2017 LIHTC Program

Qualified Allocation Plan FAQs and Guidance

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WHEDA

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This document will be updated periodically – please check our web site for updated guidance and FAQs.

Application Process (Competitive and Non-Competitive Applications)

A. When will application materials be available, and when is the application deadline?
   - The 2017 online application (LOLA) will be available on approximately January 3, 2017. We will send an e-mail via our subscription service when LOLA is available for use.
   - Complete, competitive (9%) applications can be submitted to WHEDA between January 23rd and 5PM (CST) March 3rd, 2017.
     - The deadline for noncompetitive (9%) 2018 LIHTC applications will be 5:00 PM December 8th, 2017
   - Complete, noncompetitive (4%) LIHTC applications can be submitted to WHEDA between January 4, 2017 and December 20, 2017.
   - A sample 2017 LIHTC application is available on https://www.wheda.com/LIHTC/2017-Program/.

B. What should applicants use for permanent loan terms/rates in their 2017 LIHTC application?
   - Use WHEDA's then-current Permanent Financing for 9% LIHTC projects with 35-year term & amortization on the date the application is submitted. However, an applicant may use other more aggressive terms (lower interest rate, longer amortization, etc.) if a term-specific, executed financing commitment accompanies the application.
   - ***NEW*** Rural Development Section 515 properties that are eligible for the Preservation Revolving Loan Fund may use a loan rate of 3% for the PRLF loan

C. Beginning with the 2017 LIHTC cycle, we will be implementing a Management Agent Certification process
   - The management agent certification forms were posted on www.wheda.com in September 2016
   - Management Agent Certification forms for competitive 2017 applications were due to WHEDA no later than November 7th, 2016.
   - A list of Management Agents certified for the 2017 cycle can be found on https://www.wheda.com/LIHTC/2017-Program/.

D. What is WHEDA's 2017 QCT and HFA Basis Boost policy?
   - Section 9.a. of the 2017-2018 Qualified Allocation Plan (QAP) refers to an annual publication of WHEDA's QCT and HFA basis boost policy. For competitive 2017 applications, properties in the Supportive Housing and Rural Set-Asides will be limited to

a 20% QCT or HFA basis boost - for all other set-asides, the QCT and HFA basis boost will be limited to 15%.
- 4% LIHTC applications may request a 30% QCT basis boost – the HFA basis boost is not available for 4% LIHTC applications

E. ***REVISED*** What should applicants use for credit pricing assumptions in their 2017 applications?
- 2017 LIHTC applications should include an LIHTC credit sale price of $**0.85** – $0.94.
  - This pricing range has been reduced from the pricing range that was originally posted in September 2016, and later updated in December 2016.

F. When will 2017 LIHTC application appendices be available?
- The 2017 appendices are currently available on the 2017 LIHTC page on our web site. Please see https://www.wheda.com/LIHTC/2017-Program/

G. I received a LIHTC award in 2016 – can I request additional LIHTCs in 2017?
- WHEDA allows applications for additional credit in the year after the initial LIHTC award. Requests for additional credit do not receive priority over new applications, and must compete for LIHTCs.
- ***NEW*** Properties that received a credit increase in late-2016 are not eligible for additional LIHTCs in 2017
- WHEDA requires that points received in the 2016 cycle will remain intact for the 2017 application – including points awarded for Credit Usage.
  - The maximum points, and scoring ranges, in the Credit Usage category have fallen from the 2016 cycle to the 2017 cycle. The table below contains a list of points available in the 2016 application, and the points that would be required in an additional credit application in 2017.
  - For example, if a New Construction property received 26 Credit Usage points in 2016, an application for additional credit would be required to score 17 Credit Usage points in 2017.

Credit Usage Scoring			
New Construction or Adaptive Reuse		Acquisition/Rehab	
2016 Points Awarded	2017 Required Score	2016 Points Awarded	2017 Required Score
40	30	30	20
34	25	25	16
30	21	20	12
26	**17**	15	8
22	13	10	4
18	10		
14	7		
10	4		

H. For the 2017 cycle, WHEDA will require that a minimum of 85% of projected funding sources be ‘committed’ at the time of application. For the purposes of this requirement, ‘committed’ funding sources include the following:
    - The permanent loan amount based on WHEDA’s loan terms on the date of application (the applicant may use other terms if a term-specific, executed financing commitment accompanies the LIHTC application)
    - Other loans or grants with a firm commitment from the lender/grantor/government entity – identifying amount, interest rate, term, and amortization
    - Historic tax credit equity (with a Letter of Intent from the Syndicator/Investor)
    - The LIHTC equity amount calculated in LOLA.
        - An LOI is not required if your LIHTC application pricing assumption is within the range noted in item E in the Application Process portion of this document.
    - If the application’s uncommitted funding sources exceed 15%, WHEDA will increase the credit amount (as needed) to reduce uncommitted sources to 15% - this may result in a reduction of points in the Credit Usage scoring category.

Scoring Categories

A. How does WHEDA define the start point and measure distance in scoring categories that reference distances?
    - Applicants may use any outside boundary of the site(s) as the starting point. The distance is measured as linear distances “as the crow flies”, not driving or walking distance. To measure the distance of a path or route between two points, Google Maps offers a distance calculator tool.

