Minocqua Housing Market Study

Final Draft Report

March 24, 2022

hunden strategic partners

hunden.com | © 2022 HSP

Table of Contents

hunden.com | © 2022 HSP

Executive Summary

hunden.com | © 2022 HSP

Key Questions

The Minocqua Visitors Bureau + Chamber of Commerce has engaged Hunden Strategic Partners to conduct a housing market study and opportunity assessment for Minocqua and surrounding communities, including Arbor Vitae and Woodruff. The following are the key questions HSP's analysis intends to answer in this report.

- What are the current demographic and economic characteristics of households living in Minocqua and the surrounding areas?
- What can the Town expect related to changing demographic and economic characteristics in the next 15 years?
- What are the current housing characteristics in Minocqua, including owner-occupied vs. renter-occupied, age and condition, size, including number of bedrooms, and price range?
- What is the nature and extent of housing demand in Minocqua, including residents currently living in the Town and nonresidents who may want to live in the community?
- What aspects of housing demand does Minocqua supply currently not meet, such as affordable, accessible, price, size, number of bedrooms, special/supportive needs?
- How are the following groups impacted by current and future housing market demand: seniors, families, persons with special needs, students, and young professionals?
- What impact, if any, has development within the past 10 years had on the housing market of the community?
- What impact, if any, does short term rental (such as Airbnb) have on the housing market?
- Are there barriers/opportunities or any interest in Accessory Dwelling Units, Micro Apartments, Co-housing or Home-sharing?
- What aspects of the supply or market demands may lead to tear-downs?
- What is the state of housing affordability in Minocqua?

Project Objectives

- Identify the Need
- Mobilize Community Leadership
- Create a Roadmap for Development
- Form relationships with WHEDA, Other Communities & Affordable Housing Developers

Gets the "ball rolling": identify the optimal site, attract a developer, acquire funding and apply for the tax credit program.

Minocqua - SWOT Analysis

	STRENGTHS	OPPORTUNITIES
POSITIVE	▪ Strong tourism market ▪ Significant demand for housing ▪ Market-Rate development activity ▪ Push from the business community	▪ Workforce housing with tax credit funding through WHEDA ▪ Bolster the local economy, bringing jobs and people to the area ▪ Mitigate the current labor shortage ▪ Satisfy housing needs for major local employers
	WEAKNESSES	**THREATS**
NEGATIVE	▪ Rural area makes it more difficult and costly for developers ▪ Extreme seasonality	▪ Community perception & inability to follow through ▪ Continued labor shortage ▪ Funding priorities ▪ Potential lack of shared long-term vision

Recommendation

hunden strategic partners

Recommended Development

Hunden recommends a 67-Unit Workforce Housing Development spearheaded by the local townships and Oneida/Vilas County, financed through the WHEDA Tax Credit program and other sources and developed by a developer who specializes in affordable housing projects.

Total Unit Count: 67 Units
Number of Stories: 3
Location Preference: Town of Minocqua, adjacent to the Walmart

Minocqua Affordable Housing Project Unit Mix - 100% at 60% AMI

	Unit #	Gross Rent	Utility Allowance	Regulated Net Rent	Square Footage	Total SF	Rents Used	Total Monthly Rental Income	Rent Per Square Foot
One bedroom	40	$815	$88	$727	800	32,000	$727	$29,090	$0.91
Two bedroom	20	$978	$113	$865	1,100	22,000	$865	$17,300	$0.79
Three Bedroom	7	$1,086	$142	$944	1,200	8,400	$944	$6,608	$0.79
Total	67					62,400		52,998	$0.85

*Based on State Averages

Source: HSP

Chapter 1: Economic, Demographic and Tourism Analysis

hunden.com | © 2022 HSP

Minocqua Overview

The Minocqua area lies on the border of Oneida County and Vilas County in Northern Wisconsin. The Minocqua area is compromised of three small towns that include Minocqua, Arbor Vitae and Woodruff. Minocqua is commonly referred to as "The Island City" due to the thousands of lakes, rivers and streams in the area.

Minocqua is located in the northwest corner of Oneida County and is known as a tourist destination with outdoor recreation available year-round. The township consists of approximately 107,520 acres of land and contains approximately 45 lakes. Located 21.5 miles northwest of Rhinelander, the community is served by U.S. Route 51.

Woodruff & Arbor Vitae Overview

Woodruff is a town in Oneida County, Wisconsin and neighbors Arbor Vitae and Minocqua. The Town of Woodruff, along with Arbor Vitae, are considered the "Crossroads of the North", where Highways 51, 47 and 70 join. The Town of Woodruff has a total area of 35.6 square miles, where 28.5 square miles is land and 7.0 square miles is water.

Arbor Vitae is a town in Vilas County, Wisconsin, which neighbors Oneida County. Arbor Vitae is a popular vacation destination for visitors, especially in the summer months. As part of the Lakeland area, Arbor Vitae consists of approximately 61.5 square miles, of which more than 80% of the land area is state-owned and resources strictly managed.

Regional Overview

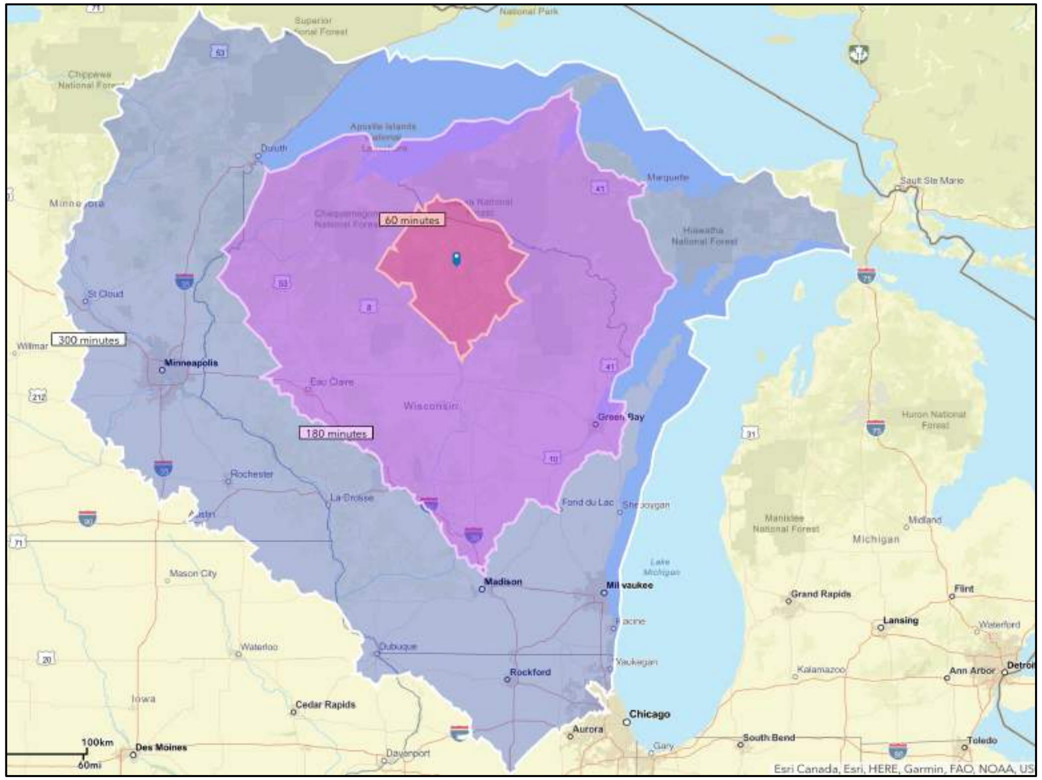
The Minocqua area is located in the Northwoods of Wisconsin. Minocqua is not near any major metropolitan areas and is classified as a rural area by the Wisconsin Housing and Economic Development Authority. To be considered rural, communities must be within a county where more than 25% of the county's residents reside in a rural area under standards established by the United States Department of Agriculture.

Tourism is an important part of the Minocqua area's economy and attracts visitors year-round. Many out-of-town visitors come from southern Wisconsin and northern Illinois. The Rhinelander – Oneida County airport is the major regional airport located 27.5 miles southeast of the Minocqua area.

Drive Times

The population within a one-hour drive time from downtown Minocqua is 93,057. When expanded to a three-hour drive time, the population grows significantly to 2,076,569. Within a five-hour drive time, the population reaches 12,672,407.

The median age within a one-hour drive time is 52, which shows that the population in this region is statistically older compared to other markets. Drive times are significant because they show the capturable market within the area.



Estimated Drive-Time Statistics from Minocqua (2021)

	1-Hour	3-Hour	5-Hour
Population	93,057	2,076,569	12,672,407
Households	41,988	857,232	5,246,117
Median Household Income	$54,830	$58,008	$70,446
Median Home Value	$198,568	$179,574	$241,860
Median Age	52.0	42.3	39.4

Source: ESRI

Population

Population and Growth Rates

	Population				Percent Change
	2000	2010	2020	2026 Projected	2010 - 2020
United States	281,421,906	308,745,538	331,449,281	345,887,495	7.4%
Wisconsin	5,363,675	5,686,986	5,893,718	6,045,275	3.6%
Oneida County	36,776	35,998	37,845	35,738	5.1%
Vilas County	21,033	21,430	23,047	22,376	7.5%
Minocqua Town	4,859	4,385	5,062	5,097	15.4%
Arbor Vitae Town	3,118	3,316	3,586	3,605	8.1%
Woodruff Town	1,982	2,055	2,044	2,058	-0.5%

Source: U.S. Census Bureau

Overall, the population has increased in the Minocqua area. The population for the Town of Minocqua has significantly increased by 15.4% from 2010 to 2020, according to the U.S. Census Bureau. Minocqua and Woodruff reside in Oneida County, which has grown over 5% since 2010. Arbor Vitae is located in Vilas County, which has grown 7.5% since 2010, similar to the national growth rate. Wisconsin has grown 3.6% since 2010 and is expected to reach over 6 million residents by 2026.

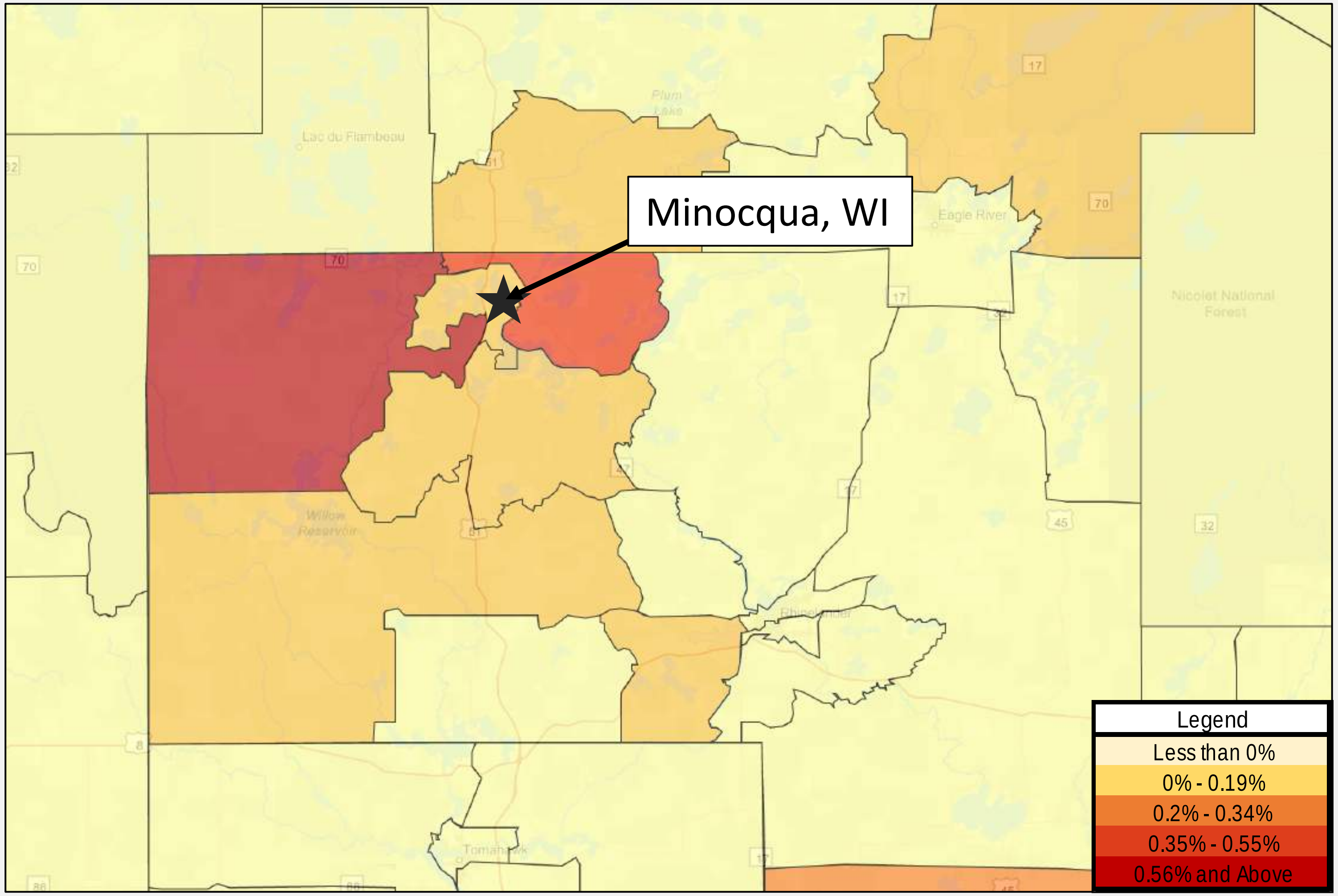
hunden.com | © 2021 HSP

Population Growth Trend

hunden strategic partners

The adjacent map details the projected annual growth rate from 2020 to 2025. There is very little growth expected to occur in the region, with the highest growth bracket being over 0.56%. Some regions are actually expected to decrease in population size over the next 5 years.

Projected growth areas are significant in determining the current, future and unmet needs of the housing market in the area. A negative or low growth rate could indicate a lack of available housing for people looking to move to the area.



Income & Spending

Income, Spending, & Other Demographic Data

Category	United States	Wisconsin	Vilas County	Oneida County	Minocqua
Homeownership rate, 2020	64.0%	67.0%	77.7%	83.2%	84.1%
Median value of owner-occupied housing units, 2015-19	$217,500	$180,600	$202,900	$174,100	$239,200
Persons per household, 2015-19	2.62	2.39	1.97	2.25	2.19
Median household income, 2015-19	$62,843	$61,747	$47,072	$56,852	$59,320
Persons below poverty level, percent	11.4%	10.0%	9.7%	7.8%	5.0%
Total employment, 2019	132,989,428	2,610,712	6,082	13,519	---
Total employment, percent change, 2018-2019	1.6%	0.3%	0.3%	-1.2%	---

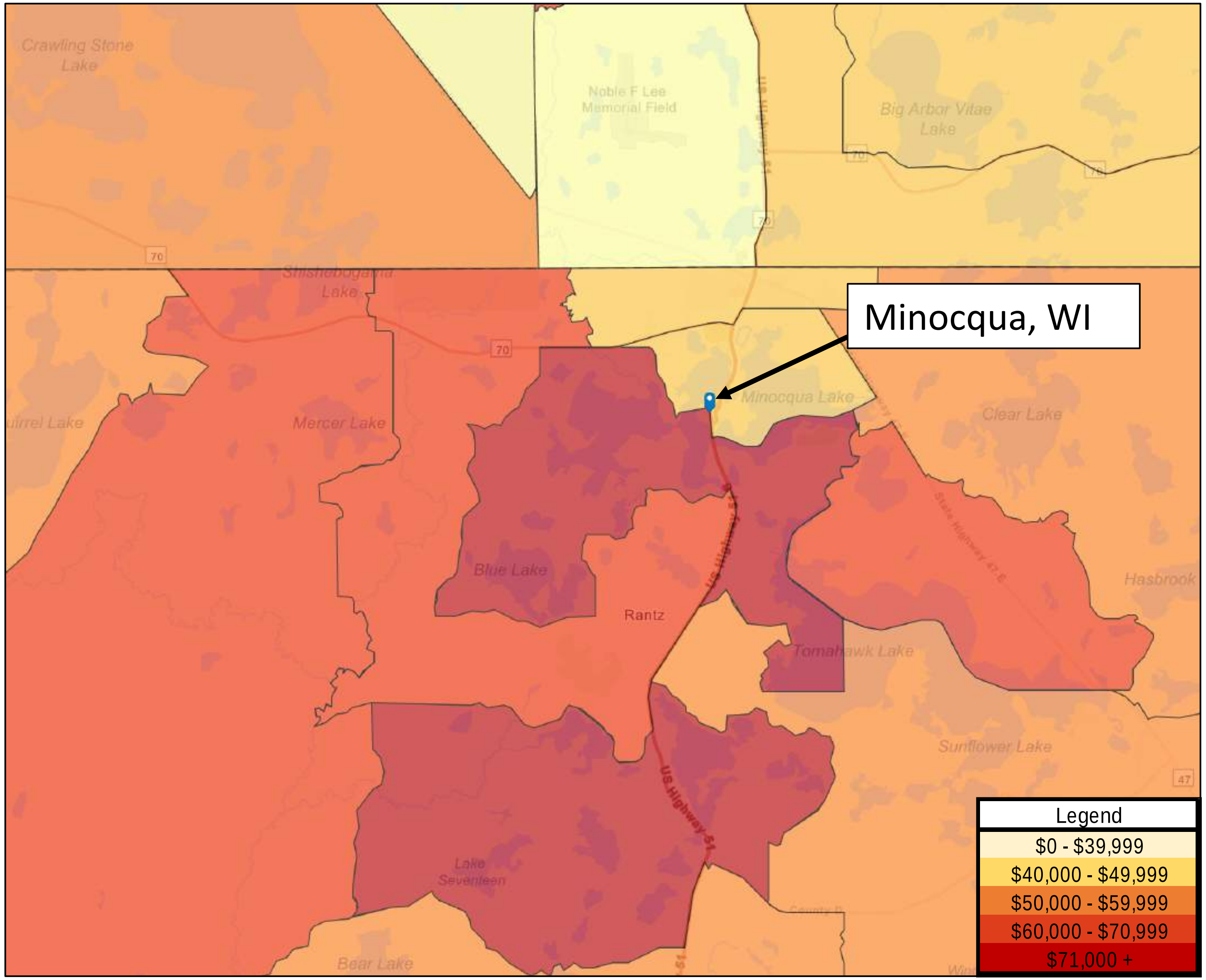
Source: U.S. Census Bureau

Oneida County has the lowest median home values shown above. However, Minocqua has the highest median home value and the highest homeownership rate. This demonstrates that the for-sale housing market is considered the norm for Minocqua versus the multifamily and renters' market. This could be due to the limited supply of available units for rent. Although Minocqua's median household income is lower than the national average, the median home value is significantly higher, which indicates that the housing market is priced higher than the average local person can afford.

