

APPENDIX A

WHEDA Market Study Guidelines

Revised 07/24/2018

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General Information

WHEDA requires independent third-party market studies for the following:

- Housing Tax Credit developments (submit 1 hard copy);
- WHEDA-financed developments, including: new construction, acquisition/rehab, or adaptive reuse (submit 2 hard copies). Market study requirements may be waived at WHEDA's discretion.

Market studies must be prepared by a WHEDA-approved market study provider. For the list of approved providers navigate to: <https://www.wheda.com/LIHTC/Allocating/> or call WHEDA at (608)266-7884.

To assist project owners, developers and consultants, WHEDA has prepared market study guidelines that must be used for a study to be considered. These guidelines establish the minimum information and analysis. Meeting these guidelines does not ensure acceptance of the study. Methodology used and conclusions drawn must be reasonable. **WHEDA, in determining whether a market exists for a proposed project, will consider market factors other than market study. WHEDA reserves the right to deny any application based on such factors.**

Developments that require a Market Study must submit the appropriate study based on the following:

- Assisted Living developments – see "New Construction and Adaptive Reuse " and include information requested in WHEDA's "Market Considerations For Assisted Living Developments (RCACs/CBRFs)"
- New construction and adaptive reuse developments – see "New Construction and Adaptive Reuse"
- Acquisition and/or rehabilitation developments – see "Acquisition/Rehabilitation"

All market studies submitted must include a certification from the provider stating there is no Identity of Interest as defined below.

"An identity of interest relationship exists if any officer, director, board member, or authorized agent of any development of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.):

- (a) is also an officer, director, board member or authorized agent of any other development team member;*
- (b) has any financial interest in any other development team member's firm or corporation;*
- (c) is a business partner of an officer, director, board member or authorized agent of any other development team member;*
- (d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or*
- (e) advances any funds or items of value to the sponsor/borrower."*

The study must be a concisely-written bound report including pictures and tables.

Studies will be considered "stale" after 6 months, but may be updated by the provider to meet requirements. *Studies with appropriate updates are considered stale after 18 months from original market study date. For example, WHEDA would allow an updated study for a 2018 competitive tax credit application if the original study was submitted for a 2017 competitive tax credit application.*

Such updates shall identify and analyze the impact of additional developments not identified in the prior report. It shall also include changes in the occupancy and rent structure in the marketplace. The analyst should address other factors that may have significant impact on the proposed development, such as economic changes and/or demographics. The analyst should specify in the update whether or not all of the changes listed above exist, and explain the changes and resulting effects. The updated information can be provided in the form of a letter update attached to the original application. Studies over 12 months old will not be accepted.

Assisted Living Developments (RCACs/CBRFs)

The market study for RCACs/CBRFs considers the special market targeted. Assisted Living Developments must follow “WHEDA Market Study Guidelines – New Construction” and also include information required in this addendum.

➤ **Market Area:**

The Market Study should describe and defend the selected market area in terms of the intended population to be served (i.e. frail elderly, those with dementia, etc.).

➤ **Demographic Information/Demand:**

Market demand should be based on the profile of a typical targeted resident.

Example: if the typical profile of a RCAC resident is an 83 year old female widow, the Market Study should include the following to support its demand analysis:

- No. of elderly over 85 yrs. old (male & female)
- No. of elderly over 75 yrs. old (male & female)
- Household incomes of both age groups
- Household assets of both age groups (if available)
- No. of persons/household (becomes closer to one with higher age)
- Percent of elderly requiring supportive services (increases with age)
- Percent of elderly with moderate to advanced dementia (this population is inappropriate for an RCAC)

➤ **Turnover rate of RCACs/CBRFs**

- Turnover can be significant in assisted living developments (up to 50% annually). The average stay in an RCAC is only 26 months (may be longer if some form of public funding involved).
- Market Study should reference a market turnover rate and the source of that information.
- Market Study should comment on turnover impact during lease up, and implications for occupancy and operations over time.

➤ **Market Study should describe the proposed monthly fee structure and indicate whether services will be bundled, based on level of care, or “ala carte”. Provide estimated monthly service revenue and assumptions used to arrive at this figure.**

➤ **Market Study should describe and defend assumptions regarding resident referrals and marketing:**

- CMO (Care Maintenance Organizations in Family Care counties)
- County Human Resource (issuers of Medicaid Waivers)
- Hospitals
- Nursing homes
- Other health care influencers

➤ **Market Study should answer these questions:**

- What is expected monthly service cost to low-income residents? To market rate residents?
- What is the expected revenue source(s) for these services (how will a low income person pay for services)? Provide examples.

➤ **Estimate current use of Medicaid Waivers or Family Care resources for RCAC/CBRF residents.**

- **Describe the waiting list for Medicaid Waivers in the county, and the working relationship, if any, the developer and/or service provider has with the county human services department relating to Medicaid Waivers.**

New Construction and Adaptive Reuse

I. Purpose

The purpose of these guidelines is to provide standardized terminology and content for Market Studies of affordable rental housing – new construction - prepared for WHEDA. The standards outline the content, data, analysis and conclusions to be included in Market Studies for rental housing. These guidelines do not establish the format or presentation for the report. The Market Study Terminology is included at the end of Appendix A.

II. Content

A. Executive Summary. Each market study must include a concise summary of the data, analysis and conclusions, including the following:

1. A concise description of the site and the immediately surrounding area.
2. A brief summary of the project including the proposed number of units, rent levels and population to be served.
3. Precise statement of key conclusions reached by the analyst.
4. Precise statement of analyst's opinion of Market Feasibility including the prospect for long-term performance of the property given housing and demographic trends and economic factors.
5. Provide recommendations and/or suggest modifications to the proposed project.
6. Provide a summary of market related strengths and/or weaknesses which may influence the subject development's Marketability, including compatibility with surrounding uses, the appropriateness of the subject property's location, unit sizes and configuration, rent levels, and number of units.
7. Provide a summary of the project's amenities, and a comparison with existing properties in the market, and description any issues which would impact the development's marketability,
8. Precise statement of comparable market rents in the area (1BR, 2BR, 3BR) and the percentage discount the proposed affordable units will provide as compared to those markets rents.
9. A summary of positive and negative attributes and issues that will affect the property's performance and lease-up and points that will mitigate or reduce any negative attributes.

B. Project Description. The market study should include a project description to show the analyst's understanding of the project at the point in time the market study is undertaken. The project description should include:

1. Proposed number of units by: number of bedrooms and baths, income limit as a percent of AMI, unit size in square feet, utility allowances for Tenant Paid Utilities, proposed rents, and Target Population, including income restrictions and any special needs set-asides.
2. The utilities expected to be paid by tenants and energy sources for tenant paid hot water, heat, and cooking.
3. Developer's projected dates for construction start and completion, and start of pre-leasing.
4. Description of: the number of buildings, design (walk-up, elevator, etc.), and number of stories, unit and common amenities, site amenities and parking. The status or date of architectural plans and name of the architect should be referenced. If available, a copy of the floor plans and elevations should be evaluated by the market analyst and included as an attachment to the report.

C. Location and Market Area Definition

1. Define the Primary Market Area (PMA) including a map that clearly delineates the areas and an explanation of the basis for the boundaries of the PMA. Identify PMA boundaries by census tracts, jurisdictions, street names, or other geography forming the boundaries. Also define the larger geographic area in which the PMA is located (i.e. city, county, MSA, etc.). The use of concentric circles as a market area is not permitted. A list of census tracts included in the primary market area should be included.
2. Provide a written narrative detailing the rationale for the primary market area. This narrative should specifically address any specific issues with the market area including the exclusion or nearby areas or justification for geographically large market areas.
3. Provide a description of the site characteristics including its size, shape, general topography and vegetation and proximity to adverse conditions.
4. Provide photographs of the site and neighborhood including adjoining land uses, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, and other services such as libraries, community centers, banks, etc. In situations where it is not feasible to show all the categories on a map, the categories may be addressed in the narrative.
5. Describe the Marketability of the proposed development.
6. Describe and evaluate the visibility and accessibility of the site.
7. Provide information or statistics on crime in the Primary Market Area relative to data for the overall area. Address any local perceptions of crime or problems in the Primary Market Area.

D. Population and Households

1. Provide total population, age and income target data for the Primary Market Area using the 2010 Census, current year estimates, and a five year projection using reputable sources such as Claritis, Local Planning, COG, etc. Data from other legitimate studies, such as Claritas, CACI and similar demographic information companies, with detail on household size, tenure, age and other relevant categories may be provided. Indicate the source for all data, provide a methodology for estimates and provide an analysis of trends indicated by the data.
2. Provide a breakdown of households by tenure for 2010 Census, current year and five year projection.
3. Provide an overview analysis of how demographic trends and projections potentially impact the need for housing and specifically the proposed project. Include reference sources for the data and methodology for analyzing the data.
4. Provide a breakdown of households by incomes in \$5,000-\$10,000 increments, by household size and by tenure for 2010 Census, current year, and five year projection.

E. Employment and Economy. Provide data and analysis on the employment and economy of the Primary Market Area to give an understanding of the overall economic health of the community in which the Primary Market Area is located. List sources for the data and methodology for the analysis.

1. Provide a description of employment by industry sector for the Primary Market Area or smallest geographic area available that includes the Primary Market Area and compare the data to the larger geographic area, e.g. the city, county, labor market area, or MSA.
2. List major employers in the PMA, the type of business and the number employed
3. Show the historical unemployment rate for the last ten years (or other appropriate period) for the PMA and compare to the larger geographic area (i.e. MSA, County, etc.).
4. Show at-place employment growth over the same period or a more recent, shorter period (last 5 years). Compare to the larger geographic area.
5. Comment on trends for employment in the PMA in relation to the subject.
6. If relevant, comment on the availability of affordable housing for employees of businesses and industries that draw from the Primary Market Area.

7. Provide a breakdown of typical income by occupation.
8. Provide commuting patterns for workers such as how many workers in the PMA commute from surrounding areas outside the PMA.

Note: The above section E is not required for elderly developments.

F. Existing Rental Housing Stock. Provide information on other multifamily rental housing in the Primary Market Area and any rental housing proposed to be developed in the Primary Market Area. This section of the Market Study should include:

1. If relevant in the market, a 10-year, or other appropriate period, history of building permits, if available, by housing type and comments on building trends in relation to household trends.
2. Identify a list of existing Comparable Properties, including: name, location, population served, services offered and price structure (if applicable), type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size in square footage of units, kitchen equipment, type of utilities (state whether paid by tenant or owner and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history (if recently completed), name, address and phone number of property contact. *Comparables for a proposed RCAC should include other competing RCACs, as well as CBRFs and other independent housing that has a strong service component. Other housing options may also be included if the provider feels they will actively compete with the subject.* Attach photos of each Comparable Property. Include a map identifying the location of each Comparable Property in relation to the subject.
3. Describe the overall rental market in the PMA, including the percentage of Market Rate and Affordable Housing properties.
4. Provide a narrative evaluation of the subject property in relation to the Comparable Properties, and identify the Competitive Properties, which are most similar to the proposed development. The analyst should state why the comparables referenced have been selected, which are the most directly comparable, and explain why certain projects have not been referenced.
5. A table showing each Comparable Property comparisons to the subject rents based on the Comparable Property Amenities, Tenant Paid Utilities, location, parking, concessions and rent increase or decrease trends.
6. Discuss the availability of affordable housing options, including purchase or sale of homes, if applicable.
7. Include a list of Housing Tax Credit (HTC) projects with allocations in or near the market area that are not placed in service, giving as much known detail as possible on estimated Placed-In-Service dates, unit mix and Income Levels to be served.
8. Discuss the impact of the subject development on the existing housing stock.
9. The Market Vacancy Rate for the Primary Market Area rental housing stock by population served (i.e. market rate, Housing Tax Credit, and Project Based Rent Assistance) and type of occupancy (i.e. family, seniors, special populations) and unit size.
10. Identify the number of people on waiting lists for each project.

