

## COVER PAGE

Dear Friends of Affordable Housing:

I am pleased to announce that Wisconsin's ongoing commitment to affordable housing will continue through federal and state Housing Tax Credits. These tax credits are vital to expanding access to affordable housing, driving economic development, and extending the reach of community services.

The 2025-2026 Qualified Allocation Plan, prepared following Section 42 of the Internal Revenue Code, goes beyond the statutory requirements established by Congress and addresses Wisconsin's very real housing needs in new and innovative ways. The plan provides greater consideration for the unique needs of our rural communities, promotes sustainability, as well as encourages housing options for veterans, working families, and those needing supportive services. This plan meets my vision for promoting the efficient development of safe, affordable housing where it is needed most.

WHEDA has been the sole administrator for Housing Tax Credits in Wisconsin since the federal program was established in 1986 and began implementing the Wisconsin Housing Tax Credit program in 2018. Since 1986, WHEDA has awarded more than \$560 million in Housing Tax Credits, resulting in the development and rehabilitation of more than 58,000 units of rental housing for low- to moderate-income families, seniors, and vulnerable community members.

Families, workers, and communities depend upon affordable housing to live a safe, healthy life. I am confident that the tax credits available under this plan will produce and preserve high-quality affordable rental units. Working together, we can ensure all citizens of Wisconsin have equitable access to quality, safe, affordable housing.

Sincerely,

Tony Evers

Governor

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# 2025-26 Qualified Allocation Plan for the State of Wisconsin (Redline Version)

Revised August 11, 2025

## Introduction/Program Overview

Thank you for your interest in the Wisconsin Housing Tax Credit (HTC) Program. The Governor has appointed Wisconsin Housing and Economic Development Authority (WHEDA) to administer this program in Wisconsin. In accordance with Section 42 of the Internal Revenue Code (the "Code"), WHEDA has developed this Qualified Allocation Plan (the "Plan") to establish the criteria and process for the allocation of the Housing Tax Credit (HTC or the "Credit") to qualified rental housing developments in Wisconsin. WHEDA will implement this Plan following a public hearing, approval of the Plan by the WHEDA Board of Directors, and final approval of the Plan by the Governor. This Plan shall govern calendar years 2025 and 2026 and all projects that receive an allocation of Credit under this Plan.

## Strategic Priorities and Objectives

### Objectives

WHEDA will execute the following objectives in a transparent and responsible manner:	
Core Pillars	Objectives
Increase supply of affordable housing	<ul style="list-style-type: none"><li>• Increase affordable housing choices for low- and moderate-income households</li><li>• Increase housing with high quality services supporting those experiencing homelessness and veterans</li></ul>
Employ place-based strategies	<ul style="list-style-type: none"><li>• Coordinate housing development with housing and economic community development plans</li><li>• Encourage and increase supply of affordable housing in high housing need areas including rural and high growth areas</li><li>• Incentivize the delivery of affordable housing which meets the life cycle needs and priorities of the communities</li></ul>
Core Pillars	Objectives
Encourage innovative ways to leverage capital	<ul style="list-style-type: none"><li>• Collaborate with key stakeholders to find new opportunities for leverage</li></ul>

	<ul style="list-style-type: none"> <li>• Build capital stacks which reflect additional sources such as governmental, employer, and philanthropic funding opportunities</li> <li>• Incentivize efficient use of Credits to maximize impact on statewide housing needs</li> </ul>
Increase economic opportunity	<ul style="list-style-type: none"> <li>• Increase tenant stabilization through integrated resident services and property management</li> <li>• Cultivate local ecosystem of affordable housing practitioners</li> <li>• Housing access that enables residents to achieve improved life outcomes</li> </ul>

## Overview of Credit Programs

### Types of Credit Allocated Under this Plan

The Qualified Allocation Plan governs projects that use the Federal 9% Credit, Federal 4% Credit, and the State of Wisconsin Housing Tax Credit as outlined in this Plan.

### Requirements for All Credit Types

#### Compliance with all Legal and Regulatory Requirements

It is the sole responsibility of participants in the HTC program to ensure full compliance with all legal and regulatory requirements including but not limited to Internal Revenue Code Section 42 and Wisconsin 2017 Act 176 and all local, state, and federal regulations that govern all aspects of the process of development of projects using Housing Tax Credits.

#### Market Evaluation

WHEDA will analyze the market strength of all applications as a threshold determination in accordance with the procedures established in Appendix A. Full market analysis is based on a third-party market study, analysis by WHEDA staff, and other sources including WHEDA internal data. WHEDA may request additional information from the applicant during the market review process. All applications, including those financed with tax-exempt bonds, must meet the market approval threshold as determined by WHEDA.

WHEDA reserves the right to reject applications for market feasibility if, in its sole opinion, it believes that an insufficient market exists for the proposed development, the proposed site is not appropriate for rental housing, or that the proposed development will have a negative impact on existing multifamily housing or other developments in the market area currently under pre-development, construction, or lease-up. WHEDA also reserves the right to consider the distribution of Credits across the state as well as within communities and market areas. As such, WHEDA may reject otherwise feasible applications if multiple applications are submitted within a concentrated area and meet all other conditions to receive an Award.

## Financial Feasibility

WHEDA will evaluate the financial feasibility as a threshold item. Feasibility is determined by a variety of factors including: projected rents, operating expenses, vacancy assumptions, ancillary income, replacement reserves, debt service, and expected equity proceeds.

WHEDA also requires 80% committed funds at time of full application submission.

WHEDA reserves the right to reject applications or reduce Credit requests/allocation at any stage of the allocation process per Section 42 requirements, based on financial infeasibility, or excessive Credit request. WHEDA further reserves the right to reject applications during Initial Application review which, in WHEDA's opinion, have inadequate or excessive development budgets. WHEDA limits total development cost for any one development under a formula based on location, number of units, and other project specific components. Public housing authorities and tribal housing authorities are exempt from this if they are the primary applicant and HOPE VI or Choice Neighborhoods or NAHASDA (or similar to NAHASDA) funding is a source of funds. This is a threshold item and applications exceeding this standard will be rejected. See current year application and its appendices for calculation and methodology.

Requirements contained in any Memorandum of Understanding (MOU) executed by and between WHEDA and the US Department of Housing and Urban Development (HUD), Wisconsin Rural Housing Service (aka USDA RD), or others will be applied to the underwriting of applications combining both Credits and other federal funding. Subsidy layering reviews required under these MOUs will be conducted and may result in a reduction of Credit. By applying for Credit, applicants acknowledge that their Credit application materials may be shared with the aforementioned agencies in the underwriting of these Credit applications. A copy of the applicable MOU will be made available to applicants upon request.

Developments with HUD or Rural Development financing and/or project based subsidies have special application submittal requirements that may impact feasibility. See the Application Submittal Checklist and various appendices of the Credit application. WHEDA reserves the right to reject 9% Credit applications if it believes the development could reasonably be accomplished utilizing 4% Credits and tax-exempt financing. WHEDA may use the following assumptions for this determination: WHEDA's current tax-exempt loan rates, longer amortization, a subsidized second mortgage, utilization of an alternative type of Credit from what is requested, modification of the unit mix, or reasonable deferment of developer fees.

## Underwriting Criteria

Projects will be required to adhere to established underwriting guidelines, which will be made available in Appendix D published on WHEDA's website. Requirements include but are not limited to:

- Housing Tax Credit pricing assumptions
- Loan terms for purpose of HTC applications
- Debt Service Coverage Ratio
- Vacancy rate
- Other income
- Fee sizing parameters
- Credit Boost policy
- Assumptions for use of WHEDA Subordinate Debt Financing

## Unit Mix Requirements

Properties using any type of HTC are required to meet one of three requirements established in the Internal Revenue Code: a minimum of 20% of units for households at or below 50% of County Median Income (CMI), a minimum of 40% of units for households at or below 60% of County Median Income, or a minimum of 40% of units for households with an average income of no more than 60% of CMI (Average Income Test).

- Projects electing the Average Income Test may include households as high as 80% CMI to qualify as a low-income household. WHEDA will accept HTC applications that include low-income units from 20% CMI to 80% CMI, provided that the average does not exceed 60% of CMI.
- Applications electing the Average Income Test option must be 100% low-income. Properties with market rate units will be required to select the 20% at 50% CMI or 40% at 60% CMI Set-Aside option.
- Low Income units at or above 60% of CMI in any Set-Aside may not exceed 95% of the HTC gross rent limit, and may not exceed 90% of estimated achievable market rents as noted in the market study.

The distribution of units of various bedroom sizes is required to be proportionate to the distribution of units at various income limits such that within each income band that the project will serve, no fewer than 10% of each bedroom size provided within the project may be designated at that income band.

## Land Use Restriction Agreement (LURA)

Owners of developments funded from any HTC program will be required to enter into a Land Use Restriction Agreement (LURA) with WHEDA for a mandatory 30-year period. No "opt-out" provision will be included.

