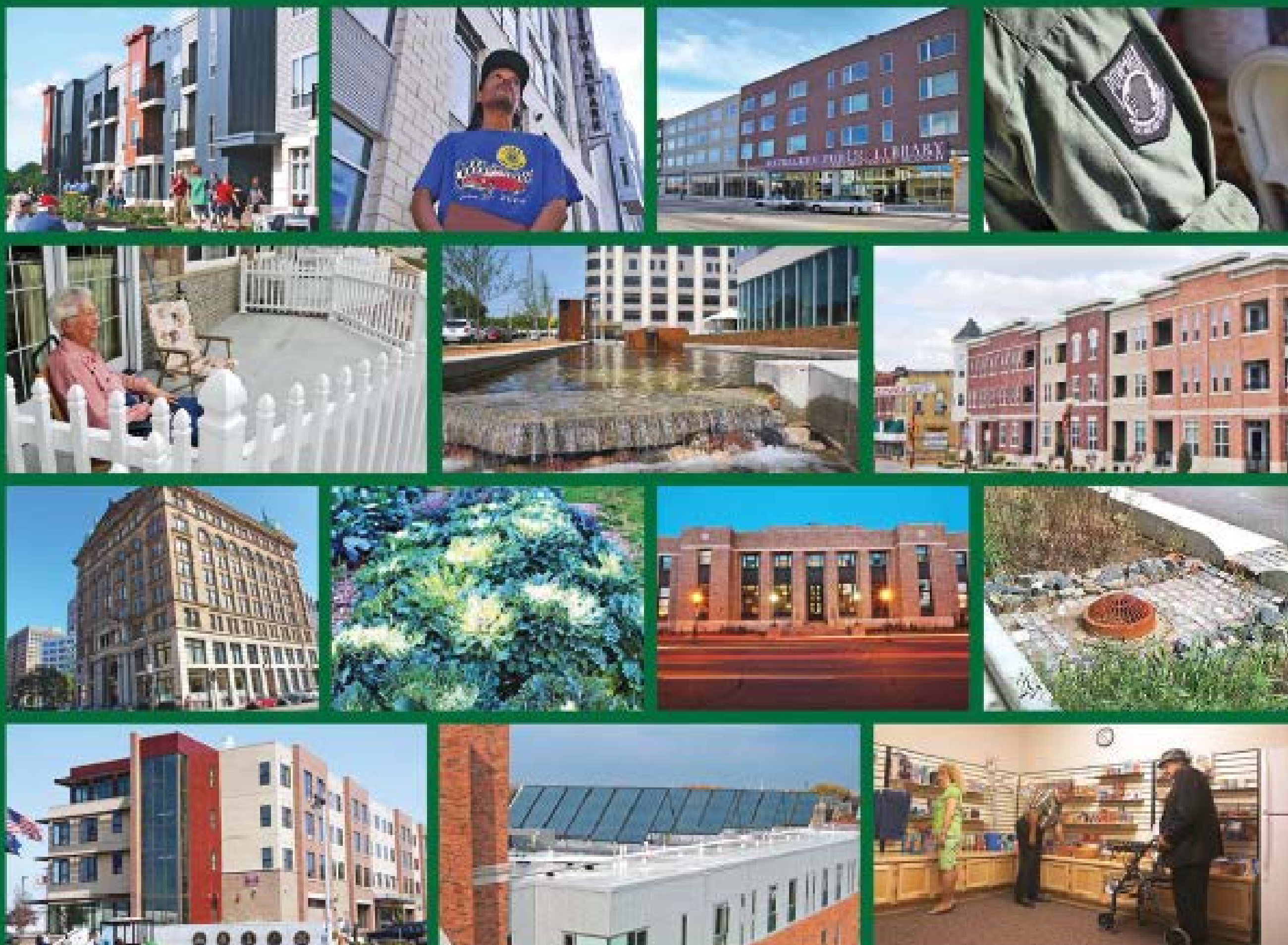

WHEDA

LOW INCOME HOUSING TAX CREDIT

QUALIFIED ALLOCATION PLAN 2019-20

for the State of Wisconsin

SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. BOX 7863
MADISON, WI 53707

July 10, 2018

Dear Friend of Affordable Housing:

It is my pleasure to announce that Wisconsin's ongoing commitment to affordable housing will be continued into 2019 and 2020 through the federal and state Housing Tax Credit program. The Housing Tax Credit Program is a valuable resource that helps ensure the benefits of Wisconsin's robust housing market reach our low-to-moderate income residents.

Therefore, I am pleased to announce Wisconsin's 2019/2020 Qualified Allocation Plan in accordance with Section 42(m)(l)(A)(i) of the Internal Revenue Code of 1986. The Plan is based upon Congressional mandates and Wisconsin's housing needs. It is my intent that this Plan will provide as many quality affordable housing opportunities as possible.

WHEDA has been the sole administrator for Housing Tax Credits in Wisconsin since the federal program began in 1986, and began implementation of the Wisconsin Housing Tax Credit program in 2018. Since 1986, WHEDA has awarded more than $375 million in Low Income Housing Tax Credits (LIHTC) resulting in the development and rehabilitation of more than 48,000 units of rental housing for low- to moderate-income families, seniors and persons with special needs.