G. Local Perspective of Rental Housing Market and Housing Alternatives. The Market Study should include a summary of the perspective on the rental market, need for the proposed housing and Unmet Housing Need in the market. The local perspective should consider:

1. Interviews with local planners, housing and community development officials and market participants to estimate proposed additions to the supply of housing that would compete with the subject and to evaluate the local perception of need for additional housing.
2. Interview local Public Housing Authority (PHA) officials and seek comment on need for housing and possible impact of the proposed development on their housing inventory and waiting lists

for assisted housing. Include a statement on the number and availability of Housing Choice Vouchers and the number and types of households on the waiting lists for Housing Choice Vouchers. Compare subject's proposed rents to local payment standards or median rents.

3. Provide a summary of the comments from area apartment managers, particularly at comparable HTC projects, regarding the need for the proposed subject project.

H. Demand Analysis.

1. Provide a detailed analysis of the income levels of the potential tenants for the proposed units. State and support the minimum household income used for total housing expenses to set the lower limit of the targeted household income range. The rent-to-income ratio for establishing minimum income requirements is 35% for the family developments and 40% for the senior developments. The maximum income limit should be derived by taking 1.5 persons per bedroom, except for age restricted properties which should use the two-person income limit.
2. Derive a Market Rent and an achievable rent and then compare them to the developer's proposed rent. Quantify and discuss Market Advantage of the subject and impact on Marketability.
3. Calculate the Capture Rate for each Income Limit in the subject property incorporating any restrictions such as age, income, living in Substandard Conditions, renters versus home owners, household sizes, etc.
4. Calculate the Penetration Rate that includes all competitive properties.
5. Define and justify the Absorption Period and Absorption Rate for the subject property.
6. Project and explain any future changes in the housing stock within the market area.
7. Identify risks (i.e. Competitive Properties which may come on line at the same time as the subject property; declining population in the PMA, etc.), unusual conditions and mitigating circumstances. Evaluate need for voucher support or HUD contracts.
8. Provide statement on viability of the development based on the analysis factors defined above.
9. Provide documentation and descriptions that show the methodology for calculations in the analysis section and relate the conclusions to the data.

Only households above age 65 should be considered for senior developments for the above analysis.

I. Other Requirements

1. Date report was prepared, date of inspection and name and telephone number of analyst preparing study;
2. Certification of no identity of interest between the analyst and the entity for whom the report is prepared including the sponsor, developer or owner of the proposed development;
3. Certification that recommendations and conclusions are based solely on professional opinion and best efforts;
4. Statement of qualifications;
5. List of sources for data in the Market Study;
6. Append current utility allowance schedule (or utility company provider letters).

III. Additional Work

The documentation and analysis outlined previously in section II constitutes the entire content for a Market Study. WHEDA may desire a market analyst to provide additional information beyond the basic scope of the Market Study. Any costs associated with additional documentation or analysis beyond the scope of the Market Study shall be paid by the applicant.

Acquisition/Rehabilitation

I. Purpose

The purpose of these guidelines is to provide standardized terminology and content for Market Studies of affordable rental housing – acquisition/rehab - prepared for WHEDA. The standards outline the content, data, analysis and conclusions to be included in Market Studies for preservation rental housing. These guidelines do not establish the format or presentation for the report. The Market Study Terminology is included at the end of Appendix A.

II. Content

A. Executive Summary. Each market study should include a concise summary of the data, analysis and conclusions, including the following:

1. A concise description of the site and the immediately surrounding area.
2. A brief summary of the project and the type of subsidy program(s) affecting the property.
3. Description of program income limits and rent limitations, and analysis of where current and proposed subsidized rents are relative to market level.
4. Description of the proposed rehab including list of improvements as well as dollar amount per unit to be spent on rehab, with analysis of whether:
 1. proposed rehab supports post-rehab rent increases
 2. tenants will be displaced, and the plan regarding temporary relocation
5. A three year description (table format) of the property's occupancy/vacancy must be presented.
6. An analysis of the income qualification of existing residents with the proposed rent changes.
7. Precise statement of key conclusions reached by the analyst.
8. Precise statement of analyst's opinion of Market Feasibility including the prospect for long term performance of the property given housing and demographic trends and economic factors.
9. Provide recommendations and/or suggest modifications to the proposed preservation project.
10. Provide a summary of market related strengths and/or weaknesses which may influence the subject development's Marketability, including compatibility with surrounding uses, the appropriateness of the subject property's location, unit sizes and configuration, rent levels, amenities, and number of units.
11. A summary of positive and negative attributes and issues that will affect the property's performance and points that will mitigate or reduce any negative attributes.

B. Project Description. The market study should include a project description to show the analyst's understanding of the project at the point in time the market study is undertaken. The project description should include:

1. Proposed number of units by: number of bedrooms and baths, income limit as a percent of AMI, unit size in square feet, utility allowances for Tenant Paid Utilities, proposed rents, and Target Population, including income restrictions and any special needs set-asides.
2. The utilities expected to be paid by tenants and energy sources for tenant paid hot water, heat, cooking;
3. Identification of any existing assisted housing program at the property such as Section 8, Section 202, Section 811, BMIR, Section 236, etc, as well as current occupancy levels, current rents and proposed rents. A brief profile of current occupants should be provided that includes typical income, household size, age, etc.
4. Developer's projected dates for rehab start, completion and lease-up, if applicable.

5. Description of the existing buildings, design (walk-up, elevator, etc.), and number of stories, unit and common amenities, site amenities and parking. Provide a description of the methodology for the rehabilitation and the scope of work. The status or date of architectural plans and name of the architect should be referenced. If available, a copy of the floor plans and elevations should be evaluated by the market analyst and included as an attachment to the report.
6. If occupancy has averaged less than 90% over the last 12 months, address any of the issues identified as contributing to this.

C. Location and Market Area Definition

1. Define the Primary (PMA) Market Area including a map that clearly delineates the areas and an explanation of the basis for the boundaries of the PMA. This discussion should include information from the subject property such as analysis of rent roll and traffic report, as well as an interview with the management agent at the subject property. Identify PMA boundaries by census tracts, jurisdictions, street names, or other geography forming the boundaries. Also, define the larger geographic area in which the PMA is located (i.e. city, county, MSA, etc.). The use of concentric circles as a market area is not permitted. A list of census tracts included in the primary market area should be included.
2. Provide a written narrative detailing the rationale for the primary market area. This narrative should address any specific issues with the market area including the exclusion or nearby areas or justification for geographically large market areas.
3. Provide a brief description of the site characteristics including its size, shape, general topography and vegetation and proximity to adverse conditions.
4. Provide photographs of the site and neighborhood including adjoining land uses, and a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, and other services such as libraries, community centers, banks, etc. In situations where it is not feasible to show all the categories on a map, the categories may be addressed in the narrative.
5. Discuss any site nuisances that have or may impact marketability of the project.

D. Population and Households

1. Provide total population, age and income target data for the Primary Market Area using the 1990 Census, 2010 Census, current year estimates, and a five year projection using reputable sources such as Claritis, Local Planning, COG, etc. Data from other legitimate studies, such as Claritas, CACI and similar demographic information companies, with detail on Household size, tenure, age and other relevant categories may be provided. Indicate the source for all data, provide a methodology for estimates and provide an analysis of trends indicated by the data.
2. Provide a breakdown of Households by tenure for 2000 Census, 2010 Census, current year and five year projection.

E. Existing Rental Housing Stock. Provide information on other multifamily rental housing in the Primary Market Area and any rental housing proposed to be developed in the Primary Market Area. This section of the Market Study should include:

1. Identify a list of existing Comparable Properties, including: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size in square footage of units, kitchen equipment, type of utilities (state whether paid by tenant or owner and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history (if recently completed), name, address and phone number of property contact. Attach photos of

each Comparable Property. Include a map identifying the location of each Comparable Property in relation to the subject.

2. Describe the overall rental market in the PMA, including the percentage of Market Rate and Affordable Housing properties.
3. Provide a narrative evaluation of the subject property in relation to the comparable properties, and identify the competitive properties, which are most similar to the proposed development. The analyst should state why the comparables referenced have been selected, which are the most directly comparable, and explain why certain projects have not been referenced.
4. A table showing each Comparable Property comparisons to the subject rents based on the Comparable Property Amenities, Tenant Paid Utilities, location, parking, concessions and rent increase or decrease trends.
5. Include a list of HTC projects with allocations in or near the market area that are not placed in service, giving as much known detail as possible on estimated Placed-In-Service dates, unit mix and Income Levels to be served.
6. The Market Vacancy Rate for the Primary Market Area rental housing stock by population served (i.e. market rate, Housing Tax Credit, and Project Based Rent Assistance) and type of occupancy (i.e. family, seniors, special populations) and unit size.
7. Identify the number of people on waiting lists for each project.

F. Demand Analysis.

1. Provide a detailed analysis of the income levels of the potential tenants for the proposed units. State and support the minimum household income used for total housing expenses to set the lower limit of the targeted household income range. If required, provide an analysis based on the regulating agency's requirements.
2. Evaluate the demand in two ways: one as a tax credit project only without any subsidy, and other as if the project was to retain its current subsidy if applicable.
3. Derive a Market Rent and an achievable rent and then compare them to the developer's post-rehab proposed rent.
4. Project and explain any future changes in the housing stock within the market area.
5. Identify risks (i.e. Competitive Properties which may come on line; declining population in the PMA, etc.), unusual conditions and mitigating circumstances. Evaluate need for voucher support or HUD contracts.

G. Other Requirements

1. Date report was prepared, date of inspection and name and telephone number of analyst preparing study;
2. Certification of no identity of interest between the analyst and the entity for whom the report is prepared;
3. Certification that recommendations and conclusions are based solely on professional opinion and best efforts;
4. Statement of qualifications;
5. List of sources for data in the Market Study;
6. Append current utility allowance schedule (or utility company provider letters).

III. Additional Work

The documentation and analysis outlined previously in section II constitutes the entire content for a Market Study. WHEDA may desire a market analyst to provide additional information beyond the basic scope of the Market Study. Any costs associated with additional documentation or analysis beyond the scope of the Market Study shall be paid by the applicant.

