

Wisconsin 2025-26 Qualified Allocation Plan

Appendix J: Developer Fee Policy

Revised September 2025

Developer Fees (as defined below) on all projects using Housing Tax Credit will use the base calculation method unless the requirements are met as defined in this document. Applicants are encouraged to use the Developer Fee Limit Calculator located on the Project Costs tab of the Multifamily Application (“MFA”).

Defined Terms:

“Demolition and Structure Moving” is the line item “Demolition and Structure Moving” found in the Construction Cost SOV tab of the MFA.

“Developer Fees” as defined in this appendix shall include, in the aggregate, fees and costs for the following budget line items: i) Developer Fees (Received, Deferred, and Other); ii) Consultant Fees; iii) Construction Supervision; and iv) Developer Overhead.

“Identity of Interest” means as defined HUD’s Management Agent’s handbook (4381.5), which reads as follows:

“An identity of interest relationship exists if any officer, director, board member, or authorized agent of any development of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.):

- (a) is also an officer, director, board member or authorized agent of any other development team member;*
- (b) has any financial interest in any other development team member’s firm or corporation;*
- (c) is a business partner of an officer, director, board member or authorized agent of any other development team member;*
- (d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or*
- (e) advances any funds or items of value to the borrower.”*

“Non-Acquisition Cost” means the Total Development Cost from the Project Cost tab less the following fees and/or costs connected with the following: i) Total Acquisition; ii) Developer Earned Fees & Expenses Costs; iii) Total Capitalized Reserves from the Project Cost tab of the MFA; and iv) Demolition and Structure Moving.

“Total Acquisition” is the line item in the Project Costs tab of the MFA which includes fees and costs in connection with: i) the Land; ii) Purchase of Buildings; and iii) Other Purchase of Buildings and Land.

“Total Developer Costs” is the line item in the Project Costs tab of the MFA which includes fees and costs in connection with: i) Developer’s Fee Received ; ii) Developer’s Fee Deferred; iii) Developer Overhead; iv) Consultants; and v) Other Developer’s Fees.

Base Fee Calculation and Limit:

Total Developer Costs shall be limited to the lesser of: i) \$25,000 per unit; or ii) The Percentage-Based Calculation (1. Fees Permitted on Acquisition Costs + 2. Fee Permitted on Non-Acquisition Costs) in this “Base Fee Calculation and Limit” Section:

1. Fee permitted on Acquisition Costs

- a) 3% x (Total Acquisition + Demolition and Structure Moving) if an Identify of Interest exists between any member of the development team and the seller of the property, regardless of unrelated developer; or
- b) 6% x (Total Acquisition + Demolition and Structure Moving) if there is no Identify of Interest between any member of the development team and the seller of the property.

2. Fee Permitted on Non-Acquisition Costs

- a) For rehabilitation of existing multifamily housing:
 - i. 16% x Non-Acquisition Costs
- b) For new construction and adaptive reuse projects:
 - i. 24 or Fewer Units: 15% x Non-Acquisition Costs
 - ii. 25 to 55 units: 12% x Non-Acquisition Costs
 - iii. More than 55 units: 12% x Non-Acquisition Costs for the first 55 units; 9% x Non-Acquisition Costs for remaining units.

Requirements for Additional Fee Calculation:

The following requirements must be met to be permitted to receive additional fee using the Additional Fee Calculation set forth below:

- 1. The Project must be awarded 4% Housing Tax Credits, with or without State of Wisconsin Housing Tax Credits.
- 2. **A minimum of 50% of the developer fee must be deferred and meet the following requirements:**
 - a) The 50% deferral requirement will be applied to the entire developer fee paid to the developer (Developer Fee Received + Developer Fee Deferred). For example – an application with an 18% developer fee will be required to defer a minimum of 9%.
 - b) WHEDA will confirm that the 50% deferral requirement is met within the first HTC application and the 8609 application. Failure to defer at least 50% of the Developer Fee through 8609 may result in penalties.
 - c) Should the application include a deferred fee of less than 50%, WHEDA will adjust sources to generate a 50% deferred fee, which could include a reduction of the annual HTC amount and/or a reduction of the total developer fee.
 - d) The application must include evidence that the deferred fee can be repaid through future cash flows at the property within the 15-year HTC compliance period. Projects in the Rural Set-Aside that cannot defer 50% and demonstrate an ability to repay the deferred fee within the 15 year compliance period may reduce the deferred portion to the maximum

fee that can be repaid during the 15 years subject to WHEDA underwriting. The amount of fee projected by be deferred must remain in place through 8609 issuance.

Additional Fee Calculation:

When utilizing the Additional Fee calculation, the Total Developer Costs on the Project Costs tab of the MFA shall be limited to the lesser of: i) \$50,000 per unit; or ii) The Percentage-Based Calculation (1. Fees Permitted on Acquisition Costs + 2. Fee Permitted on Non-Acquisition Costs) in this Calculation of Additional Fee Calculation Section:

1. Fee permitted on Acquisition Costs
 - a) 3% x (Total Acquisition + Demolition and Structure Moving) if an Identify of Interest exists between any member of the development team and the seller of the property, regardless of unrelated developer; or
 - b) 6% x (Total Acquisition + Demolition and Structure Moving) if there is no Identify of Interest between any member of the development team and the seller of the property.
2. Fee Permitted on Non-Acquisition Costs
 - a) For all projects: **20%** x Non-Acquisition Costs.

For clarity, the Fee permitted on Acquisition Costs in this “Additional Fee Calculation” Section shall not be subject to an increase over those outlined in the “Base Fee Calculation and Limit” Section.

Additional Requirements

- Any developer fee above the current limit for the Base Fee Calculation will not be included in the calculation of the Maximum Development Cost.
- The Developer Fee will not be allowed to increase above the amount in the approved Housing Tax Credit (HTC) Carryover or Tier One application.
- For all projects receiving points for Emerging Developers in Scoring Category D.2. Development Team, total developer fee must be allocated in proportionate to at least half of the percentage of ownership, evidenced by an executed Developer Agreement/MOU.