

WHEDA

Multifamily Maximum Cost Model

WHEDA limits total development cost for any one development for both LIHTC and lending.

Applications received with a development cost exceeding the maximum cost will be rejected.

Housing authorities are exempt from this model if they are the primary applicant and HOPE VI or NAHASDA (or similar) funding is a source of funds.

The model is based on historical data from Wisconsin's LIHTC program and uses regression modeling with various combinations of variables listed below.

Predicted Value: Total Cost per Unit

Variables	Impact
Intercept (a/k/a Base Cost)	\$34,535
City of Milwaukee	\$45,579
City of Madison	\$45,880
Metro Area other than Milwaukee or Madison	\$7,995
Tribal Land	\$39,066
New Construction	\$78,012
Adaptive Reuse	\$78,317
Substantial Rehab (Hard Costs of \$25,000-\$50,000 per unit)	\$25,769
Gut Rehab (Hard costs of more than \$50,000 per unit)	\$67,297
Single Family Home or Duplex	\$32,412
Gross Square Feet per Unit	\$36.70 per SF
Award Year Prior to 2012	(\$4,371)*

* Model will escalate 3% per year unless otherwise noted

To eliminate mathematical "outliers", the following minimum and maximum limits are imposed (roughly based on the 15th and 85th percentiles).

- o New Construction & Adaptive Reuse
 - Floor: \$120,000
 - Ceiling: \$230,000
- o Acquisition/Rehab
 - Floor: \$68,000
 - Ceiling: \$192,000

All applicants receive a fifteen percent (15%) allowance above the predicted cost. Supportive Housing projects and those projects addressing the rehabilitation of foreclosed and/or abandoned single family homes and duplexes will receive an extra 10% allowance above the ceiling noted above.