Tax Credit, submit a) written evidence that historic designation (Part I) has been applied for, or that the building is already deemed historic, and b) letter of interest by investor, and c) detailed calculation of the credit amount.

K. All funding commitments must include the type of funding (grant or loan or cash donation), amounts, terms and conditions of all funding. Commitments that include the terms "may" or "intend" will not be acceptable for scoring purposes of this category.

L. Copies of any rental or operating subsidy contracts must be submitted with the application. The contracts must include the amount of the subsidy and/or the number of units covered by the contract. Contracts that do not include the required information will need a separate letter from the provider which provides that information.

Dollar Amount of Qualified Financial Participation	
Total Development Cost	/
Percentage Points	=

OR

Number of units covered by subsidy	
Total Number of Development units	/
Percentage of units – 1 pt for each 4%	% /4
Points	=

Maximum 25 Points

12. Ownership Characteristics (Maximum of 6 Points)

Check Box	Points	Item
	6	Developments where the controlling entity (managing member or general partner) is at least 51% owned and controlled by a member of a minority group as defined by DOC Comm. 105.02(29). Please refer to page 2 of the Minority Business Enterprise Certification Manual. Found at www.commerce.state.wi.us/bd/mt-fax/0910.html. Controlling entity must have acceptable previous experience in the development and/or operation of housing similar to that proposed in the application. Previous experience must be documented Please name minority:
	6	The controlling entity (managing member or general partner) is at least 51% owned and controlled by a ~~local~~ tax-exempt organization (including local governments and public housing authorities) with acceptable previous experience in the development and/or operation of housing similar to that proposed in the application. Previous experience must be documented.
	~~6~~	~~The development is intended for eventual resident ownership. A plan must be submitted incorporating an exit strategy including how units will be marketed and sold to the eventual resident owner as well as detailing the provision of services including home ownership education, training, and down payment assistance. NOTE: Points are limited to developments designated as BOTH (1) "Family" AND (2) townhouse, single family or duplex style construction.~~

14~~13~~. *Development Team (50~~60~~ Points)* THIS NEEDS A RE WRITE – to be completed prior to next meeting

~~**THIS NEEDS A RE_WRITE**~~

Applicants must document Development Team strength and experience. Appendix P details factors that will be considered by WHEDA in evaluating the Development Team. Applicants are encouraged to consult with WHEDA staff regarding documentation in advance of submitting their application.

FOR INFORMATIONAL PURPOSES ONLY - SCORING WILL BE COMPLETED BY WHEDA

"Primary Developer" Quality Scoring	Available Points
Experience	
• Years of Multifamily/Section 42 Experience Documented	
	1
	2
	3
~~0-4 Years~~	04
~~5 or more Years~~	3
• Quality/Success of Projects	
	1
~~Poor~~	20
~~Satisfactory~~	3
~~Excellent~~	45
Market (Product-type) Familiarity~~Quality of Projects~~	
	1
~~Poor~~	20
~~Satisfactory~~	3
~~Excellent~~	45
Market (Geographic) Familiarity	
	1
~~Poor~~	20
~~Satisfactory~~	3
~~Excellent~~	45
Understanding of Tax Credit Process	
	1
~~Poor~~	20
~~Satisfactory~~	3
~~Excellent~~	45
Ability to Bring Strong Players Together	
	1
	2
	3
~~Poor~~	40
~~Satisfactory~~	53
~~Excellent~~	65
~~Site Selection History~~	
~~Poor~~	0
~~Satisfactory~~	3
~~Excellent~~	5
Non-Performance Deduction WHEDA reserves the right to deduct up to 15 points for non-compliance with a previous LIHTC award's representation of scope, design, score or certifications.	
Total Developer Quality Points	2633

Management Agent Quality Scoring	Available Points
Compliance History	
	1
~~Poor~~	2~~0~~
~~Satisfactory~~	3~~3~~
~~Excellent~~	4~~5~~
Vacancy History	
Portfolio more than 10% vacant	1~~0~~
Portfolio 7-10% vacant	2~~3~~
Portfolio 5-7% vacant	3~~5~~
Portfolio less than 5% vacant	4~~7~~
Property Condition	
	1
~~Poor maintenance history~~	2~~0~~
~~Satisfactory maintenance history~~	3
~~Excellent maintenance history~~	~~5~~4
Capacity	
	1
~~Poor~~	~~0~~2
~~Satisfactory~~	3
~~Excellent~~	4~~5~~
~~Experience~~	
~~Poor~~	~~0~~
~~Satisfactory~~	~~3~~
~~Excellent~~	~~5~~
Total Management Agent Quality Points	16~~27~~

15. Readiness to Proceed (15 Points)

Zoning Status: Permissive zoning in place, including any conditional use permit or other acceptable zoning. (Final plan approval not required.)

16. Credit Usage (35~~15~~ Points maximum) ~~*(Competitive 9% Applications only)*~~

Part 1. Credit Per Low-Income Unit (30~~10~~ Points maximum). WHEDA will award points to developments requesting relatively fewer credits per low income unit produced, as calculated in the initial application.

Preservation Set-aside	
Credit per Unit	Points
$6000 or less	~~10~~ 30
$7000 to $6001	~~5~~ 15
More than $7000	0

All Other Set-Asides	
Credit per Unit	Points
$9000 or less	~~10~~30
$11,000 to $9001	~~5~~ 15
More than $11,000	0

Note: Applications requesting points must complete Appendix O in order to: a) adjust the credit per unit calculation to the proposed unit mix (i.e. number of 1 BR units v. 2 BR units), and b) adjust the credit per unit calculation to a "non-QCT estimate" for those developments in a QCT.~~Developments receiving 130% Credits (based on location within a QCT) will have the Credit per Unit calculation "normalized" to a non-QCT estimate for the purposes of this scoring category.~~

Part 2. Credit Capped (5 Points)

_____ Check this box to limit annual Credit to the amount specified in the fully executed Reservation Agreement. No increase in annual Credit will be allowed between LIHTC applications One and Two. In addition, the applicant waives the option to request additional Credit in a subsequent application cycle.