Median Household Incomes

The adjacent map details the median household incomes in the Oneida County and Vilas County region. The state, regional and local median household incomes are considerably lower than the national average, which indicates a potential need for affordable housing.

The map shows that there is a wide range of median household incomes within the region. Some northern areas show household incomes as little as $39,000. Other areas surrounding the Minocqua area show household incomes of approximately $71,000.



Education

There are eight colleges and universities within 100 miles of the Minocqua area. The closest institution is Nicolet Area Technical College located in Rhinelander approximately 22 miles from Minocqua. Nicolet College is a public community college aimed to serve Northern Wisconsin. The closest institution that offers a Bachelor's degree is Northland College located about 73 miles northwest and serves as a private liberal arts college focused on the environment and sustainability.

The educational attainment data among the population at the state, regional and local level are mostly higher than that of the national average, which indicates an educated population.

Minocqua Area Colleges & Universities (Within 100 miles)

Institution	Location	Distance from 54548 (miles)	Highest Degree Offered	Enrollment
Nicolet Area Technical College	Rhinelander, WI	22.4	Associates	1,236
Gogebic Community College	Ironwood, MI	45.2	Associates	896
Northcentral Technical College	Wausau, WI	62.8	Associates	5,939
Northland College	Ashland, WI	73.2	Bachelors	570
Lac Courte Oreilles Ojibwe College	Hayward, WI	82.5	Bachelors	278
Keweenaw Bay Ojibwa Community College	Baraga, MI	87.3	Associates	79
College of Menominee Nation	Keshena, WI	89.1	Bachelors	173
University of Wisconsin-Stevens Point	Stevens Point, WI	93.4	Doctorate	8,302
Total				122,720

Source: National Center for Education Statistics

Educational Attainment - 2019

Population Age 25+	United States	Wisconsin	Vilas County	Oneida County	Minocqua
Did Not Complete High School	11.4%	7.2%	6.3%	6.8%	5.3%
Completed High School	26.9%	30.5%	30.0%	32.0%	24.3%
Some College	20.0%	20.0%	24.9%	22.7%	22.4%
Completed Associate Degree	8.6%	10.9%	9.7%	11.3%	8.4%
Completed Bachelor Degree	20.3%	20.7%	18.8%	17.4%	23.0%
Completed Graduate Degree	12.8%	10.7%	10.3%	9.8%	16.6%

Source: U.S. Census Bureau

Employment

As of 2019, Oneida County has a somewhat diverse employment base that mainly consists of private nonfarm employers. The top industries are retail trade and health care and social assistance, which can be attributed to the tourism-based economy and two large medical facilities in the area.

Accommodation and food services as well as government and government enterprises are the other major industries in Oneida County.

Oneida County Employment by Industry - 2019

Description	Employees	% of Total
Total employment (number of jobs)	22,615	100%
By type		
Wage and salary employment	17,240	76.23%
Proprietors employment	5,375	23.77%
By industry		--
Farm employment	299	1.32%
Nonfarm employment	22,316	98.68%
Private nonfarm employment	19,967	88.29%
Retail trade	3,533	15.62%
Health care and social assistance	3,104	13.73%
Accommodation and food services	2,373	10.49%
Manufacturing	1,792	7.92%
Construction	1,652	7.30%
Other services (except government and government enterprises)	1,518	6.71%
Administrative and support and waste management and remediation services	1,007	4.45%
Real estate and rental and leasing	961	4.25%
Professional, scientific, and technical services	815	3.60%
Finance and insurance	684	3.02%
Wholesale trade	646	2.86%
Arts, entertainment, and recreation	471	2.08%
Information	296	1.31%
Educational services	190	0.84%
Forestry, fishing, and related activities	175	0.77%
Management of companies and enterprises	116	0.51%
Mining, quarrying, and oil and gas extraction	27	0.12%
Utilities	(D)	--
Transportation and warehousing	(D)	--
Government and government enterprises	2,349	10.39%
Federal civilian	184	0.81%
Military	91	0.40%
State and local	2,074	9.17%
State government	319	1.41%
Local government	1,755	7.76%

Source: Bureau of Economic Analysis, Hunden Strategic Partners

Major Employers

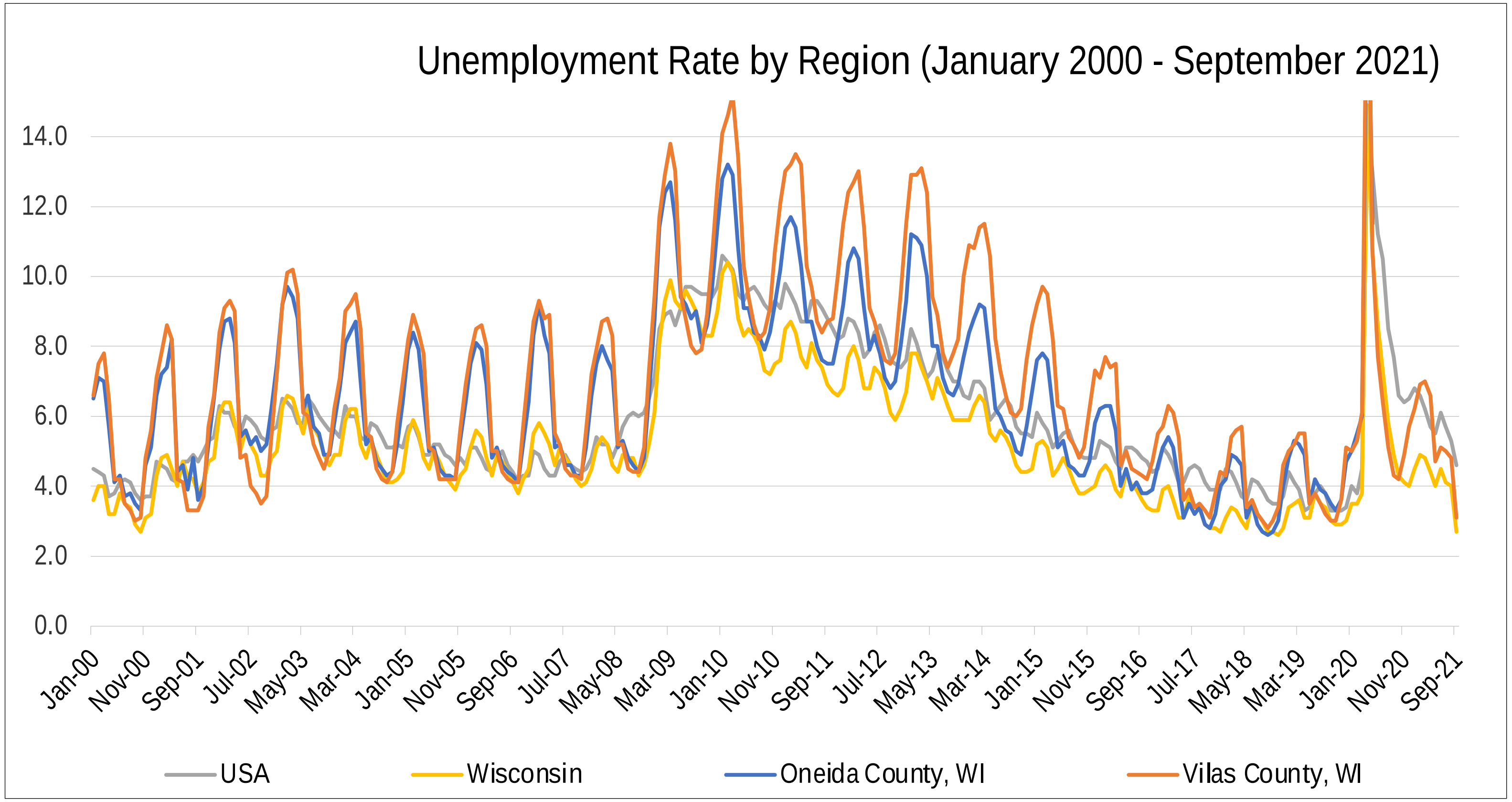
The largest industries in Oneida County are retail trade, health care and social assistance, government, and accommodation and food services. The largest employers in the County have between 500 and 999 employees, with many companies in the area employing less than 250 employees. Of the 2,500 companies that reside in Oneida County, 97% employ fewer than 50 employees. Small businesses are essential to the local economy.

The major employers in the Minocqua area include healthcare related facilities like the Marshfield Clinic and Howard Young Medical Center as well as established retail trade centers like Walmart. It is important to recognize the major employers in the area in order to understand the local workforce and potential candidates that qualify for affordable workforce housing initiatives.

Unemployment

At the state level, unemployment rates have closely tracked that of the U.S. since 2010 to the present. However, Oneida County and Vilas County have experienced higher unemployment rates than the national average historically.

As of 2021, unemployment in the state and counties are slightly lower than the national average, between two and six percent. This shows that there is currently less people available to fill jobs within the local area compared to historical numbers. As recovery from COVID-19 continues, the need for a quality labor remains a national issue.



Tapestry Segmentation

HSP performed a tapestry segmentation analysis which classifies neighborhoods using 67 unique segments based not only on demographics but also socioeconomic characteristics.

The five largest segments for Oneida County are Rural Resort Dwellers, Traditional Living, Salt of the Earth, The Great Outdoors, and Small Town Simplicity. The top three segments for the County are profiled in more detail on the following slides. Retirement Communities is the largest segment in Minocqua, which will also be profiled in more detail.

Understanding the segmentation profile of the Minocqua market helps to understand the residents in the area and determine the capturable market groups for future housing needs.

Oneida County Tapestry Segmentation (2021)

Rank	Name	Percentage	Cumulative Percent
1	Rural Resort Dwellers	39.7%	39.7%
2	Traditional Living	13.1%	52.8%
3	Salt of the Earth	8.6%	61.4%
4	The Great Outdoors	8.4%	69.8%
5	Small Town Simplicity	7.5%	77.3%
	Subtotal	77.3%	

Source: ESRI

Tapestry Segmentation – Cont'd

Rural Resort Dwellers make up 39.7% of the Oneida County market, over one-third of the area.

- This group is compromised of older adults who are close to retirement. These communities are centered in resort areas, where this would be a second home for these individuals. **The median home value is $209,200 and over 81% own their home.**
- The national average for home ownership is 62.7% and the median home value is $207,300.
- Over half of the housing units are vacant due to a high seasonal vacancy rate.

LifeMode Group: Cozy Country Living

Rural Resort Dwellers

6E

Households: 1,227,200

Average Household Size: 2.22

Median Age: 54.1

Median Household Income: $50,400

WHO ARE WE?

Although the Great Recession forced many owners of second homes to sell, *Rural Resort Dwellers* residents remain an active market, just a bit smaller. These communities are centered in resort areas, many in the Midwest, where the change in seasons supports a variety of outdoor activities. Retirement looms for many of these blue collar, older householders, but workers are postponing retirement or returning to work to maintain their current lifestyles. Workers are traveling further to maintain employment. They are passionate about their hobbies, like freshwater fishing and hunting.

OUR NEIGHBORHOOD

- Housing is owner-occupied, single-family homes, with some mobile homes. A strong market for second homes, these rural areas contain homes valued near the US median. Over half of the housing units are vacant due to a high seasonal vacancy rate.
- In this older market, 42% of households consist of married couples with no children at home, while another 28% are single person. Married couples with children at home have older school-age children.
- Set in scenic rural locations with proximity to outdoor activities, two vehicles are essential to get around.

SOCIOECONOMIC TRAITS

- *Rural Resort Dwellers* residents are close to retirement. They've accumulated wealth and begun to shift their portfolios to low-risk assets. These active residents continue to work in skilled occupations.
- Simple tastes and modesty characterize these blue collar residents. They shop for timeless, comfortable clothing, but only when something must be replaced. They pay little attention to advertising and usually stick to the brands they know.
- They spend time with their spouses and also maintain a social calendar.

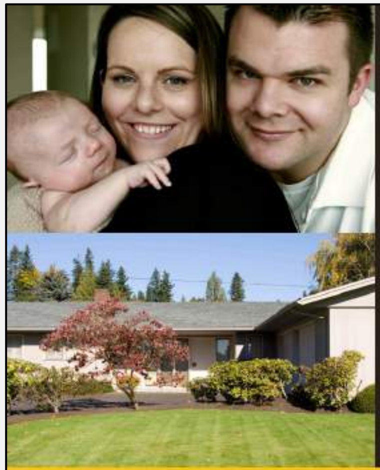
TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MRI-Simmons.

Tapestry Segmentation – Cont'd

Traditional Living make up 13.1% of Oneida County's population.

- This group is compromised of younger individuals, with a mix of married-couple families and singles. **Typical houses for this group are single family or duplexes with a median home value of $83,200.**
- Manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents and the average commuting time to work is typically very short.



LifeMode Group: Hometown

Traditional Living

12B

Households: 2,395,200

Average Household Size: 2.51

Median Age: 35.5

Median Household Income: $39,300

WHO ARE WE?

Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

TAPESTRY SEGMENTATION
esri.com/tapestry

OUR NEIGHBORHOOD

- Married couples are the dominant household type, but fewer than expected from the younger age profile and fewer with children (Index 79); however, there are higher proportions of single-parent (Index 146) and single-person households (Index 112).
- Average household size is slightly lower at 2.51.
- Homes are primarily single family or duplexes in older neighborhoods, built before 1940 (Index 228).
- Most neighborhoods are located in lower-density urban clusters of metro areas throughout the Midwest and South.
- Average commuting time to work is very short (Index 22).
- Households have one or two vehicles.

SOCIOECONOMIC TRAITS

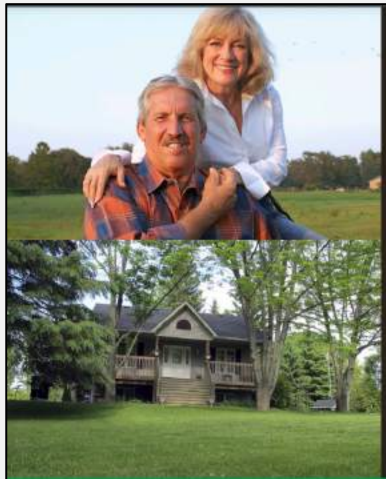
- Over 70% have completed high school or some college.
- Labor force participation is a bit higher than the national rate at 63.4%.
- Almost three quarters of households derive income from wages and salaries, augmented by Supplemental Security Income (Index 139) and public assistance (Index 152).
- Cost-conscious consumers that are comfortable with brand loyalty, unless the price is too high.
- Connected and comfortable with the Internet, more likely to participate in online gaming or posting pics on social media.
- TV is seen as the most trusted media.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MRI-Simmons.

Tapestry Segmentation – Cont'd

Salt of the Earth segment makes up 8.6% of Oneida County's population.

- This group is compromised of older residents, and many have grown children that have moved away. These individuals value their traditional and rural lifestyles and greatly enjoy the outdoors. **Home ownership rates are very high at 83% and the median home value is $154,300.**
- These individuals are cost conscious and have had steady employment in construction, manufacturing, and related services industries.



LifeMode Group: Cozy Country Living

Salt of the Earth

6B

Households: 3,545,800

Average Household Size: 2.59

Median Age: 44.1

Median Household Income: $56,300

WHO ARE WE?

Salt of the Earth residents are entrenched in their traditional, rural lifestyles. Citizens here are older, and many have grown children that have moved away. They still cherish family time and also tending to their vegetable gardens and preparing homemade meals. Residents embrace the outdoors; they spend most of their free time preparing for their next fishing, boating, or camping trip. The majority has at least a high school diploma or some college education; many have expanded their skill set during their years of employment in the manufacturing and related industries. They may be experts with DIY projects, but the latest technology is not their forte. They use it when absolutely necessary, but seek face-to-face contact in their routine activities.

OUR NEIGHBORHOOD

- This large segment is concentrated in the Midwest, particularly in Ohio, Pennsylvania, and Indiana.
- Due to their rural setting, households own two vehicles to cover their long commutes, often across county boundaries.
- Home ownership rates are very high (Index 133). Single-family homes are affordable, valued at 25 percent less than the national market.
- Nearly two in three households are com posed of married couples; less than half have children at home.

SOCIOECONOMIC TRAITS

- Steady employment in construction, manufacturing, and related service industries.
- Completed education: 40% with a high school diploma only.
- Household income just over the national median, while net worth is nearly double the national median.
- Spending time with family is their top priority.
- Cost-conscious consumers, loyal to brands they like, with a focus on buying American.
- Last to buy the latest and greatest products.
- Try to eat healthy, tracking the nutrition and ingredients in the food they purchase.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MRI-Simmons.

Tapestry Segmentation – Cont'd

Retirement Communities make up 89.4% of Minocqua's town population.

- This group is compromised of retired individuals that are typically older. Over half of the homes are renter occupied and typically live in multiunit structures or single-family homes in a community. **The average rent is $1,013, which is slightly less than the national average of $1,038.**
- This group is considered to be frugal and pay close attention to their finances.

