



Affordable Housing Fund – Tax Credit RFP

Developers Seeking 2024 WHEDA Tax Credits for Rental
Housing Development

Application Workshop

City of Madison Community Development Division

July 18, 2023

AHF-TC Application Workshop Agenda

1. RFP Overview: Goals, Objectives, Requirements & Preferences
 - HOME-ARP Commercial Conversion
2. Affordable Housing Target Area Map
3. 2023 Updates
4. Application Process & Timeline
5. Energy Efficiency & Sustainable Design
 - Focus on Energy- *Matthew Jarosz*
 - New Construction Energy Design Assistance Program
 - Renewable Energy Competitive Incentive Program (Solar)
6. Questions?

Rental Vacancy Rate

Rental Vacancy Rate - ACS and MGE



Rental vacancy rate below 4%
for over a decade

Housing Forward Strategy Goal Area: Create Affordable Housing Throughout the City

Strategy:

Continue funding affordable housing through the Affordable Housing Fund using an RFP for Section 42 developments

Increase the quantity of safe, quality, **affordable rental housing** throughout the City particularly in locations that are **well served by transit** and are proximate to places of employment, schools, parks, health care & other basic amenities

Affordable Housing Fund–Tax Credit Program

As of June 1, 2023

Status	# of Developments	Total Units	Affordable Units*
Completed	20	1,494	1,157
Under Construction	5	493	411
Planned**	2	375	271
TOTAL	27	2,362	1,839

Affordable Housing Fund-TC Program has been a SUCCESS!!

- **Affordable Units are defined as units reserved for households at or below 60% of Dane County Median Income (CMI/AMI)*
- *** LIHTC award secured or 4% anticipated*

Affordable Housing Fund–Tax Credit RFP

2023 Goals

1. **Increase the supply** of safe, quality, affordable rental housing, especially units **affordable to households with incomes at or below 30% of area median income**, that ensure long-term affordability and sustainability.

NEW CONSTRUCTION

2. **Preserve existing** income- and rent-restricted rental housing to ensure long-term affordability and sustainability.

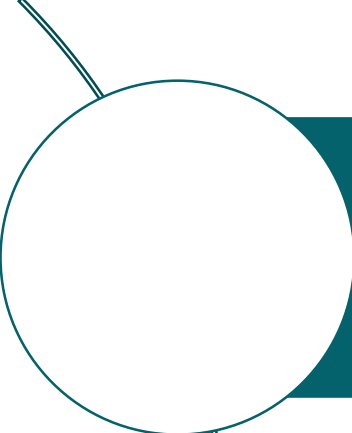
PRESERVATION

3. **Improve the existing rental housing stock** through acquisition/rehab to ensure long-term affordability and sustainability.

REHAB

Affordable Housing Fund–Tax Credit RFP

Objectives



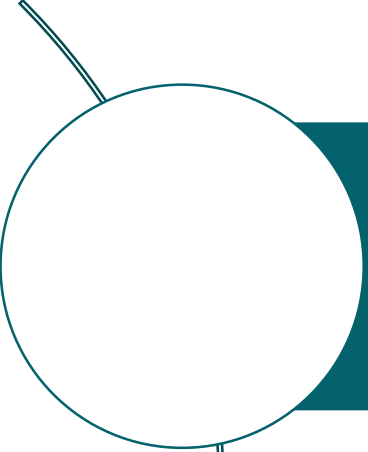
Implement the Goals, Strategies and Actions outlined in **Imagine Madison**, the City of Madison's Comprehensive Plan, particularly prioritizing well-sited infill development.



Excellent **proximity to amenities such as public transit**, employment opportunities, a full-service grocery store, health facilities, schools, parks, and other key amenities.

Affordable Housing Fund–Tax Credit RFP

Objectives



Encourage opportunities for residents to **remain in neighborhoods** impacted by current and potential rapid housing cost increases connected to the adopted **Metro Transit Network Redesign and Transit Oriented Development Overlay**



Achieve a **wider dispersion** of affordable rental housing throughout the city and discourage development of additional supply in areas with already **high concentrations** of assisted housing without access to **frequent transit**

Affordable Housing Fund–Tax Credit RFP

Objectives



Align CDD-assisted development and property management practices with the City's **Racial Equity & Social Justice Initiative (RESJI)** through inclusive development partnerships with **BIPOC developers**, providing opportunities to Associates in Commercial Real Estate (ACRE) students and graduates



Embrace the City's commitment to **energy efficiency, renewable energy & sustainable building design** techniques that contribute to the City's goal to achieve 100% renewable energy and zero-net carbon emissions by 2030

Affordable Housing Fund–Tax Credit RFP 2023 Highlights

- Emphasis on Goal of 30% AMI units – the biggest need
- Permanent Affordability + Shared Appreciation Waiver OR Min. 40 yr POA
- Tenant Selection Plan & Affirmative Marketing Plan Standards
- Metro Network Redesign/Transit Oriented Development Alignment
- Energy Efficiency, Renewable Energy, Decarbonization & Sustainable Design
- 4% non-competitive opportunity WITH minimum of 5% of units at 30% AMI
- HOME-ARP set-aside – Commercial Conversion with Supportive Housing

Hotel/Commercial Conversion Set-Aside (HOME-ARP)

Special allocation of HOME Investment Partnership Program funds through the American Rescue Plan Act (HOME-ARP)

Funds may be used to serve the Qualifying Population (as defined by HUD):

- Households who are homeless or at imminent risk of homelessness
- Households fleeing/attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking
- Other households where assistance would prevent a family's homelessness or those with the greatest risk of housing instability

CDD seeks proposals that will convert (adaptive reuse) hotels, motels or other suitable commercial properties to affordable rental housing units.

