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2009

**TAX CREDIT MANUAL**

**Low-Income Housing Tax Credit Program**



Virginia Housing Development Authority  
601 South Belvidere Street  
Richmond, Virginia 23220-6500

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## Reference Documents and Forms Needed to Complete VHDA Tax Credit Applications

You will need the following reference documents and forms to complete your Application for Low Income Housing Tax Credits.

### Parameters

1. [HUD Maximum Gross Rents](#)
2. [HUD Area Median Income Limits](#)
3. [VHDA Unit Square Feet Parameters](#)
4. Efficient Use of Resources (EUR) Parameters
  - Elderly – 1 Story - [Cost](#) & [Credit](#)
  - Elderly - >1 Story - [Cost](#) & [Credit](#)
  - Family – Garden - [Cost](#) & [Credit](#)
  - Family – Townhouse – [Cost](#) & [Credit](#)

### Market Study and Appraisal Requirements

1. [Market Study Requirements](#)
2. [Market Study Analyst Listing](#)
3. [Appraisal Requirements](#)

### Sample Documents

1. *Sample* [State Corporation Commission \(SCC\) Certification](#)
2. *Sample* [Unit Size Calculation](#)
3. *Sample* [EUR Cost Per Unit Calculation](#)
4. *Sample* [EUR Credit per Unit Calculation](#)
5. *Sample* [EUR Rehab Parameter Calculation](#)

### Guidelines

#### [Relocation Assistance Guidelines](#)

### Lists

1. [Qualified Census Tracts \(QCTs\)](#)
2. [Census Tracts with Poverty Levels Below 10% & No Other Tax Credit Developments](#)
3. [RD Priority Rehabs](#)
4. [Existing Tax Credit Developments](#)
5. [Universal Design Training Attendance Listing](#)
6. [EarthCraft Multifamily Professional Training Attendance Listing](#)

### VHDA Forms

1. [Architect's Certification](#)
2. Attorney's Opinion Letter - [Competitive and Non-Competitive](#) and [Tax-Exempt Bonds](#)
3. Locality CEO Support Letter - [Competitive](#) and [Non-Competitive & Tax-Exempt Bonds](#)
4. [Locality Notification Information Form](#)
5. [Non-Profit Questionnaire](#)
6. [PHA/Sec. 8 Notification Letter](#)
7. [Plan of Development Certification](#)
8. [Previous Participation Certification](#)
9. [Qualified Census Tract \(QCT\) Certification](#)
10. [Revitalization Area Certification](#)
11. [Surveyor's Certification of Proximity to Transportation](#)
12. [Zoning Certification](#)

# I. GENERAL PROGRAM INFO

## A. Federal Low-Income Housing Tax Credit (LIHTC) Program

### 1. Overview

This is a very brief, general overview of the rules applicable to the tax credit program and should not be substituted for competent legal counsel and accounting advice.

The Tax Reform Act of 1986 established the LIHTC to encourage private investment in affordable housing. More specifically, the LIHTC is a dollar-for-dollar reduction in tax liability to the owner of a qualified low-income housing development for the acquisition, rehabilitation (“rehab”), or construction of low-income rental housing units. The amount of credits allocated is based directly on the number of qualified low-income units that meet federal rent and income targeting requirements.

To qualify for tax credits, a development must meet a number of conditions set forth in Section 42 of the Internal Revenue Code (IRC). In particular, the development must provide low-income housing units that meet certain occupancy and rent requirements.

The developer of a residential rental development that qualifies for tax credits will typically establish a general partnership or limited liability company (LLC) to own the development. The developer usually assumes the role of Managing General Partner or Managing Member, retaining 0.01% of the ownership. The remaining 99.99% share is sold to investors interested in using the tax credits to reduce their federal tax liability. The capital invested by the investor partner accounts for all or most of the development’s equity. This reduces the need for debt financing and thereby reduces the amount of the development’s annual debt service. While there is no direct rental subsidy to households under this program, the increased equity and reduced debt allows for lower rents than would otherwise be possible.

Investors can claim these tax credits annually over a ten-year term, beginning with the tax year in which the development is placed in service (i.e., available for occupancy and meeting tax credit requirements) or, at the owner’s election, the following tax year.

States receive tax credits based on population, so the amount of available competitive 9% credits in each state is limited. Most credits are allocated by the states during one or more competitive cycles held each year. Selection priorities and procedures vary in each state and are outlined in a Qualified Allocation Plan (“QAP”).

While this is a federal credit, the program is administered by Housing Credit Agencies in each state. In Virginia, VHDA is responsible for administering this program.

## 2. Types of Low-income Housing Tax Credits

There are three types of low-income housing tax credits, 9%, 4% for new construction or substantial rehab and 4% for the acquisition of existing developments.

- **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. In Virginia, rehab developments must incur a minimum of \$15,000 of contractor construction rehab expenditures, on average, per unit in order to qualify for credits.
- **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. In Virginia, developments financed with tax-exempt bonds must incur a minimum of \$10,000 of contractor construction rehab expenditures, on average, per unit in order to qualify for 4% credits.
- **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. The IRC provides some exceptions to the 10-year look back rule. All acquisitions must meet the minimum rehab expenditures discussed in the above paragraph.