LifeMode Group: Senior Styles

Retirement Communities

9E

Households: 1,501,100

Average Household Size: 1.88

Median Age: 53.9

Median Household Income: $40,800

WHO ARE WE?

Retirement Communities neighborhoods are evenly distributed across the country. They combine single-family homes and independent living with apartments, assisted living, and continuous care nursing facilities. Over half of the housing units are in multiunit structures, and the majority of residents have a lease. This group enjoys watching cable TV and stays up-to-date with newspapers and magazines. Residents take pride in fiscal responsibility and keep a close eye on their finances. Although income and net worth are below national averages, residents enjoy going to the movies, fishing, and taking vacations. While some residents enjoy cooking, many would rather dine out.

OUR NEIGHBORHOOD

- Much of the housing was built in the 1970s and 1980s—a mix of single-family homes and large multiunit structures that function at various levels of senior care.
- Small household size; many residents have outlived their partners and live alone.
- Over half of the homes are renter occupied.
- Average rent is slightly below the US average.
- Nearly one in five households has no vehicle.

SOCIOECONOMIC TRAITS

- Brand loyal, this segment will spend a little more for their favorite brands, but most likely they will have a coupon.
- Frugal, they pay close attention to finances.
- They prefer reading magazines over interacting with computers.
- They are health conscious and prefer name brand drugs.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by MRI-Simmons.

Tourism & Attractions

Tourism Overview

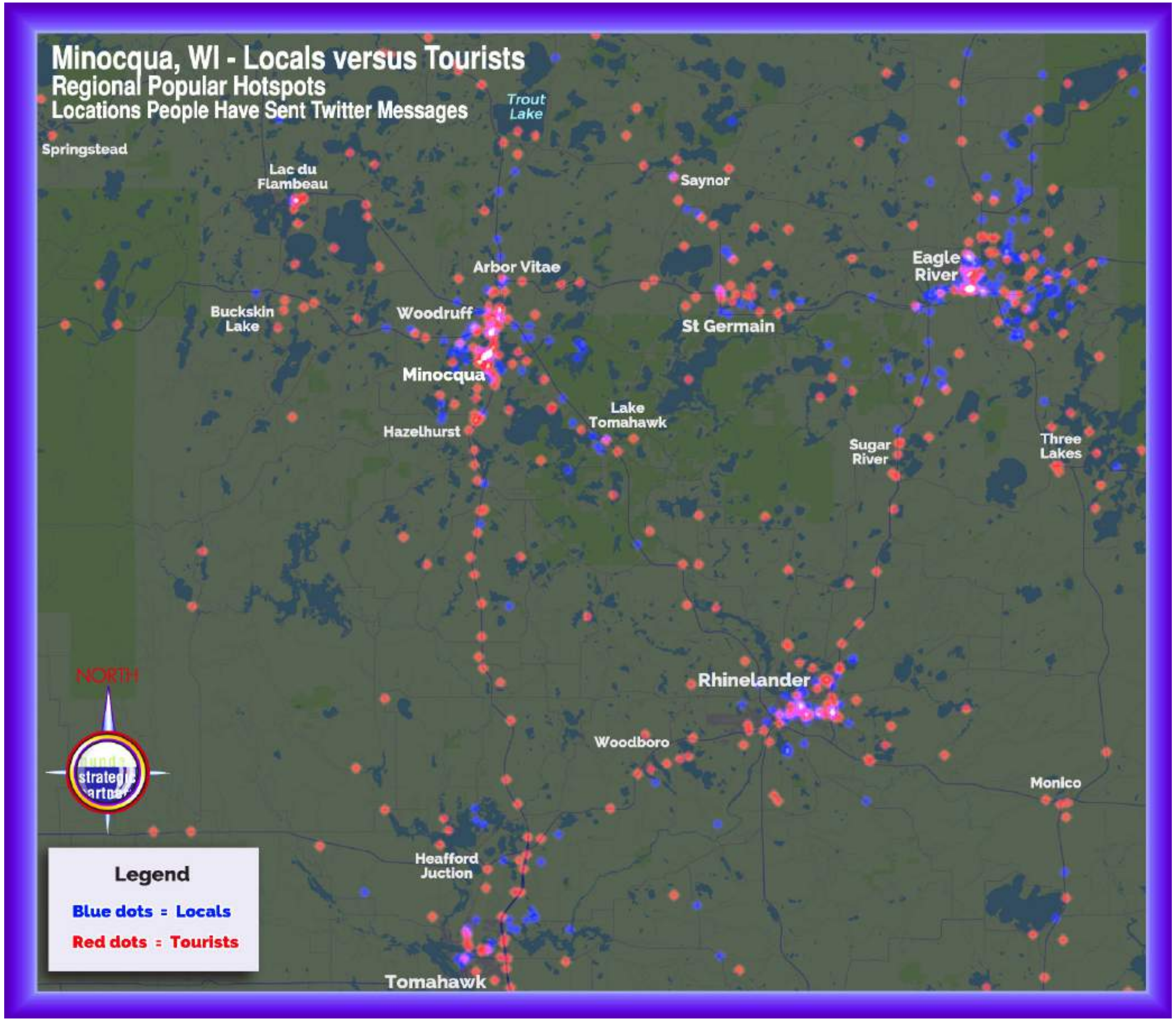
Gaining an accurate assessment of how the Minocqua area's attractions serve the local and greater regional population as well as national and international tourists is important. Since the Minocqua area is known best as a tourism-driven economy, it is important to understand the current market offerings. Vacationers have long been visiting the Minocqua area located in Northern Wisconsin's Lake Country, according to the Chamber of Commerce website.

With an established tourist market, there is a need for additional workers in the area during the busy months given that the Minocqua population nearly quadruples during the summer months. Historically, May to the end of August has been the peak tourism season for the Minocqua Area. However, since COVID-19 occurred, there have been more people visiting the area beyond Memorial Day to Labor Day. This has created a need for additional employees in the hotel, retail and restaurant sectors during the peak season.

Limited housing options have created problems for businesses to attract the additional employees that are needed. The VRBO and Airbnb rental market is large in the area, where there is a lucrative market for three to four months of the year catered towards out-of-town visitors. This has further limited the housing market options for seasonal employees who are unable to pay escalated rent prices.

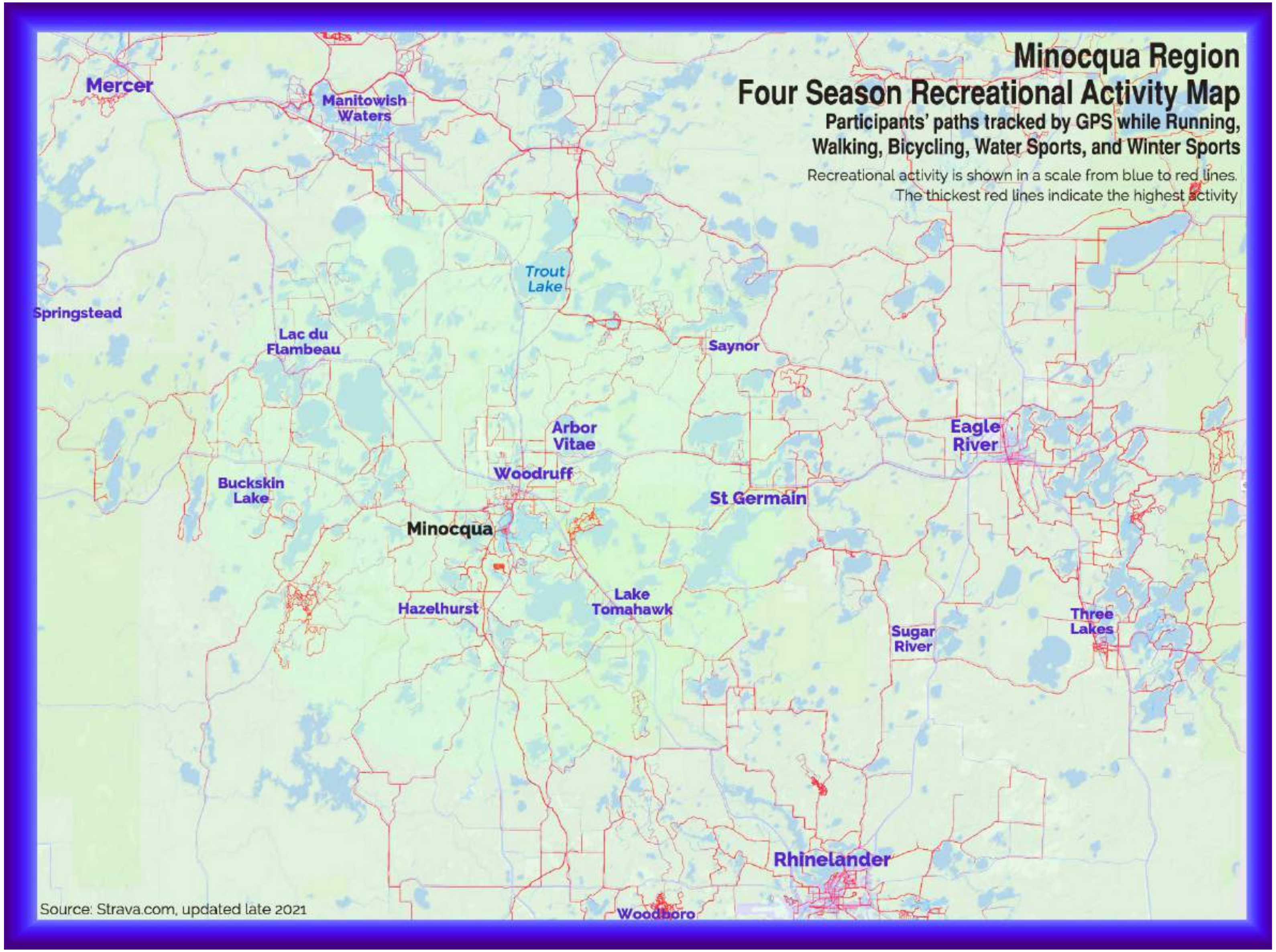
Popular Tourist Routes

The Minocqua Area attracts people from all over the country and some international tourists during its peak tourist season. The adjacent map details the local versus tourist population for popular regional hotspots. There is a significant amount of tourism activity within the region and the Minocqua area specifically. Based off locations where people are using their social media, Minocqua and neighboring communities experience high amounts of tourism activity year-round.



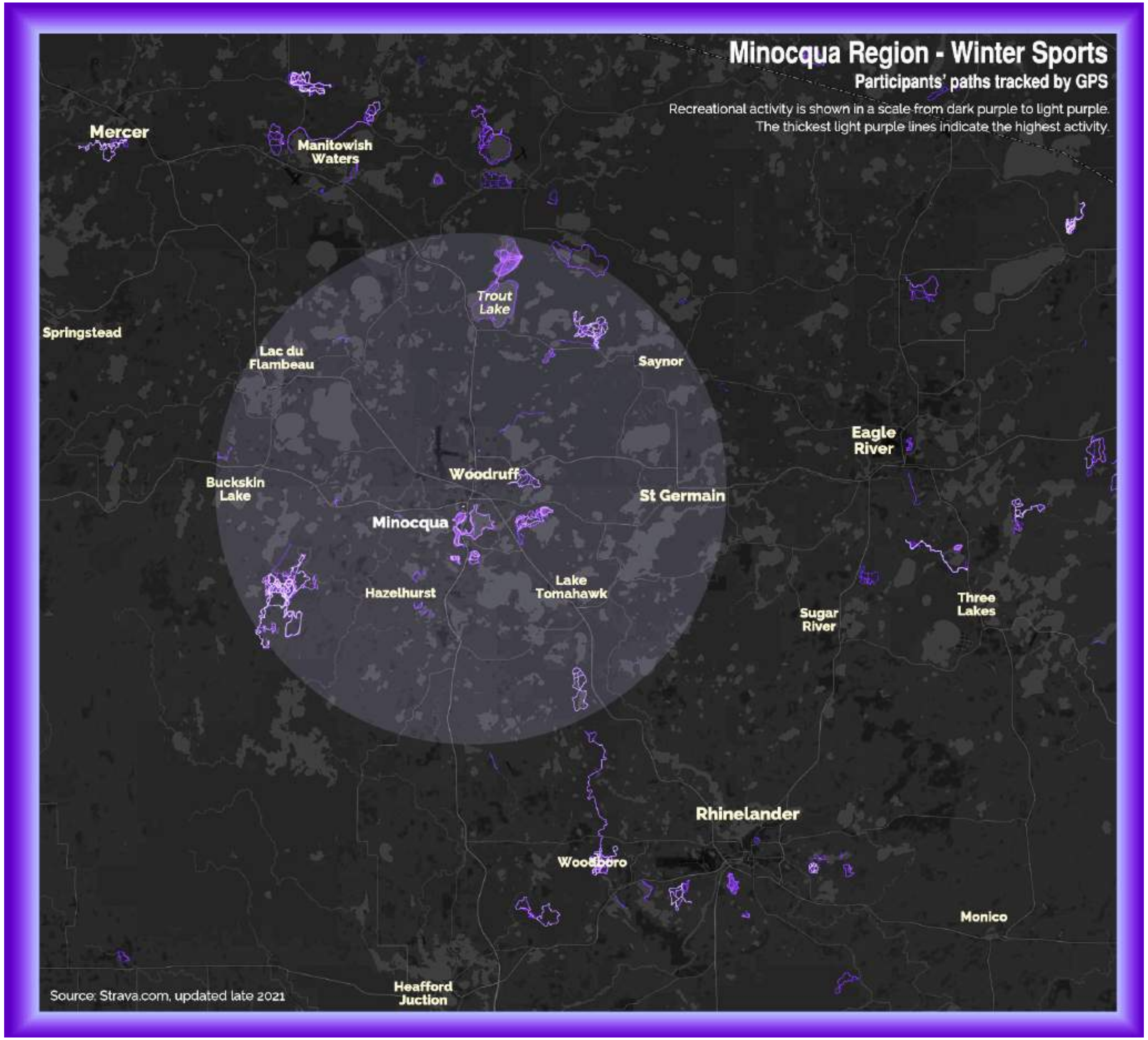
Seasonality

The Minocqua area experiences extreme seasonality given that the summer months are more common for tourism. The adjacent map details the most common recreational activity areas occurring year-round within the region. The thickest red lines on the map indicate the highest amount of activity based on people's routes. There is a significant amount of activity in Minocqua and surrounding communities compared to other parts of the region.



Seasonality

In the winter months, Minocqua experiences less tourism activity compared to the peak summer months. However, recent trends indicate that people have shifted towards suburban areas and away from major cities. The adjacent map details the most common recreational activity areas during the winter months in the region. The thickest light purple lines on the map indicate the highest amount of activity found by GPS in the area. The Minocqua area shows a relatively high amount of recreation activity even in months that are a part of the “off-season”.



Chapter 2: Residential Housing Market Analysis

Industry Trends

There has been a large exodus of residents from cities with high costs of living, high tax rates, and high density. COVID-19 only served to accelerate this preexisting trend as millennials escaped to lower tax states with pro-business policies such as Tennessee and Texas.

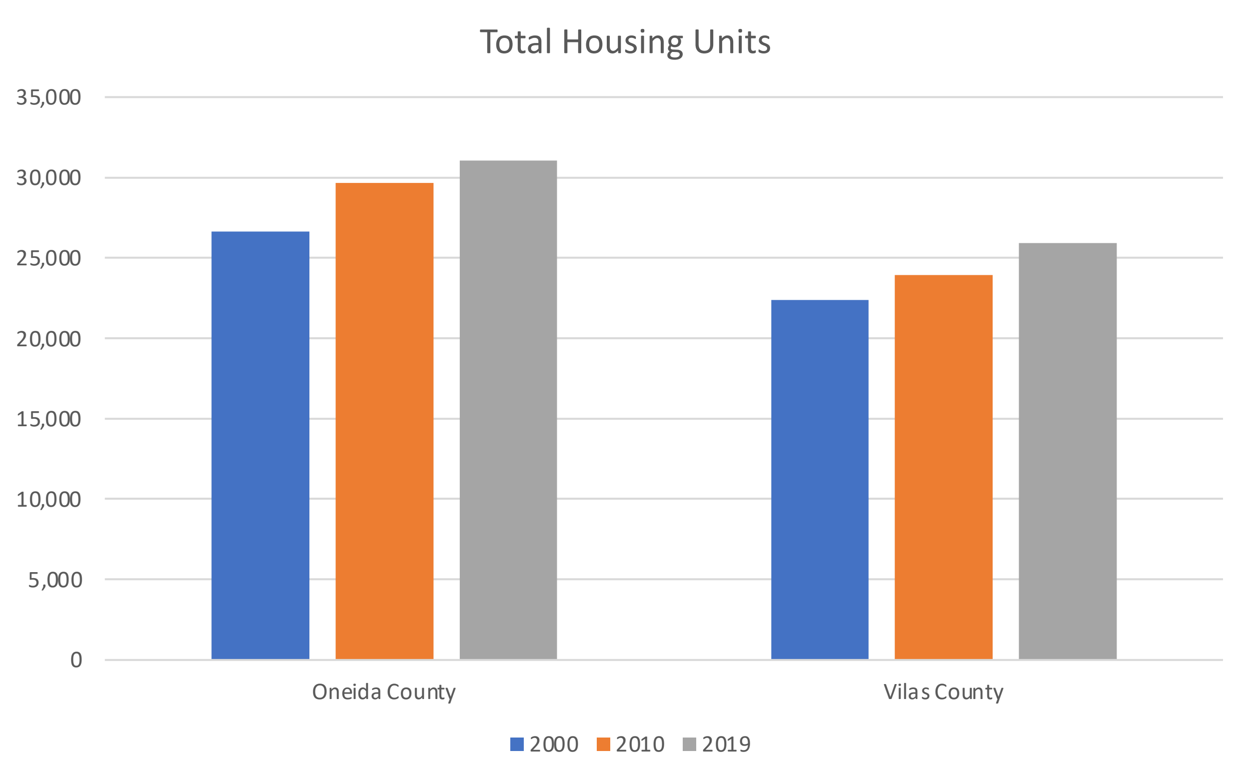
COVID-19 has also generated a few trends, including the urban-to-suburban shift, remote working, increased desire for larger living areas, and increased desire for easy access to nature. While some of these trends will be temporary, others may have more permanent effects.