Hotel/Commercial Conversion Set-Aside (HOME-ARP)

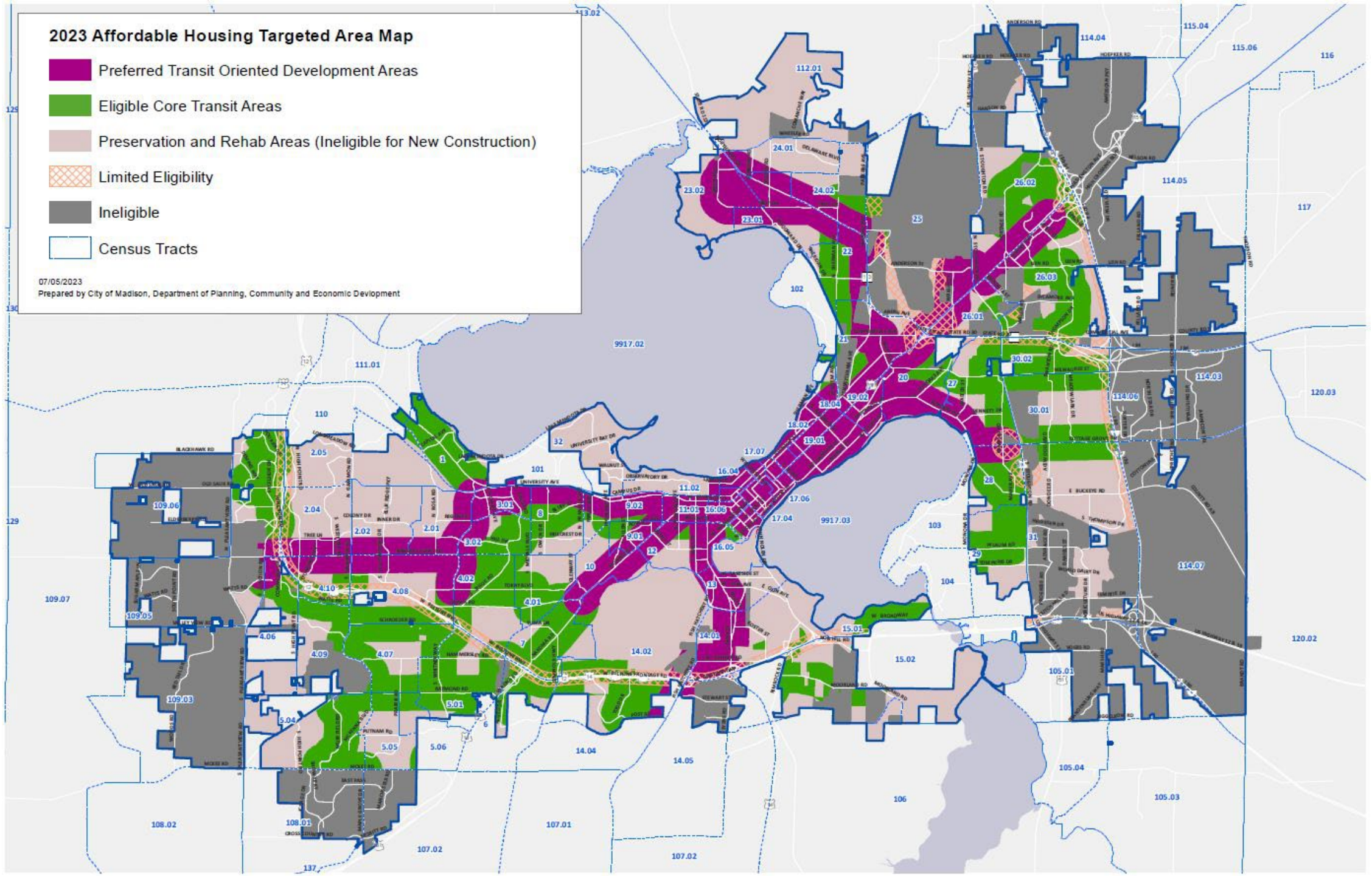
- Must create at least 11 units of supportive housing to serve the QPs (i.e. HOME units)
 - Must use Housing First approach
- Property should be located in Preferred TOD or Eligible Core Transit areas
- City will accept applications under this set-aside that are not seeking LIHTCs
- Financing under this set-aside includes funds for capital and support services
 - Support Service Partner will enter into separate contract for service dollars

	Total Funding Available
Supportive Services	\$2,020,000
Rental Housing Development	\$3,056,197