## 3. Subsidy Layering

Combining tax credits with certain other forms of federal assistance will necessitate certification by HUD that the assistance will not be more than is necessary to make the development feasible. If you expect to combine low-income housing tax credits with one of the forms of federal subsidy listed below, please contact HUD to determine the process, requirements, and timing of the required subsidy layering review. For more details on the programs, click on this link to the [Electronic Code of Federal Regulations](#).

- Section 312 Rehabilitation Loans (24 CFR 3.V.510), multifamily
- Rental Rehabilitation Grant Program (24 CFR 3.V.511)
- Community Development Block Grants (24 CFR 3.V.570) -only loan guarantees under subpart M, grants to Indian tribes under title I of the Housing and Community Development Act of 1974, and grants under the HUD-administered Small Cities program under subpart F.
- Loan Guarantee Recovery Fund (24 CFR 3.V.573)
- Housing Opportunities For Persons With Aids (24 CFR 3.V.574)
- Emergency Shelter Grants Program: Stewart B. McKinney Homeless Assistance Act (24 CFR 3.V.576)
- Use Of Federal Real Property to Assist the Homeless (24 CFR 3.V.581)
- Shelter Plus Care (24 CFR 3.V.582)
- Supportive Housing Program (24 CFR 3.V.583)
- Youth Build Program (24 CFR 3.V.585)
- Revitalizing Base Closure Communities and Community Assistance Community Redevelopment and Homeless Assistance (24 CFR 3.V.586)
- Urban Homesteading (24 CFR 3.V.590)
- John Heinz Neighborhood Development Program (24 CFR 3.V.594)

- Urban Empowerment Zones and Enterprise Communities: Round One Designations (24 CFR 3.V.597)
- Urban Empowerment Zones: Round Two and Three Designations (24 CFR 3.V.598)
- Renewal Communities (24 CFR 3.V.599)

## 4. Occupancy Requirement

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, which incomes are at or below 60% of the AMGI, adjusted for family size. The AMGI is published annually by the United States Department of Housing and Urban Development (HUD). The owner must irrevocably elect to comply with either the 20-50 or the 40-60 test. 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). Those units that are subject to such income restrictions are regarded as "low-income units". The owner may designate more than 20% or 40% of the units as low-income, thereby increasing the qualified basis on which the credits are based. A development unit does not qualify as a low-income unit for tax credit purposes until it is initially occupied by a qualified household.

In the event that the income of a household, which qualified at the time of initial occupancy, rises above 140% of the maximum qualifying income, that unit will continue to be a qualified unit if the next available unit of comparable or smaller size in the building is rented to a qualified household.

Failure to comply with occupancy requirements will result in a recapture of credits.

## 5. Rent Requirements

The gross rent charged for a low-income unit may not exceed 30% of the imputed income limit applicable to such unit size. For purposes of calculating the maximum gross rent only, the multiplier is "1" for an efficiency unit (0 bedrooms) and "1.5" for one or more bedrooms (i.e. if a unit has 3 bedrooms and the owner has selected a 40%-60% income restriction, the maximum gross rent for that unit will be 30% of 60% of the AMGI for a family size of 4.5 persons). The actual family size may be larger or smaller than this assumption. The rent that a given household pays may be more or less than 30% of their actual income. Click on this link for [Maximum LIHTC Gross Rents](#) by unit size for various Virginia localities.

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. Please confirm these amounts by calculating maximum rents for your development individually.

Failure to comply with rent requirements will result in a recapture of credits.

## 6. Compliance

Pursuant to an Extended Use Regulatory Agreement and Declaration of Restrictive Covenants ("Extended Use Agreement") between the owner and VHDA, which is recorded in the real estate records of the city or county where the development is located, developments receiving credit allocations on or after January 1, 1990 must comply with LIHTC

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. IRC Section 42(h)(6)(f) provides for earlier termination (after a minimum 15 years of program compliance) if the housing agency is unable to present a qualified contract within one year of foreclosure. See Qualified Contract section below for more information on earlier termination.

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, VHDA charges a reasonable monitoring fee, as allowed by the IRC. VHDA 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.

## 7. Professional Assistance

The tax credit program is complex, with many pitfalls awaiting those inexperienced in the process. You are therefore strongly encouraged to seek competent legal and accounting advice early in the development process.

## 8. Suggested Reading

For a more in-depth explanation of the tax credit program and a more detailed discussion of the many requirements, the following resources may be helpful:

- *A Developer's Guide to the Low Income Housing Tax Credit, 4th Edition*, and a supplement entitled "Leading Developments in Housing Credit Transactions", by Herbert Stevens and Thomas Tracy, National Council of State Housing Agencies, (202) 624-7710, <http://www.ncsha.org/product.cfm/7/152>.
- *Low-Income Housing Tax Credit Handbook, 2008 Edition*, by Michael J. Novogradac, and Jon E. Krabbenschmidt – Thomson West Taxation Series, (800) 328-4880, <http://west.thomson.com/product/13974235/product.asp>.
- *Tax Credits for Low Income Housing Guidebook, 13th Edition (20<sup>th</sup> Anniversary Edition)*, by Joseph Guggenheim, Simon Publications, (301) 320-5771, <http://www.housingtaxcredits.net/id36.html>
- *Low-Income Housing Tax Credit Handbook – Market Segment Specialization Program (MSSP)*, <http://unclefed.com/SurviveIRS/MSSP/lihc.pdf>.