## Minimum Score

WHEDA requires a minimum threshold point score for all applications which will be noted in the application.

## Application Submission

WHEDA will prepare and make an application available to all interested applicants. The application will include a prescribed form and a list of required additional documentation. All initial and subsequent HTC applications must be submitted via WHEDA's electronic application system. Payment of the appropriate nonrefundable application fee(s) (See "Tax Credit Allocation Fees and Extension Policies") must be submitted by the Application Deadline by ACH/wire or by check. If the HTC application is not fully executed by all applicants, (Primary Applicant and Co-Applicant), the HTC application will be disqualified.

WHEDA will accept HTC applications according to the calendar noted in this QAP. All HTC applications must be submitted electronically by 5:00 p.m. CST. The nonrefundable fee(s) should be paid by ACH/wire no later than the due date. Alternatively, checks will be accepted by mail, postmarked no later than the submittal due date, or hand-delivery, received in WHEDA's Madison office by 5:00 p.m. CST no later than the due date. WHEDA may accept applications after this period should WHEDA determine it has not received an adequate quantity of quality applications.

WHEDA's HTC Application contains all scoring criteria details and all submittal checklists. Applicants are required to review and adhere to all application Appendices. All of these materials are located by application year on [www.wheda.com](http://www.wheda.com).

The Internal Revenue Code requires that WHEDA evaluate the HTC application three times: 1) at initial application; 2) at carryover allocation; and 3) at the time the building(s) is (are) placed in service. On each occasion, the applicant must submit a complete Credit application via WHEDA's electronic application platform and certify to all Federal, State, and local subsidies expected to be available to the development.

The process requires that applicants provide detailed and accurate information concerning all development costs at each evaluation. Applicants with Reservations will be subject to cancellation of the Reservation if they are unable to provide WHEDA with satisfactory evidence of progress toward timely completion of the proposed development, or if there are significant changes to the proposed development from the approved application.

WHEDA will charge fees at the time of issuance of the Reservation Agreement, Carryover Allocation Agreement (Tier One for 4% applications), 8609(s), and for ongoing HTC monitoring. Fees are detailed in "Tax Credit Allocation Fees".

The following materials will be made available on WHEDA's Internet site at [www.wheda.com](http://www.wheda.com) or within WHEDA's HTC Electronic Application system.

- Qualified Allocation Plan
- Housing Tax Credit Application, Scoring Exhibit and Appendices
- Management Agent Certification Worksheet
- Approved List of Market Study Providers
- Approved List of Capital Needs Assessment Providers
- Periodic Updates on Wisconsin's Tax Credit Program
- List of Applicants for the Current Year
- List of Awarded Projects for the Current Year
- Income and Rent Limits
- Archived Documents from Previous Tax Credit Cycles
- Applicable Modification Documents

## Development Team Eligibility

The development team is defined as the developer, co-developer(s), applicant, owner, management agent, contractor, general partner or managing member of the ownership entity, or any related entity which controls, is controlled by, or under common control with any of the foregoing.



WHEDA will complete a background check on any individual holding ownership within the managing member/general partner. If any individual is found to have unpaid taxes or child support in the State of Wisconsin, the applicant will not be eligible for an HTC award. Nonprofit organizations are exempt from this requirement. WHEDA will also evaluate all applicants for prior instances of noncompliance or unsatisfactory performance in the Housing Tax Credit Program. For the 2026 cycle, applicants with compliance or performance issues will be notified that they are at risk of negative points or not being eligible to apply in future cycles. WHEDA may elect to assess negative points or deny participation for noncompliance or unsatisfactory performers in the Housing Tax Credit Program in accordance with the section Noncompliance and Nonperformance” within this document.”

Management agents listed on any HTC application must be certified by WHEDA and appear on the list of Approved Management Agents for the HTC Cycle year in which the Credit application is submitted. The management agent listed on the application must be retained by the ownership entity for at least five (5) two (2) years after the placed in service (PIS) date, unless a written request is submitted to and approved by WHEDA.

All contractors doing work related to a Project (including general contractors, subcontractors and sub-subcontractors) must be registered with, and have all licenses and certifications required by, the State of Wisconsin.

## Scoring Categories

Detailed scoring criteria, instructions and tie-breakers are located within the Credit application itself (Multifamily Application Workbook or MFA) on [www.wheda.com](http://www.wheda.com).

Scoring Category	Max Points
Areas of Opportunity	27
Lower Income Areas	2
Neighborhood Stabilization	25
Workforce Housing	<u>168</u>
Serves Large Families or Seniors	5
Serves Lowest Income	35

Supportive Housing	10
Veteran Housing	3
Energy Efficiency & Sustainability	25
Universal Design	13
Eventual Tenant Ownership	3
Building Amenities	2
Credit Efficiency	36
Developer Team	6
Site Characteristics	2
Community Service Facilities	2

## Competitive Housing Tax Credit Application and Allocation Process

### Availability of Credit

The 9% Federal Credit and State of Wisconsin Housing Tax Credit shall be allocated in a single annual competitive application cycle and referred to collectively as the Competitive Housing Tax Credits.

The amount of annual 9% Credit authority is based on an estimated \$2.90 per-capita derived from population estimates released annually by the Internal Revenue Service (the "IRS"). For calendar years ~~2025 and 2026~~, WHEDA's annual per-capita 9% Credit authority is estimated to be approximately ~~\$2017~~ million.

The amount of annual State Credit authority is based on an estimated calculation of Allocation Authority as defined in Wisconsin 2017 Act 176 Section 9(4) as determined by WHEDA. For calendar years 2025 and 2026, WHEDA's annual State Credit authority is estimated to be approximately \$7 million. A copy of Act 176 can be found at <https://docs.legis.wisconsin.gov/2017/related/acts/176>.

Availability of Credit in an application cycle may be modified from the per-capita allocation at the discretion of WHEDA for reasons including but not limited to having returned Credit from previous Credit years to allocate, receiving additional allocation of Credit through legislative action, or fulfilling an allocation to a project that received a partial allocation of Credit in a previous cycle. WHEDA may also elect not to allocate remaining Credit.

In the event that WHEDA does not receive a sufficient number of qualifying applications to fully-utilize the available Credit, additional HTC applications may be accepted later in each year. WHEDA also retains the ability to roll-over unawarded HTCs to the following year.

Within the Competitive Housing Tax Credit programs (9% and State HTCs), a developer may receive up to two awards of HTCs in any year and in any combination of 9% or State HTCs.

If there is a developer and a co-developer, the number of awards will count for both the primary developer and co-developer. Projects that include a co-developer will be required to submit a development agreement of Memorandum of Understanding which describes the payment of developer fees and development duties

to be performed by each party. Developers, co-developers, and consultants having an Identity of Interest or otherwise may be treated as a single developer if WHEDA concludes at its discretion that the structure is intended to circumvent the annual limit to a developer.

## Set-Asides

The Competitive Housing Tax Credits will be targeted into three geographic Set-Asides. Eligibility for each Set-Aside will be established by WHEDA and made available on WHEDA's website prior to the opening of the Application Cycle. Eligibility will not be revised under the Cycles governed by this Plan. Target percentages of each Set-Aside may be calculated as a total percentage of the Credits to be allocated in the competitive cycle after accounting for the Innovative Set-Aside and any other adjustments necessary as identified in the Availability of Credit section of this plan. Set-Aside allocation percentages can be met through any combination of 9% or State of Wisconsin Credit. WHEDA may extend an offer of Credit other than the requested type and applicants may accept or reject the offer at their discretion in accordance with the procedures identified in this Plan.

### Set-Asides

Set-Aside	Target Percentage
General	50%
Small Urban	25%
Rural	25%

To qualify for the Rural Set-Aside, a development must be both: 1) located in an area that meets USDA Rural Development's Property Eligibility criteria (for Multifamily Housing) and 2) listed on WHEDA's Rural Eligible Municipalities available on [wheda.com](https://www.wheda.com).

To qualify for the Small Urban Set-Aside, a development must be listed on WHEDA's Small Urban Eligible Municipalities available on [wheda.com](https://www.wheda.com).

The General Set-Aside is open to all project types and locations within the State of Wisconsin, including the Rural and Small Urban Set-Aside as outlined above.

WHEDA will ensure satisfaction of IRC Section 42(h)(5), which requires at least 10% of the 9% Credits to be allocated to projects involving qualified nonprofit organizations. If after completing the initial ranking of applications by score the statutory requirement is not met, WHEDA will select the highest-scoring eligible non-profit sponsored applications from all Set-Asides until up to 15% of the 9% Credits have met this requirement.

WHEDA will ensure that no fewer than 10% of the Competitive Credits are allocated to projects that rehabilitate existing rental housing. If after completing the initial ranking of applications by score the 10%

target is not met, WHEDA will select the highest-scoring eligible rehabilitation applications from all Set-Asides until the 10% target is met. WHEDA will also impose a maximum so that no greater than 15% of the Competitive Credits are allocated to projects that rehabilitate existing rental housing unless insufficient eligible New Construction applications are received.