Market Study Terminology

<i>Terminology</i>	<i>Definition</i>
Absorption Period	The period of time necessary for a newly constructed or renovated property to achieve the Stabilized Level of Occupancy. The Absorption Period begins when the first certificate of occupancy is issued and ends when the last unit to reach the Stabilized Level of Occupancy has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.
Absorption Rate	The average number of units rented each month during the Absorption Period.
Acceptable Rent Burden	The rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The Acceptable Rent Burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.
Affordable Housing	Housing where the tenant Household pays no more than 30 percent of its annual income on Gross Rent.
Amenity	Tangible or intangible benefits offered to a tenant at no fee, typically on-site recreational facilities or planned programs, services and activities.
Annual Demand	The total estimated demand present in the market in any one year for the type of units proposed.
Area Median Income (AMI)	100% of the gross median Household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Assisted Housing	Housing where the monthly costs to the tenants are subsidized by federal, state or other programs.
Attached Housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The minimum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.
Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Capture Rate	The percentage of age, size, and income qualified renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation

including age, income, living in substandard housing, mover-ship and other comparable factors. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter Households in the Primary Market Area. See Penetration Rate for rate for entire market area.

Census Tract

A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD)

The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC)

Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Comparable Property

A property that is representative of the rental housing choices of the subject's Primary Market Area and that is similar in construction, size, amenities, or age. Generally used to derive market rent.

Competitive Property

A property that is comparable to the subject and that competes at nearly the same rent levels, and tenant profile, such as age, family or income. Generally used to derive market rent.

Concession

Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities which are normally charged separately (i.e. washer/dryer, parking).

Condominium

A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract Rent

1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Demand

The total number of households in a defined market area that would potentially move into proposed new or renovated housing units. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Difficult Development Area (DDA)

An area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached Housing

A freestanding dwelling unit, typically single-family, situated on its own lot.

Effective Rents	Contract Rent less concessions.
Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.
Fair Market Rent (FMR)	The estimates established by HUD of the Gross Rents (Contract Rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below the FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two to four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence.
Household Trends	Changes in the number of Households for a particular area over a specific period of time, which is a function of new Household formations (e.g. at marriage or separation) and changes in average Household size.
Housing Unit	House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.
Housing Choice Voucher (Section 8 Program)	Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering Assisted Housing programs.
Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on these units be restricted accordingly.
HUD Section 202 Program	Federal Program, which provides direct capital assistance (i.e. grant)

	and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.
HUD Section 811 Program	Federal program, which provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.
Income Band	The range of incomes of Households that can pay a specific rent but do not have more income than is allowed by the Income Limits of a particular housing program. The minimum household income typically is based on a defined Acceptable Rent Burden percentage and the maximum typically is pre-defined by specific programmatic requirements or by general market parameters.
Income Limits	Maximum Household income by county or Metropolitan Statistical Area , adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median, Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.
Infrastructure	Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.
Low Income	Person or Household with gross Household income below 80% of Area Median Income adjusted for Household size.
Low Rise Building	A building with one to three stories
Market Advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner’s proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property.
Market Analysis	A study of real estate market conditions for a specific type of property.
Market Area or Primary Market Area	A geographic area from which a property is expected to draw the majority of its residents.

Market Demand	The total number of households in a defined market area that would potentially move into new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining demand.
Market Rent	The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering its location, features and amenities. Market rent should be adjusted for Concessions and owner paid utilities included in the rent.
Market Study	A comprehensive review of the housing market in a defined market area. A market study can be used to determine the demand for specific proposed development or to examine the overall condition of an area's housing market. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography. At a minimum, market studies include a review of location, economic conditions, demographics, and existing and proposed housing stock.
Marketability	The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.
Market Vacancy Rate Physical Market Vacancy Rate Economic	Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same Market Area, excluding units in properties which are in the lease-up stage. Percentage of rent loss due to concessions and vacancies.
Metropolitan Statistical Area (MSA)	A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise	A building with four to ten stories.
Migration	The movement of Households from one location or market area to another.
Mixed Income Property	An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more Income Limits (i.e. Housing Tax Credit property with income limits of 30%, 50% and 60%).
Mobility	The ease with which people move from one location to another.
Moderate Income	Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.

Move-up Demand	An estimate of how many consumers are able and willing to relocate to more expensive or desirable units, such as tenants who move up from Class C properties to Class B; and Class B tenants that move up to class A properties; and tenants that move from Class C and B properties to a new superior Housing Tax Credit property.
Multi-family	Structures that contain more than two or more housing units.
Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net Rent (also referred to as Contract or Lease Rent)	Gross Rent less Tenant Paid Utilities.
Penetration Rate	The percentage of age and income qualified renter Households in the Primary Market Area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. See Capture Rate for property specific rate.
Pent-up Demand	A market in which there is a scarcity of supply and vacancy rates are very low.
Population Trends	Changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.
Primary Market Area	See Market Area.
Programmatic Rents	The proposed rents for a Tax Credit or other income restricted property relative to comparable market rate properties and rents being achieved at another Housing Tax Credit or other income restricted properties in the market. Can be no greater than maximum rents permitted by the HousingTax Credit or other program regulations.
Project Based Rent Assistance	Rental assistance from a federal, state or local program that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Public Housing or Low Income Conventional Public Housing	HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)	Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of Area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Housing Tax Credits may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Rural Development (RD) Market Rent	A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency’s estimate of the rent required to operate the property, maintain debt service on an un-subsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.

Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	Federal program which provides low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent Burden	Gross Rent divided by gross monthly Household income.
Rent Burdened Households	Households with Rent Burden above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted Rent	The rent charged under the restrictions of a specific housing program or subsidy.
Saturation	The point at which there is no longer demand to support additional units.
Single-Family Housing	A dwelling unit, either attached or detached, designed for use by one Household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
Special Needs Population	Specific market niche that is typically not catered to in a conventional apartment property. This population should exhibit certain criteria, which can be well defined, in order, for example, to assess the need and demand from this source. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.
Stabilized Level of Occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
State Data Center (SDC)	A state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's Contract Rent and the amount paid by the tenant toward rent.
Substandard Conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target Income Band	The Income Band from which the subject property will draw tenants.
Target Population	Market niche a development will appeal or cater to. State agencies often use Target Population to refer to various income set asides, elderly v. family, etc.
Tenant	One who rents real property owned by another.
Tenant Paid Utilities	The cost of utilities necessary for the habitation of a dwelling unit, which are paid by the tenant. Tenant Paid Utilities do not include costs for telephone or cable service.
Tenure	The distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a row house.
Turnover Period	1. An estimate of the number of housing units in a Market Area as a percentage of total housing units in the Market Area that will likely change occupants in any one year. See Vacancy Period 2. The percent of occupants in a given apartment complex that move in one year.
Unmet Housing Need	New units required in the Market Area to accommodate Household growth, homeless Households, and housing in substandard conditions.
Unrestricted Rents	The recommended rents for the market rate units at a Mixed-Income Property.
Unrestricted Units	The units at a Mixed-Income Property that are not subject to any income or rent restrictions.
Vacancy Period	The amount of time that an apartment remains vacant and available for rent.
Vacancy Rate- Economic Vacancy Rate - Physical	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.
Zoning	Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

APPENDIX B

Nonprofit Set-Aside Form

Nonprofit Set-Aside applicants must complete this form.

These are WHEDA's threshold requirements for determining if applications may be submitted in the Nonprofit Set-Aside. WHEDA at its sole discretion will move an application from the Nonprofit Set-Aside to the General Set-Aside for failure to submit required materials or failure to demonstrate to WHEDA's satisfaction that the applicant meets IRS Section 42 guidelines for qualified Nonprofits.

To be considered eligible for the Nonprofit Set-Aside, Applicant must answer "YES" to questions 2 through 6, and "NO" to questions 7 and 8.

1. Check one: 501(c)(3) Organization 501(c)(4) Organization

Submit (a) Articles of Incorporation, (b) IRS certification, and (c) list of Nonprofit board members and officers.

2. Will the Nonprofit remain in control and be the primary decision maker for the project through the development of the project and operation of the project through the compliance period? ___ YES ___ NO

3. Will the Nonprofit either (a) not make any financial guarantees to the limited partner, or (b) make financial guarantees to the limited partner which are limited in scope per IRS guidelines? ___ YES ___ NO

If "YES" submit either (a) a statement that the Nonprofit will not make any financial guarantees to the limited partner, or (b) a description of the scope of any such guarantees.

4. Will the Nonprofit retain a right of first refusal to acquire the project at the end of the compliance period? ___ YES ___ NO

5. Will the Nonprofit materially participate in the development and operation of the project as required by the IRS? ___ YES ___ NO

If "YES" check all that apply to the Nonprofit's participation:

- ___ more than 500 hours annually,
- ___ constitute substantially all the participation,
- ___ more than 100 hours annually and this is not less than any other owner,
- ___ participation in multiple projects exceeds 500 hours,
- ___ participation will be regular, consistent and substantial.

6. Is one of the exempt purposes of the Nonprofit to foster low-income housing? ___ YES ___ NO

If "YES" submit supporting documentation.

7. Is the Nonprofit affiliated with, or controlled by, a for-profit organization? ___ YES ___ NO
(Must answer "NO" to be considered eligible for the Nonprofit Set-Aside; see IRC §42(h)(5)(C)(ii))

8. Is the Nonprofit related to a for-profit entity participating in the project (i.e., share officers or board of directors)? ___ YES ___ NO
(Must answer "NO" to be considered eligible for the Nonprofit Set-Aside)

*For further guidance on Material Participation, Applicants should consult (a) the January 2011 IRS Guide for Completing Form 8823, Chapter 22, Category 11q, and (b) the September 2014 IRS Audit Technique Guide - IRC §42, Low-Income Housing Credit, Chapter 6, Nonprofit Set-Aside.

APPENDIX C

Income and Rent Limits

See <https://www.wheda.com/LIHTC/Monitoring/> for current Income and Rent Limits for Section 42 developments.