## B. VHDA Program Administration

### 1. Authorization of the Executive Director

The Executive Director may set deadlines for submission of applications for reservation and allocation of credits and apply penalties, as appropriate. The Executive Director may also substitute credits when a development is delayed by lawsuit.

## **2. 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 are available for viewing by registered VHDA Business Partners. VHDA will post Applications and all attachments (excluding plans and specifications, market studies and appraisals) on the [VHDA Business Partner Extranet](#) website. As a first time user, you will be prompted to complete user registration information. By clicking the button marked, "Send to VHDA for Processing," you will register as a Business Partner. VHDA will send to you an e-mail response and a temporary password, which will allow access to the website. Once you are allowed access to the site, you may edit your profile and change your password. Scanned files are listed alphabetically by development name.

## **3. Related Entities**

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 receiving tax-exempt bonds but does apply to developments receiving credits in any of the non-competitive 9% pools. The limit is applied to the year credits are reserved.

## **4. Scoring**

The QAP contains the "official" scoring criteria and maximum points per development, by which all Applications will be reviewed (see Section 13 VAC 10-180-60 of the QAP). We encourage applicants to read carefully the QAP as well as this manual.

In order to qualify for a reservation of tax credits, an Application for 9% competitive credits must score a minimum of 500 points and an Application for tax-exempt (4%) credits must score a minimum of 475 points. Applicants select (on p. 2 of the Application) the pool in which they wish to compete and be scored, then are ranked according to their scores. See Section 5 below, "Rules of Ranking," for additional information.

In addition to scoring applications, VHDA must also determine the amount of credits to award the development. In no case can VHDA 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, and (2) the amount of credits necessary to generate enough equity to fill the gap between the development's total sources and uses.

## **5. Rules of Ranking**

Applications are ranked according to their scores in the pools used to subdivide the available credits. Reservations will be made to developments in accordance with VHDA's ranking criteria, so long as credits are available within the given pools.

Developments that qualify to compete in the non-profit or local housing authority (LHA) pools will compete there first. Any development that does not rank high enough to be fully funded in one of these two pools, will then compete in one of the five geographic pools.

No more than 20% of the credits in any pool, including the At-Large Pool, may be reserved to developments intended to provide elderly housing unless the feasible credit amount of the single highest ranked elderly development in any pool exceeds 20% of the credits in such pool, in which case that elderly development will be the only elderly development eligible for a reservation of credits in that pool. If either of the above occurs, all remaining lower ranking elderly applications in that pool become ineligible and move in rank order to the bottom of the pool. However, if credits remain available after all eligible non-elderly developments receive a reservation of credits, those remaining credits may be made available to additional elderly developments.

The 20% funding limit does not apply to the rehabilitation of existing rental developments serving elderly households wherein at least 20% of the units have project-based subsidy. Those developments will be treated as family developments for ranking purposes. The limitation of credits from any pool shall also not include licensed assisted living facilities.

No development will receive any partial credits remaining in any of the pools; rather, all credits remaining in each pool will be moved to the At-Large Pool.

## 6. Pools and Percentage of Available Credits

Given the diverse housing needs in Virginia, VHDA 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.

### Competitive Credit Pools

#### **Northern Virginia MSA Pool – 19.44%**

Alexandria City	Fairfax County	Loudoun County	Spotsylvania County
Arlington County	Falls Church City	Manassas City	Stafford County
Clarke County	Fauquier County	Manassas Park City	Warren County
Fairfax City	Fredericksburg City	Prince William County	

#### **Richmond MSA Pool – 13.15%**

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

#### **Tidewater MSA Pool – 20.47%**

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

### Small MSA and Micropolitan Area Pool – 16.31%

Albemarle County	Charlottesville City	Henry County	Roanoke County
Amherst County	Craig County	Lynchburg City	Rockingham County
Augusta County	Danville City	Martinsville City	Salem City
Appomattox County	Fluvanna County	Montgomery County	Scott County
Bedford City	Franklin County	Nelson County	Staunton City
Bedford County	Frederick County	Pittsylvania County	Tazewell County
Botetourt County	Giles County	Pulaski County	Washington County
Bristol City	Greene County	Radford City	Waynesboro City
Campbell County	Harrisonburg City	Roanoke City	Winchester City

### Rural Pool – 8.13%

Accomack County	Dickenson County	Lee County	Patrick County
Alleghany County	Emporia City	Lexington City	Prince Edward County
Bath County	Essex County	Lunenburg County	Rappahannock Co.
Bland County	Floyd County	Madison County	Richmond County
Brunswick County	Franklin City	Mecklenburg County	Rockbridge County
Buchanan County	Galax City	Middlesex County	Russell County
Buckingham County	Grayson County	Northampton County	Shenandoah County
Buena Vista City	Greensville County	Northumberland County	Smyth County
Carroll County	Halifax County	Norton City	Southampton County
Charlotte County	Highland County	Nottoway County	Westmoreland County
Covington City	King George County	Orange County	Wise County
Culpeper County	Lancaster County	Page County	Wythe County

### Local Housing Authority Pool – 7.5%

Any application submitted for competition in the Local Housing Authority Pool must be for a development within the jurisdiction where the housing authority is located and (1) where the local housing authority is the sole general partner or managing member (either directly or through a wholly-owned subsidiary) or (2) the development must be a HOPE VI development within the housing authority's jurisdiction. The applicant must request \$750,000 or less in credits. Applicants requesting more than \$750,000 in credits will compete in the applicable geographic pool.

