



# Wisconsin Housing Trust Fund (HTF) Program Manual

---

Wisconsin Department of Administration (DOA)  
Division of Housing and Community Resources (DEHCR)

**October 2025**

## Table of Contents

### Contents

Table of Contents .....	2
I. HTF OVERVIEW .....	4
II. THE HOUSING TRUST FUND PROGRAM .....	5
Program Priorities .....	5
Eligible Applicants .....	5
Eligible Activities and Costs .....	5
Prohibited Activities and Costs .....	6
Target Population & Unit Requirements .....	7
Unit Designations .....	7
III. PROJECT REQUIREMENTS .....	8
Loan Terms & Funding Limits .....	8
Property Standards .....	8
Newly Constructed Housing .....	8
Rehabilitation Requirements .....	9
Environmental Review .....	9
Project Publicity .....	10
Sign Specifications .....	10
Rent & Income Limits .....	13
Utility Allowances .....	13
IV. FEDERAL AND STATE PROGRAM REQUIREMENTS .....	15
Audit .....	15
Cost Certification .....	15
Conflict of Interest .....	15
Affirmative Fair Housing Marketing Plan .....	15
Equal Opportunity and Fair Housing Compliance .....	17
Section 3 Requirements .....	18
DEBARRED AND INELIGIBLE CONTRACTORS .....	19
Lobbying Restrictions .....	19

Build America Buy America (BABA) Requirements.....	20
Davis-Bacon Labor Standards.....	20
Tenant Relocation and Displacement.....	21
Contracting Language/Insertion Requirements .....	21
V. COMPLIANCE & MONITORING.....	22
Tenant Protections and Selection .....	22
Affordability Requirements .....	24
Reporting Requirements .....	27
VI. FUNDS DISBURSEMENT & COMPLETION .....	29
Disbursement Overview.....	29

## I. HTF OVERVIEW

The National Housing Trust Fund (HTF) is a federal program authorized by Title I of the Housing and Economic Recovery Act of 2008 (Public Law 110-289).

Administered by the U.S. Department of Housing and Urban Development (HUD), HTF is designed to produce, preserve, and rehabilitate rental housing for households with extremely low incomes (at or below 30% of Area Median Income (AMI), or below the poverty line).

HTF funds may be used for the production, preservation, and rehabilitation of affordable rental housing through acquisition, new construction, reconstruction, or rehabilitation of nonluxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, temporary relocation expenses, for operating costs of HTF-assisted rental housing.

In Wisconsin, the HTF is administered by the Department of Administration (DOA), Division of Housing and Community Resources (DHCR). The HTF Program Manual provides a comprehensive guide to applying for and administering HTF funds in Wisconsin.

All HTF-funded projects must comply with federal HTF regulations (24 CFR Part 93) and applicable state laws. This guide is intended to help applicants understand the rules, priorities, and procedures of the Wisconsin HTF program and prepare complete and compliant applications.

For detailed HTF program information and federal rules, visit:

- [HUD HTF Home](#)
- [DEHCR HTF Home](#)

## II. THE HOUSING TRUST FUND PROGRAM

### Program Priorities

The Wisconsin HTF Program is dedicated to the creation and preservation of affordable rental housing for extremely low-income households (ELI), defined as households at or below 30% of Area Median Income (AMI) or below the federal poverty level, whichever is greater.

Program priorities include:

- Producing new, decent, affordable housing for ELI households.
- Preserving existing affordable rental housing through rehabilitation.
- Promoting housing with accessibility features for persons with disabilities.
- Prioritizing shovel-ready projects with construction commencement within 12 months.
- Encouraging projects that leverage additional funding sources to maximize impact.
- Supporting developments that integrate energy-efficient and sustainable building practices.

### Eligible Applicants

Eligible applicants include:

Nonprofit developers, for-profit developers, housing authorities, and Tribal housing entities.

Applicants must demonstrate organizational capacity, financial stability, and experience in affordable housing development or management.

### Eligible Activities and Costs

HTF funds may be used to assist in the development of two\* or more housing units in a multi-unit project. Only the actual HTF eligible development costs of the assisted units may be charged to the HTF program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of cost allocation. If the assisted and non-assisted units are comparable in terms of size, features, and number of bedrooms, the actual cost of the HTF-assisted units can be determined by prorating the total HTF-eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project

Eligible uses of HTF funds include:

- New construction of rental housing.
- Rehabilitation of existing rental housing units.
- Acquisition of property to be developed or preserved as rental housing.
- Site improvements directly related to affordable housing development.

- Temporary relocation costs.
- Hard costs (construction, materials, labor).
- Soft costs (architecture, engineering, environmental review, permit fees, etc.).
- For both new construction and rehabilitation of multifamily rental housing projects, costs to construct or rehabilitate laundry and community facilities that are located within the same building as the housing and which are for the use of the project residents and their guests
- Development of housing units that include permanent supportive housing for persons with disabilities or those experiencing homelessness.
- Costs relating to payment of loans. If the HTF funds are not used to directly pay a cost specified in this section, but are used to pay off a construction loan, bridge financing loan, or guaranteed loan, the payment of principal and interest for such loan is an eligible cost only if:
  - The loan was used for eligible costs specified in this section, and
  - The HTF assistance is part of the original financing for the project and the project meets the requirements of this part
- Operating cost assistance as listed under 24 CFR 93.201(e)

***\*Exceptions for only one HTF rental unit may be made for projects that contain four or fewer total units.***

### **Prohibited Activities and Costs**

HTF funds may not be used for:

- Acquisition or development of emergency shelters, transitional housing, or group homes.
- Supportive services or operational funding.
- Housing for students, dormitories, or nursing homes.
- Public housing modernization or operations.
- Construction of commercial or non-residential structures.
- Refinance of existing debt not associated with HTF-assisted development.
- Developer fees above federal limits, furniture and equipment or administrative overhead not directly tied to eligible costs.
- Construction costs undertaken before HTF funds are committed to the project. Exceptions for architectural and engineering costs may be made as part of the HTF written contract agreement as provided under 24 CFR 93.201(h).
- Homebuyer activities including but not limited to construction.
- Any activities or fees as listed under 24 CFR 93.204.
- Activities and costs not specifically listed under 24 CFR 93.201.

