2018 LIHTC Program

Qualified Allocation Plan FAQs and Guidance

Updated: November 15, 2017

WHEDA

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This document will be updated periodically – please check our web site for updated FAQs and guidance.

Application Process

A. When will application materials be available, and when is the application deadline?
   - The 2018 online application (LOLA) is available for use.
     - A sample 2018 LIHTC application will also be available in mid-October on https://www.wheda.com/LIHTC/2018-Program/
   - Complete, competitive (9%) applications can be submitted to WHEDA between November 24th and 5PM (CST) December 8th, 2017.
   - Complete, noncompetitive (4%) LIHTC applications can be submitted to WHEDA between January 2, 2018 and December 21, 2018.

B. What should applicants use for permanent loan terms/rates in their 2018 LIHTC application?
   - Use WHEDA's then-current Permanent Financing for 9% LIHTC projects with 35-year term & amortization on the date the application is submitted. However, an applicant may use other more aggressive terms (lower interest rate, longer amortization, etc.) if a term-specific, executed financing commitment accompanies the application.
   - Rural Development Section 515 properties that are eligible for the Preservation Revolving Loan Fund may use a loan rate of 3% for the PRLF loan

C. Management Agent Certification process
   - The management agent certification forms were posted on www.wheda.com in early-August 2017
   - Management Agent Certification forms for competitive 2018 applications were due to WHEDA no later than September 1st, 2017
   - A list of certified Management Agents for the 2018 cycle can be found on https://www.wheda.com/LIHTC/2018-Program/.

D. When will 2018 LIHTC application appendices be available?
   - The 2018 appendices are currently available on the 2018 LIHTC Allocating page on our web site. Please see https://www.wheda.com/LIHTC/2018-Appendices/

E. WHEDA will continue to require that a minimum of 85% of projected funding sources be 'committed' at the time of application. For the purposes of this requirement, 'committed' funding sources include the following:
    - The permanent loan amount based on WHEDA's loan terms on the date of application (the applicant may use other terms if a term-specific, executed financing commitment accompanies the LIHTC application)
    - Other loans or grants with a firm commitment from the lender/grantor/government entity – identifying amount, interest rate, term, and amortization
    - Historic tax credit equity (with a Letter of Intent from the Syndicator/Investor)
    - The LIHTC equity amount calculated in LOLA
        - An LOI is not required if your LIHTC application pricing assumption is within the range noted in item G below
    - If the application's uncommitted funding sources exceed 15%, WHEDA will increase the credit amount (as needed) to reduce uncommitted sources to 15% - this will likely result in a reduction of points in the Credit Usage scoring category

F. What is WHEDA's 2018 QCT, DDA and HFA Basis Boost policy?
    - Section 9.a. of the 2017-2018 Qualified Allocation Plan (QAP) refers to an annual publication of WHEDA's QCT, DDA and HFA basis boost policy.
    - For competitive 2018 applications, properties in the Supportive Housing and Rural Set-Asides will be limited to a 20% QCT, DDA or HFA basis boost - for all other set-asides, the QCT, DDA and HFA basis boost will be limited to 15%.
    - 4% LIHTC applications may request a 30% QCT or DDA basis boost – the HFA basis boost is not available for 4% LIHTC applications

G. What should applicants use for credit pricing assumptions in their 2018 applications?
    - 2018 LIHTC applications should include an LIHTC credit sale price of $0.84 – $0.92.
    - A higher price can be included if an executed LOI – referencing the higher price – is included with the application.

H. Revised Operating Expense Ranges
    - WHEDA has revised the expected operating expense ranges for family properties and single family home/duplex properties for the 2018 application (no changes have been made to the expected range for elderly properties):
        - Elderly: $365 to $450
        - Family: $440 to $540
        - Single Family Homes/Duplexes: $475 to $550

I. Historic Tax Credits
    - On October 2nd, 2017, WHEDA published guidance for 2018 LIHTC applicants intending to utilize the Wisconsin Historic Preservation Tax Credit.
    - That guidance can be found on https://www.wheda.com/LIHTC/2018-Program/.

J. Qualified Census Tracts and Difficult Development Areas
    - On September 11, 2017, HUD revised the lists of Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs). The revised QCTs and DDAs are effective on January 1, 2018.
    - The revised designations include 28 QCTs that were not on the 2017 list, removed 16 QCTs from the 2017 list, and removed three of the six DDAs in Wisconsin.
    - An updated list of QCTs and DDAs can be found in 2018 LIHTC Appendix E on https://www.wheda.com/LIHTC/2018-Appendices/.

K. WHEDA does not intend to complete site visits for those 2018 applications requesting additional credits for an LIHTC award originally made in 2017, of for those that are a re-submission of a 2017 application which did not receive an LIHTC award during the 2017 cycle.

Scoring Categories

A. How does WHEDA define the start point and measure distance in scoring categories that reference distances?
    - Applicants may use any outside boundary of the site(s) as the starting point. The distance is measured as linear distances "as the crow flies", not driving or walking distance. To measure the distance of a path or route between two points, Google Maps offers a distance calculator tool.