### Non-Profit Pool – 15%

To participate in the Non-Profit Pool, the non-profit entity must be authorized to do business in Virginia and must be substantially based or active in the community of the development. Answers in the Non-Profit Questionnaire will be used to determine if the non-profit meets the latter test. While a non-profit does not need to answer every question affirmatively, its responses should clearly indicate its commitment to meet the needs of the targeted community. Attachments to the Questionnaire do not have to be sent in unless requested by VHDA. To participate in the Non-Profit Pool, the entity must:

1. Materially participate in the development and operation of the development throughout the compliance period (i.e., maintain regular, continuous and substantial involvement)
2. Own, either directly or through a partnership or limited liability company, 100% of the general partnership or managing member interest
3. Not be affiliated with or controlled by a for-profit organization

4. Not have been formed for the principal purpose of competition in the Non-Profit Pool
5. 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

With regard to item 5 above, this rule would apply to all members of the Board of Directors regardless of their voting status. It would not apply to a member of an advisory group established by the non-profit to solicit input from a neighborhood or other interested parties. However, in those cases, care should be taken to avoid even the appearance of impropriety that could adversely affect the local, political and/or financial support for the development.

Non-Profit entities that are seeking more than \$750,000 in annual credits may apply to the Non-Profit Pool, however reservations will be limited to \$750,000 unless all non-profit applications that meet all threshold requirements have been offered credits and unused credits remain in the Non-Profit Pool.

Joint ventures between a for-profit entity and a non-profit are not eligible for the Non-Profit Pool, but may receive points for non-profit participation when competing in the geographic pools. If a for-profit entity is providing development services to the non-profit owner, the consulting or services agreement must be attached to the Nonprofit Questionnaire. It must clearly explain the role of the for-profit and the services it will provide, the period of involvement, and the amount and timing of compensation. Background information on how the non-profit selected the for-profit along with an explanation of how the development was initially conceived will be helpful. VHDA will determine whether the arrangement satisfies the tests for the Non-Profit Pool, or better represents a joint venture eligible to compete in the geographic pools.

### **At-Large Pool**

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

Tier 1 consists of the next eligible developments from the geographic pools that could not be fully funded with the remaining credits in those pools; those developments, in rank order, that can be fully funded, would receive credits in tier 1.

Tier 2 consists of any Tier 1 developments not funded in Tier 1 and all remaining developments ranking above threshold.

The dollar amount of credits reflected for each of the geographic, Non-Profit and LHA pools includes a pro rata portion of the following year's credits, not to exceed 10% of the current year's per capita credit amount. Developments that will receive a pre-allocation of the following year's credits will be determined when the allocations are issued in December.

### **Non-Competitive Credit Pool – Developments for Persons with Disabilities**

Credits for this Pool will be reserved from the following year's allocation and will not exceed 6% of the current year's per capita credit amount. These credits are available for non-elderly developments.

Minimum requirements to qualify for credits from this Pool are:

1. At least 50% of the units will serve people with disabilities.
2. The development will provide project-based rent subsidies or equivalent assistance in order to ensure occupancy by extremely low-income persons. For purposes of this Pool, "extremely low income" mean households with gross income not greater than 40% of the AMGI paying no more than rent calculated at the 40% level.
3. The development will conform to HUD regulations interpreting the fully accessible unit requirements of Section 504 of the Rehabilitation Act (reference the requirements set forth in the Uniform Federal Accessibility Standards "UFAS").
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.

Developers may wish to forge collaborative relationships with for profit and not for profit partners to:

- Obtain project-based vouchers and local HOME funds through public housing agencies or redevelopment housing agencies.
- Increase affordability and provide targeted services such as accessible transportation or personal care to attract people with disabilities.
- Use unique and creative marketing techniques most effective in reaching people with disabilities.
- Work with local independent living centers or disability services boards to build management relationships and assemble waiting lists.
- Leverage resources and enhance the quality and sustainability of the proposed development.

In addition to any reservations of tax credits made from this Pool, VHDA has also set aside a certain amount of funding with favorable financing through its Resources Enabling Affordable Community Housing (REACH) program. A REACH loan application, in addition to the tax credit application, is required.

Proposals may be sent to VHDA at any time during the year; however, a complete Tax Credit Application, including documentation of the above minimum requirements, must be submitted to VHDA no later than November 1, 2009. These credits are available on a first-come, first-served basis.

In the event that other applications to this pool meet program and documentation requirements first, then those developments will receive a reservation first. Applications can be resubmitted to update development characteristics or to correct data for an additional application fee. At the time of any resubmittal, the application risks losing its previous place in the review queue, and another development may receive a reservation. There is no guarantee that there will be enough credits available by the time any application meets the requirements.

