Dane County AHDF & Affordable Housing Financing

Health and Human Needs

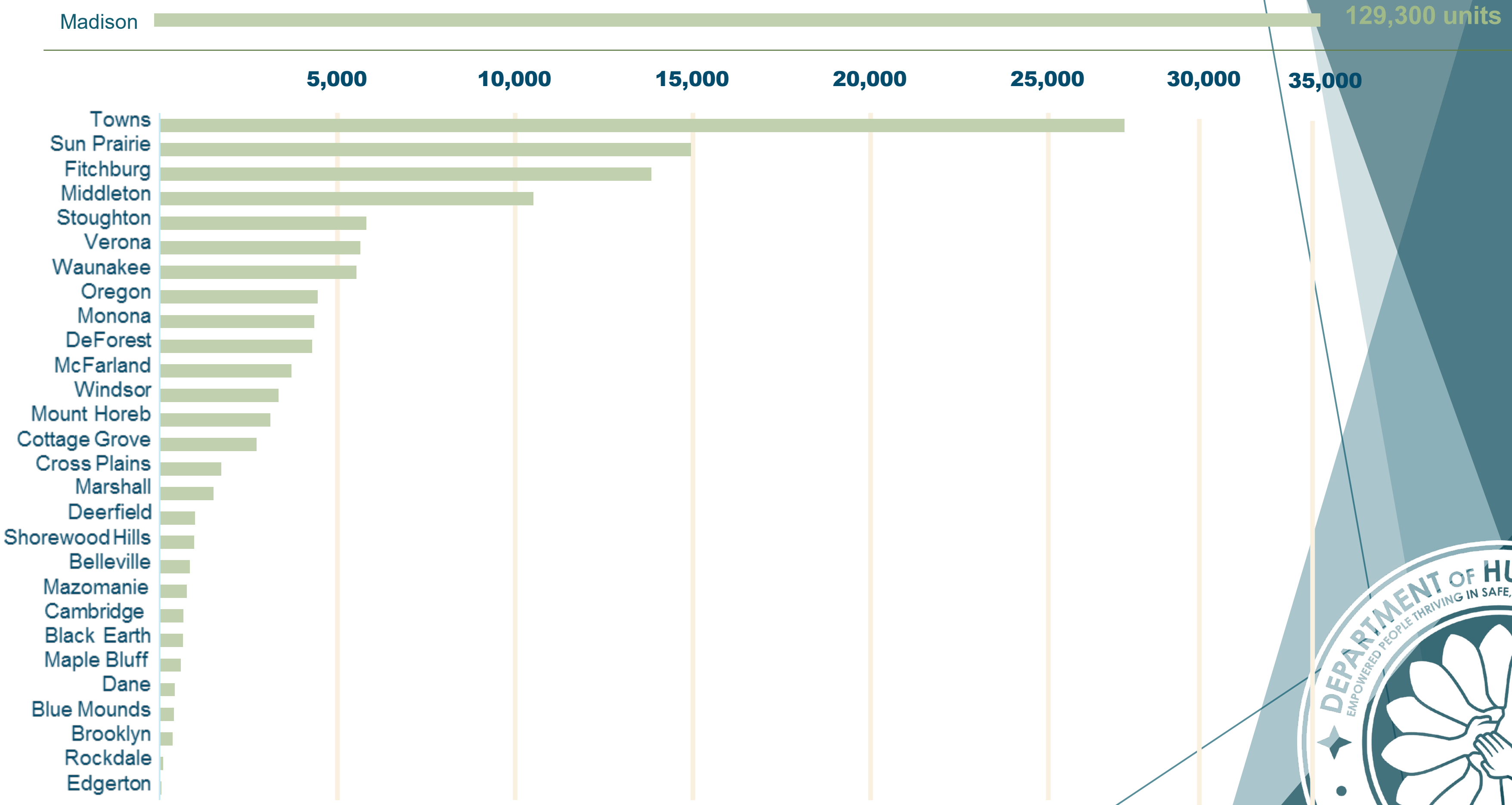
3-14-24

HOUSING UNITS, 2020

AS OF 2020, DANE COUNTY HAD 250,000 HOUSING UNITS

- **In 2020:**

52% **Dane County units in Madison**