The migration from cities to suburban submarkets has created a nationwide housing crunch with demand outpacing supply. For-sale homes are currently receiving higher bids and more offers than previously seen. The increased cost of development materials also compounds this effect, as deals are becoming harder to pencil.

Housing Market Overview

Understanding the characteristics of the housing market in Oneida County and Vilas County is important to determine the current, future and unmet needs for current and potential residents of the Minocqua Area. Since 2000, there has been approximately 4,430 housing units delivered in Oneida County and approximately 3,520 housing units delivered in Vilas County.

In 2019, Oneida County reported 15,421 households and Vilas County reported 10,921 households, which shows that there are currently more housing units than there are households. This indicates that there is a large amount of vacant housing within the area. Given that the area is a vacation destination, many people have seasonal homes that are classified as vacant housing units by the American Community Survey.



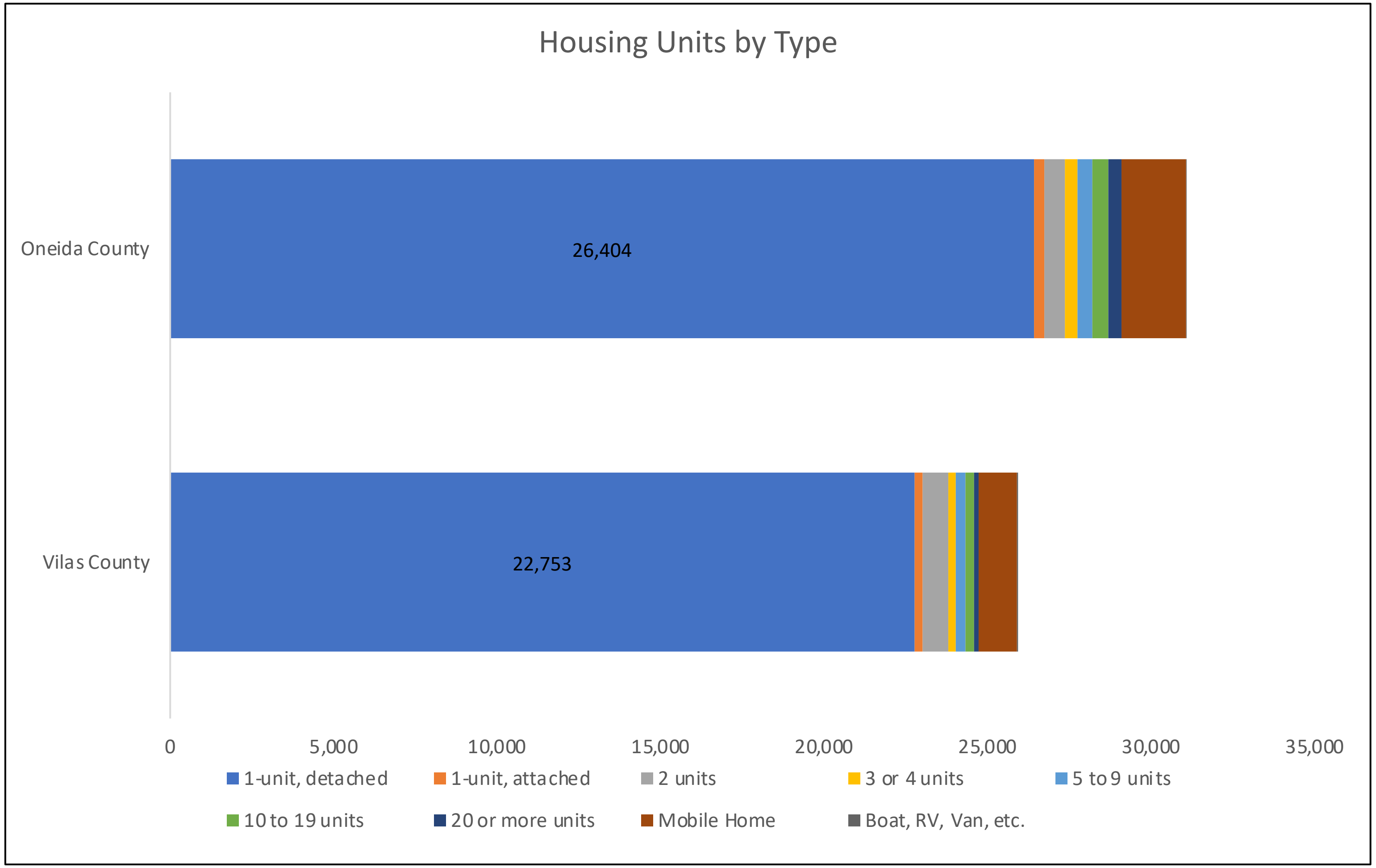
Total Housing Units

	2000	2010	2019	Percent Change 2000 - 2019
Oneida County	26,627	29,646	31,058	16.6%
Vilas County	22,397	23,922	25,921	15.7%

Source: American Community Survey 2015-2019

Housing Units by Type

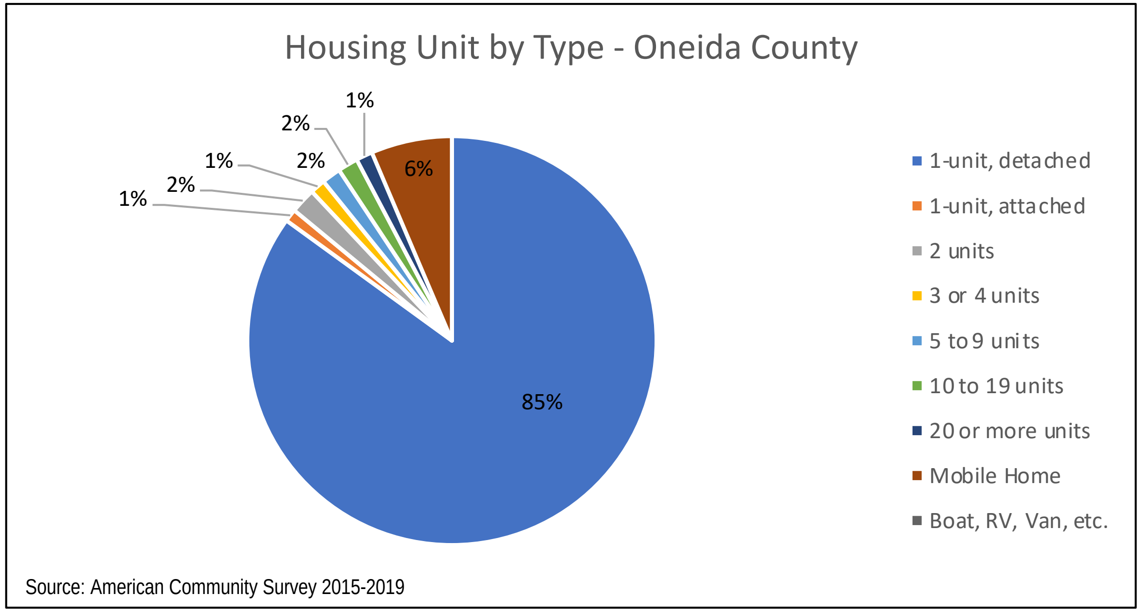
Housing units are residential units found in different types of structures, which include single-family residential homes, apartments and condominium buildings. The most common type of housing unit in Oneida County and Vilas County are single-family residential units (1-unit, detached). There is a significantly higher portion of single-family housing than there is multifamily housing options in the area. This indicates that there is a lack of housing diversity offered in both Oneida County and Vilas County.

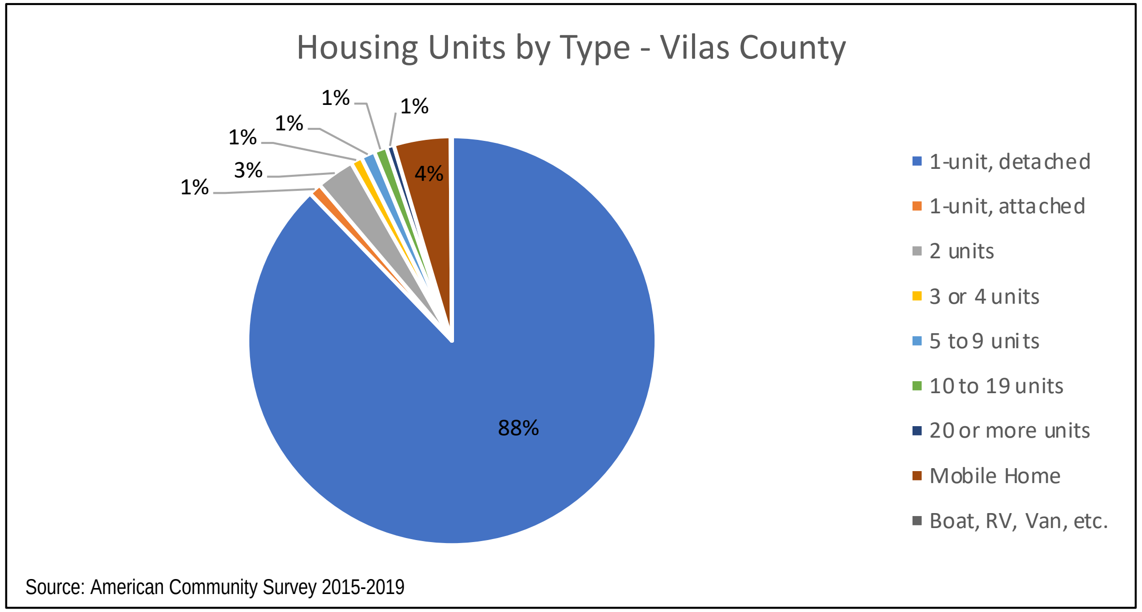


Source: American Community Survey 2015-2019

Housing Units by Type

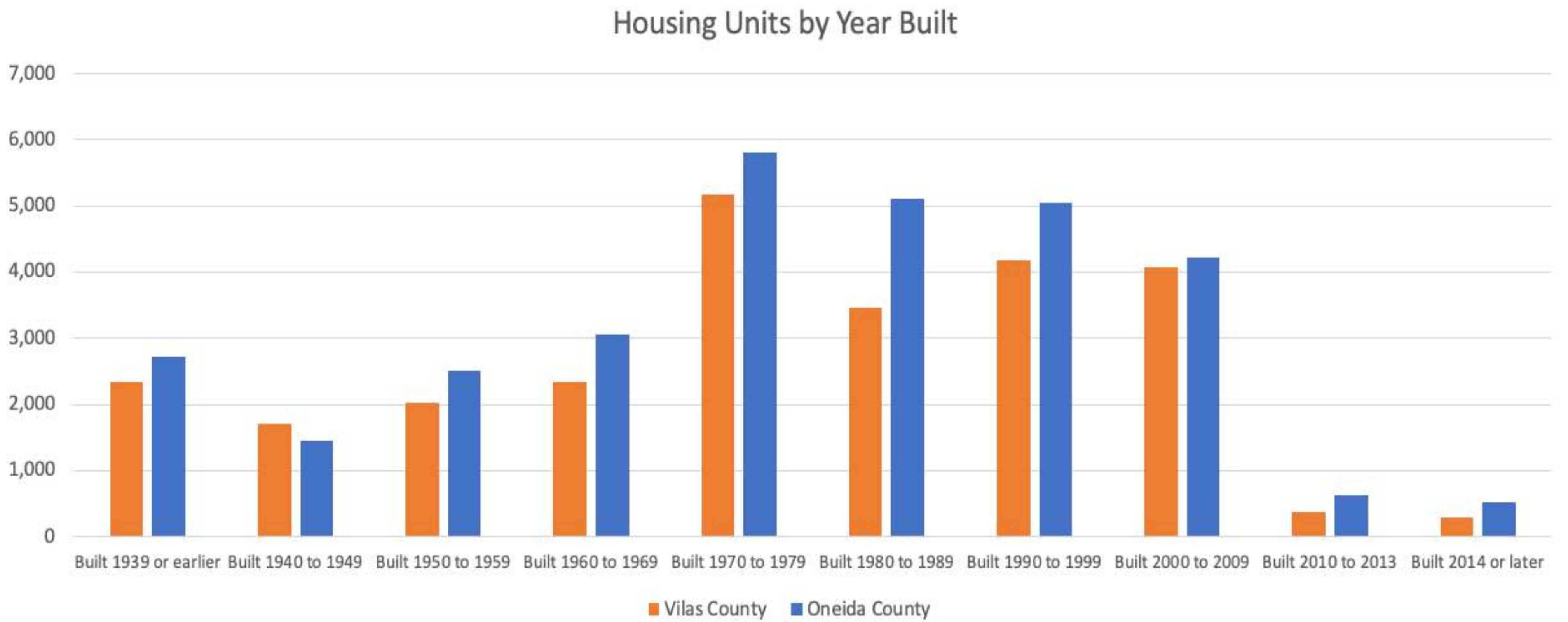
It is important to have a diverse offering of unit types in a housing market to accommodate different lifestyles and price points residents may have. In both Oneida County and Vilas County, more than 85% of housing units offered in the market are detached single-family residences. The lack of multifamily housing units plays a significant role in the overall affordability of housing and the ability to meet the demand for housing.





Housing Units by Year Built

The majority of housing units in the housing market were built before 1980 for both Oneida County (50%) and Vilas County (52%). Since 2010, there was approximately 1,100 units built in Oneida County and approximately 650 units built in Vilas County, according to the U.S. Census Bureau.

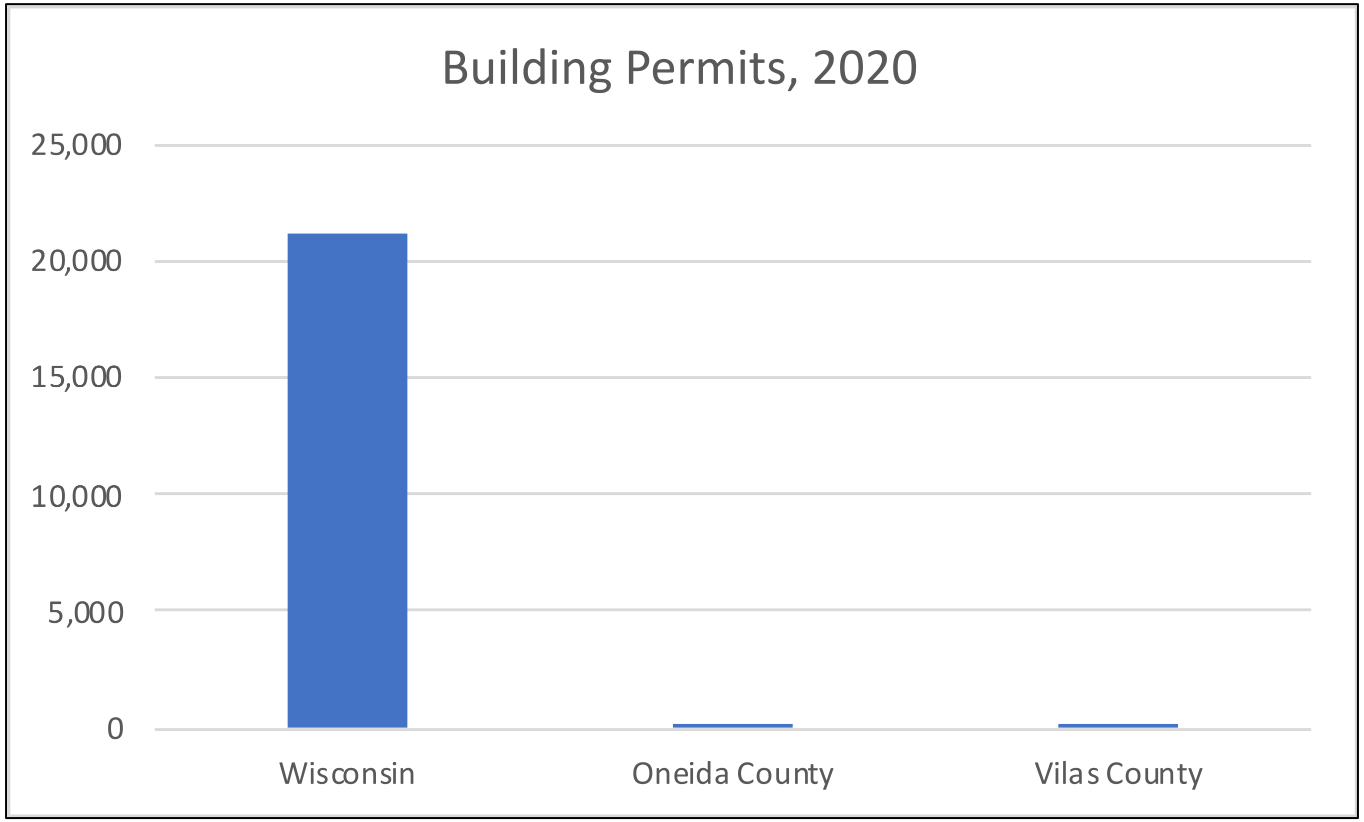


Source: American Community Survey 2015-2019

Building Permits

Building permit data helps to understand the trends of new construction in the area. Over the past decade, Oneida County and Vilas County have experienced a drastic decline in housing unit growth. In 2020, the state received over 21,000 building permits. However, both Oneida County and Vilas County received about 225 building permits, respectively.