## Target Population & Unit Requirements

All HTF-assisted units must be occupied by households at or below 30% AMI. Projects may serve a mix of income levels, but HTF funds can only be used for units designated for ELI households.

### Unit Designations

Developers must clearly identify which units will be HTF-assisted and ensure that those units:

- Are initially occupied by households at or below 30% AMI.
- Remain rent-restricted and income-qualified throughout the 30-year affordability period.
- Comply with all HTF occupancy and rent rules.

### Unit Set-Aside:

- At least one (1) unit in any HTF-funded project must be designated for ELI tenants.
- All HTF-assisted units must be leased at rents affordable to households at or below 30% AMI.
- Units must be rent-restricted for a minimum 30-year affordability period.
- Units must comply with utility allowance calculations to determine gross rent.
- Floating unit designations are permitted, provided HTF occupancy requirements are met at all times. *Units must be identified no later than the time of project completion.*

### III. PROJECT REQUIREMENTS

#### Loan Terms & Funding Limits

All funding is provided as a 0% interest loan.

- Term: 30 years (minimum), forgivable only under specific program criteria.
- Payment: Deferred for the affordability period; no payments due unless terms of affordability or compliance are violated. Payment due in full at the end of the affordability period.
- Loan Security: All loans will be secured by a recorded mortgage and note and include a Land Use Restriction Agreement (LURA).
- Early repayment by the owner will not terminate the LURA. The LURA will remain in effect throughout the entire affordability term.
- HTF funding will be awarded based on actual number of HTF units as a percentage of overall development costs, actual need of HTF assistance, and will not exceed the maximum per unit subsidy limit for the applicable program year as published by HUD.

#### Property Standards

All projects are required to have property insurance during the construction period and after construction completion. The insurance requirements are listed on the HTF webpage.

HTF properties must be maintained in decent, safe, and habitable condition. Upon completion, HTF-assisted properties must meet all applicable codes and standards; during the affordability period, they must meet an ongoing property standard.

All projects (newly constructed and rehabilitated) are subject to cross-cutting property standards requirements related to:

- Accessibility for persons with disabilities
- Disaster mitigation-where relevant

All HTF-assisted projects must comply with the following accessibility guidelines:

- Fair Housing Act Accessibility Guidelines
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act (ADA)
- Architectural Barriers Act of 1968 (42 USC 4151, et. Seq.)
- Wisconsin Barrier-Free Building Code (SPS 362)

#### Newly Constructed Housing

Newly constructed housing must comply with:

- State and local building codes, or a national building code in their absence
- Energy efficiency standards

- Broadband installation requirements

For new construction, the following minimum accessibility standards apply to HTF-assisted units. Universal Design is strongly encouraged.

- Lever-style interior door handles.
- Single-lever kitchen and bathroom faucets.
- Grab-bar ready (¾" plywood backing) in bathrooms.
- Low-profile or beveled thresholds at unit entries.
- Non-skid flooring in bathtubs/showers.

## Rehabilitation Requirements

A Capital Needs Assessment (CNA) is required at the time of application.

Rehabilitated property must meet written rehabilitation standards. Detailed information for these standards can be found in the [HTF Minimum Multi-Family Housing Rehab Standards](#). For all rehabilitation projects, DEHCR or its contracted agent will conduct an initial (prior to construction) on-site inspection to ensure HTF minimum rehabilitation standards are met or are included as part of the rehabilitation scope of work.

Minimum property standards include but are not limited to the following:

- State and local codes and standards for existing structures, or a national code in their absence
- Health and safety standards
- Lead-based paint requirements in accordance with [24 CFR part 35](#), for properties built before 1978
- Broadband infrastructure installation, for substantially rehabilitated rental projects
- Rehabilitation work must bring the property (including individual units) up to HUD Uniform Physical Condition Standards (UPCS). As of October 1, 2025 UPCS is expected to be replaced by The National Standards for the Physical Inspection of Real Estate (NSPIRE).
- All building systems must have a remaining useful life equal to or exceeding the 30-year affordability period, or sufficient reserves must be demonstrated.

## Environmental Review

The HTF regulations establish specific property standards for housing that receives HTF funds. These standards include Environmental Provisions for projects involving new construction and rehabilitation. All projects must comply with the HTF regulations at 24 CFR § 93.301(f)(1) and (2). Additional information can be found in the [HTF Environmental Handbook](#).

No acquisition, construction, or rehabilitation work may begin before a fully executed HTF contract and environmental clearance are obtained

## Project Publicity

The HTF project sign (*example shown on the next page*) is required for all HTF construction/infrastructure projects. The sign must be posted at or near the site where the construction activities (e.g., new construction, demolition, renovation, expansion)\* are occurring, in accordance with the specifications below

## Sign Specifications

Sign dimensions: 4 feet by 8 feet

- The smallest print must be readable from 50 feet away
- Must be on plywood panel APA Rated A-B Grade-Exterior (*any alternative material must be pre-approved by DEHCR*)
- Must be high quality, professional-grade sign (*i.e., paper taped to plywood board is not acceptable*)
- Must be erected outdoors and weatherproofed for outdoor posting (*an exception to an outdoor location must be pre-approved by DEHCR*)
- Sign must include:
  - Current DEHCR and DOA Logos – found on DEHCR website
  - Title of project
  - Project type
  - Reference to the Rental Housing Development (RHD) Program and funding sources [Wisconsin Department of Administration (DOA) and U.S. Department of Housing and Urban Development (HUD)], as shown in the template and example on the next page
    - Name and title of the current Governor of the State of Wisconsin and the current Secretary of the Department of Administration (check the DOA website for updates prior to printing sign)
- Must be on **White** background
- The following text must be in **RED** font:

**A HOUSING TRUST FUND PARTNERSHIP  
FINANCED IN PART BY HTF FUNDING FROM THE  
WISCONSIN DEPARTMENT OF ADMINISTRATION AND THE  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

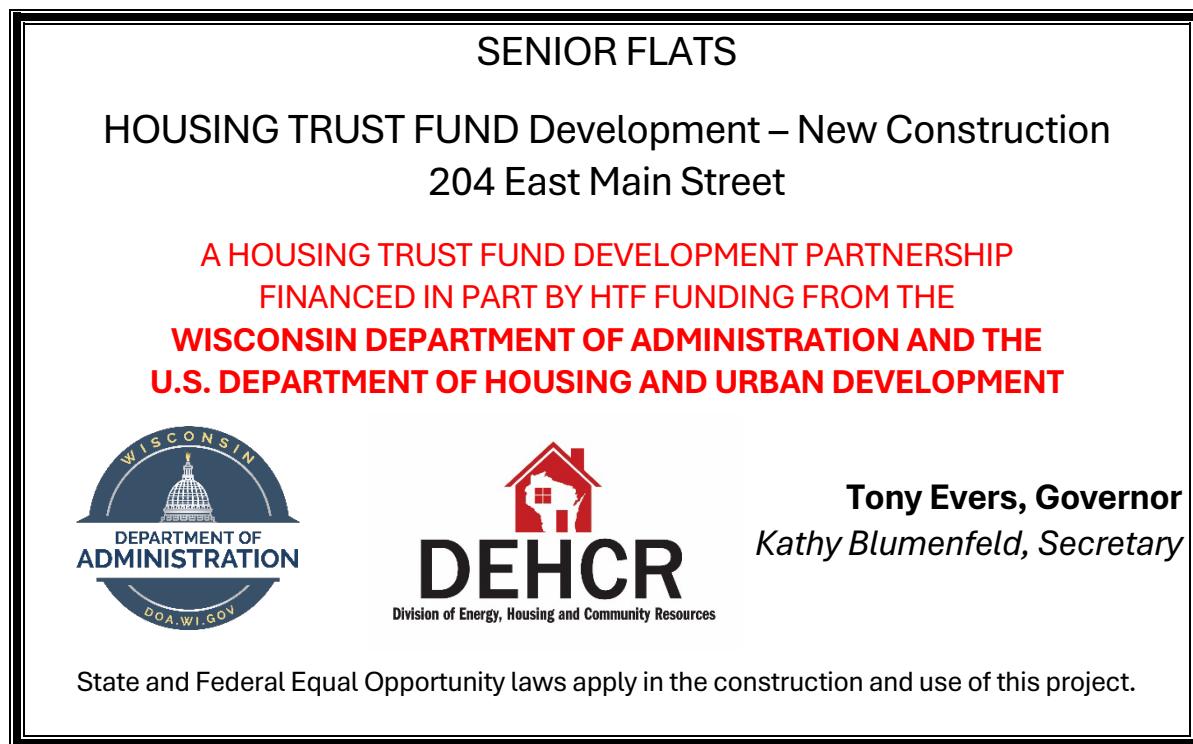
- All other text on the sign must be in **BLACK** font

*\*Generally, one sign is required per project. If the project involves multiple phases, more than one sign may be needed to ensure a HTF project sign remains posted for each phase of the project. If a project involves construction at multiple locations, the HTF project sign should be erected at the site in the highest traffic area where the most residents are likely to see it, or at a central location between all the construction sites (in a high-traffic area when practical). All project locations should be listed as part of the Project Title on the sign when practical.*

**A color picture of the posted sign on the construction site must be included with the first draw request (electronic or hard copy is acceptable).**

**DEHCR requests notice of all project-related press releases, ground breakings and grand openings, and that HTF assistance funds are recognized in both the print and during on- site events.**

**DEHCR HTF PROJECT SITE SIGN TEMPLATE & EXAMPLE**



## Rent & Income Limits

All HTF-assisted units must be rented to households with incomes at or below 30% of Area Median Income (AMI). Both rent and income limits are defined annually by HUD and must be followed without exception.

- Rent Limits: The gross rent (including utilities) must not exceed 30% of 30% AMI, adjusted for unit size.
- Requests for rent increases for HTF units must be submitted in writing to DEHCR via the [HTF Rent Increase Request Form](#). This form can be found on our [HTF website](#).
- Income Limits: Must be verified before initial occupancy and re-examined annually.
- Rent and Income limits are available at:  
<https://www.hudexchange.info/programs/htf>

Maximum rent for HTF units in combination with rental subsidies can go up to the maximum Federal or State rental subsidy limits (based on bedroom size) if the tenant pays no more than 30% of their adjusted household income, as determined by the agency providing the subsidy.

Projects may use floating HTF units (i.e., not fixed to a specific unit), but must maintain the required compliance at all times. *HTF units (Fixed or floating) must be identified no later than the time of project completion in the written agreement.*

## Utility Allowances

If tenants are responsible for any utilities, the project must establish and apply an approved utility allowance schedule. The maximum allowable rent must be reduced by the utility allowance.

- Required source: Local Public Housing Authority's utility allowance schedule.
- Developers must document the allowance method used and apply it consistently.

## Determining Annual Income

The HTF program uses the Part V (5.609) definition of income. The grantee must initially determine annual income of households residing in HTF assisted units using the method in the first bullet point paragraph below. For subsequent income determinations during the period of affordability, the grantee may use any one of the methods described below in accordance with § 93.302(e).