### Innovative Set-Aside

~~Approximately \$1.2 million of the 9% Credit available will be set aside for developments that employ innovative methods to meet the strategic priorities of the Authority. For 2025, WHEDA may select a development that was not awarded credits under an existing Set-Aside. Any development selected for the Innovative Set-Aside will still need to meet threshold requirements.~~

~~For 2026, WHEDA intends to determine a new innovative theme. WHEDA will announce the theme, threshold, and scoring criteria in early calendar year 2025.~~

WHEDA will reserve \$2.4 million of the 9% Credit for the 2026 Innovative Set-Aside. The Credit available in the Geographic Set-Asides will be calculated excluding this amount. The 2026 Innovative Set-Aside will have a goal of awarding one rural and one non-rural project that demonstrate innovative methods in reducing the cost of development. Further guidance on the selection criteria and other requirements is available on [wheda.com](http://wheda.com).

### Calculation of Credit

WHEDA determines the amount of Credit reserved through information received and the amount requested in the application. The actual reservation amount might not equal the dollar amount requested in the application. The Code requires that WHEDA determine that "the housing Credit dollar amount allocated to the development does not exceed the amount the housing Credit agency determines is necessary for the financial feasibility of the development and its viability as a qualified low-income housing project throughout the Credit period." In making this determination, WHEDA will consider the following:

- The sources and uses of funds and the total financing planned for the development.
- Any proceeds or receipts expected to be generated by tax benefits.
- Percentage of the housing Credit dollar amount and resulting equity leveraged for development costs.
- The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development.
- An analysis of the appropriate Credit amount based on an "equity gap" model.

Acquisition-rehab proposals (except for adaptive reuse developments) must provide:

- A Capital Needs Assessment report (CNA) of the subject property completed within the past 18 months. The CNA must be completed by a WHEDA approved third-party CNA provider. A list of WHEDA approved CNA providers can be found on [www.wheda.com](http://www.wheda.com).

Applicants requesting Acquisition Credit must provide an "as-is" market value appraisal no more than 12 months old conducted by a third-party appraiser certified under the requirements of the State of Wisconsin general certification of real estate appraisers. The values established shall be used for any acquisition portion of the Credit calculation, subject to WHEDA review and approval.

The Code allows Credit to be awarded to that portion of a building used as a community service facility not in excess of 25% of the total eligible basis, if the building is located within a Qualified Census Tract. Such "community service facility" must be designed primarily to serve individuals whose income is 60% or less of County Median Income and may include childcare, workforce development, healthcare, etc.

The maximum amount of 9% ~~or State~~ Credit that will be allocated to any project in ~~all the General, Small Urban or Rural~~ Set-Asides is \$1.32 million. The maximum amount of State Credit that will be allocated to any project in all Set-Asides is \$1.2 million.

### Considerations for the Federal 9% Housing Tax Credit

The Housing and Economic Recovery Act of 2008 allows WHEDA to designate areas or projects to receive up to a 30% "HFA basis boost". WHEDA expects to publish its "HFA and QCT boost policy" annually subject to market conditions and project feasibility. Applicants should monitor [www.wheda.com](http://www.wheda.com) for the latest information. WHEDA reserves the right to revise its policy at any time. WHEDA will provide periodic guidance to applicants regarding the maximum HFA basis boost that may be requested by applicants.

### Considerations for the State of Wisconsin Housing Tax Credit

The Wisconsin Housing Tax Credit was designed to complement the federal 4% Housing Tax Credit (HTC) and follows the vast majority of rules that are currently in place for the federal tax credit program. However, there are some key differences between the state and federal programs:

- The Wisconsin HTC has a six-year credit period, versus the 10-year federal credit period.
- The Wisconsin HTC includes a preference for properties located in a city, town or village with a population of 150,000 or less.
- If a development consists of more than one building – for the state HTC, the development is placed in service in the taxable year in which the last building of the qualified development is placed in service. For the federal HTC – each building is assigned a specific Placed-in-Service date.

WHEDA will allocate the State HTC and will provide necessary allocation and compliance monitoring information to the Wisconsin Department of Revenue.

For projects that are using State Tax Credits and are eligible for the Small Urban or Rural Set-Asides, the Tax Credit Percentage Rate for the purposes of sizing the State Portion of the Annual Credit Amount may be designated at a rate that exceeds that of the 4% Credit and which will be published annually in Appendix D – Underwriting Criteria at [www.wheda.com](http://www.wheda.com).

### Considerations for the Federal 4% Credit Paired with the State of Wisconsin Housing Tax Credit

The State of Wisconsin Housing Tax Credit is required to be paired with the Federal 4% Credit.

The Code allows the possibility of receiving a Federal 4% Credit reservation equal to as much as 130% of qualified expenditures. The increased basis is allowed in areas defined by HUD as Qualified Census Tracts

(QCTs) or Difficult Development Areas (DDAs). See Appendix E of the HTC application for a list of QCTs and DDAs. WHEDA will provide periodic guidance to applicants regarding the maximum QCT basis boost that may be requested by applicants.

There is no limit on the amount of Federal 4% Credits that may be requested. The State Credit allocation will be capped at the time of Reservation but the Federal 4% Credit may float until issuance of Form(s) 8609.

All projects using the Federal 4% Credit will require the issuance of volume-cap Tax-Exempt (TE) Bonds to meet the ~~50~~25% test for 4% transactions. Applications for Tax-Exempt Bonds are submitted concurrently with the application for 4% Credit and will be reserved concurrently with the reservation of Credit. TE Bonds will be prioritized for projects using the State Credit. WHEDA has revised TE Bond sizing policy for the 2025 Noncompetitive 4% Cycle and will provide final guidance on the TE Bond sizing policy for the 2026 Cycles in the Fall of 2025.

~~Tax Exempt Bonds using new volume cap will be limited to the following sizing parameters per project:~~

~~1. WHEDA Tax Exempt Bond Financing~~

~~a. The Volume cap allocation will be limited to 60% of the property's expected Aggregate Basis~~

~~2. Conduit Bond & Local Issuance~~

~~a. The Volume Cap allocation will be limited to 55% of the property's expected Aggregate Basis~~

## 9% Credit and State + Federal 4% Credit Application Cycle Timelines

Milestone	Due Date (2025 Cycle)	Due Date (2026 Cycle)
Project Concept Submission	December 6, 2024	December 5, 2025
Announcement of Project Concept Determinations	January 2025	January 2026
Full Application Submission	March 21, 2025	March 20, 2026
Announcement of Awards	May 2025	May 2026
Application Two Submission	November 2025	November 2026
10% Test Deadline (9% Credit Only)	Approx. October 2026	Approx. October 2027
Mandatory Construction/Rehabilitation Start	July 31, 2026	July 31, 2027
Placed in Service Deadline (9% Credit Only)	No later than December 31, 2027	No later than December 31, 2028
Notification of PIS to WHEDA	Due within 30 days of PIS date	
Application Three Submission (8609)	Due within 180 days of PIS date	

## Project Concept Approval Process

Applications for Competitive Housing Tax Credits will be required to submit a Project Concept proposal for evaluation by WHEDA. Project Concepts will be reviewed based on the criteria described herein and within further guidance that will be made available on WHEDA's website. WHEDA will invite selected projects to proceed with submission of a full competitive application. The intention of the Project Concept stage is to encourage a greater variety of proposals in the preliminary stage by lowering the barrier to submit new concepts and to continue to foster those developments that are significantly aligned with the QAP objectives and available resources.

### Project Concept Submission Requirements

A complete set of submission requirements located on WHEDA's website and includes:

- Project narrative
- Proposed unit mix and population target
- Preliminary overview of sources and uses of the development budget Financial feasibility requirements including:
  - Projects must conform to all underwriting criteria noted in Appendix D
  - Projects must meet a minimum of 70% committed sources using the definitions of "committed" stated in Appendix D
  - Final Credit request (Credit may not increase after Project Concept Approval)
- Site control
- Development Team overview

### Project Concept Review/Selection Process

A complete set of evaluation criteria is located on WHEDA's website and includes:

- WHEDA evaluation of financial feasibility
  - Applications that do not meet all underwriting criteria defined in Appendix D will be deemed ineligible at WHEDA's discretion
- WHEDA evaluation of how the project meets housing needs
  - Credit Efficiency Score
- Development Team eligibility
  - WHEDA will review Applicants for noncompliance and nonperformance in the Housing Tax Credit program and will notify Applicants of findings that impact their eligibility or Developer Team Score
  - WHEDA will verify status for nonprofit-led projects
- Distribution of projects among Set-Asides

- Requests for up to 150% of available credits within each geographic Set-Aside will be invited to proceed.
- Distribution of projects among markets
  - WHEDA may eliminate projects within individual market areas to achieve a greater distribution across the state if any single market is overrepresented in the Project Concept stage.

