

Federal Housing Credit Manual

1/1/2025



VirginiaHousing.com



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1. Schedule for 2025

Below is the schedule for the 2025 Federal Housing Credit cycle. These dates are approximate and may be subject to change. **All deadlines are 12 p.m. ET.**

Date	Description
December 1, 2024	Locality Notification Information (LNI) Deadline (4% Round 1)
January 15, 2025	4% Application Deadline (Round 1)
January 27, 2025	LNI Deadline (9%)
March 13, 2025	9% Competitive and Accessible Supportive Housing (ASH) Application Deadline
March 17, 2025	LNI Deadline (4% Round 2)
March 20, 2025	9% Competitive and Accessible Supportive Housing (ASH) Applications Posted to the Website
May 1, 2025	4% Application Deadline (Round 2)
May 15, 2025	Preliminary Rankings Announced /Begin Comment Period
May 17, 2025	LNI Deadline (4% Round 3)
May 22, 2025	End Comment Period, Begin Rebuttal
May 29, 2025	End Rebuttal
June 12, 2025	Post Final Rankings
June 26, 2025	Review Final Rankings with Virginia Housing Board of Commissioners
July 1, 2025	4% Application Deadline (Round 3)
Mid-July, 2025	Virginia Housing mails reservation documents including Agreement, Contract to Enforce Representations, Extended Use Agreement, and Gross Floor Rent Election.
September 1-30, 2025	Time frame to submit credit refresh requests
September 25, 2025	Allocation Applications Due
Mid-October, 2025	10% Tests Due (30 days prior to 12-month deadline)
Mid-November, 2025	Finalize 2025 Allocations and send Carryforward Agreements

Note: 10% tests are due 30 days prior to the 12-month deadline for meeting the expenditure test. This is to ensure the test will be met. Please contact the Tax Credit Allocation department if you have any concerns with meeting this deadline.

2. Ranking and Scoring

The QAP contains the “official” scoring criteria for tax credit applications and outlines the minimum and maximum number of points allowed to each development. This manual serves as a guide to further clarify the scoring criteria and contains mandatory forms required to receive an allocation of credits. **Prior to submitting an Application, applicants are expected to have carefully and thoroughly read the QAP, this manual and the tax credit information available at VirginiaHousing.com/Partners/Rental-Housing/Rental-Housing-Tax-Credits.**

Virginia Housing utilizes scoring criteria to maintain objectivity throughout the credit allocation process. Accordingly, staff endeavors to uniformly identify and address all errors, omissions, and requests within each application; however, failure on the part of Virginia Housing to identify an error or omission made by an applicant shall not be deemed a waiver of Virginia Housing’s right to enforce program requirements in accordance with the QAP. Any action or inaction taken, and any determination or interpretation made by, Virginia Housing with respect to an application or a credit allocation shall be limited to that specific application or allocation only and shall not form binding precedent or otherwise impact Virginia Housing’s future administration of its credit programs.

Applications are ranked according to their scores in the pools within which they compete. Reservations will be made to developments in accordance with Virginia Housing’s ranking criteria, so long as credits are available within the given pools. **Developments seeking more credits than are available within the given pool will be disqualified.**

2.1 Rules of Ranking

For 9% credits, applicants select the pool in which they wish to compete and then they are ranked according to their scores. Scores may reflect adjustments based on the pools where they compete. Deals that select the ASH pool but do not meet the minimum requirements or exceed the credit amount available, may compete in their applicable competitive pool.

2.2 Minimum Threshold Scoring Requirements

In order to qualify for a reservation of tax credits, applications must meet the following minimum threshold scoring requirements.

Type of Tax Credit	Minimum Threshold Scoring Requirement
9% Credit	Applications for 9% credits, including Accessible Supportive Housing applications must score a minimum of 300 points.
4% Credit	Applications for 4% credits (with tax-exempt bonds) must score a minimum of 200 points.
Hybrid 9% / 4% Credit	Must meet the respective scores for each deal.

3. General Program Information

3.1 Virginia Housing Subsidy Layering Information

Virginia Housing began performing subsidy layering reviews effective March 1, 2023. Virginia Housing, in its capacity as the Housing Credit Agency for the Commonwealth of Virginia, has been granted authority by HUD to conduct Subsidy Layering Reviews (SLR) for Low-Income Housing Tax Credit (LIHTC) new construction and rehab properties receiving Project Based Voucher (PBV) awards from a Virginia Public Housing Authority (PHA). SLRs are not required for existing PBV HAP contracts. SLRs for Mixed-finance developments, Development or modernization of public housing pursuant to 24 CFR 905 Subpart F, where public housing units are owned by an entity other than a PHA, are not reviewed by Virginia Housing and must be submitted to HUD.

A Virginia Housing SLR is conducted pursuant to the HUD SLR Guidelines (FR Notice, Vol. 85, No. 40, February 28, 2020). Virginia Housing will only complete the SLR for properties receiving a LIHTC award. For PBV awards in properties that will not receive LIHTC, PHAs must submit the request for SLR directly to the HUD field office in Richmond. All requests for a Virginia Housing SLR must be made by the PHA providing the PBV award and executing the Housing Assistance Payments (HAP) contract. To request an SLR the PHA must submit to Virginia Housing a cover letter on PHA letterhead to SLR@VirginiaHousing.com. The request must include the following information:

1. PHA Number
2. PHA Contact Person and Email
3. Owner Contact Person and Email
4. Project Name
5. Project Address

Once Virginia Housing receives a request for the SLR, the PHA will be provided with access to a Procorem folder to submit the required documentation.

Upon completion of the SLR, a one-time fee will be invoiced and must be paid prior to the issuance of the SLR Certification Letter. This certification is only applicable to the necessary SLR, and the development still must comply with any other HUD and/or local requirements prior to execution of their HAP contract.

To ensure timely completion of your SLR, the initial request must be made at least six weeks prior to expected completion, and all documentation must be received at least four weeks prior to expected completion.

4. Pools and Percentage of Available Credits

Given the diverse housing needs in Virginia, Virginia Housing divides the available annual credit amount into pools in which applications submitted by developers will compete. A description of each pool, as well as its respective percentage of available credits follows.

For deals competing in the Accessible Supportive Housing (ASH), Nonprofit, New Construction, and Local Housing Authority (LHA) pools, points related to being located in an area of increasing or decreasing rent burdened populations will be assigned based on the geographic pool to which such development would be assigned if it did not compete in this pool.

Developments may be moved from the nonprofit or new construction pool to its or their appropriate geographic pool to more fully or fully utilize the total amount of credits made available therein during such round.

4.1 Nonprofit Pool

The annual credit percentage allocated to this pool is 15%. Each new construction or adaptive re-use development that is not funded in the Nonprofit pool will compete in the New Construction pool, if eligible. All other developments not funded in this pool will compete in the applicable geographic pool.

To participate in the Nonprofit Pool, the nonprofit entity must:

	Nonprofit Requirements for Pool
4.1.1	Be authorized to do business in Virginia.
4.1.2	Be substantially based or active in the state of Virginia.
4.1.3	Materially participate in the development and operation of the development throughout the compliance period. (i.e., regular, continuous and substantial involvement)
4.1.4	Own, either directly or through a partnership or limited liability company, 100% of the general partnership or managing member interest.
4.1.5	Not be affiliated with or controlled by a for-profit organization.
4.1.6	Not have been formed for the principal purpose of competition in the Nonprofit Pool.
4.1.7	Not have any staff member, officer or member of the board of directors materially participate, directly or indirectly, in the proposed development as a for-profit entity.
4.1.8	Non-Profit entities that are seeking more than \$950,000 in annual credits may apply to the Non-Profit Pool, however reservations will be limited to \$950,000 unless all non-profit applications that meet all threshold requirements have been offered credits and unused credits remain in the Non-Profit Pool.

Note: Multiple nonprofit agencies may combine to compete in this pool however, 100% of the ownership must be held by nonprofits that meet the requirements to compete in this pool.

4. Pools and Percentage of Available Credits

4.2 Accessible Supportive Housing Pool

Credits for this pool will be reserved from the following year’s allocation and will not exceed 10% of the current year’s per capita credit amount unless authorized by Virginia Housing’s Board of Commissioners. These credits are available for non-elderly developments.

The minimum requirements to qualify for credits in this Pool are as follows:

Minimum Requirements for ASH Pool	
4.2.1	At least 15% of the units will serve people with disabilities.
4.2.2	At least 15% of the units will conform to HUD regulations interpreting the fully, permanently accessible unit requirements of Section 504 of the Rehabilitation Act as referenced in the requirements set forth in the Uniform Federal Accessibility Standards “UFAS”.
4.2.3	The development will provide rent subsidies in order to ensure occupancy by extremely low-income persons for 15% of the units. Subsidies may apply to any units, not only those built to satisfy Section 504. For purposes of this Pool, “extremely low income” mean households with gross incomes no greater than 40% of the AMGI paying no more than rent calculated at the 40% level.
4.2.4	The units will be actively marketed and rented to households including at least one person with a disability in accordance with a plan submitted as part of the Application for credits and approved by the Executive Director. The developer must also submit the fully executed Virginia Housing Permanent Supportive Housing certification.
4.2.5	The developer must have a demonstrated capacity to develop supportive housing as evidenced by one of the three available CORES certifications or other certification as approved by the Authority.
4.2.6	Evidence of prior services funding contracts, as well as a services budget for the first 5 years of services.
4.2.7	Evidence of dedicated services staff hired by an entity in the ownership of the deal. The dedicated service staff budget should be submitted as a separate document behind the Supportive Housing tab.

4.2a Accessible Supportive Housing (ASH) Guidelines

The ASH pool applications are due with the 9% competitive round. You must ensure the application is received prior to the competitive deadline set in the manual. The credits in this pool will continue to be a forward allocation and deals competing and winning credits from this pool will receive a Carryforward the following year. Elderly developments are not eligible for the ASH pool.

4. Pools and Percentage of Available Credits

Ownership structure must demonstrate capacity for service-enriched housing through a CORES certification or other pre-approved source. CORES certifies three models of service-enriched housing and a certification under any of the three models fulfills this requirement. If you plan to provide a different certification you will need to submit it to the tax credit allocation department at least 30 days prior to the application deadline for review and possible approval. A preference may also be given to applicants that have successfully completed the Supportive Housing Institute prior to application.

The ASH application must include the Virginia Housing Permanent Supportive Housing certification. It must be signed by the Owner and the identified service provider or be signed by the Owner and have an accompanying MOU with a service provider.

A minimum of 15% of the units must conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and be actively marketed to people with disabilities in accordance with a plan submitted as part of the application for credits. Also, the application must include documentation of a binding form of rental assistance in order to ensure occupancy by extremely low-income persons.

If the applicant does not meet the minimum requirements in the ASH Pool or there are not enough credits to fully fund all developments, the developments not receiving an award of credits from the ASH pool may compete in their geographic pool if that pool contains enough credits to fund the request fully. Any pool specific points, including the Efficient Use of Resources boost, will be reduced to the geographic pool score if the deal moves to another pool.

4.3 Local Housing Authority (LHA) Pool

The annual credit percentage allocated to this pool is 15%. Each development sponsored by local housing authorities or industrial development authorities (from localities that do not have a local housing authority), as sole general partner or managing member (either directly or through a wholly owned subsidiary) or as landlord or seller of the land to the tax credit applicant, in the jurisdiction of the local housing authority or industrial development authority will compete in this pool only.

Provided, however, that the development will not compete in this pool if (i) the local housing authority or industrial development authority is the landlord or seller of the land to the tax credit applicant but is not a principal in the applicant (the landlord or seller being the grantee of a right of first refusal or purchase option, with no ownership interest in the applicant, shall not make the landlord or seller a principal in the applicant) and (ii) no more than the greater of 5 units or 10% of the units have project-based subsidy provided by the local housing authority or industrial development authority, the development will not compete in this pool. Each development competing in this pool will be scored according to the rent burdened population characteristics of the geographic pool to which such development would be assigned if it did not compete in this pool. Developments not funded in this pool will move to the At-Large pools.

4. Pools and Percentage of Available Credits

4.4 Preservation Pool (New for 2025)

Credits for this pool will be reserved from the following year's allocation and will not exceed 10% of the current year's per capita credit amount unless authorized by Virginia Housing's Board of Commissioners.

Eligibility to compete in this pool is limited to low-income housing tax credit developments seeking credit resyndication that are currently operating within their extended compliance period. Prior to application applicants must have completed more than 20 years of compliance under the existing extended use agreement issued in connection with the respective development's most recent credit allocation, and the credit investor or syndicator in place at the time of said allocation must have transferred all of its ownership interest in the development. Rents may not increase by more than 5% during the rent increase limitation period.

Applicants awarded credits from this pool shall be subject to additional rent increase limits, as determined by the authority in the best interest of the plan, for a period of five years beginning on the first day of the new credit period. Unsuccessful applicants in the preservation pool may compete in the applicable geographic pool if that pool contains enough credits to fully fund their request and if the application scores high enough.

4.5 New Construction Pool

The annual credit percentage allocated to this pool is 15% of the following year's annual credit authority. Each new construction or adaptive re-use development (including excess nonprofit developments) which is located within one of the jurisdictions listed below will compete in this pool. Each development not funded in this pool will move to its applicable geographic pool.

New Construction Pool	
Alexandria City	Loudoun County
Arlington County	Manassas City
Fairfax City	Manassas Park City
Fairfax County	Prince William County
Falls Church City	

4. Pools and Percentage of Available Credits

4.6 Northern Virginia/Planning District 8 (Inner Washington MSA) Pool

The annual credit percentage allocated to this pool is 18.02%. Each development which is located within one of the jurisdictions listed below (including unfunded developments from the Nonprofit and New Construction pools in localities listed below), will compete in this pool.

Northern Virginia/Planning District 8 (Inner Washington MSA)	
Alexandria City	Loudoun County
Arlington County	Manassas City
Fairfax City	Manassas Park City
Fairfax County	Prince William County
Falls Church City	

4.7 Northwest/North Central Virginia Area Pool

The annual credit percentage allocated to this pool is 9.20%. Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below).

Northwest/North Central Virginia Area	
Albemarle County	Nelson County
Augusta County	Orange County
Charlottesville City	Page County
Clarke County	Rappahannock County
Culpeper County	Rockingham County

4. Pools and Percentage of Available Credits

Northwest/North Central Virginia Area	
Fauquier County	Shenandoah County
Fluvanna County	Spotsylvania County
Frederick County	Stafford County
Fredericksburg City	Staunton City
Greene County	Warren County
Harrisonburg City	Waynesboro City
King George County	Winchester City
Madison County	

4.8 Richmond MSA Pool

The annual credit percentage allocated to this pool is 11.63%. Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below).

