

ARPA Gap Financing

Application Guidelines and Procedures

Updated: May 12, 2022



A. Overview

The State of Wisconsin has allocated \$20 million to WHEDA from the federal Coronavirus State Fiscal Recovery Funds allocated to the State of Wisconsin by the United States Department of the Treasury pursuant to 42 U.S.C. § 802, as added by section 9901 of the American Rescue Plan Act of 2021. The purpose of the funds is to create a new program for developers to help fill shortages in capital sources needed for multifamily housing tax credit projects that have serious funding gaps. The funds will provide aid to projects unable to close and/or complete construction without additional resources to maintain the pipeline of affordable housing development in Wisconsin. WHEDA will distribute the funds with the goals to support as many projects as possible based on need and in a manner that is fair and equitable.

B. Project Eligibility

Projects eligible to apply for the funds must have received a competitive award of Federal 9% or State and Federal 4% Housing Tax Credits in 2020 or 2021 and meet one of the following criteria:

- Project has not closed as of April 28, 2022, and requires gap financing to close.
- Project closed in calendar year 2022 before April 28, 2022 with unreimbursed predevelopment expenses.

Priority will be given to projects that have not closed.

C. Application Process

- Application window will open Friday, May 13 and close Friday, May 27
- Applications must be submitted via Procorem
- FAQ documents will be published periodically on wheda.com
- Clarification/Cure Period will be used as necessary

D. Application Package

A complete application package will include the following documents:

- Intent to apply form
- Narrative description of the status of the project including actions taken to solve the gap
- Updated Multifamily Application workbook (MFA)
- Detailed cost breakdown including Schedule of Values

- If available: Subcontractor bids or other supporting documentation evidencing cost estimates
- Status of other committed sources
 - Evidence of all committed sources
 - Identify any new sources being pursued that are not yet committed

E. Threshold Requirements and Restrictions

- Applicants may not increase total developer fee from the time of Carryover/Tier 1 submission
- Applicants must defer sufficient fee that will be repaid in no less than 10 years
- Any representations found to be untrue will trigger requirement to repay funds. At financial closing, recipients will be required to submit to WHEDA:
 - Amended and Restated Operating Agreement supporting deferred fee percent
 - Executed GC Contract with final Schedule of Values
- Ability to complete projects without this support will be accounted for in the Developer Capacity score for future Housing Tax Credit allocation cycles.

F. Structure of Funds

The final structure of how the awarded funds will be delivered to the projects is still being determined. Applicants may include a description of the structure that will provide greatest benefit to the project for WHEDA's consideration. Final determination of structure shall be at the sole discretion of WHEDA.

G. Award sizing and selection

Awards will be sized based on project need with consideration of unit mix such that lowest income units shall be eligible for greater levels of funding. A maximum amount of \$2 million per project will be imposed. WHEDA retains discretion to determine awards.