

## 2025 Housing Tax Credit Program

Summary of Changes - Modification #2 of the 2025-26 QAP

Updated: August 11, 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.

WHEDA's Board of Directors approved a modification to the 2025-26 Qualified Allocation Plan to revise WHEDA's TE Bond Volume Cap sizing policy with the purpose of maximizing the total number of projects that this resource can support while ensuring the projects remain financially feasible.

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 following sizing parameters per project:

1. 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%
2. 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%

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.

The change will be made effective beginning with the 2025 Federal 4% Cycle and will be applied to all projects funded during this cycle including those currently under review. Staff will 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 Cycles. The final guidance for the 2026 cycle will be announced in the Fall of 2025. Projects using Tax Exempt Bonds from cycles prior to the 2025 Federal 4% Cycle will not be impacted by this change.