I am confident that the credits available under the Plan will produce and preserve high quality affordable rental units. Working together, we can ensure all citizens of Wisconsin safe, decent and affordable housing.

Sincerely,

Scott Walker
Governor, State of Wisconsin

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HOUSING TAX CREDIT

2019-2020 QUALIFIED ALLOCATION PLAN
FOR THE STATE OF WISCONSIN

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I. INTRODUCTION

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 (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 2019 and 2020.

OBJECTIVES OF THE QUALIFIED ALLOCATION PLAN

1. Increase the supply of housing for very-low income families and seniors
2. Increase the supply of affordable housing with services, including veterans
3. Increase the supply of affordable housing for seniors
4. Encourage housing development in areas of economic opportunity
5. Coordinate housing development with housing & community development plans
6. Ensure the efficient use of HTCs
7. Support the housing goals and objectives stated in the State of Wisconsin Consolidated Plan and the housing goals and objectives stated in the Plan to End Homelessness in Wisconsin

II. THE 9% CREDIT RESERVATION & ALLOCATION PROCESS

A. Amount of Credit to be Allocated

The amount of annual 9% Credit authority is based on an estimated $2.70 per-capita derived from population estimates released by the Internal Revenue Service (the "IRS"). For calendar years 2019 and 2020, WHEDA's per-capita 9% Credit authority is estimated to be approximately $15.65 million. In addition to per-capita Credit, WHEDA may have returned Credit from previous Credit years to allocate. WHEDA staff may also elect not to allocate remaining Credit.

There will be one pool of 9% Credit divided into five Set-Asides. Applicants are required to choose the Set-Aside in which they will compete. These Set-Asides are General, Nonprofit, Preservation, Rural, and Supportive Housing. All Set-Asides are available at the opening of the application period. To leverage this limited public resource to the furthest extent possible, the maximum Credit that will be awarded to any one development in the General, Preservation and Supportive set-asides will be limited to $1,550,000. In the Rural and Nonprofit set-asides, the maximum award will be limited to one-half of each set-aside..

WHEDA staff will rank all applications by score within the appropriate Set-Aside, and allocate Credit to the highest scoring applications to the extent that Credit is available to fully fund the next highest-scoring application within the Set-Aside. WHEDA staff may then allocate any remaining Credit at their discretion.

All developments applying for additional 9% Credits (in excess of the development's original Credit request) in a subsequent year must compete with all other 9% applications submitted in the selected Set-Aside. Such additional Credit applications shall not include a Developer's Fee higher than the development's original request - the maximum developer fee for a property will be established at the approval of the Carryover application.

A partial credit award will only 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

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 selected Set-Aside. 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 as an additional credit application, and will compete with other applications in that Set-Aside.

The Set-Asides are:

1. General Set-Aside. Forty-five percent (45%) of the State housing per-capita Credit will be made available in the General Set-Aside.

   Applications submitted in the General Set-Aside shall not be moved to a different Set-Aside for any reason.

2. Nonprofit Set-Aside. Ten percent (10%) of the State housing per-capita Credit must be set aside for qualified nonprofit organizations that have a majority ownership interest in a Credit development.

   If nonprofit applications score insufficient points to qualify for Credit in the Nonprofit Set-Aside, they will be transferred to the General Set-Aside to be ranked by score.

   The nonprofit must be named as the "Primary Applicant/Developer", must sign the HTC application, and must be a "qualified nonprofit organization" as defined in Section 42 of the Code and submit a fully completed Appendix B with the initial HTC application. Applicants in the Nonprofit Set-Aside will be required to provide evidence that they have staff with residential development experience, and a controlling interest in the property. Applications determined by WHEDA to be ineligible for this Set-Aside will be moved to the General Set-Aside.

3. Preservation Set-Aside. Twenty percent (20%) of the State housing per-capita Credit will be set aside for the preservation of qualifying federally assisted housing units. Applications must propose a minimum of 20% of eligible basis or $20,000/unit in hard cost rehabilitation, whichever is greater, to qualify for this Set-Aside.

   Federally Assisted Housing Preservation includes low-income housing developments subsidized under the following or similar programs: Section 236, Section 221(d)(3) Below Market Rate (BMIR), Section 221(d)(3) Market Rate with Section 8 rental assistance, Section 8 project-based new construction, Section 202, Section 811, Section 221(d)(4), public housing, Section 515- Rural Rental Housing Program, Rural Development, USDA, and NAHASDA or other tribal subsidies. Existing properties with project-based vouchers for a minimum of 75% of the units are eligible to apply in the Preservation Set-Aside.

   HTC properties that have completed the 15-year compliance period, but do not have a form of housing assistance described above, are not eligible to apply in the Preservation Set-Aside

   Applications submitted in the Preservation Set-Aside shall not be moved to a different Set-Aside for any reason.

4. Rural Set-Aside. Fifteen percent (15%) of the State housing per-capita Credit will be set aside for developments in qualified rural locations.