Applications will be reviewed for completeness and ranked in order in accordance with the established parameters.

### Announcement of Project Concept Designations

Applicants will be notified of the Project Concept determination of status of one of the following designations:

Designation	Significance
Accepted	Project is invited to submit a Full Application in the competitive cycle.
Accepted with Conditions	Project is eligible to submit a Full Application in the competitive cycle with acceptance of WHEDA modifications.
Ineligible	Project is not eligible to submit a Full Application in the competitive cycle.

### Full Application Process

Applicants who receive a Project Concept designation of Accepted or Accepted with Conditions will be invited to submit a Full Application in the Competitive Cycle.

### Full Application Submission Requirements

A complete set of submission requirements is located on WHEDA's website.

- Complete Multifamily Application (MFA) workbook
- All applicable items from the Threshold and Scoring Checklists located within the MFA
- Appendices relevant to the application

### Full Application Review/Selection Process

A complete set of evaluation criteria is located on WHEDA's website.

WHEDA will review all applications for completeness, including, but not limited to, the following:

- The application is complete with all required additional documentation, and threshold items. See the Application Submission Checklist accompanying the Application.
- The development meets the basic occupancy and rent restrictions of Section 42 of the Code.



- The organization applying for the Credit will have an ownership interest in the development unless the development is Public or Tribal Housing Authority.
- The developments owned or operated by any member of the development team in the State of Wisconsin, or any other state, are in compliance with the Code and are operating in a manner acceptable to WHEDA, with no occurrences of HTC properties in foreclosure, default or placement in receivership within five years prior to the submission of the application.
- Environmental issues or administrative proceedings do not exist that would adversely affect the ability to timely proceed.

At WHEDA's discretion, there will be a pre-defined 5-day period cure period during the competitive application review period. The cure period will be limited to administrative deficiencies of application materials solely identified by WHEDA. No opportunities will be offered to cure threshold deficiencies beyond the 5-day period.

WHEDA will complete the following steps to determine eligibility and order of funding of eligible applications:

1. Review all applications for satisfaction of all threshold requirements.
2. Score all applications based on submitted documentation and awarded points.
3. Rank applications by score within each Set-Aside and Credit type requested.
4. Ensure satisfaction of statutory requirement for 10% of 9% Credits allocated to Nonprofit-led developments. If this is not met, the next highest scoring Nonprofit-led projects meeting all criteria defined in Appendix B in any Set-Aside will be funded until the 10% requirement is exceeded.
5. If Credits remain to fulfill the target allocation percent identified in the QAP within any Set-Aside after all eligible projects have been designated to receive an award, WHEDA may elect to extend Credit to an eligible project that requested the other competitive Credit type under the same Set-Aside to the extent that Credit is available to fully fund the next highest-scoring application within the Set-Aside.
6. WHEDA may then allocate any remaining Credit based on availability of credit and alignment with the Objectives of the QAP.

As required by the Code, WHEDA will also notify the appropriate public official having local jurisdiction of the proposed development location and solicit comments.

### Announcement of Awards

Applicants will be notified of the Project Concept determination of status of one of the following designations:

Designation	Significance
Award	Project is selected to receive an award of Credit.
On Hold	Project is eligible but received a score below the cutoff for the Set-Aside.
Ineligible	Project is not eligible to receive Credits.

Full Applications that receive a Designation of “On Hold” will be eligible to receive a future allocation of Credit if more Credit becomes available during the calendar year. These recipients will be selected through a combination of score, availability of Credit, and WHEDA’s selection process. On Hold projects that do not receive an allocation of Credit in the calendar year will be eligible to resubmit a Full Application in the subsequent Competitive Cycle without repeating the Project Concept submission process.

### Reservation of Credits

WHEDA will reserve the calculated Credit amount for all Awarded projects. WHEDA determines the amount of Credit reserved through information received and the amount requested in the application. The actual reservation amount may not equal the dollar amount requested in the application.

WHEDA will issue a letter reserving the determined Credit amount and TE Bond amount if applicable to qualifying applicants shortly after the announcement of awards. Recipients will receive a period of ten (10) calendar days to accept the Reservation of Credit by returning an executed Reservation Agreement and making payment of the Reservation Fee.

In those cases in which a Reservation Agreement (and the Reservation Fee) are not returned to WHEDA by the deadline within the Reservation Agreement without written authorization of an extension of the Due Date, WHEDA will consider this a rejection of the Credit on behalf of the applicant. An applicant may not transfer Credit to another development or another development site. WHEDA will not allow changes to the development that affect scoring after the reservation letter has been issued without its written approval.

### Application Two Process

The second review is due from the applicant no later than 180 days after the date of the Reservation issuance. WHEDA will review financial feasibility and revised costs based on information provided by the applicant in the second review application to determine the appropriate amount of Credit to be allocated.

Projects using 9% HTC's will be subject to additional requirements per the Code:

- Developments allocated Credit must be placed in service a) during the calendar year in which the allocation took place - OR – b) apply for a Carryover Agreement within the prescribed timeline set forth by WHEDA within the calendar year of the Credit Reservation.

Developments must demonstrate compliance with Section 42(h)(1)(E) 10% test requirement at time of Carryover.

### Application Two Submission Requirements

A complete set of submission requirements located on WHEDA’s website.

- Complete updated Multifamily Application (MFA) workbook
- Financing commitments for 100% of project sources
- Confirmation of availability of utilities
- Any other documentation required by WHEDA

### Application Two Review Process

WHEDA will review the Application Two Submission for accuracy and completeness. If any items are found to be incomplete or otherwise to not meet the stated requirements, WHEDA may request updated information or require the assessment an extension in accordance with the policies defined in “Tax Credit Allocation Fees and Extension Policies.”

Submitted information may be referred to in subsequent applications for other WHEDA-administered resources.

### Issuance of Allocation Documents

Provided the second evaluation is in order, WHEDA will issue a Carryover Agreement for projects using 9% Credit and a Tier One Letter for projects using 4% Credit. Recipients will receive a period of ten (10) calendar days to accept the Carryover or Tier One Agreement by returning an executed Agreement and making payment of the Carryover or Tier One Fee. In those cases in which the Agreement and Fee are not returned to WHEDA by the deadline within the Agreement, WHEDA will consider this a request for an extension. Extensions will be made available in accordance with the policies defined in “Tax Credit Allocation Fees and Extension Policies.”

### **10% Test (9% Credits Only)**

A valid Carryover Agreement, per the Code, requires that the taxpayer incur costs that exceed 10% of the taxpayer’s “reasonably expected basis” or total development cost no later than 12 months after the date the Carryover Agreement is issued.

### 10% Test Submission requirements

The owner must submit a third-party accountant’s review certifying that the required 10% expenditure has been incurred, or is likely to occur. WHEDA requires a breakdown of expenditures as well as proof of expenditure by the specified deadline as stated in the Carryover Agreement. A complete set of submission requirements will be provided on WHEDA’s website.

WHEDA will issue a letter confirming satisfaction of the requirement upon confirmation that all items have been met.

### **Construction Start Deadline**

WHEDA will require evidence that construction/rehabilitation of the property is underway by July 31 of the calendar year following the year of the initial HTC awards. Applicants who do not meet the mandatory construction start date will not be allowed to apply for HTCs in the next cycle, unless construction has started a minimum of 30 days before the next HTC application deadline or unless written approval by WHEDA is granted. A complete set of submission requirements will be provided on WHEDA’s website.

### Submission requirements

WHEDA will require evidence that an AIA from 102 Cost-Plus Guaranteed Maximum Price construction contract has been executed. WHEDA will also require a copy of the first construction draw report containing a

statement from the 3rd party inspecting architect that the plans and specifications incorporate WHEDA's requirements for Universal Design Scoring and Appendix M Design Requirements. WHEDA will also require evidence of satisfaction of Appendix L – Construction Signage. All developments receiving a reservation of Credit will be required to erect a WHEDA construction sign from construction commencement to completion.

WHEDA will issue a letter confirming satisfaction of the requirement upon confirmation that all items have been met.

## Placed in Service (PIS) Notification

WHEDA will require notification that the project has placed in service as evidenced by issuance of a Certificate of Occupancy. Projects using the 9% HTC will be subject to a PIS deadline as stated on the Reservation Agreement. Projects using the Federal 4% Credit and State Credit are not subject to a PIS deadline but are required to provide notice of this milestone under this requirement.

### Submission requirements

Owners are required to notify WHEDA within 30 days of the project placement in service. Owners are required to submit a Certificate of Occupancy. Architect's Certificates of Substantial Completion are acceptable in lieu of a Certificate of Occupancy only when municipalities do not issue occupancy permits.

## Application Three Process

The third and final review is conducted after the development has been placed in service. WHEDA will perform final review of information provided by the applicant in a third updated application to determine the appropriate amount of Credit to be allocated. Submission of an application for final allocation must be made within 180 days of the project's placed in service date or the latest PIS date for projects with two or more Building Identification Numbers. See "Tax Credit Allocation Fees and Extension Policies."

