Strategic Business Program Manual

2025 Qualified Allocation Plan Housing Tax Credit Awardees or Later

WHEDA

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GET A REFUND

33% of your Housing Tax Credit reservation fee will be refunded after completing these four simple steps:

01 Submit a Strategic Business Program Opt-In Form at the start of the development to indicate you are opting in.

02 Hire certified contractors, professional services or union firms. See details of the certifications accepted in the manual.

03 When your development construction is complete, download and fill out the remaining Strategic Business Program documents on WHEDA.com.

04 Send completed documents to SBP@wheda.com and add wire instructions to receive the refund.

Receive a letter of achievement and a refund of 33% of your reservation fee processed by our Commercial Lending group.

The following pages provide more details.
Thank you for your interest in participating.

PROGRAM OVERVIEW

The WHEDA Strategic Business Program, formerly known as the Emerging Business Program, encourages contracting with economically disadvantaged businesses and union contractors. Participation is encouraged but not required for all awardees of Housing Tax Credits within the State of Wisconsin 2025-2026 Qualified Allocation Plan and later.

The Strategic Business Program dollar goals (established by county) are based on percentages of allowable construction costs to include (not an all-inclusive list): general contracting; grading; excavating; pouring concrete; paving; framing; and providing electrical; carpentry; roofing; masonry; plumbing; painting; asbestos removal; trucking; and landscaping services. It also includes the soft costs of planning, architectural and engineering fees.

Housing Tax Credit developers who meet the Strategic Business participation goals are eligible to receive a refund of one-third (33%) of their Housing Tax Credit reservation fee. Developers must report their results to WHEDA at the conclusion of construction to SBP@wheda.com. A complete set of documents required are available on WHEDA.com.

In order to participate in the Strategic Business Program, vendor partners must either be certified by a national– or Wisconsin-based agency within one of the accepted program certifications listed below or be recognized by one of the union partners described below.

Accepted vendor partner program certifications:

- 8(a) Small Disadvantaged Business
- Disadvantaged Business Enterprise (DBE)
- Minority Business Enterprise (MBE)
- Small Business Enterprise (SBE)
- Women Business Enterprise (WBE)
- Veteran Owned Business (VOB)
- Service-Disabled Veteran Owned Small Business (SDVOSB)
- Service-Disabled Veteran Business (DVB)

Accepted union contractors by trade:

- Find a Contractor
- Contractor Listing

Program-eligible hard costs are identified in the Eligible Program Hard Costs document on WHEDA.com. Participation goals by county:

- 25% - Dane, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Rock, Walworth, Washington and Waukesha
- 15% - Brown and Outagamie
- 10% - Sheboygan, Dodge and Fond du Lac
- 5% - All other counties

Measures of Success

At the completion of the project, WHEDA will review submitted documents to determine the developer's success, and to improve overall program performance goals.

Outreach to Businesses

Participating developers should reach out to businesses to encourage involvement and remove barriers to participation. This could involve a variety of activities, including holding pre-bid or site visit meetings; developing a marketing and communications strategy; posting Solicitations for Bids on WHEDA.com; making plans, specifications and contract requirements readily available to all potential contractors in a timely manner; holding informational meeting(s) specifically for strategic business and union contractors; breaking down contracted work into economically feasible units; utilizing services of businesses that hold a valid certification, community organizations, contractor's groups, or federal, state or local business assistance offices.

It could also include other organizations as allowed on a case-by-case basis to assist in recruiting and placement, or contracting a firm experienced in identifying and hiring strategic businesses and union contractors.

PROGRAM DOCUMENTATION AND SUBMISSION REQUIREMENTS

Overall Program Documentation

Developers participating in the Strategic Business Program are required to submit specific documentation found on WHEDA.com when construction concludes for the Housing Tax Credit development. Wire instructions to receive the refund should also be included.

Email forms to SBP@wheda.com.
For assistance with questions, contact Jesse Greenlee by phone at 414-227-4348 or email: SBP@wheda.com.

Reminder: Participating developer representative(s) or who they designate are to maintain accurate and sufficiently detailed records of all initial and follow-up attempts to involve the participation of both businesses that hold a certification or union contractors. Documentation should show all activities and actions taken to meet participation goals; i.e., job fairs; videos; mailings; email marketing; phone logs; notices; and postings on websites.