   To qualify for the Rural Set-Aside, a development must be located in an area that meets USDA Rural Development's Property Eligibility criteria (for Multifamily Housing).

   Applications in the Rural Set-Aside will not be eligible for points in the Mixed-Income Incentive scoring category.

   Applications submitted in the Rural Set-Aside shall not be moved to a different Set-Aside for any reason.

5. Supportive Housing Set-Aside. Ten percent (10%) of the State housing per-capita Credit will be set aside for developments intending to provide supportive services in at least 50% of the units for individuals and/or families who are chronically homeless or prone to homelessness and who require access to supportive services to maintain housing.

To qualify for the Supportive Housing Set-Aside the applicant must:

- Submit an executed Certification (see Appendix T to the Application) committing to certain conditions
- Submit firm commitments for rental subsidy for a minimum 50% of the total development units from a public housing authority or government entity having such authority, and must clearly state support of the project.

Examples of allowable rental assistance include: Project-based Section 8 HAP or vouchers, operating subsidy or capitalized operating fund, or other rental subsidy assistance provided by a public housing authority or other government entity.

Applications submitted in the Supportive Housing Set-Aside shall not be moved to a different Set-Aside for any reason.

1. <u>9% Credit and 4% Federal & State Credit Timeline</u>

	2019	2020
Management Agent Certification Application Deadline	September 4, 2018	September 3, 2019
Tax Credit Application Submissions Due - HTC Online Application (LOLA) and Paper Application Documentation	Nov 23, 2018 – Dec 14, 2018	Nov 22, 2019 – Dec 6, 2019
WHEDA Initial Application Review, Site Visit, Financial Feasibility, Market Review, Scoring	Dec 10, 2018 – Mar 15, 2019	Dec 9, 2019 – Mar 15, 2020
WHEDA Publication of Preliminary Awards (see www.wheda.com)	Approx. Mar 15, 2019	Approx. Mar 15, 2020
WHEDA Credit Calculation & Reservation Issuance	Approx. April 1, 2019	Approx. April 1, 2020
Due Date for Second HTC Application and Paper Documentation. WHEDA Issuance of Carryover Agreement	Due Approx. August 1, 2019 (120 days after Reservation issuance)	Due Approx. August 1, 2020 (120 days after Reservation issuance)
10% Test Deadline (see www.wheda.com for documentation requirements) *	Due 30 days prior to twelve months after Carryover issuance	Due 30 days prior to twelve months after Carryover issuance
Mandatory Construction/Rehabilitation Start Date	July 31, 2020	July 31, 2021
Building(s) placed in service *	No later than December 31, 2021	No later than December 31, 2022
Submission of Final (Third) Application and Paper Documentation. See www.wheda.com	Due within 180 after latest placed service date for the project	Due within 180 after latest placed service date for the Project
WHEDA Issuance of 8609 Form(s) & Land Use Restriction Agreement (LURA)	After receipt and approval of satisfactory third review documentation	After receipt and approval of satisfactory third review documentation
WHEDA Ongoing Compliance Monitoring Procedures	Post 8609 issuance	Post 8609 issuance

* 9% Credits Only

a. Application Deadline

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 HTC On-Line Application system (LOLA). A Delegated Administrator Agreement must be submitted to and processed by WHEDA to obtain access to LOLA. One paper copy of the application and required additional documentation must also be submitted to WHEDA. Completed paper applications must contain original signature(s) of both the Primary Applicant and Co-Applicant/Co-Developer, if applicable and the initial application must be accompanied by a check for the appropriate nonrefundable application fee(s) (See Section XII, Tax Credit Allocation Fees). 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 9% HTC applications for a two-week period according to the calendar noted on the previous page. All 9% applications must be submitted via LOLA by 5:00 p.m. CST. The paper copy of the application, nonrefundable fee(s), and required additional documentation 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 also encouraged to review all application Appendices. All of these materials are located by application year on www.wheda.com.

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 Section XII, Tax Credit Allocation Fees.

No application may request more than 50% of the amount available in the Rural and Non-Profit Set-Asides. Applications in the General, Preservation, and Supportive Set-Asides will be limited to an annual credit amount of $1,550,000. A developer may receive up to $1,550,000 of HTCs in any year, in no more than three awards.

If there is a developer and a co-developer for an HTC application, the credits will be allocated to the developer and co-developer based on the percentage of the developer fee paid to each entity. WHEDA will require a development agreement or Memorandum of Understanding (MOU) which describes the payment of developer fees. If an application does not include an MOU, all of the credits will be allocated to both the primary developer and the co-developer. Developers and co-developers having an Identity of Interest may be treated as a single developer if WHEDA concludes at its discretion that the structure is intended to circumvent the annual $1,550,000 limit on HTCs to a developer.

b. Initial Application Review & Site Visit

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
- Nonprofit applicants applying in the Nonprofit Set-Aside must meet the "qualified nonprofit organization" requirements of the Code, and have submitted a completed Appendix B
- 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
- The applicant is sufficiently ready to proceed based on site control

As required by the Code, WHEDA will also notify the appropriate official's office in the local jurisdiction of the proposed Credit development location and solicit comments.