APPENDIX D

HOME Funds and Housing Tax Credits

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APPENDIX E

**Wisconsin Qualified Census Tracts and
Small Difficult Development Areas**

Effective Date: 01/01/2019

Updated 12/05/2018

Qualified Census Tracts	
County	Census Tracts
Ashland	9400.00
Brown	1.00, 3.03, 4.01, 8.00, 9.00, 10.00, 11.00, 12.00, 13.00, 16.00, 17.01, 17.02
Dane	4.08, 6.00, 9.02, 11.01, 12.00, 14.01, 14.02, 15.02, 16.03, 16.04, 16.05, 16.06, 18.04, 21.00, 23.01, 24.02, 25.00, 26.01, 32.00, 115.05
Douglas	203.00, 206.00, 211.00
Dunn	9708.00
Eau Claire	11.01, 12.00, 17.00
Fond Du Lac	405.00
Grant	9609.00, 9610.00
Green	9604.00
Kenosha	3.00, 7.00, 8.00, 9.00, 11.00, 16.00, 21.00
LaCrosse	2.00, 3.00, 4.00, 5.00, 8.00, 9.00
Langlade	9606.00
Marathon	1.00, 6.02, 7.00
Marinette	9614.00
Menominee	9401.01, 9401.02
Milwaukee	1.01, 2.01, 3.02, 5.02, 6.00, 9.00, 10.00, 11.00, 12.00, 14.00, 15.00, 16.00, 18.00, 19.00, 20.00, 21.00, 23.00, 24.00, 25.00, 26.00, 27.00, 28.00, 29.00, 34.00, 36.00, 38.00, 40.00, 41.00, 42.00, 44.00, 45.00, 46.00, 47.00, 48.00, 60.00, 61.00, 62.00, 63.00, 64.00, 65.00, 66.00, 67.00, 68.00, 69.00, 70.00, 73.00, 77.00, 78.00, 80.00, 81.00, 84.00, 85.00, 86.00, 87.00, 88.00, 89.00, 90.00, 91.00, 92.00, 96.00, 98.00, 99.00, 106.00, 122.00, 123.00, 133.00, 134.00, 135.00, 136.00, 137.00, 141.00, 146.00, 147.00, 148.00, 149.00, 157.00, 158.00, 159.00, 160.00, 161.00, 162.00, 163.00, 164.00, 165.00, 166.00, 167.00, 168.00, 169.00, 170.00, 173.00, 174.00, 175.00, 176.00, 186.00, 187.00, 188.00, 200.00, 214.00, 1802.00, 1854.00, 1855.00, 1856.00, 1857.00, 1858.00, 1859.00, 1860.00, 1861.00, 1862.00, 1864.00, 1865.00, 1866.00, 1868.00
Outagamie	101.00, 103.00
Pierce	9604.00
Portage	9603.00, 9604.00, 9610.00
Racine	1.00, 3.00, 4.00, 5.00, 10.01, 12.01, 13.02
Rock	1.00, 3.00, 10.00, 15.00, 16.00, 17.00, 18.00, 23.00
Sawyer	9400.00
Sheboygan	2.01, 5.00, 8.00
Vernon	9602.00
Vilas	9400.00

Qualified Census Tracts	
County	Census Tracts
Walworth	4.00, 5.01, 5.02
Winnebago	5.00, 7.00, 29.00, 35.00
Wood	112.00

Small Difficult Development Areas (Zip Codes)	
Metropolitan Area	DDA ZCTAs*
Madison, WI HMFA	53706
Milwaukee-Waukesha-West Allis MSA	53005, 53017, 53045

*Zip Code Tabulation Area

Additional information regarding the designation of Qualified Census Tracts and Small Difficult Development Areas can be found on <https://www.huduser.gov/portal/datasets/qct.html>.

Appendix F

WHEDA Multifamily Maximum Cost Model: 2019 *(revised 09/27/2018)*

WHEDA limits total development cost for any one development for both LIHTC and lending. This is a threshold item and applications exceeding the allowed maximum will be rejected. Public housing authorities are exempt if they are the primary applicant and HOPE VI is a source of funds. Tribal housing authorities are exempt if they are the primary applicant and NAHASDA or similar funding is a source of funds. Development costs attributable to employment-related Community Service Facilities will be excluded from the calculation of the maximum cost.

The model is based on historical data from Wisconsin's LIHTC program and uses regression modeling with combinations of variables listed below to predict costs. A development is limited to the Maximum Per-Unit Cost calculated below.

The model automatically provides a fifteen percent (15%) allowance above the predicted cost. The absolute cost maximum is \$288,067/unit for New Construction and Adaptive Reuse, or \$240,474 for Acquisition/Rehab

Note: Supportive Housing and projects addressing the rehabilitation of foreclosed and/or abandoned SF homes/duplexes automatically receive an additional 10% allowance above the predicted cost. The absolute cost maximum is \$316,874/unit for New Construction & Adaptive Reuse and \$264,521 for Acquisition/Rehab.

Insert development name, application number, unit mix and employment-related Community Service costs immediately below, and complete the cells highlighted in yellow in column E
Submit a printed copy of this document with your LIHTC application

Name: _____
 Application #: _____
 Number of Acquisition-Rehab Units: 0
 Number of New Construction Units: 0
 Number of Adaptive Reuse Units: 0
 Development costs attributable to employment-related Community Service Facility \$0

A	Is the development located in the City of Milwaukee?	No
B	Is the development located in the City of Madison?	No
C	Is the development located in one of the metropolitan counties listed on the Metro Counties page (excluding Milwaukee and Madison)?	No
D	Is the development located on Wisconsin Tribal Lands?	No
E	Is this a primarily new construction development?	No
F	Is this a primarily adaptive reuse development?	No
G	Is this a rehabilitation development with per per-unit rehabilitation costs between \$25,000 and \$50,000?	No
H	Is this a rehabilitation development with per per-unit rehabilitation costs in excess of \$50,000?	No
I	Does this development primarily contain supportive housing units?	No
J	Does this development primarily address the rehabilitation of foreclosed or abandoned single family homes or duplexes?	No
K	Does this development primarily contain single-family homes and duplexes?	No
L	Gross square feet in this development	0
M	Total number of units in this development	0
	Calculated Cost Limit	#DIV/0!
	15% Allowance	#DIV/0!
	Subtotal	#DIV/0!
	Adjusted Cost Limit (not to exceed \$288,067 per-unit for New Construction and Adaptive Reuse, or \$240,474 for Acquisition/Rehab)	#DIV/0!
	Allowance for supportive housing developments and those addressing foreclosed/abandoned homes	\$0
	Maximum Per-Unit Cost for this Development	#DIV/0!

Wisconsin Metropolitan Counties: 2018

Brown	Milwaukee
Calumet	Outagamie
Chippewa	Ozaukee
Columbia	Pierce
Dane	Racine
Douglas	Rock
Eau Claire	Shawano
Fond du Lac	Sheboygan
Iowa	St. Croix
Kenosha	Washington
Kewaunee	Waukesha
La Crosse	Winnebago
Marathon	

APPENDIX G

WHEDA Multifamily Capital Needs Assessment Policy and Standards Revised October 2016

The Capital Needs Assessment (CNA) is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs, remaining useful life of key components, building material deficiencies and material building code violations that affect the property use, structural and mechanical integrity, and the future physical and financial needs.

Issues identified by the CNA should be addressed in the development's rehabilitation proposal and will be considered by WHEDA when evaluating the operating and replacement reserve requirements for the development.

The CNA provider **must** include a copy of the proposed "Scope of Work" from the Developer in the CNA report.

WHEDA has established the following standards for CNA reports submitted in conjunction with loan financing requests and/or tax credit applications. All CNA reports must follow the prescribed format as outlined below.

WHEDA applicants/borrowers must work with the current property owner to secure necessary information to assist the CNA provider. This includes obtaining original construction documentation and a 5-year history of capital and major repair expenditures.

All Capital Needs Assessment reports submitted to WHEDA will be reviewed for content, thoroughness and reasonableness based upon the following standards. The CNA's are subject to the final approval and acceptance by WHEDA.

Tax

CNA providers who routinely submit CNA reports that are not thorough and do not reach reasonable, supportable conclusions as to the extent of rehabilitation needed will be removed from the approved provider list.

Unit Inspection Schedule: The minimum number of units to be inspected for all CNA reports:

Developments with 50 units or less - 100% of the units must be inspected.

Developments with 51 units to 75 units – 75% of the units must be inspected.

Developments with 76 units or more – 50% of the units must be inspected.

When completing reports for multiple building developments, each building should be inspected. WHEDA will allow a minimum of 35% of sites to be inspected on scattered site applications.

A copy of the CNA report must be submitted to WHEDA with the financing or tax credit application.

CNA reports shall include the following standards. Abbreviated CNA reports on some small developments are acceptable. See the Abbreviated CNA requirements listed below.

CNA reports:

- ◆ are required with **all** financing or tax credit applications that include the purchase, renovation and/or preservation of existing housing developments. This includes developments with proposed

minor, moderate or substantial renovation. A CNA is **not required** on an adaptive reuse development.

- ◆ must be submitted with the initial loan or tax credit application documentation. **CNA reports are considered a threshold item for tax credit applications.**
- ◆ must be completed and dated within 24 months of submission to WHEDA.
- ◆ must be completed by one of the WHEDA approved, independent CNA providers. The provider cannot have an identity of interest (please see Appendix Q for definition) or business association with the Applicant, Developer or Owner of the property being evaluated. A listing of WHEDA-approved, independent, third-party Capital Needs Assessment providers is available at WHEDA.com.
- ◆ must include the author's observations and assessments based on physical observations and assessment of the building exterior and interior including interior public, mechanical and accessible spaces. The scope of the inspection should include all spaces that are reasonably accessed, including a thorough walk-through of all attics, roofs, crawl spaces, etc. Any inaccessible spaces must be noted in the report.
- ◆ must include a narrative description of the development including the evaluator's overall assessment of the property condition. The narrative portion should include: property location, age, physical attributes including number of units and bedrooms, number of units inspected, and the physical condition of units inspected. The assessment should address the presence or suspected presence of environmental hazards such as asbestos, lead paint or mold.

The narrative portion of the assessment should further examine and analyze the following:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;
 - Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
 - Interiors, including unit and common areas, existing finishes (carpeting, tile, walls, paint condition, etc.), cabinets, appliances, fixtures and common area lobbies and corridors;
 - Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection systems, and elevators; and
 - Any non-compliant component or issue relative to the applicable accessibility code/guidelines of ADA, Section 504 and/or Fair Housing Guidelines. Include a copy of the owner's certification that the development complies with ADA and 504 regulations or include their plan to achieve compliance, if available.
- ◆ must include an interview with available on-site property management and maintenance personnel to gain knowledge of past repairs/improvements, pending repairs, and existing defects or chronic physical deficiencies in the development. The CNA provider should obtain and review a 5-year history of capital and major repair expenditures for the development.
 - ◆ must include photographs of typical building characteristics and deficiencies.
 - ◆ must include the developer's proposed expenditures/costs for extra-ordinary property improvements which may affect the project's future marketability. Such improvements may include: Adding parking garages or other covered parking structures to the site, adding central air conditioning for units, elevators, or community room additions, etc.

- ◆ must include a “property inspection and evaluation” section in a **spreadsheet format**. The information contained in this spreadsheet portion of the report **must follow the format and contain the information** included in the Freddie Mac form 1105, “Multifamily Engineering and Property Condition Report”. The actual Freddie Mac forms do not need to be used. The Freddie Mac forms include; Section I – Summary, Section II – Property Inspection and Evaluation, Section III – Immediate Repair Needs and Cost Estimate, and Section IV – Capital Needs Over Loan Term.

The minimum term to be used in this portion of the report is eighteen (18) years.

The Freddie Mac forms can be reviewed and downloaded at:

- http://www.freddiemac.com/multifamily/docs/form_1105_CME.pdf

ABREVIATED CNA REPORTS

Developments having **24 units or less that include only single family and/or duplex units**, may use an abbreviated CNA report.