In the Minocqua Area, the local trend shows high-end developments that feature customized builds and lakefront homes. There are very few multi-unit properties in the area.



Source: American Community Survey 2015-2019

Vacancy

Vacancy rates are important to understand the housing demand and supply in an area. Oneida County and Vilas County have a vacancy rate that is more than triple than the state of Wisconsin's home vacancy rate of about 12%. However, this is due to the high number of seasonal houses in the area, as seasonal homes are classified as vacant housing units by the American Community Survey.

The bottom table shows various reasons a house is classified as vacant according to the American Community Survey. The majority of vacant homes are for seasonal, recreational or occasional use, which indicates that these are second vacation homes versus vacant homes available for-sale or for rent.

Housing Occupancy

	Wisconsin	Oneida County	Vilas County	Minocqua
Total Housing Units	2,725,153	31,058	25,921	4,921
Occupied Housing Units	2,386,623	15,421	10,913	1,951
Vacant Housing Units	338,530	15,637	15,008	2,970
Vacancy Rate	12.4%	50.3%	57.9%	60.4%

Source: American Community Survey, 2019

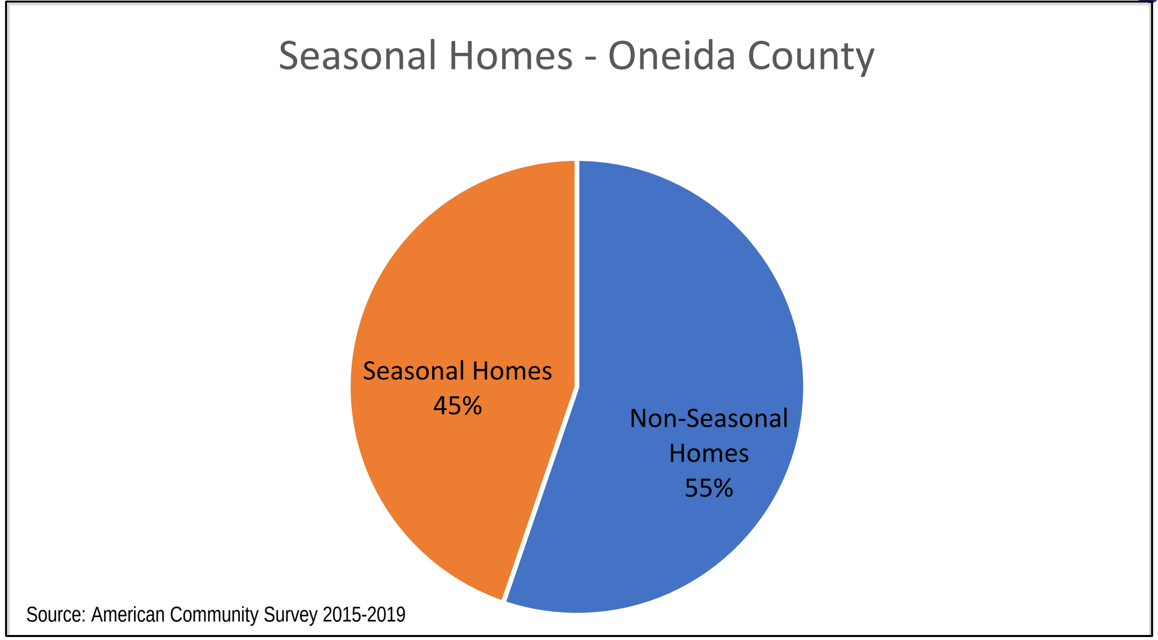
Vacancy Status

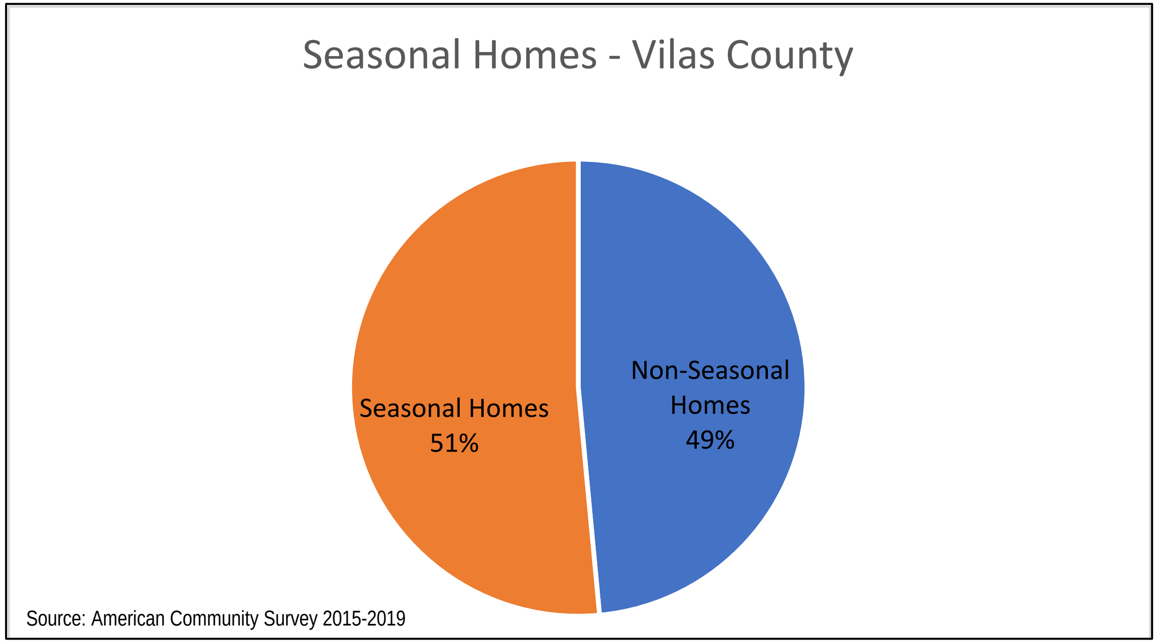
	Oneida County	Vilas County	Minocqua
For rent	4.7%	4.2%	3.9%
Rented, not occupied	1.4%	1.3%	1.0%
For sale only	1.6%	2.1%	1.2%
Sold, not occupied	0.4%	0.4%	--
For seasonal, recreational, or occasional use	88.9%	88.9%	91.0%
For migrant workers	--	--	--
Other vacant	3.1%	3.1%	2.9%
Total Vacancy	15,637	15,008	2,970

Source: American Community Survey, 2019

Seasonal Homes

The Minocqua Area has become a frequent vacation destination for many people in southern Wisconsin and northern Illinois. Many people rent vacation homes or purchase a second home to continually use. Seasonal homes are important because they bring in outside spending dollars from visitors to the town and region. However, they can also have an impact on the available supply of homes in the area for year-round residents. More than half of Minocqua's housing units are considered seasonal homes according to the American Community Survey.



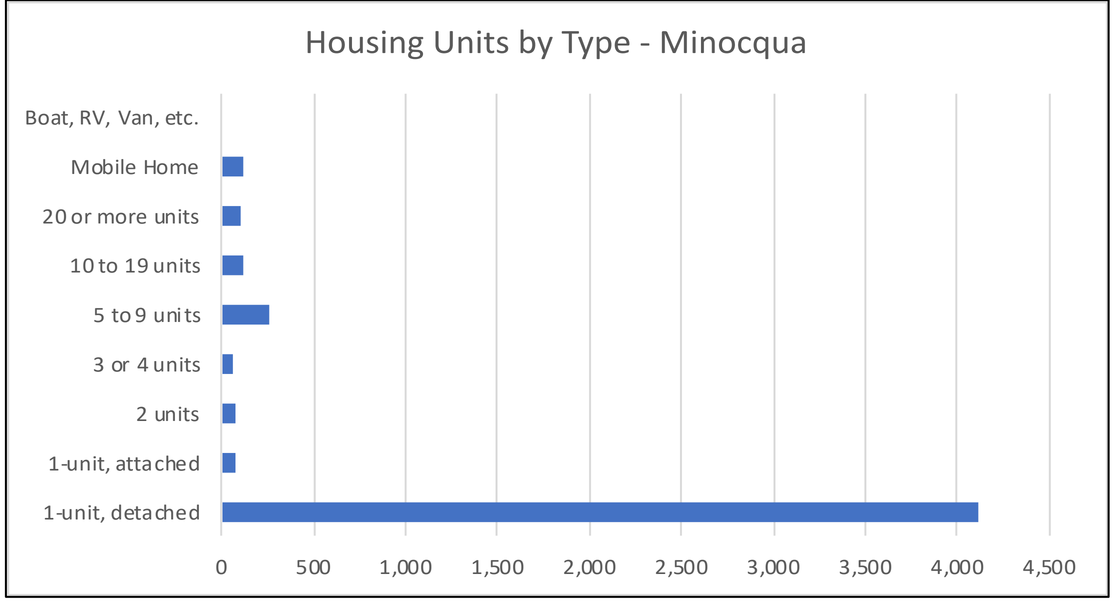


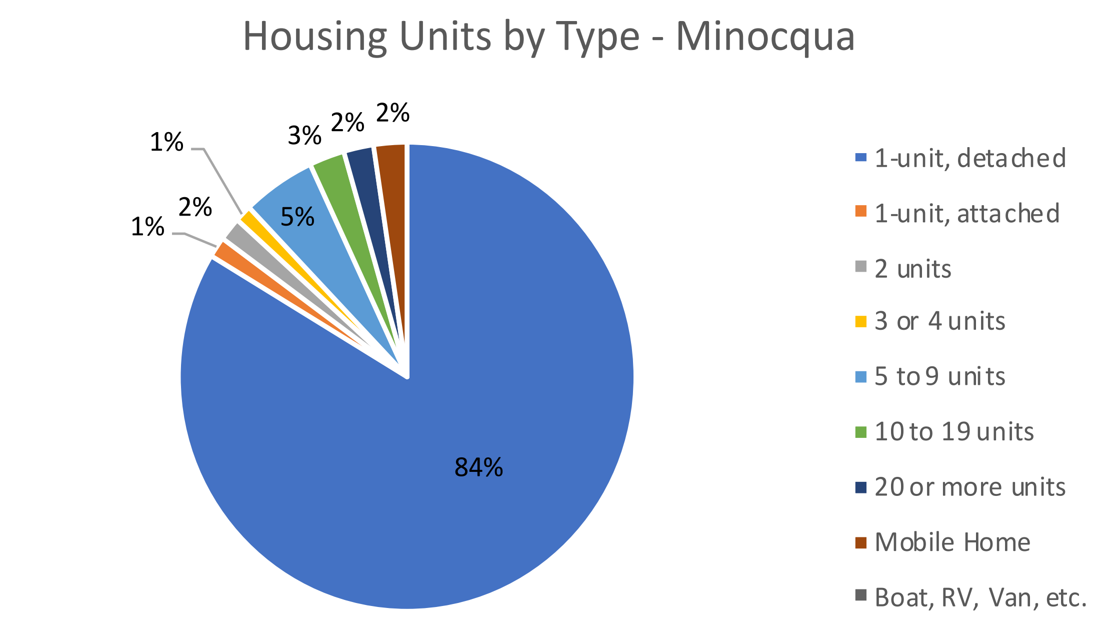
Multifamily Market

Minocqua Multifamily Market

According to the U.S. Census Bureau, there is a total of approximately 4,921 housing units in Minocqua. Of that, only 620 units are classified as multifamily housing (structures with three or more units). There is an extremely limited supply of multifamily housing in the Minocqua Area, which leaves residents with minimal options in terms of different types of housing at different price points. When looking at the local multifamily market, there is no current availability to accept new tenants. This makes it difficult for new residents and existing residents to change their housing situation.

Within the local market, there is currently not enough multifamily units available to serve the increasing demand, especially for seniors and young professionals. Rental units are less common in rural settings compared to urbanized areas; however, multifamily units are an important factor in the affordability of housing for low-income and workforce households.

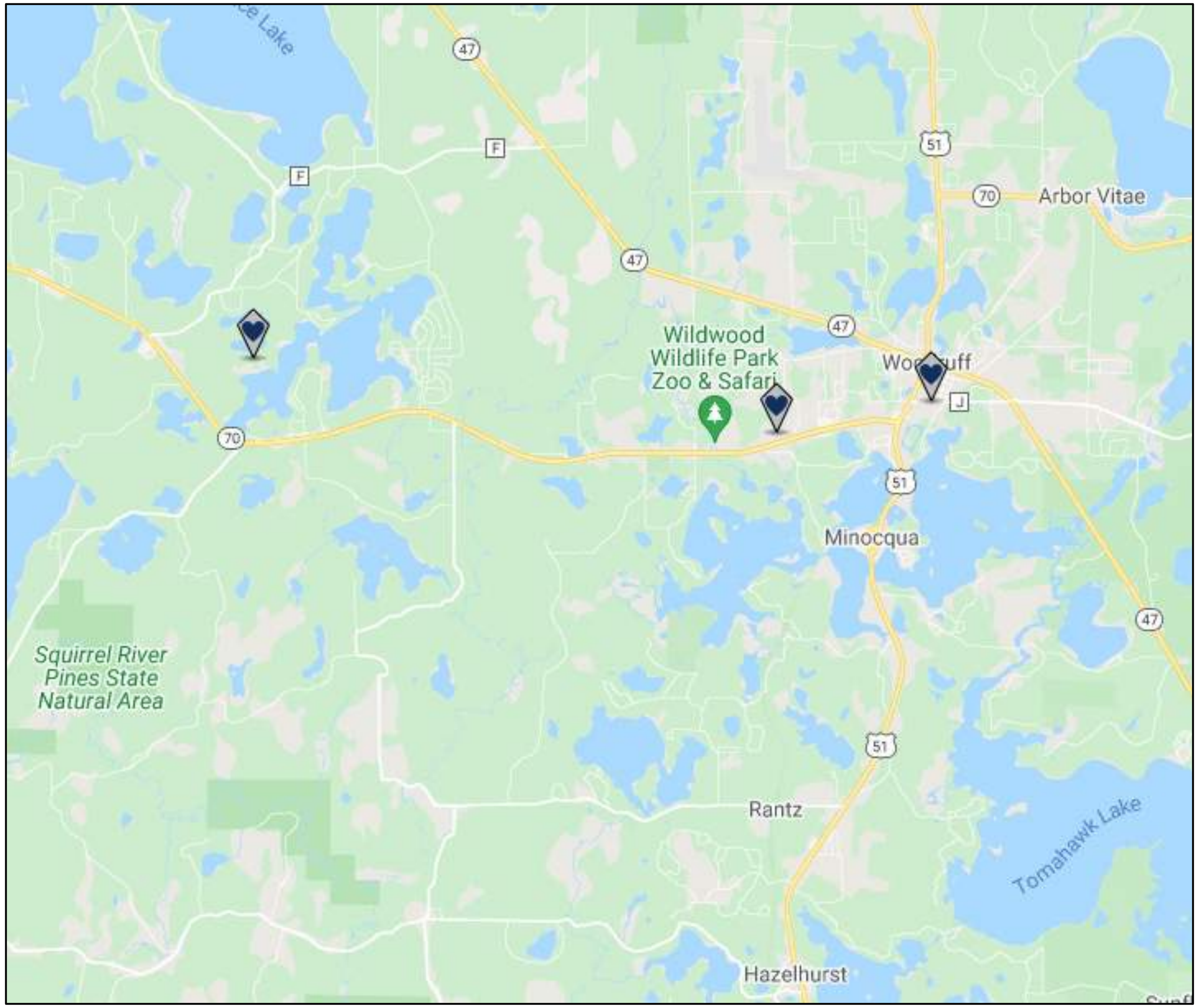




Source: American Community Survey 2015-2019

Relevant Multifamily Comp Set Map

CoStar is one of the most comprehensive analytic providers of real estate data in the nation. There was limited information given the lack of variety of multifamily assets in the area and the remote rural location. However, it was able to pull data from three multifamily properties that will be detailed in the following slides.



Morgan Oaks Apartments

Number of Units: 72

Asking Rent/SF: $0.96

Average Concessions: 0.2%

Morgan Oaks Apartments is a garden-style complex and offers only 2-bedroom units that average 850 square feet. The average asking rent per unit is $818 per month and there are currently no units available. Each unit is equipped with full kitchen appliances, washer/dryer, and a patio. The complex does not offer any amenities. The property was sold to a new owner in 2016 for $4.6 million, which averages to about $64,000 per unit.

Edgewood Manor

Year Built: 1978

Number of Units: 20

Asking Rent/SF: $0.70

Average Concessions: 0.3%

Edgewood Manor is a low-rise apartment building built in 1978. There is a total of 20 units with an average asking rent of $597 per month and no currently available units. All units are 2-bedroom with an average of 850 square feet. Each unit is equipped with a refrigerator and oven. Site amenities include a courtyard. The property sold to a new owner in January of 2020 for $1.1 million, which averages to about $55,000 per unit.

11520 Back Bay Rd

Year Built: 1970

Number of Units: 8

Asking Rent/SF: N/A

Average Concessions: N/A

11520 Back Bay Rd. is a single-story garden-style apartment building located on the outskirts of Minocqua off State Road 70. There is a total of 8 units that are all 1-bedroom. The property was sold to a new owner in April 2021 for $365,000, which averages to about $45,000 per unit.

Island Estates Apartment Homes

Year Built: 2001

Number of Units: 72

Unit Mix: 1- & 2-Bed (750 – 800 Square Feet)

Rents Per Month:

1-Bed: $750 (includes utilities)

2-Bed: $850 (includes utilities)

Island Estates Apartment Homes are one of the few multifamily properties in the area and currently have no units available for rent. Amenities included in the rent price feature Spectrum TV and internet, heated underground parking, private patio or balcony, and furnished common gathering areas.