A WHEDA representative will contact a member of the development team to discuss the proposed development, arrange a site/market visit, and meet with representatives of the development team.

c. Market Approval Threshold

WHEDA requires all applications include a recent market study, prepared by a WHEDA approved third-party market analyst. A list of WHEDA approved market study providers can be found on www.wheda.com.

Market strength is a threshold determination based on the market study provided in the application, analysis by WHEDA staff, and other sources including WHEDA internal occupancy data. The market study must adhere to the standards published on www.wheda.com. 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, at its option, may elect to contract its own third-party market study to evaluate information provided by the developer.

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 construction or lease-up.

d. Financial Feasibility Threshold

Section 42 of the Internal Revenue Code states, in part "the housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period". Therefore, WHEDA will evaluate the financial feasibility as a threshold item. Feasibility is determined by a variety of factors including: projected operating expenses, replacement reserves, rents, other income, vacancy assumptions, debt service, and expected equity proceeds.

WHEDA reserves the right to reject applications or reduce Credit requests/allocations at any stage of the allocation process per Section 42 requirements, based on financial infeasibility, or excessive Credit request. WHEDA Furthers 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 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 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 the Wisconsin HTC, and modification of the unit mix, or reasonable deferment of developer fees.

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.

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.

Land Use Restriction Agreement (LURA). Owners of developments funded with HTC 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.

e. **Application Scoring & Minimum Scoring Threshold**

Applications are scored based on various scoring criteria. Applicants will self-score a portion of these criteria in the Application. However, WHEDA will make the final determination of the applicant's score. WHEDA requires a minimum threshold point score for all applications which will be noted in the application.

f. **Scoring Categories**

Detailed scoring criteria, instructions and tie-breakers are located within the Credit application itself on www.wheda.com.

Scoring Category	Max Points
1. Lower-Income Areas	5
2. Energy Efficiency and Sustainability	32
3. Mixed-Income Incentive	12
4. Serves Large Families (Three-bedroom or larger units)	5
5. Serves Lowest-Income Residents	60
6. Supportive Housing	20
7. Rehab/Neighborhood Stabilization	25
8. Universal Design	18
9. Financial Leverage	40
10. Eventual Tenant Ownership	3
11. Project Team	12
12. Readiness to Proceed	12
13. Areas of Economic Opportunity	28
14. Rural Areas Without Recent HTC Awards	5
15. Location Points (only for 4% applications)	35

WHEDA calculates and ranks the score for each application in each Set-Aside and determines which applications meet or exceed a minimum established scoring threshold. WHEDA will publish a list of awarded applications, as well as those that are on-hold or ineligible on www.wheda.com at the conclusion of each HTC allocation round.

g. **Submission & Review of Additional Documents**

The highest-ranking applicants within each Set-Aside and for which Credit is deemed likely to be available are able to continue in the process. WHEDA will subsequently issue to the highest- ranking applicants a Credit Reservation letter shortly after the credit award announcement.

Additional required application materials must be submitted to WHEDA within

120 days of the issuance of the Credit Reservation. Failure to meet all threshold requirements within the 120-day period will render applications ineligible for further consideration.

At its sole discretion, WHEDA may approve a written request for an extension. See Section IX, Tax Credit Allocation Fees. In the event an application is unable to proceed in the Credit process, WHEDA, at its discretion, may award credits to the next highest-ranked scored application that meets or exceeds the minimum scoring threshold.

h. 9% Credit Calculation & Reservation

a. Credit Calculation:

WHEDA will reserve the calculated Credit amount after the development has received market approval, received financial feasibility approval, achieved sufficient scoring rank, and has satisfactorily submitted all requested additional documentation. 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.

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 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.

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" may include childcare, workforce development, healthcare, etc., and must be designed primarily to serve individuals whose income is 60% or less of county median income.

Under certain circumstances described in the Code, buildings financed under the Native American Housing Assistance and Self-determination Act of 1996 (NAHASDA) are eligible for the 9% Credits.

b. Reservation of Credit

WHEDA will issue a letter reserving the determined Credit amount to qualifying applicants shortly after the announcement of preliminary awards. 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. All developments receiving a reservation of Credit will be required to erect a WHEDA construction sign meeting specifications outlined in Appendix L of the HTC application.

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 request for an extension.

i. **Second & Third Application Reviews & Credit Allocation**

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 LOLA and in paper form 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.

The second review is due from the applicant no later than 120 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. Provided the second evaluation is in order, WHEDA will issue a Carryover Agreement at the time of completion of the second evaluation. 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 120 days of the issuance of the Credit Reservation. WHEDA must receive the fully executed Carryover Agreement on or before December 29 each calendar year.

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. The owner must submit a third-party accountant's review certifying that the required 10% expenditure has occurred, or is likely to. WHEDA requires a breakdown of expenditures as well as proof of expenditure by the specified deadline.

In those cases in which the Carryover Agreement (and the Carryover Fee) are not returned to WHEDA by the deadline within the Carryover Agreement, WHEDA will consider this a request for an extension.