B. I'm requesting points for Serves Large Families (scoring category 4), can my property contain senior units?
    - Yes. The requirement for the scoring category include the following: "the market study and the LIHTC application must clearly identify the development as "Family" to claim points". If the property includes family units located in a separate building (or buildings) on the same site as elderly units, the market study will not be required to identify the development as a "Family" property.
    - The elderly and family units are expected to be in separate buildings, rather than a condo structure that divides one building into a family condo and an elderly condo

C. Can I request points for a 50% CMI three-bedroom unit that has a subsidy such as project-based vouchers, NAHASDA, etc.?
    - Yes. The units must be shown as a 50% CMI unit on the Unit Mix page, and if an award is made, the LURA will reflect those units as 50% CMI units

D. Prior to the application deadline, can WHEDA send copies of my occupancy records that will be used for Development Team scoring (scoring category 11)?
    - The Development Team scoring category includes up to three points based on the occupancy rate during the past three years for previously-developed LIHTC properties. WHEDA staff will not be providing historical occupancy records to developers for existing LIHTC properties in advance of the 2018 LIHTC application deadline – that data is available through WHEDA's MQOR system.

E. Are all applications required to score points in the Credit Usage category (scoring category 13)?
    - Applications with a credit request in excess of $850,000 must score points in the Credit Usage category
        - WHEDA does not award Credit Usage points for applications that also receive Rehab/Neighborhood Stabilization points (category 7).
            - For those applications receiving points in category 7 - if the credit request exceeds $850,000, the property must include a mix of units that would generate Credit Usage points, even though Credit Usage points will not be awarded
    - Applications with a credit request in excess of $850,000 that do not score Credit Usage points will be reduced to a credit amount of $850,000, and WHEDA will review the financial feasibility of the application with the reduced credit amount
    - Applications with a credit request at/below $850,000 are not required to score points in the Credit Usage category

F. Do rehab units need to meet the minimum unit square footage requirement in the Credit Usage scoring category (scoring category 13)?
    - The Credit Usage scoring category includes minimum unit sizes for LIHTC properties in the 2018 cycle. Rehab of existing residential units will not be subject to the minimum unit size requirement.

G. I'm considering submitting a new construction or adaptive reuse application for a property that contains a variety of sizes for 1-BR and 2-BR units. Does every unit need to meet the minimum unit square footage requirement in the Credit Usage scoring category (scoring category 13)?
    - No, each unit does not need to meet the minimum square footage requirement, but the average unit size must meet the minimum square footage for 1-BR and 2-BR units listed in scoring category 13

H. My application may have scattered sites. How do I score this in Opportunity Zones (category 14) or other location-based scoring categories?
    - At least two-thirds of the sites must meet the scoring criteria to qualify for points.

I. Can a Preservation Set-Aside application receive points in Opportunity Zones (scoring category 14) or other location-based scoring categories?
    - Yes, Preservation set-aside applications can receive location-based points

J. Can an elderly property score points in Opportunity Zones (scoring category 14)?
    - Yes, elderly properties are allowed to score points in this category

K. I'm applying for LIHTCs, and my property is neither 100% family nor 100% senior – how do I request points for Access to services and amenities in the Opportunity Zones category (scoring category 14)?
    - The points available for Access to services and amenities is not identical for senior and family/supportive properties. Applications containing more than 50% senior units will be allowed to request points in the senior categories – all other applications should use the Family or Supportive categories

L. Is property-wide Wi-Fi eligible for points in the Opportunity Zones category (scoring category 14)?
    - Property-wide Wi-Fi is allowable for acquisition/rehab properties.
    - New construction and adaptive reuse must provide hard-wired in-unit internet access to be eligible for points in the *On-Site Services and Amenities* portion of this category.

Credit Amounts

A. In the General, Preservation and Supportive Housing set-asides, the LIHTC limit will be $1,400,000 per application.

B. In the remaining set-asides, no application will be allowed to exceed one-half of the credit amount in the set-aside in which the application was submitted.
    - In 2017, Wisconsin received a per-capita credit allocation of approximately $13.6 million – we don't anticipate a significant increase in that amount for 2018.
    - Based on that 2017 credit ceiling, 2018 applications in the Nonprofit and Rural set-asides will be limited to $700,000.

C. No applicant/developer will be allowed to receive more than $1.4 million in competitive LIHTCs per year.

Set-Asides

A. Are new construction applications allowed in the Preservation Set-Aside?
    - New Construction and adaptive reuse projects are not be allowed to apply within the Preservation Set-Aside

B. Rural Set-Aside. Prior to submitting applications, some developers may ask if a site meets the requirements of the Rural Set-Aside. As we receive and respond to those questions, we will update the list below (which also includes response to questions that were received prior to the 2017 LIHTC cycle).

a. Eligible for the Rural Set-Aside

- Brillion
- Holmen
- Jefferson
- Marshfield
- Mauston
- Mazomanie
- Monroe
- Mount Horeb
- Mukwonago
- Paddock Lake
- Platteville
- Port Washington
- Pulaski
- Richland Center
- River Falls
- Slinger
- Two Rivers
- Waupun
- Winnecone

b. Not eligible for the Rural Set-Aside

- Delafield
- Elkhorn
- Hartford
- Hartland
- Jackson
- Little Chute
- Oregon
- Sheboygan Falls
- Sussex
- Windsor