## Non-Competitive Credit Preservation Pool

Credits for this Pool will be reserved from the following year's allocation and will not exceed 15% of the current year's per capita credit amount, 10% of which will be set aside for applications proposing preservation of currently existing, non-elderly developments providing affordable housing within the following geographic locations:

Arlington County  
Fairfax County  
Alexandria City  
Fairfax City  
Falls Church City

The remaining 5% will be available for any area of the state.

Minimum requirements to qualify for credits from this Pool are:

1. Applications for this Pool will not be accepted until after the competitive round final ranking is announced. Applications for this pool may include a development that was unsuccessful in the competitive application round.
2. Applications must achieve a minimum threshold score of at least the highest ranked eligible development from the geographic pool in which the proposed development is located that was not funded during the competitive round.
3. Applications must include documentation of locality funding in an amount of at least 20% of the total development costs.
4. EarthCraft or LEED certification or amenity points equaling at least 35 points excluding brick and bathrooms points must be included in the Application.
5. At least 20% of the units must be reserved for households with incomes no greater than 50% of the AMGI.
6. A minimum of 5% of development costs (1/3 or more of the developer fee) must be shown as deferred developer fee.
7. Funding for the development must not be feasible using tax-exempt bonds (as determined by VHDA using its normal underwriting criteria).

A complete Tax Credit Application, including documentation of the above minimum requirements, must be submitted to VHDA no later than November 1, 2009. These credits are available on a first-come, first-served basis.

In the event that other applications to this pool meet program and documentation requirements first, then those developments will receive a reservation first. Applications can be resubmitted to update development characteristics or to correct data for an additional application fee. At the time of any resubmittal, the application risks losing its previous place in the review queue, and another development may receive a reservation. There is no guarantee that there will be enough credits available by the time any application meets the requirements.

## **7. Change of General Partner or Managing Member**

Change of General Partner or Managing Member (direct or indirect) is prohibited prior to the placed-in-service date of the proposed development.

## 8. Minimum Design and Construction Requirements

VHDA's Minimum Design and Construction Requirements (including Kitchen & Bath Vanity Cabinet Specifications) are mandatory minimum design criteria for any development receiving tax credits and/or VHDA financing. Click this link to access [2009 Minimum Design and Construction Requirements](#).

### Design & Construction Meeting

To ensure that developments conform to minimum design and construction requirements set forth by VHDA and to ensure that owners construct/provide the amenities represented in the Application, construction will be monitored periodically. Before construction monitoring can begin, the Design and Construction Meeting is held with the owner and/or its representatives, the architect, the contractor and VHDA staff to review the requirements, as well as to discuss expectations, the inspection schedule and draw procedures (i.e. if construction is being funded by a VHDA construction loan). In general, the meeting is held after the Scope of Work is finalized. Depending on previous experience with the owner/developer, the VHDA Construction Control Officer ("CCO") may waive the requirement for this meeting.

## 9. New In 2009!

- **Locality Notification Information Form** – The 10 points for on-time, correct submission of this form has been eliminated. However, failure to submit the form by the deadline will result in a **50-point penalty** against the Reservation Application.
- **Scanned Copy of Application is Now Mandatory** - A 10-point penalty for correcting a mandatory item will apply to each submitted application that does not include a scanned copy and/or for each scanned copy that does not match the hard copy of the application, including attachments.
- **One Application for the Same Site** – If you have questions as to whether or not this applies to your development, contact Jim Chandler at (804) 343-5786.
- **Applicable Percentage (2008 Legislation)** - The applicable tax credit percentage for, "...newly constructed [includes substantial rehab], non-federally subsidized buildings placed in service after July 30, 2008 and before December 31, 2013" is fixed at no less than 9%.
- **Modification to Definition of "Federally Subsidized Building" (2008 Legislation)** - Developments with new federal funds will not have to subtract those funds from eligible basis in order to claim the 9% credit. This provision applies to buildings placed in service on or before December 31, 2013.
- **Definition of Related Persons (2008 Legislation)** - An Applicant who is a previous owner of a rental development and submitting an application VHDA can receive acquisition credits to provided that the owner's share does not exceed 50% of the new ownership.
- **10-Year Look Back Rule (2008 Legislation)** - Buildings that are substantially assisted, financed or operated under Section 8, Section 221(d)(3), 221(d)(4), Section 236, Section 515 or any other housing program administered by HUD or Rural Housing are not required to have been placed in service for 10 years in order to qualify for acquisition credits.
- **Moderate Rehab Developments (2008 Legislation)** - Buildings receiving moderate rehab assistance under Section 8(e)(2) are now eligible to receive low-income housing tax credits.