Source: CARPC, ACS 5-Year Estimates (2016-2020), Census- SB Friedman

PROJECTED NEW HOUSING UNITS, 2020-2050

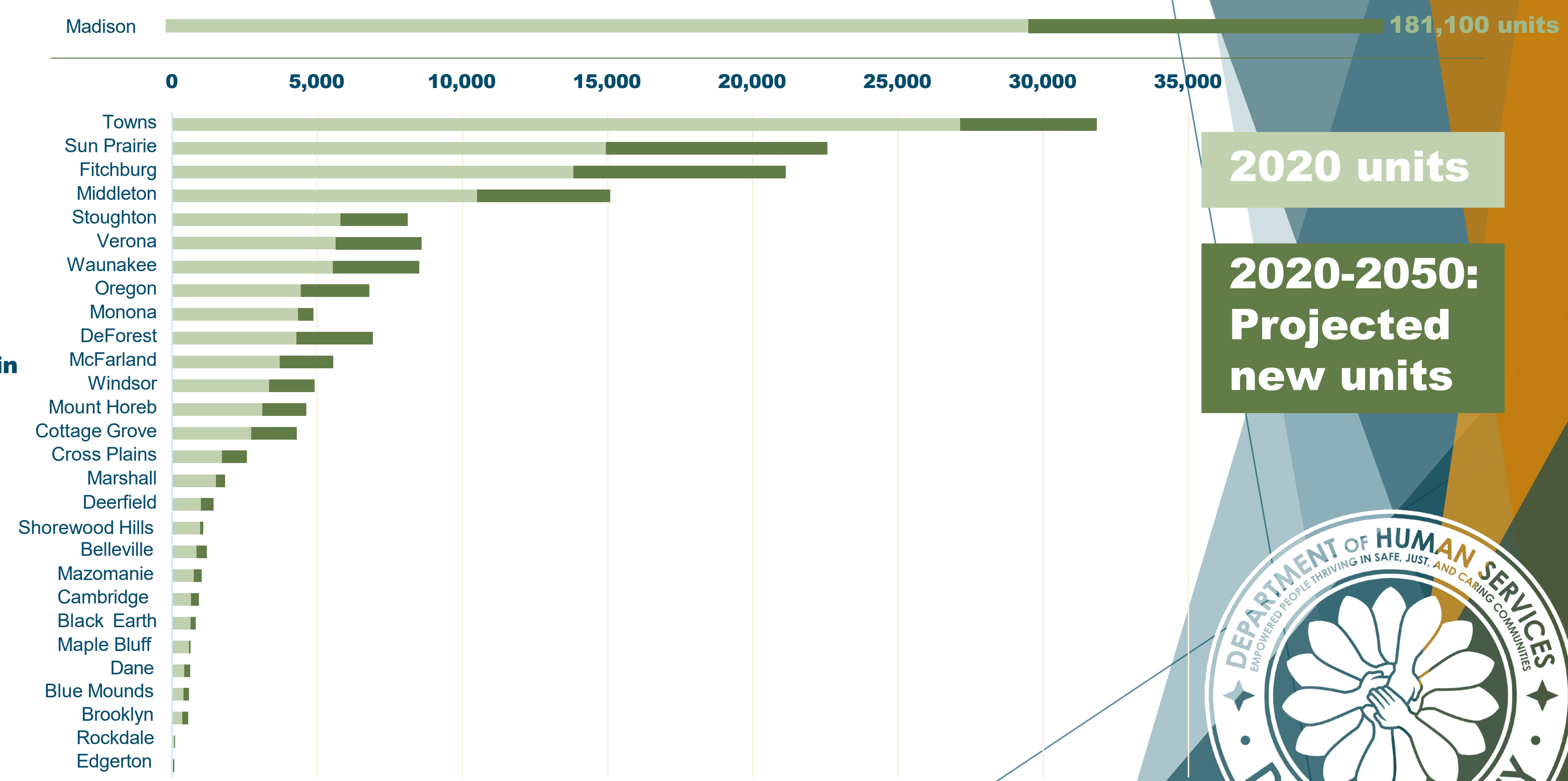
BY 2050, DANE COUNTY WILL NEED TO ADD 100,000 NEW HOUSING UNITS TO MEET ITS HOUSING NEEDS

2020-2050:

40% **Projected household and housing unit growth**

52,000 **Projected units in Madison**

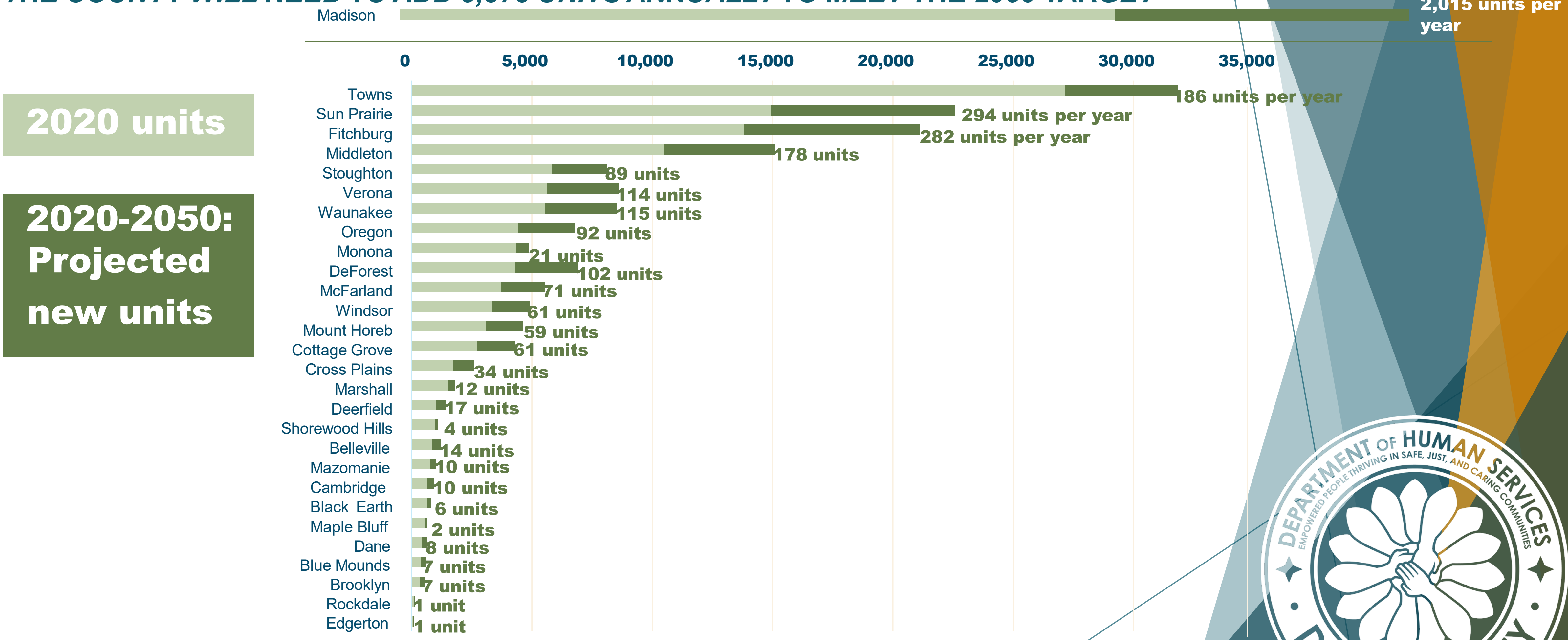
48,000 **Projected units outside Madison**



Source: CARPC, ACS 5-Year Estimates (2016-2020), Census, SB Friedman

ANNUAL UNIT PRODUCTION GOAL

THE COUNTY WILL NEED TO ADD 3,875 UNITS ANNUALLY TO MEET THE 2050 TARGET



Source: CARPC, ACS 5-Year Estimates (2016-2020), Census, SB

Dane County Affordable Housing Development Fund (AHDF)

- *Established* in 2015
- Emphasis on creation **new** affordable rental housing units either through the construction of new units or adaptive reuse of an existing facility.
- A minimum of 20% of the proposed units must be reserved for households with incomes at or below 30% of County Median Income (CMI).
- Beginning in 2024, all projects must agree to incorporate the tenant protections outlined in the county's Tenancy Addendum.
- Beginning in 2024, all projects must set aside 10% of the project units for referrals for households experiencing homelessness.

Form of County Funding & Support

- Dane County partners with the Dane County Housing Authority to provide funding to projects.
- County grants the funds to DCHA, and is secured by a three party agreement between Dane County, project owner, and DCHA.
- DCHA loans funds to the project owner. The loans consist of 2% interest only payments. The term of the loans runs through the affordability term of the projects.