B. I’m requesting points for Serves Large Families (scoring category 4), can my property contain senior units?
    - Yes. The requirement for the scoring category include the following: “the market study and the LIHTC application must clearly identify the development as "Family" to claim points”. If the property includes family units located in a separate building (or buildings) on the same site as elderly units, the market study will not be required to identify the development as a “Family” property.
    - The elderly and family units are expected to be in separate buildings, rather than a condo structure that divides one building into a family condo and an elderly condo

C. I’m planning to request points for Integrated Supportive Housing (scoring category 6). Appendix S indicates that I need to submit materials to DHS no later than January 15, 2017 – with the delayed application deadline, has the January 15, 2017 deadline also been extended?
    - Yes – DHS has agreed to accept materials through February 15, 2017.
        - Appendix S has been updated to reflect the new deadline.

D. The Integrated Supportive Housing category (scoring category 6) includes the following reference - “[p]rovide any combination of 30% CMI LIHTC units and rental subsidy assistance for the targeted units.” If I’m requesting points for eight Integrated Supportive Housing units, do I need to set-aside the units at 30% of CMI <u>and</u> have a rental subsidy for all eight of those units?

- No, your applications needs to include a combination of 30% units and units with rental subsidy for the eight Integrated Supportive Housing units. You could include (a) eight units at 30% of CMI, (b) eight units with rental subsidy, or (c) any combination of 30% CMI units are rental assistance for the eight units.
- Units with vouchers should be listed as 60% CMI units on the Unit Mix page of the LIHTC application, but will be considered to be 50% CMI units in the Serves Lowest Income scoring category

E. Prior to the application deadline, can WHEDA send copies of my occupancy records that will be used for Development Team scoring (scoring category 11)?
   - The Development Team scoring category includes up to three points based on the occupancy rate during the past three years for previously-developed LIHTC properties. WHEDA staff will not be providing historical occupancy records to developers for existing LIHTC properties in advance of the 2017 LIHTC application deadline – that data is available through WHEDA's MQOR system.

F. Are all applications required to score points in the Credit Usage category (scoring category 13)?
   - Applications with a credit request in excess of $850,000 must score points in the Credit Usage category
     - WHEDA does not award Credit Usage points for applications that also receive Rehab/Neighborhood Stabilization points (category 7).
       - For those applications receiving points in category 7 - if the credit request exceeds $850,000, the property must include a mix of units that would generate Credit Usage points, even though Credit Usage points will not be awarded
   - Applications with a credit request in excess of $850,000 that do not score Credit Usage points will be reduced to a credit amount of $850,000, and WHEDA will review the financial feasibility of the application with the reduced credit amount
   - Applications with a credit request at/below $850,000 are not required to score points in the Credit Usage category

G. Do rehab units need to meet the minimum unit square footage requirement in the Credit Usage scoring category (scoring category 13)?
   - The Credit Usage scoring category includes minimum unit sizes for LIHTC properties in the 2017 cycle. Rehab of existing residential units will not be subject to the minimum unit size requirement.

H. I'm considering submitting a new construction or adaptive reuse application for a property that contains a variety of sizes for 1-BR and 2-BR units. Does every unit need to meet the minimum unit square footage requirement in the Credit Usage scoring category (scoring category 13)?
   - No, each unit does not need to meet the minimum square footage requirement, but the average unit size must meet the minimum square footage for 1-BR and 2-BR units listed in scoring category 13

I. My application may have scattered sites. How do I score this in Opportunity Zones (category 14) or other location-based scoring categories?
   - At least two-thirds of the sites must meet the scoring criteria to qualify for points.

J. Can a Preservation Set-Aside application receive points in Opportunity Zones (scoring category 14) or other location-based scoring categories?
   - Yes, Preservation set-aside applications can receive location-based points

K. Can an elderly property score points in Opportunity Zones (scoring category 14)?
   - Yes, elderly properties are allowed to score points in this category

L. I'm applying for LIHTCs, and my property is neither 100% family nor 100% senior – how do I request points for Access to services and amenities in the Opportunity Zones category (scoring category 14)?
   - The points available for Access to services and amenities is not identical for senior and family/supportive properties. Applications containing more than 50% senior units will be allowed to request points in the senior categories – all other applications should use the Family or Supportive categories

M. Is property-wide Wi-Fi eligible for points in the Opportunity Zones category (scoring category 14)?
   - Property-wide Wi-Fi is allowable for acquisition/rehab properties.
   - New construction and adaptive reuse must provide hard-wired in-unit internet access to be eligible for points in the *On-Site Services and Amenities* portion of this category.

Credit Amounts

A. In the General, Preservation and Supportive Housing set-asides, the LIHTC limit will be $1,400,000 per application.

B. In the remaining set-asides, no application will be allowed to exceed one-half of the credit amount in the set-aside in which the application was submitted.
   - In 2016, Wisconsin received a per-capita credit allocation of $13.56 million – we don't anticipate a significant increase in that amount for 2017.
   - WHEDA anticipates having an aggregate 2017 credit ceiling of $13.66 million – based on that amount, applications in the Nonprofit and Rural set-asides will be limited to $683,000.

Set-Asides

A. Are new construction applications allowed in the Preservation Set-Aside?
   - New Construction and adaptive reuse projects will not be allowed to apply within the Preservation Set-Aside

B. Rural Set-Aside. We have received a number of requests from developers to identify if a specific city/town would be eligible for the Rural Set-Aside in 2017. A summary of the responses can be found below.

- Eligible for the Rural Set-Aside
  - Holmen
  - Jefferson
  - Marshfield
  - Monroe
  - Mount Horeb
  - Paddock Lake
  - Platteville
  - Port Washington
  - Two Rivers
  - Waupun
  - Winnecone

- Not eligible for the Rural Set-Aside
  - Delafield
  - Elkhorn
  - Hartland
  - Oregon
  - Sussex