- ◆ The abbreviated CNA report **does not need to include an extensive narrative portion**. A brief narrative is required describing the scope of work including the following:
 - Statement that 100% of the units were inspected.
 - Systems inspected (such as boilers, roofs, etc.)
 - A list of all parties present during the inspection
 - Description of records researched and information obtained to determine the condition of all systems
 - Methodology used to estimate replacement reserves
- ◆ The abbreviated CNA report must be completed and dated within 24 months of submission to WHEDA.
- ◆ The abbreviated CNA report must indicate any non-compliant component or issue relative to the applicable accessibility code/guidelines of ADA, Section 504 and/or Fair Housing Guidelines. Include a copy of the owner’s certification that the development complies with ADA and 504 regulations or include their plan to achieve compliance, if available.
- ◆ The abbreviated CNA report must include photographs of typical building characteristics and deficiencies.
- ◆ The abbreviated CNA report **must follow the format and contain the information** included in the Freddie Mac form 1105, “Multifamily Engineering and Property Condition Survey”. The forms include; Section I – Summary, Section II – Property Inspection and Evaluation, Section III – Immediate Repair Needs and Cost Estimate and Section IV – Capital Needs over Loan Term.
- ◆ **The minimum term to be to be used is eighteen (18) years.**

The Freddie Mac forms can be reviewed and downloaded at:

- http://www.freddiemac.com/multifamily/docs/form_1105_CME.pdf

APPENDIX G-1
SCOPE OF WORK - REQUIRED FORMAT

A **Scope of Work** in the following format is an **Application Threshold item** for all Preservation and Rehabilitation projects. The **Scope of Work** should follow the Current (April 2014) CSI Master Format Divisions of Work. The following is an example of what a typical Scope of Work might include.

SCOPE OF WORK - RENOVATION DEVELOPMENT BUDGET

Divison	Item	Description	Total Cost
010000	General Requirements		
	Regulatory Requirements	Building permits	\$500
020000	Existing Conditions		
	Assessment	Site Survey	\$5,500
030000	Concrete		
	Maintenance of Concrete	Cleaning of Cast-in-Place Concrete	\$9,200
040000	Masonry		
	Maintenance of Masonry	Unit Masonry Restoration	\$19,800
050000	Metals		
	Steel Roof Decking	Repair 4 existing decks	\$12,000
060000	Wood, Plastics, and Composites		
	Rough Carpentry	Miscellaneous in 10 units	\$18,000
	Finish Carpentry	Replace cabinets in 4 kitchens	\$9,000
070000	Thermal and Moisture Protection		
	Roofing	Roof Replacement	\$82,000
080000	Openings		
	Wood windows	18 new windows	\$6,000
	Metal Doors	4 new doors - exterior	\$2,000
090000	Finishes		
	Drywall	Repair/replace as needed - 4 units	\$25,000
100000	Specialties		
	Toilet, Bath, and Laundry Accessories	Shower Doors	\$4,800
	Lockers	Wire Mesh Storage Lockers	\$1,800
110000	Equipment		
	Residential Kitchens Appliances	22 microwaves	\$3,350.00
120000	Furnishings		
	Horizontal Louver Blinds	Install new blinds in all units	\$4,000.00
130000	Special construction		
140000	Conveying Systems		
	Elevators	Elevator repairs	\$22,000.00
210000	Fire Suppression		
	Fire Protection	Install new sprinklers - hallway	\$19,000.00
220000	Plumbing		
	Plumbing fixtures	14 new kitchen sinks	\$4,200.00
230000	Heating, Ventilating, and Air Conditioning (HVAC)		
	Air conditioning	14 new sleeve air conditioners	\$7,000.00
250000	Integrated Automation		
260000	Electrical		
	Electrical service	Install new service box	\$2,000.00
270000	Communications		
	Voice Communications Terminal Equipment	Elevator Telephone replacement	\$850.00
280000	Electronic Safety and Security		
	Video Surveillance	Parking Lot Security Cameras	\$7,700.00
310000	Earthwork		
	Site Clearing	Remove Overgrown/damaged trees	\$2,500.00
320000	Exterior Improvements		
	Fences and Gates	Replace privacy fencing	\$4,400.00
330000	Utilities		
	Operation and Maintenance of Utilities	Cleaning of sewer line	\$850.00
340000	Transportation		
350000	Waterway and Marine Construction		
Total Renovation Hard Costs			\$273,450.00

APPENDIX I

Section 42 Utility Allowance Guidelines Updated July 2016

Utility allowance (UA) calculation requirements have been revised for Section 42 projects by IRS Treasury Regulation § 1.42-10. This change took effect for taxable years beginning on and after July 29, 2008.

The above provisions are not applicable to properties operating under the Rural Housing Service or HUD Section 8 (in combination with Section 42) or any building in which any resident receives Rural Housing Service rental assistance.

Following is a LINK to the IRS Treasury Regulation § 1.42-10. Please review the regulation prior to determining your utility calculations.

[1.42-10 Utility Allowances](#)

UTILITY ALLOWANCE CALCULATIONS REQUIRED PER PROPERTY TYPE:

Section 42 operating in combination with Rural Housing Service **OR** any building in which any resident receives Rural Housing Service rental assistance:

- Use the applicable RHS utility allowances.

Section 42 operating in combination with HUD Section 8:

- Use the applicable HUD utility allowances.

Section 42 operating in combination with HUD Section 8 tenant-based vouchers:

- Use the applicable local PHA utility allowances.

Section 42:

- Applicable utility allowances for rent-restricted units in the building are determined using the:
 1. Local Utility Company Estimate
 2. HUD Utility Schedule Model,
 3. Energy Consumption Model, or
 4. Applicable Local PHA Utility Allowances

NOTE: Agency Estimates permitted per IRS Treasury Regulation § 1.42-10 are not applicable in Wisconsin.

1) Utility Company Estimate Model

- Calculate utility allowances using estimates obtained from the local utility company. Any utility company furnishing an estimate must offer utility services to the building.

2) HUD Utility Schedule Model

- Calculate utility estimates using the “HUD Utility Schedule Model” found at <http://www.huduser.org/portal/resources/utilallowance.html>

3) Energy Consumption Model

- Utility consumption estimates must be calculated by a properly licensed engineer using an energy consumption model which must, at a minimum, take into account specific factors including, but not limited to, unit size, building orientation, design and materials, mechanical systems, appliances, and characteristics of the building location.
- The engineer and building owner must not be related [within the meaning of Section 267(b) or 707(b)].
- For newly-constructed or renovated buildings with less than 12 months of consumption data, the engineer may use consumption data for the 12-month period of units of similar size and construction within the geographic area in which the building containing the units is located.

4) Local PHA Utility Allowances

- Obtain utility allowances from the applicable local PHA.

WHEDA's REQUIREMENTS FOR SUBMITTING UTILITY INFORMATION:

A. Project buildings utilizing PHA utility allowances:

- LIHTC form 205 Part A.

B. Project buildings utilizing:

1) Local Utility Company Estimates, 2) the HUD Utility Schedule Model, or 3) the Energy Consumption Model:

- Supporting documentation for options 1,2, or 3 above:
 - 1) Documents provided by local utility company supporting calculations
 - 2) Documents generated from the HUD Utility Schedule Model
 - 3) Documents provided by the engineer to support calculations AND a photocopy of the engineer's current license
 - 4) LIHTC Form 205 Parts A & B
 - 5) Copy of the 90-day notice to residents

In the event the new utility allowance is a \$5.00 or more change from the previous year's calculation as explanation must be provided on Form 205 with your submission.

Submit to: LIHTC Monitoring
WHEDA
P.O. Box 1728
Madison, WI 53701-1728

FREQUENCY OF UTILITY ALLOWANCE REVIEWS

At least once during each calendar year, the basis on which utility allowances have been established must be reviewed and updated regardless of any percentage change in utility rates.

1. Reviews must take into account any changes to the building such as any energy conservation measures that affect energy consumption and changes in utility rates.

2. Building owners may choose to calculate new utility allowances more frequently than once per calendar year, provided the owner complies with the requirements for implementing utility allowances.

3. Building owners are not required to review or implement new utility allowances until the building has achieved 90 percent occupancy for a period of 90 consecutive days, OR the end of the first year of the credit period, *whichever is earlier*.

EXCLUDED COSTS:

Cable television, telephone and internet costs are specifically excluded from utility allowance calculations.

Reminder: Only utility costs paid directly by the resident(s) and not by or through the owner are included in the utility allowance calculation. Unit gross rents include the applicable utility allowance. The maximum rent that may be paid by the tenant is to be reduced by a utility allowance as determined by one of the methods described above.

NOTIFICATION REQUIREMENTS AND DATA COLLECTION:

Utility rates used to calculate analysis must be no older than the rates in place 60 days prior to the beginning of the 90-day period. WHEDA and all building residents must be notified of utility allowances 90 calendar days prior to the UA effective date.

SAMPLE TIMELINE FOR A UTILITY ALLOWANCE CHANGE:

Utility allowance effective date = August 1, 2010

- March 4, 2010 – May 2, 2010 (60 calendar days). Obtain utility data for the previous 12 months and calculate the utility allowance.
- No later than May 3, 2010 (90 calendar days). Owner notifies WHEDA and all building residents of utility allowance.
- May 3 – July 31, 2010 – WHEDA reviews and approves utility allowance.
- WHEDA sends notification in writing approving/concurring with utility allowance.

NOTE: WHEDA may require additional information from the owner during the 90-day period.

EXPENSES INVOLVED IN OBTAINING UTILITY COSTS:

Owner must pay for all costs incurred in obtaining utility allowance estimates and providing them to both WHEDA and building residents.

RECORD RETENTION:

The building owner must retain any utility consumption estimates and supporting data as part of the taxpayer's records.

APPENDIX J

WHEDA'S Developer Fee Policy for Housing Tax Credit Developments

Developer Fees are limited to the following:

- Acquisition/rehab properties
 - Acquisition: 6% developer fee (identity of interest situations: developer fee is limited to a maximum of 3%)
 - Rehab: 16% developer fee

- New construction and adaptive reuse
 - Acquisition: 6% developer fee
 - New construction and adaptive reuse costs: 15% for properties with 24 or fewer units. For other properties, the developer fee is limited to 12% for first 55 units, and 9% for units above 55

Developer fees for 9% transactions will be limited to a maximum of \$21,000 per unit.

The following items and activities are to be combined under the developer fee limits described in this Appendix:

- Developer Fees
- Consultant Fees
- Construction Supervision
- Developer Overhead

A developer fee cannot be collected on amounts deposited into Project Reserves. The maximum developer fees will be calculated as follows:

- Acquisition/rehab properties – the maximum developer fee will be the sum of the Land & Building Acquisition and Rehab fees calculated below
 - Land & Building Acquisition: 6% * Purchase of Buildings and Land Subtotal in Section A of the LOLA Project Cost and Credit Calculation page
 - Fee will be limited to 3% for identity of interest situations
 - Rehab: 16% * (Total Development Cost – Purchase of Land and Buildings - Developer Fee – Consultant Fee – Construction Supervision – Developer Overhead – Project Reserves)

- New construction and adaptive reuse - the maximum developer fee will be the sum of the Site Acquisition and New Construction and/or Adaptive Reuse fees calculated below
 - Site Acquisition: 6% * Purchase of Buildings and Land Subtotal in Section A of the LOLA Project Cost and Credit Calculation page
 - New Construction and Adaptive Reuse costs: Developer Fee % identified below * (Total Development Cost – Purchase of Land and Buildings - Developer Fee – Consultant Fee – Construction Supervision – Developer Overhead – Project Reserves)

- Developer Fee %
 - 24 or Fewer Units: 15%
 - 25 to 55 units: 12%
 - More than 55 units: 12% for the first 55 units; 9% for remaining units

The sum of developer fees, consultant fees, construction supervision, and developer overhead will not be allowed to increase above the amount in the approved Housing Tax Credit (HTC) Carryover application.