Strategic Business Program Opt-In Form

At the start of construction of the Housing Tax Credit development, the developers or representative(s) they designate must submit the one-page Strategic Business Program Opt-In Form, found on WHEDA.com, which indicates that they are participating in the Strategic Business Program and comply with its requirements:

1. Receipt and review of the Strategic Business Program Manual
2. Program goals

Participation Plan

Once construction has been completed, developers are required to submit a Strategic Business Participation Plan to WHEDA. This plan details strategic business contracts, contractors and union participants, certifications that the strategic business holds, and work that was completed and/or materials that were supplied and their dollar value.

Businesses may participate in the following ways:

- Perform select tasks rather than all contracted work. This increases the likelihood that program's goals and intent will be achieved.
- Serve as the prime contractor, consultant, subcontractor, joint venture partner with a prime or subcontractor. It could also be a vendor of materials, supplies, equipment or trucking. Work to be performed by the business must be clearly defined and satisfy requirements for ownership and control.
- Hire professional service firms such as architects, engineers, accountants, etc.

Eligible strategic business characteristics:

- Must currently hold a certification from a local, State of Wisconsin or federal certifying agency at the start of the construction for the Housing Tax Credit development. See **Appendix A** at the end of this manual for the definition of a certifying agency and certification types.
- Must perform a commercially useful function. See **Appendix A** for the definition.
- For joint ventures, contract dollars applied to the Strategic Business Program goal is limited to the percentage of the strategic business partner's participation in the joint venture.
- Suppliers of materials, equipment and supplies for items required under the construction contract will be credited as follows:
    - » One hundred percent (100%) of expenditures when obtained from a wholesale/retail distributor that owns operates or maintains a store, warehouse or establishment where these materials, equipment or supplies are purchased, stocked and regularly sold to the public. The distributor must engage in, as its principal business, in its own name, the purchase/sale of the products in question. Distributors of bulk items (steel, cement, gravel, stone and petroleum products) need not stock these products if it owns or operates distribution equipment.
    - » One hundred percent (100%) of expenditures for equipment, materials and supplies obtained from the manufacturer, subcontractor or supplier who substantially alters the material before resale or installation.
    - » Up to twenty percent (20%) of expenditures for equipment, materials and supplies obtained from a strategic business wholesale/retail broker, or packager that owns, operates, or maintains an establishment in which materials/supplies are ordered, not kept in stock, and/or not regularly sold to the public in the usual course of business. The broker or packager must engage in, as its principal business, in its own name, the brokering or packaging of the products in question.

Final Strategic Business Report is Due at Construction Completion

A Strategic Business report marked "Final" should be accompanied by completed Payment Certifications from all strategic businesses involved in the development.

- Signed Payment Certification must be received from each business that holds a certification or union contractor/subcontractor who participated in the program.
- Payment Certifications are required to accompany final reporting for the development; however, it is suggested they be collected from program participants as final payments are made.

Conclusion of Strategic Business Program Participation

WHEDA will review final documentation for accuracy and completeness. If program goals are met and all documentation is complete, WHEDA will issue a letter of achievement within 30 days. Housing Tax Credit developers who meet the Strategic Business participation goals are eligible to receive a refund of one-third (33%) of their Housing Tax Credit reservation fee.

Failure to Achieve Strategic Business Program Goals

If a developer fails to comply with program requirements, a notice of noncompliance will be issued from WHEDA. If the owner receives a notice of noncompliance, they have an opportunity to cure within 10 business days from the date of written notification, or they will forfeit the partial Housing Tax Credit reservation fee refund. In the case of non-submission of required reports and/or information, the developer will have no more than 10 days in which to submit the missing item(s).

Audit, Compliance and On-Site Review by WHEDA

WHEDA reserves the right to conduct audit/compliance reviews and site visits to verify accuracy of program information submitted.

Ethics/Whistleblower Hotline

The Ethics/Whistleblower hotline provides participants in the Strategic Business Program with an opportunity to report incidents of fraud, waste, abuse and conflicts of interest. The toll-free hotline is 800-481-9589 and available 24/7, 365 days per year. You may remain anonymous. The process is confidential.