Richmond MSA	
Amelia County	Hopewell City
Caroline County	King & Queen County
Charles City County	King William County
Chesterfield County	Louisa County
Colonial Heights City	New Kent County
Cumberland County	Petersburg City
Dinwiddie County	Powhatan County
Goochland County	Prince George County
Hanover County	Richmond City
Henrico County	Sussex County

4. Pools and Percentage of Available Credits

4.9 Tidewater MSA Pool

The annual credit percentage allocated to this pool is 17%. Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below).

Tidewater MSA	
Chesapeake City	Poquoson City
Gloucester County	Portsmouth City
Hampton City	Suffolk City
Isle of Wight County	Surry County
James City County	Virginia Beach City
Mathews County	Williamsburg City
Newport News City	York County
Norfolk City	

4.10 Balance of State Pool

The annual credit percentage allocated to this pool is 14.15%. Each development (including excess nonprofit and new construction or adaptive re-use developments) which is not eligible to compete in any of the geographic pools will compete in this pool. This pool is a pool with little or no increase in rent burdened population.

Balance of State (Remaining Geographic Areas)	
Accomack County	Covington City
Alleghany County	Craig County
Amherst County	Danville City
Appomattox County	Dickenson County
Bath County	Emporia City
Bedford City	Essex County
Bedford County	Floyd County
Bland County	Franklin City
Botetourt County	Franklin County
Bristol City	Galax City
Brunswick County	Giles County
Buchanan County	Grayson County
Buckingham County	Greensville County

4. Pools and Percentage of Available Credits

Balance of State (Remaining Geographic Areas)	
Buena Vista City	Halifax County
Campbell County	Henry County
Carroll County	Highland County
Charlotte County	Lancaster County
Lee County	Radford City
Lexington City	Richmond County
Lunenburg County	Roanoke City
Lynchburg City	Roanoke County
Martinsville City	Rockbridge County
Mecklenburg County	Russell County
Middlesex County	Salem City
Montgomery County	Scott County
Northampton County	Smyth County
Northumberland County	Southampton County
Norton City	Tazewell County
Nottoway County	Washington County
Patrick County	Westmoreland County
Pittsylvania County	Wise County
Prince Edward County	Wythe County
Pulaski County	

4.11 At-Large Pool

The At-Large Pool has been created for all applications not ranked high enough for initial funding in the geographic pools. The At-Large Pool is separated into two tiers.

Tier 1 consists of the next eligible developments, from geographic and LHA pools, that could not be fully funded with the remaining credits in those pools. It is these developments, in rank order, that can be fully funded, that will receive credits in Tier 1.

Tier 2 consists of all remaining developments ranking above threshold.

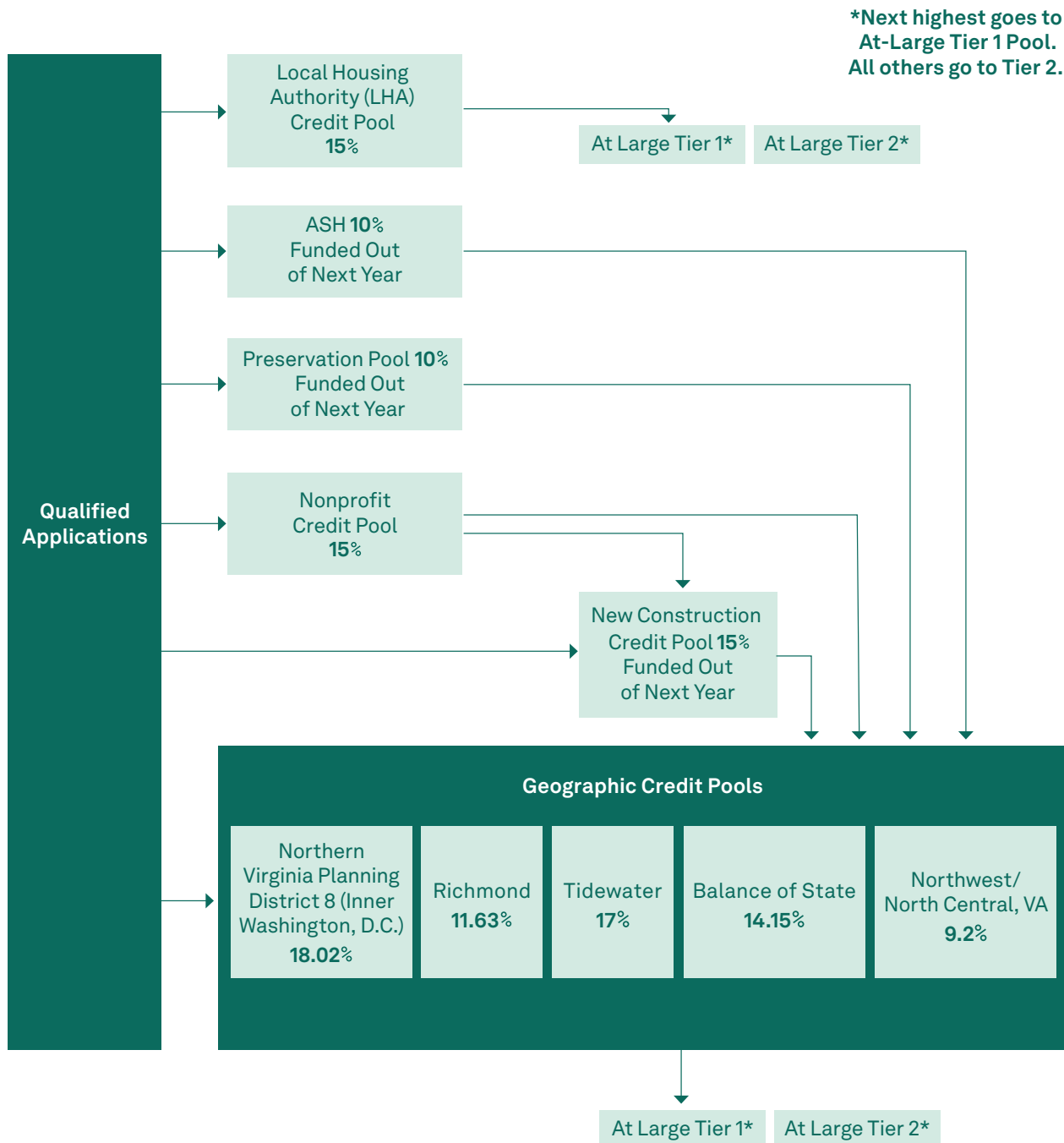
4. Pools and Percentage of Available Credits

4.12 Pre-Allocated Credits

Credits pre-allocated to developments will not change Total Credit Authority in the geographic pools in which the developments are located. Deals competing in the New Construction Pool but funded in a different geographic pool or At-Large pool are not guaranteed a future allocation of credits.

All determinations for deals receiving a pre-allocation of credits are at the discretion of the Executive Director.

A. Rules of Ranking



4. Pools and Percentage of Available Credits

B. 2025 Cost Limits

Cost Limits (Per Square Foot)	New Construction	Rehab
Northern Virginia and ASH	\$497	\$372
Richmond, Tidewater, NW/NC	\$328	\$241
Balance of State	\$239	\$192

Cost Limits (Per Unit)	New Construction	Rehab
Northern Virginia and ASH	\$533,792	\$449,063
Richmond, Tidewater, NW/NC	\$315,423	\$235,006
Balance of State	\$288,464	\$222,528

5. Minimum Program Requirements

5.1 Program Overview

There are three types of low-income housing tax credits available in Virginia for 2025:

Type of Tax Credit	Description
9% credit	The 9% credit is determined on a ten-year, present value calculation of 70% of the qualified basis of the low-income units for new construction or substantial rehab of developments not federally subsidized or financed with tax- exempt bonds.
4% for New Construction or Substantial Rehab	The 4% credit is available to new construction and substantial rehab developments that are federally subsidized with tax- exempt bonds. This credit amount is determined by a present value calculation on 30% of the qualified basis over ten years.
4% for the Acquisition of Existing Developments	The 4% credit is also available for the acquisition of existing developments if the development was not previously placed in service by the owner or a related party and is acquired at least 10 years after the later of (a) the date the development was last placed in service or (b) the date of the most recent non-qualified substantial improvements.

To qualify for tax credits, a development must meet conditions set forth in Section 42 of the Internal Revenue Code (IRC).

5. Minimum Program Requirements

5.2 Minimum Program Requirements

The following are minimum requirements of the Federal Housing Credit program. Failure to comply with any of the following minimum requirements may result in a recapture of credits.

	Minimum Requirement
5.2.1	A minimum of 20% of the units must be occupied by households with incomes at or below 50% of the area median gross income (AMGI), as adjusted for family size; OR, a minimum of 40% of the units must be occupied by households, with incomes at or below 60% of the AMGI, adjusted for family size; OR, under the Average Income Test, forty percent (40%) or more (25% or more in the case of a project described in Section 142(d)(6)) of the residential units in the project must be both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit. The average of the imputed income limitations designated must not be more than 60% of the area median gross income. The designated imputed income limitation of a unit can only be 20%, 30%, 40%, 50%, 60%, 70%, or 80% of the area median gross income and must be as designated with Virginia Housing in writing. The development must comply with these income restrictions within 12 months of the placed-in-service date (slight variations apply when a development has more than one building). This is commonly referred to as the “20-50”, “40-60”, or “Average Income” test. Developments financed with tax-exempt bonds selecting the Average Income test must designate and maintain a minimum of 40% of the total units at or below 60% AMI throughout the extended use agreement.
5.2.2	Owner may not require an annual minimum income requirement that exceeds the greater of \$3,600 or 2.5 times the portion of rent to be paid by tenants receiving rental assistance.
5.2.3	The gross rent charged for a low-income unit may not exceed 30% of the imputed income limit applicable to such unit size.
5.2.4	If the household pays any utilities (excluding telephone, cable television or internet), an appropriate utility allowance must be subtracted from the gross rent limit to determine the maximum net rent chargeable. These amounts must be confirmed by calculating maximum rents individually.
5.2.5	Developments must comply with federal Housing Credit program requirements for a minimum of 30 years, beginning with the taxable year in which the development is placed in service or, at the election of the taxpayer, the succeeding taxable year.
5.2.6	Developments must comply with Virginia Housing's Minimum Design and Construction Requirements.

5. Minimum Program Requirements

	Minimum Requirement
5.2.7	In Virginia, rehab developments must incur a minimum of \$15,000 of contractor hard costs, on average, per unit in order to qualify for credits.
5.2.8	In Virginia, developments financed with tax-exempt bonds must incur a minimum of \$10,000 of contractor hard costs, on average, per unit in order to qualify for 4% credits.
5.2.9	The Management company that will be used for the development must be a Virginia Housing Certified Property Manager by time of 8609 issuance.
5.2.10	Unless prohibited by an applicable federal subsidy program, each applicant shall commit to provide a leasing preference to individuals (i) in a target population identified in a memorandum of understanding between the Authority and one or more participating agencies of the Commonwealth, (ii) having a voucher or other binding (a locality resolution may be acceptable) commitment for rental assistance from the Commonwealth, and (iii) referred to the development by a referring agent approved by the Authority. The leasing preference is not required to be applied to more than ten percent (10%) of the units in the development at any given time. The applicant may not impose tenant selection criteria or leasing terms with respect to individuals receiving this preference that are more restrictive than the applicant's tenant selection criteria or leasing terms applicable to prospective tenants in the development that do not receive this preference, the eligibility criteria for the rental assistance from the Commonwealth, or any eligibility criteria contained in a memorandum of understanding between the Authority and one or more participating agencies of the Commonwealth. See Appendix E, and Appendix GG for additional details.
5.2.11	Applicants receiving credits must waive their right to pursue a Qualified Contract (QC). Any principals participating in a deal that is currently pursuing a QC in Virginia are not eligible for an allocation of credits (9% or 4%). Any principals participating in a deal that is currently pursuing a planned foreclosure in Virginia are not eligible for an allocation of credits (9% or 4%).

5. Minimum Program Requirements

	Minimum Requirement
5.2.12	<p>All developments must meet a baseline energy performance requirement:</p> <ul style="list-style-type: none"> • New Construction – Energy Star Certification; • Rehab - 30% performance increase over existing based on HERS Index (HERS index must be 110 or lower after rehab) or evidence of a HERS index of 80 or lower; • Adaptive reuse – Must evidence a HERS index of 95 or lower. <p>All requirements must be verified by a third party, independent, non-affiliated certified RESNET rater; rater must be certified by a provider found on the Virginia Housing Certified Provider list. All Raters must submit to the owner, to be included in the application, a signed Virginia Housing RESNET Rater form and a HERS report from an energy rating software program listed on the National Registry of Accredited Rating Software Programs. All raters certifying a property for Virginia Housing's Credit program must be authorized to conduct business in Virginia and have completed 500+ ratings. See Section 6.6.8 for additional information on this requirement. At Reservation, model reports for at least one of each unit type should be provided. A summary page with weighted averages may also be provided to show a whole building score. If a Rehab, existing baseline HERS indices should be provided as well.</p>
5.2.13	<p>The Authority is committed to the long-term affordability of developments for the benefit of tenants and full compliance by applicants and principals with the provisions of the IRC, the extended use agreement and other program requirements. The Authority similarly has an interest in preserving the right of first refusal by a qualified nonprofit organization at the close of the compliance period, as authorized in Section 42(i)(7) of the IRC. The executive director is hereby authorized to require any or all of the following with respect to applications: (i) provisions to be included in the applicant's organizational documents limiting transfers of partnership or member interests or other actions detrimental to the continued provision of affordable housing; (ii) a designated form of right of first refusal document; (iii) terms in the extended use agreement requiring notice and approval by the executive director of transfers of partnership or member interests; (iv) debarment from the program of principals having demonstrated a history of conduct detrimental to long-term compliance with extended use agreements, whether in Virginia or another state, and the provision of affordable tax credit units; and (v) provisions to implement any amendment to the IRC or implementation of any future federal or state legislation, regulations or administrative guidance. The decision whether to institute, and the terms of, any such requirements shall be made by the executive director as reasonably determined to be necessary or appropriate to achieve the goals stated in this paragraph and in the best interest of the plan. Any such requirements will be indicated on the application form, instructions or other communication available to the public.</p>

5. Minimum Program Requirements

	Minimum Requirement
5.2.14	Each applicant shall commit in the application to provide free Wi-Fi access in the community room of the development, if such a room is provided, and such access shall be restricted to resident only usage.
5.2.15	Each applicant shall commit in the application to provide a disclosure, to be acknowledged by tenant, of the availability of renter education from the Authority. Applicant must submit a sample disclosure with their reservation application.