AHDF AWARD HISTORY: 2015-2023

Year	Total Awards	Inside Madison	Outside Madison	Total Units	Affordable Units
2015	$1,677,000	$1,677,000	0	150	137
2016	$1,734,000	$499,000	$1,235,000	151	138
2017	$1,317,220	$867,220	$450,000	138	124
2018	$2,742,022	$2,442,022	$300,000	368	319
2019	$6,787,550	$1,837,550	$4,950,000	447	414
2020	$3,163,199	$154,858	$3,008,341	252	249
2021	$6,390,000	$3,620,000	$2,770,000	369	325
2022	$7,020,000	$3,450,000	$3,570,000	433	383
2023	$10,866,801	$8,926,801	$1,940,000	500	458
TOTAL	**$31,657,792**	**$15,384,451**	**$16,273,341**	**2429**	**2201**
	Percentages	56%	44%	100%	91%

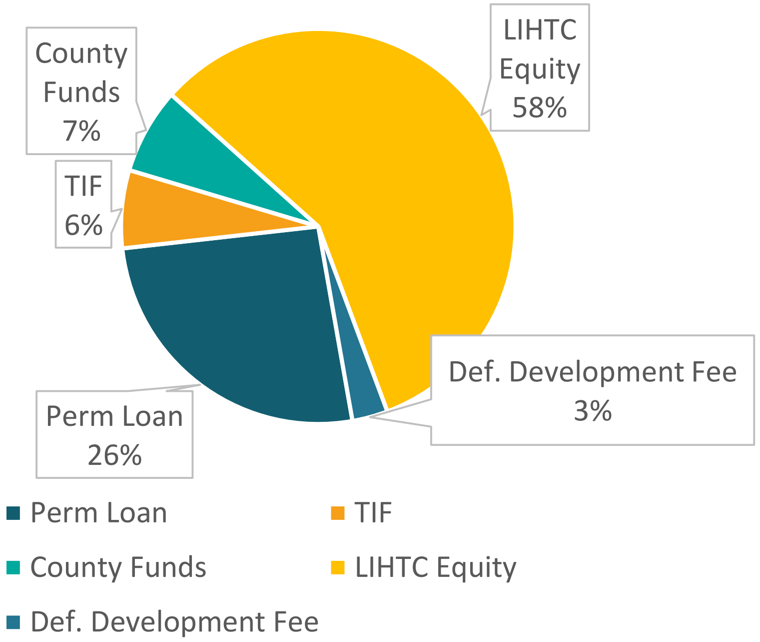
AFFORDABLE UNIT BREAKDOWN SINCE 2019

	30% CMI	50% CMI	60% CMI	80% CMI
2019	60	206	75	73
2020	31	117	24	77
2021	64	143	93	25
2022	84	180	70	49
2023	109	189	338	308
TOTAL	348	835	338	308
Percentage	18%	47%	18%	18%
County Subsidy per Affordable Units	$18,713			
County Subsidy per units at 50% or below	$28,933			

Example Capital Stacks

Project #1

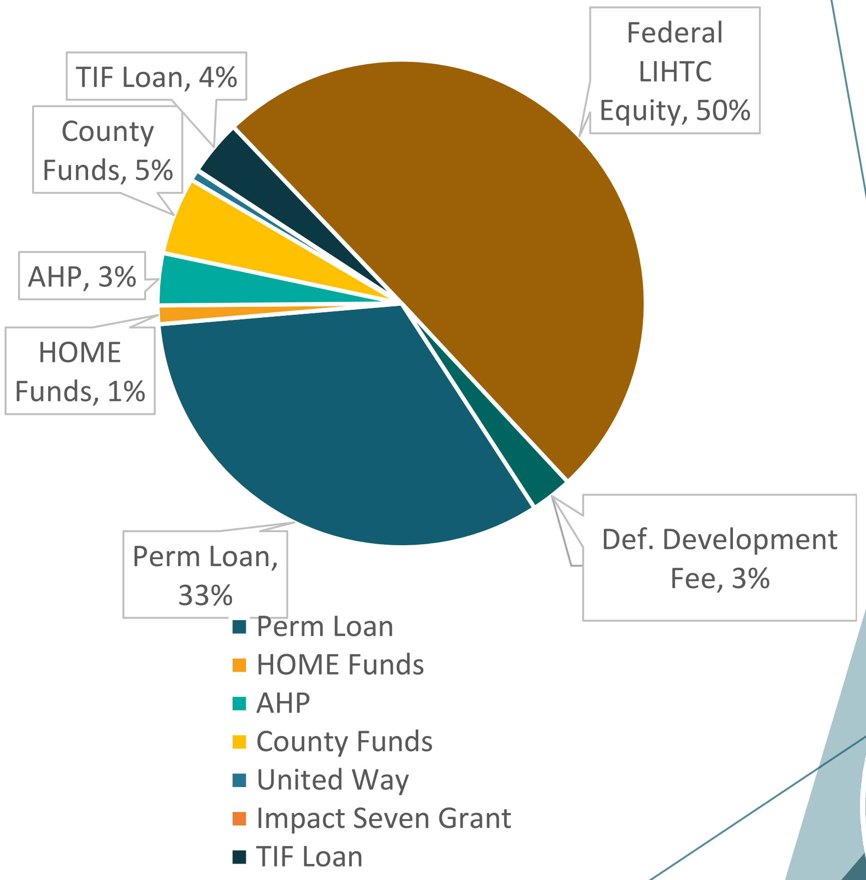
Source	Amount
Perm Loan	$ 5,500,000
TIF	$ 1,350,000
County Funds	$ 1,485,000
LIHTC Equity	$12,202,780
Def. Development Fee	$ 616,172
Total Sources	**$21,143,952**