## Required Documentation for Annual Income Calculations

- Examine at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.

- Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.
- Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.

#### Determining Family Composition and Projecting Income

- The grantee must calculate the annual income of the family by projecting the prevailing rate of income of the family at the time the grantee determines that the family is income eligible. Annual income includes income from all persons in the household, except live-in aides, foster children, and foster adults. Income or asset enhancement derived from the HTF-assisted project shall not be considered in calculating annual income. Families may use the certification process in § 5.618 of this title to certify that their net family assets are below the threshold for imputing income used in § 5.609(a)(2) of this title. For families living in HTF-assisted rental housing units, any rental assistance provided to the family under a Federal tenant-based rental assistance program or any Federal or State project-based rental subsidy provided to the HTF rental housing unit shall not be counted as tenant income for purposes of determining annual income.
- The grantee is not required to re-examine the family's income at the time the HTF assistance is provided, unless more than six months has elapsed since the grantee determined that the family qualified as income eligible.

## IV. FEDERAL AND STATE PROGRAM REQUIREMENTS

All Housing Trust Fund (HTF) projects must comply with applicable HUD regulations under 24 CFR Part 93, as well as other federal and state requirements. Compliance is a condition of funding and must be maintained throughout the affordability period.

### Audit

Audits of the HTF Recipient must be conducted in accordance with 2 CFR Part 200. The use of HTF grant funds by the Recipient must be audited not less than annually to ensure compliance with this subpart.

### Cost Certification

At the completion of the construction or rehabilitation, all HTF affordable housing projects are required to submit a cost certification performed by a third-party Certified Public Accountant (CPA) to DEHCR.

### Conflict of Interest

In accordance with 24 CFR Part 92.356, no member, officer, or employee of the Grantee, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the Agreement. The Grantee shall incorporate, or cause to be incorporated, in all such contracts, a provision prohibiting such interest pursuant to the purposes of this section.

No person who is an employee, agent, consultant, officer, or elected or appointed officer of the HTF loan recipient, who have exercised or currently exercise any functions or responsibilities with respect to activities assisted with HTF funds may obtain financial interest or benefit from a HTF assisted Project. This includes themselves or those with whom they have family ties or business ties during their tenure and for one year thereafter.

No owner, developer, or Grantee of a Project assisted with HTF funds (or officer, employee, agent, or consultant of the owner, developer, or Grantee whether private, for profit or non-profit, including Community Development Organizations, when acting as an owner, developer, or Grantee) may occupy an HTF-assisted affordable housing unit in the Project. This provision does not apply to an employee or agent of the owner or developer of a rental housing Project who occupies an HTF-assisted unit as the Project manager or maintenance worker, if the employee or agent is otherwise qualified.

### Affirmative Fair Housing Marketing Plan

(Required for projects with 5 or more HTF-assisted units)

- Projects must follow a written tenant selection plan that aligns with fair housing practices.
- Owners may not refuse to lease to households with rental assistance (e.g., Section 8).
- Outreach must include underrepresented populations in the local housing market.
- A 30-day marketing window must be provided for set-aside units targeting special populations.
- The Equal Housing Opportunity logo or slogan must be included in all marketing.

More information: [HUD AFHMP Guidelines](#)

The Department has established the following affirmative marketing policies and procedures that Grantee must adopt with respect to the HTF Agreement contract. These policies and procedures are based upon **24 CFR § 93.350**.

**Affirmative Marketing Policy.** Good faith and documented efforts shall be made to inform and otherwise attract persons from all racial, ethnic, religious, disability and gender groups and families in the housing market area to the available housing. Special outreach efforts may be needed to solicit participation from persons in the housing market area who are not likely to apply for HTF assisted housing.

**Affirmative Marketing Procedures.** In accordance with HTF regulations at **24 CFR §93.350** and in furtherance of Wisconsin's commitment to nondiscrimination and equal opportunity in housing, the State has established procedures to affirmatively market units assisted under HTF. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendments of 1988, Federal Executive Order 11063, and Wisconsin's Fair Housing Law contained in Wisconsin Statutes § 106.50. Grantee is required to adopt the following affirmative marketing procedures:

**Affirmative Marketing Actions.** Grantee must ensure that the public, Grantee's property manager, and likely residents of such units are informed that the Grantee is operating under an established affirmative marketing policy, applicable Federal fair housing laws and other applicable federal, State and local housing laws. This policy must be stated in agreements with property managers, be promoted in the community through media and other outlets and be communicated to tenants in buildings that will be or have been assisted with HTF funds.

- The Grantee shall affirmatively market its units by advertising vacant units in local newspapers and using other appropriate methods.
- The Grantee must provide appropriate notification when any units become vacant.
- All forms of Program marketing should depict the Equal Housing Opportunity logo type or slogan.
- As part of Grantee's efforts to ensure that available units are affirmatively marketed to persons not likely to apply for such housing, Grantee is encouraged to make HTF

information available in non-English languages spoken by minority groups residing in or near the community.

- Grantee is encouraged to distribute marketing materials to area social service agencies that work with minorities, disabled individuals, or other protected class groups.

**Affirmative Marketing Record Keeping.** Affirmative marketing record keeping activities must include documentation of all good faith efforts to inform minorities, handicapped individuals or other protected groups of vacant units assisted with HTF funds and inform Grantees of HTF-assisted units, social service agencies and the general public how these units can be occupied. Record keeping should include the number of people that respond directly to any Program marketing efforts. The number of persons residing in or planning to reside in HTF-assisted units that became aware of the units through local affirmative marketing efforts should be documented.