5.3 Compliance Monitoring

The Omnibus Budget Reconciliation Act of 1990 amended the IRC to require that state tax credit allocating agencies provide a procedure for monitoring developments for non-compliance with the requirements of the Program under IRC §42(m)(1)(B) and for notifying the Internal Revenue Service of such non-compliance. To offset the costs of compliance monitoring, Virginia Housing charges a reasonable annual monitoring fee, as allowed by the IRC. Virginia Housing is required by the IRC to monitor developments for compliance with the program requirements and report all non-compliance to the IRS using Form 8823.

The QAP mandates that all procedures and requirements in the IRC must be complied with and satisfied. The QAP further recites that federal law requires Virginia Housing to monitor developments receiving credits for compliance with the requirements of §42 of the IRC. The Authority will review each certification set forth in subsection C of this section for compliance with the requirements of § 42 of the IRC.

The initial on-site inspection of buildings and units in the development, and compliance monitoring review of project records and tenant certification files will be completed by the end of the second calendar year following the year the last building in the development is placed in service and at least once every three years thereafter. Units and tenant files will be selected as required under the program requirements. The Authority will provide a reasonable notice of inspection and compliance monitoring review of not more than 15 days.

For more complete information regarding mandatory compliance monitoring please reference VirginiaHousing.com/Partners/Rental-Housing/Compliance-Monitoring.

6. Housing Credit Application Information

6.1 Reservation Application for 9% Credits

The application can be found on our website. The Tax Credit Application was prepared using Microsoft Excel. Because of additional mapping behind the scenes, copy and paste should not be used.

Note: If the development is a mixed construction development, a mixed construction application must be requested from Virginia Housing and completed by the established deadline. Send an application request to TaxCreditApps@VirginiaHousing.com as soon as you think you might be pursuing a Mixed Construction Application.

6.2 Reservation Application for 4% Credits Combined with Tax-Exempt Bonds

These developments, because they are federally subsidized, only qualify for the 4% credit. Bond financing must be more than 50% of the development's aggregate basis plus land while the maximum allowable credits are calculated on 100% of the qualified basis of the low-income units. Virginia Housing must determine that the development satisfies the threshold requirements of the QAP. Only the minimum amount of credits will be allocated to the development to make it financially feasible.

The application is the same for 9% and 4% credits and can be found on our website, VirginiaHousing.com. The 4% Tax Credit Application was created using Microsoft Office 365. The Mandatory Items that must be submitted with the 4% Reservation application are the same as "Reservation Application Mandatory Items," described in Section 6.5., as well as a Physical Needs Assessment (if applicable) and a Phase I Environmental Assessment. Please note that there is a requirement to meet with TCA Staff prior to submission of a reservation application if you have not previously submitted a successful 4% application. If available, please add an inducement resolution.

If the reservation fee for a 4% Tax-Exempt development is not paid within the same calendar year as the application, the deal will be terminated.

	Description
6.2.1	Complete the Locality Notification Information form (online submission) at least 45 days prior to submitting the application.
6.2.2	Submit the Application for Reservation — The market study, Physical Needs Assessment (if applicable), Phase I Environmental Site Assessment, and \$1,000 Application Fee are due with the Application.
6.2.3	Virginia Housing reviews 4% plans for adherence to Minimum Design and Construction Requirements. See section 6.6.14 for more information.
6.2.4	The appraisal fee (if applicable) is due when Virginia Housing notifies the Applicant of the appraisal fee (typically within 7-10 days of receiving Application).
6.2.5	Virginia Housing reviews the Application for threshold, financial and market feasibility.
6.2.6	If the Application qualifies for an allocation, Virginia Housing will request payment of the Reservation Fee.

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6.2.7	After receipt of the Reservation Fee, Virginia Housing sends the Section 42(m) letter and Extended Use Agreement.
6.2.8	An Existing Conditions Questionnaire must be submitted with the reservation application for all 9% and 4% rehab deals.
6.2.9	Virginia Housing will be requiring the submission of a 50% test with all 4% deals to be submitted after bond closing and no later than 8609 application.

6.3 Reservation Specifications

The following specifications must be incorporated into both the 9% and 4% application for Federal Housing Credits. Documentation must be submitted with the application to support any variations from these specifications.

	Specification	Description
6.3.1	Revenue	Within the Unit Mix grid, add a line item for each different unit floor plan configuration and rent target for this development. Rents should not include utility allowance.
6.3.2	Vacancy	Use either 7% of gross potential income or market vacancies. If the development includes both market and low-income units, use 7% of gross potential income or market vacancies for both. Documentation must be submitted to support market vacancy if less than 7%.
6.3.3	Operating Expenses	Per Unit Operating Expenses must be at least \$4,500 per unit excluding replacement reserves and assuming the tenant is paying own utilities. The pro forma operating expenses increase is greater than or equal to 3% for purposes of calculating Projections for Financial Feasibility.
6.3.4	Replacement Reserves	Minimum replacement reserves should equal \$250 per unit for new construction and elderly developments and \$300 per unit for all other developments.
6.3.5	Pro Forma Rent Increases	The pro forma rent increase is less than or equal to 2% per year for purposes of calculating Projections for Financial Feasibility.
6.3.6	Debt Coverage Ratio	A minimum of 1.15 in year one is preferred.
6.3.7	Cost Limits	Total development costs per square foot and per unit will be compared to the applicable cost limits for the allocation year. The development only needs to meet one of the set cost limits, either per unit or per square foot. Costs associated with parking structures, acquisition, renewable electric energy systems and supportive service reserves may be removed from the total development calculation for purposes of meeting the cost limit.

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6.3.8	Builder's Overhead, Profit and General Requirements	In total, the combined amount included in basis (including any change orders) must not exceed 14% of total structures and land as shown in the application.
6.3.9	Operating Reserve	Use a minimum of 6 months of operating expenses and debt service.
6.3.10	Tax Credit Equity Factor	This generally does not include syndication, legal, accounting, overhead, sales commissions and/or required reserves. The Applicant will determine the amount appropriate for the development.
6.3.11	Deferred Developer Fee Loan	If 50% or more developer fee is deferred, the application must include evidence that the property can support the repayment within 15 years based on the cash flow analysis provided in the application.

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6.4 Developer Fee Calculation

The maximum developer's fee will be the lesser of the following calculations:

	Description
6.4.1	<p><u>Acquisition</u>: Less than or equal to 10% of the building's acquisition cost, excluding the developer's fee. No developer's fee will be allowed on the acquisition basis in cases where there is an identity of interest between the purchaser and seller unless a waiver is obtained from Virginia Housing prior to application submission. In addition, the building acquisition portion of the developer fee for all Rural Development developments will not exceed 8%, PLUS <u>Rehab</u>: Less than or equal to 25% of the building's eligible basis arising from the rehab, excluding the developer's fee, OR <u>New Construction</u>: Less than or equal to 20% of the building's eligible basis, excluding the developer's fee.</p>
6.4.2	Less than or equal to 15% of the total development costs.
6.4.3	For developers with a related entity contractor, the maximum developer's fee shall not exceed the total development costs, less the contractor's overhead, profit and any incentive payments.
6.4.4	For developers with a related architectural entity, the maximum developer's fee shall not exceed the total development costs, less the architectural and engineering fees.
6.4.5	For developers with both a related architectural entity and a related contractor entity, the maximum developer's fee shall not exceed the total development costs, less the total development costs exclusive of the developer fee, less the contractor's overhead, profit, any incentive payments and all architectural and engineering fees.
6.4.6	<p>A cumulating declining scale, as follows:</p> <ul style="list-style-type: none"> • 15% if less than \$1 million total development costs, plus • 12% if between \$1 million and \$10 million total development costs, plus 8% if greater than \$10 million total development costs.

Notwithstanding the existing calculation of developer's fee, (i) no more than \$3 million of developer's fee may be included in the eligible basis of 9% deals, (ii) no more than \$3 million developer's fee may be included in the eligible basis of developments seeking 4% credits, unless at least 30% of said developer's fee is deferred, (iii) no developer's fee may exceed \$5 million, and (iv) no developer's fee may exceed 15% of the development's total development cost.

The fee amount cannot increase after Reservation without prior approval.

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6.5 Reservation Criteria

The following summary is an attempt to provide a more complete explanation of Application criteria, answer frequently asked questions, supply expanded details related to Virginia Housing’s intent in requesting documentation, as well as to detail the methods of calculation.

This summary should not be considered a replacement for, but rather a supplement to the QAP, which in the case of discrepancies will be the overriding document.

	Description
6.5.1	Increase to Eligible Basis is allowed under the following circumstances:
6.5.1.a	The development is located in a HUD-designated qualified census tract (QCT) or difficult to develop area (DDA). (30% increase available to both 9% and 4% deals)
6.5.1.b	The development includes Permanent Supportive Housing (PSH). PSH is housing consisting of units designated for individuals or families that are homeless, at-risk of homelessness or who have multiple barriers to independent living. (30% increase only available to 9% deals)
6.5.1.c	If revitalization points are awarded. (30% increase only available to 9% deals)
6.5.1.d	If the development obtains an additional green certification over the baseline requirement. (10% increase only available to 9% deals)

Basis boosts may be subject to removal at 8609 if feasibility determines they are not needed.

Note: The maximum increase in eligible basis any development can receive is 30%. Tax Exempt Bond deals with 4% credits will only qualify for a 30% increase in basis if the development is located in a HUD designated QCT or DDA.

	Criteria	Description
6.5.2	Determining Total # of Rental Units in Development	Exclude units from rental unit count that will not be rented to qualified households (e.g. manager’s unit)
6.5.3	Minimum Design and Construction Requirements Note: Each deal receiving a reservation will be subject to a pre-construction meeting where these will be reviewed with the development team.	VH’s Minimum Design & Construction Requirements (MDCR) are mandatory minimum design criteria for any development receiving tax credits and/or VH financing. Whether financing with VH or not, construction will be monitored periodically to ensure requirements are being met. In the event the plans and specifications and/or work write-up do not include Virginia Housing Minimum Design and Construction Requirements, then those requirements must still be met, even though the application is accepted for credits. Not doing so may cause the Application to be ineligible for credits.

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		All 4% applications will be subject to an MDCR review prior to confirm inclusion of MDCRs. See Section 6.6.14, A&E Review Process, A&E Review Workflow, and A&E Review Memo Template for additional information.
6.5.4	Set-Aside Elections	The selections made in this category are used to determine the lower rent bonus points.
6.5.5	Operating Budget	Revenue should be projected for the date the buildings are anticipated to be placed in service and using rents not greater than the current maximums. Use HAP rents where applicable.

6.6 Reservation Application Mandatory Items

The following are mandatory documents that must be submitted with the application. Mandatory items that are not submitted with the application or that need to be corrected may be assessed a penalty. Immediate correction of minor and immaterial defects affecting mandatory items (but not points items) will be allowed. Should the executive director choose to allow correction, applicants will be given 48 hours from the time of notification to cure defects with their application. If the executive director allows an applicant to cure minor defects, that does not constitute approval or acceptance of the application and is not an assurance that the application, upon further review, will be deemed acceptable.

If the mandatory items are not submitted or corrected within the time frame specified in the penalty notification, the application may be penalized or disqualified. Please refer to the Submission Checklist in the application for correct tab placement.

	Mandatory Item	Description
6.6.1	Electronic Copy of Application and Attachments (Procorem)	Submit a signed, completed, application with attached tabs in PDF format using VH tab dividers & active Excel copy of the application, both submitted via our file sharing application, Procorem.
6.6.2	Locality Notification Information form (online submission)	<p>Applicant must complete Virginia Housing’s online LNI form no less than 45 days prior to application. Slight discrepancies between the LNI and the application will not result in penalties. Any applicant submitting more than 5 LNIs must meet with Tax Credit staff prior to submitting. Please include the names and e-mail addresses for all parties that need access to the Procorem folder in the LNI.</p> <p>Any development that includes a Public Housing Authority in the ownership structure or are participating in the Rental Assistance Demonstration (RAD) program, or other PHA conversion to project-based rental assistance must arrange a meeting with Authority staff at the time of LNI submission.</p> <p>At this meeting, the developer will provide an overview of the project and can expect to discuss deal timing, structure of the project and MDCR requirements.</p>

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6.6.3	\$1,000 Application Fee	Must be paid via check or electronically to Virginia Housing prior to application deadline. The process for submitting payments is in Section 12.2.
6.6.4	Partnership or Operating Agreement and Organizational Chart	<p>Each application must include both a copy of the Owner's Partnership Agreement or Operating Agreement along with an organizational chart depicting the ownership structure of the Owner. The organizational chart must comply with the following requirements:</p> <ul style="list-style-type: none"> • Show each Principal (as defined within the QAP) of the Owner that is a joint venture, partnership, limited liability company, corporation, nonprofit organization, trust, or any other public or private entity. • All Principals (including individuals) having an ownership interest in any entity within the direct chain of Principals maintaining managerial control over the GP/MM of the Owner must be individually identified, except as follows: <ul style="list-style-type: none"> ◦ For Principals organized as a corporation (public or private), you are only required to list the names of any officers who are directly responsible to the Board of Directors (or equivalent) and any stockholder holding a 25% or more interest in said Principal. ◦ For nonprofit organizations and public housing authorities, you are only required to list the name of the executive director or CEO. ◦ For Principals organized as a limited liability company or limited partnership with more than 25 individual members/partners, you are only required to list the names of any officers and any managing members/partners responsible for managing the affairs of the company, along with the name of any individual member holding 25% or more interest in the Principal. ◦ For Principals organized as a trust, list the names of all trustees and any individuals possessing a 25% or more beneficial interest in the assets of the trust. • Applicants are not generally required to list the names of individuals owning an interest in Principals outside of the direct chain of Principals maintaining managerial control of the GP/MM of the Owner; however, the following individuals must be specifically identified in all cases: <ul style="list-style-type: none"> ◦ All individuals possessing a 25% or greater ownership interest in a Principal of the Owner; ◦ All individuals named as trustee of a Principal of the Owner organized as a trust and all individuals

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		<p>possessing a 25% or greater beneficiary interest in said Principal;</p> <ul style="list-style-type: none"> ◦ All individuals serving as MM or GP of a Principal; ◦ All individuals serving in their capacity as president, vice president, secretary, treasurer, or other officer responsible for managing a Principal; and ◦ The executive director or CEO should be the individual identified for nonprofit organizations and public housing authorities. <p>Virginia Housing reserves its rights under the QAP to request additional information and certifications regarding and</p> <ul style="list-style-type: none"> • from any Principal of the Owner, regardless of whether such Principal is required to be included on the organizational chart.
6.6.5	Virginia State Corporation Commission Certification (SCC)	Submit a Certification from the Virginia SCC reflecting the ownership entity is admitted to record in Virginia and is authorized to transact business in Virginia.
6.6.6	Principal's Previous Participation Certification (PPC)	Information provided in the PPC form and representations made in the ownership section of the Application will be used to enforce the limit on the amount of credits that are reserved for a single sponsor. No more than 15% of the per capita credit amount may be reserved to any party or related parties, either directly or indirectly, in any credit year.
6.6.7	Site Control Documentation	<p>Site control must be in the name of the tax credit ownership entity identified in the Application. The site control document must reference all parcels in the development and should not allow further marketing of the property by the seller. All applications must include a copy of the most current real estate tax assessment.</p> <p>Site control documentation must be in one of the following forms:</p> <ul style="list-style-type: none"> • Sole fee simple ownership of the site of the proposed development by the applicant, OR

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- Lease of such site by the applicant for a term exceeding the compliance period (as defined in the IRC) or for such longer period as the applicant represents in the application that the development will be held for occupancy by low-income persons or families, **OR**
- Right to acquire or lease such site pursuant to a valid and binding written option or contract between the applicant and the fee simple owner of such site. **For competitive 9% credits, an option or contract must extend beyond the application deadline by a minimum of four months.**
- Site control by an entity other than the Owner even if it is a closely related party is not sufficient. Anticipated future transfers to the Owner are not sufficient. The Owner, as identified previously, must have site control at the time this Application is submitted.