Under Construction: Multifamily Housing

8563 Highway 51

Year of Delivery: 2022

Number of Units: 8

Asking Price/Unit: $550,000 - $714,000*

Price/SF: $334*

This lakefront condominium complex features 8 units that range from 2- to 4-bedrooms in the heart of Minocqua. Each unit is equipped with a lakefront balcony, gas fireplace, 2 stall drive under garage, and dedicated boat slip. Construction on this property is set to finish in 2022. As of January 2022, Unit 1A is the last to remain on the market listed for $575,000, however, there is a contingent offer that is set to close soon according to the broker for the property.

*Range of unit prices dependent on interior additions and boat slips

Arbor Vitae – Motel Redevelopment

Year of Delivery: 2022

Number of Units: 18

The motel in Arbor Vitae was purchased and is currently being converted into residential units for employees of Pukall Lumber Company. There will be a set number of units devoted to employees with the remainder of units offered at market price. Lakeland Property Management is filling rental units ranging from an estimated $550 to $1,100 per month. Initial costs for the renovation included costs for the sewer connection, which was based on the number of units.

Multifamily Market Feedback & Implications

HSP interviewed developers, brokers, and key local stakeholders to help better understand the current residential market conditions in the Minocqua Area and assess the residential housing demand. Key takeaways from numerous interviews indicated the following:

- The current supply of multifamily housing is not adequate in serving the local market. There is no availability for new tenants in the existing structures due to the shortage of housing in the market.
- There is a need for affordable multifamily housing in the area available for year-round and seasonal employees. The ability to hire workers year-round has grown increasingly difficult due to the lack of affordable housing options within the local market.
- There is a limited number of new developments in the area, especially at the affordable level. An adaptive reuse development is underway in Arbor Vitae to convert an old motel to residential units for employees of Pukall Lumber Company.
- Prices for building materials and labor have increased within the last 5 years and has proved to be an additional issue for new developments to break ground. The developers in the area are limited and more focused on private developments, which already have a waiting list.
- Surrounding towns have experienced similar labor shortage issues due to limited housing options in the market. Employers are faced with issues in terms of long commutes when considering people to hire.

Residential Market

Single-Family Market

The chart to the right depicts the housing market for single-family homes in Oneida County and Vilas County. As of January 2022, there are 302 active single-family listings and 211 under contract. From a county standpoint, the average days on the market (DOM) for a single-family home decreased by nearly 40 days from 2020 to 2021.

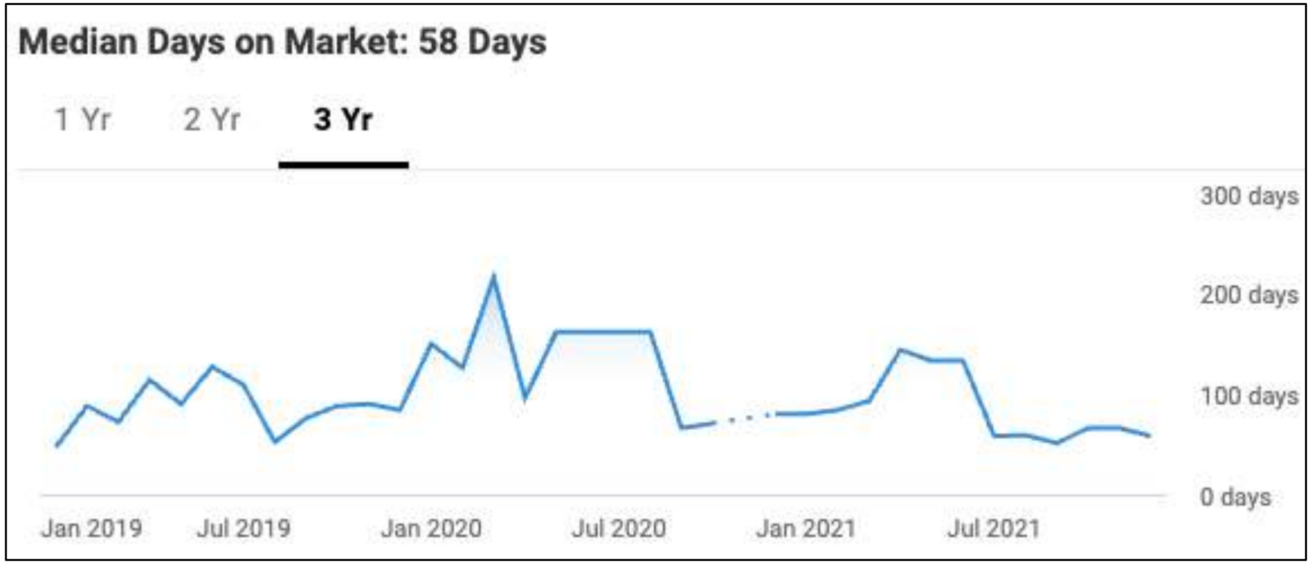
Metrics	Jan 20 - Nov 20	Jan 21 - Nov 21	Variation #	Variation %	-
Units	1,446	1,259	-187	-12.93%	↓
Volume	431,510,124	464,756,497	33,246,373	7.70%	↑
AVG Price	298,416	369,147	70,730	23.70%	↑
AVG DOM	131.18	92.04	-39.14	-29.83%	↓
AVG A/S %	94.44%	97.93%	3.49%	3.69%	↑
Brands	58	62	4	6.89%	↑
Companies	80	82	2	2.5%	↑
Offices	91	94	3	3.29%	↑
Agents	283	305	22	7.77%	↑

Source: MLS

Minocqua Housing Market

The graphs to the right depict the housing market in Minocqua from January 2019 through November 2021 showing the median prices for homes that were listed and homes that were sold. The bottom graph shows the average amount of days that a home was listed on the market for the past three years.

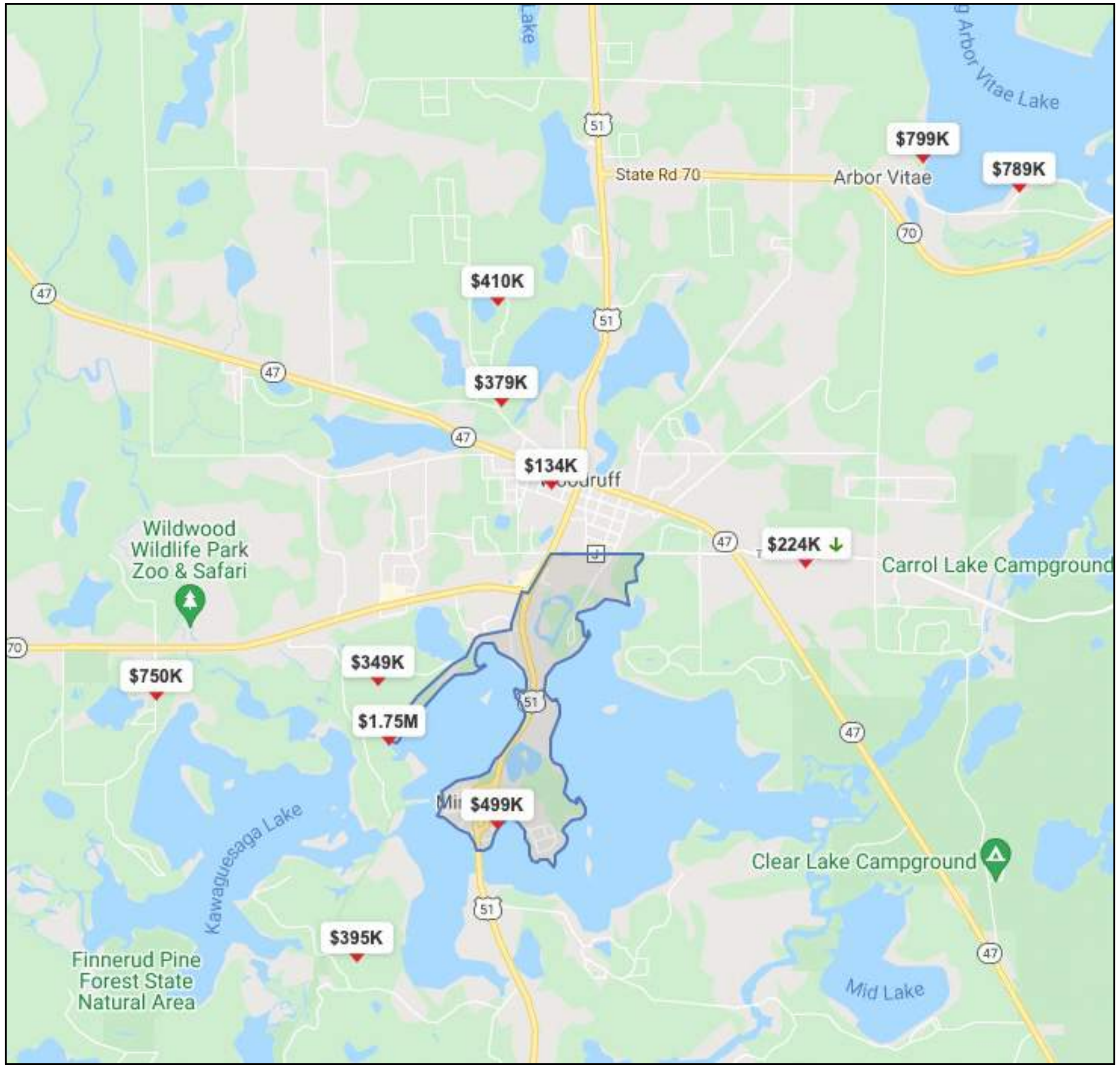
In November 2021, the median listing home price in Minocqua was approximately $397,000, which is a 45% increase from the previous year. The median listing home price per square foot was $207. The median home sold price was approximately $381,000. On average, homes sold for nearly 2% below asking price in November 2021 and spent approximately 60 days on the market.



Source: Realtor.com

For-Sale Selected Supply

The following map depicts the locations of the current supply for single-family homes for-sale in the market. There is a very limited amount of single-family homes for-sale in the area, with prices ranging from $134,000 to $1.75 million. As of January 2022, four of these homes have a contingent offer and one home is pending a sale. This shows that there is essentially a nonexistent supply of affordable houses within the area.



Interview: Lakeland Sanitary District

HSP interviewed management at the Lakeland Sanitary District, which is responsible for providing safe, high-quality water and wastewater services to the community. The following implications were drawn from the interview:

- Property owners are responsible for getting development approval from the town board in order to move forward with water and sewer connections. Every development situation is a little bit different and considered on a case-by-case basis.
- An existing building in the area would already have a sewer and water connection and would need to be approved to be converted to an apartment building, where costs are dependent on the number of units proposed. A new building being developed would have costs that include connection fees plus installation.
- The most recent development that went up was the condominium complex with 8 units, where the connection cost was estimated to be approximately $20,000. Connection fees can be higher depending on the size of the building.
- The most optimal site for sewer and water connectivity would be the site located near the Walmart Supercenter, where the cost would be considerably less than a site near the Wildwood Zoo.
- The motel in Arbor Vitae that is currently being converted to residential units is connected only to sewer and faced a connection fee of approximately $10,500 based on the number of units.

Residential Market Feedback & Implications

HSP interviewed developers, brokers, and key local stakeholders to help better understand the current residential market conditions in the Minocqua Area and assess the residential housing demand. Key takeaways from numerous interviews indicated the following:

- The for-sale housing market in Minocqua mainly consists of high-end homes. There is virtually no supply of townhomes or condos available in the market due to limited availability despite high demand for these types of units in the area.
- Single-family homes are the most popular type of development in the area and are constantly in high demand. The single-family for-sale market has become "word-of-mouth" over the years, where houses spend a very limited amount of time on the market.
- There is a wait list for developers in the area to begin construction on new developments, where many of them prioritize luxury houses in the high-end of the market.
- Airbnb and VRBO vacation rentals are very popular in the area especially during the peak summer months where tourism is high. Many owners have bought a second home as an investment for vacation rentals.
- The single-family market features a substantial amount of seasonal vacation homes that are considered vacant for most of the year, which contributes to the limited amount of available housing further.

hunden.com | © 2022 HSP

Chapter 3: Affordable Housing Analysis

Housing Affordability

The affordability of housing is a problem seemingly all communities face and must address. Certain areas have seen this problem amplify due to rising construction costs, land availability and rising rents and housing costs.

The following chapter addresses these housing options, what each is, how it works and how communities can attract developers to develop these projects.

Defining Housing Terms

Affordable housing is defined as housing where the occupant is paying no more than 30 percent of their income to gross housing costs, including utilities. This includes renting individuals or families earning up to 80 percent of the area's median income (AMI) or individuals or families seeking ownership and earning up to 120 percent of the AMI. The construction and operation of these housing developments are subsidized.

Workforce Housing, a term interchangeable with affordable housing, is the supply of housing in a community of varying types that is suitable for the workforce of that community.

Market Rate Housing is housing that does not receive direct subsidies and in which prices are set by the competitive environment of the market.

The following slide details the Oneida County income limits and housing costs that would outline the requirement by HUD (Housing and Urban Development).

Oneida County Income Limits

Oneida County, WI Multifamily Tax Subsidy Project Income Limits Summary (MTSP) FY 2021

Geographic Area	Median Family Income for Family of 4	FY Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Oneida County	$72,400	80% Income Limits	$40,560	$46,400	$52,160	$57,920	$62,560	$67,200	$71,840	$76,480
		70% Income Limits	$35,490	$40,600	$45,640	$50,680	$54,740	$58,800	$82,860	$66,920
		60% Income Limits	$30,420	$34,800	$39,120	$43,440	$46,920	$50,400	$53,880	$57,360
		50% Income Limits	$25,350	$29,000	$32,600	$36,200	$39,100	$42,000	$44,900	$47,800
		40% Income Limits	$20,280	$23,200	$26,080	$28,960	$31,280	$33,600	$35,920	$38,240
		30% Income Limits	$15,210	$17,400	$19,560	$21,720	$23,460	$25,200	$26,940	$28,680
		20% Income Limits	$10,140	$11,600	$13,040	$14,480	$15,640	$16,800	$17,960	$19,120

Source: US Department of Housing and Urban Development

The table above outlines the income limits for individuals and families in Oneida County and the income limit categories they would fall into for affordable housing based on the AMI. These numbers set the basis for the income requirements for those seeking these affordable housing options.

hunden.com | © 2022 HSP

Oneida County Housing Cost Limits

hunden strategic partners

Oneida County, WI Maximum Monthly Housing Costs (30% of Income Limits) FY 2021

Geographic Area	Maximum Housing Cost for Family of 4 (100% AMI)	FY Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Oneida County	$1,810	80% Income Limits	$1,014	$1,160	$1,304	$1,448	$1,564	$1,680	$1,796	$1,912
		70% Income Limits	$887	$1,015	$1,141	$1,267	$1,369	$1,470	$2,072	$1,673
		60% Income Limits	$761	$870	$978	$1,086	$1,173	$1,260	$1,347	$1,434
		50% Income Limits	$634	$725	$815	$905	$978	$1,050	$1,123	$1,195
		40% Income Limits	$507	$580	$652	$724	$782	$840	$898	$956
		30% Income Limits	$380	$435	$489	$543	$587	$630	$674	$717
		20% Income Limits	$254	$290	$326	$362	$391	$420	$449	$478

Source: US Department of Housing and Urban Development

The table above outlines the maximum monthly housing costs, including utilities, for the different income levels that were established on the prior slide. This establishes the baseline rents for affordable housing developments in the county.

hunden.com | © 2022 HSP

Low Income Housing Tax Credits (LIHTC)

hunden strategic partners

Low Income Housing Tax Credits (LIHTC) is a federal housing tax credit program where state and local LIHTC-allocating agencies, in this case the Wisconsin Housing and Economic Development Authority (WHEDA), are granted a federal subsidy for the construction or rehabilitation of low-income affordable rental housing. Since inception of the federal program in 1986, WHEDA has granted $342 million in tax credits which has resulted in 53,000 total units of low- moderate-income rental housing.

What LIHTC Provides for Investors/Developers

- LIHTC gives investors a dollar-for-dollar reduction in their federal income tax liability in exchange for providing financing to develop affordable rental housing

What Makes a Project Eligible for LIHTC

- Qualified projects include those whose tenant's incomes are at or below 60% of the County Median Income (CMI)

Do LIHTC Properties Only Include Affordable Housing?

- No, many LIHTC developments also include market-rate units that are not based off income.

Qualified LIHTC Housing

In general, qualified low-income housing projects mean any residential rental property that meets the following requirements:

Duration: The project must maintain as affordable housing for at least **30 years.**

20-50 Test: ***20 percent*** or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is ***50 percent*** or less of the AMI

40-60 Test: ***40 percent*** or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is ***60 percent*** or less of the AMI

Types of Credits

There are two types of competitive tax credits that are applicable. Both are applied for in the same application and rewarded based on their competitiveness to meet WHEDA's criteria and points system outlined in their 2021-2022 Qualified Action Plan (QAP). Applications occur once per year in December.

9% Credit

Competitiveness: High

Benefit: Generates approximately 70% of a development's equity, or roughly 9% of the total development cost

Eligibility: Applicants must choose from 6 set-asides: General, Non-Profit, Preservation, Rural, Supportive Housing & Innovative. Each set aside requires certain qualification as detailed in the WHEDA QAP.

Max Credit:
$1.4m: General, Preservation, Innovative & Supportive
$800,000: Rural & Non-Profit

4% State Credit

Competitiveness: Moderate

Period: 6-Year credit period, versus the federal 10-Year

Benefit: Generates approximately 30% of a development's equity, or roughly 4% of the total development cost. Primarily those seeking financing through tax-exempt private activity bonds. This is almost always paired with a federal credit of 4%.

Preference: City or towns with a population under 150,000

Max Credit: Limited to $7m per year

WHEDA provides the following distinctions in the 2021-2022 Qualified Action Plan (QAP)

Development Benefits

The developer of LIHTC projects can covert the tax credits into equity in one of three ways:

The developer can claim the tax credits directly against their own income tax liability.

The developer can sell the tax credits to an investor in exchange for capital, or equity, for development or rehabilitation of the project.

