

## National Housing Trust Fund

Wisconsin Allocation Plan

June 17, 2016



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Governor Scott Walker has designated the Wisconsin Housing & Economic Development Authority (WHEDA) to be the administrator of the National Housing Trust Fund (HTF) program in Wisconsin.

The HTF was created by the Housing & Economic Recovery Act of 2008, and was designed to provide additional resources to construct and rehabilitate housing for Extremely Low-Income (ELI) families across the nation. The first funding awards through the HTF will be made later this year – of the \$173.6 million available nationwide, \$3,004,558 has been allocated to the State of Wisconsin. It is expected that each state will receive an allocation of HTF funds annually.

Below is the proposed HTF Allocation Plan for the 2016 funding cycle. WHEDA reserves the right to make modifications to this proposal as new guidance is provided by the U.S Department of Housing and Urban Development (HUD). Additionally, should HUD change the allocation of HTF funds to Wisconsin the State reserves the right to proportionately modify the plan.

### A. HTF Funding Priorities\*

*Will the State distribute HTF funds through grants to subgrantees?*

- WHEDA does not intend to distribute HTF funds to subgrantees

*Will the State distribute funds by selecting applications submitted by eligible recipients?*

- WHEDA intends to distribute funds by selecting applications submitted by eligible recipients
- Eligibility requirements for applicants
  - Nonprofit or for-profit entities
  - Housing Authorities
  - Tribal Housing Authorities
- Criteria that will be used to select applications and the relative importance of these criteria
  - Geographic Diversity (5 points)
    - Properties located in the Transform Milwaukee Area
  - Properties located in a High Need Area as defined in the WHEDA Qualified Allocation Plan for the Low Income Housing Tax Credit program which can be found at <https://www.wheda.com/LIHTC/Allocating/>
  - Properties located in an area meeting the Rural Set-Aside definition for the Low Income Housing Tax Credit program:

A development must be in a location that is rural in character. The following criteria will be used by WHEDA in determining whether a site is rural in character or not: a) Population (20,000 or less, b) Location relative to other communities and the population of those communities, c) Commuting patterns and distances, d) Community economic base, and d) Community land use patterns.

- Applicant's ability to obligate HTF funds (5 points)
  - Applicants scoring a minimum of six of the 12 points in the Development Team scoring section of the Low Income Housing Tax Credit program will receive five points for 'Ability to Obligate HTF funds':
    - Successful completion of LIHTC properties (as lead developer)
      - Four or more properties in Wisconsin, or more than 10 properties in all states (2 points)
      - Two or more properties in Wisconsin, or more than five properties in all states (1 point)
    - Years of LIHTC and multifamily experience
      - Six years of development experience and four years of affordable housing experience (2 points)
      - Four years of development experience and three years of affordable housing experience (1 point)
    - Performance of affordable housing properties (minimum of three properties or 100 units as lead developer)
      - Average physical occupancy above 96% during the past three years (3)
      - Average physical occupancy above 94% during the past three years (2)
      - Average physical occupancy above 92% during the past three years (1)
    - WHEDA evaluation of capacity, completion of prior properties, and timely & accurate completion of prior applications and awards (3 points)
    - Development team members (maximum of 2 points)
      - Two points will be awarded for applications that include a Nonprofit organizations, acting as Developer and an Owner, that meets the requirements for applicants in the LIHTC Nonprofit Set-Aside
      - One point will be awarded for applications that include an organization, acting as lead Developer and an Owner, that has participated in four or fewer multifamily properties as a lead developer or owner
- Applicants ability to undertake eligible activities in a timely manner (5 points)
  - Applicants submitting a timeline showing the ability to undertake and complete new construction or rehab within 24 months of the application date
- For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low income families (25 points)
  - One point for each one percent of units that have a commitment for Section 8 or Section 515 project-based assistance, project-based vouchers, 811 vouchers, NAHASDA funding for rental assistance, or similar subsidy