The option or contract shall have no conditions within the discretion or control of the site owner. Any contract for the acquisition of a site with existing residential property may not require an empty building as a condition of such contract, unless relocation assistance is provided to displaced households, at such level required by Virginia Housing. Please refer to the Virginia Housing Relocation Assistance Guidelines.

In the case of acquisition and rehabilitation of developments funded by Rural Development of the U.S. Department of Agriculture (“Rural Development”), any site control document subject to approval of the partners of the seller does not need to be approved by all partners of the seller if the general partner of the seller executing the site control document provides (i) an attorney’s opinion that such general partner has the authority to enter into the site control document and such document is binding on the seller or (ii) a letter from the existing syndicator indicating a willingness to secure the necessary partner approvals upon the reservation of credits.

If the site control document does not clearly state the price but rather ‘an assumption of outstanding debt’, documentation must be provided to show the value of the outstanding debt.

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6.6.8	Third-Party RESNET Rater Certification	<p>All requirements must be verified by a third party, independent, non-affiliated certified RESNET rater; rater must be certified by a provider found on the Virginia Housing Certified Provider list. All Raters must submit to the owner, to be included in the application, a signed Virginia Housing RESNET Rater form and a HERS report from an energy rating software program listed on the National Registry of Accredited Rating Software Programs.</p> <p>At Reservation, model reports for at least one of each unit type should be provided. A summary page with weighted averages may also be provided to show a whole building score. The RESNET Certification Form should reflect the final modeled weighted average HERS Index. If a Rehab, existing baseline HERS indices should be provided as well. RESNET Sampling Protocol and generally accepted modeling standards should be followed. All raters certifying a property for Virginia’s Housing Credit program must be authorized to conduct business in Virginia and have completed 500+ ratings.</p> <p>New Construction: Must become Energy Star Certified using appropriate program for development as defined annually by Energy Star - Reservation application will include the Virginia Housing RESNET Certification and applicable HERS report.</p> <p>Rehabilitation: 30% performance increase over existing, based on HERS Index or, must evidence a HERS Index of 80 or lower-Reservation application will include the Virginia Housing RESNET Certification and applicable HERS report.</p> <p>Adaptive Reuse: Must achieve a HERS Index of 95 or lower. Reservation application will include the Virginia Housing RESNET Certification and HERS report. 8609’s will not be issued until a notarized final Virginia Housing RESNET Certification is received.</p> <p>Certified Provider list: Virginia Housing recognizes all providers listed on the National Registry of Accredited Rating Providers. Resnet.us/Professional/Programs/Search_Directory</p> <p>See Virginia Housing website for required RESNET Rater Form.</p>
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6.6.9	Attorney's Opinion (Virginia Housing form)	<p>The final Attorney's Opinion must be provided on the applicable Virginia Housing form.</p> <ol style="list-style-type: none"> 1. This Opinion must be included with application. 2. This Opinion must be submitted under law firm's letterhead. 3. The executed Opinion submitted as part of the application must be accompanied by a blackline showing that no changes have been made to this form beyond those necessary to complete it (e.g. filling in blanks, selecting bracketed language as appropriate). 4. If circumstances unique to a particular application require modification of this form, any such modification must be approved by Virginia Housing in writing within six months prior to the application deadline. A copy of any such approval must be included with this executed Opinion as part of the application. <p>5. Be aware that there is a 9% version and a Tax Exempt version. Failure to utilize the correct form or to abide by the instructions above form may result in a point penalty or rejection of the application.</p> <p>See website for required Attorney Opinion Form.</p>
6.6.10	Nonprofit Questionnaire (if Applicant/Developer or recipient of ROFR is a Nonprofit Organization)	<p>If applicant is eligible to compete in the Nonprofit Pool and/or receive points for nonprofit involvement, applicant must submit the completed questionnaire and consulting agreements, if applicable.</p> <p>See website for required form.</p>

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6.6.11	Appraisal (if Acquisition credits are being requested)	<p>Appraisals are required to be submitted with the Reservation Application only when the applicant is seeking acquisition credits for acquisition-rehab and/or adaptive reuse LIHTC developments.</p> <p>Virginia Housing will accept RD appraisals that include its requested values.</p> <p>The applicant obtains appraisals independently. However, Virginia Housing reserves the right to order its own appraisal (at the applicant's expense), if it has unresolved questions or concerns about the report. The associated fee will be communicated by Virginia Housing to the applicant in writing.</p> <p>Regarding 9% LIHTC applications, all questions and concerns regarding the appraisal must be resolved before preliminary rankings. As such, your application could be disqualified if Virginia Housing has to order its own appraisal.</p> <p>Regarding 4% LIHTC credit applications, all questions and concerns regarding the appraisal must be resolved before the 42m letter is issued.</p> <p>See website for additional requirements.</p>
6.6.12	Market Study	<p>Please reference Virginia Housing Market Study Guidelines available on the website. Market study information in the application must match information included in the final market study. Approved market analysts are required to be a member of the National Council of Housing Market Analysts (NCHMA).</p> <p>See criteria for approved market analyst listing on the Virginia Housing website. The application may be subject to penalty if (1) the market study is not provided with the application and/or; (2) if the market study does not meet current market study guidelines.</p> <p>For Virginia Housing purposes, the date of the site inspection is the Effective Date of the report. The Effective Date must be obviously stated on the cover page or in the Executive Summary section of the report. For a market study with an Effective Date that is 6 to 12 months old at the time of submission, if there are no material changes to the development and/or market, the analyst must provide a letter stating "No material</p>

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		<p>changes since last report dated...” If there are material changes, the market study must be updated to include detailed discussion about those changes.</p> <p>No market study greater than 12 months old will be accepted, meaning a site inspection by the market analyst must occur within 12 months of Virginia Housing’s application deadline.</p>
6.6.13	Zoning Certification	<p>The appropriate locality official or professional civil engineer registered in Virginia must certify proper zoning, without substantive modification and no earlier than three months before the Application Deadline. If the proposed site overlaps the boundary between multiple political jurisdictions, Virginia Housing will accept (1) a Certification form from each locality or (2) a letter from one locality specifying that the other locality has jurisdiction.</p> <ol style="list-style-type: none"> 1. The Local Certification section must be completed by the appropriate local official or Civil Engineer. 2. The Engineer must be registered in the Commonwealth of Virginia. 3. Development Description’ should be provided by the Owner. 4. Development Address should correspond to the application. 5. Legal Description’ should correspond to the site control document in the application. 6. Proposed Improvements’ should correspond with the application. 7. Other Descriptive Information’ should correspond with information in the application. 8. Any change in this Certification may result in disqualification of the application. <p style="color: red;">See website for required form</p>
6.6.14	Plans and Specifications	<p>Following are the minimum requirements for all property types applying for 9% credits (new construction, rehab and adaptive reuse).</p> <ul style="list-style-type: none"> • A location map with the property clearly defined on the plans. • A site plan showing locations of all building(s) and major site elements (e.g., parking lots and location of existing utilities and water, sewer, electric, gas in the streets

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adjacent to the site). Contour lines and elevations are not required. If this is a combination 9%/4% development, indicate on the site plan all buildings for both 9% and 4%. Include a building-by-building unit matrix reflecting distribution of 9% and 4% units.

- Sketch plans of main building(s) reflecting overall dimensions.
- Typical floor plan(s) showing apartment types and placement.
- Ground floor plan(s) showing common areas.
- Sketch floor plan(s) of typical dwelling unit(s).
- Typical wall section(s) showing footing, foundation and wall and floor structure. Notes must indicate basic materials in structure, floor and exterior finish.
- All items reflected in Virginia Housing's Minimum Design & Construction Requirements.
- Rehab developments must include a 100% Unit Condition Survey and Scope of Work Narrative. This is in addition to the Physical Needs Assessment.

Plans and Specs for **4% applications** must be complete at least through Design Development phase and include Architectural, Civil, Structural and MEP design disciplines. A 100% unit condition survey is required for all rehab deals at the time of reservation application. See the submission section in the Virginia Housing Minimum Design and Construction Requirements for additional submission requirements at the time of application.

All 4% applications are subject to an A&E review prior to award. At the time of LNI submission, Virginia Housing will create a separate Plan Review folder (the folder will be titled "Deal Name – Plan Review"), upload all plans and specifications to this folder, not the folder with the reservation application. See A&E Review Process, A&E Review Workflow, and A&E Review Memo Template on the Virginia Housing website for more information.

The Authority reserves the right to require a complete A&E review prior to awarding 9% credits if it is deemed necessary.

In the event the plans and specifications do not include Virginia Housing Minimum Design and Construction Requirements, they still must be met if the Application is accepted. However, leaving out these requirements may cause the Application to be ineligible for credits at project close out or have penalty points assessed for future submittals.

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6.6.15	Environmental Site Assessment (Phase I) – 4% only	Each 4% tax credit reservation application must include an environmental site assessment (Phase I). Additional reports/documentation may be requested, if applicable.
6.6.16	Relocation Assistance Plan (Rehab only)	<p>A Relocation Assistance Plan is required any time residents will be displaced and for all rehab deals.</p> <p>Owners are required to submit a Relocation Plan and include a Relocation Budget with the Reservation Application, if applicable. Please reference the separate Relocation Plan Guidelines available on our website.</p> <p>Relocation Plan Requirements: The approved relocation plan must be kept in plain sight and available for tenants to review and should be property specific, including at a minimum:</p> <ol style="list-style-type: none"> 1. The name, address and contact person for the owner and management company. 2. Scope of the work to be completed, including estimated start and completion dates. 3. Planned measures to minimize construction impact on occupied units. 4. Projected rents and rental policies after rehab. 5. Advisory services to be offered. 6. Estimated determination as to Moving Cost Reimbursement. 7. A unit delivery schedule. 8. Relocation Budget. <p>Owners must document compliance by including in each tenant’s file all documentation related to relocation, including all notices and agreements referenced herein, as well as bill receipts and canceled checks. Be prepared to present this information to Virginia Housing upon request.</p>
6.6.17	Physical Needs Assessment (4% Rehab only)	A Physical Needs Assessment must be submitted with the reservation application for all 4% rehab deals.
6.6.18	Existing Conditions Questionnaire (Rehab only)	A Virginia Housing Existing Conditions Questionnaire must be submitted with the reservation application for all 9% and 4% rehab deals. This form is available on our website.

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6.6.19	Rental Education Disclosure	Each applicant shall commit in the application to provide a disclosure, to be acknowledged by tenant, of the availability of renter education from the Authority. Applicant must submit a sample disclosure with their reservation application. At least one of the following links must be provided: VirginiaHousing.com/Education , VirginiaHousing.com/Renters , and VirginiaHousingSearch.com/Resources .
6.6.20	Investor/Syndicator Letter of Intent	A letter of intent signed by an investor or syndicator must be provided with the reservation application. Letters may be non-binding and should indicate prospective credit pricing and/or aggregate credit appetite for the individual development.

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6.7 Project Readiness — Point Items

The following is meant to provide a better understanding of the Project Readiness point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement.

Project Readiness			
	Point Category	Points	Explanation
6.7.1	Locality CEO Letter	0 or -25	<p>Receiving a letter in support or a 'no comment' from the locality will qualify the application for 0 points.</p> <p>VH will consider an opposition letter if it is accompanied by a legal opinion from the locality's attorney, opining that the locality's opposition to the proposed development does not have a discriminatory intent or effect that is in violation of the Fair Housing Act and the HUD implementing regulations, as described in 24 CFR §100.500(a) and 24 CFR §100.500(b).</p>
6.7.2	Location In A Revitalization Area	0, 10, or 15	<p>Any proposed development that is to be located in a revitalization area meeting the requirements of Virginia Code 36-55.30:2 or within a state designated Opportunity Zone with a binding commitment from an Opportunity Zone fund/investor.</p> <p>To qualify for revitalization area points, select one of the following (and provide adequate documentation):</p> <ul style="list-style-type: none"> • The development is located in a Qualified Census Tract, as defined by HUD. (10 points) • The development is located in a census tract wherein 70% or more of the families have incomes which are ≤ 80% statewide median income. Note: These census tracts are included in the definition of target area for single-family purposes, but do not include ACEDS. (10 points) • The development is located in an already established redevelopment area, conservation area or rehabilitation district created by a city or county, pursuant to §36-1 et seq. Documentation must show area boundaries and support that the development lies within those boundaries. (10 points) • The development is located in a Housing Rehabilitation Zone established through an ordinance created by a city, county or town pursuant to §36-55.64. Documentation must include a copy of the ordinance with support that the development lies within the Rehabilitation Zone. (15 points)

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- The development is located in a defined revitalization area. Documentation must include a resolution from the locality supporting the development's location within the revitalization area that is identical to the language below. If there are any questions about this point item, please reach out to the Tax Credit Allocation Department prior to application submission. (15 points)

The above-referenced development is located in a Revitalization Area in the Town/ City/County of, Virginia. The revitalization area is (i) **either**

- blighted, deteriorated, deteriorating or, if not rehabilitated, likely to deteriorate by reason that the buildings, improvements or other facilities in such area are subject to one or more of the following conditions- dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise inadequate design, quality or condition, **or** (2) the industrial, commercial or other economic development of such area will benefit the city or county but such area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings to locate or remain in such area; **and** (ii) private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.