2023 Affordable Housing Targeted Area Map

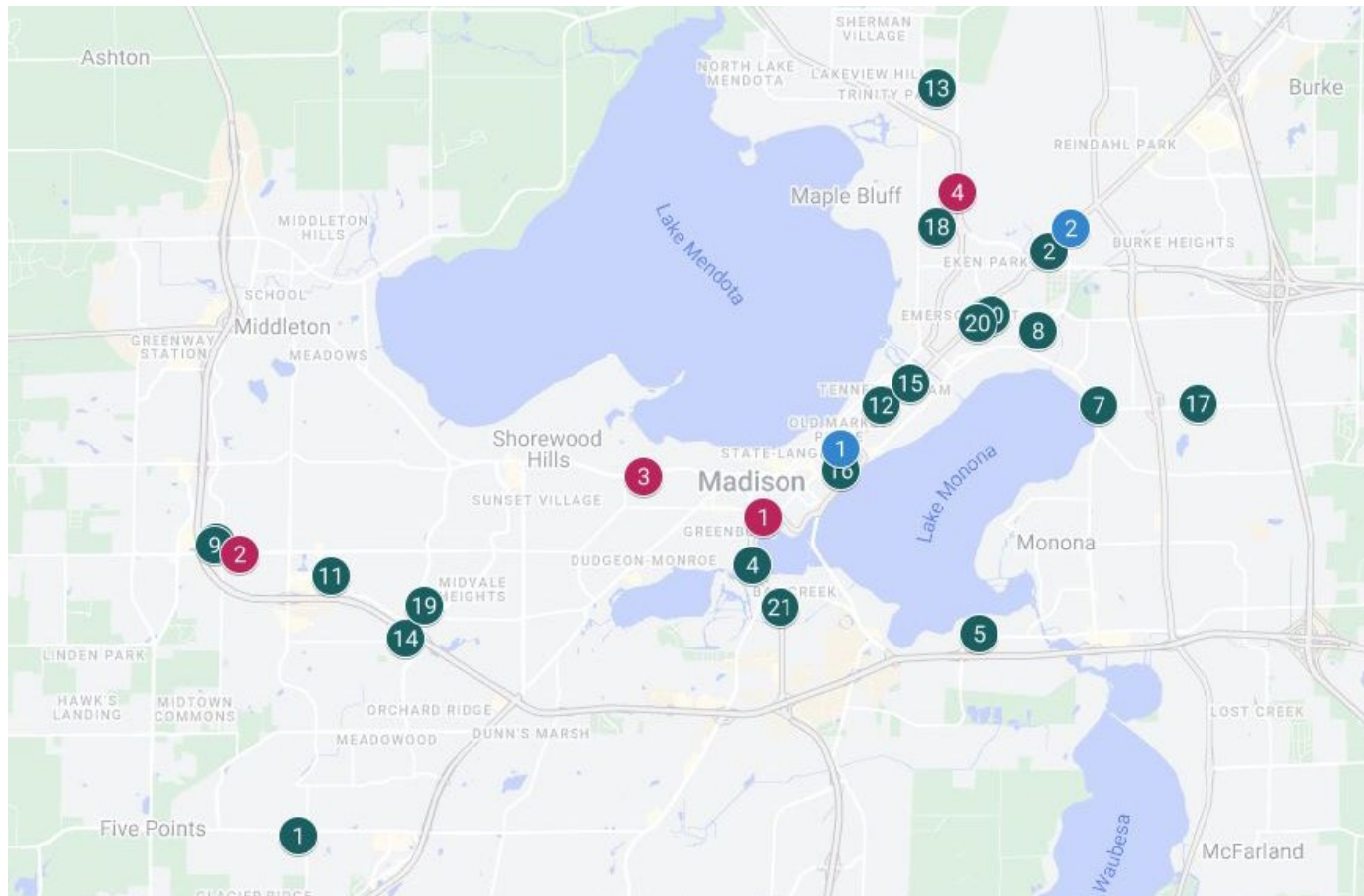
-  Preferred Transit Oriented Development Areas
-  Eligible Core Transit Areas
-  Preservation and Rehab Areas (Ineligible for New Construction)
-  Limited Eligibility
-  Ineligible
-  Census Tracts

07/05/2023
Prepared by City of Madison, Department of Planning, Community and Economic Development



Affordable Housing Fund – Tax Credit

Map of Awarded Projects – 2013 to 2023



Completed:

- 1 Maple Grove Commons
- 2 Rethke Terrace
- 3 Carbon at Union Corners
- 4 8Twenty Park
- 5 The Royal
- 6 Tree Lane Family Apts.
- 7 The Grove Apts.
- 8 Fair Oaks Apts.
- 9 Point Place Apts.
- 10 Generations at Union Corners
- 11 Normandy Square
- 12 The Breese
- 13 Tennyson Ridge Apts.
- 14 Tailor Place Apts.
- 15 Valor on Washington
- 16 Novo Apts.
- 17 The Ace Apts.
- 18 The Oscar
- 19 University Park Commons
- 20 The Andre Apts.
- 21 Fourteen02 Park

Underway:

- 1 Bayview Housing
- 2 Uno Terrace
- 3 The Heights
- 4 Avenue Square

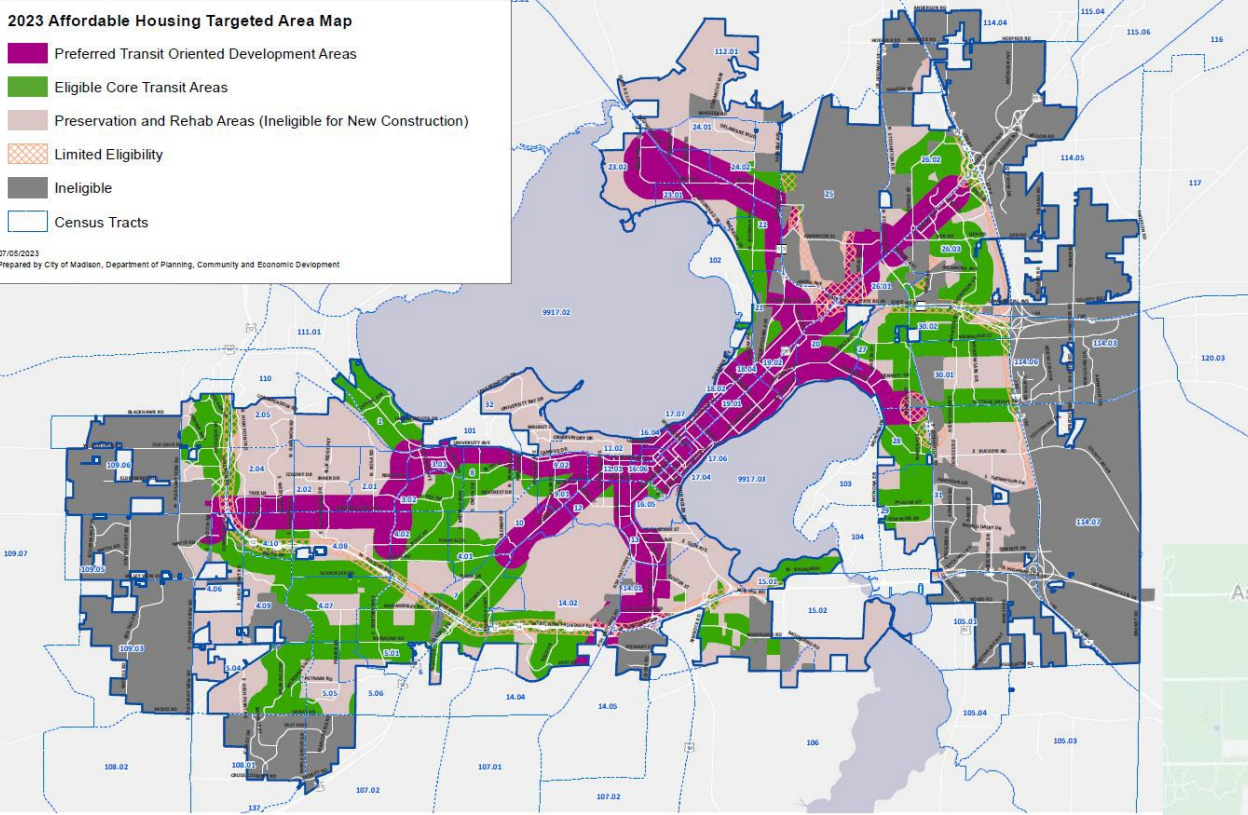
Planned:

- 1 St. John's Lutheran Church Redevelopment
- 2 Rise – Gardner Bakery Redevelopment

2023 Affordable Housing Targeted Area Map

- Preferred Transit Oriented Development Areas
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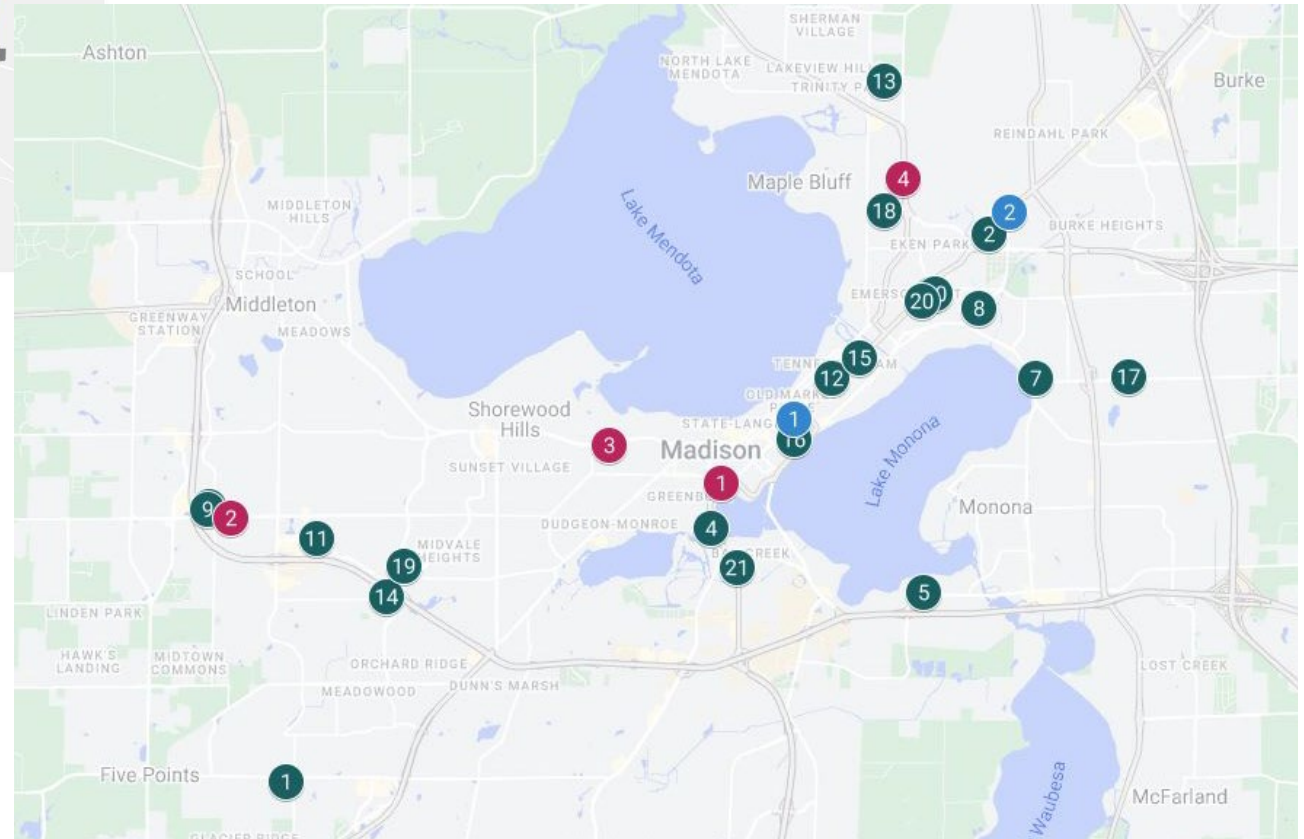
07/05/2023
Prepared by City of Madison, Department of Planning, Community and Economic Development