**Affirmative Marketing Reporting.** Summaries of affirmative marketing efforts should be available for public review. These "reports" should detail affirmative marketing activities and identify actions to undertake or correct any noncompliance with affirmative marketing policies or to mitigate any nonperformance problems in implementing plans. If corrective measures have been identified, actions taken such measures must be reported. The State may review reports at any time to determine Grantee's compliance with affirmative marketing regulations.

## Equal Opportunity and Fair Housing Compliance

HTF recipients must comply with:

- Title VI of the Civil Rights Act of 1964
- Fair Housing Act (24 CFR Part 100)
- Section 504 of the Rehabilitation Act
- Americans with Disabilities Act (ADA)
- Wisconsin Fair Housing Law

Recipients must provide meaningful access to persons with Limited English Proficiency (LEP) and ensure non-discriminatory practices based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, gender identity, or marital status

The Grantee must take affirmative steps to ensure minority-owned and woman-owned business enterprises (MBE/WBEs) have equal access to project bidding.

A Minority-owned Business Enterprise (MBE) is a business that is both owned and controlled by minorities. This means that there must be not less than 51% minority ownership of the business (a business in which more than 50% of the ownership or control is held by one or more minority individuals, and more than 50% of the net profit or loss

which accrues is to one or more minority individuals), and that the minority ownership must control the management and daily operations of the business.

A Woman-owned Business Enterprise (WBE) is a business that is both owned and controlled by women. This means that there must be not less than 51% women ownership of the business (a business in which more than 50% of the ownership or control is held by one or more female individuals, and more than 50% of the net profit or loss which accrues is to one or more female individuals), and that the women ownership must control the management and daily operations of the business.

**Submit MBE/WBE data on the reporting form specified in the Grant Agreement and at the end of this program manual during the project performance period.**

### **Section 3 Requirements**

(24 CFR 570.607 and Part 75)

For HTF projects exceeding \$200,000 in federal funding, Section 3 applies:

- Employment and contracting opportunities must be directed to low-income residents and businesses.
- Developers must track labor hours and submit semiannual Section 3 compliance reports.
- Grantees must maintain documentation verifying worker eligibility and outreach efforts.

FAQ: [HUD Section 3 FAQ](#)

**Submit Section 3 data on the reporting form specified in the Grant Agreement and at the end of this program manual during the project performance period.**

## Debarred and Ineligible Contractors

The Developer must ensure that contracts are not made to any party which is debarred or suspended, or is otherwise excluded from or ineligible for, participation in federal assistance programs under Executive Order 12549 "Debarment and Suspension" [2 CFR 180 and 2 CFR 200.14]

The Developer must check the "exclusion" (i.e., debarment) status of all contractors and subcontractors on the System for Award Management (SAM) at <https://sam.gov/content/home> prior to the award of any prime contract or subcontract and prior to the amendment of any prime contract or subcontract. Debarment checks must be made on the official federal SAM website. Private third parties have created sites that look very similar to the SAM.gov website, but they are not the official federal site and must not be used for SAM debarment checks for the CDBG program. The Developer must also maintain a record of the debarment checks in the CDBG project file.

## Lobbying Restrictions

In accordance with Section 1352, Title 31, U.S. Code and 24 CFR Part 87, no HTF funds may be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

Developers, prime contractors and subcontractors (including any contracted for construction, professional services and other non-construction activities, such as engineering and grant administration) for the project must include Lobbying Certification and Disclosure of Lobbying Activities (if applicable) in all contracts they execute for the HTF project or provide them to the contracting entities as separate contract attachments. All prime contractors and subcontractors at all tiers shall complete, sign and date the certification form (and disclosure form if they have lobbying activities to disclose). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Developer must obtain the signed Lobbying Certification forms and Disclosure of Lobbying Activities forms (if there are lobbying activities to disclose). From the entities at the time of contracting or upon the entity starting work on the HTF Project.

The [Lobbying Certification and Disclosure of Lobbying Activities](#) can be found on the HTF website.

## Build America Buy America (BABA) Requirements.

The Build America, Buy America Act (BABA) was enacted in the Infrastructure Investment and Jobs Act on November 15, 2021, and specifies that products purchased in connection with infrastructure projects funded by Federal financial assistance (FFA) programs must be produced in the United States. These projects are subject to the rule: any infrastructure project undertaken that involves construction, alteration, maintenance, repair of public infrastructure, and affordable housing development projects with 5+ units. Some waivers are available and must be requested *prior* to the purchase of any waiver-eligible items. No documentation is needed for the application, but should the project proceed to contract status, all applicable regulations and documentation are required. The HTF Program Guide has more detail on these requirements, and documents available on the HTF website, and more information on BABA is available from

HUD: <https://www.hudexchange.info/programs/baba/>

Federal requirements will apply to projects undertaken with Housing Trust Fund (HTF) funds that involve construction, alteration, maintenance, or repair of affordable housing development projects with five or more units. The terms and conditions of BABA apply to subrecipients at all tiers. If the project is funded, the agreement will require compliance with BABA–BAP requirements, including (but not limited to):

- Any funds obligated by HUD on or after the applicable BAP implementation dates listed in 88 FR 17001 are subject to BABA requirements, unless excepted by a waiver; and
- The HTF BABA Compliance Certification Form is to be completed by construction prime contractors and subcontractors (all tiers) and other purchasers of covered materials to certify compliance; and
- Subrecipients' and contractors' Agreements and/or contracts must include the BABA requirements; and
- All iron and steel, construction materials, and manufactured products (i.e., covered materials) used in the project that are subject to BABA–BAP will be/have been produced in the United States; and
- If waivers are sought, they are requested *prior* to purchase of waiver-eligible items and verified by DEHCR.

Non-compliance with the applicable regulations and standards may result in the project being deemed ineligible for HTF funding. Consulting with DEHCR during the application process prior to application submittal is recommended.