- **Developments with Extended Use Agreements Terminated by Foreclosure** - Applicants may submit an application for rehabilitation credits for a building during the Compliance Period provided the extended low-income housing commitment has been terminated by foreclosure and the applicant has no relationship with the owner or owners of such building during its initial compliance period.
- **Carryover Allocation Rule (2008 Legislation)** - The number of months the developer is allowed to meet 10% test is increased from 6 months to 12 months. In Virginia that date is 12 months from the date the Carryover Allocation Agreement is issued.
- **Tax Credit Amount Increase for LHA Pool and Non-Profit Pool Developments** - Applicants competing in the Local Housing Authority (LHA) Pool can now request up to \$750,000 in tax credits. This is an increase from \$650,000.
- **Discretion of Executive Director to Award an Increase in Credits for LEED or EarthCraft Developments** - The Executive Director may allow, if needed, an adjustment of up to 5% of eligible basis amount used to calculate the maximum credit for those developments qualifying as EarthCraft or LEED compliant and receiving the full 60 points for the lower income bonus points.
- **Square Foot Reduction for Community/Meeting Rooms** - The minimum size of community rooms is reduced to 749 sq. ft. (from 800 sq. ft.)
- **Points Deleted for Single-Glazed Windows** - Points are no longer awarded for developments with single-glazed windows.
- **“Major Violation” Clarified** - “Major Violation” is clarified in the QAP to mean “life-threatening hazard under HUD’s Uniform Physical Condition Standards.” For more information, see Uncorrected Major Violation in Points Section below.
- **Penalty Points for Management Company Rated Unsatisfactory During Compliance Period** - Penalty points will be assessed against any Applicant that includes in its application a management company rated “unsatisfactory” by VHDA during **both** the Compliance Period and Extended Use Period.
- **Mandatory Training of Architect of Record for Universal Design (UD) Certification Points** - (1) UD training by the Architect of Record is now mandatory for Universal Design certification points. (2) Training must have occurred on January 1, 2006 or later. (3) The Architect of Record must be on the [Universal Design Training Attendance Listing](#).
- **Mandatory Training of Architect of Record for EarthCraft/LEED Certification Points** - It is now mandatory that the Architect of Record complete *Multifamily Professional Training* by EarthCraft Virginia for EarthCraft/LEED certification points.
- **Appraisals** - Pursuant to Section 13 VAC 10-180-60 of the QAP, VHDA will only order appraisals for developments receiving reservations that are both (1) rehab or adaptive reuse and (2) that have an identity of interest between purchaser and seller. In addition, VHDA, at its discretion, will order appraisals if there are unresolved concerns about feasibility.

## 10. Summary of Program Fees

Amount	Description/Due Date/Penalty	Program
\$750	<b>Application Fee</b> - Applications will not be processed until the fee is paid.	9%, 4%
TBD – based on transaction complexity	<b>Appraisal Fee</b> – The appraisal will be based on the assignment. VHDA will not order the appraisal until the fee is received.	9%, 4%
7% of annual credit amount	<b>Assessed only to those applicants accepting a 9% credit reservation; the amount is communicated in a letter sent with the Reservation Agreement; <u>due as instructed in Reservation correspondence from VHDA.</u></b>	9%
7% of annual credit amount	<b>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 VHDA. This fee will be calculated based on the lesser of the credit amount from VHDA'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</b>	4%
\$500 per calendar day	<b>Late submission of Reservation Agreement</b> - fee is assessed when any of the reservation documents, including Reservation Agreement, are not submitted to VHDA by the stated deadlines; communicated to Applicants via Reservation Agreement cover letter; <b>significant delay may result in loss of the reservation</b>	9%
\$500 per calendar day	<b>Late submission of Allocation Application</b> - these fees are applicable only to competitive tax credit applications and are 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% competitive credits
\$100 per calendar day	<b>Failure to Notify VHDA of Construction Completion</b> - it is VHDA's policy that owners notify the Tax Credit Allocation Department of the date on which construction of the units in the last building are completed, within 30 days of such date, unless a completed 8609 application is submitted during that timeframe. Form 8609 will not be issued until the fee is paid.	9%, 4%
\$100 per calendar day+	<b>Late submission of 8609 Application</b> - it is VHDA's policy that 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; thereafter 4% of the outstanding balance each one-month anniversary). Form 8609 will not be issued until the fee is paid.	9%, 4%
\$100 per form	<b>Correction of Form(s) 8609</b> - The fee is assessed when an owner requests VHDA 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%
\$50	<b>Replacement Of Documentation Previously Provided</b> , e.g. original Extended Use Regulatory Agreement	9%, 4%
\$25 per unit per year	<b>Compliance Monitoring Fee</b> - after all buildings are placed in service. The fee is reduced to \$15 per unit during the extended use period (years 16-30).	9%, 4%
\$15 per unit per year	<b>Compliance Monitoring Fee – RD Developments</b> - after all buildings are placed in service. The fee is reduced to \$5 per unit during the extended use period (years 16-30).	9%, 4%
\$3,000	<b>Qualified Contract Application Fee</b>	9%, 4%

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

Waiver of application fees and reservation fees are not granted under any circumstances. The Executive Director has the discretion to waive all other fees. Waivers may be granted as circumstances warrant and will be evaluated on a case-by-case basis.

If an allocation of credits was received in a previous year and an additional allocation of credits is now being requested in the current year for the same development, the fees for additional credits will be based on the total combined reservation credit amount.

## 11. 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 at VHDA's [Low-Income Housing Tax Credit Program](#) website. Applicants are responsible for making sure they receive all necessary information for submitting applications.

