

Wisconsin Housing and Economic Development Authority **Rental Housing/Encouraging New Production: Mentor-Protégé program**

Background: Prior to 2007 in Wisconsin, there were no minority for-profit affordable housing developers in the state to have received low income housing tax credits. In its strategic plan, the Wisconsin Housing and Economic Development Authority (WHEDA) had goals to increase minority business participation in its low income housing tax credit deals; not just on the contractor or workforce side, but with developers as well.

Simultaneously, WHEDA was focusing its energies on quality, affordable housing in the inner city of Milwaukee. This often neglected part of the city was in dire need of quality apartments constructed in a way that fit the unique needs of those communities. Thus, critical partnerships were vital to getting deals done in the inner city.

Co-Developer Mentor-Protégé Program: WHEDA established the Co-Developer Mentor Protégé Program to pair emerging minority and women developers with established developers who provide business development, appropriate training and resources to effect business growth and increased management competencies.

The purpose of this program, which is the first of its kind in the country, is to contribute to Wisconsin's economic growth by increasing opportunities, developing partnerships and joint ventures, and providing Wisconsin's minority and women-owned businesses with tools necessary to be successful. The Co-Developer Mentor-Protégé Program centers on a shared commitment between an established developer and an emerging minority or women developer/development firm. Through an open and honest relationship, the strengths and needs of the minority developer are assessed, then matched with a developer and other available resources to support and nurture the growth and development of the minority developer.

The program involves an established developer (mentor), who has thorough real estate knowledge and experience, particularly in affordable housing tax credit developments. The mentor commits to a 24 month mentor protégé relationship with a minority business developer (protégé). The program functions by each party bringing a relationship value to the equation. A developer may possess knowledge and experience within the LIHTC arena, while an emerging minority developer may possess the connection to the community the developer seeks to create housing in. Both parties work together, utilizing the tools and resources to develop a long-term relationship. The goal is to create viable developers for WHEDA's future tax credit allocations and establish minority and women developers as leaders of real estate development in the State of Wisconsin.

Within the first year, or initial training period, the mentor and the protégé develop a training plan to identify specific areas for training, application of knowledge and experience, reviews, question and answer sessions, and all other inclusive areas determined by both the mentor and the protégé to be beneficial and productive to achieve the desired results.

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After the initial training period has been completed the mentor and protégé enter into a contractual agreement, by which the protégé will perform actual real estate development duties on the developers WHEDA LIHTC funded development. This will provide practical, hands-on experience. It is expected that the Emerging Business shall be utilized as a consultant and lead on the identified project and be compensated for tasks completed as they relate to the development of the WHEDA LIHTC project or any development project under the developer. The protégé provides services such as: completing applications for tax credits, working with syndicators, coordinating construction site meetings, facilitating meetings with emerging businesses and other subcontractors, assisting with groundbreaking and/or grand opening ceremonies, preparing and managing budgets, land acquisition and mortgage closing assistance, resolving construction site issues, preparing unit assignments, and conducting focus groups for unit fulfillment. The fees gained through this agreement shall then be utilized by the protégé as equity to fund a LIHTC project as a co-developer with the developer/mentor.

After the initial training period and the hands-on experience of at least 12-18 months, the developer and emerging minority developer will have developed a mentoring, training, and consultant relationship. This provides the greatest opportunity to establish a co-developer relationship. The final result is that the developer and emerging minority developer will work in conjunction to form a partnership to apply, develop, and complete a WHEDA funded LIHTC project.

It is at the discrimination of both parties how the ownership percentages are divided. However, it's expected that the co-developer will have a minimal ownership of 10%, and that both parties will have full involvement in all decisions and all stages concerning the development.

After an intense vetting process, each year WHEDA adds an addition to the Co-Developer Mentor Protégé Program. To date, WHEDA has four current emerging developers in the program at various stages of development.

Successes: In June 2008, WHEDA celebrated the grand opening of Prince Hall Village. In August 2008, WHEDA will celebrate the grand opening of Teutonia Hall. Both projects are developed with minority co-developers.

Prince Hall Village was co-developed by Commonwealth Development and Vanguard Development. Vanguard, led by Kalan Haywood, has 51% ownership in the property, a 24-unit deal which consists of townhouses and traditional apartment buildings. WHEDA provided over \$6 million in low income housing tax credits and financing to the deal, which is located on the near north side of Milwaukee.

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In the months surrounding Prince Hall's grand opening, Kalan has had great success and has been featured in newspaper articles around the city and state, utilizing the development skills he learned while working on this project.

Kalan's relationship with the Prince Hall Masons, one of the first African American fraternal societies in the country, gave him an excellent foot in the door towards developing the property formerly owned by the Masons. Since he was born and raised in a neighborhood close to the site of Prince Hall, he had important insight and credibility in that area.

Teutonia Gardens was built at the site of Milwaukee's historic civil rights demonstrations over equality in housing over 40 years ago. The project was a partnership between Horizon Development and Maures Development, LLC., led by Melissa Goins, who has 49% ownership in the project.

WHEDA allocated \$4.1 million in affordable housing tax credits to the 24-unit development.

In the case of this development, Melissa's relationship with community members made the deal at this location become a reality. For years, developers and investors had tried to purchase the Handsome Barbershop, located on an adjacent parcel of land. When Melissa approached the Moore brothers who owned the shop that had been passed down thru 3 generations, they were more receptive. As a result, the Moore brothers now have a new place to call home and have the option to own the entire retail space in the new Teutonia Gardens.

Both Kalan and Melissa bring credibility to the developments they have worked on in the inner city, thanks to their innate knowledge of those community's challenges and needs. They work with minority and women-owned contractors and a workforce hired from those surrounding neighborhoods consisting of people who live in the areas they are developing who want to live in the new rental housing.