

2026 Housing Tax Credit Program

Summary of Changes - Modification #1 of the 2025-26 QAP

Updated: August 11, 2025



WHEDA has finalized policy updates for the 2026 Competitive Housing Tax Credit (HTC) Cycle. These changes have been formally approved and are designed to improve project feasibility and ensure responsiveness to current market conditions. Below is a summary of the changes approved in Modification #1 of the 2025-26 Qualified Allocation Plan. A complete revised Qualified Allocation Plan is available on www.WHEDA.com.

1. Project Concept Submission and Evaluation

WHEDA will continue to implement the Project Concept submission process as in the 2025 competitive cycle with the following adjustments to the submission requirements and review criteria:

Threshold Requirements Updates:

- Increased Credit Cap per Project
 - WHEDA has increased the maximum amount of 9% Housing Tax Credit that an applicant can request per project from \$1.2 to \$1.3 million for in the 9% General, Small Urban and Rural Set-Asides. The limit of State of Wisconsin Housing Tax Credits per project will remain at \$1.2 million.
- Feasibility Requirements
 - At least 70% of project funding sources must be firmly committed at the project concept stage using the definitions of committed sources outlined in Appendix D.
 - Underwriting standards in Appendix D have been updated to align with current market conditions.
 - WHEDA will publish a developer fee calculator for applicants to utilize in the Multifamily Application (MFA).
 - Applications that do not conform to all stated Underwriting Criteria as published in Appendix D will be deemed ineligible. WHEDA will not re-underwrite applications to correct deficiencies.
- Evaluation of Applicants
 - 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

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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.

- A complete Appendix B – Non Profits, will be required for applicants with a nonprofit organization serving as Lead Developer.
- Rehabilitation Projects
 - WHEDA reserves the right to exceed the targeted range of 10-15% of Housing Tax Credits allocated to projects comprised of rehabilitation of existing rental housing if insufficient qualified New Construction applications are submitted in the Application Cycle.

Project Concept Scoring Updates:

- Credit Efficiency Market Adjustment
 - The scoring ranges in the Credit Efficiency scoring category will be revised to account for updated market conditions.
- Revised Tie-Breaker Criteria
 - Tie-breaker rules have been modified to account for differences in credit efficiency scoring between new construction and rehab and rural and non-rural projects. This change applies to both Project Concept and Full Application scoring.

2. Full Application Submission and Review

WHEDA will continue the 2025 process of inviting selected Project Concepts to submit a Full Application with a total request of a target of 150% of available credit per Credit Type and Set-Aside.

Full Application Threshold Requirements Update:

- Building and Site Plan Requirements
 - The Building and Unit design elements that are required to be included on the Floor Plans are clarified to include the following items:

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- Units must be boxed out and include the number of bedrooms and square footage of individual units. Buildings that contain multi-story units must demonstrate adherence to applicable visibility requirements and location of roll-in showers as required under Appendix M or Scoring Category C.2. Universal Design.
- Count and dimensions of individual storage lockers.
- Common space amenities for which points are requested.
- The Site Plan details required in the 2025 cycle will continue to be required in 2026.

Full Application Scoring Updates

- Location Score
The lists of census tracts identified for points in Appendices R and W will not be updated but some of the values of points are increased as follows:
 - Category A.1 – Areas of Economic Opportunity.
 - Rent Burden: increase maximum points from 5 to 10 points.
 - Category A.3 – Workforce Housing Communities.
 - Job Centers: increase maximum points from 4 to 8 points.
 - Job Growth: increase maximum points from 4 to 8 points.
- Category B.3 – Supportive Housing
 - Projects requesting points for including Supportive Housing units will be required to adhere to a Tenant Selection Plan policy for the Supportive Units.

3. Innovative Set-Aside

WHEDA will reserve \$2.4 million of the 9% Credit for the 2026 Innovative Set-Aside. 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.

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4. 4% Credit Application Cycle

Timeline and Process Updates:

- Cycle Close Date Adjustment
 - The application deadline has been moved up to October 31, 2025 (previously the first Friday of December). All Reservation Agreements must be executed and associated fees paid by December 31, 2025.
 - WHEDA will have discretion to close the cycle early based on the availability of volume cap.

Bond Commitment Deadline

- All bond commitment letters must now be executed no later than April 1 of the following year after the Reservation Agreement is issued. Failure to meet this deadline will result in revocation of the reservation.
- Cure Period Revision
 - The cure period for noncompetitive applications has been shortened from 30 days to 5 days.

Volume Cap Policy Adjustments

- Guidance on Alternative Bond Transactions
 - Projects using a Local Issuer of Tax-Exempt Bonds or bonds issued without Housing Tax Credits are subject to the same application procedures and bond sizing standards as those requesting 4% HTC.
- Limit on Bond Increases Post-Reservation
 - Any increase in the amount of Tax-Exempt Bonds after the initial reservation may not exceed 15% of the originally approved amount.
 - Note: WHEDA's Tax-Exempt Bond Sizing policy has been revised under Modification #2 of the 2025-26 Qualified Allocation Plan.

5. Compliance Procedures

Updated Requirements:

- Management Agent Change Approval Window Extended

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- Changes to the management agent will now require WHEDA approval for at least five years after Placement in Service (previously two years).
 - Tenant Selection Plan Oversight
 - WHEDA's Compliance Team will now actively monitor and enforce compliance with Tenant Selection Plans for supportive housing units.
 - Rent Increase Policy Update
 - The existing 5% cap on rent increases remains, but a formal waiver request process has been established, along with defined criteria for approval.
 - Annual Audited Financials
 - All projects must now submit audited financial statements annually to WHEDA unless documentation is provided showing that the requirement has been waived by the HTC equity investor.
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6. Program Administration

Documentation Updates:

- WHEDA will publish updated checklists for the following submission phases to reflect changes adopted in the 2025–2026 Qualified Allocation Plan (QAP):
 - Application Two (Carryover/Tier One).
 - Construction Start Deadline.
 - Application Three (IRS Form 8609 Request).
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WHEDA is committed to clear communication and providing the tools needed for successful participation in the 2026 Housing Tax Credit Cycle. Please review these changes carefully as you prepare your applications.

For additional information and resources, please visit www.wheda.com or email WHEDA at HTC.FAQ@wheda.com.