Where Madison wants affordable housing development



Where it's been developed



Affordable Housing Fund–Tax Credit RFP

Highlights 2023 – Tenant Selection Plan Standards

- CDD standards guide written TSPs, wait lists, eligibility criteria, and serving targeted populations
 - Income criteria (no requirements greater than 2.5x rent)
 - Minimum occupancy criteria 1 person per BR
 - Evictions only for Good Cause
 - Notice of denial and appeal process
 - No denials with successful rental history at current payment/ratio
 - Security Deposit limits
 - Installment plans and limits to holding/earnest fees
 - Criminal and felony convictions (limits on denials and lookbacks)

Affordable Housing Fund–Tax Credit RFP

Highlights 2023 – Tenant Selection Plan Standards

	Misdemeanors	Felonies
Can Deny:	<ul style="list-style-type: none">• “Violent criminal activity” as defined in 24 CFR § 5.100 up to 2 years post-conviction• “Drug-related criminal activity” as defined in Wis. Stat. 704.17(3m)(a)(2) up to 2 years post-conviction	<ul style="list-style-type: none">• Any felony with a date of conviction 5 years or less from date of application• Felony “Violent criminal activity” as defined in 24 CFR § 5.100 up to 10 years post-conviction• Felony “Drug-related criminal activity” as defined in Wis. Stat. 704.17(3m)(a)(2) up to 10 years post-conviction
Cannot be Considered:	<ul style="list-style-type: none">• Any misdemeanor with a date of conviction older than 2 years from date of application	<ul style="list-style-type: none">• Any felony not meeting the violent or drug-related definition above with a date of conviction older than 5 years from date of application

More information on all Standards contained in Attachment B-1

Affordable Housing Fund–Tax Credit RFP

Highlights 2023 – AMP Standards

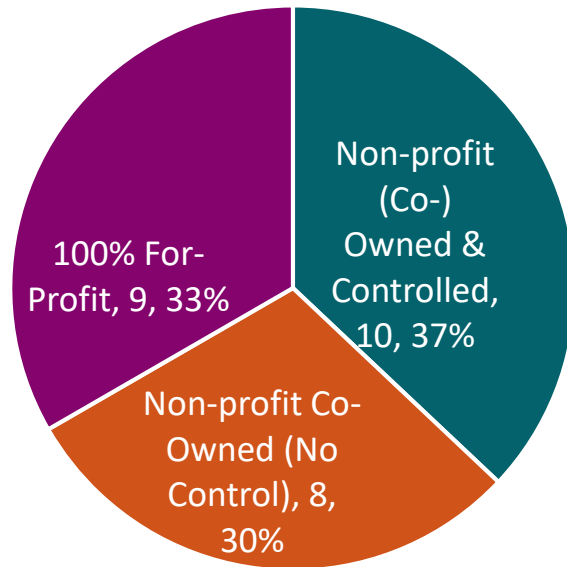
- **Affirmative Marketing Plan Standards (Att. B-2)**
 - Early & extensive targeted outreach and marketing efforts
 - Lease-Up Coordination
 - Language Access
 - Ensuring translation and/or interpretation are available to LEP households, households with a primary language other than English, and households that do not speak English
 - Marketing to LEP residents
 - Authentic Partnerships & Outreach to Community Organizations
 - Accessible Leasing
 - No in-person requirement if accommodation requested
 - Easily accessible, transit accessible

More information on all Standards contained in Attachment B-2

Affordable Housing Fund–Tax Credit RFP

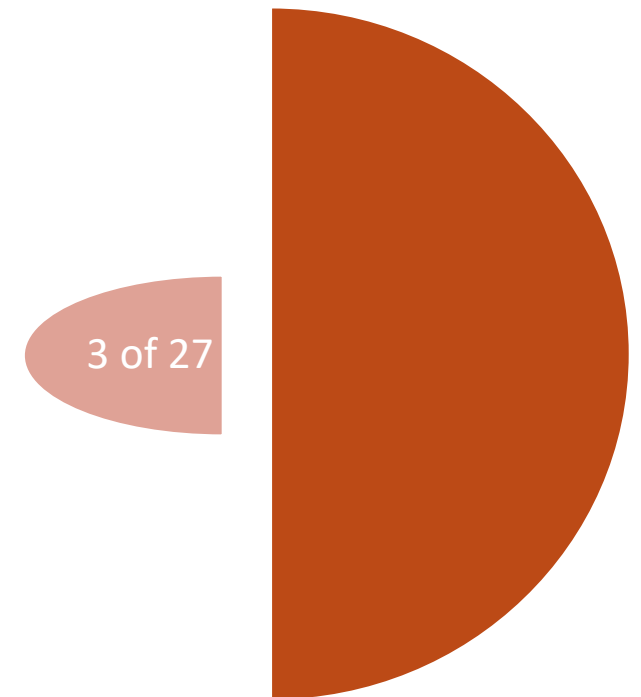
Highlights 2023 – Partnership Preferences

Non-Profit Ownership & Control



- Non-profit (Co-) Owned & Controlled
- Non-profit Co-Owned (No Control)
- 100% For-Profit