WHEDA will require evidence that construction/rehabilitation of the property is underway by July 31st, 2020 for all HTC awards made in 2019. For HTC awards made in 2020, WHEDA will require evidence that construction/rehab of the property is underway by July 31, 2021. 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. WHEDA will require evidence that a 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.

The third and final review is conducted after the development has been placed in service. WHEDA will again review financial feasibility, revised costs and the equity requirement based on 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 latest placed-in-service date for the project or an extension must be requested. See Section IX Tax Credit Allocation Fees.

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. 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.

Please see www.wheda.com for the Final (8609 Submission) Review Checklist for a complete list of required items to be submitted with the Final Application. WHEDA will require evidence (within the Operating Agreement) that Operating Reserves remain in place for a minimum of 15 years.

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 9% 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.

The above requirements must be submitted in an acceptable form to WHEDA. Upon receipt, review and acceptance of all required materials, WHEDA will allocate Credit and send a completed original of IRS Form(s) 8609 to the owner. WHEDA will forward a photocopy 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 mailing or faxing the revised/corrected 8609 forms to the Owner.

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.

In addition, WHEDA reserves the right to deduct up to 15 points within the Project Team scoring category on subsequent HTC applications should it discover developer/applicant noncompliance on previous tax credit awards.

Deductions shall apply no less than 24 months from the date of discovery. 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. WHEDA, at its discretion, may choose to bar participation in the HTC programs for those development team members with repeated or excessive noncompliance violations.

III. RULES FOR DEVELOPMENTS RECEIVING FEDERAL AND STATE 4% HOUSING TAX CREDITS - FINANCED WITH TAX-EXEMPT BONDS

a. Introduction

On March 28, 2018, Governor Scott Walker signed Wisconsin 2017 Act 176, which created the Wisconsin Housing Tax Credit program. A copy of Act 176 can be found at https://docs.legis.wisconsin.gov/2017/related/acts/176.

The Wisconsin Housing Tax Credit was designed to be complement to 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 will have 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.
- The HTC ceiling will be limited to $7 million per year

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

b. Application Process

Unlike the 9% tax credit program, there will be no credit set-asides within the $7 million of state HTCs available in 2019 and 2020.

The items described below create a competitive application process for 4% federal and state HTCs. Those applications meeting threshold requirements will then receive an application score. WHEDA will allocate state HTCs to the highest-scoring applications until a total of $7 million of awards have been made. WHEDA does not intend to make partial awards of state HTCs during this application round.

As the process is competitive, WHEDA will be reacting to the proposals we receive – applicants should not expect to be allowed to submit additional materials after the application deadline. However, WHEDA may contact applicants to provide clarification for applications materials that have been submitted. Incomplete applications will be rejected during WHEDA's threshold review process.

Properties that have an existing HTC award that have begun construction/rehab or have closed with their investor and lender(s) will not be allowed to apply for an additional allocation of Wisconsin Housing Tax Credits.

WHEDA will accept federal and state HTC applications for a two-week period according to the calendar noted within Section II(1) of the QAP – 4% federal and state HTC applications will have the same application deadline as 9% HTC applications. All applications must be submitted via LOLA by 5:00 p.m. CST. The paper copy of the application, nonrefundable fee(s), and required additional documentation 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.

No application may include a request for more than $1,400,000 of state HTCs (20% of the $7 million of state Housing Tax Credits to be allocated annually). Additionally, no member of the development team – applicant and/or co-applicant – may receive more than two awards of state HTCs in any year.

There is no limit on the amount of federal 4% tax credits that may be requested. WHEDA intends to award state HTCs that are less than or equal to the federal HTC amount for each application.

c. Threshold Requirements

WHEDA will review the application to confirm that the development meets the requirements of the Plan, including a determination that the application meets the market threshold, financial feasibility threshold, and minimum scoring threshold.

Applications for state HTCs must also meet the following application threshold requirements:

1. Minimum Score
    a. Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, and (c) Treasury-designated Opportunity Zones will be required to score a minimum of 110 points to be eligible for 4% federal and state HTCs. USDA Rural Housing Eligibility Criteria can be determined by visiting https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=mfhc, and the Census Bureau metropolitan county definition can be found on https://www2.census.gov/geo/maps/metroarea/stcbsa_pg/Feb2013/cbsa2013_WI.pdf.
    b. Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties will be required to score a minimum of 120 points to be eligible for 4% federal and state HTCs.
    c. Properties located in areas meeting USDA's Rural Development Property Eligibility Criteria will be required to score a minimum of 130 points to be eligible for 4% federal and state HTCs.
    d. Properties outside of the cities of Milwaukee and Madison that do not meet any of the criteria in (1-3) above will be required to score a minimum of 140 points to be eligible for 4% federal and state HTCs
    e. Properties in the cities of Milwaukee and Madison will be required to score a minimum of 155 points to be eligible for 4% federal and state HTCs
2. Within Appendix M (WHEDA Design Requirements), the 100% visitable unit requirement will be reduced to 50%. 20% visitability will continue to be required for single-family, duplex and townhome style construction.