- For rental housing, the duration of the units' affordability period (0 points)
  - All properties will be required to have a 30 year affordability period
- The merits of the application in meeting the state's priority housing needs (20 points)
  - Properties designed to serve the homeless and/or veterans requiring supportive services
- The extent to which the application makes use of non-federal funding sources (25 points)
  - One point for each 2% of the total development budget to be paid by non-federal funding sources
- Other selection criteria
  - Properties utilizing the 4% LIHTC program to rehabilitate existing HUD Section 8 or Rural Development Section 515 properties (10 points)
  - Requested HTF resources of less than:
    - \$25,000 to 30,000 per unit (5 points)
    - \$15,000 to \$24,999 per unit (15 points)
    - Less than \$15,000 per unit (25 points) \*
- Process
  - Applicants will be required to score a minimum of 50 points in the categories noted above to be eligible for HTF resources
  - WHEDA intends to issue an annual Request For Proposals (RFP), which will include the scoring criteria, as described but not limited to in the previous pages, application evaluation process, timeline for commitment and expenditure of funds, etc. It is expected that the RFP will not allow recipients of 9% Low Income Tax Credit awards to request HTF resources until it has been determined that an insufficient number of non-9% LIHTC properties have applied for the available HTF resources.
  - As many applications will likely utilize 4% LIHTCs, the RFP response requirements may be constructed as an addendum to the 4% LIHTC application for those developments
  - WHEDA will require evidence that the HTF resources are required for financial feasibility
  - HTF awards are expected to be structured as subordinate loans to be re-paid from available cash flow. Interest rates on the loans will be at a below-market rate approximating the Applicable Federal Rate for the LIHTC program.
  - All application materials, policy documents, implementation materials will be found online at <https://www.wheda.com/Developers/National-Housing-Trust-Fund/>

**B. Recipient Application Requirements**

WHEDA will require that all applications include:

- a description of the eligible activities to be conducted with the HTF funds as required in 93.200
- a certification that the housing assisted with HTF funds will comply with all HTF requirements

### **C. Performance Goals and Benchmarks**

- In the 2016 cycle, WHEDA intends to provide HTF resources to create or rehabilitate 100 rental units for households at or below 30% of County Median Income\*
- The income determination may be updated at a later date upon further HUD guidance.
- WHEDA will perform monitoring or require regular reporting to ensure program compliance

### **D. Maximum per-unit subsidy limit for housing assisted with HTF**

WHEDA will utilize the per-unit subsidy limits for the HOME program for the HTF program

### **E. Rehabilitation Standards**

For those properties using HTF resources for rehabilitation of existing housing, applicants must submit a Capital Needs Assessment (CNA) to document that the proposed rehab meets HUDs Uniform Physical Condition Standards (UPCS) and to bring all systems up to a reasonable useful life. If the useful life is not commensurate with the project's affordability period, the budget must show appropriate reserves for their replacement when needed.

The CNA must address immediate health and safety issues, the condition of major systems (such as structural support, roofing, and plumbing), and the presence of lead-based paint.

HTF recipients will be required to comply with, but not limited to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act and the Fair Housing Act, state statutes, administrative and local building codes. In addition to federal requirements, the projects and programs must comply with the State's Environmental Barriers Act and the Wisconsin Accessibility Code.

Newly-constructed properties must minimally contain the following features:

1. Lever-style handles on all interior doors
2. Bath/kitchen faucets being replaced or initially installed must be single-lever type
3. Non-skid tub/shower pattern covering 75% of tub/shower floor
4. All walls within 36" of toilet and in tub/shower area shall have 3/4" plywood behind drywall to provide sufficient support for grab bars or other assist devices
5. Bathtub/shower stalls with offset controls
6. Low-profile thresholds – 1/4" maximum vertical height or 1/2" maximum beveled at 1:2 are required between ALL interior common areas and in all dwelling unit openings when floor transition height differs

WHEDA will not permit the permanent displacement of residents in properties receiving HTF resources. Temporary relocation of existing residents must comply with the Uniform Relocation Act

### **F. Resale and Recapture Guidelines for First-Time Homebuyers**

WHEDA does not intend to use 2016 funding cycle resources for homebuyer activities

### **G. HTF Affordable Homeownership Limits**

WHEDA does not intend to use 2016 funding cycle resources for homebuyer activities

**H. State Limited Beneficiaries and Preferences**

WHEDA has created a scoring priority for properties designed to serve the homeless and/or veterans requiring supportive services

**I. Requirements and Conditions Under Which Existing Debt May Be Refinanced**

WHEDA does not intend to use 2016 funding cycle resources for refinancing

WHEDA and the State reserve the right to suspend all HTF applications and awards until HUD approves the Substantial Amendment and the HTF allocation plan.

\*Any process as listed above is subject to change based upon subsequent guidance as identified and provided by HUD.