BIPOC Co-Development Partner



Affordable Rental Housing-TC RFP

Integrated Supportive Housing Component

- AHF-TC RFP Preferences - Partnerships
 - Consult on Design: Bedroom sizes, unit mix, etc. FOR target population
 - 3-way collaboration with Property Management, Services & Developer
 - Review/consult on flexibility of tenant selection criteria for target pop
 - Lease Up Coordination - Co-design lease up process that works WITH Service Coordinator and Coordinated Entry at least 6 months before Certificate of Occupancy (COO)
 - Contribute meaningful financial support adequate to serve target population
 - Leverage additional & adequate non-City funded dollars

Affordable Rental Housing-TC RFP

Integrated Supportive Housing Component

- AHF-TC RFP Preferences – Target Population
 1. Individuals and/or families experiencing homelessness
 2. Other Supportive Service Target Populations, which may include:
 - Previously incarcerated individuals re-entering the community; and/or
 - Other target populations that meet an identified community need.



See Contacts Listed on Attachment C

All Projects coordinate with *HUD VASH Housing Program* – Heather Campbell

Affordable Rental Housing-TC RFP

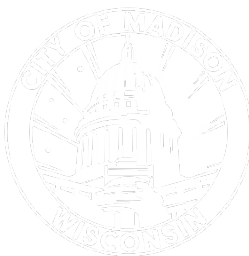
Energy Efficiency & Sustainable Design

Requirements

- Focus on Energy - Energy Design Assistance Initial Application
 - Implement Focus's Recommendations @ 20% over baseline energy savings
- Renewable Energy:
 - Min. 30 kw solar PV array

Preferences

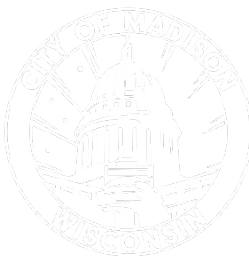
- Energy Efficiency w/ Focus – Implement Highest EE Recommendations
- Renewal Energy: Implement largest feasible solar PV array
- Sustainability: AIA – Framework for Design Excellence



City of Madison – Affordable Housing

Energy Efficiency & Solar Commitments 2020-2022

Project	Focus on Energy Bundle	Solar PV kW (min)	Completion
University Park (Westgate)	2	40 kW	Jan. 2023
Uno's	3	(60 kW) 29 kW final	Sept. 2023
The Heights	1	30 kW	Nov. 2023
Avenue Square	3	70 kW	May 2024
Rise (Gardner Bakery)	2	30 kW	<i>TBD 2025</i>
St. John's	2+	15 kW	<i>TBD 2025</i>



Affordable Rental Housing-TC RFP

Scoring Criteria

	Points Available
1. Overall Quality & Responsiveness	15 points
2. Development Concept, Planning & Zoning	15 points
3. Proposed Site & Map	15 points
4. Financial Feasibility & Leverage	15 Points
5. Energy Efficiency, Decarbonization & Sustainable Design	10 Points
6. Capacity, Experience & Qualifications: Developer	10 points
7. Capacity, Experience & Qualifications: Service Provider & Property Manager	10 points
8. Alder & Neighborhood Engagement	10 points
Total Points Available	100 points

Affordable Housing Fund–Tax Credit RFP

Pre-Application Process Timeline

July 25th 2023

Initial City Staff Required Contacts

- Community Development Division (Julie Spears)
- Planning Division (Kevin Firchow)
- Zoning (Jenny Kirchgatter)
- Economic Development Division (if TIF)

By Aug 15th 2023

Additional Required Steps & Contacts

- Focus on Energy New Construction Energy Design Assistance Initial App.
- Alder(s)
- Neighborhood Association(s)
- Development Assistance Team (DAT) – Sept. 14th (Recommend by August 15th)

August 15th 2023

Applications due by NOON

Affordable Housing Fund–Tax Credit RFP

Post-Application Process Timeline

Aug. 24	Contact Common Council Office – Debbie Fields – Postcards
Sept. 5 th week	CDD Supplemental Info Request
Sept. 14	Development Assistance Team Deadline (Aug. 15 th encouraged)
Sept. 15	Neighborhood Meeting Deadline Supplemental Application Deadline <i>- Focus on Energy Whole Building Analysis and Results Report</i> <i>- TIF Application, if not sooner</i>
Sept. 25 th week	Applicant Presentations to Staff

Affordable Housing Fund–Tax Credit RFP

Post-Application Process Timeline

Oct. 5	Applicant Presentations to CDBG Committee
Oct. 16	Land Use Application Due – Zoning Map Amendment Focus on Energy Bundle Requirements Document
Nov. 27	Land Use Application Due – Permissive Zoning
Nov. 9	CDBG Committee Consideration of Staff Recommendations
Nov. 27	Finance Committee Consideration
Dec. 5	Common Council Approval
Dec 2023/Jan 2024	Commitment Letter (Notification of Award)
Mid 2024-2025	Anticipated Closing/Start of Construction

Application Workshop Questions....