A final allocation of Credit cannot be made until 1) the development building(s) has/have been placed in service, and the applicant provides all items on WHEDA's 8609 Submission Checklist.

### Submission requirements

Please refer to [www.wheda.com](http://www.wheda.com) for the Final (8609 Submission) Review Checklist for a complete list of required items to be submitted with the Final Application. The Application Workbook should be updated with final development cost, financing terms, and actual rents and operating expenses. Evidence of satisfaction of all threshold and scoring criteria upon which the Allocation of Credit was made to the project is required. WHEDA will require evidence (within the Operating Agreement) that Operating Reserves remain in place for a minimum of 15 years. WHEDA will also require a copy of the final construction draw report containing a statement from the 3rd party inspecting architect that the project was built in accordance with WHEDA's requirements for Universal Design Scoring and Appendix M Design Requirements. This includes a third-party cost certification to actual development costs or any other documents WHEDA may require to carry out the requirements of the application, the Qualified Allocation Plan for the State of Wisconsin, or IRS regulations.

### Review Process

The above requirements must be submitted in an acceptable form to WHEDA. WHEDA will complete a site visit to verify all representations made in the 8609 Submission.

WHEDA reserves the right to deduct points within the Project Team scoring category on subsequent HTC applications should it discover developer/applicant noncompliance on tax credit awards. Deductions shall apply no less than 12 months from the date of determination. See “Nonperformance and Noncompliance.” Examples include but are not limited to: failure to incorporate design/amenity/accessibility/green building elements, failure to include special needs services for which the developer received points or were threshold certification items at initial application, failures which would have reduced the total amount of points scored on the initial application, or modifications to the unit mix that were not approved by WHEDA. WHEDA may choose to withhold final Allocation Documents until deficiencies have been remediated or penalties issued. WHEDA, at its discretion, may choose to bar participation in the HTC programs for those development team members with repeated or excessive noncompliance violations.

### Issuance of Allocation Documents

Upon receipt, review and acceptance of all required materials, WHEDA will allocate Credit and issue a completed IRS Form(s) 8609 for Federal Credits and a Wisconsin Low-Income Housing Credit Allocation Certificate for the State Credits. WHEDA will forward a copy of Form(s) 8609 to the IRS and a copy of the Allocation Certificate to the State of Wisconsin. WHEDA will assess fees for the re-issuance of 8609 form(s) at the Owner's request for non-WHEDA errors. This fee must be paid in full prior to WHEDA releasing the revised/corrected 8609 forms to the Owner.

WHEDA requires execution of a Land Use Restriction Agreement (LURA) mandated under Section 42 of the Code that commits to extend use for low-income housing for a mandatory 30-year period with no "opt-out" provision for developments funded with any type of Housing Tax Credits.

Owner/Taxpayer must provide WHEDA with a recorded LURA (or LURAs, if recorded in more than one office) as part of Review 3. In the event Owner/Taxpayer is unable to produce a recorded version of the LURA that meets WHEDA's approval, WHEDA will not issue a Form 8609 to Owner/Taxpayer.

## Applications for Additional Credit and Partial Allocations of Credit

### Competitive Applications for Additional Credit

Applicants who have received an Allocation of competitive Credits may choose to compete for an Allocation of Additional Credit. All developments applying for additional 9% or State Credits (in excess of the development's original Credit request) in a subsequent year must compete with all other applications submitted in the selected Set-Aside. Such additional Credit applications shall not include a Total Developer Fee or amount of Developer Fee Received higher than the development's original request - the maximum developer fee for a property will be established at the approval of the Carryover or Tier One application. A competitive Allocation will count toward applicant's limit of number of awards.

### Partial Allocations of Credit

A partial credit award will be made if needed to reach the 10% non-profit requirement mandated by the IRS, or the scenario in which credits have been returned, or received by WHEDA that would otherwise expire if not allocated before the end of the year, or for other reasons determined by WHEDA.

All developments applying for the remainder of a partial award in a subsequent year, so long as the request for credit does not exceed the original request, will not be required to compete with other applications submitted in the Competitive Cycle. Applications are required to meet threshold requirements including the minimum score threshold. Applications that request a credit amount exceeding their original application will be treated entirely as an additional credit application, and will compete with other applications in that Set-Aside.

Completion of a partial allocation of Credit will not count toward limit of applicant's awards.

## Noncompetitive Housing Tax Credit Application and Allocation Process

### Availability of Credit and Tax-Exempt Bonds

Applications for noncompetitive 4% Housing Tax Credits will be accepted starting the first Monday of May (or after the conclusion of the competitive HTC application cycle if competitive allocations have not been announced as of this date).

Prior to the noncompetitive application cycle opening, WHEDA will announce a total amount of Tax Exempt (TE) Bonds to be available for the remainder of the calendar year. The amount made available will be determined based on a variety of factors such as the annual allocation made to WHEDA, the amount of any unused TE Bond volume cap from the previous calendar year(s), an anticipated amount of TE Bonds to be used by projects receiving an award of State of Wisconsin and Federal 4% HTCs in the competitive cycle, and other anticipated uses of TE Bonds by WHEDA and local issuers in the State. Applications for 4% Credit and TE Bonds will then be accepted on a rolling basis until the TE Bonds have been exhausted or until the conclusion of the Cycle ~~on or on October 31 of the Cycle Year. the first Friday of December of the calendar year.~~ Reservation Agreements must be executed with Reservation Fees received by WHEDA no later than December 31 of the year in which the Reservation Agreement is issued for the Reservation to remain valid. TE Bonds and volume cap available for 4% Credit transactions may be limited in any calendar year.

Projects using the Federal 4% Credit are required to use TE Bond Financing. Approval of a 4% HTC application does not constitute a commitment of bonds or loan approval by WHEDA. TE Bonds and loans will be considered "committed" following full review and approval process, which may include WHEDA Board level approvals, execution of a Commitment Letter, and/or payment of required deposit. TE Bond commitments must be in place (commitment letter executed and commitment fee received by WHEDA) no later than April 1 of the year after which the Reservation Agreement is issued for the Reservation to remain valid.

## Calculation of Credit and Tax-Exempt Bonds

### 4% Credit

WHEDA determines the amount of Credit reserved through information received and the amount requested in the application. The actual reservation amount may not equal the dollar amount requested in the application. The Code requires that WHEDA determine that "the housing Credit dollar amount allocated to the development does not exceed the amount the housing Credit agency determines is necessary for the

financial feasibility of the development and its viability as a qualified low-income housing project throughout the Credit period." In making this determination, WHEDA will consider the following:

- The sources and uses of funds and the total financing planned for the development
- Any proceeds or receipts expected to be generated by tax benefits
- Percentage of the housing Credit dollar amount used for development costs
- The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development
- An analysis of the appropriate Credit amount based on an "equity gap" model

The Code allows the possibility of receiving a Credit reservation equal to as much as 130% of qualified expenditures. The increased basis is allowed in areas defined by HUD as "qualified census tracts" (QCTs) or "difficult development areas" (DDAs). See Appendix E of the HTC application for a list of QCTs and DDAs. WHEDA will provide periodic guidance to applicants regarding the maximum QCT basis boost that may be requested by applicants.

Applicants requesting Acquisition Credit must provide an "as-is" market value appraisal no more than 12 months old conducted by a third-party appraiser certified under the requirements of the State of Wisconsin general certification of real estate appraisers. The values established shall be used for any acquisition portion of the Credit calculation, subject to WHEDA review and approval.

### Tax Exempt Bonds

Code requires that for projects using the 4% Credit and bonds issued after December 31, 2025, 2550% or more of the aggregate basis of building(s) and land must be financed with Tax-Exempt bonds.

Tax Exempt Bonds using new volume cap will be limited to the following sizing parameters per project in the 2025 Noncompetitive Application Cycle:

1. Projects using WHEDA Tax-Exempt Bond Financing will be limited to the higher of:
    - a. 35% of the property's expected Aggregate Basis or
    - b. Permanent supportable debt plus 5% not to exceed 60%
      - i. The additional 5% will be provided in the form of short-term construction financing
  2. Projects using Conduit Bond & Local Issuance will be limited to the higher of:
    - a. 30% of the property's expected Aggregate Basis, or
    - b. Permanent supportable debt, not to exceed 55%
- ~~1. WHEDA Tax-Exempt Bond Financing~~  
~~a. The Volume cap allocation will be limited to 60% of the property's expected Aggregate Basis~~  
~~2. Conduit Bond & Local Issuance~~

~~The Volume Cap allocation will be limited to 55% of the property's expected Aggregate Basis~~Additional details on Tax Exempt Bond methodology are located in Appendix D – Underwriting Criteria. Projects seeking Tax Exempt Bonds without Housing Tax Credits are required to adhere to the same process as those using HTCs including satisfaction of all Threshold Criteria including the minimum scoring requirement.

