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November 12, 2024

Department of Planning and Community & Economic Development
Community Development Division
Madison Municipal Building, Suite 300
215 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53703-3348

Re: CORE on Dryden affordable housing development

Dear CDD staff:

Thank you for your willingness to consider the following changes to the Dryden project. Our goal is to advance a project that is financially feasible, competitive under current LIHTC program guidelines, and rooted in community feedback. We recommend the following updates:

1. **Change from family to senior housing**. Based on feedback received at City and neighborhood meetings, there are concerns about a family property not having a dedicated playground area, adequacy of on-site parking, and ongoing management issues with other affordable housing projects. Family housing was originally proposed to maximize tax credit scoring; however, updated WHEDA guidance allows senior projects without 3-bedroom units to score the same as family. Therefore, a senior housing development achieves the same scoring profile, alleviates the playground concern, lessens the impact of parking and management issues, and addresses community feedback and concerns.
2. **Change from 4% to 9% LIHTC**. Factors outside developer control have recently impacted financial feasibility. Earlier this fall, WHEDA discontinued its tax credit subordinate loan product which was anticipated to provide $450,000 in funding for this project. Additionally, 2025 WHEDA guidance includes a reduction in maximum annual credit per project from $1.4M to $1.2M. Discussions with tax credit equity syndicators also reveal pricing expectations being lowered to $0.80. These and other modifications have adversely affected the project; switching tax credit underwriting from 4% to 9% allows for additional LIHTC equity to help offset these challenges while maintaining affordability and other project commitments.
3. **Change from 55 to 51 units**. With the maximum annual credit being reduced, the number of units that can be funded through LIHTC is also reduced. Additionally, it is important to note that WHEDA updates have had a negative scoring impact on the project, and we are attempting to maximize items within our control. A slight reduction in the number of units allows the project to maximize the credit request at $1.2M, potentially allow for additional energy efficiency / solar programming enhancing the project score, and improve average affordability by reducing the number of 80% AMI units.

This has been a unique year given the changes in the tax credit program and we appreciate consideration of these proposed changes.

Sincerely,
Horizon Development Group, Inc.

Scott Kwiecinski, Vice President

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