[BABA: HTF Program Guide](#)

## Davis-Bacon Labor Standards

(Not required unless combined with other federal funds)

HTF alone does not trigger Davis-Bacon prevailing wage requirements. However, if combined with federal sources (e.g., HOME, CDBG) that do require Davis-Bacon, then the entire project must comply.

## Tenant Relocation and Displacement

(24 CFR 93.352)

If the project causes any temporary displacement of tenants the requirements of 24 CFR 93.352 and the following will apply.

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) applies.
- Developers must notify tenants in writing of their rights and benefits.
- A Relocation Plan may be required at the time of application.
- Temporary relocation requires safe, comparable housing and return rights.

Failure to comply with URA may result in ineligibility and repayment of HTF funds. DEHCR does not intend to fund any project that causes permanent displacement.

## Contracting Language/Insertion Requirements

Contracts awarded by the developer/owner to a contractor/sub-contractor that will utilize HTF funds must contain the following language or insertions .Forms and insertions are located on the HTF website.

- Lobbying Certification
- BABA Requirements Form 3-J
- Equal Opportunity Clause for Contracts Form 6-A
- Section 3 Contract Requirements Form 6-B
- Affirmative Action Requirements Form 6-C
- Equal Opportunity Clause for Construction Contracts 6-D
- Documentation of contractor's debarment status from Sam.gov

## V. COMPLIANCE & MONITORING

Ongoing compliance with HTF regulations is required for the entire 30-year affordability period. The Division of Housing and Community Resources (DHCR) will conduct periodic monitoring, inspections, and reporting reviews to ensure continued eligibility and program integrity.

### Tenant Protections and Selection

#### Lease

There must be a written lease between the tenant and the owner of rental housing assisted with HTF funds that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified. The lease must incorporate the VAWA lease terms/addendum required under [§ 93.356\(d\)](#) and [24 CFR §5.2005](#).

Federal regulations mandates the disclosure of known lead-based paint and/or LBP hazards upon leasing of residential units. Property owners/developers must give tenants the EPA/HUD pamphlet titled “Protect Your Family from Lead in Your Home” which is available at [EPA.gov](#) and incorporate the addendum entitled “Disclosure of Information on Lead Paint and Lead Paint Hazards” into all lease agreements. It is recommended that the property owner obtain a signed acknowledgment of receipt by the tenant

- **Prohibited lease terms.** The lease may not contain any of the following provisions:
  - **Agreement to be sued.** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
  - **Treatment of property.** Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;
  - **Excusing owner from responsibility.** Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
  - **Waiver of notice.** Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
  - **Waiver of legal proceedings.** Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
  - **Agreement by the tenant to waive any right to a trial by jury;**

- **Waiver of right to appeal court decision.** Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;
- **Tenant chargeable with cost of legal actions regardless of outcome.** An agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and
- **Mandatory supportive services.** Agreement by the tenant to accept supportive services that are offered.

## **Tenant Selection**

An owner of rental housing assisted with HTF funds must comply with the affirmative marketing requirements established by the grantee pursuant to [§ 93.350](#). The owner must adopt and follow written tenant selection policies and criteria that:

- Limit the HTF units to income-eligible families;
- Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);
- Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the grantee (and only if the limitation or preference is described in the grantee's consolidated plan
- Any limitation or preference given to a particular segment of the population as permitted in a written agreement with DOA, must not violate nondiscrimination requirements in [§ 93.350](#). A limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a Federal program that limits eligibility to a particular segment of the population (e.g., the Housing Opportunity for Persons With AIDS program under 24 CFR part 574), and the limit or preference is tailored to serve that segment of the population.
- If a project does not receive funding from a Federal program that limits eligibility to a particular segment of the population, the project may have a limitation or preference for persons with disabilities who need services offered at a project only if:
  - The limitation or preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain housing;
  - Such families will not be able to obtain or maintain themselves in housing without appropriate supportive services; and
  - Such services cannot be provided in a nonsegregated setting. The families must not be required to accept the services offered at the project. In advertising the project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible

persons with disabilities who may benefit from the services provided in the project.

- Do not exclude an applicant with a voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher program (24 CFR part 982) or an applicant participating in a HOME tenant-based rental assistance program (24 CFR part 92) because of the status of the prospective tenant as a holder of such voucher or comparable HOME tenant-based assistance document.
- Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
- Give prompt written notification to any rejected applicant of the grounds for any rejection; and
- Comply with the VAWA requirements prescribed in § [93.356](#).

## **Affordability Requirements**

All HTF-assisted units must:

- Be occupied by income-eligible households ( $\leq 30\%$  AMI)
- Remain rent-restricted based on HUD-published limits
- Maintain physical and management standards throughout the 30-year period

The affordability period is enforced via:

- A recorded Mortgage and Note
- A Land Use Restriction Agreement (LURA)
- Legal covenants running with the land

Violation of affordability terms may result in repayment of HTF funds and ineligibility for future awards.

## **Monitoring and Inspections**

During the Affordability Period, the owner is responsible for compliance with all requirements of the HTF Rules and Regulations. Such monitoring will include on-site inspections including records relating to tenants or the property. DEHCR will provide the owner and its designated representative (if applicable) with at least a thirty day notice of on-site monitoring inspections.

The owner shall keep and maintain in good order sufficient records and documents to enable DEHCR to determine if the requirements of this program and the LURA are being met. This may include but not limited to all documents or records required by the HTF Regulations or HTF Rules, rental applications, including denied or cancelled applications, tenant income certifications and related documents, leases, waiting lists, and income certifications and recertifications.

Established property standards for rental housing will apply throughout the 30-year affordability period. These standards ensure that owners maintain the housing as decent,

safe, and sanitary and in good repair. DEHCR or its assigned representative will conduct the required onsite inspections.