4% Housing Tax Credit Applications

Applications for 4% HTCs are allowed to include a developer fee of up to 20%. In the event that an applicant requests a developer fee of 20%, or a developer fee % above the limits noted on the first page of this Appendix, the following requirements will apply:

- A minimum of 50% of the developer fee must be deferred
 - The 50% deferral requirement will be applied to the entire developer fee, rather than the amount exceeding the limits noted on the first page of this appendix. For example – an application with an 18% developer fee will be required to defer a minimum of 9%.
 - WHEDA will confirm that the 50% deferral requirement is met within the first HTC application and the 8609 application.
 - Should the application include a deferred fee of less than 50%, WHEDA will adjust sources to generate a 50% deferred fee, which could include a reduction of the annual HTC amount.
 - The application must include evidence that the deferred fee can be repaid through future cash flows at the property within the 15-year HTC compliance period.
- For acquisition/rehab applications, a maximum of 20% can be used in place of the 16% reference in the rehab calculation on the first page of this appendix
- For new construction applications, a maximum of 20% can be used in place of the variable rate percentage noted on the first page of this appendix.
- The 6% developer fee limit noted on page one of this appendix will continue to apply to site and building acquisition costs (3% in identity of interest situations).

For 4% transactions, any developer fee above the current limit for 9% transactions would not be included in the calculation of the Maximum Development Cost.

Developer's Fee and Identity of Interest Situations

Those developments that include an "Identity of Interest" will be limited on the amount of developer's fee that can be charged. An Identity of Interest situation between the seller and buyer, regardless of unrelated developer, of real estate limits the fee for the acquisition portion to 3% of the acquisition cost or a minimum of \$5,000. The developer's fee for the rehabilitation portion will be scaled to the amount of rehab as identified above.

The Identity of Interest definition that WHEDA will follow is provided by HUD and bond regulations. HUD's Management Agent handbook (4381.5) defines Identity of Interest as:

“An identity of interest relationship exists if any officer, director, board member, or authorized agent of any development of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.):

- (a) is also an officer, director, board member or authorized agent of any other development team member;
- (b) has any financial interest in any other development team member’s firm or corporation;
- (c) is a business partner of an officer, director, board member or authorized agent of any other development team member;
- (d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or
- (e) advances any funds or items of value to the borrower.”

APPENDIX K

Certified Rent Roll Requirements

A certified rent roll is required at the time the tax credit owner requests WHEDA issue form(s) 8609 for the development. Include the rent roll in the final Housing Tax Credit application packet. It is important that the rent roll is accurate and provides all necessary information.

The following is required information:

1. List the FINAL name of the Housing Tax Credit development and effective date of the rent roll.
2. Unit Information:
 - a. Unit Numbers
 - b. Tenant name (or indicate as vacant)
 - c. Number of bedrooms for each unit
 - d. Identify set-aside units
 - e. Identify unit set-aside CMI (30%, 40%, 50% or 60%)
 - f. Identify market rate units
 - g. Identify manager's unit(s)
 - h. Current rent for each unit
 - i. Current utility allowance for each unit
 - j. Square footage for each unit
3. Certification requirements:
 - a. Statement: "I certify, to the best of my knowledge and belief that the information contained in this rent roll for (insert name of development) is complete and accurate."
 - b. Signature block for accurate project ownership entity (with all appropriate punctuation)
 - c. Signature of authorized owner
 - d. Date rent roll is signed



CONSTRUCTION SIGN SPECIFICATIONS

All developments receiving WHEDA construction financing are required to produce and display a **WHEDA Construction Sign** during construction of the development. There are four (4) signs available based on the type of financing the development is receiving from WHEDA (see left).

SIGN A: Housing Tax Credits financing

SIGN B: Transform Milwaukee Initiative/ Housing Tax Credits financing

If your project is located within **WHEDA's Transform Milwaukee Initiative area**, please use Sign B. Call your WHEDA Commerical Lending Officer if you have any questions.

SIGN C: WHEDA-financed developments

SIGN D: Transform Milwaukee Initiative/ WHEDA-financed

If your project is located within **WHEDA's Transform Milwaukee Initiative area**, please use Sign D. Call your WHEDA Commerical Lending Officer if you have any questions.

WHEDA provides the electronic art files and sign specifications for developers to send to the sign company/ printer of their choice. Files have been created to the exact dimensions, are high resolution (300dpi) and have been compressed for ease of download.

SIGN SPECIFICATIONS ARE:

BOARD MATERIAL: 3/4 Plywood A-B Ext. APA

SIZE: 48"W x 60"H (.125" bleed on all sides if necessary)

COLOR: Pantone 349 or 4C separation: 90C/30M/100Y/25K

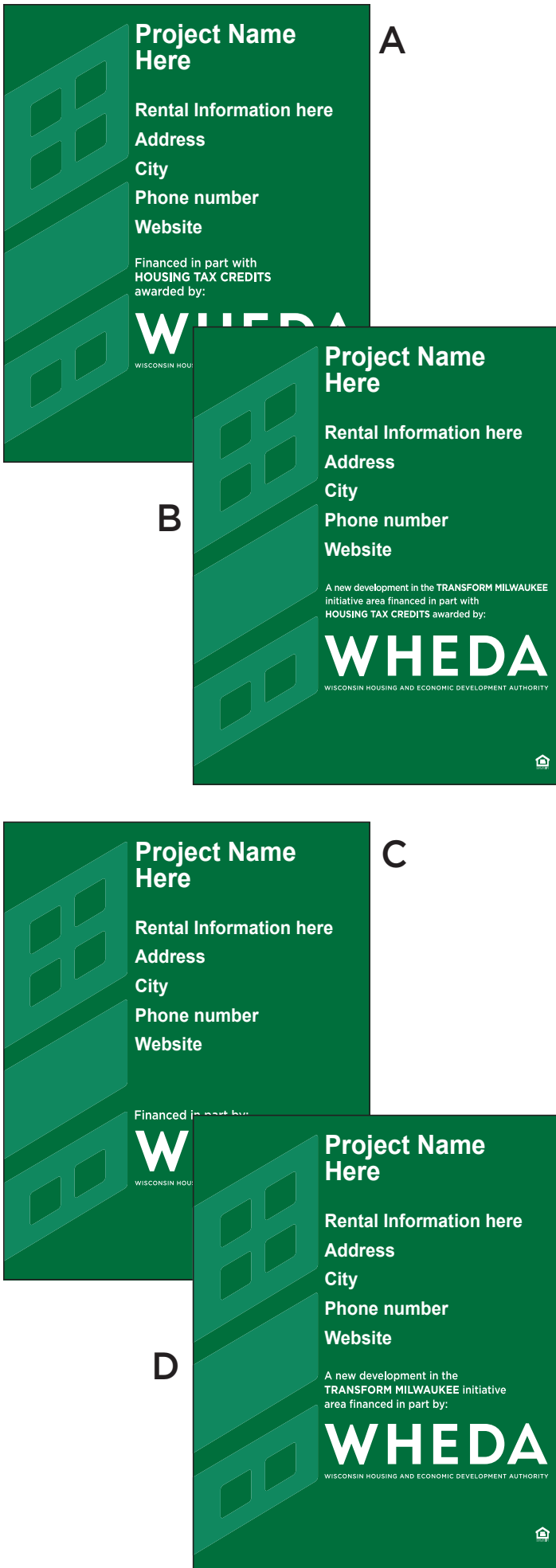
FONT USAGE: Files include 2 editable areas of text. All other text is set in place and cannot be edited.

1. PROJECT NAME - Arial Narrow Bold, minimum font size 225pt, white, 95% horizontal scale

2. ADDITIONAL INFORMATION - Arial Narrow Bold, minimum font size 150pt, white, 95% horizontal scale

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

800.334.6873 ■ www.wheda.com



APPENDIX M

WHEDA Housing Tax Credit Design Requirements

A. INITIAL SUBMITTAL REQUIREMENTS:

Submit a copy of this document signed by the development Architect and Applicant/Owner, certifying that all Development Requirements outlined in this Appendix M will be incorporated in the completed housing development.

Unless noted otherwise, references to section numbers are from ICC/ANSI A117.1–2003 edition.

“Building Code” refers to the current 2009 edition of the International Building Code with Wisconsin’s amendments as found under SPS Chapters 360-366. Review SPS 361.05.

“ADAAG” refers to the ADA Accessibility Guidelines for Buildings and Facilities.

B. DEVELOPMENT REQUIREMENTS

I. REQUIRED ITEMS.

KEY: NC= New Construction and Adaptive Reuse of non-housing structure

R= Rehab of Existing Housing

Required For	ITEM
NC, R	Showerheads & faucets being replaced or initially installed: a) Low flow showerheads of 1.75 gpm, or less, must be installed on every showerhead within each dwelling unit in the development, and b) Faucet aerators with a rating of 1.5 gpm or less must be installed on every faucet within each dwelling unit in the development.
NC, R	Common Area Lighting being replaced or initially installed: Appropriate high efficiency lighting, including High Performance T-8 systems, T-5 systems, or Compact Fluorescent Lamps (CFLs), shall be installed in all interior common areas, including decorative fixtures.
NC, R	Appliances being replaced or initially installed: Must meet current ENERGY STAR® standard(s) if an ENERGY STAR rated appliance is available.
NC, R	Window or Central Air Conditioning Units being replaced or initially installed: Must meet current ENERGY STAR® standard(s).
NC, R	Setback Thermostats: All family housing units are required to incorporate setback thermostats.
NC, R	Lever-style handles on all interior doors being replaced or initially installed
NC, R	Bath/kitchen faucets being replaced or initially installed must be single-lever type.
NC, R	Mini blinds or similar window covering

NC, R	Common Laundry Facility. Alternatively, all units shall have at no charge: in-unit washer/dryer hook ups, or in-unit washer/dryer
NC, R	Hard-wired high speed internet service in each unit. For acquisition/rehab properties, wireless internet will be allowed
NC	Grab Bars – <i>In All Bathrooms of Elderly Buildings Only</i> . In each bathroom, install nylon grab bars meeting the requirements of Section 609 (matching or contrasting the color of the tub/shower) in the following locations minimum: a) In all showers, install one grab bar on the control end wall and one grab bar on the back wall. Grab bars shall be 6" maximum from adjacent walls. b) In all bathtubs, install one grab bar 24" minimum on the back wall and one grab bar 24" minimum on the control end wall per Fig. 607.4.2. Both grab bars to be installed horizontally at the same height above the floor. c) In all toilets, provide one horizontal side wall grab bar 42" minimum per Section 604.5.1 and provide on horizontal rear wall grab bar 24" – 36" minimum per Section 504.5.2.
NC	Bathtub/shower compartment permanently lined with non-skid surface or pattern covering 75% of floor.
NC	All Non-Elderly Housing (Family, General population or Supportive Housing). In all bathrooms of each unit, provide reinforcement for the future installation of grab bars at toilets, bathtubs, and shower compartments per Section 1004.11.2. (if grab bars not already installed in the unit)
NC	Provide all bathtubs/showers with offset controls and a 30" x 48" clear floor space for parallel approach. Where the centerline of the controls is between 18" and 9" from the open face of the bathtub/shower compartment, the clear floor space in front of the fixture shall extend at least 9" beyond the control wall. Where the centerline of the controls is between 9" and 0" from the open face of the bathtub/shower compartment, the clear floor space in front of the fixture shall extend at least 5" beyond the control wall.
NC	At least one toilet in each dwelling unit shall have clearances that meet the requirements of Section 1004.11.3.1.2.1, 1004.11.3.1.2.2, or 1004.11.3.1.2.3.
NC	Low-profile thresholds - All changes in level within common areas and in dwelling units to be ¼" maximum vertical or ½" maximum beveled at 1:2 per Sections 303.2 and 303.3.
NC	100% visitable units. (Only 20% visitable units required for single family or duplex or townhome style construction). Projects should be designed and graded to allow an accessible route from parking or street level to all dwelling units. Accessible routes shall meet all the requirements of Section 402 including Section 404 for accessible doors. The living room, kitchen and minimum of one bathroom (with a minimum of a toilet and sink) must be on the accessible route from the unit entry. Bathroom shall meet the requirements of Sections 1004.11 minimum.
NC	Lighting controls, electrical switches, and receptacle outlets, environmental controls, and user controls for security or intercom systems shall comply with Section 1004.9 minimum.
NC	Electrical outlets and cable/data outputs set to a minimum height of 18" above the floor.

