



Date: August 4, 2011

To: 2012 LIHTC Applicants

From: Multifamily Housing Group

Re: Announcement Regarding the 2012 LIHTC Program

This memo provides guidance for applicants in the 2012 LIHTC Program.

1. **HFA Basis Boost.** The Housing and Economic Recovery Act of 2008 (HERA) substantially altered the Low Income Housing Tax Credit (LIHTC) program by allowing a 30 percent Basis Boost in areas outside of Qualified Census Tracts (QCTs) and Difficult to Develop Areas (DDAs) in the Competitive Credit. The flexibility that HERA provided was critical to WHEDA and its partners' successes as we responded to a decreased investor demand for LIHTC in 2009 and 2010.

As the credit market has rebounded we have evaluated our policies in regards to the Boost and have sought to develop a policy that encourages the maximum amount of capital investment in Wisconsin, maximizes the number of projects that can reasonably be expected to be completed and ensures the financial feasibility of quality projects throughout Wisconsin. We have considered carefully the various set-asides, project types and project locations and determined that while all projects benefit from the Boost, projects in Rural areas and Supportive Housing Projects require the greatest Boost to ensure financial feasibility.

Therefore, Applicants in the 2012 Cycle applying under the Rural and Supportive Housing Set-Asides may assume a Boost of 20%, Applicants in all other Set-Asides may assume a Boost of 15%. These Boost percentages will apply whether a project is located in a QCT or not. Per the QAP, WHEDA may adjust credit downward at any point in the application process in order to be in accordance with the IRS requirement that no more credit shall be allowed than needed for project feasibility.

2. **Economic Development Focus.** WHEDA is working to reaffirm our Economic Development mission. With our partners throughout the state, we are seeking to create and retain jobs by leveraging our multifamily housing expertise and resources. We will be reconvening our LIHTC QAP Advisory Group soon and expect the 2013-14 QAP to provide increased incentives for projects linked with job growth, job retention, and economic development in general.

The current QAP allows the WHEDA Executive Director to allocate credits irrespective of points scored if such intended allocation is determined to be in the best interests of the citizens of the State of Wisconsin. The "Executive Determination" is a tool that WHEDA uses sparingly and thoughtfully. WHEDA may use the Executive Determination in extraordinary circumstances in 2012 to direct LIHTC to project(s) that support job growth and area employers.

3. **Employer Support.** Scoring Category 3 includes points for "Community Support". WHEDA will, in 2012, allow points for support letters from major employers located less than 2 miles from the proposed development. Letters of support should clearly identify the number of employees and the proximity to the site.

Questions may be directed to your WHEDA Senior Underwriter, or Bill Boerigter - Manager, MF Lending and Credit.