Applications meeting the threshold requirements will then be assigned an application score based on the scoring categories in the 2019/2020 QAP, subject to the additional scoring options described below

In the event that WHEDA does not receive more than $7 million of applications that meet the threshold requirements – all applications meeting threshold requirements, including minimum score, will receive a federal and state HTC award.

d. Additional 2019/2020 Scoring Options

Applications requesting federal and state 4% tax credits will be subject to the scoring amendments below:

1. Readiness to Proceed (category 12)
    a. Currently, points are awarded in the Readiness to Proceed category for "permissive zoning in place for the type of development proposed". Those points will remain as-is.
    b. WHEDA will award an additional 20 points for applications that include evidence that all items on the Credit Award Checklist (with the exception of the loans funded with tax-exempt bonds) have been completed. A copy of the Credit Award Checklist can be found on https://www.wheda.com/Forms/HTC/. Proportional points will not be awarded.
2. Location Points
    a. Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties, and (c) Treasury-designated Opportunity Zones will receive 35 points
    b. Properties located in areas meeting (a) USDA's Rural Development Property Eligibility Criteria, (b) the Census Bureau definition of non-metropolitan counties will receive 25 points
    c. Properties located in areas meeting USDA's Rural Development Property Eligibility Criteria will receive 15 points
    d. Properties outside of the cities of Milwaukee and Madison that do not meet any of the criteria in (1-3) above will receive 10 points

e. Underwriting Criteria

The following criteria will be used to underwrite applications for federal and state 4% tax credits:

1. Income Averaging. The Consolidated Appropriations Act of 2018 created a third minimum set-aside option for tax credit properties. In addition to the existing options to set-aside a minimum of 20% of units for households at or below 50% of County Median Income or a minimum of 40% of units for households at or below 60% of County Median Income, the Internal Revenue Code now allows an option to set-aside a minimum of 40% of units for households with an average income of no more than 60% of CMI. The new provision allows households as high as 80% CMI to qualify as a low-income household. WHEDA will accept 4% HTC applications that include low income units from 20% CMI to 80% CMI, provided that the average does not exceed 60% of CMI.

   a. Applications electing the Income Averaging option must be 100% low-income. Properties with market rate units will be required to select the 20% @ 50% CMI or 40% at 60% CMI set-aside option.
   b. Low Income units at or above 60% of CMI may not exceed 95% of the HTC gross rent limit, and may not exceed 90% of estimated market rents (as noted in the market study)
2. State HTC Pricing. WHEDA will publish periodic guidance prior regarding the expected pricing range for state HTC applications.
3. Applicants should use the WHEDA Tax-Exempt Financing Rate on the day that the application is submitted to establish the rate for their permanent debt. Rates can be found on https://www.wheda.com/Financing/Rates/.
4. Applications will be required to maintain a Debt Coverage Ratio of 1.20 to 1.40 during the 15 year compliance period.
5. Vacancy rate. WHEDA will continue to use a vacancy rate of 7% for new properties. Existing properties with a vacancy rate of 5.0% or less in the three previous years will be allowed to include a vacancy rate of 5% in the application - copies of operating statements for each of the three years noted above must be included with the tax credit application. In the absence of those operating statements, a vacancy rate of 7% will be used by WHEDA.
6. Commercial Income will not be considered when determining the Debt Coverage Ratio
7. WHEDA will continue to allow a maximum developer fee of no more that 20% for applications utilizing the federal and state 4% HTC. In those cases in which the Developer Fee exceeds the standard WHEDA Developer Fee policy, a minimum of one-half of the developer fee must be deferred.
8. Applicants should not include any new WHEDA subordinate within the Proposed Funding Sources for the property.

f. Timeline

Approval of a 4% state and federal HTC application does not constitute a loan approval by WHEDA. Tax-exempt bond loan applications will follow WHEDA's typical loan approval process.

Upon completion of threshold and scoring reviews, WHEDA will announce the federal and state HTC awards and issue Reservation letters for the federal and state tax credits. For those tax credit applications that included a WHEDA loan addendum, WHEDA will begin the loan approval process at that time.

The Reservation letter for all federal and state HTC 4% awards will require that all items necessary to complete the Tier One letter (see the Credit Award Checklist referenced in Section E above) be submitted to WHEDA by a specified date. Failure to submit the required Credit Award Checklist items will lead to a revocation of the HTC Reservation.

Developers pursuing other providers for tax-exempt debt will be required to meet the timeline described above.

