

2025 QAP Update

Official Comment Period: May 7, 2024 – May 31, 2024



Submit comments to taxcreditapps@virginiahousing.com






Outline

- ▶ Proposed Deletions
- ▶ Proposed Updates
- ▶ Proposed Additions




The following proposed changes are a collection of suggestions received from stakeholders, as well as the Tax Credit team's analysis of historical program data.





The four primary themes of the changes are:

1. Reducing complexity
 2. Increasing production
 3. Lowering barriers to entry
 4. Preservation
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QAP Proposed Deletions

Item #1: Developer Experience

Current Incentive

Three-tiered approach: 5 points for 1 LIHTC deal placed in service in VA within the last 5 years; 15 points for 3 LIHTC deals placed in service in any state within the last 6 years; 5 additional points for an LHA partnering with an experienced sponsor

Reason for Removal

Removing barriers to entry and increasing access to opportunity

Current Incentive

15 points if the development provides licensed childcare onsite with a preference and discount for residents or an equivalent subsidy for tenants, determined based on household income and household size, to utilize a licensed childcare facility of tenant's choice

Reason for Removal

Under-utilized; difficult to obtain in a meaningful way

Item #2: Childcare Incentive

Item #3: Telehealth Incentive

Current Incentive

15 points if the development provides tenants with free on-call, telephonic, or virtual health care services with a licensed provider

Reason for Removal

Under-utilized; difficult to obtain in a meaningful way

Item #4: Submetering

Current Incentive

5 points if the water expense is submetered (the tenant will pay monthly or bimonthly bill).

Reason for Removal

Reduce development costs; increase production

Item #5: Resident Services

Item #6: Fire Prevention

Current Incentive

15 points for any proposed development for which the applicant has entered into a memorandum of understanding approved by the Virginia Department of Behavioral Health and Developmental Services (DBHDS) with a resident service provider for the provision of resident services.

Reason for Removal

Lack of committed long-term sources of funding to pay for services

Current Incentive

4 points if all cooking surfaces are equipped with fire prevention features that meet the authority's requirements as indicated on the application form, instructions, or other communication available to the public.

Reason for Removal

Newly manufactured electric ranges already incorporate these features

QAP Proposed Updates

Item #1: Local Housing Authority (LHA) Pool

Item #2: 4% Developer Fee Cap

Current Rule

Developments not funded in this pool do not move to any other pool.

Proposed Update

Allow deals from the LHA pool to roll into the Tier 1 pool.

Reason for Update

Ensures that at least 2 LHA deals have the opportunity to get funded outright in order to support the strategic initiative of public housing revitalization; increase production

Current Rule

Max developer fee is capped at \$5M but only \$3M can be included in basis.

Proposed Update

Remove the \$3M cap in basis for 4% deals ONLY; minimum deferred developer fee of 30% required if exceeding \$3M in basis

Reason for Update

Increase production

Item #3: Credit Refreshes

Current Rule

An applicant may request an older credit allocation be exchanged for a current year's allocation to extend the placed in service deadline. This may result in being prohibited from submitting credit applications for one year. The timeframe to submit a request is October 1 – December 31

Proposed Update

Remove penalty language and provide a 10% boost to eligible developer fee if a principal in the current deal has placed a deal in service without a refresh in the prior 3 years; also, change the timeframe for making a request to September 1-September 30. Note: An allocation of additional credits that extends the placed in service deadline will be considered a refresh for this purpose.

Reason for Update

Not adding additional burden to deals that are struggling to place in service; replacing penalty with an incentive to place in service without a refresh to shorten development timelines

Item #4: 9/4 Hybrids

Current Incentive

10 points for tax-exempt bond financing of at least 30% of aggregate units, 20 points for tax-exempt bond financing of at least 40% of aggregate units, and 30 points for tax-exempt bond financing of at least 50% of aggregate units; such points being noncumulative; such points will be awarded in both the application and any application submitted for credits associated with the tax-exempt bonds

Proposed Update

10 pts 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 pts 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

Reason for Update

Reduce complexity; increase production

Item #5: Right of First Refusal (ROFR) and Extended Compliance

Current Incentive

50 points for 50 years of extended compliance or 60 points for a ROFR

Proposed Update

70 points for 50 years of extended compliance or 60 points for a ROFR

Reason for Update

Preservation

Current Incentive

200 points for credit EUR and 100 points for cost EUR

Proposed Update

Reduce credit EUR points to 100; remove cost EUR points

Reason for Update

Shorten development timeframe and increase production

Item #6: Efficient Use of Resources (EUR)

Item #7: Free Wi-Fi and Broadband

Current Incentive

Wi-fi for all units is 12 points; Broadband for all units is 10 points

Proposed Update

Remove the split between wi-fi and broadband and award 15 points if 'free internet is provided to all units'

Reason for Update

Resident Well-being

Item #8: Internet Infrastructure

Current Incentive

1 point if rehabs incorporate internet infrastructure, if not already existing

Proposed Update

Increase to 5 points

Reason for Update

Resident Well-being

Item #9: Renewable Energy

Current Incentive

If the development has a renewable energy electric system. (1 point for each 2% of the development's on-site electrical load that can be met by the renewable energy electric system for the benefit of the tenants, up to 10 points)

Proposed Update

Remove 'to the benefit of the resident'; incentivize a certain wattage production and remove the offsetting language

Reason for Update

Due to the complexity of Utility Allowances, the financial benefit cannot be conveyed to the resident; received feedback that doing energy calculations upfront to determine the 20% offset is costly and most likely inaccurate; reduce complexity

Item #10: SWaM Certification

Current Incentive

Five points shall be awarded 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.