WHEDA will continue to evaluate the revised TE Bond sizing policy and will provide final guidance on the TE Bond sizing policy for the 2026 Cycles in the Fall of 2025.

## Federal 4% Credit Application Cycle Timelines

Projects using the 4% Credit will follow a 3-step review process with additional milestones and due dates as described below:

Milestone	4% Credit Due Date (2025 Cycle)	4% Credit Due Date (2026 Cycle)
Announcement TE Bonds Available for 4% Credits	May 2025	May 2026
Initial Application Period (Combined Application for 4% Credit and TE Bonds)	May 2025 – December 2025	May 2026 – December 2026
Reservation of 4% Credit and TE Bonds	30 days after receipt of complete Initial Application	
Application Two Submission (to secure Tier One Agreement)	180 days after issuance of Reservation	
Construction Start Deadline	90 days after issuance of Tier One (but no sooner than 90 days after executing bond commitment)	
Placed in Service Notification	Due within 30 days of PIS date	
Application Three Submission (to secure Form 8609)	180 days after Placed in Service Date	

## Initial Application Process

### Submission Requirements

To be eligible for a reservation of 4% Credit and TE Bonds, applicants must submit a complete application that meets all HTC Threshold requirements and documentation to receive a minimum score. A checklist of complete submission requirements is located on WHEDA's website.

### Review/Selection Process

Applications will be reviewed once a complete submission is received. WHEDA will review the application to confirm that the development meets the requirements of the Plan, including all Threshold requirements including achieving the minimum score. WHEDA also confirms that the Tax-Exempt bond financing is sized within the required parameters.

If any portion of the application is found to be missing or deficient, the applicant will receive a Cure Letter outlining the deficiencies. Applicants will have 30 days to satisfy all items identified in the Cure Letter. Once all



Cures have been received, the project will be considered to meet the Threshold requirements and eligible to receive a Reservation of Credits and Bonds. If deficiencies are not cured by the stated deadline, the application will be rejected and may be resubmitted as a new application when all deficiencies have been resolved.

### Reservation of Credits and Bonds

WHEDA will issue a letter reserving the determined Credit and Bond amount to qualifying applicants when all Threshold requirements are determined to be met. An applicant may not transfer Credit to another development or another development site. WHEDA will not allow changes to the development that affect scoring after the reservation letter has been issued without its written approval. Increases in the amount of Tax-Exempt Bonds after initial reservation will be limited to no greater than 15% and will not be permitted for discretionary changes to the project as determined by WHEDA.

In those cases in which a Reservation Agreement (and the Reservation Fee) are not returned to WHEDA by the deadline within the Reservation Agreement, WHEDA will consider this a rejection of the credit on behalf of the applicant.

## Application Two Process

### Submission Requirements

The Second Application will be due within 180 days after issuance of the Reservation of Credit. Up to three extensions will be available for a fee of 1% of the annual Credit allocation for each 30-day period. If all extensions are exhausted and the deadline can't be met, the Reservation will be terminated. Applicants may submit as a new application when all deficiencies have been resolved.

A checklist of complete submission requirements is located on WHEDA's website.

Tax Exempt Bonds must be committed by WHEDA prior to the submission of the Second Application.

Credits may increase from Reservation subject to changes in the eligible basis and equity gap analysis.

### Review Process

A complete set of submission requirements located on WHEDA's website.

- Complete updated Multifamily Application (MFA) workbook
- Financing commitments for 100% of project sources
- Confirmation of availability of utilities
- Any other documentation required by WHEDA

### Issuance of Documents

Provided the second evaluation is in order, WHEDA will issue a Tier One Letter. Recipients will receive a period of ten (10) calendar days to accept the Tier One Agreement by returning an executed Agreement and making payment of the Tier One Fee. In those cases in which the Agreement and Fee are not returned to WHEDA by the deadline within the Agreement, WHEDA will consider this a request for an extension. Extensions will be made available in accordance with the policies defined in "Tax Credit Allocation Fees and Extension Policies."

## Construction Start Deadline

WHEDA will require evidence that construction/rehabilitation of the property is underway within 90 days of issuance of the Tier One Agreement. Applicants who do not meet the mandatory construction start date will not be allowed to apply for a new allocation of HTCs unless written approval by WHEDA is granted. A complete set of submission requirements will be provided on WHEDA's website.

### Submission requirements

WHEDA will require evidence that an AIA from 102 Cost-Plus Guaranteed Maximum Price construction contract has been executed – a copy of the contract will be submitted with other evidence that construction/rehab is underway. WHEDA will also require a copy of the first construction draw report containing a statement from the 3rd party inspecting architect that the plans and specifications incorporate WHEDA's requirements for Universal Design Scoring and Appendix M Design Requirements. WHEDA will also require evidence of satisfaction of Appendix L – Construction Signage. All developments receiving a reservation of Credit will be required to erect a WHEDA construction sign from construction commencement to completion.

WHEDA will issue a letter confirming satisfaction of the requirement upon confirmation that all items have been met.

## Placed in Service Notification

WHEDA will require notification that the project has placed in service as evidenced by issuance of a Certificate of Occupancy.

### Submission Requirements

Owners are required to notify WHEDA within 30 days of the project being placed in service. Owners are required to submit a Certificate of Occupancy. Architect's Certificates of Substantial Completion are acceptable in lieu of a Certificate of Occupancy only when municipalities do not issue occupancy permits.

## Application Three Process

The third and final review is conducted after the development has been placed in service. WHEDA will perform final review of information provided by the applicant in a third updated application to determine the appropriate amount of Credit to be allocated. Submission of an application for final allocation must be made within 180 days of the project's Placed-in-Service date or the latest Placed-in-Service date for projects with two or more Building Identification Numbers. See "Tax Credit Allocation Fees and Extension Policies."

A final allocation of Credit cannot be made until the development building(s) has/have been placed in service, and the applicant provides all items on WHEDA's 8609 Submission Checklist.

### Submission Requirements

Please refer to [www.wheda.com](http://www.wheda.com) for the Final (8609 Submission) Review Checklist for a complete list of required items to be submitted with the Final Application. The Application Workbook should be updated with final development cost, financing terms, and actual rents and operating expenses. Evidence of satisfaction of all threshold and scoring criteria upon which the Allocation of Credit was made to the project is required.

WHEDA will require evidence (within the Operating Agreement) that Operating Reserves remain in place for a minimum of 15 years. WHEDA will also require a copy of the final construction draw report containing a statement from the 3rd party inspecting architect that the project was built in accordance with WHEDA's requirements for Universal Design Scoring and Appendix M Design Requirements. This includes a third-party cost certification to actual development costs or any other documents WHEDA may require to carry out the requirements of the application, the Qualified Allocation Plan for the State of Wisconsin, or IRS regulations.

### Review Process

The above requirements must be submitted in an acceptable form to WHEDA. WHEDA will complete a site visit to verify all representations made in the 8609 Submission.

WHEDA reserves the right to deduct points within the Project Team scoring category on subsequent HTC applications should it discover developer/applicant noncompliance on tax credit awards. Deductions shall apply no less than 12 months from the date of determination. See "Nonperformance and Noncompliance." Examples include but are not limited to: failure to incorporate design/amenity/accessibility/green building elements, failure to include special needs services for which the developer received points or were threshold certification items at initial application, failures which would have reduced the total amount of points scored on the initial application, or modifications to the unit mix that were not approved by WHEDA. WHEDA may choose to withhold final Allocation Documents until deficiencies have been remediated or penalties issued. WHEDA, at its discretion, may choose to bar participation in the HTC programs for those development team members with repeated or excessive noncompliance violations.

### Issuance of Allocation Documents

Upon receipt, review and acceptance of all required materials, WHEDA will allocate Credit and issue a completed IRS Form(s) 8609 for Federal Credits. WHEDA will forward a copy of Form(s) 8609 to the IRS. WHEDA will assess fees for the re-issuance of 8609 form(s) at the Owner's request for non-WHEDA errors. This fee must be paid in full prior to WHEDA releasing the revised/corrected 8609 forms to the Owner.

WHEDA requires execution of a Land Use Restriction Agreement (LURA) mandated under Section 42 of the Code that commits to extend use for low-income housing for a mandatory 30-year period with no "opt-out" provision for developments funded with any type of Housing Tax Credits.

Owner/Taxpayer must provide WHEDA with a recorded LURA (or LURAs, if recorded in more than one office) as part of Review 3. In the event Owner/Taxpayer is unable to produce a recorded version of the LURA that meets WHEDA's approval, WHEDA will not issue a Form 8609 to Owner/Taxpayer.

