



WHEDA lowering interest rates on its tax-exempt bond financing and other financing tools

New guidance issued for multifamily developments



Aug. 6, 2021

WHEDA is lowering interest rates on its tax-exempt pooled bond financing and other multifamily financing tools to help its developer partners advance more affordable rental housing in Wisconsin.

“Our goal is to continue to support affordable housing developments by offering favorable financing products in the marketplace,” said WHEDA CEO Joaquín Altoro. “These interest rate adjustments provide our developer partners with low-cost financing options to bring more affordable housing options to Wisconsin residents.”

WHEDA Tax-exempt bond financing

Under the pooled version of its tax-exempt bond financing, WHEDA groups together multifamily projects seeking this financing into a single bond issuance. All projects included in the pool use the same tax-exempt bond but can have different funding timelines that work within the parameters of the bond.

“There is significant efficiency gained from this type of bond issuance. The borrower pays a 1% origination fee and WHEDA covers all costs of issuing bonds,” said WHEDA Chief Financial Officer Sherry Gerondale. “Borrowers elect this option for rate certainty, easy closing, and efficient access to funds.”

The tax-exempt bond rate guidance is as follows:

Tax Exempt Bond Projects closing in 2021:

- Tax exempt rate of 4.25% for the long-term bonds and 2.50% for the short-term bonds. Rate is locked at commitment.
- Projects must close by November 30, 2021. WHEDA will afford one extension opportunity to close by December 15, 2021, with 25 bps extension fee payment of the total loan amount.

- If the projects do not close by December 15, 2021, the bond rates of 4.25% for the long term and 2.50% for the short term will no longer be valid. Instead, projects will be subject to a new hedged underwriting rate at that time.
- To qualify, applications must be submitted by September 1 and commitment fee paid by November 1.

Tax Exempt Bond Projects closing in 2022:

- Tax exempt underwriting rate of 4.35% for the long-term bonds and 2.75% for the short-term bonds. Rate is subject to change based on the rate environment post 2021.
- Projects are anticipated to close by April 30, 2022.
- Additional guidance for this option will be provided in late 2021 or early 2022.

WHEDA tax credit development financing

Permanent financing for 9% federal tax credit developments has also been adjusted down from 5.35% to 4.95%. These loans offer competitive, fixed-rate financing designed specifically for tax credit developments.

WHEDA permanent financing for conventional affordable housing

WHEDA will also offer a 5.25% permanent financing rate for those affordable housing developments that do not have a housing tax credit allocation as part of their current financing plan. These loans provide increased flexibility and expeditious timing for the construction, acquisition, and rehabilitation of affordable rental housing.

Please direct inquires for affordable housing financing needs to Shreedhar Ranabhat at 608-266-2781 or via email shreedhar.ranabhat@wheda.com.

To learn more about WHEDA's efforts to expand affordable housing and economic opportunity, follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#).

###