To help ensure that you will receive information and application updates or if you wish to be added to the contact list or provide updated contact information, notify Jim Chandler, (804) 343-5786; Dale Wittie, (804) 343-5876; Cara Wallo, (804) 343-5714; Jaynell McFarland, (804) 343-5733; or Debbie Griner, (804) 343-5518.

## 12. VHDA Program Contacts

If you have any questions about the LIHTC program, you may contact James M. Chandler at (804) 343-5786 or via e-mail, [jim.chandler@vhda.com](mailto:jim.chandler@vhda.com)

Compliance monitoring questions should be directed to Brenda Hawkins at (804) 343-5763 or via e-mail, [brenda.hawkins@vhda.com](mailto:brenda.hawkins@vhda.com).

## C. Allocations

A reservation of credits is made after an initial feasibility analysis by VHDA and is conditioned upon the development's sponsor meeting certain requirements. Those applicants satisfying the requirements are given an allocation of credits. 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. If the development is not placed in service in the year of allocation, the developer must request a **carryover allocation** (see Carryover Allocation Application section below). A second feasibility analysis is completed by VHDA to reflect any changes in the development's cost and/or financial structure, prior to VHDA granting a Carryover Allocation.

After a building has been placed in service (i.e., the rehab is substantially complete or for new construction, Certificates of Occupancy are received), the Owner will request IRS Form(s) 8609. A third feasibility analysis will be performed at that time. The final credit amount is the lesser of the amount necessary to make the development feasible and the amount of the earlier carryover allocation.

## D. Types of Applications and Application Schedules

### 1. 9% Credit Reservation Application

Following is a summary of the 9% Application process.

#### How to Obtain an 9% Application

Click on this link for the [9% Tax Credit Application](#). The application can also be sent to you as an e-mail attachment, upon request. The application was prepared using Microsoft Office 2003, Excel Version 11.8146.8132 SP-2. If your version of Excel is more current than the version VHDA is using, check "no" to an upgrade when downloading the form from the Internet. This should allow checkboxes to function properly.

Download and save the Excel application using the development's name (i.e., "ABC Apartments").

Questions about obtaining or submitting the Application can be directed to Dale Wittie at (804) 343-5876, Cara Wallo at (804) 343-5714, Jaynell McFarland at (804) 343-5733 or Debbie Griner at (804) 343-5518.

#### 9% Application Deadline

Unless otherwise notified by VHDA in writing by e-mail or posting on the website, the Application Deadline for 9% competitive allocations, is no later than 5:00 p.m. EST on May 15, 2009.

#### **Delivery Address:**

Virginia Housing Development Authority  
601 S. Belvidere Street  
Richmond, VA 23220-6500  
Attn: Tax Credit Allocation Department

#### How to Submit the 9% Application

E-mail a separate Excel application for each development, with the development's name and tracking number in the subject line, to TaxCreditApps@VHDA.com. **Do not** send it to other e-mail addresses. You will receive an automated reply acknowledging receipt of the e-mail. To guard against technical malfunctions, you may also want to include the spreadsheet on a CD and turn it in along with the Application binder.

The printed version of the Excel application and all supporting documentation must be submitted **in one package** before the Application Deadline. VHDA will not accept additional development information separate from the Application, e.g. do not submit

the Application and request that the Architect fax its certification separately. Exceptions follow:

- Locality Notification Information form
- CEO Letter(s) of Support (neutrality or opposition)
- Revitalization Area Certification

Due dates for these items are indicated below.

In addition, other information may be requested by VHDA for purposes of clarification.

Failure to provide all documentation noted as "mandatory" (see section below), will result in the disqualification of the Application, unless VHDA's Executive Director approves an exception. If approved, each exception will incur a 10-point penalty.

### Mandatory documents to be submitted with the 9% Credit Reservation Application

Mandatory Application documents and explanations thereof follow. Please refer to the Application Checklist for correct tab placement and forms to be submitted with the Application.

Application and Attachments (w/original signatures)	A hard copy of the original Tax Credit Application must include all tabs and attachments (see Application Checklist for list of attachments).
Scanned Copy of Application w/Attachments	The scanned copy of the Tax Credit Application (in its entirety) will be posted on VHDA's website. A 10-point penalty will apply to each submitted application that does not include a scanned copy and/or for each scanned copy that does not match the hard copy of the application, including attachments.  Use <a href="#">divider pages</a> to separate each section.
\$750 Application Fee	To be paid via check to VHDA
Partnership or Operating Agreement	In addition to the Agreement itself, please attach a chart of the ownership structure, identifying each principal (i.e. individuals' names rather than entities). For a housing authority or non-profit principal, the Executive Director should be the named individual. Please follow guidelines below for listing principals. <ol style="list-style-type: none"><li>1. If the owner is a partnership, list the names of all GPs, regardless of % interest in the General Partnership</li><li>2. If the owner is an LLC, list the names of all members regardless of % interest</li><li>3. If the owner is a Corporation (public or private), Organization or Governmental Entity, list the names of officers who are directly responsible to the Board of Directors (or equivalent) and any stockholder having a 25% or more interest</li><li>4. If the owner is a Trust, list the names of all persons having a 25% or more beneficial ownership interest in the assets of the trust</li><li>5. If the owner is an Individual, list the name of anyone having a 25% or more ownership interest of the named individual</li></ol>

6. If none of the above apply, list the name of any person that directly or indirectly controls or has the power to control a principal

Virginia State Corporation Commission Certification (SCC)

Submit a Certification from the Virginia SCC reflecting ownership entity is:

- Admitted to record in Virginia
- Authorized to transact business in Virginia

Request the Certification from the SCC in time to include it with the Application.