### Noncompliance and Nonperformance

WHEDA will review the compliance history and overall performance of members of the development team. The development team is defined as the developer, applicant, owner, management agent, contractor, general partner or managing member of the ownership entity, or any related entity which controls, is controlled by, or under common control with any of the foregoing. Penalties may be imposed if any of the development team members are found to have:

- 1) Submitted information to WHEDA that, when verified by WHEDA or other third-party review, is found to be inaccurate or to materially affect the qualified basis of the building or other

representations made in the application for Credit which have not been explicitly approved by WHEDA;

- 2) Failed to ~~make-meet the-all~~ required ~~program deadlines 10% expenditure for two or more allocations in the five calendar years preceding the application~~;
- 3) Returned an allocation of Credit ~~after Application Two has been approved or returned an allocation of Credit~~ for two or more allocations at any time after the Reservation of Credit has been accepted in the previous five calendar year period(s);
- 4) Not made satisfactory progress on existing allocations ~~or failed to complete and maintain any element of construction or improvements represented in the application through the end of the Extended Use Period~~;
- 5) Been issued an IRS form 8823 with line 11(p) marked as “out of compliance.” Line 11(p) states: “Building is no longer in compliance nor participating in the low-income housing Tax Credit Program (attached explanation)”;
- 6) Is determined to have outstanding ~~compliance~~ fees or compliance reports;-
- 7) Failed to communicate operational commitments to management agent including but not limited to unit mix and commitments to supportive housing or veteran units
- 8) Use of Management Agents that do not meet compliance standards

Noncompliance or unsatisfactory performance may result in any member of the development team:

- 1) To be assessed negative points against future applications for Credit;
- 2) To be denied participation in the Credit Program including competitive and noncompetitive HTC for a period of up to three years.

Negative points against future applications for Credit will be assessed in accordance with the schedule outlined in Appendix P. Assessment of the penalty of barring of participation in the Credit Program will require approval by the Board of Directors and will go into effect immediately upon the determination.

If WHEDA at any time has reason to believe that the development: 1) will not be placed in service in a timely fashion; 2) fails to comply with the requirements for a Carryover Allocation; 3) is not in compliance with Section 42 of the Code; or 4) that the application contains misrepresentations, WHEDA may revoke the Credit allocation.

## Strategic Business Program

The WHEDA Strategic Business Program (formerly known as the Emerging Business Program) encourages contracting with economically disadvantaged businesses and union contractors. Participation is encouraged with an award of Credits within the State of Wisconsin. The participation goals are located in the Strategic Business Program Manual and can be found on WHEDA’s website.

The Strategic Businesses dollar goals (established by county) are based on percentages of allowable construction cost to include (not an all-inclusive list): general contracting, grading, excavation, concrete, paving, framing, electrical, carpentry, roofing, masonry, plumbing, painting, asbestos removal, trucking, and landscaping and the following soft costs: planning, architectural, and engineering fees.

Developers of Tax Credit developments in these counties who meet the Strategic Business participation goals are eligible to receive a refund of one-third (33%) of their Reservation fee. Developers must report their results to WHEDA in conjunction with their 8609 documentation. A complete set of documents required will be available on WHEDA's website.

Please refer to the 2025-2026 QAP Strategic Business Program Manual for a complete overview of the Strategic Business program and requirements.

## Tax Credit Allocation Fees and Extension Policies

WHEDA will charge fees for filing, reviews, extensions, and document revisions as follows. These fees must be paid in full before further processing of the Application. Allocation documents such as Reservation Agreements, Carryovers, Tier One Letters and Forms 8609 will not be considered valid without payment of the required fees. These fees apply to activities in the calendar years for this QAP and will be applied regardless if the Initial Application was submitted previously.

### HTC Application Fees

24 units or fewer:	\$1,000
Over 24 units:	\$2,000

### Reservation Agreements, Carryover Agreements, Tax-Exempt Tier One or Tier Two Agreements, and 8609s

Reservation Agreement	<p>5.0% of the annual Credit amount per Agreement</p> <p>0.25% of total Tax-Exempt Bond Volume Cap for <u>all</u> projects using <del>Federal 4% Credit</del> <u>TE Bonds</u> (or no greater than \$40,000). Fee will be applied to total Loan Structuring Fee due upon execution of Bond Commitment Letter.</p>
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Carryover Agreement/Tier One Letter	5.0% of the annual Credit amount per Agreement
8609s	\$500 plus \$100 per 8609 issued (limited to a maximum of \$2,500)

### Fees for Document Reissuance

Document	First Reissuance	Each Subsequent Reissuance
Reservation	\$500	\$1,000
Carryover/Tier 1 Letter	\$500	\$1,000
8609(s) –Each 8609 form (not to exceed	\$250/ea	\$500/ea
Amended Carryover Agreement	\$1,000	\$2,000

### Fees for Time Extensions and/or Incomplete Application Packages (30 day minimums. Not pro-rata)

Carryover /Tier 1 Application (Review 2)	1.00% of annual Credit reserved per 30-day extension – maximum of three extensions*
10% Test	1.00% of annual Credit allocated for a 30-day extension – maximum of one extension**
Mandatory Construction Start Date	1.00% of annual Credit allocated for a 30-day extension – maximum of three extensions
8609 Application (Final Application)	\$1,000 for each 30-day period if not received within 180 days of the placed in service date or the latest placed in service date for projects with more than one building identification number

\* Carryover must be approved by WHEDA before the end of the calendar year of the allocation of Credit.

\*\* 10% Test must be approved by WHEDA before the end of the calendar year following the Carryover Issuance.

In those cases in which a required submission is not returned to WHEDA by the deadline noted within the document, WHEDA will consider this a request for an extension, with the fee established in this document to be assessed. If no further extensions are available, the Credit will be revoked.

## Administration of, and Modifications to, and Interpretations of the QAP

WHEDA's Director of Commercial Lending shall oversee the implementation, administration and interpretation of this Plan by WHEDA staff, including: the preparation of forms of all applications, certifications, scoring sheets and other documents; interpretation of the application of stated policies and

procedures to situations that are not explicitly addressed in the QAP and program documentation; and the implementation of fair and reasonable processes for consideration of objections that may be raised by Credit applicants to decisions made by staff who administer the Credit program.

WHEDA's Members Loan Committee may amend this Plan from time to time to implement policy or program changes that the Committee deems to be in the best interests of the citizens of the state of Wisconsin.

The Director of Commercial Lending may amend this Plan to implement administrative changes, make clarifications and technical corrections, and conform the Plan to the requirements of the Code.

WHEDA Staff shall distribute a copy of each change made to this Plan to the WHEDA Board of Members promptly after the change takes effect.

WHEDA's Board of Members may, notwithstanding anything in this Plan to the contrary, allocate Credit to developments irrespective of points scored, if the allocations are: in compliance with the requirements of the Code; in furtherance of the housing priorities stated herein; and determined by the Board to be in the best interests of the citizens of the state of Wisconsin.

## Statement of Policy

The Code requires that the Plan provide selection criteria that include: (i) development location, (ii) housing needs characteristics, (iii) development characteristics, including whether the development includes the use of existing housing as part of a community revitalization plan, (iv) sponsor characteristics, (v) tenant populations with special housing needs, (vi) public housing waiting lists, (vii) tenant populations of individuals with children, (viii) developments intended for eventual tenant ownership, (ix) the energy efficiency of the project, and (x) the historic nature of the project.

The Plan must: (i) set criteria used to determine housing priorities which are appropriate to local conditions, (ii) give preference to: (I) developments serving the lowest-income tenants, (II) developments obligated to serve qualified residents for the longest period, and (III) developments located in qualified census tracts which contributes to a concerted community revitalization plan. The Agency must provide a procedure to monitor for noncompliance, notify the IRS of noncompliance and monitor for noncompliance with habitability standards through regular site visits.

The Plan may also include other criteria WHEDA deems appropriate and, except for the inclusion of the specified preference items, WHEDA has discretion with regard to the relative weight of these criteria.

WHEDA is also given the discretion to determine the appropriate amount of Credit allocated to developments selected under the plan. In developing this Plan, WHEDA considered the Wisconsin Consolidated Plan as well as its experience in creating affordable housing throughout Wisconsin.

WHEDA is responsible for allocating only the amount of Credit to a given development required to make that development economically feasible. This decision shall be made solely at the discretion of WHEDA, but in no way represents or warrants to any person that the development is, in fact, feasible or viable.

WHEDA's review of documents submitted in connection with this allocation is for its own purposes. By allocating the Credit, WHEDA makes no representations to the applicant, owner, or any other entity regarding adherence to the Code, Treasury regulations, or any other laws or regulations governing the Housing Tax Credit.

No member, officer, agent, or employee of WHEDA shall be personally liable concerning any matters arising out of, or in relation to, the allocation of the Credit. WHEDA reserves the right to revoke Credit in the case of misrepresentations made to WHEDA by any member of the development team.

All decisions regarding allocations of Credit and any subsequent decisions pertaining to participation in the Housing Tax Credit program throughout the lifetime of the project shall be considered final at the sole discretion of WHEDA. WHEDA expects that all representations in the initial and all subsequent applications for Housing Tax Credits will be completed in the final construction of the project. Modifications will not be approved except in cases of severe hardship even if the changes do not impact scoring or the results of the competitive application cycle of the amount of the allocation of Credit. Recipients of Housing Tax Credits who wish to request a modification to a project or appeal an outcome of a decision may submit the request in writing for consideration.

