

## 2026 Housing Tax Credit Program

Summary of Changes - Modification #3 of the 2025-26 QAP

Updated: October 15, 2025

---



On July 4, 2025 the passage of H.R. 1 reduced the amount of Tax-Exempt (TE) Bonds Volume Cap required for projects using 4% Federal Housing Tax Credits from 50% to 25% of the project's aggregate basis beginning with bonds issued after January 1, 2026.

On October 15, 2025, WHEDA's Board of Directors approved Modification #3 to the 2025-26 Qualified Allocation Plan to revise WHEDA's TE Bond Volume Cap sizing policy for the 2026 State Credit Application Cycle.

The previous policy in the 2025-26 Qualified Allocation Plan is replaced with the following revision:

Tax Exempt Bonds using new volume cap will be limited to the higher of:

1. 30% of the property's expected Aggregate Basis or
2. Permanent supportable debt, not to exceed 55%

WHEDA reserves the right to verify lenders' underwriting assumptions or to apply WHEDA's underwriting standards to the permanent supportable debt on projects that will not be financed by WHEDA for the purpose of sizing the TE Bonds.

Increases to commitments of Tax-Exempt Bond financing of up to 15% will be permitted only due to increases in the project's construction costs beyond the developer's control and will not be permitted for discretionary changes to the project as determined by WHEDA. Such increase will only be permitted as required to ensure the project will meet the 25% test.

The change will be made effective beginning with the 2026 State Credit Application Cycle. Staff will continue to evaluate the impact of this policy change and complete further analysis to determine if the policy should remain in effect or be modified for the 2026 Federal 4% Cycle. The final guidance for the 2026 Federal 4% Cycle will be announced in the Spring of 2026.