Ongoing property standards includes all inspectable items and inspectable areas specified by HUD based on the HUD physical inspection procedures, UPCS or NSPIRE prescribed by HUD.

The inspections will identify life-threatening deficiencies that the owner must immediately correct. The time frames for addressing these deficiencies are reflected on the NSPIRE form. Management certification of cure completion must be included with the time sensitive form returned to DEHCR as detailed on the forms

The proof of cures of the deficiencies may be submitted to DEHCR by a completed and Work Order or contractor's invoice identifying the cured deficiency. Any cured deficiency that was rated life threatening or severe may require a reinspection within a 12-month period to ensure the deficiency has been cured adequately.

For those properties to have been found with life, health, and safety deficiencies, DEHCR may require annual inspections until such time as the owner is found to have consistently maintained the property in a decent, safe, and sanitary manner.

Inspections must be based on a statistically valid sample of units appropriate for the size of the HTF-assisted project. DEHCR will select the sample. For projects with one to four HTF-assisted units, the inspectable items (site, building exterior, building systems, and common areas) for each building with HTF-assisted units and 100 percent of the HTF-assisted dwelling units must be inspected.

#### Physical Inspection Schedule:

- Initial inspection within 12 months of project completion
- Every 3 years thereafter during the affordability period
- Additional or unscheduled inspections may occur if noncompliance is suspected
- The number of units to be inspected will be determined by following the requirements of 88 FR 43371 "Inspection Sample Size."

#### **Tenant File Review**

Tenant Files will be reviewed in tandem with the physical property inspection. The number of NHTF files to be reviewed will be the same as the number of units which are physically inspected. Tenant file reviews will normally be conducted via a desk monitoring; DEHCR will request files to be reviewed be sent via secure email or another secure electronic manner. DEHCR will provide a 30-45 day notice of the files to be reviewed and submitted.

DEHCR will request to examine documentation including:

- Tenant income certifications and recertifications

- Tenant income documentation and family composition
- Signed leases and lease addenda
- Utility allowance documentation
- Verification of rent calculations

### **Other Documents to be Reviewed**

- Development Project file including but not limited to
  - Sources and uses documentation
  - Contracts and Agreements with contracted services
  - DEHCR grant agreements and attachments
  - Environmental Review Record and authorizations
  - Audited financial records
  - BABA compliance documents
  - Affirmative Fair Housing Marketing Plan and attachments
  - Section 3 and MBE/WBE documents
  - Tenant Selection Plan and Policies
  - Waitlist including applications cancelled or denied
  - Rental project marketing materials
  - Project payment inspections and documentation
  - Certificate of Occupancy (new construction projects)
  - Property Insurance listing State of WI DOA DEHCR as a mortgagee

### **Desk Monitoring Follow up**

The desk monitoring may take 30-60 days to complete depending on the number of files to be reviewed. At the conclusion of the monitoring, DEHCR will issue a post monitoring letter to the owner detailing the results of the monitoring. If findings or concerns were identified during the monitoring DEHCR will provide written guidance to include the following.

- A description of the finding or concern;
- The corrective action required or recommended;
- Steps to be taken to complete the correction action or implement the recommendation(s); and
- Due date to complete the corrective action or recommendation.

## Reporting Requirements

Reports are to be submitted electronically via email to the DEHCR. The reports should be emailed to the DEHCR staff member assigned as the HTF Project Representative or to the DEHCR HTF Program email address at [doahousingtrustfund@wisconsin.gov](mailto:doahousingtrustfund@wisconsin.gov)

***Disclaimer: Reporting requirements are subject to change at any time during the performance period per HUD and DEHCR requirements.***

### **1. HTF Compliance Report (Due December 1 annually)**

The compliance report covers the report period from October 1st through September 30th of each year during the Affordability Compliance Period. The objective of this report is to collect all occupancy and lease-up activity from within the report period. Additionally, this form serves to certify compliance with HTF program rent and income requirements as well as tenant occupancy eligibility and affirmative marketing efforts. The report is due to DEHCR on or before **December 1** of each year.

Compliance Report: Coming Soon

### **2. HTF In-Service Report (Due April 21 annually)**

The HTF Program In-service Report will be required each year during the period of affordability, to be received on or before April 21st. The report shall consist of a combination of financial detail and insurance detail. The financial information is as follows: Project-specific Operating budget for the previous year and Project-specific Operating budget for the current year, as well as audited financials covering the previous 12-month period..

### **3. WBE/MBE & Section 3 Report (Semi-Annual)**

The Grantee must take affirmative steps to ensure minority-owned and women-owned business enterprises (MBE/WBEs) have equal access to project bidding.

The Section 3 provisions require that recipients of CDBG funding, to the greatest extent feasible, provide job training, employment and contracting opportunities for low- or very low income residents and businesses in connection with projects and activities in their communities.

- HTF Project Data Report**

- Required from the Grantee to be submitted to DEHCR semi-annually for the period of October 1st – March 31st and annually for the period of October 1st – September 30th each year. This report captures data for MBE/WBE, Section 3 and Davis Bacon (when applicable).
- The Grantee's Section 3 data reporting on the Data Report is to include the data from the Grantee as well as from all subrecipients, contractors, and subcontractors.

- **Section 3 Employee Income Certification**
  - To be completed for or by employees working on the HTF project for Section 3 status determinations. All new hires for the project are to complete the Section 3 Employee Income Certification
- **Section 3 Business Concerns Certification**
  - To be completed by businesses/contractors (excluding non-profit organizations) to certify they are a Section 3 Business Concern for CDBG projects awarded on or after November 30, 2020.
- **Individual Contractor's Section 3 Report**
  - To be completed by employers/contractors to report their semi-annual Section 3 data for the project. The employer/contractor may use this report or a similar document with the same information to report their Section 3 data for the reporting period.