## Compliance Monitoring Procedures

The Code requires housing Credit agencies to monitor all Credit developments to determine whether they are complying with the requirements of the Credit program. The monitoring requirement applies to all buildings placed in service for which the Credit is, or has been, allowable at any time. WHEDA's internal monitoring process is outlined in the HTC Compliance Manual and the Compliance Policy for Extended Use Period, which are provided at [www.wheda.com](http://www.wheda.com).

Once the Form(s) 8609 is (are) issued, WHEDA will only allow changes to the development affecting the selection criteria on which the allocation of Credit was awarded upon satisfactory evidence that the change is necessary for the ongoing financial viability of the development.

All Credit developments are required to comply with the following regulations: The owner of a Credit development must keep records for each qualified building for each year in the compliance period. These records must include:

- a. The owner of a Credit development must certify annually to WHEDA under penalty of perjury, on forms and in a manner prescribed by WHEDA, that:
  - The development meets the minimum set aside test applicable to the development
  - The owner has received an annual Resident Income Certification from each qualifying resident and documentation to support that certification
  - Each qualifying unit in the development is rent restricted under Section 42(g)(2) of the Code
  - All units in the development are for use by the general public (as defined in §1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the development. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent State or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a Federal court
  - The buildings and each residential unit in the development are suitable for occupancy (taking into account applicable health, safety, accessibility, building codes and regulations or other habitability standards), and the government unit responsible for making health, safety, or



building code inspections did not issue a violation report for any building or residential unit in the development

- Either there has been no change in the eligible basis as defined in Section 42(d) of any building, or there has been a change, and the nature of the change, including any new Federal funds received
- All resident facilities included in the eligible basis under Section 42(d) of the Code of any building in the development, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances, are provided on a comparable basis without a Separate fee to all residents in the buildings
- If a qualifying unit in the development becomes vacant during the year, reasonable attempts are made to rent that unit to residents having a qualifying income and while the unit is vacant, no units of comparable or smaller size are rented to residents not having a qualifying income
- If the income of residents of qualifying units increases above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building will be rented to residents having a qualifying income
- Either there has been no change in the applicable fraction as defined in Section 42 (c)(1)(B), or there has been a change, and the nature of the change
- The development complies with the requirements or special provisions on which the allocation was based as outlined in the allocation documents, including, but not limited to, special Set-Asides and the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the development to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1927, 42 U.S.C. 1437s (for buildings subject to Section 13142(b)(4) of the Omnibus budget Reconciliation Act of 1993, 107 Stat. 312, 438-439)
- All qualifying units in the development are used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv) of the Code)
- The development complies with the requirements for all Federal or state housing programs (e.g. RHS assistance, HOME assistance, Section 8, FHA, Tax-Exempt financing or other programs), as applicable
- If the owner received its Credit allocation from the portion of the State ceiling set aside for a development involving “qualified non-profit organizations” under Section 42(h)(5) of the Code, the nonprofit entity materially participates in the operation of the development within the meaning of Section 469(h) of the Code, as applicable
- The development is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations
- There has been no change in the ownership or management of the development or any such changes have been reported to the State Monitoring Agency
- The applicable fraction as reported to the IRS for each building in the development at the close of the most recent tax year
- Rent charged to existing tenants (excluding households receiving rental assistance) has not increased by more than 5% annually, including due to changes in utility allowance calculations.

Waivers may be approved on a case-by-case basis with written approval from WHEDA by following the request process in accordance with the guidelines published on WHEDA's website.

- Rent increases may not occur mid-lease
- b. WHEDA requires that an owner of a Credit development submit to WHEDA during the compliance period, at times and in a manner prescribed by WHEDA, which may include transmission via e-mail or through a website, the following information:
- The Form 100 owner's certification as described in Section (a) above
  - Unit event information including data as described in Section (a) above
  - Utility documentation as required by the Code of Federal Regulations (26 CFR §1.42-10) and described in WHEDA's Tax Credit Program Compliance Monitoring Manual
  - Copy of signed 8609s the owner submits in the first year Credit is claimed
  - Audited financial statements unless waived by Housing Tax Credit investor
  - Other documentation as required
- c. WHEDA has the right to perform inspections of any Credit development through the end of the compliance period, including any extended use period. IRS regulations mandate that at least once every three (3) years WHEDA must conduct on-site inspections of all buildings in the development and review at least 20 percent (20%) of the development's low-income units. An inspection includes a physical inspection of any building and units in the development, as well as a review of the records described in Section (a) above.
- As provided in the Code, WHEDA and USDA Rural Development have entered into a Memorandum of Understanding ("MOU") whereby developments financed by Rural Development may be inspected by Rural Development. Rural Development may provide the result of such reviews to WHEDA.
- d. WHEDA will provide prompt written notice to the owner of a Credit development if WHEDA does not receive the required certifications or discovers through inspection, review or any other manner, that the development is not in compliance with the provisions of Section 42. In general, the owner will have an opportunity to correct noncompliance within 90 days from the date of notification to the owner. However, in the case of non-submission of reports or fees, the owner will have 30 days from the date of written notification in which to submit any missing report(s), information, or documentation. This includes, but is not limited to: Unit Status Report, annual Owner's Certificate of Continuing Compliance, utility allowance documentation, initial information, and fees. During the correction period, an owner must supply any missing certifications and bring the development into compliance with the provisions of Section 42. WHEDA may extend the correction period for up to six (6) months if it determines there is good cause for granting an extension.
- e. WHEDA is required to file Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service no later than 45 days after the end of the correction period described above, including any extension, whether or not the noncompliance or failure to certify is corrected.
- f. Compliance with the requirements of Section 42 is the responsibility of the owner of the development for which the Credit is awarded. WHEDA is relying solely on the quality and accuracy of the information presented by the owner's agent. This does not prohibit the IRS or WHEDA from detecting future violations. The IRS has issued no guidance on what constitutes a cure, therefore the IRS may overturn any

cure deemed reasonable by WHEDA. WHEDA's obligation to monitor for compliance does not make WHEDA liable for an owner's noncompliance.

- g. WHEDA will charge an annual fee to the development for conducting compliance monitoring. The annual fee is due March 15 of each year during the compliance period. WHEDA will also charge an initial compliance monitoring fee payable after the Form 8609 is issued. A late charge will be assessed for documentation or fees that are not received by the due date. WHEDA's Compliance Monitoring Fee Schedule and Compliance Monitoring Fee Policy is included in WHEDA's HTC Compliance Manual and the Qualified Allocation Plan. Fees will be charged on all units within each development and drawn via Automated Clearing House (ACH) agreement. WHEDA will only accept payment via ACH agreement. Monitoring fees are as follows:

**Initial Compliance Fee (Payable after 8609 issuance)**

The Initial Compliance Fee is a one-time fee payable after 8609 issuance. For developments of 15 or fewer units the fee is \$800.00. For developments of 16 or more units, the fee is \$55.00 per unit with a maximum of \$5,000.00.

**Initial 15 Year Compliance Period and Extended Use Period (Electronic Unit Status Report Submission)**

WHEDA Financed	\$30.00 per unit annually
All Other	\$45.00 per unit annually

## Ancillary Documents

### Appendices

Appendix A – Market Study Guidelines

Appendix B – Nonprofit Eligibility

Appendix C – Income and Rent Limits

Appendix D – Underwriting Guidelines

Appendix E – QCTs and DDCs

Appendix F – Maximum Cost Model

Appendix G – WHEDA Multifamily Capital Needs Assessment

Appendix G1 – Developer Scope of Work – Required Format

Appendix H – Electronic Application Submission and Communication Instructions

Appendix I – Utility Allowances

Appendix J – WHEDA's Developer Fee Policy for Housing Tax Credit Developments

Appendix K – Certified Rent Roll Requirements

Appendix L – Construction Signage

Appendix M – WHEDA Housing Tax Credit Design Requirements

Appendix N – Submittal Requirements for Developments with HUD Financing

Appendix O – Rural Development Submittal Requirements

Appendix P – Development Team

Appendix Q – Identity of Interest

Appendix R – Areas of Economic Opportunity

Appendix S – Certification to Create Rental Units for Persons Needing Supportive Services

Appendix T – Certification to Create Rental Units for Chronically Homeless Persons

Appendix U – Rural and Small Urban Eligible Communities

Appendix V – Workforce Housing Communities

Appendix W – Energy Efficiency and Sustainability

### Multifamily Application Workbook

Excel Multifamily Application Workbook

## Application Checklists

Project Concept Submission Checklist

Full Application Submission Checklist

Application Two Checklist

Construction Start Checklist

10% Test Checklist

Application Three (8609 and State of Wisconsin Low Income Housing Tax Credit Allocation Certificate)  
Checklist