Delete the language that does not apply, (i)(1) or (i)(2) above.

- The development is located in a Qualified Opportunity Zone and has a binding commitment of funding. Documentation must include a firm commitment of funding from a Qualified

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			Opportunity Fund (QOF). Evidence of the self-certification to become a QOF must be provided with the commitment for funding. (15 points)
6.7.3	Plan of Development	0 or 10	Written evidence satisfactory to the authority of unconditional approval by local authorities of the plan of development or site plan for the proposed development or that such approval is not required.

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6.8 Housing Needs Characteristics — Point Items

The following is meant to provide a better understanding of the Housing Needs Characteristics point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement.

Housing Needs Characteristics			
	Point Category	Points	Explanation
6.8.1	Sec 8 or PHA Waiting List Preference	Up to 5	<p>Points will be awarded to a development without, or with less than 100% Section 8 project-based assistance where leasing preference is given to households on the local public housing or Section 8 waiting lists (maintained by the locality or the nearest Section 8 administrator for the locality in which the proposed development is to be located). Points are calculated based on units that do not have project-based assistance.</p> <p>Documentation must include a Section 8 or PHA Waiting List notification signed by the identified housing authority OR documentation that the notification was delivered to the housing authority prior to the application deadline.</p> <p>See required form on our website</p>
6.8.2	Existing RD, HUD Section 8 or 236 Program	0 or 20	<p>The development must be subject to Rural Development or HUD Section 8 or 236 programs at the time of Application, including program participation. However, if the Applicant is the current owner or has any common interests with the current owner, either directly or indirectly, points will only be awarded if the Applicant waives all rights to any developer's fee associated with the acquisition of the development. The preceding condition may be waived by Virginia Housing for good cause. Waiver must be granted between LNI and Application submission.</p> <p>These points may apply to new construction if an existing RD or HUD contract is being bifurcated.</p>

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6.8.3	New Project-Based Rental Subsidy (HUD or RD)	Up to 40	When competing in either the New Construction or Northern Virginia pool only: five points for each project-based voucher up to a maximum of 40 points; provided, however, any points awarded reduce in equal measure any awarded for Subsidized Funding.
6.8.4	Subsidized Funding Commitments	Up to 60	<p>Any (i) funding source, as evidenced by a binding commitment or letter of intent, that is used to reduce the credit request; (ii) commitment to donate land or buildings or tap fee waivers from the local government; or (iii) commitment to donate land (including a below market-rate land lease) from an entity that is not a principal in the applicant (the donor being the grantee of a right of first refusal or purchase option with no ownership interest in the applicant shall not make the donor a principal in the applicant). Loans must be below market-rate or cash-flow only to be eligible for points.</p> <p>Financing from the authority and market rate permanent financing sources are not eligible.</p> <p>The applicant receives two points for each percentage point of the total development cost up to a maximum of 60 points. The authority will confirm receipt of such subsidized funding prior to the issuance of IRS Form 8609.</p> <p>Firm commitment(s) for the following funding sources must include the following:</p> <ol style="list-style-type: none"> <u>1. Local government funding</u> – documentation must include a resolution passed by the locality in which the proposed development is to be located committing such financial support to the development in a form approved by Virginia Housing. <u>2. Local government donations</u> – a commitment to donate land, buildings or tap fee waivers. <u>3. Donation of land, not from a local government</u> – a commitment to donate land (including a below market rate land

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			lease) from an entity (not a local government) that is not a principal in the applicant (the donor being the grantee of a right of first refusal or purchase option, with no ownership interest in the applicant, shall not make the donor a principal in the applicant). The value of donated land (including a below market rate land lease) will be based on the most recent locality tax assessment.
6.8.5	Tax Abatement	0 or 5	The development must qualify for a deferral on a portion of real estate tax increases (a real estate tax abatement) as authorized by the Code of Virginia, § 58.1-3219. Local or state subsidy is not eligible for these points.
6.8.6	High Opportunity Census Tract	0, 20, 25, or 30	If the census tract where the development is located has: <ul style="list-style-type: none"> • less than 12% poverty - 20 points will be awarded; • less than 10% poverty - 25 points will be awarded; • less than 3% poverty - 30 points will be awarded.
6.8.7	Rural Development – “High Priority”	0 or 15	The application must include a support letter from USDA RD stating that the rehab development is a priority.
6.8.8	Areas with An Increasing Rent Burdened Population	Up to 20	Any proposed new construction development (including adaptive re-use and rehabilitation that creates additional rental space) and that is located in an area identified by VH as an area with an increasing rent burdened population will be eligible for these points. Applications receive 0 points for this point category in the At-Large Pool.
6.8.9	Economic Development Areas	0 or 5	Any proposed development located within an area identified by the executive director as possessing either medium or high levels of economic development activity. In determining such areas, the executive director will evaluate economic data such as per capita job creation data from the Virginia Economic Development Partnership.

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6.8.10	Tribal Housing	0 or 15	Points for locating housing on federally or Virginia recognized Tribal Nation lands located within present-day boundaries of the Commonwealth.
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6.9 Development Characteristics — Point Items

The following is meant to provide a better understanding of the Development Characteristics point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement. Any selected enhancement points apply to all units.

Development Characteristics				
	Point Category		Points	Explanation
6.9.1	Amenities			
	6.9.1.a	Community/ Meeting Room	0 or 5	<p>The development has a community room with a minimum of 749 sq. ft., complies with use guidelines, and includes wireless internet access that is restricted to residents only.</p> <p>Points associated with this item are not allowed unless the community room is physically located within the boundaries of the development currently being considered for credits. The IRS has stated that common space (pool, meeting room, community building, laundry room, etc.) located in one phase may not be used by residents from another phase unless the area is treated as commercial space. Therefore, the cost of the common space must be subtracted from basis in order to be used by households living in another phase. Square footage requirement is calculated for all spaces not separated by doors or walls.</p> <p>Community rooms may be used for program and classes with the following stipulations. Provided that the cost of the community room is not included in eligible basis, the owner may conduct (or contract with a nonprofit provider to conduct) programs or classes for tenants and members of the community in the community room, so long as:</p> <p>(i) tenants compose at least one-third of participants, with first preference given to tenants above the one-third minimum; (ii) no program or class may be offered more than five days per week, (iii) no individual program or class may last more than eight hours per day and all programs and class sessions may not last more than ten hours per day in the aggregate; (iv) cost of attendance of the</p>

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program or class must be below market rate with no profit from the operation of the class or program being generated for the owner (owner may also collect an amount for reimbursement of supplies and clean-up costs), (v) the community room must be available for use for tenants when programs and classes are not offered, subject to reasonable “quiet hours” established by owner, and (vi) any owner offering programs or classes must provide an annual certification to the Authority that it is in compliance with such requirements, with failure to comply with these requirements resulting in a 10 point penalty for three years from the date of such noncompliance for principals in the owner.

Mandatory Community Room Internet Service

Free community room Wi-Fi restricted to development residents – Service is required to have a rotating password and only accessible to residents. Application must include resident internet education information, draft resident acknowledgment form and internet security plan at time of application. Resident education information and draft resident acknowledgment form must be included in all resident files.

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6.9.1.b	Brick Walls or other similar low-maintenance material	Up to 20	<p>Exterior walls are constructed using brick or other similar low-maintenance material approved by the Authority covering up to and including 50% of the exterior walls of the development.</p> <p>For purposes of making such coverage calculation, the triangular gable end area, doors, windows, knee walls, columns, retaining walls and any features that are not a part of the façade are excluded from the denominator. Community buildings are included in the foregoing coverage calculation.</p> <p>Other Similar Low-Maintenance Material list. Alternate materials from the list below may be used as a substitute to anchored brick with an air gap. A vented drainage plane must be incorporated.</p> <ul style="list-style-type: none"> • Anchored full natural stone with air gap; • Adhered natural or Cultured Stone Veneer, or other masonry product may be used for up to 35% of the total building.
6.9.1.c	Fiber Cement Board Siding	Up to 20	<p>Fiber cement board siding- Up to 20 points- Exterior walls are constructed using fiber cement board siding; up to and including 50% of the exterior walls of the development.</p> <p>For purposes of making such coverage calculation, the triangular gable end area, doors, windows, knee walls, columns, retaining walls and any features that are not a part of the façade are excluded from the denominator. Community buildings are included in the foregoing coverage calculation.</p>
6.9.1.d	WaterSense Toilets, Faucets & Showerheads	0 or 3	<p>Every unit in the development will have bathroom(s) containing only WaterSense labeled toilets, faucets and showerheads. Points only apply if additional green certifications are not obtained.</p>
6.9.1.e	High Speed Internet/ Broadband Infrastructure	0 or 5	<p>REHAB ONLY: Each unit will be provided with the necessary infrastructure for high- speed or broadband internet service if it does not already exist.</p>

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6.9.1.f	Bath Fans	0 or 3	<p>Each full bathroom will include:</p> <ul style="list-style-type: none"> • A bath fan wired to primary light with delayed timer; OR • A bath fan with humidistat; OR • Continuous exhaust by an ERV or DOAS. <p>Units may have combinations but each bathroom must have its own individual exhaust. User controlled interfaces are not allowed.</p>
6.9.1.g	USB Ports	0 or 1	In all units, minimum one USB charging port, will be provided in Kitchen, Living room and all bedrooms.
6.9.1.h	LED Kitchen Lighting	0 or 2	All Kitchen light fixtures are LED and will meet the MDCR lighting guidelines: minimum of one 4-foot long light fixture or lighting fixture(s) that provide a minimum illumination of 30 foot candles distributed across leading edge of countertops.
6.9.1.i	Solid Core Doors	0 or 3	All interior doors within the unit will be solid core. Solid wood doors will meet this requirement.
6.9.1.j	Free Internet	0 or 15	Free high-speed internet service will be provided for all units. High-speed is considered 100mbps download/20 upload. Must provide a resident internet education information, draft resident acknowledgment form, and internet security plan at time of application. Resident education and form must be included in all resident files.
6.9.1.k	Dehumidification	0, 2 or 5	<p>Rehab only- Provide dedicated space, drain and electrical hookups for possible future permanently installed dehumidification system. Primary apartment HVAC system does not qualify as a dehumidification system. Portable dehumidification models are not permitted. Equipment may not be set in a primary living space and must be concealed in a wall cavity (preferred) or a secondary space that easily communicates air with the rest of the unit.</p> <p>OR</p> <p>All Development Types- Each Unit is equipped with a permanent dehumidification system. Provide permanently installed dehumidification system that does not require manual disposal of condensation. System to include humidistat control. Primary apartment HVAC does not qualify as a dehumidification system. Portable dehumidification models are not permitted. Equipment may not be</p>

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				set in a primary living space. Independent dehumidification systems must be concealed in a wall cavity (preferred) or a secondary space that easily communicates air with the rest of the unit. A balanced, whole-building Dedicated Outdoor Air System (DOAS) with humidity control is acceptable
6.9.1.l	Balconies- New Construction only	0 or 4		Each unit will have balcony or patio with a minimum depth 5' clear from the face of building. Minimum 30 square feet clear area. All balconies are to follow applicable accessibility standards.
6.9.1.m	Fire Suppression	2		All cooking surfaces will be equipped with fire suppression features for the duration of the compliance period that meet Virginia Housing's requirements below: <ul style="list-style-type: none"> • All unit kitchens to include over the range fire suppression features such as canisters or similar features approved by Virginia Housing.
6.9.1.n	Renewable energy	0 or 10		The development will incorporate a renewable energy electric system. System should be reflected in Plans & Specifications. Evidence of proper permitting, locality inspection, and confirmation of operational system must be provided for the Virginia Housing Final Inspection.
6.9.1.o	Green Certifications	0 or 10		Green Certification options: <ul style="list-style-type: none"> • EarthCraft Gold; • LEED; • NGBS Silver or higher; • Enterprise Green Communities; • Zero Energy Ready Home (future points). • Passive House (future points).
6.9.1.p	ELDERLY ONLY: Front-Control Ranges	0 or 1		Every unit in the development will have a cooking range with front controls.
6.9.1.q	ELDERLY ONLY: Independent/ Supplemental Heat Source	0 or 1		All full bathrooms in the development will have an independent or supplemental heat source, in addition to the unit's standard HVAC system.

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	6.9.1.r	ELDERLY ONLY: Outside unit entry ledge	0 or 2	Shelf or ledge outside each unit entry door located in an interior hallway. Must have capacity to hold 50 pounds or more. Size and design must allow for temporary storage of items, must include hooks and do not obstruct accessible route. Unit entry ledges must be at 48" maximum above finished floor.
	6.9.1.s	ELDERLY ONLY: Two Eye Viewers	0 or 1	Every unit in the development will have an entrance door with two eye viewers, one at 44"- 48" and the other at standard height.
6.9.2	HUD 504 Accessibility – 10% of Units		0 or 20	Any development in which 10% of the units (i) conform to HUD regulations interpreting the accessibility requirements of § 504 of the Rehabilitation Act and (ii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits (all common space must also conform to HUD regulations interpreting the accessibility requirements of § 504 of the Rehabilitation Act). Must include a Marketing Plan that meets Virginia Housing's marketing requirements. All accessible features, including but not limited to, grab bars and shower seats, must be permanently installed.
6.9.3	Proximity to Public Transportation		0, 10 or 20	The development must be located within ½ mile of an existing or proffered commuter rail, light rail or subway station or ¼ mile of an existing or proffered public bus stop to be eligible for these points (10 points). New Construction, Northern Virginia/Planning District 8, or Tidewater MSA pools will receive 20 points. Deals in the LHA pool can receive a maximum of 10 points. Note: On-call transportation for elderly developments will qualify for points. See website for this form. Proffered stations/stops may provide alternative documentation.

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6.9.4	Units Constructed to Meet Virginia Housing's Universal Design Guidelines	Up to 15	Points will be awarded on a prorated % basis for the number of units meeting this criterion in a non-elderly development. Elderly Developments must have 100% of the units meet this criterion in order to qualify for the points. The Universal Design Checklist should be submitted with the application, if applicable, along with Plans. It is mandatory that the Architect of Record attend Virginia Housing Universal Design training. Training must have occurred within the last 5 years or later. The Architect of Record must be listed on Virginia Housing's most current Universal Design Certificate Holders' listing and must provide the Universal Design Certificate with the application . The Architect of Record must sign the Virginia Housing Architect's Certification.
6.9.5	Historic Rehab	0 or 5	<p>The Structure must be listed individually in the National Register of Historic Places or be located in a registered historic district and certified by the Secretary of the Interior as being of historical significance to the district and the rehab must be completed in such a manner as to be eligible for historic rehab tax credits.</p> <p>Evidence that the Part I has been approved by the Department of Historic Resources must be submitted with the application.</p>
6.9.6	Less than 100 units	Up to 20	Any development in which the applicant proposes to produce less than 100 low-income housing units.