APPENDIX A: PROGRAM DEFINITIONS

Certifying Agencies:

Strategic Business Program certifying agency/vendors:

- City of Madison
- City of Milwaukee
- Dane County – Unified Certification process with Milwaukee County and the City of Madison
- Milwaukee County Community Business Development Partners
- Small Business Administration/Wisconsin Office
- State of Wisconsin Department of Transportation
- Wisconsin Department of Administration
- Wisconsin Supplier Development Council
- State of Wisconsin, Department of Veterans Affairs
- US Department of Veterans Affairs

Commercially Useful Function:

A person or entity is deemed to perform a “commercially useful function” if the person or entity does all of the following:

- Is responsible for the execution of a distinct element of the work of the contract.
- Carries out the obligation by actually performing, managing or supervising the work involved.
- Performs work that is normal for its business services and functions.
- Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor’s, subcontractor’s or supplier’s role is limited to that of an extra participant in a transaction, contract, or development ***through which funds are passed*** in order to maintain the appearance of a certified business or union.

Housing Tax Credit Reservation Fee:

The fee paid by the owner to secure the reservation of Housing Tax Credits at the initial application.

Strategic Business:

A firm that holds one or more of the certifications below at the time of construction:
Types of certifications:

- 8(a) Small, Disadvantaged Business – **8(a)** – the Small Business Administration/ Wisconsin office.
- Disadvantaged Business Enterprise – **DBE** – the Wisconsin Department of Transportation, Milwaukee County Community Business Development Partners (reliant upon the Uniform Certification Program maintained by the Wisconsin Department of Transportation), or the City of Madison.
- Minority Business Enterprise – **MBE** – the Wisconsin Supplier Development Council, the Wisconsin Department of Administration (formerly administered by the Wisconsin Department of Commerce), or the City of Madison.
- Small Business Enterprise – **SBE** – the City of Madison and City of Milwaukee.
- Women Business Enterprise – **WBE** – the Wisconsin Department of Administration (formerly administered by the Wisconsin Department of Commerce), or the City of Madison.
- Service-Disabled Veteran Owned Small Business – **SDVOSB** – US Department of Veterans Affairs.
- Veteran-Owned Business – **VOB** – State of Wisconsin, Department of Veterans Affairs.
- Disabled Veteran Business – **DVB** – Wisconsin Department of Administration.

Strategic Business Program:

Program to encourage the participation of qualified economically disadvantaged businesses and unions in constructing awarded Housing Tax Credit developments.

Developer:

The person or entity that owns a development awarded Housing Tax Credits.

Participation Goal:

The minimum percentage of the Project Cost Subject to Participation is taken from the Housing Tax Credit application submitted to WHEDA, and/or it's based on the Program Eligible Hard Cost document submitted by the owner or their designee.

Pass-Through:

A business or union that does not perform a commercially useful function and its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of program-eligible business participation.

Project Costs Subject to Participation:

Includes the following project cost categories in the online Housing Tax Credit application: "Total Demolition" + "Total Site Work" + "Total New Construction / Rehab (Subtract Personal Property and Contractor Profit)" + "Total Construction Contingency" and "Total Architectural & Engineering."

APPENDIX B: FORMS

Forms are posted on WHEDA's website in the [Strategic Business Program] area.
Unless otherwise indicated, the owner of the development is responsible for completion, retention and/or submission of the following forms:

- ☐ **Strategic Business Program Opt-In Form**

  Acknowledges the developer representative(s) or who they designate are opting into the Strategic Business Program and acknowledge they have reviewed the Strategic Business Program Manual and understand the program guidelines.

- ☐ **Final Report**

  Verifies and details program payments made to subcontractors and suppliers. A final report is submitted after the last building in the development places in service.

- ☐ **Final Checklist**

  Aids in the submission of final reports and backup documentation.

- ☐ **Participation Plan**

  Identifies contractors and suppliers, work to be performed, type of businesses that hold a certification or unions and the estimated contract amounts.

- ☐ **Payment Certification**

  Certifies businesses that hold a certification or unions working on the development received full and final payment for services.

- ☐ **Program-Eligible Hard Costs**

  Documentation of eligible project costs used to establish participation goal requirements.