



Department of Planning and Community & Economic Development

Community Development Division

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Child Care
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Madison Senior Center

To: CDBG Committee

From: Matt Frater, Community Development Specialist

Date: July 14, 2025

RE: Summary of Changes to the Draft Affordable Rental Housing Developments:
Tax Credit RFP 2024→2025

Background

The Community Development Division (CDD) is preparing to post its annual Affordable Rental Housing Development: Tax Credit Request for Proposals (RFP). This RFP offers financial support to development proposals seeking an allocation of 2025/6 Low-Income Housing Tax Credits (LIHTCs) administered by the Wisconsin Housing and Economic Development Authority (WHEDA).

As this is an annual RFP, CDD staff routinely assess changes that could be incorporated into future RFP cycles. These changes may be initially discussed after being brought forward by any variety of community partners, development partners, financing partners, or they may be direct responses to the general lending/development environment. In general, RFP changes are strongly considered should they 1) respond to community needs and/or 2) increase feasibility and viability of development for affordable housing.

The 2025 Affordable Rental Housing Developments: Tax Credit RFP contains few substantive policy changes to the requirements and preferences published in the previous RFP. It does, however, substantially reorganize the appearance.. This reorganization was completed to more clearly center and identify the requirements and preferences of funding, while also making the document more accessible to development, property management, and supportive service partners.

Staff have included the below table to summarize key differences, to help in review of the new format.

Summary of Changes

Change	Justification
Streamlined document to improve readability and legibility.	Over the past 11 years, the RFP has expanded considerably in scope and scale to best address needs of the community. As additions and clarifications have been made over this time, the document had become increasingly burdensome to navigate.

Change	Justification
Goals & Objectives language shift from supporting the “Affordable Housing Initiative” to supporting the Housing Forward initiative.	<p>The Housing Forward initiative more closely aligns to the RFP’s intended impact to:</p> <ol style="list-style-type: none"> 1. Increase Housing Choice 2. Create Affordable Housing Throughout the City 3. Combat Displacement 4. Work to End Homelessness
Adjusted Geographic Eligibility section to clarify that any development with >10% of total units set aside to serve households with homeless experience must be in Preferred TOD Area.	<p>The Wisconsin Housing and Economic Development Authority previously had a “Supportive Housing Set-Aside” in its award of tax credits. Proposers were required to meet with CDD staff if applying in this set-aside to receive support for the location of their development. As of the 2025 Qualified Allocation Plan (QAP), WHEDA no longer has a Supportive Housing Set-Aside. To accommodate this change, and better support increased mobility in coordination with access to services, CDD staff have shifted the requirement to meet a threshold location requirement in the draft RFP.</p>
Addition of Planning Principles & Plan Consistency to expectations/scoring.	<p>While Planning staff have always been represented on the interdisciplinary staff review team for this RFP, this addition more clearly recognizes the variation in sites in the city, and allows developers the opportunity to receive points for a strong site plan, or response to Planning/Zoning comments on how to improve the building design/siting.</p>
Removal of blanket preference for “missing middle” style development	<p>With variations in sites across the city, inclusion of missing middle components to development proposals are more appropriately suggested in a way that is context dependent. These suggestions are routine practice for Planning in predevelopment meetings, and are covered in the above change (Planning Principles & Plan Consistency).</p>

Change	Justification
Removal of requirement that all non-senior development proposals contain at least 5% of total units as 3-or-more bedroom units; removal of preference for 25% or more 3-bedroom units	Before the RFP instituted this requirement, many development proposals still contained significant numbers of 3-bedroom units, as WHEDA's scoring promotes 3-bedroom units by awarding points for their inclusion. However, the City has previously received proposals that have had limited/no 3-bedroom units, as there are some areas of the city where high land values change financial feasibility of the development to increase the overall number of units by primarily developing studio, 1, and 2 bedroom units. This change allows developers additional flexibility in proposing a range of feasible developments.
Changed the preference for a play space to a requirement.	Nearly all developers have included an indoor or outdoor play space as a component of their proposals through this RFP; this change solidifies that preference by requiring at least one indoor or outdoor play space.
Added preference that allows for proposers to select a hard set aside for units reserved for households with homeless experience.	<p>In the 2025 Qualified Allocation Plan (QAP), WHEDA changed requirements for any units designated as "supportive housing units" under their program. Previously, these units were required to have a "soft set aside", that is, to be held open for 30 days to attempt to lease the unit to a member of the "target population". If the unit is not leased to a member of the target population within 30 days, that unit could be filled by anyone on the general waitlist.</p> <p>Under the new 2025 QAP, WHEDA requires "supportive housing units" to 1) have some form of dedicated rental subsidy attached to the unit, and 2) be designated as a "hard set aside", that is, to be permanently be held vacant until it can be leased to a member of a target population. This permanently reserves the unit as a housing opportunity, not allowing it to be leased to any household on the general waitlist.</p>