Proposed Update

Implement a sliding scale for more contracts (1 contract is 5 points; 2 contracts is 7 points; 3+ contracts is 10 points); add an exclusion from these points for Immediate Family members of any individuals in the ownership of the development

Reason for Update

Removing barriers to entry and increasing access to opportunity

Item #11: Minority Ownership

Current Incentive

5 points for 25% ownership by a Socially Disadvantaged Individual

Proposed Update

Increase to 30 points for 25% ownership; allow nonprofits to claim these points if the non-profit organization [has 51% or greater BIPOC board membership OR is BIPOC led] AND [is serving socially and/or economically disadvantaged populations]; add an exclusion from these points for Immediate Family members of any individuals in the ownership of the development

Reason for Update

Removing barriers to entry and increasing access to opportunity

Item #12: Proximity to Transportation

Item #13: Credit Requests

Current Incentive

10/20 points for any development located within one-half mile of an existing commuter rail, light rail or subway station or one-quarter mile of one or more existing public bus stops.

Proposed Update

Open this point category to include proffered bus stops

Reason for Update

Resident Well-being

Current Incentive

Manual: "Developments seeking more credits than are available within the given pool will have their credit request reduced to what is available." The QAP does not specify what happens in this situation.

Proposed Update

Disqualify deals requesting more credits than available

Reason for Update

Administrative Update

Item #14: Project-Based Vouchers

Current Incentive

60 pts for 10% of units being 504 and having PBVs; also, 10 points for New Project Based rental assistance

Proposed Update

Remove existing incentives; make a PBV worth 5 subsidized funding points and cap PBVs at 40 points (8 vouchers); increase cap on subsidized funding from 40 to 60 points; keeps a PBV incentive but offers another option for deals to get the points (more subsidized funding commitments)

Reason for Update

PBVs significantly increase the predevelopment timeline of a deal due to several mandatory layers of review; Owners must accept applicants with tenant-based vouchers and will need to do so for deeper-targeted units regardless

Item #15: Accessible Supportive Housing (ASH) Pool

Current Rule

Noncompetitive pool for nonelderly developments where 15% of the units (i) will be assisted by a documented and binding form of rental assistance in order to ensure occupancy by extremely low-income persons; (ii) conform to HUD regulations interpreting the accessibility requirements of § 504 of the Rehabilitation Act; (iii) will be actively marketed to people with disabilities; AND, (iv) has a principal with a demonstrated capacity for supportive housing; AND (v) for which the applicant has completed the authority's supportive housing certification form.

Proposed Update

Keep the ASH pool noncompetitive but make it more difficult to qualify for this pool; require evidence of prior services funding contracts; require a services budget and dedicated services staff

Reason for Update

Special Needs Housing initiative

Item #16: Target Population Threshold Requirement

Current Rule

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 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.

Proposed Update

Keep the threshold requirement and add a point incentive if willing to follow DBHDS' design requirements (10 points)

Reason for Update

Resident Well-being; DBHDS has specific requirements for target population units that developers will need to opt into, and the market area will need to support

Item #17: Locality Notification Information (LNI) Forms

Item #18: Minimum Threshold Scores

Current Rule

A developer can submit unlimited LNIs

Proposed Update

More than 5 LNIs submitted will require a meeting where staff may request evidence of site control

Reason for Update

Increase accuracy of LNIs; reduce administrative burden for localities that must receive and process countless LNIs

Current Incentive

300 points for 4% deals; 400 points for 9% deals

Proposed Update

Minimum threshold scores will be adjusted to reflect overall reduction in point availability

Reason for Update

Administrative Update

QAP Proposed Additions

Item #1: Preservation Pool

Item #2: Job Creation

Proposed Addition

Add a 10% forward-allocated, competitive 9% pool for preservation. 'Preservation' would only apply to existing LIHTC properties in their extended use period beyond year 20 with the initial investor removed. Rent increase limits will be imposed for 5 years on deals that compete in this pool

Reason for Addition

Preservation

Proposed Addition

Replicate Job Creation Points in DHCD's proposed Private Activity Bond guidelines (5 points for being in Medium or High job creation areas)

Reason for Addition

Address Economic Development priorities; cross-agency collaboration

Item #3: Veteran-Owned Business Certification

Item #4: Veteran Ownership

Proposed Addition

Five points shall be awarded to applicants that enter into at least one contract for services provided by 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. Immediate Family members of any individuals in the ownership of the development will be excluded from these points.

Reason for Addition

Removing barriers to entry and increasing access to opportunity

Proposed Addition

30 points for 25% ownership by an individual with a Veteran-Owned Small Business (VOSB) certification as certified by the U.S. Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization or the U.S. Small Business Administration. Immediate Family members of any individuals in the ownership of the development will be excluded from these points.

Reason for Addition

Removing barriers to entry and increasing access to opportunity

Item #5: Tribal Housing

Proposed Addition

Five points for developments on Tribal Lands.

Reason for Addition

Production



Thank You.