Mercy Housing Lakefront
more than a roof

June 3, 2008
Alderman Michael Murphy
Chair, Housing Trust Fund Advisory Committee
City Hall, room 205
200 E. Wells
Milwaukee, WI 53202

Re: Request for extension for use of Housing Trust Fund award

Dear Alderman Murphy,

As Chair of the Housing Trust Fund Advisory Board, Mercy Housing Lakefront, on behalf on the Johnston Center Residences, is requesting that you and the Advisory Board grant an extension on the use of Trust Fund award until summer of 2009.

As you know, MHL has been generously awarded $750,000 from the homeless category of the City of Milwaukee's Housing Trust Fund. This award was granted to the Johnston Center Residences, a project proposing 89 units of permanent supportive housing targeted for use by people who have been homeless, at high risk for homelessness and/or those who have special needs.

At the last Housing Trust Fund Advisory Board meeting, MHL presented a status report on the project, including a revised timeline. The new timeline showed a delay in the project due to the decision of the Wisconsin Housing and Economic Development Authority's (WHEDA) not to allocate tax credits to the project this year.

With this letter MHL is formally requesting an extension on the timeline for the use of the Housing Trust Fund award until after the 2009 WHEDA tax credit allocation announcement in the spring of 2009. This extension will allow MHL to continue work on the project, especially on site control for the property adjacent to the Johnston Center, while we apply for and await WHEDA's decision on the 2009 tax credit allocation.

We strongly believe that by spring of 2009 we will have worked out site control on the adjacent property, owned by Mexican Fiesta; relocating the organization to a site currently owned by the Milwaukee Public Schools. We also believe that the revisions to the 2009 QAP currently being considered by WHEDA will also enhance the project's ability to score well and receive an allocation in the next round.

Our experience shows that it takes 3-5 years from first funding to opening the doors of a permanent supportive housing development. Milwaukee (City, County and community) have come a long way in this project's development in only 18 months. We ask that the Trust Fund Advisory Board grant an extension until summer of 2009 for this critical project.

Sincerely,

Cindy Holler
President

www.mercyhousing.org
247 South State Street, Suite 810 • Chicago, Illinois 60604 • 312.447.4500 • Fax: 312.447.4750
Mercy Housing Lakefront is a merger of Lakefront Supportive Housing and Mercy Housing Midwest.
Mercy Housing is sponsored by communities of Catholic Sisters.

EXHIBIT
tabbies
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June 2, 2008

Alderman Michael Murphy
Common Council, City of Milwaukee
City Hall, room 205
200 E. Wells
Milwaukee, WI 53202

Re: Johnston Center and Milwaukee Public Schools—
CORRECTED VERSION-06-04-08

Dear Alderman Murphy,

Thank you for your time last Tuesday, May 27th. We have been continuously impressed with Milwaukee's commitment to creating affordable, supportive housing for those who have been homeless or who have special needs.

In our discussion about Mercy Housing Lakefront's proposal for permanent supportive housing, we focused on MHL's work to obtain site control of a suitable site into which we might move Mexican Fiesta so that MHL might gain complete control of the site adjacent to the former Johnston Medical Center now owned by Mexican Fiesta.

In response to your request we have prepared the following summary of our preference for the process of gaining site control of the MPS site at 2977 S. 20th Street, Milwaukee, WI.

1. MPS would agree to negotiate with MHL exclusively for the purchase of the site. Utilizing MHL's non-binding offer as a starting point, MPS would grant MHL a 30-60 day due diligence period. During this time MHL would obtain an appraisal and finalize the building improvement plans that would be needed to satisfy Mexican Fiesta.

2. When the due diligence period is completed, MHL would negotiate a final price for the project and request an exclusive option agreement which would give MHL the sole right to purchase the property at that price on or before May 30, 2009. This would put the closing date past the WHEDA notification threshold in May 2009.

3. Closing on the property would occur after MHL is assured that the property has received an allocation of tax-credits.. MHL would use a combination of City and County Trust Fund dollars to purchase the Mexican Fiesta site; Mexican Fiesta would use the proceeds of the sale to purchase the MPS site on the same day.

4. In the event that tax-credits were not awarded to the site, the option would expire and MPS could sell the property to an alternate buyer.

This process would allow that the acquisition process to take place after MHL is assured of the allocation of 2009 Low-Income Housing Tax Credits. It would also make proper use of City Trust Fund dollars and would satisfy Mexican Fiesta with a suitable site for their relocation.

All of this together would allow for Milwaukee to proceed with its objective of creating permanent supportive housing for 89 formerly homeless and/or special needs people. In a separate letter we will request a 9 month extension for the use of City Trust Fund from that proposed in the original proposal.

As of today, we have not yet heard a response from the MPS regarding our bid, submitted on May 1, 2008. **It is worth noting that this bid was submitted without mention of the option arrangement described above since it was submitted before our conversations. The terms of this letter would amend this bid.** We would be happy to provide you with a copy or a summary of the bid if it would be helpful to you.

Again, thank you for your time in seeking to understand more about the status of this important project. Please feel free to contact me at (312)-972-1274 or our V.P. of Real Estate Development, Barry Mullen, at 312-447-4560.

Sincerely,

Cindy Holler
President

Mercy Housing Lakefront

more than a roof

June 2, 2008

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Common Council, City of Milwaukee
City Hall, room 205
200 E. Wells
Milwaukee, WI 53202

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