

# WHEDA: Demand for state and federal affordable housing tax credits continues to outpace allocations

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MADISON – Statewide demand for housing tax credits among developers seeking to build affordable housing rental units for workers, families, and seniors continues to outpace the federal and state resources available in Wisconsin.

For the 2022 tax credit award cycle, the Wisconsin Housing and Economic Development Authority (WHEDA), received applications for 49 housing projects in 37 communities seeking over \$49 million in federal and state housing tax credits to create 2,952 rental units with 2,685 designated as affordable. Twelve of the proposed 33 federal 9% projects are seeking to qualify under rural program set-aside while five of the 16 state 4% projects are seeking to qualify for designated rural awards.

WHEDA allocated \$35.1 million in federal and state housing tax credits last year for the 2021 award cycle. For the 2022 award cycle, WHEDA anticipates allocating around \$31 million in total tax credits. This represents a decrease due to a reduced allocation in federal 9% tax credits based on an expired federal policy which temporarily increased national allocations of 9% credits over the last three years. For a listing of federal and state housing tax credit applications visit WHEDA's website [here](#).

“WHEDA continues to see the demand for these highly competitive tax credits far outpace their availability, demonstrating that affordable housing remains a top priority in Wisconsin,” said WHEDA interim Executive Director Kim Plache. “WHEDA tax credits and financing are not sufficient to address the state’s affordable housing needs. WHEDA remains committed to working with its partners to help communities, large and small, expand housing options.”

WHEDA has been the sole administrator for federal affordable housing tax credits in Wisconsin since the program began in 1986 and since the state program began in 2018. The programs do not subsidize renters; instead, they provide tax incentives through the Internal Revenue Code and the Wisconsin tax code that encourage developers to create qualified affordable housing.

In exchange for receiving the tax credits, developers agree to reserve all or a portion of their housing units for low- and moderate-income households for at least 30 years. Any remaining units are rented at market rates. The developers then sell the tax credits to private investors to obtain funding. Once the housing project is available to tenants, investors can claim the tax credit as a dollar-for-dollar reduction of federal or Wisconsin income taxes owed over a 10-year period. Developments that receive affordable housing tax credits go through a highly competitive application process administered by WHEDA. Tax credit developments must meet high design and operating standards. Criteria include strong management, excellent development quality, demonstrated market need, provision of supportive services and amenities, proximity to economic opportunities and proper local zoning. The 2022 applications will be reviewed and scored, with results released in spring.

To keep up with information about WHEDA resources, follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#) and sign up to receive emails [here](#).

#### ABOUT WHEDA

For 50 years, WHEDA has worked to provide low-cost financing for housing and small business development in Wisconsin. Since 1972, WHEDA has financed more than 80,000 affordable rental units, helped more than 137,600 families purchase a home, and provided more than 29,000 small business and agricultural loan guarantees. WHEDA is a self-supporting public corporation that receives no tax dollars for its operations. For more information on WHEDA programs visit [wheda.com](http://wheda.com) or call 800-334-6873.