NC	Built-in Dishwasher and disposal-all 2 BR or larger units. Family developments only.
NC	Provide at least one bedroom on the first floor of multi-story units (minimum 4% of the development's multi-story units). Not required if the development includes other unit styles which achieve bedroom accessibility (minimum 4% of the total number of units).
NC	Individual storage lockers for each unit at no charge to resident. Must be inside storage, minimum 3' X 6' X 8'. Single family, duplex, or townhome styles are exempt.

II. BUILDING ENVELOPE REQUIREMENTS

New Construction

- Building envelope worksheet calculations: Must exceed the State of Wisconsin Department of Safety & Professional Services Building Envelope Requirements by, at minimum 2%, based upon (2009 IBC code) REScheck™ software calculations **AND** heating loads must be calculated at the maximum infiltration rate allowable in REScheck™ (0.5 air changes/hour).
- REScheck™ calculations must demonstrate compliance with State of Wisconsin building codes. REScheck™ reports are required for each building.
- These calculations must be submitted to WHEDA with the final Housing Tax Credit application for the development

Rehab Existing Housing and Adaptive Reuse Developments

- Rehab of Existing Housing and Adaptive Reuse developments must make efforts to exceed the State of Wisconsin Department of Safety & Professional Services Building Envelope Efficiency by 2% (2009 IBC code). REScheck™ reports are required for each building.
- If 2% cannot be achieved, Applicant must (at final application) provide a letter that describes best efforts and describes greater than normal efficiencies of ancillary items such as: window replacement "U" value, insulation "R" value, heating systems and lighting systems used in the development.
- If 2% cannot be achieved, Applicant must use building renovation components which meet the ENERGY STAR™ or equivalent building standards.
- These calculations must be submitted to WHEDA with the final Housing Tax Credit application for the development

C. FINAL SUBMITTAL REQUIREMENTS - All Developments

Development Owner and General Contractor/Architect certifications must be submitted to WHEDA with the final Housing Tax Credit application reflecting that 1) each building meets or exceeds requirements outlined in the Appendix M governing the year of the original application (use box below), and 2) each building meets or exceeds WHEDA's Building Envelope Requirements. See: www.wheda.com for Owner and General Contractor/Architect Certification forms.

➔ Download REScheck™ or COMcheck™ software from U.S. Department of Energy website: <http://www.energycodes.gov/rescheck>

APPENDIX N

Submittal Requirements for Developments with HUD Financing, HUD Section 8 Rental Subsidies, or HUD Public Housing Financing

The following are threshold items applicant must submit with the Initial Application:

1. Evidence that the following items have been submitted to HUD prior to the submittal of the tax credit application:
 - Proposed Ownership Entity and all principals.
 - Proposed Scope of Work in narrative form. Include cost estimates, current and assumed post transaction rents, operating expenses, change in number or type of units, consolidation of multiple properties, proposed operating budget for HUD transactions, etc.
 - A Proposed Sources and Uses Statement showing all sources of funding, including financing terms, for the project including proposed lien position.
 - Executed Purchase Agreement, if available.

 2. Letter from HUD and/or WHEDA Section 8 Contract Administration showing actual or preliminary approval of contract rent increase if the financing structure in the application assumes a rent increase under any HUD program*.
 - **IMPORTANT NOTE:** Without written support of a rent increase from HUD or WHEDA Section 8 Contract Administration, current contract rents will be used. All applicants are encouraged to contact WHEDA Section 8 Contract Administration prior to applying to understand potential rent increases or decreases dictated by the HAP Contract.

 3. Letter from HUD showing actual or preliminary approval of any special terms or restructuring if the financing structure in the application assumes any special terms or restructuring under any HUD loan. Without written support from HUD, WHEDA tax credit financing terms (or current financing terms if such exists) will be used in the application and feasibility test.

 4. Copy of any applicable rental assistance (HAP or RAP) contracts and/or Public Housing operating subsidy agreements.
- * Applicants are encouraged to use HUD and WHEDA Section 8 Contract Administration staff as resources to determine rent increase and contract renewal options for HUD properties.

Please note these two important Submittal Requirements for developments with HUD financing and/or Project-based Rental Subsidies:

1. Required prior to Carryover of Credit: Copy of approvals of loan assumptions (“transfer of physical assets”), or copy of approval to prepay HUD or WHEDA loans.

2. Required at Certification of 10% Expenditure: A copy of HUD approval to transfer HAP or RAP contracts.

APPENDIX O

Housing Tax Credit (HTC) Submittal Requirements for USDA Section 515 (RD) Projects

HTC Application One.

The following threshold items must be submitted by the HTC applicant:

This form, signed by a representative of RD (a/k/a Rural Housing Service-WI) signifying receipt of the checked items, at minimum, 30 days prior to the submittal of the HTC Application One. A representative of RD must sign this form.

- ___ Proposed Ownership Entity and all principals.
- ___ Proposed Scope of Work in narrative form. Include cost estimates, current and assumed post transaction rents, operating expenses, change in number or type of units, consolidation of multiple properties, proposed operating budget for RD transactions, etc.
- ___ A Proposed Sources and Uses Statement showing all sources of funding, including financing terms, for the project including proposed lien position.
- ___ Executed Purchase Agreement, if available.
- ___ Additional requirements:
 - ___ If principals currently own properties financed by RD, provide a certification the principals are in compliance with all regulatory documents, agreements, etc.
 - ___ A rent comparability study is required for all projects in which a rent increase is being planned along with documentation as to how effected residents will be protected by the planned rent increase.
 - ___ RD Form 3560-7 with a typical proposed budget will be required. The form can be found at <http://usda.gov/efcommon/eFileServices/eForms/RD3560-7.PDF>
- ___ Letter from HUD or WHEDA Contract Administration showing actual or preliminary approval of contract rent increase if the financing structure in the application assumes a rent increase under any HUD program.
 - Important Note: Without written support of a rent increase from HUD, or WHEDA Section 8 Contract Administration, current contract rents will be used. All applicants are encouraged to contact WHEDA Section 8 Contract Administration prior to applying to understand potential rent increases or decreases dictated by the HAP Contract.

Checked Items have been received

Signature by RD (Rural Housing services-WI)

Date

2. Applicant to provide a letter from RD indicating preliminary approval of the following:
- The applicant is an eligible entity per RD regulation 3560.55.
 - The loan is for eligible purposes.
 - RD has determined a need for the property.
 - RD may assist with additional rental assistance units if available at the time of the transaction or discussion with developer on providing Private Based Assistance.
 - RD will indicate potential rent structure not to exceed the comparable market rents for the community as determined by a rent comparable study. With projects having less than 100% project based rent subsidy, rents will be the lesser of CRCU or HTC limits.
 - Identify loan(s) that will be assumed.

APPENDIX O

HTC Application Two.

The following threshold items must be submitted by the HTC applicant:

This form, signed by a representative of RD (aka Rural Housing Service-WI) signifying receipt of the checked items, at minimum, 30 days prior to the submittal of the HTC Application Two. A representative of RD (aka Rural Housing Service) must sign this form.

Evidence that the following items have been submitted to RD as a complete transfer application according to HB-3-3560, Chapter 7, "Transfer of Project Ownership", "Transfer Request Checklist", if applicable:

- ___ Proposed Transaction (Executive Summary; MFH Transfer & Assumption Attachments 7-B-2 & 7-b-3; Purchase Agreement; etc).
- ___ Proposed Repairs (Capital Needs Assessment, Cost Estimates Form RD 1924-13; etc.)
- ___ Documentation of Market Rents & Value (Appraisal; Rent Comparability Study, etc.)
- ___ The sales price must fit within RD requirements. RD does not restrict the sales price on transactions that do not include any new hard debt so long as all RD transfer requirements are met. In all other situations, the sales price will be the lower of the appraised value, based on an appraisal accepted by RD, or the amount of the third party debt service that fits within the maximum allowable rents for the property.
- ___ Financial Aspects of the Transaction (Application for Federal Assistance SF 424; Proposed Budget Form RD 3560-7; Sources and Uses of Funds)
- ___ Third Party Funding (Application for Funding; Commitment Letters, etc.)
- ___ Proposed Purchaser (Previous Participation; Purchasers Financial Statement, Credit Report Fees, etc.)
- ___ Proposed Management (Management Plan, Management Certification, Affirmative Fair Housing Marketing Plan, etc.)
- ___ Proposed Organizational Documents for Purchaser
- ___ Other – Assurance Agreement Form RD 400-4; Equal Opportunity Agreement Form 400-1; Certification regarding Drug Free Workplace Form RD 1910-11; Request for Rental Assistance Form RD 3560-25.etc.
- ___ Acknowledgment that an RD’s architect must be involved with the development of the scope of work, any pay request, contract change orders and inspections.

Checked Items have been received

Signature by RD (Rural Housing Services-WI)

Date

APPENDIX O

HTC Application Three (Final).

The following threshold items must be submitted by the HTC applicant:

1. This form, signed by a representative of RD (aka Rural Housing Service-WI) signifying receipt of the checked items, at minimum, 30 days prior to the submittal of the HTC Application Three.
 2. RHS will have five days to review and concur in. A representative of RD (Rural Housing Service) must sign this form.
- ___ Copy of the Final Cost Certification including third party audit.

Checked Items have been received

Signature by RD (Rural Housing Services-WI)

Date

Appendix P

Development Team

Developer scoring will be done based on scores of the Primary Developer and the Co-Developer (if any). WHEDA will use the higher of the following:

- The Primary Developer individually
- The average scores of the Primary Developer and Co-Developer

The lead developer and co-developer (if any) are required to complete the Developer Experience form (found on www.wheda.com).