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B. Marketing Plan Requirements

Marketing Plan Instructions for a Leasing Preference

Properties with a required leasing preference commitment must have a marketing plan and includes points awarded for Section 504 units with accessible features (“special needs units”). Properties must actively market units to individuals including at least one person with a disability in accordance with the marketing plan.

While there is no standard marketing plan language, every marketing plan must:

- a. Be customized for the property-specific leasing preference or special needs tenant population that the property is intending to serve;
- b. Include information on networking contacts with centers for independent living, disability services boards and address the efforts that will be necessary to fill a vacant unit;
- c. State that referred applicants will be given a leasing preference to fill the property’s required unit commitment;
- d. State that units will be held vacant and actively marketed to the networking contacts included in the written marketing plan;
- e. State that units may be held vacant for 60 days during which ongoing marketing must be documented;
- f. State that the property will be listed on VirginiaHousingSearch.com.

Leasing Preference Required Property Marketing

On-going marketing to the network contacts in the marketing plan for referrals is required until the unit commitment is met and maintained throughout the extended use period.

60 Day-Hold Unit

Units must be held vacant for 60 days during which active marketing efforts must be documented. However, if marketing to the 50-point special needs unit is deemed to be conducted satisfactorily on an ongoing basis throughout the year and management can provide sufficient documentation to Virginia Housing’s Compliance Officer, management may request the ability to lease 50-point units to a household not in the special needs population without the unit remaining vacant for the 60-day timeframe. “Ongoing basis” means contact to at least two (2) resources at least monthly in the manner noted below at any time the required number of units is not actually occupied by the special needs population.

Properties that fail to document ongoing active marketing to the marketing plan network contacts to lease vacant leasing preference units, may be cited with non-compliance, and may be required to hold unit(s) vacant for up to 60 days to actively market unfilled leasing preference units. Non-compliance with the marketing requirement is subject to a penalty point deduction in future funding requests with the Authority.

Note: The move of the temporary/non-disabled tenant will be paid for by the owner.

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6.10 Tenant Characteristics — Point Items

The following is meant to provide a better understanding of the Tenant Population Characteristics point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement.

Tenant Population Characteristics			
	Point Category	Points	Explanation
6.10.1	No More Than 20% Of Units with One Bedroom or Less	0 or 15	The development will have no more than 20% of its units with one bedroom or less. Deals that are 100% elderly do not qualify for these points.
6.10.2	% of Units with 3 or More Bedrooms	Up to 15	<p>These points only apply to developments eligible for the points associated with the point category 'No More Than 20% Of Units with One Bedroom or Less.'</p> <p>An additional 0.75 points will be awarded for each percent of the low-income units in the development with three or more bedrooms.</p>
6.10.3	Housing Credit Units that are income and occupancy-restricted to at or below 30% of AMI	Up to 10	For each percentage point of units in the proposed development that are both rent-restricted to and occupied by households at or below 30% of AMGI that are not subsidized by project-based rental assistance, one point will be assessed.
6.10.4	Housing Credit Units that are rent and occupancy-restricted to at or below 40% of AMI	Up to 10	For each percentage point of units in the proposed development that are both rent-restricted to and occupied by households at or below 40% of AMGI, one point will be assessed.
6.10.5	Housing Credit Units that are income and occupancy-restricted to at or below 50% of AMI	Up to 50	<p>The Applicant must commit to impose income limits on the low-income housing units throughout the extended use period (as defined in the IRC) below those required by the IRC in order for the development to be a qualified low-income development.</p> <p>Points will be assessed based on the percentage of housing units in the proposed development both rent-restricted to and occupied by households at or below 50% AMGI.</p>

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6.10.6	Housing Credit Units that are rent-restricted	Up to 25	The Applicant must commit to impose rent limits on the low-income housing units throughout the extended use period (as defined in the IRC) below those required by the IRC in order for the development to be a qualified low-income development.
6.10.7	Developments in “Low-Income Jurisdictions” - Units that are rent-restricted at or below 50% of the AMGI and income-restricted at or below 60% of the AMGI	Up to 50	<p>The Applicant must commit to impose rent limits on the low-income housing units throughout the extended use period (as defined in the IRC) below those required by the IRC in order for the development to be a qualified low-income development.</p> <p>“Low-income jurisdiction” means any city and county in the Commonwealth with an area median income at or below the Virginia non-metro area median income established by the U. S. Department of Housing and Urban Development (“HUD”).</p>
6.10.8	Target Population Design Elements	10	The applicant must commit to the following Department of Behavioral Health and Developmental Services (DBHDS) design guidelines: (1) non-elderly, (2) no more than 10% of the units have project-based rental assistance, and (3) 25% of the units are one-bedroom.

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6.11 Sponsor Characteristics — Point Items

The following is meant to provide a better understanding of the Sponsor Characteristics point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement.

Sponsor Characteristics			
	Point Category	Points	Explanation
6.11.1	SWaM Certified Contracts	0, 5, 7, or 10	<p>Points shall be awarded on a sliding scale to applicants that enter into at least one contract for services provided by a business certified as Women-Owned, Minority-Owned, or Service Disabled Veteran-owned through the Commonwealth of Virginia's Small, Women-owned, and Minority-owned Business (SWaM) certification program; provided, however, that no points will be awarded for entering into contracts where a spousal relationship exists between any principal of the applicant and any principal of the service provider.</p> <p>The following services and roles qualify for points under this subdivision 5 e: (i) consulting services to complete the LIHTC application; (ii) ongoing development services through the placed in service date; (iii) general contractor; (iv) architect; (v) property manager; (vi) accounting services; or (vii) legal services.</p> <p>An applicant seeking points in this subdivision 5 a must provide the Virginia Housing SWaM Contract Certification Form available on our website. The application must also include a copy of the service provider's certification from the Commonwealth of Virginia's Small, Women-owned, and Minority-owned Business certification program. (5 points for entering into one such contract; 7 points for entering into two such contracts; 10 points for entering into three or more such contracts.)</p>
6.11.2.a	Socially Disadvantaged Principal Ownership OR Nonprofit Leadership	0 or 30	<p>Applicants with at least one principal having an ownership interest of at least 25% in the controlling general partner or managing member for the proposed development that is a socially disadvantaged individual. No spousal relationship may exist between the socially disadvantaged principal and any other principal having an ownership interest in the development who is not also a socially disadvantaged principal.</p>

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			<p>OR</p> <p>Applicants with at least one nonprofit principal, which nonprofit principal (i) either demonstrates that 51% or more of its board membership is held by socially disadvantaged individuals or demonstrates that its most senior full-time executive officer is a socially disadvantaged individual; (ii) has an express business purpose of serving socially or economically disadvantaged populations or both; and (iii) certifies that no spousal relationship exists between any executive officer or board member for the purpose of satisfying these requirements and any other principal of the applicant who is not also a socially disadvantaged individual.</p> <p>Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. The social disadvantage must stem from circumstances beyond their control. There is a rebuttable presumption that the following individuals are socially disadvantaged: Black Americans, Hispanic Americans, Native Americans, and Asian Americans and Pacific Islanders. This provision shall be interpreted in accordance with 13 CFR § 124.103.</p> <p>The Virginia Housing Social Disadvantage Certification must be submitted with the reservation and may be found on our website.</p>
6.11.2.b	Veteran-Owner Contracts	0, 5, 7, or 10	<p>Points shall be awarded on a sliding scale to applicants that enter into at least one contract for services provided by (i) a veteran-owned small business (VOSB) as certified by the U.S. Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization, or the U.S. Small Business Administration, or (ii) a business certified as service-disabled veteran-owned through the Commonwealth of Virginia's SWaM Certification Program; provided, however, that no points will be awarded for entering into contracts where a spousal relationship exists between any principal of the applicant and any principal of the service provider.</p> <p>The following services and roles qualify for points under this subdivision 5 e: (a) consulting services to</p>

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			<p>complete the LIHTC application, (b) ongoing development services through the placed-in-service date, (c) general contractor, (d) architect, (e) property manager, (f) accounting services, or (g) legal services.</p> <p>(5 points for entering into one such contract; 7 points for entering into two such contracts; 10 points for entering into three or more such contracts)</p>
6.11.2.c	Veteran Ownership	0 or 30	Applicants with at least one principal having an ownership interest of at least 25% in the controlling general partner or managing member for the proposed development that is an individual with a VOSB certification. No spousal relationship may exist between the principal with a VOSB certification and any other principal having an ownership interest in the development who does not also possess a VOSB certification.
6.11.3	Developer Experience - Uncorrected Life Threatening Hazard	0 or -50	This penalty will apply to any applicant that includes a principal that was a principal in a development at the time the Authority inspected such development and discovered a life threatening hazard under the required LIHTC program physical condition standards.
6.11.4	Developer Experience - Uncorrected Form 8823 to IRS (non-compliance)	0 or -15	This penalty will apply to any Applicant that includes a principal who was a principal in a development that either (i) at the time Virginia Housing reported such development to the IRS for non-compliance had not corrected it by the time a Form 8823 was filed by Virginia Housing or (ii) remained out-of-compliance with the terms of its extended use commitment after notice and expiration of any correction period set by Virginia Housing. Penalty points for Uncorrected (non-compliance) will apply.

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6.11.5	Developer Experience - Principal Who Did Not Build As Represented	-2x	This penalty will apply if the application includes a principal who, in a previous application, did not build a development as represented in the Application for credit. The penalty, -2x the number of points assigned to the item(s) not built (per occurrence) will apply for a period of three years after the last Form 8609 is issued for the development and is in addition to any other penalties Virginia Housing may seek under its agreements with the Applicant.
6.11.6	Developer Experience - Principal Who Failed to Provide a Minimum Building Requirement as Required in a Previous Application	0 or -50 per item	This penalty will apply if the application includes a principal who, in a previous application, did not provide either a minimum building requirement as defined in Minimum Design & Construction Requirements or required non-point item as referenced in the Tax Credit Application. A 50-point penalty per requirement will apply for three years after the issuance date of the last Form 8609 and is in addition to any other penalties Virginia Housing may seek under its agreements with the Applicant, including program suspension or disqualification.
6.11.7	Developer Experience - Principal Who Had Credits Terminated by Virginia Housing	0 or -10	This penalty will apply if the application includes a principal who, in a previous application, had a reservation of credits involuntarily terminated by Virginia Housing. A 10-point penalty will apply for three years after the credits are returned to Virginia Housing and is in addition to any other penalties Virginia Housing may seek with the Applicant.
6.11.8	Developer Experience - Exceeding Cost Limits	0 or -50	This penalty will apply if the application includes a principal that was a principal in a development for which the actual cost of construction exceeded the applicable cost limit by 5% or more (-50 points for a period of 3 calendar years beginning January 1 of the year following the completion of the cost certification). If the Board of Commissioners determines that exceeding the cost limit by more than 5% was outside the applicant's control based upon documented extenuating circumstances, then no negative points.

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6.11.9	Developer Experience - More than Two Requests for Final Inspection	0 or -5	<p>This penalty will apply if the application includes a principal who, in a previous application had more than two requests for final inspection.</p> <p>Negative 5 points will apply beginning the year after the prior application incurred the penalty and continue for two years.</p>
6.11.10	Management Company Rated Unsatisfactory by Virginia Housing	0 or -25	<p>If the ownership of any Applicant includes a principal, who in a previous application hired a management company to manage a tax credit development, after such management company received an “unsatisfactory” rating from VH during the compliance and extended use periods of such development.</p>
6.11.11	Developer Experience - Requesting a Qualified Contract	Disqualified	<p>Beginning January 1, 2019, any applicant that includes a principal that has pursued a Qualified Contract in Virginia will be disqualified.</p>

6.12 Efficient Use of Resources

The following is meant to provide a better understanding of the Efficient Use of Resources point items that will be calculated in the application.

Efficient Use of Resources			
	Point Category	Points	Explanation
6.12.1	Credit Per Unit	Up to 100	<p>Up to 100 points will be awarded based on the percentage by which the total amount of credits, per low-income housing unit type, for a given property, is less than the maximum allowable credit amount using a sliding scale, the credit points are calculated by the difference between your savings and the desired 60% savings, you get all points if you provide 60% of savings.</p> <p>Overall Cost limits still apply.</p>

6. Housing Credit Application Information

6.13 Bonus Point Items

The following is meant to provide a better understanding of the Bonus point items that may be selected in the application. Refer to the Submission Checklist for correct tab placement.

Bonus Points			
	Point Category	Points	Explanation
6.13.1	Extended Use Restriction	40 or 70	<p>Applications documenting that the owner will maintain the low-income units in compliance for 10 years over the standard 30-year extended use period (40 years of total compliance) - 40 points; OR</p> <p>Applications documenting that the owner will maintain the low-income units in compliance for 20 years over the standard 30-year extended use period (50 years of total compliance) - 70 points.</p>
6.13.2	Nonprofit or Local Housing Authority (LHA) Purchase Option <i>Note: If points are requested for extended compliance above, no points will be awarded for a purchase option or right of first refusal.</i>	0 or 60	<p>The Purchase Option or Right of First Refusal must be signed and notarized by both the applicant and the participating nonprofit. If, during the document review and scoring process, Virginia Housing determines that the nonprofit or LHA is not qualified, the Applicant may submit a request to select one of the extended compliance options and Virginia Housing may award the appropriate points.</p> <p>The qualified nonprofit must have a minimum of 10% ownership in the general partnership or managing member for the full 15-year compliance period to qualify for these points. LHAs are not subject to the 10% ownership requirement.</p>
6.13.3	Homeownership Option <i>Note: If points are requested for extended compliance above, no points will be awarded for a purchase option or right of first refusal.</i>	0 or 5	<p>The local housing authority (LHA) LHA or qualified nonprofit commits to sell the units in the development to tenants.</p> <ul style="list-style-type: none"> Only developments consisting of freestanding single-family dwellings are eligible for conversion to homeownership. Apartments, townhomes and condo units are ineligible for conversion.