### **Recordkeeping**

Recipients must retain the following for at least 5 years after the end of the affordability period, unless otherwise required:

- Application materials
- Construction and environmental records
- Tenant files
- Financial records
- Inspection reports and correspondence

DEHCR, HUD, and other authorized entities have the right to audit and inspect files at any time during the project term.

### **Noncompliance & Remedies**

If a project is found out of compliance:

- DEHCR will issue a Notice of Findings with corrective actions and timelines.
- Provide technical support if needed.
- Unresolved noncompliance may result in:
  - Withholding or recapture of HTF funds
  - Loan default or acceleration
  - Legal enforcement of affordability terms
  - Ineligibility for future HTF or state-administered funding

## VI. FUNDS DISBURSEMENT & COMPLETION

### **Disbursement Overview**

Housing Trust Fund (HTF) awards are provided as 0% interest, non-amortizing loans. Funds are disbursed on a reimbursement basis for eligible development costs. No funds will be released until all contractual conditions are satisfied.

### **Collecting Payment and Drawing down HTF funds**

Disbursements may be made upon request by the Grantee or its authorized title company. It is the responsibility of the Grantee to ensure requests for disbursements are submitted to the Department of Administration.

Request for the first draw must be made within six (6) months of execution of this Agreement. If a draw is not received within the required time frame, a progress report must be submitted by the Grantee to the Department within thirty (30) days.

Prior to the first disbursement of Funds, Division of Housing HTF Staff shall be furnished with: A written sworn statement from Owner showing the sources and applications of all Funds for the Project, and providing the names and addresses of those with whom Owner has contracted and who will be paid Funds (“Owner’s Cost Breakdown”); A written statement from the General Contractor setting forth in detail the names of all contractors and material suppliers with whom it has contracted (and, to the extent known to General Contractor, those with whom its subcontractors and suppliers have contracted), their addresses, work or materials to be furnished, amounts of the contracts, amount paid to date, amounts of current payments and balances due (the “Contractor’s Cost Breakdown”); A “Draw Request” from Owner identifying the disbursements to be made (including those payable to Title Company), the names and addresses of the payees, and the source(s) of Funds (and the respective amount from each source) to be applied in making each line item disbursement, which shall be approved in writing by each party providing Funds for disbursement; and ensure Funds sufficient to fund the Draw Request (“Draw Funds”).

Grantee shall not request disbursement of Loan proceeds until such time funds are needed for reimbursement of eligible costs and expenses incurred during the performance period. All requests for disbursement shall be accompanied by itemized invoices and limited to the amount shown by invoice with supporting documentation as detailed within the HTF agreement.

Until approval of the Project Completion Report and satisfactory completion inspection confirm that contract requirements have been met, 10 percent of the original principal amount of the loan will be retained. A request for the Final Draw of HTF funds must be submitted to the Department upon Project Completion.

Requests for final payment shall be received by the Department within 60 days of the end of the Performance Period.

Land Use Restriction Agreement and/or Real Estate Mortgage recordation will occur prior to disbursement of funds.

### **Conditions Prior to First Disbursement**

Before any HTF funds can be drawn:

- The HTF Agreement must be fully executed by all parties.
- Construction draw schedule (estimated).
- A recorded mortgage and promissory note must be on file with DEHCR.
- Payment information, including required DEHCR DOA financial forms.
- A Land Use Restriction Agreement (LURA) must be executed and recorded.
- Environmental review must be completed and approved.
- All financing sources must be committed.
- An Activity Set-Up Form must be submitted and approved by DEHCR.

### **Request for Payment (RFP) Process**

Developers may request payment as work progresses by submitting the following:

- HTF Request for Payment Form (RFP)
- Owner's certification of eligible expenses
- BABA Certification
- Architect's certification (if applicable)
- Contractor invoice(s) and lien waivers
- Photos of construction progress (first and final draws)
- Documentation of match (if applicable)
- Updated construction schedule (if requested)

DEHCR or its contracted agent may perform onsite inspections of completed work for which HTF funds are requested. This inspection does not replace any inspections conducted by local code or state officials or the certifying architect or engineer performing inspections on behalf of the developer or other agencies.

### **Final Draw Requirements**

The final 10% of HTF funds will be held until:

- Construction is 100% complete
- A certificate of occupancy or local equivalent is submitted
- The HTF Completion Report is submitted and approved
- All HTF-assisted units are identified and documented (fixed or floating)
- Compliance with environmental conditions and accessibility standards are verified

## **HTF Project Completion Report**

The Program Completion Report must be completed and submitted at the time construction is completed, along with required attachments: identification of HTF assisted units, and occupancy approval from the relevant jurisdiction, i.e., the occupancy permit or satisfactory code inspection.

## **Loan Repayment Terms**

- Interest Rate: 0%
- Term: 30 years
- Payments: Deferred for the life of the loan unless:
  - Project violates affordability or use restrictions
  - HTF-assisted units fall out of compliance
  - Project is sold or transferred without DHCR approval

***Forgiveness: For loans that have a forgiveness provision the loan may be forgiven at the end of the 30-year term if all compliance conditions have been met. Forgiveness is not automatic and must be requested in writing.***

## **Repayment & Recapture**

Funds may be required to be repaid in full at the time any of the following occur:

- Units are not occupied by eligible tenants
- Rent exceeds allowable limits
- Affordability is not maintained for the full term
- Units are sold or converted to ineligible use

DEHCR reserves the right to recapture funds and enforce liens under the terms of the HTF Agreement.

## **Modifications & Subordination**

Any request to:

- Extend project deadlines
- Modify unit mix
- Refinance existing debt

- Subordinate the HTF lien

...must be submitted in writing to DEHCR and approved prior to execution. DEHCR is not obligated to approve modifications or subordinations.