Affordable Housing Fund-TC RFP

City of Madison Community Development Division

Julie Spears

jspears@cityofmadison.com

608-267-1983



FOCUS ON NEW CONSTRUCTION

July 2023



WORKING WITH THE NEW CONSTRUCTION TEAM



- Industry experts for each project
- Project Managers work in conjunction with Energy Advisors



Matthew Jarosz
Program and
Project Manager



Lara Bakker
Project Manager



Steve Pipson
Project Manager



Rebecca Upham
Energy Analyst



Tyler Olson
Verification
Specialist



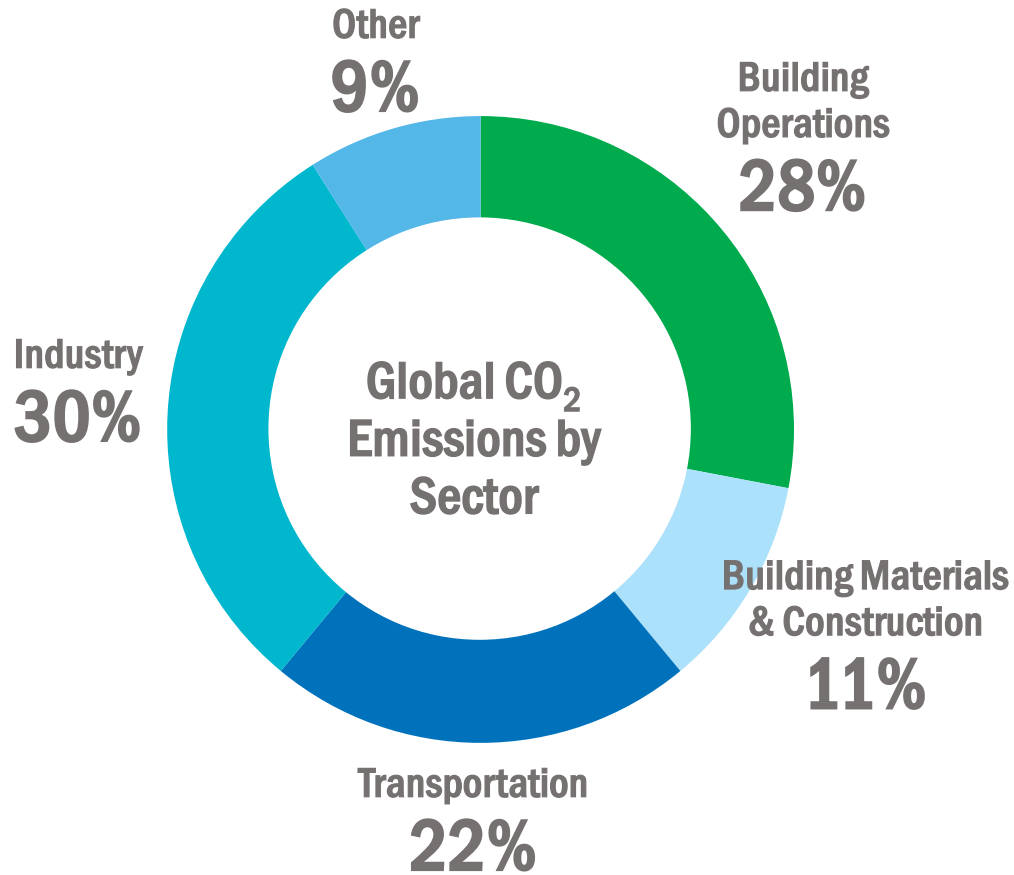
Nathan Lindberg
Verification Specialist

NEW CONSTRUCTION OPPORTUNITIES

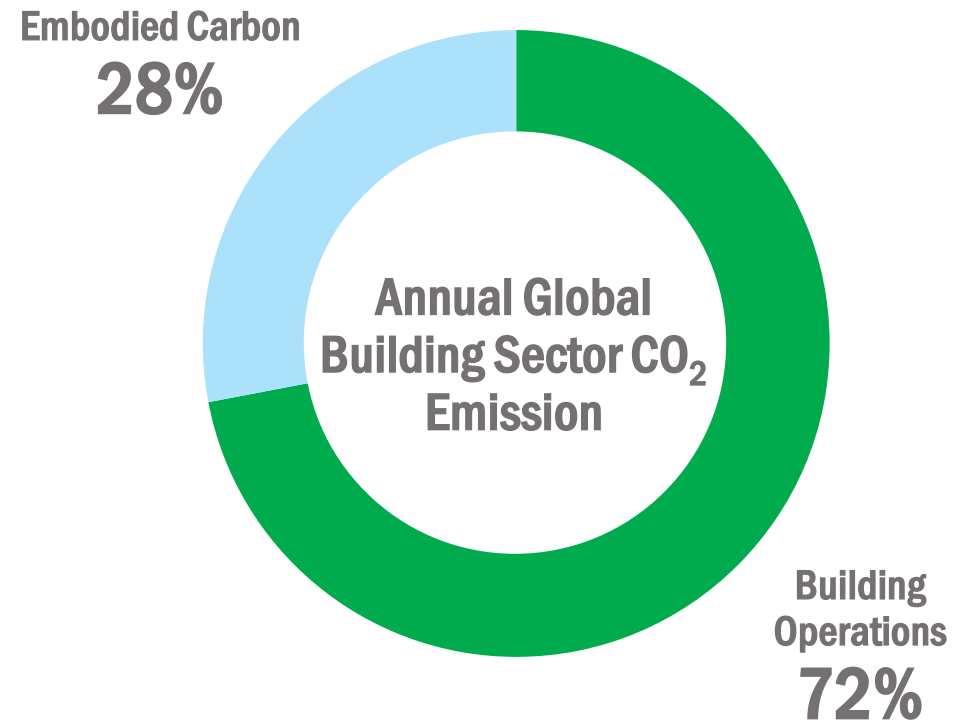


- Incentives and technical support available at any step during the design and construction process
 - Energy Design Assistance (EDA) – during early design
 - Best opportunity to maximize energy savings through whole building analysis
 - Energy Design Review (EDR) – later in design
 - Opportunity remains to capture savings through whole building analysis
 - New products and equipment – during construction
 - Opportunity to influence selections