Example Capital Stacks

Project # 2

Source	Amount
Perm Loan	$ 7,975,000
HOME Funds	$ 307,469
AHP	$ 840,000
County Funds	$1,250,000
United Way	$ 175,000
Impact Seven Grant	$ 10,000
TIF Loan	$ 890,000
Federal LIHTC Equity	$12,202,780
Def. Development Fees	$ 669,080
Total Sources	**$24,319,429**



Financing Partners

Low Income Housing Tax Credits (LIHTC)

- Administered by WHEDA via competitive and non-competitive process in compliance with their Qualified Action Plan.
- Housing Tax Credits (HTCs) are not a grant or a loan, they are a dollar-for-dollar reduction of federal income taxes owed by owners/investors in qualified projects.
- HTCs can be converted into equity by the developer by selling them to investors in exchange for capital or by selling them to a syndicator who bundles tax credits form different developments to sell to investors.
- Eligible developments must remain affordable for a 30-year period, and meet one of two thresholds for occupancy. At least 20% of all units must be reserved for households at or below 50% of AMI, or at least 40% of all units must be reserved for households at or below 60% AMI.

Tax Increment Financing (TIF)

- TIF is public financing method that is used as a subsidy for development, and allows municipalities to invest in infrastructure and other improvements and pay for them by capturing the increase in property taxes generated by the development.
- Municipalities identify specific geographic areas that need development, designating them as Tax Increment Districts (TIDs), and develop a project plan for each TID. Plan will outline proposed improvements, expected costs, how TIF will be used to finance the costs.
- Projects must demonstrate that “but for” the use of TIF, the project could not proceed as proposed.
- Terms will vary dependent on issuing municipality.

DEPARTMENT OF HUMAN SERVICES
EMPOWERED PEOPLE THRIVING IN SAFE, JUST, AND CARING COMMUNITIES
DANE COUNTY

Financing Partners (con't)

Federal Home Loan Bank (FHLB) – Affordable Housing Program (AHP)

- The Federal Home Loan Bank Act requires each regional FHLB to establish a program that provides subsidies for long-term, low- and moderate-income, owner-occupied and affordable rental housing. Subsidies are provided as forgivable grants.
- Each bank is required to allocate annual 10 percent of its prior year's net income to fund its program. Subsidies are awarded through an annual competitive application process.
- Eligible Applicants are FHLB members, usually banks, credit unions, or other financial institutions. Members often partner with community organizations and housing developers to submit proposals for housing projects.
- For multifamily housing, at least 20% of units must be occupied by, and affordable to, households with incomes at or below 50% AMI, and be retained as affordable housing for 15 years.

Deferred Developer Fees

- A portion of the development fee that is deferred until later date and helps bridge financing gap.
- Repaid through future cash flow at the property within 15 years.

Dane Workforce Housing Fund

- Administered by Madison Development Corporation, funded by private investment.
- Loans are from $500K to $2,000,000 per project with an average of $20k per unit.
- Rates are 4.5% fixed for 15 years (4% for non-profits).