In the event that WHEDA does not receive a sufficient number of qualifying applications to fully-utilize the annual state HTC ceiling, additional federal and state HTC applications may be accepted later in each year. Later applications would be processed as they are received by WHEDA – those meeting threshold requirements would receive a federal and state HTC award. WHEDA also retains the ability to roll-over unawarded state HTCs to the following year.

g. HTC Applications That do not Include a WHEDA Tax-Exempt Bond Loan Request

Federal and state HTC projects will require the issuance of volume-cap tax-exempt bonds to meet the 50% test for 4% transactions. In those cases in which WHEDA is not providing a credit-enhanced tax-exempt bond-funded loan, the following parameters will apply:

1. Local Issuance
    - The Volume Cap allocation will be limited to 60% of the property's expected Aggregate Basis
    - Volume cap amounts may be limited by WHEDA's "Volume Cap Allocation to Local Issuers" policy
2. Private Placement with No Credit Enhancement
    - The Volume cap allocation will be limited to 60% of the property's expected Aggregate Basis
    - Bonds will only be issued in May and November each year
    - Fees will be equal to the smaller of (a) 1.5% of the loan amount or (b)$125,000; plus the cost of bond issuance
3. Volume cap used for construction loans only
    - WHEDA will not provide credit enhancement for construction-only loans with a non-WHEDA perm debt source

All items above in section (g) are subject to change at WHEDA's discretion

IV. RULES FOR DEVELOPMENTS RECEIVING ONLY FEDERAL NON COMPETITIVE (4%) CREDIT FINANCED WITH TAX-EXEMPT BONDS

All initial noncompetitive HTC applications must be submitted via LOLA between January 4 and 5:00 p.m. CST on the first Friday of December each calendar year. The paper copy of the application, nonrefundable fee(s) and required additional documentation must be submitted to WHEDA's Madison office between January 4 and the first Friday or December (postmarked) each calendar year (5:00 p.m. CST if hand-delivered).

Applicants applying for Noncompetitive Credit for a development financed by WHEDA or locally issued tax-exempt bonds must follow a two-tier application process.

Applicants are encouraged to submit the first application prior to commencing construction of the development. WHEDA will review the application to confirm that the development meets the requirements of the Plan, including a determination that the application meets the market threshold, financial feasibility threshold, and minimum scoring threshold. Developments may rely on the Plan and form of application in effect for the year in which they make their first application. In its review of the first application, WHEDA also confirms that 50% or more of the aggregate basis of building(s) and land is being financed with tax-exempt bonds. Since all HTC applications must meet the market threshold, financial feasibility threshold, and minimum scoring threshold, developers are encouraged to make the first application for Credit as early in the development process as possible.

Applicants submit the second application at the time of request for Credit allocation (assignment of the building identification numbers [BINs] and Form 8609). In addition to the approval of the first and second Tax Credit applications, Applicants must meet the following requirements to qualify for the final allocation of Credit:

a. The governmental unit that issues the bonds must make a determination of allowable Credit under rules similar to those required in Section 42(m)(2)(A)&(B), and will be required to provide an affidavit in a form acceptable to WHEDA that it has made this determination
b. If there has been a change in Owner entity since the "Tier One" letter, include a photocopy of the original signed and dated organizational documents filed with the Wisconsin Department of Financial Institutions, change the Owner information on the application for Credit, and note the correct Federal Identification number on the application for Credit
c. Applicants must submit evidence of applicable Tax Credit percentage election in accordance with Section 42(b)(2). If no such election is submitted, WHEDA will issue an allocation based on the appropriate percentage prescribed by the law
d. Submit all items referenced under "The third and final review" in Section 10 above
e. Owners of developments funded with Noncompetitive (4%) Credits will be required to enter into a Land Use Restriction Agreement (LURA) with WHEDA for a 30-year period.

The Consolidated Appropriations Act of 2018 created a third minimum set-aside option for tax credit properties. In addition to the existing options to set-aside a minimum of 20% of units for households at or below 50% of

County Median Income or a minimum of 40% of units for households at or below 60% of County Median Income, the Internal Revenue Code now allows an option to set-aside a minimum of 40% of units for households with an average income of no more than 60% of CMI. The new provision allows households as high as 80% CMI to qualify as a low-income household. WHEDA will accept 4% HTC applications that include low income units from 20% CMI to 80% CMI, provided that the average does not exceed 60% of CMI.

a. Applications electing the Income Averaging option must be 100% low-income. Properties with market rate units will be required to select the 20% @ 50% CMI or 40% at 60% CMI set-aside option.
b. Low Income units at or above 60% of CMI may not exceed 95% of the HTC gross rent limit, and may not exceed 90% of estimated market rents (as noted in the market study)

Within Appendix M (WHEDA Design Requirements), the 100% visitable unit requirement will be reduced to 50%. 20% visitability will continue to be required for single-family, duplex and townhome style construction.

WHEDA will charge an application fee and additional review fees for all tax-exempt bond financed developments. See Section IX, Tax Credit Allocation Fees.

V. 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 on the Internet at 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

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
- 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 will be inspected by Rural Development. Rural Development will 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 (Electronic Unit Status Report Submission)

WHEDA Financed	$30.00 per unit annually
Rural Development	$30.00 per unit annually
All Other	$45.00 per unit annually

Extended Use Period (Electronic Unit Status Report Submission)

WHEDA Financed	$25.00 per unit annually
Rural Development	$25.00 per unit annually
All Other	$40.00 per unit annually

Unit Status Reports received in paper form: an additional $30.00 per unit will be assessed.

VI. PUBLIC REVIEW PROCESS FOR THE QUALIFIED ALLOCATION PLAN

WHEDA will convene public hearings to receive oral and/or written comments regarding this Plan. After the hearings, the Plan will be presented to the WHEDA Board Members or their Assignees and the Governor of the State of Wisconsin for approval.