The developer can sell the tax credits to a syndicator who bundles tax credits from different developments and then sells them to investors.

Sources of Funds

Affordable housing developments typically have at least five to seven funding sources which include the following:

- Mortgage and/or Taxable/Tax-Exempt Bonds
- Tax Credit Equity: Either a 9% or 4% tax credit from the state housing authority that can be used as equity in the deal
- Municipality Incentives: TIF, Home Consortiums, State Home Funds (CHDO, typically only rural areas)
- Federal Home Loan Banks (FHLBs)
- Affordable Housing Program (AHP)
- Local and State Grants

Steps to Development

Based on HSP's research and conversations with experts in the market, the following steps must be taken to begin the process of moving towards a having a developable site in-place, with a developer and adequate financing.

1. Identify, acquire and assess the zoning of the optimal site for development

2. Mobilize community leadership

3. Actively engage WHEDA, LIHTC developers, funding sources, successful communities with affordable projects and other organization

4. Begin the initial stages of the application process for tax credit financing through WHEDA

Other Financial Tools – Tax Increment District (TID)

Tax increment financing (TIF) is a financing option that allows a municipality to fund infrastructure and other improvements through property tax revenue on newly developed property. The municipality identifies an area, the tax increment district (TID), as appropriate for a certain type of development. Then as the property values rise, the municipality uses the property taxes paid on that development to pay for the projects.

The creation of tax increment districts (TID) by municipalities has been a successful tool in developing and operating affordable housing in rural areas. Examples include Rice Lake, where the local municipality and the affordable housing developer formed agreements on how the TID and infrastructure costs would work. In a few of these situations the City formed an agreement where the developer was required to pay for the infrastructure costs, however, then received a percentage of the TID money generated each year. Splits on the projects were 90 percent to the developer and 10 percent to the city and 65 percent to the developer and 35 percent to the city.

Interview: WHEDA

HSP interviewed the northeast region representative at the Wisconsin Housing and Economic Development Authority. The following implications were drawn from the interview:

- WHEDA works with a broad range of stakeholders and municipalities to connect these groups with investors and developers to get workforce housing built.
- WHEDA receives an allocation of tax credits from the federal government each year and then sets up a competitive process to award these tax credits to developers. These are are extremely valuable for projects and can provide up to 70% of the equity needed in a project.
- For a project to be the most competitive it must be shovel ready, have strong community backing, be zoned properly, have no environmental site issues and marketed properly. WHEDA and the development community can provide opinions on sites and work with municipalities to package together a site that is the most competitive to receive tax credit financing.
- Other tools cities can do to attract developers is providing the land to the developer for $1 (helps the numbers work better), pay for infrastructure improvements (utilities, roads, etc.) and bring a group of developers to the market to engage them in the process. These actions have been shown to be successful across the state in getting affordable housing built
- Use WHEDA as a resource. They want to see rural areas succeed and will work closely with the local government to guide them towards getting these projects developed. They are currently working on new programs specifically for rural areas to better incentivize developers to construct projects in these areas.

Interview: Movin-Out

Movin-Out is an affordable housing developer in the state of Wisconsin that is designated as a Community Housing Development Organization (CHDO). These are non-profit housing development corporations that meet HUD's requirements and receive special project funds, operating funds and technical assistance for affordable housing projects. The following implications were drawn from this interview:

- Movin-Out was created by a group of parents to find affordable housing options for adult children with disabilities. Currently, no more than 25% of the units are set aside for people with disabilities. The group has developed over 20 projects and over 500 total units.
- Generally, they get approached directly through the RFP process or a website offering. The tax credit process is not fast and can take several years until the first shovel goes in the ground.
- Typically, 40 units is the minimum to make tax credit deals work. Normally, there is at least a $1m gap in funding on these developments.
- These projects normally have 5-7 sources of funding including the tax credit equity, the loan, TIF or other city incentives, home consortiums, federal home loan banks, and housing trust funds or subordinate debt funds.
- It is highly important that the local leaders and team spearheading the project speak with other communities that have had success with the projects. Communities need to actively engage WHEDA, other funding sources and affordable housing developers to set themselves up to get these projects done.

hunden.com | © 2022 HSP

Interview: University of Wisconsin Housing Policy

hunden strategic partners

HSP interviewed a professor who specializes in affordable housing and has published several studies on the affordable housing problem in the state of Wisconsin. The following implications were drawn from the interview:

- Door County is another example of an area that has a tourism driven economy that has had significant challenges with affordable housing. Most rural counties in the state have this problem and several have reached out to him for advice on how to fix the problem.
- The Town or County needs to engage their WHEDA representative, identify what incentives or funding they can provide and engage affordable housing developers on what that gap looks like in the given market. Rural areas typically have a larger funding gap and thus warrant more funding from the local government.
- Other alternatives can be if the local employers combine efforts and work together accumulate the funding needed for the project and then have preference for their employees on a block of units.
- The goal for the city government should be to fill the gap between what it would take to develop a market rate property and an affordable property. This can be \$50,000 – \$80,000 per door or more.
- It is important that elected officials share ideas between and communicate with each other on solutions to overcome this problem.

hunden.com | © 2022 HSP

Interview: Barron County Economic Development

HSP interviewed the Barron County Economic Development Director who has worked on several successful affordable housing developments and has focused on working with local cities in getting these projects underway. The following implications were drawn from the interview:

- The affordable housing problem in Barron County was identified through a housing study conducted in 2019 and survey of local business employees.
- One of the biggest hurdles to getting these projects done is infrastructure costs. Commonly the cities could not afford the total sewer and water hook-up costs and of the private developer paid for them it would result in the deal not making sense on their end. The main tool that was utilized in overcoming this was the creation of Tax Increment Districts (TID).
- Many of the cities in Barron County structured these deals where the developer would pay the upfront infrastructure cost and then receive a large percentage (65 – 90 percent) of the annual TID disbursements.
- In all of these affordable housing projects the county and city had to engage out-of-town affordable housing developers from large metropolitan areas, in their case they engaged Movin-Out out of Madison, to get these projects built.
- Growth in Barron County would not have happened without the use of TID.
- The housing authorities of the municipalities are merging into one entity under the Barron County Housing Authority.

Implications

In order to develop affordable housing in the Town of Minocqua it is critical to pursue tax credit financing. The following conclusions were drawn as it pertains to developing affordable housing:

- The first item that must be in place is complete cohesion from the leadership. Without this, it is highly unlikely that an affordable housing developer will engage developing in Minocqua. Speaking with other communities that have been successful in developing affordable housing and engaging WHEDA are recommended first steps.
- To get these projects developed in rural areas it takes a combined effort from the local government and business community. Creating a housing authority or a committee that is solely focused on addressing this problem has been shown to be successful.
- In nearly all of these deals, the local government needs to provide funding to close the funding gap.
- Each situation is unique, there is no magic formula to getting these project done.
- Working closely with WHEDA to connect Minocqua with affordable housing developers and funding sources is highly encouraged. Regular developers typically do not work on affordable housing projects due to their financing structures and operation being completely different than market rate projects.

hunden.com | © 2022 HSP

Chapter 5: Case Studies & Lessons Learned

hunden.com | © 2022 HSP

Case Studies Overview

In order to better understand the process of developing affordable housing, HSP analyzed several projects across the state of Wisconsin which had similarities to the current situation in the Town of Minocqua.

Additionally, HSP researched other tourism markets across the country and how they have tackled their affordable housing problems through creative solutions.

Rural Wisconsin Case Studies

Bayshore Townhomes

Location: Monroe County

Details:

- Two story townhomes with private entry and attached garage
- Available in 2- and 3-bedroom apartments
- Community room, fitness center, in-unit washer/dryer
- 9% HTC Allocation awarded in the 2016 cycle (credit received in 2017)
- $373,472 annual credit ($3,734,720)
- New construction
- 32 total homes, 27 affordable
- 8 apartments set aside for supportive services

Franklin School Apartments

Location: Rice Lake

- 1,2,3-bedroom apartments and townhomes in downtown Rice Lake
- Covered parking, playground, open concept, picnic area, in-unit washer/dryer
- 9% allocation awarded in 2014
- $318,353 annual credit ($3,183,530)
- 20 units, all affordable
- New construction/adaptive reuse
- Rehab financing available

Fairview Heights

Location: Iowa County

- Senior Housing – 62 and older
- Available in 1- and 2-bedroom homes
- In-unit washer/dryer, community room, handicap accessible
- WHEDA and USDA Rural Development financing
    - 9% HTC Allocation awarded in 2017 cycle (credit received in 2018)
    - $96,100 annual credit ($961,000)
- Acquisition/Rehab
- 16 homes, all affordable; Housing Choice vouchers accepted
- 4 homes set aside for supportive services

Darlington, WI Projects

Farm Worker Housing

- 32-unit farm worker affordable housing project
- Total development cost of $8.2m, $3.8m of LIHTC from WHEDA
- Additional funding through a USDA grant

Cuba City Senior Housing

- Rehabilitation of existing apartments into senior living communities totaling 36 units
- Total development cost of $7m, $2.1m in LIHTC funding

Renderings of Farm Worker Housing

Wisconsin Tourism Driven Market Case Studies

Oak Grove Development

Location: Dodge County, City of Horicon

Details:

- 20 3-bed duplexes
- 4% State and 4% Federal combined tax credit
- Pocket-neighborhood site plan
- The Dodge County Housing Authority partnered with the National Equity Fund
- Nation Equity Fund is a non-profit tax credit syndicator who purchased the tax credits in this project
- Additional funding sources include State of Wisconsin HOME Funds, a Federal Home Loan Bank of Chicago AHP Grant, Housing Trust Funds, and Dodge County Housing Authority Equity.

Pioneer Ridge Apartments

Location: Wisconsin Dells

Developer: Movin-Out & Mirus Partners

Details:

- 72 1-,2-,3-bed affordable units
- Rents range from $400 to just under $1,000, with the more expensive units being non-affordable
- Built in 2016
- State approved $724,000 in LIHTC for the project
- $715,000 in TIF Financing

Cambrian Commons Apartments

Location: Wisconsin Dells

Developer: Movin-Out

Details:

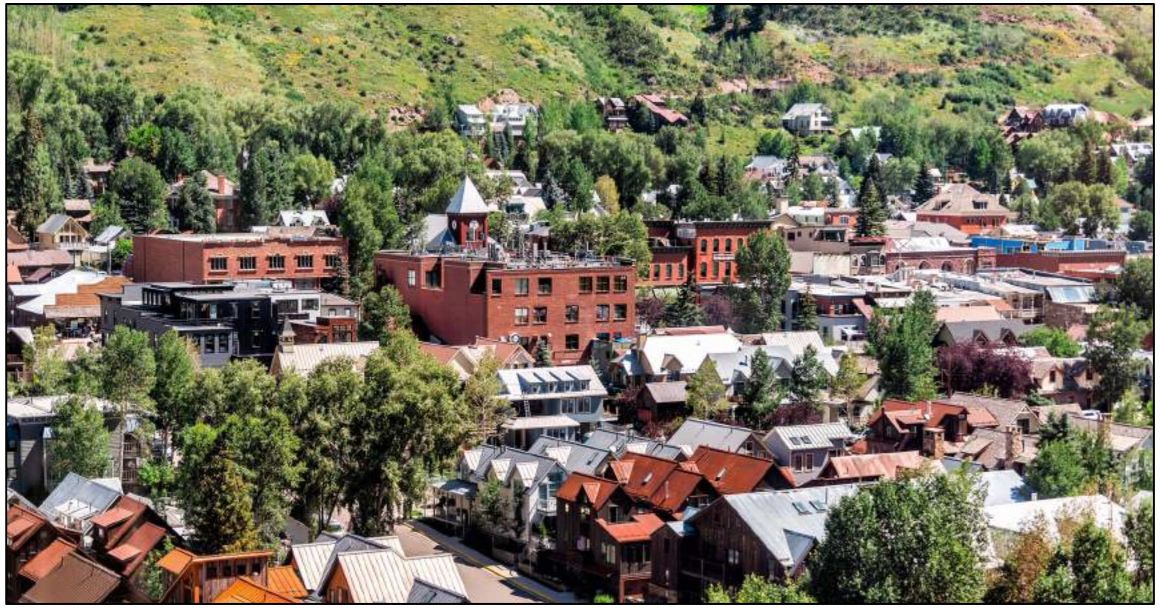
- 60 units, 48 low-income units, 12 market rate units, 12 units reserved for permanently disabled family members
- 1-, 2-, and 3-Bed Units
- Market rent rates ranging from $975 for 2-bed units to $1,200 for 3-bed units, there are no 1-bed market rent apartments
- City purchased 4.82 acres of land for $450,000 and donated the site to the developer for $1
- $780,000 in LIHTC administered by WHEDA
- Estimated development cost of $11.7m
- $50,000 grant by the city to assist with increased construction costs

National Tourism Driven Market Case Studies

hunden strategic partners

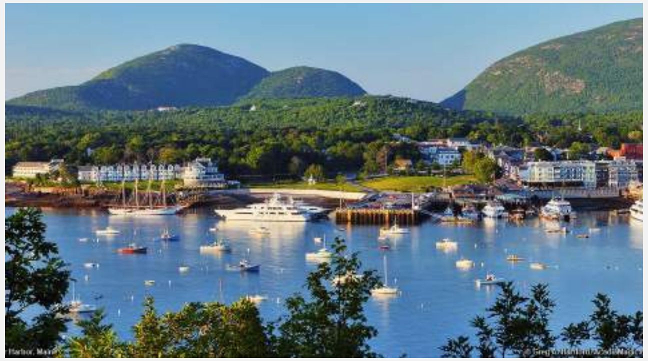
Tourism Destinations

For many years, tourism-driven towns have faced issues regarding affordable workforce housing. The recent pandemic has only accelerated these issues for destination towns and cities. COVID-19 has generated trends such as the urban-to-suburban shift, remote working, and the increased desire for easy access to nature. The migration from cities to suburban submarkets has created a nationwide housing crunch with demand outpacing supply, especially in well-known tourist destinations. Ultimately, an adequate supply of workforce housing is a community-wide issue for tourism-based economies and can have impacts on the visitor experience and the overall destination's competitiveness. The following slides detail three popular tourist destinations and some solutions that they have implemented to combat this issue.



Bar Harbor, Maine

hunden strategic partners



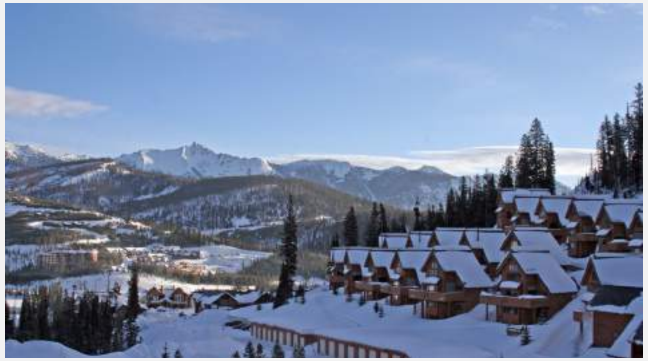
Bar Harbor is a popular tourist town on Mount Desert Island located off the coast of Maine. Similar to the Minocqua Area, it is a popular destination for its natural beauty and outdoor recreation, particularly in the peak tourism summer months. Housing prices have always been high but are now at a premium on Mount Desert Island due to the increased popularity of weekly vacation rentals. Local tourism employers would often buy single-family homes and use them to house employees during the busy tourist season in order to keep their businesses operating.

Bar Harbor currently features 88 income-based apartments (bottom left picture), where tenants typically pay no more than 30% of their income towards rent and utilities. However, that has not proved to be enough for the tourism-driven economy.

In order to combat the continual shortage of affordable year-round housing, a nonprofit group named Island Housing Trust proposed to build 10 new residential properties in Bar Harbor. To qualify as buyers for the housing, at least one person in each household must work on Mount Desert Island and the houses must be occupied year-round, which ensures that the properties cannot be sold or rented out to seasonal residents. The project was approved in 2021 and is currently under construction to provide a year-round workforce neighborhood.

Big Sky, Montana

hunden strategic partners



Big Sky is a community in the Rocky Mountains of southern Montana. It's known for the ski resort and mountain-bike trails as well as its proximity to the Yellowstone National Park. The community has seen major growth in tourism activity over the past decade and has made multiple efforts to combat the affordable workforce housing issue.

The resort area allocated $1.9 million of its 3% resort tax to the Big Sky Community Housing Trust, which was used to build affordable housing in partnership with an existing condominium development. The Meadowview Condominium Development completed construction on the 52-unit project in July 2021 providing home-ownership opportunities to year-round employees.

In 2021, the Montana Board of Housing advanced the Big Sky Community Housing Trust's application for a nearly $6.5 million award in federal tax credits. In collaboration with Lone Mountain Land Company, the funds would be used for a new 24-unit workforce housing project. Phase I of This project is underway and set to open for area workers beginning the summer of 2022. The entire project is deed restricted exclusively for local full-time Big Sky workers and the broader community, but short-term vacation rental will be prohibited.

Aspen, Colorado

Aspen is located in Colorado's Rocky Mountains and is known to be a ski resort town and year-round destination for outdoor recreation. Aspen has faced challenging issues regarding an adequate supply of affordable workforce housing for many years. The COVID-19 pandemic has only accelerated those issues and created additional pressures to provide workforce housing due to the large amount of people moving to rural or mountain communities from urban areas.

Aspen is home to the Aspen/Pitkin County Housing Authority that is the oldest and largest mountain resort workforce housing program in the country. They have made many strides to provide affordable housing for workers by partnering with private businesses and ensuring the City Council's support of making this issue a priority.

Many large employers have focused on offering staff housing for their employees. According to the NSAA Kottke End of Season Report, 59% of all U.S. ski areas have employee housing. Local employers emphasize that taking a broad, community-wide approach to workforce housing is the only way this issue will be solved. In 2021, there were 79 new units planned for construction and a potential 300+ units at the City's Lumberyard property for additional workforce housing options.