Development Team scoring will be based on the following components

- A. Successful completion of Housing Tax Credit (HTC) properties (as lead developer)
- B. Years of HTC and multifamily experience
- C. Performance of HTC properties (minimum of three properties or 100 units as lead developer)
- D. WHEDA evaluation of capacity, performance of prior HTC properties and timely & accurate completion of prior HTC applications and awards
- E. Development team members (an application may receive points for one of the items below)
 - A. Applications that include a Nonprofit organizations, acting as Lead Developer and an Owner, that meets the requirements for applicants in the Nonprofit Set-Aside
 - B. Applications that include an organization, acting as lead Developer and an Owner, that has participated in four or fewer HTC properties as a lead developer or owner

WHEDA will continue to reserve the right to deduct points for non-compliance with a previous HTC award's representation of scope, support services, design, energy efficiency, amenities, score, certifications, or nonpayment of fees.

Applicants may supply additional information about their organization that the applicant feels may be beneficial for WHEDA as it reviews the applicant's "...capacity, performance of prior HTC properties and timely & accurate completion of prior HTC applications and awards" as noted above

APPENDIX Q

Identity Of Interest How It May Impact a Development

Definition

The Identity of Interest definition that WHEDA will follow is provided by HUD and bond regulations. HUD's Management Agent handbook (4381.5) defines Identity of Interest as:

(1) An identity of interest relationship exists if any officer, director, board member, or authorized agent of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.):

(a) is also an officer, director, board member, or authorized agent of any other development team member;

(b) has any financial interest in any other development team member's firm or corporation;

(c) is a business partner of an officer, director, board member, or authorized agent of any other development team member;

(d) has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or

(e) advances any funds or items of value to the sponsor/borrower

All developments that include an Identity of Interest, as defined above, must indicate the specific Identity of Interest in the application for financing or tax credits.

Identity of Interest - Situations

WHEDA will impose restrictions on the amount of certain fees in the following Identity of Interest situations.

- ◆ An Identity of Interest between the seller and buyer of real estate, on Rehabilitation and Adaptive Reuse developments, results in a developer fee limitation. The developer fee for the acquisition portion is limited to 3% of the acquisition cost or a minimum of \$5,000. The developer fee for the rehabilitation portion will be scaled to the amount of rehab defined in WHEDA's "Developer Fee Policy".
- ◆ When an Identity of Interest exists between the developer, owner and general contractor, and the auditor performing the cost certification determines that the general contractor entity is not a legitimate operating concern, the following limitations will be applied. For developments with 24 units or less, the combined total of the general requirements, contractor's profit, contractor's overhead, consultant's fee, developer's fee, and developer's overhead will be limited to 20% of the total development costs, not including the combined total for those items. The combined total will be limited to 17% for developments over 24 units. For rehabilitation developments, the limits will be reduced to reflect the policy in WHEDA's "Developer Fee Policy".

APPENDIX S

Certification to Create Rental Units for Persons Needing Supportive Services

Project Name: _____
Address: _____
City: _____
Proposed # units-Total: _____
Proposed # units-Targeted for supportive housing: _____
Target Population(s)*: _____

This certification acknowledges the intent of the Applicant/Developer to seek an allocation of Housing Tax Credits (HTC) from WHEDA and to create units appropriate for persons requiring supportive housing. The Applicant/Developer, Property Management Agent and Wisconsin Department of Health Services (WI DHS) must together review the below stated housing proposal prior to submitting the application to WHEDA, and assess the overall need for the proposed housing considering the target population and the development location to ensure there is sufficient demand for proposed units.

Applications, at a minimum, must include the items noted on the Supportive Housing Checklist - which follows this form.

Appendix S must be completed and signed before WI DHS will review any applications.

Deadline for submitting materials to WI DHS (check appropriate credit type):

_____	9% housing tax credits:	November 19, 2018
_____	4% state housing tax credits:	December 17, 2018

The parties below agree:

- To establish a procedure for filling vacant supported housing units with eligible tenants during lease-up and thru the initial 15-year compliance period. WI DHS shall assist in contacting appropriate local collaborative long term support partners to help find qualifying persons in the event the developer requests additional support. Those persons and/or their representative shall be referred to the management agent.
- To establish and maintain collaborative relationships between developers and any identified case workers/service providers in housing qualified persons, ensuring they maintain tenancy, and making reasonable accommodations for persons or their service plans.
- That tenants must have choice of service provider, regardless of supportive housing management plan in place.
- To hold open a vacant supportive housing unit for a minimum of 30 days or until WI DHS or local collaborative long term support partners, in conjunction with the management agent, finds a person meeting the target definition and requisite income qualifications to lease the unit. After the 30 days, the unit may be leased to any otherwise income qualifying family or individual.
- The units will be designed with universal design features making them appropriate or readily adaptable to those with disabilities.

- The units will be set aside for those persons having incomes not exceeding 30% of the County Median Income, or the unit or resident will receive a rental subsidy from a government entity.
- To affirmatively market these units to persons with disabilities by establishing an affirmative marketing and fair housing plan, approved by DHS, specifically for the target population in these units. A waiting list policy specifically designed for this target population should also be reviewed by DHS.

This letter MUST be signed by all parties below.

Applicant/Developer

Date

Property Management Agent

Date

WI Department of Health Services

Date

Which HTC application is this document for? Check One:

Initial HTC Application

Final (8609) HTC Application

Contact information for WI DHS:

Division of Medicaid Services; Wisconsin Dept. of Health Services, 1 West Wilson Street, Rm 527; Madison, WI 53703; (608) 266-2905; DHSDLTCHousing@dhs.wisconsin.gov

*Target Population(s) may include, for example: People who have permanent developmental, physical, sensory, medical or mental health disabilities, or a combination of impairments that make them eligible for long term care services.

Examples of local collaborative long term support partners include: Aging and Disability Resource Centers serving each Wisconsin County, Managed Care Organizations, and County Human Service Agencies.

Supportive Housing Checklist

HTC developers requesting points with the submission of Appendix S “Certification to Create Rental Units for Persons Needing Supportive Services,” must provide adequate information for DHS to review their proposal. The following checklist is intended to assist developers in providing the necessary information. It is important for DHS to have the opportunity to review the housing proposal, assess the overall need for the proposed housing, and to assist the housing developer to identify applicable local supports.

The following are DHS guidelines for review of applications for supportive housing:

- Characteristics of the specific target population(s)¹
- Discussion on how the proposal addresses the local area’s housing priorities and needs
- Evidence of outreach activities and engagement with local collaborative long term support partners² specifically to reach the target population
- Eligibility screening and assessment procedures to affirmatively market units specifically for the target population being proposed for the units
- Description of how supportive services will be made available to tenants, outlining the role of any primary and collaborative service provider partners, including all publicly and privately available resources. Include engagement strategies that will be used to ensure tenants have choice of service provider, regardless of supportive housing management plan in place.

If you have questions, please contact:

Phone: (608)266-2905

E-mail: DHSDLTHousing@dhs.wisconsin.gov

¹ Target populations may include, for example: people who have permanent developmental, physical, sensory, medical or mental health disabilities, or a combination of impairments that make them eligible for long-term care services

² Examples of local collaborative long term support partners include: Aging and Disability Resource Centers serving each Wisconsin County, Managed Care Organizations operating Family Care, Partnership or PACE, and County Human Service Agencies or Departments of Community Programs.

APPENDIX T

Certification to Create Rental Units for Chronically Homeless Persons

Project Name: _____
Address: _____
City: _____
Proposed # units-total: _____
Proposed # units-targeted for chronically homeless: _____
Service Provider: _____

This certification acknowledges the intent of the Applicant/Developer to seek an allocation of Housing Tax Credits (HTCs) from WHEDA and to create a development primarily for chronically homeless individuals or families under WHEDA's Supportive Housing Set Aside.

The Developer/Applicant, Service Provider and Property Management Agent agree:

- Applicant intends to develop rental housing for the chronically homeless (minimum of 50% of the total units). See definition on page three.
- To notify the appropriate Homeless Continuum of Care Lead Contact person of all vacant targeted units during lease up and continuing through the 15 Year Housing Tax Credit Compliance Period. The Homeless Continuum of Care Lead Contact person shall contact appropriate local agencies to help find qualifying persons. Those persons and/or their representative shall be referred to the management agent.
- To cooperate with Homeless Continuum of Care Lead Contact person placing qualifying persons and make reasonable accommodations for persons with disabilities as required under the law.
- The targeted units/residents will receive a rental subsidy from a government entity.
- The Homeless Continuum of Care Lead Contact listed below supports the project, including the proposed service provider and proposed service plan.

This letter must be signed by all parties below.

Applicant/Developer	Date
Service Provider	Date
Property Management Agent	Date
Homeless Continuum of Care Lead Contact	Date

Check the appropriate item below:

Initial LIHTC Application

Final (8609) LIHTC Application

WHEDA LIHTC Supportive Housing Set Aside

Developments under this Set Aside must be intended for 1) chronically homeless persons, or 2) those persons prone to homelessness. These terms are described below:

1) Chronically Homeless

Both of the following 2 statements must be true:

Statement #1:

The individual or family – with at least one adult diagnosed with a disabling condition.

The disabling condition is defined as:

- A physical, mental, or emotional impairment, including an impairment caused by alcohol or drug abuse, post-traumatic stress disorder, or brain injury; and
- The impairment is expected to be long-continuing or of indefinite duration; and
- Substantially impedes the individual's ability to live independently; and
- Could be improved by the provision of more suitable housing.

A developmental disability defined as:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments; and
- Is manifested before the individual turns 22 years of age; and
- Is likely to continue indefinitely; and
- Results in substantial functional limitations in three or more of the following areas of major life activity:
 - Self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, or economic self-sufficiency
 - Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individual supports, or other forms of assistance that are lifelong or extended duration and are individually planned and coordinated.
 - Acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for AIDS, including infection with the human immunodeficiency virus (HIV).

Statement #2:

The individual or family has been continuously homeless for at least one year or longer, or, the individual or family has had four episodes of homelessness in the past three years

Each homeless episode must be one of the following:

- A place not meant for human habitation (car, park, tent, etc)
- Emergency Shelter
- Hotel/Motel paid for an agency/organization

2) Persons prone to homelessness

Individuals or families who are prone to homelessness, or at imminent risk of homelessness due to discharge from an institution, or at imminent risk of homelessness due to aging out of foster care.

Homeless Continuum of Care Lead Contact

Racine

Gai A. Lorenzen
Legal Action of WI, Inc.
4900 Spring Street; Suite 100
Racine, WI 53406
Phone: 262.635.8836 OR Cell: 414.573.9913
glorenzen@haloinc.org

Madison

Torrie Kopp Mueller
CoC Coordinator, Homeless Services Consortium
City of Madison
Department of Planning and Community & Economic Development
30 West Mifflin Street; Suite 800
Madison, WI 53703-2579
608-266-6254
TKoppMueller@cityofmadison.com

Milwaukee

Steven L. Mahan, Director
Milwaukee Community Development Grants Administration
200 East Wells Street
City Hall, Room 606
Milwaukee, WI 53202
414-286-3842
Steven.Mahan@milwaukee.gov

Balance of State

Carrie Poser, COC Director
PO Box 272, Eau Claire, WI 54702
Office: 715-598-3301
carrie.poser@wibos.org