ENERGY EFFICIENCY KEY TO BUILDINGS' CARBON EMISSIONS



Source: Architecture 2030, Data Sources: UN Environment Global Status Report 2017; EIA International Energy Outlook 2017



Source: Architecture 2030, EPA International Energy Outlook

NEW CONSTRUCTION TIMING



PLANNING AND DESIGN	CONSTRUCTION DOCUMENTS	BIDDING/ ESTIMATING	CONSTRUCTION	MOVE-IN
Perfect timing for incentives	Fewer opportunities available		Prescriptive rebates: Business, Schools and Government, and Large Industrial	Too late if beyond 60 days after occupancy
Energy Design Assistance	Energy Design Review		PEP offering: Multifamily	
Multifamily Product and Equipment Performance (PEP)				

WHOLE-BUILDING ANALYSIS BENEFITS



- Initial assessment of energy savings and incentive potential from our Online Tool
- Energy models help building owners make informed decisions about the building systems impacting energy consumption
- Customized for each building type
- Timely results, matched to customer's design schedule
- Incentives available for building owners investing in improved energy performance and design professionals to help offset resource investments

CONSTRUCTION INCENTIVES



EDA Owner Incentive Rate	\$0.075/kWh and \$0.87/therm
EDR Owner Incentive Rate	\$0.06/kWh and \$0.70/therm
Payback Threshold	1-year minimum
Project Maximum	\$300,000
Customer Annual Maximum	\$400,000



- Focus on Energy will verify net savings impact of all measures prior to issuing an incentive payment

CONSTRUCTION INCENTIVES EDA EXAMPLE



Energy Parameter	Baseline	Bundle 2, Modeled	Bundle 2, Verified
Energy Cost	\$317,562	\$198,089	\$198,727
Energy Cost Savings		\$119,473	\$118,835
Percent Energy Cost Savings		38%	37%
Incremental First Cost		\$695,970	\$700,431
Focus on Energy Incentive		\$95,537	\$94,998
Simple Payback with Incentive		5.0 yrs.	5.1 yrs.

NEW! SOLAR READY BUILDINGS INCENTIVE



- \$2,500 to offset the additional costs of modifying building plans to accommodate a future roof-mounted solar system
- Customers participating in the EDA or EDR offering are eligible



NEW CONSTRUCTION ONLINE TOOL

“ONE-STOP SHOP”



Commercial & Industrial



Single Family Residential



Mixed Use & Multi-Family



Agriculture



Schools/Gov't



Multi-Building
Development

WHOLE BUILDING ANALYSIS SUMMARY



- Projects are engaged during the design phase, prior to design decisions being finalized
- Analysis provided for wide range of energy savings options; savings are calculated on a net, whole-building basis
- Focus on Energy provides or guides the analysis, helps pay for design team participation, and reduces upfront costs of energy-saving measures

QUESTIONS?

CONTACT INFORMATION

Thank you!

matthew.jarosz@focusonenergy.com

focusonenergy.com/newconstruction





focus on energy[®]

Partnering with Wisconsin utilities

FOCUS ON ENERGY SOLAR INCENTIVES

All non-residential customers qualify for incentives for solar based on the size of the system.

Business Customer Solar PV Rebates		
System Size in kW (DC)	Rebate per kW (DC)	Max Rebate
Up to 5 kW	\$200	\$1,000
5-10 kW	\$1,000 + \$150 per kW above 5 kW	\$1,750
10-100 kW	\$1,750 + \$125 per kW above 10 kW	\$13,000
100-300 kW	\$13,000 + \$100 per kW above 100 kW	\$33,000
300-500 kW	\$33,000 + \$85 per kW above 300 kW	\$50,000
500+ kW	\$50,000 + \$0 per kW above 500 kW	\$50,000

*Solar PV systems 500 kW and above will be capped at the maximum rebate of \$50,000.

FOCUSONENERGY.COM/RENEWABLES



Residential

Business

Trade Ally

About Us



Reach next level savings!

If you've already put in the work to make your home or business as energy efficient as possible, now is the perfect time to take the next step by installing a solar electric system. To help FOCUS ON ENERGY® offers cash incentives for qualified solar electric installations.

Solar electric systems, also known as photovoltaic (PV) systems, use sunlight to generate electricity. To capture sunlight, solar panels or modules, are strategically placed on roofs or ground mounted to maximize exposure to the sun. Systems are silent, very reliable, and require little ongoing maintenance.

Your benefits:

- Lower energy bills
- Greater energy independence
- Financial incentives and potential for tax credits
- Lower-than-ever installation costs

Focus on Energy offers financial incentives to offset solar installation costs on a wide range of property types:

- Residential customers can receive up to \$500
- Business customers can receive up to \$50,000
- Agricultural producers can receive up to \$60,000
- Special sectors (nonprofits, schools, government, and Tribal Nations) can receive up to \$81,000.

How do I participate?

- 1 [Check to see if your utility participates in Focus on Energy.](#)
Review terms and conditions and check the status of available [solar PV incentives.](#)
- 2 [Find a Focus on Energy Trade Ally.](#)
Be sure to verify your solar PV system meets [eligibility requirements.](#)
- 3 Complete the online reservation application to hold your incentive: [Solar Electric \(PV\) Reservation Application \[Online\]](#)
- 4 Complete the installation of your system.
- 5 When your project is complete, fill out the incentive application to

[FOCUSONENERGY.COM/TRADE-ALLY/FIND](https://focusonenergy.com/trade-ally/find)

CONTACT INFORMATION

Questions about your solar project or incentives?

Contact us at:

Renewables@focusonenergy.com