Feedback & Implications

After analyzing the following case studies and speaking with developers of affordable housing the following implications were drawn:

- In order for affordable housing projects to work financially, typically, they need to be over 40 units. As the number of units increases the price to develop per door approaches the point in which it makes the deal make sense and produce a return justifiable for the developer.
- Many of these affordable housing projects seek funding from a number of sources and form partnerships with organizations who specialize in financing these projects. In almost all cases the public sector takes proactive measures to attract a developer and begin to line up state and federal financing.
- Similar tourism markets have faced issues concerning affordable workforce housing options. To combat these issues, the local housing authority has engaged major employers in the area to support housing initiatives and ensure community support by town leaders advocating for new developments.
- When there is a clear and immediate need, it is common for nonprofit or out-of-town developers to come into a market in order to get a new development for workforce housing approved in a timely and efficient manner.

hunden.com | © 2022 HSP

Chapter 5: Implications & Recommendations

Project Objectives

- Identify the Need
- Mobilize Community Leadership
- Create a Roadmap for Development
- Form relationships with WHEDA, Other Communities & Affordable Housing Developers

Gets the "ball rolling": identify the optimal site, attract a developer, acquire funding and apply for the tax credit program.

Lessons Learned

hunden strategic partners

The following headlines were key lessons learned from HSP's research and interviews

Community Backing

These projects take complete community support and follow through. This includes actively engaging state and federal organizations, developers, local companies, funding organizations and other cities which have been successful in developing these projects. Without strong local support from leadership, these projects are very difficult to get completed.

Closing the Financing Gap

With all affordable housing projects, making the numbers work financially is exceptionally difficult. Typically, with these projects there is always a gap in financing. This can be filled through public incentives, land write-downs, infrastructure investments, non-profit contributions, other grants, and/or private company contributions.

Zoning & Site Control

In order for a municipality to be eligible for the development of an affordable housing project the zoning must be in place and the site must be in control of the developer. If the site must be rezoned or acquired, this must be done before anything else is to occur to secure tax credit financing.

Recommendation

hunden strategic partners

Recommended Development

Hunden recommends a 67-Unit Workforce Housing Development spearheaded by the local townships and Oneida/Vilas County, financed through the WHEDA Tax Credit program and other sources and developed by a developer who specializes in affordable housing projects.

Total Unit Count: 67 Units
Number of Stories: 3
Location Preference: Town of Minocqua, adjacent to the Walmart

Minocqua Affordable Housing Project Unit Mix - 100% at 60% AMI

	Unit #	Gross Rent	Utility Allowance	Regulated Net Rent	Square Footage	Total SF	Rents Used	Total Monthly Rental Income	Rent Per Square Foot
One bedroom	40	$815	$88	$727	800	32,000	$727	$29,090	$0.91
Two bedroom	20	$978	$113	$865	1,100	22,000	$865	$17,300	$0.79
Three Bedroom	7	$1,086	$142	$944	1,200	8,400	$944	$6,608	$0.79
Total	67					62,400		52,998	$0.85

*Based on State Averages

Source: HSP

Project Implications

After analyzing the local and regional market and researching the financing tools of affordable housing tax credits and tax increment financing, HSP determined the following overall implications:

- *Importance of Pursuing Affordable Housing Tax Credits:* In order for affordable housing to be developed in the Town of Minocqua affordable housing tax credits must be pursued. These are acquired through a competitive process that occurs once each year. The site, the zoning, other funding sources, the developer and local municipality support must all be in place prior to this occurring.
- *Strong Community Leadership Support*: One commonality in all our interviews conducted was how critical it is to have backing from local leadership and the business community. Without strong consensus from both groups and the willingness to participate in the development financially, these projects do not get built.
- *Creativity:* One aspect of nearly all affordable housing developments is creativity when it comes to how funding is sourced and how the development is marketed. Developing relationships with state and national organizations who provide funding for these projects is a recommended first step. Some organizations that may not seem like potential funding sources, such as the USDA, have funds set aside for assistance in housing projects. Moreover, how these projects are marketed to these organizations and the overall community can make or break a deal.

Chapter 6: Financial Projections

© 2022 HSP

Project Program

The table below details the unit mix for the recommended development. HSP first conducted the analysis at 45 units, then determined that the project would be more feasible at a higher unit count. HSP concluded that a 67-unit affordable housing project at 60% AMI was the optimal development for the Minocqua community. The table outlines the unit breakdown, gross rent based on 60% AMI, utility allowance (determined using state averages) and thus what residents would pay monthly in the regulated net rent column.

This table serves as the foundation for the cash flow projections on the following slide and assists in formulating the total cost of the project based on the square footage breakdown.

Minocqua Affordable Housing Project Unit Mix - 100% at 60% AMI

	Unit #	Gross Rent	Utility Allowance	Regulated Net Rent	Square Footage	Total SF	Rents Used	Total Monthly Rental Income	Rent Per Square Foot
One bedroom	40	$815	$88	$727	800	32,000	$727	$29,090	$0.91
Two bedroom	20	$978	$113	$865	1,100	22,000	$865	$17,300	$0.79
Three Bedroom	7	$1,086	$142	$944	1,200	8,400	$944	$6,608	$0.79
Total	67					62,400		52,998	$0.85

*Based on State Averages

Source: HSP

Financial Projections

The adjacent table outlines the summary income statement for the Project. Gross rental income is estimated to appreciate by three percent annually. Outside of rental revenue, revenue streams are expected to flow from parking, washer/dryer income, water & sewer recapture, and vending & forfeits.

Annual net operating income in year one is expected to be $456,676. The following slide shows a detailed breakdown of the operating expenses, which are estimated to total ~$247,000 in year one.

Income Statement

Item	Percentage	Rate	Total
Gross Rental (3% Appreciation)			$655,055
Parking Income	90% Occ	($25/mo)	$2,160
Washer/Dryer Income	95% Occ	($50/mo)	$38,190
Recapture of Water/ Sewer	85%	$10,050	$8,543
Vending and Forfeits		($35.42 /mo/unit)	$28,478
Apartment Vacancy	3%		($19,652)
Effective Gross			$712,774
Operating Expenses (incl Reserves)			$247,098
Net Operating Income			$465,676

Source: HSP

Financial Projections

Operating expenses were assumed on a per-unit basis for many of the line items, based on industry metrics.

A property management company would manage the day-to-day operations of the development, and these typically charge a percentage of effective gross income, which we have assumed would be 3.0%. Property taxes would be 100 percent abated due to this being a LIHTC deal.

The individual operating expenses are estimates, however, on a per unit basis are expected to be in the range of $3,500 to 4,500 per unit.

Detailed Operating Expenses

Item			Expense Assumptions	Total
Professional Management			3.0% of EGI	$21,383
Payroll and Benefits incl common units			($1,800/unit)	$120,600
Office and Administration			($120/unit)	$8,040
Marketing & Advertising			($100/unit)	$6,700
Utilities	Water & Sewer Billing		($150/unit)	$10,050
	Garbage		($50/unit)	$3,350
	Gas			$0
	Electricity			$15,000
Maintenance	Supplies & Repairs		($350/unit)	$23,450
	Turnover & Redecorating		($125/unit)	$8,375
	Grounds		($50/unit)	$3,350
Insurance			($200/unit)	$13,400
Replacement Reserves			($200/unit)	$13,400
Real Estate Taxes		$ 1,800	100% abated	$0
Total				$247,098
Per Unit				$3,688
Debt Service				$404,935
Total Expenses + Debt Service				$652,034

Source: HSP

Project Sources

HSP assumed a number of sources and uses based on typical similar deals.

A permanent loan totaling $6.9 million amortized over 35 years at an interest rate of 4.75 percent is assumed. The annual tax credits capturable for the project are assumed to be $595,419 or a total of $5.48 million.

Other sources of financing are expected to come from a construction bridge loan, the deferral of the developer fee (to be received by the NOI cash flow streams from the project in its initial years) and a final cath-all category of grants and other funding sources that may include funding from local/city organizations, state grants or federal funding sources.

Detailed Project Sources

Source Name					Amount
Tax Credit Factor		$0.92	4.00% PVC		
Perm	1.15 DCR	4.75% Rate	35 YR AM	$489	$6,902,760
Construction Bridge (Taxable)					$3,000,000
Tax Credit Equity					$5,477,851
Construction Bridge Payoff					($3,000,000)
Deferred Developer Fee					$780,243
Grants & Other Funding Sources					$2,444,014
Total Sources					$15,604,869

Source: HSP

Project Uses

hunden strategic partners

The adjacent table outlines the uses of funds for the Project beginning with construction cost of the development. It is assumed that the land will be sold for $1. This is a common arrangement with affordable housing projects, whereby the city or county typically purchases the land and then provides it to the developer for $1. Commonly, if the private developer had to pay market rate for the land it would render the project non-feasible. Total construction cost is expected to be $10.56 million, or $157,460 per door. This is a high-level cost estimate based on comparable developments, the assumed unit-mix and 4,300 square feet of circulation space.

Other uses of funds were determined using high-level assumptions based on conversation with experts and research into the Wisconsin market. The far-right column is used to determine the tax credits the project is eligible for. This column is comprised of the costs that are "absolutely necessary" for the project to get built.

Detailed Project Uses

Use Name		Amount	Tax Credit Basis
Land		$1	
Base Apts Construction Contract	$10,047,500		
Apts Contingency	$502,375		
Total Apts Construction Contract		$10,549,875	$10,149,875
Owner Construction Obligations (Fees and Permits)		$703,500	$703,500
State & Local Tax		$1,054,988	$1,014,988
Surety Fee		$827,441	$827,441
Architecture & Engineering		$200,000	$200,000
Furnishings		$35,000	$35,000
Indirect Costs			
Third Party Reports		$130,000	$130,000
Cost of Issuance		$222,925	$85,000
Construction Interest		$757,891	$165,000
Accounting, Legal, Organizational		$35,000	$35,000
Construction Period Taxes & Insurance		$80,000	$80,000
NOI first		($639,422)	–
Lease-Up Costs		$25,000	$0
Operating Reserve (3 months exp + debt service)		$163,008	–
Developer Fee		$1,459,662	$1,459,662
Total Uses		$15,604,869	$14,885,466
Total Cost before Dev Fee		$14,784,629	
Total Cost before Dev Fee, OR and NOI		$14,596,621	
		$16,244,291	

Source: HSP

Project Value

hunden strategic partners

Projections - Minocqua Affordable Housing	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	TOTAL
Revenue	$712,774	$ 734,157	$ 756,182	$ 778,867	$ 802,233	$ 826,300	$ 851,089	$ 876,622	$ 902,921	$ 930,008	$ 957,908	$ 986,646	$ 1,016,245	$ 1,046,732	$ 1,078,134	$ 1,110,478	
Operating Expenses	$247,098	$ 256,982	$ 267,261	$ 277,952	$ 289,070	$ 300,633	$ 312,658	$ 325,164	$ 338,171	$ 351,698	$ 365,766	$ 380,396	$ 395,612	$ 411,437	$ 427,894	$ 445,010	
Debt Service	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	$404,935	
Net Cash Flow	$60,740	$72,240	$83,985	$95,980	$108,228	$120,732	$133,496	$146,522	$159,814	$173,375	$187,207	$201,314	$215,698	$230,360	$245,305	$260,533	
Developer Equity	$ -																
Deferred Developer Fee	$ 780,243																
Developer Equity Returned																	
Developer Fee Paid	$ 60,740	$ 72,240	$ 83,985	$ 95,980	$ 108,228	$ 120,732	$ 133,496	$ 104,843									$ 780,243
Distributions to Members								$ 41,680	$ 159,814	$ 173,375	$ 187,207	$ 201,314	$ 215,698	$ 230,360	$ 245,305	$ -	
Distributions to Managing Member (90%)		$ -	$ -	$ -	$ -	$ -	$ -	$ 37,512	$ 143,833	$ 156,038	$ 168,487	$ 181,183	$ 194,128	$ 207,324	$ 220,774	$ -	
Net Operating Income																$ 665,468	
Value																$ 16,636,711	
Mortgage Balance															$ (1,680,944)	$ 5,221,816	$ 6,902,760
Excise Tax (1.8%)																$ 299,461	
Realty Commission (3%)																$ 499,101	
Net Proceeds																$ 10,616,333	
Distribution on Sale to Managing Member (90%)																$ 9,554,700	
Total to Managing Member		$ -	$ -	$ -	$ -	$ -	$ -	$ 37,512	$ 143,833	$ 156,038	$ 168,487	$ 181,183	$ 194,128	$ 207,324	$ 220,774	$ 9,554,700	
Discount Factor 1 0.9 0.81	0.73	0.66	0.59	0.53	0.48	0.43	0.39	0.35	0.31	0.28	0.25	0.23	0.21	0.19	0.17	0.15	
Present Value																	
Cumulative Present Value (100%) No Risk $ - $ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,533	$ 50,151	$ 48,966	$ 47,586	$ 46,054	$ 44,410	$ 42,686	$ 40,910	$ 1,593,455	$ 1,928,751
Risk Discount (40%)																	$ 771,500
Cumulative Present Value (100%) with Risk																	$ 1,157,251
Cumulative Present Value (52.5%) with Risk																	$ 607,557
Minority Discount (20%)																	$ 121,511
Non-voting Discount (5%)																	$ 30,378
Overall Value																	$ 455,667

Source: HSP

The table above details the cash flows and waterfall distribution of these cash flows to the equity investors in the deal. In Years 1-8, 100 percent of the cash flows are returned to the developer in the form of their developer fee. Following this, cash flows are used to pay off the other equity obligations and contributions. Tax credits operate on a 10-year time horizon and would need to be applied for again after the first 10 years. Developers look for projects that pay off all fees and have a positive overall value, which, based on our assumptions and calculations, this project does. This assumes reversion in Year 16 at a cap rate of 4 percent.

Appendix

hunden.com | © 2022 HSP

Tax Credit Program Timeline

The adjacent table shows important dates for 2021 and 2022 for the WHEDA Tax Credit program.

	2021	2022
Management Agent Certification Application Deadline	September 1, 2020	September 3, 2021
9% Tax Credit Application Submissions Due-HTC Online Application & Paper Application Documentation*	Nov 20, 2020 - Dec 11, 2020	Nov 19, 2021 - Dec 10, 2021
State HTC Application Submissions Due-HTC Online Application & Paper Application Documentation	Nov 20, 2020 - Dec 11, 2020	Nov 19, 2021 - Dec 10, 2021
WHEDA Initial Application Review, Site Visit, Financial Feasibility, Market Review, Scoring	Dec 14, 2020 - Apr 5, 2021	Dec 13, 2021 - Apr 4, 2022
WHEDA Publication of Preliminary Awards (see www.wheda.com)	Approx. Apr 5, 2021	Approx. Apr 4, 2022
WHEDA Credit Calculation & Reservation Issuance	Approx. April 20, 2021	Approx. April 20, 2022
Due Date for Second HTC Application and Paper Documentation. WHEDA Issuance of Carryover Agreement*	Due Approx. October 18, 2021 (180 days after Reservation issuance)	Due Approx. October 17, 2020 (180 days after Reservation issuance)
10% Test Deadline (see www.wheda.com for documentation requirements) *	Due 30 days prior to twelve months after Carryover issuance	Due 30 days prior to twelve months after Carryover issuance
Mandatory Construction/Rehabilitation Start Date*	July 31, 2022	July 31, 2023
Mandatory Construction/Rehabilitation Start Date for properties with 4% Federal and State HTCs	July 31, 2022	July 31, 2023
Building(s) placed in service *	No later than December 31, 2023	No later than December 31, 2024
Submission of Final (Third) Application via LOLA and Paper Documentation. See www.wheda.com	Due within 180 days of PIS date of latest PIS date for projects with 2 or more BINs	Due within 180 days of PIS date of latest PIS date for projects with 2 or more BINs
WHEDA Issuance of 8609 Form(s) & mandatory Land Use Restriction Agreement (LURA)	After receipt and approval of satisfactory third review (or tier two for 4%) documentation	After receipt and approval of satisfactory third review (or tier two for 4%) documentation
WHEDA Ongoing Compliance Monitoring Procedures	Post 8609 issuance	Post 8609 issuance

Link to the 2021-2022 QAP:
https://www.wheda.com/globalassets/documents/tax-credits/htc/2021/2021-2022-qap-02-05-2021.pdf

Tax Credit Scoring Sheet

The adjacent table shows the WHEDA scoring sheet for receiving tax credits. It was explained that most projects receive nearly all points.

Scoring Categories	Max Points
Applicable Existing Scoring Categories:	
Lower-Income Areas	5
Serves Lowest-Income Residents	60
Universal Design	18
Eventual Tenant Ownership	3
Subtotal:	*86*
New IHSA Scoring Categories:	
Serves Special Needs Population	40
Catalyst for Revitalization	24
Health and the Built Environment	18
Innovative Housing Narrative	10
Nonprofit Ownership	10
Subtotal:	*102*
Total Available Points:	***188***

Link to the WHEDA scoring document for 2021: https://www.wheda.com/globalassets/documents/tax-credits/htc/2021/innovative-housing/innovative-housing-set-aside-scoring-proposal-7.12.21.pdf hunden strategic partners

For further information about Hunden Strategic Partners, please contact:

Hunden Strategic Partners
213 W. Institute Place, Suite 707
Chicago, Illinois 60610
312.643.2500
www.hunden.com

Hunden Strategic Partners is a full-service real estate development advisory practice specializing in destination assets.

With professionals in Chicago, San Diego and Minneapolis, HSP provides a variety of services for all stages of destination development in:

- Real Estate Market and Financial Feasibility
- Economic, Fiscal and Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research and Statistical Analysis
- Developer Solicitation and Selection

The firm and its principal have performed more than 800 studies over the past 25 years, with more than $6 billion in built, successful projects.