6. Housing Credit Application Information

- No units within the development may be sold prior to the close of the Compliance Period.
- Developments will not receive points for selecting extended compliance within the application.
- Only developments selecting an income set-aside of 100% of units at 60% AMI will be allowed to transition to homeownership.
- As a condition of allocation, applicants must agree to accept the terms of Virginia Housing's form Homeownership Rider to the Extended Use Agreement, which imposes additional requirements related to operation of the development, lease terms, terms of sale, and rights conferred to tenants. Virginia Housing will provide a copy of the current form to developers upon request.
- Applications must contain a homeownership plan that aligns with all Virginia Housing program requirements and is otherwise acceptable to Virginia Housing. The homeownership plan must demonstrate that the development is expected to be capable of operating as a rental housing development throughout the Extended Compliance Period and in compliance with the requirements of §42 of the Code.
- Prior to the application submission deadline, applicants must arrange a meeting with Virginia Housing credit allocation staff to review the proposed homeownership plan; failure to meet with staff prior to application submission will result in rejection of the application.

Applicants interested in seeking credits for a development intended to transition to homeownership should request from

6. Housing Credit Application Information

			<p>Virginia Housing, prior to beginning the development planning process, a copy of the form Homeownership Rider to the Extended Use Agreement. Before moving to advanced stages of the development process, applicants are highly encouraged to contact Virginia Housing staff to ensure that their proposed homeownership plan aligns with program requirements.</p>
6.13.4	9% Developments with 4% Bond Funding	10 or 15	<p>10 points if the total combined development is greater than 100 units but less than 150 units and 50% of the aggregate units will be funded by tax-exempt bonds; 15 points if the total combined development is greater than or equal to 150 units and 50% of the aggregate units will be funded by tax-exempt bonds.</p> <p>Both developments must be closed by April of the year following the allocation year. A one-time 4% bond closing extension to September of the year following the allocation year will be allowed with a \$10,000 extension fee.</p> <p>Combination developments seeking both 9% and 4% credits must adhere to the following:</p> <ul style="list-style-type: none"> • All units utilizing both 9% and 4% credits must clearly be presented as two separately financed deals including separate equity pricing that would support each respective deal in the event the other were no longer present. • While deals are required to be on the same or a contiguous site they must be clearly identifiable as separate. This should include signage and marketing materials for both.

6. Housing Credit Application Information

			<ul style="list-style-type: none"> • While the Authority prefers separate buildings, if co-located within the same building footprint the property must identify separate entrances, stairwells and elevators. Further, the ability to create a separate leasing space must exist. • The units financed by tax exempt bonds may not be interspersed throughout the development (no unit checker-boarding). • The ability to generate an appraisal for both the 9% and 4% side of the development must exist. • The stated mix of units cannot be changed or the deal risks losing it's allocated credits. <p>All applicants seeking points in this category (that have not previously competed with a 9/4 hybrid) must arrange a meeting with Authority staff at the Authority's offices prior to the deadline for submission of the application in order to review both the 9% and the tax-exempt bond financed portion of the project. Any new applicant failing to meet with Authority staff in advance of applying will not be allowed to compete in the current competitive round as a combination development.</p>
6.13.5	Rental Assistance Demonstration (RAD) program, or other PHA conversion to project-based rental assistance, and competing in the LHA Pool	0 or 10	Any development participating in the Rental Assistance Demonstration (RAD) program, or other PHA conversion to project-based rental assistance, competing in the Local Housing Authority pool. Applicants must show proof of a CHAP or HUD commitment.
6.13.6	Electronic Payment	0 or 5	Any applicant that commits in the application to submit any payments due the Authority, including reservation fees and monitoring fees, by electronic payment.

6. Housing Credit Application Information

6.14 How to Submit Reservation Applications (9% and 4%)

Applicants must submit all application materials through Procorem only. Submit application material following the protocol below. If application fee is paid via Virginia Housing's invoice portal, it's considered received at the date and time of payment.

When LNI submissions are made, Virginia Housing will create the Procorem workcenters (a separate Plan Review workcenter will be created for all 4% applications) and send email invitations to the contact persons indicated.

Owners must notify TaxCreditApps@VirginiaHousing.com directly once all application materials have been uploaded. Any submissions past stated deadlines will be considered late and may be disqualified. Please see instructions for using Procorem at VirginiaHousing.com for more information.

Naming Protocol	Description
[Dev Name] – Reservation App	Active Microsoft Excel workbook
[Dev Name] – Reservation App Note: If all attachments are not in one PDF, Virginia Housing has the right to deny the application.	PDF file which includes the following: PDF copy of the signed application, including self-score sheet and all application attachments (i.e. tab documents, excluding the market study, plans, specs and/or work write-up)
[Dev Name] – Market Study	PDF or other readable electronic format
[Dev Name] – Appraisal (if applicable)	PDF or other readable electronic format
[Dev Name] – Physical Needs Assessment (if applicable)	PDF or other readable electronic format
[Dev Name] – Phase I Environmental Assessment (4% only)	PDF or other readable electronic format
[Dev Name] – Plans [Dev Name] – Specs [Dev Name] – Unit Survey (if applicable) 4% Deals may upload once to Plan Review Workcenter	PDF Plans (specify if Architectural, Structural, MEP, etc as needed) PDF Specifications PDF 100% Unit Condition Survey (rehab only)

*[Dev Name] = type in the name of the development

Application fees must be paid prior to the deadline.

6. Housing Credit Application Information

6.15 Cure Period Information

The executive director may choose to allow for the immediate correction of minor and immaterial defects affecting mandatory items (but not points items) in an application. Should the executive director choose to allow correction, applicants will be given 48 hours from the time of notification to cure defects with their application. If the executive director allows an applicant to cure minor defects, that does not constitute approval or acceptance of the application and is not an assurance that the application, upon further review, will be deemed acceptable. The cure period information in this section applies to the 9% and 4% programs.

Examples of items that may be considered as “curable” include:

- a. If the applicant has failed to include a required document, the applicant may supply the document, provided, however, that the document existed on the application deadline date and, if the document is a legal agreement or instrument, the document was legally effective on the application deadline date;
- b. If statements or items in the application are contradictory or mutually inconsistent, the applicant may present information resolving the contradiction or inconsistency, provided, however, that the information accurately reflects the state of affairs on the application deadline date;
- c. The applicant may provide any required signature that has been omitted, except for applications that the executive director deems to be substantially incomplete; and
- d. The applicant may cure any scrivener’s error, missing or defective notarization, defective signature block, or defective legal name of an individual or entity.

The applicant will be notified of any curable defects it discovers by telephone, and, simultaneously, in writing electronically (email). The applicant’s corrective submission shall not be considered unless it is received by the executive director no later than 48 hours (excluding weekends and legal holidays) from the written notification. If an applicant fails to respond to the notification of curable defects within the 48-hour cure period, or if an applicant’s response is nonresponsive to the question asked, a negative conclusion shall be drawn. Failure to respond to an item in a cure notification will result in the denial of points in that category or the application may be deemed to not meet threshold. After the application deadline, telephone calls or other oral or written communications on behalf of a tax credit applicant (for example, from a project’s development team, elected representatives, etc.) other than information submitted pursuant to this subdivision shall not be accepted or considered before preliminary reservation awards have been announced.

7. Allocation Information

7.1 Review Process

In addition to scoring applications, Virginia Housing must also determine the amount of credits to award the development. In no case can Virginia Housing provide more credits than necessary to make the development financially feasible. This is a two-step analysis, with the development qualifying for the lesser of: (1) the maximum amount of credits allowed on the development given the amount of eligible basis and the percentage of qualified low-income units (i.e. the applicable fraction) and (2) the amount of credits necessary to generate enough equity to fill the gap between the development's total sources and uses. Virginia Housing staff reserves the right to disqualify applications or require resubmission in subsequent funding rounds if there are too many issues requiring resolution within a reasonable timeframe. Applications must remain competitive throughout allocation and 8609. If scores drop to the point where they are no longer competitive, credits may be reduced.

A reservation of credits is made after an initial feasibility analysis by Virginia Housing and is conditioned on the development's sponsor meeting certain requirements. Applicants who satisfy the requirements are given an allocation of credits. 9% developments receive a second feasibility analysis to confirm allocation. If a development is placed in service in the year of allocation, it qualifies for a regular allocation and Forms 8609 must be issued on or before December 31.

After a building has been placed in service (i.e., the rehab is substantially complete as evidenced by AIA Substantial Completion form or for new construction, Certificates of Occupancy are issued), the Owner will submit the Application for IRS Form(s) 8609 to Virginia Housing. A third feasibility analysis is performed at that time (second for 4% developments). The final credit amount is the lesser of the amount necessary to make the development feasible and the amount of the earlier Carryforward Allocation.

7.2 Allocation Applications

Virginia Housing sends out customized Carryforward Allocation Applications to developers that have accepted a reservation of 9% credits. If the development is not placed in service in the year of allocation, the developer will receive a Carryforward Allocation for 9% projects. A second feasibility analysis is completed by Virginia Housing to reflect any changes in the development's cost and/or financial structure shown in the Allocation app application, granting a Carryforward Allocation. Carryforward Allocation Applications are due back to Virginia Housing no later than the established deadline posted in the schedule or noted in the Reservation Agreements. A late charge of \$500 per day will be assessed for each calendar day past the due date that the Allocation Application is not returned to Virginia Housing.

At the issuance of the allocation, an allocation representative will be assigned to each development. Please contact your assigned allocation representative if you have any questions during the allocation process.

7. Allocation Information

7.3 How to Submit Allocation Applications

Complete the Allocation Application by verifying and/or updating answers to all questions. Submit all application materials in electronic format only to the Virginia Housing Procurement site by the deadline. The following protocol must be used to name files.

Naming Protocol	Description
Allocation – [Dev Name] – Application	Active Microsoft Excel workbook
Allocation – [Dev Name] – Application	PDF copy of the signed application
Allocation – [Dev Name] – Attorney’s Opinion	Attorney’s Opinion, if applicable
Allocation – [Dev Name] – IRS EIN #	IRS EIN #
Allocation – [Dev Name] – Owner’s Cert	Owner’s Certification / 10% Test
Allocation – [Dev Name] – Investor LOI	Investor LOI
Allocation – [Dev Name] – [Document Name]	Other document(s) revised since the Reservation Application
Allocation – [Dev Name] – Physical Needs Assessment	Physical Needs Assessment, only applicable for 9% rehab
Allocation – [Dev Name] – Phase I Environmental Site Assessment	Phase I Environmental Site Assessment, only applicable for 9% deals

*[Dev Name] = type in the name of the development

7. Allocation Information

7.4 Allocation Application Mandatory Items

The following items must be submitted with the Allocation application.

	Mandatory Item
7.4.1	Excel copy of the Allocation Application
7.4.2	Electronic/PDF copy (via Procorem site) of signed Allocation Application and attachments
7.4.3	Attorney's Opinion
7.4.4	IRS Letter Confirming the Assignment of the EIN Number (Form SS-4) to the owner (i.e. LP, LLC, etc.)
7.4.5	Site Control Documentation in the form of (1) a copy of the recorded deed or land lease (or memorandum of land lease) or (2) a copy of the document and recording receipt. It is expected these costs align with the representation made in the Reservation Application. Recording Taxes and Fees should be allocated to the appropriate cost line. If not available at Allocation, this must be submitted by the deadline established in the Reservation documents.
7.4.6	Owner's Certification – must include an itemized list of expenditures. This does not have to be certified by a CPA, unless required by the attorney for the Attorney's Opinion letter. For purposes of calculating the 10% test, the reasonably expected basis in the development consists of land and depreciable property, regardless of whether those items are included in eligible basis.
7.4.7	Commitment or Letter of Interest from Syndicator or Investor
7.4.8	Other documents revised since the Reservation Application
7.4.9	Capital Needs Assessment, if rehab
7.4.10	Phase I Environmental Site Assessment

7.5 Meeting the 10% Test

If the owner has not incurred more than 10% of the reasonably expected basis by the Allocation Application due date, then it must submit documentation to Virginia Housing that more than 10% of the reasonably expected basis has been incurred within 12 months of the Carryforward Allocation Agreement date.

Note: 10% tests are due 30 days prior to the 12-month deadline for meeting the expenditure test.

8. Application for 8609 Information

8.1 Application for 8609

Following submission of the Certificate of Occupancy or Notice of Substantial Completion to Virginia Housing's Tax Credit Allocation Department, the owner will receive a customized 8609 application for their development.

Virginia Housing prefers that loan closings for permanent financing occur before requesting Form(s) 8609. However, if closing has not occurred, you may still submit an 8609 Application. Submit a copy of the permanent funding commitment(s), along with other supporting documentation requested on the 8609 Submission Checklist.

8.2 Deadline for 8609 Applications

The following deadlines must be met for the submission of 8609 application.

Deadline	Description
Within 30 days of construction completion of the units in the last building	Submit notification to VH's Tax Credit Allocation Department no later than 30 days after the units in the last building are ready for occupancy, as evidenced by a Certificate of Occupancy or Architect's Certificate of Substantial Completion (if rehab).
No more than 180 days after construction completion of the units in the last building	Submit the 8609 Application, including supporting documentation (see list above and 8609 checklist).
No later than April 30th (of the second year following the year of allocation)	8609 Applications for developments financed with 9% credits are due. Extensions may be granted for up to 12 months beyond April 30th with prior approval by Virginia Housing.

For both 9% and 4% deals, a completed 8609 Application must be submitted to Virginia Housing within 180 days of the date on which a development's last building becomes ready for occupancy, as evidenced by the Certificate of Occupancy (for new construction) or Architect's Certificate of Substantial Completion (for rehabs).

Special Rule for 9% Credit Developments: According to Virginia Housing's Contract to Enforce Representations, 8609 Applications for 9% credit developments are due no later than April 30th of the second year following the year of allocation. Extensions may be granted for up to 12 months beyond April 30th with prior approval by Virginia Housing.

If the 8609 Application, including requested supporting documentation, is submitted to Virginia Housing late, the owner will be subject to a fine of \$100 per calendar day, up to \$7,500. Form(s) 8609 will not be issued until the fee is paid.

8. Application for 8609 Information

8.3 Occupancy Notice and Final Inspection

The LIHTC Allocation department requires available for occupancy **notifications within 30 days of the last building being placed in service for the following:**

New Construction - A copy of the certificate of occupancy for each building is required.

Rehabilitation - A certificate from the Architect that construction is substantially complete is required.

Section 42 does allow a per unit expenditure test be met for this purpose if substantial completion has not been achieved. The required expenditure amount is \$6,000 plus an inflationary figure that puts the total at approximately \$6,700 per unit. A cost certified per unit expenditure in lieu of substantial completion is required to support the expenditure amount.

8.4 Final Inspection

The LIHTC Allocation Department requires that developments participate in a final site inspection once all work is completed. Phased final inspections may be allowed for an additional fee.