VII. ADMINISTRATION OF, AND MODIFICATIONS TO, THE PLAN

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; 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.

VIII. 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.

IX. NONCOMPLIANCE & PREVIOUS PERFORMANCE

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. Noncompliance or unsatisfactory performance may result in any member of the development team being denied participation in the Credit Program. All compliance fees owed by any member of the development team must be paid in full and compliance reports must be current before WHEDA will process an application. WHEDA will reject applications and bar the development team from program participation for a period of up to three years if the development team has submitted information to WHEDA that, when verified by WHEDA or other third-party review, is found to materially affect the qualified basis of the building, or have: 1) failed to make the required 10% expenditure for two or more allocations in the five calendar years preceding the application; 2) returned Credit for two or more allocations in the previous five calendar year period(s); 3) not made satisfactory progress on existing allocations; 4) been issued an IRS form 8823 with line 10(j) marked as "out of compliance." Line 10(j) states: "Project is no longer in compliance nor participating in the low- income housing tax Credit program (attach explanation)".

WHEDA will complete a series of background check on any individual with ownership of 20% or more within the managing member/general partner. Individuals with active files on the Wisconsin Department of Revenue's List of Delinquent Taxpayers, or unexpired liens on the Wisconsin Child Support Lien Docket will not be eligible for an HTC award.

X. WHEDA EMERGING BUSINESS PROGRAM

The WHEDA Emerging Business Program was created to encourage the involvement of small businesses owned, operated, and controlled by persons who are at an economic disadvantage. Participation is required with an award of Low Income Housing Tax Credits (HTC) within the State of Wisconsin. The participation goals are located in the Emerging Business Program Manual and can be found on WHEDA's website https://www.wheda.com/Emerging-Business-Program/

This Emerging 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 must use their best efforts to meet the Emerging Business participation goal and report to WHEDA their results. A business qualifies for participation if it is certified as: 1) a

Disadvantaged Business Enterprise; 2) an Emerging Business Enterprise; 3) a Minority Business Enterprise; 4) an 8a; 5) a Small Business Enterprise; or 6) a Women Business Enterprise.

The Workforce Development Program is a companion program to the Emerging Business Program. This program was created to help both unemployed and underemployed individuals obtain living wage jobs in areas and counties surrounding the HTC developments. The goal is to hire 12 area residents from 12 of the 16 Divisions of Labor. The hires can be obtained from the following divisions: 01 General Requirements; 02 Site Construction; 03 Concrete; 04 Masonry; 05 Metals; 06 Wood and Plastics; 07 Thermal Moisture Protection; 09 Finishes; 11 Equipment; 14 Conveying Systems; 15 Mechanical; and 16 Electrical.

Please refer to the Emerging Business Program Manual for a complete overview of the Emerging Business and Workforce Development Program.

XI. WHEDA INTERNET SITE

The following materials will be made available on WHEDA's Internet site at www.wheda.comor within WHEDA's HTC On-line Application system (LOLA). A Delegated Administrator Agreement must be submitted to and processed by WHEDA to obtain access to LOLA.

- Qualified Allocation Plan
- Housing Tax Credit Application, Scoring Exhibit and Appendices
- Management Agent Certification Worksheet
- Market Study Guidelines
- Approved List of Market Study Providers
- Capital Needs Assessment Guidelines
- 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

XII. TAX CREDIT ALLOCATION FEES

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. 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

WHEDA Multifamily Loan Application Addendum**

24 units or fewer:	$250
Over 24 units:	$500

**9% Applications: Do not submit the Loan Application fee until award is made.

4% HTC Applications: Submit loan fee with Loan Addendum if applying for WHEDA Bond financing.

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

Reservation Agreement	5.0% of the annual Credit amount per Agreement for properties with 9% HTCs or 4% federal and state HTCs
Carryover Agreement	5.0% of the annual Credit amount per Agreement for properties with 9% HTCs
Tier One Agreement	5.0% of the annual federal Credit amount and 2.5% of the annual state credit amount for properties with 4% federal and state HTCs
Tier Two Agreement	5.0% of the annual federal Credit amount. No fee will be assessed for properties with federal and state 4% HTCs
8609s	$500 plus $100 per 8609 issued (limited to a maximum of $2500)

Fees for Document Reissuance

Document	First Reissuance	Each Subsequent Reissuance
Reservation/Tier 1 Letter	$500	$1000
Carryover/Tier 2 Letter	$500	$1000
8609(s) –Each 8609 form (not to exceed $5,000)	$250/ea	$500/ea
Amended Carryover	$1000	$2000

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

Carryover 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 one extension
8609 Application (Final Application)	$1,000 for each 30-day period if not received within 180 days of the latest placed in service date for the

$15,000 underwriting fee for HTC applications associated with a conduit bond issue application.

In those cases in which a Reservation Agreement and the Reservation Fee, or the Carryover Agreement and Carryover fee, are not returned to WHEDA by the deadline noted within the Reservation or Carryover Agreement, WHEDA will consider this a request for an extension, with a fee equal to 1% of the annual Credit to be assessed.