- Documentation for items that cannot be visually seen may be requested during the final inspection, e.g., receipts, delivery tickets, warranties etc.
- The owner will email TaxCreditApps@VirginiaHousing.com after all Certification of Occupancy have been.
- received or a Certificate of Substantial Completion from the Architect has been received. (Please attach the documents to your email.)
- The owner will email TaxCreditApps@VirginiaHousing.com to request a final inspection.
- The final inspection will include a review of amenity items agreed upon by the owner and Virginia Housing Minimum Design and Construction Requirements.

Summary of phased final inspection process:

1. At time of application, developer will submit to Virginia Housing a schedule of phases including which buildings/floors will be included in each final inspection phase, along with tentative substantial completion dates for each phase.
2. Developer will pay an upfront fee to administer the phased final inspection process. Fee is due when the first final inspection is scheduled. See section 11.1 Summary of Program fees for more details.
3. Multiple buildings can be grouped into one phase, but the inspections for those buildings will occur on the same day.
4. Each phase will receive no more than two inspections. An initial final inspection and a follow-up final inspection. If during any of the follow-up inspections the GC has not completed previously identified deficiencies, the tax credit penalty for a failed final inspection will be levied.
5. Schedule initial final inspections of a phase for the same day as the Virginia Housing Construction Control Officer's (CCO) recurring monthly meeting. Follow-up inspection could occur off schedule.

8. Application for 8609 Information

6. Virginia Housing will track 'passed' phases on the CCO field report in an open item labeled 'Final TC inspections.' The item will be updated each time a final inspection walk through phase occurs. A phase that passes a final inspection will be labeled as 'passed' in the field report.

7. At the end of construction, the developer must notify the tax credit department that all phases have passed their final inspection, provide the full development certificate of occupancies and Architect's Certificate of Substantial Completions, and request a full development final inspection. At this point, the CCO will fill out the Tax Credit Final Inspection form to establish one development wide placed in service date. CCO will not reenter previously 'passed' buildings for final inspection purposes, but may need access to the site and common areas to complete the full development final inspection form.

8. Application for 8609 Information

8.5 How to Submit the 8609 Application

An Excel copy of the Application, as well as an electronic/PDF copy of the signed Application and all attachments must be submitted to the development's Procorem site. **Do not e-mail or submit hard copies. The Owner MUST notify TaxCreditApps@VirginiaHousing.com when the application is complete and submitted.**

8.6 Application for 8609 Mandatory Documents

The following items must be submitted with the application for 8609. Submit the following using the Virginia Housing Procorem site:

	Mandatory Item
8.6.1	Completed 8609 Application (active Excel workbook)
8.6.2	Electronic/PDF copy of the signed Application
8.6.3	Recorded Extended Use Agreement (4%), Right of First Refusal (if applicable) and other Virginia Housing-requested supporting documents (see Excel Application Submission Checklist)
8.6.4	Permanent financing documentation (or other docs, if Closing has not occurred). If any developer fee is being deferred, documentation must be provided clearly showing the deferred developer fee is bona fide debt; this may include a Note or other documentation as approved by the Authority.
8.6.5	Construction Contract and GC Cost Certification
8.6.6	Grant Agreement(s), if applicable
8.6.7	Final Partnership Agreement and Development Agreement (if applicable)
8.6.8	Independent Auditor's Report
8.6.9	Final Cost Certification (include 50% Test if a 4%/TEB development)
8.6.10	Certification of Sources and Uses Form
8.6.11	EIN verification for 4%
8.6.12	Energy Star or other Green certification (as applicable)
8.6.13	Final RESNET Form & HERS Reports
8.6.14	SWaM Contract Certification
	Final Universal Design Certification (if applicable)
	Final HAP Contract (if applicable)

8. Application for 8609 Information

8.7 Corrections to 8609(s)

Virginia Housing often receives requests to amend previously issued 8609s (e.g. building addresses or placed-in-service dates that are listed incorrectly on the Application by the owner).

Errors may cause the allocation of tax credits to be invalid and subsequently, cause recapture of the tax credits by the IRS. Due to the administrative burden placed on everyone involved, Virginia Housing will charge \$1,000 for each Form 8609 to be corrected and reissued.

9. Recapitalization

No application for new credits will be accepted for any building or development that is still subject to the compliance period for previously allocated low-income housing tax credits.

Any development having completed the initial compliance period and receiving additional credits must continue to comply with the existing Extended Use Agreement as well as any new Extended Use Agreement restrictions. Beginning in 2025, the Preservation Pool for 9% Credits is available for tax credit projects that are in Year 20 or beyond where the investor has exited. See Section 5.3 for additional information.

An applicant may submit an application for credits for a development for which the extended use period was terminated as a result of foreclosure, provided the applicant has no relationship with the owner or owners of such development during its initial compliance period.

Including in the case of foreclosure, acquisition credits are not available until the initial 15-year compliance period has ended.

10. Qualified Contract Information

All applications that receive an allocation of either 9% or 4% credits waive the right to pursue a Qualified Contract. Also, any principal in a development that pursues a Qualified Contract after January 1, 2019 will not be eligible to apply for an allocation of credits in any subsequent rounds.

Section 42(h)(6)(E)(i)(II) of the IRC created a provision that housing credit agencies respond to requests for presentation of a Qualified Contract (“Request for Qualified Contract”) for tax credit developments with expiring compliance periods. The Request for Qualified Contract is a request that the housing credit agency find a buyer (who will continue to operate the property as a qualified low-income property) to purchase the property for a qualified contract price, calculated pursuant to IRS Section 42(h)(6)(F). If the housing credit agency is unable to present a qualified contract within one year, the extended use period is terminated. However, the development will remain subject to the requirements set forth in Section 42(h)(6)(E)(ii); that is, for a three-year period commencing on the termination of the compliance period, the owner may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit, or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the IRC, as well as the requirements of the Extended Use Agreement. A qualified purchaser can be a nonprofit or a for-profit entity that agrees to maintain the affordable housing units and fulfill all requirements of the Extended Use Agreement.

Many owners have chosen to waive the right to request a Qualified Contract and have committed to thirty years or more of operation as low-income rental housing. Owners should review the QAP, Tax Credit Application, Carryforward Agreement and Extended Use Agreement to determine whether a waiver is in place for the development.

11. Program Administration

Please refer to this section for questions related to the administration of the federal Housing Credit program.

11.1 Summary of Program Fees – The following fees will be assessed:

Amount	Description	Program
\$1,000 or \$2,000	Application Fee – Applications will not be processed until the application fee is paid. An additional application fee of \$2,000 will be required for any 4% applications that require resubmission and review in the same application round.	9%, 4%
TBD	Appraisal Fee – The appraisal fee (if ordered by Virginia Housing) based on the complexity of the assignment. Virginia Housing will not order the appraisal until the fee is received.	9%, 4%
7% of annual credit amount	Reservation Fee – Assessed only to those applicants accepting a 9% credit reservation; the amount is communicated in a letter sent with the Reservation Agreement; due as instructed in Reservation correspondence from Virginia Housing. If the reservation is not paid in the same calendar year as the application, the application will be terminated and the deal must re-apply.	9%
7% of annual credit amount	Reservation Fee – Assessed only to tax-exempt bond applicants who qualify for an allocation of 4% tax credits; due after the submission of the Application, upon written request by Virginia Housing. This fee will be calculated based on the lesser of the credit amount from Virginia Housing’s feasibility review or the credit amount requested by the Applicant. If at 8609 Application the review causes a reduction in the feasible credit amount, there will be no refund of the original fee, as it is considered a minimum application fee; the Section 42(m) letter will not be issued until the fee is paid.	4%
\$500 per calendar day	Late Submission of Reservation Agreement – fee is assessed when any of the reservation documents, including Reservation Agreement, are not submitted to Virginia Housing by the stated deadlines; communicated to Applicants via Reservation Agreement cover letter; significant delay may result in loss of the reservation. After 5 p.m. on any date is considered the following calendar day.	9%
\$500 per calendar day	Late submission of Allocation Application – fee is assessed per calendar day for each day after the deadline. After 5 p.m. on any date is considered the following calendar day; applications will not be processed until the fee is paid.	9%
\$100 per calendar day	Late submission of Placed in Service documentation – fee is assessed per calendar day for each day after the deadline, up to \$7,500. Placed in service documentation must be submitted within 30 days of being issued.	9%, 4%

11. Program Administration

Amount	Description	Program
\$1,500 per phase	Phased Final Inspection – For developments requiring a phased occupancy, owners may elect a phased final inspection process to better facilitate tenant lease up and project close out needs. Provide a phase schedule at time of application to include buildings, or floors in each phase along with tentative dates of substantial completion for each phase. The fee is \$1,500/phase and will provide up to two inspections per phase, an initial final inspection, and a follow-up final inspection. Fee will be collected at time first inspection is scheduled.	9%, 4%
\$100 per calendar day	Late Submission of 8609 Application – It is Virginia Housing’s policy completed 8609 Applications be submitted within 6 months of the development’s Construction Completion Date, as evidenced by a Certificate of Occupancy or Architect’s Certificate of Substantial Completion (if rehab). The fee is \$100 per calendar day, up to \$7,500.	9%, 4%
\$1,000 per form	Correction of Form(s) 8609 – The fee is assessed when an owner requests Virginia Housing to issue an amended 8609 due to the original being issued with incorrect data supplied by the owner. The amended 8609 will not be issued until the fee is paid.	9%, 4%
\$5,000 per form	Replacement of Documentation Previously Provided , e.g. original Extended Use Regulatory Agreement.	9%, 4%
\$45 per unit per year	Compliance Monitoring Fee – After all buildings are placed in service. The fee is reduced to \$30 per unit during the extended use period (years 16+). Submit to Virginia Housing’s Compliance & Asset Management department.	9%, 4%
\$35 per unit per year	Compliance Monitoring Fee – RD Developments - after all buildings are placed in service. The fee is reduced to \$20 per unit during the extended use period (years 16+). Submit to Virginia Housing’s Compliance & Asset Management department.	9%, 4%
\$20,000	Qualified Contract Preliminary Application Fee	9%, 4%
\$20,000	Qualified Contract Application Fee	9%, 4%
\$2,000	Extension Fee – per request – Each approved request will extend the deadline by the original submission window unless otherwise approved. 8609 application submissions may only be extended for a total of 12 months.	9%, 4%
\$15,000	Subsidy Layering Review	9%, 4%

For-profit sponsors pay reservation fees at the time signed reservation agreements are due at Virginia Housing. Nonprofit sponsors competing or eligible to compete in the Nonprofit Pool and developments competing or eligible to compete in the Local Housing Authority Pool pay reservation fees at the time of the first syndication payment, but no later than the Allocation Application Deadline.

Waiver of application fees and reservation fees are not granted under any circumstances.

11. Program Administration

11.2 How to Submit Payments

Virginia Housing implemented a new [invoice portal to collect fees](#) in 2024. This portal provides options to set up a free one time direct draft from a banking account or charge to a credit card (for an additional 3% transaction fee). Virginia Housing is using a banking provider and no account information will be stored after the transaction is complete.

An invoice will be provided with information on how to access the [Rental Housing Invoice Portal](#); the application fee invoice will be uploaded when a Procorem work center is requested and the reservation fee invoice will be sent with reservation documents. As soon as an invoice is paid within the portal it is considered received.

You may still submit payments by check if you did not elect the points for electronic payments. Checks are considered received at the time they are delivered to the Allocation Department.

Mail checks to:

Virginia Housing
Attn: Tax Credit Allocation
601 S. Belvidere Street
Richmond, VA 23220

11.3 Updating Program Information

Periodically, it is necessary to update information relating to the tax credit program due to the availability of new information or to clarify program requirements in response to new questions. Updates will be sent via e-mail and will be posted on the Virginia Housing Housing Tax Credit website. Applicants are responsible for making sure they receive all necessary information for submitting applications. Sign up for important updates [via the tax credit website](#).

11.4 Change of General Partner or Managing Member

Change of General Partner or Managing Member (direct or indirect) is prohibited prior to the development being placed-in-service (PIS) and is subject to approval by Virginia Housing. Per the Extended Use Agreement, the Owner shall notify Virginia Housing and Virginia Housing must approve, in advance, of any sale, assignment, transfer or exchange of all or any part of the development or of any ownership interest in the Owner (other than investor member interests).

In addition, the Extended Use Agreement requires that an applicant that received federal Housing Credits as a result of competing in the Nonprofit Pool, remain a Qualified Nonprofit Organization (as defined in subsection (h)(5)(C) of § 42), and both materially participate in the development and operation of the development and own 100% of the managing member interests in the Owner throughout the Compliance Period. If you are contemplating a change in ownership, structure or management agent, please email Owner-MgmtChange@VirginiaHousing.com.

11.5 Related Entities Limit

No more than 15% of the per capita credit amount may be reserved to any party or related parties, either directly or indirectly, in any credit year. See the QAP for information on related parties and the credit cap. This limitation does not apply to credits awarded to developments funded with tax-exempt bonds but does apply to developments receiving credits in the Accessible Supportive Housing 9% pool. The limit is applied to the year credits are reserved.

11. Program Administration

11.6 Credit Refresh Process

Requests must be made using the Virginia Housing Change Request form.

Requests will be processed September 1 through September 30, The Consent to Cancel must be formalized by November 1.

Credits that are refreshed will be issued for current year credits.

More than one refresh request for the same project is not guaranteed.

Deals that place in service without a refresh will qualify the Owner for a 10% developer fee boost on one subsequent application.

11.7 Applications are Open to the Public

Applications are subject to review under the Virginia Freedom of Information Act. As such, interested individuals may request the opportunity to inspect and copy them.

Applications for 9% and 4% credits are available for viewing on Virginia Housing's website. Virginia Housing will post applications and all attachments (excluding plans, specifications, and appraisals). Scanned files are listed by year and then alphabetically by development name.

11.8 Authorization of the Executive Director

The Executive Director is authorized to waive or modify any provision herein, where deemed appropriate, for good cause to promote the goals and interests of the Commonwealth in the federal Low-income Housing Tax Credit program, to the extent not inconsistent with the IRC.

11.9 Extended Use Agreement

If, for any reason, an applicant awarded credits requests that Virginia Housing amend or replace a previously issued EUA prior to the close of the Extended Use Period, Virginia Housing may use its discretion to include within such amendment or replacement EUA certain new or updated provisions contained within the form EUA in effect at the time Virginia Housing issues the amendment or replacement EUA to the applicant.

All Virginia Housing forms and additional information can be found on our website at VirginiaHousing.com/Partners/Rental-Housing/Rental-Housing-Tax-Credits.