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 Virginia per capita credit amount may be reserved to any related general partner(s) or principal(s) of such general partner(s) or managing member (if LLC), either directly or indirectly, in any credit year (see QAP for information on related parties and the credit cap). This limitation does not apply to credits that are awarded to developments receiving tax-exempt bonds but does apply to developments receiving credits in either non-competitive 9% pool. The limit is applied to the year credits are reserved.

Non-Profit Questionnaire (if Applicant/Developer is a Non-Profit Organization)

To compete in the Non-Profit Pool and/or receive points for non-profit involvement, submit:

- Completed questionnaire
- Supporting documents need not be submitted unless requested by VHDA.

For more information about competing in the Non-Profit Pool, please refer to Section I.B.6 above.

Architect's Certification

The Architect of Record certifies that all unit and site amenities indicated in the Application are incorporated into the development plans and specifications or unit-by-unit work write-up, and that all products necessary to fulfill these representations are available. The Certification also documents that VHDA's Minimum Design and Construction Requirements will be incorporated into the design of the property. **All representations made in the Architect's Certification must agree with those same representations in the Reservation Application. If there are differences, then the Architect's Certification and/or the Reservation Application must be re-submitted, so that the representations agree. For each document that is re-submitted a 10-point penalty will be assessed.**

Site Control  
Documentation

Site control must be in the name of the Owner identified in the Application and documented to remain in place for a minimum of four (4) months beyond the Reservation Application Deadline (9% competitive credits only). The site control document must reference all parcels in the development and should not allow further marketing of the property by the seller. Site Control documentation must be in the form of one of the following:

1. Sole fee simple ownership of the site of the proposed development by the applicant,
2. 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
3. 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.

Such option or contract shall have no conditions within the discretion or control of such owner of such site. 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, if any, at such level required by the Authority. Click here for [Relocation Assistance Guidelines](#). All owners requesting rehab credits must submit a Relocation Plan.

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.

Plans/Specifications and  
Work Write-up

VHDA will also accept copies of Plans and Specs and Unit-by-Unit Work Write-ups on CD.

Following are the minimum requirements for all property types (new construction, rehab and adaptive reuse).

1. A location map with the property clearly defined
2. Sketch plan of the site showing overall dimensions of main building(s), major site elements (e.g., parking lots and location of existing utilities, and water, sewer, electric, gas in the streets adjacent to the site). Contour lines and elevations are not required.
3. Sketch plans of main building(s) reflecting overall dimensions
4. Typical floor plan(s) showing apartment types and placement
5. Ground floor plan(s) showing common areas

6. Sketch floor plan(s) of typical dwelling unit(s)
7. Typical wall section(s) showing footing, foundation, and wall and floor structure. Notes must indicate basic materials in structure, floor and exterior finish.
8. All items reflected in VHDA's Minimum Design and Construction Requirements.

Sketch plan dimensions must be sufficient to allow VHDA to calculate the Gross Floor Area for the entire development and the net rentable areas for all the units in the development.

In addition to the foregoing required submission, **for rehab developments**, supply a unit-by-unit work write-up sufficient to determine renovations in each unit and common areas throughout the development.

Attorney's Opinion (VHDA form)

Please provide the ORIGINAL Opinion. Any changes to the form of opinion other than filling in blanks or making the appropriate selections in bracketed language must be accompanied by a black-lined version indicating all additional changes to the opinion. Altered opinions submitted without prior approval are subject to a 10-point penalty. The date in the first paragraph of the Attorney's Opinion Letter should correspond to the date of the Application.

Market Study –  
**DISQUALIFICATION IF NOT PROVIDED BY APPLICATION DEADLINE**

Market studies submitted in connection with the tax-exempt bonds (4% credits) must be submitted at the time of Application, as an attachment, unless a waiver is requested.

Applications submitted in connection with the competitive 9% credits must include the market study, as an attachment, at the time of Application. Failure to submit a complete market study by the stated deadline will disqualify the Application.

The market study must be no more than six (6) months old at the time of submission to VHDA. Market studies more than six (6) months old must be updated. If the study has no material changes, the market study analyst may send an update letter. No study over 12 months old will be accepted. Click this link to find VHDA's current [Market Study Requirements](#).

Appraisal - Required For Rehab and Adaptive Reuse Developments (Where There is an Identity of Interest between Purchaser and Seller and at VHDA's Discretion)

VHDA will only order appraisals for developments receiving reservations that are both (1) rehab or adaptive reuse and (2) that have an identity of interest between purchaser and seller. In addition, VHDA, at its discretion, will order appraisals if there are unresolved concerns about feasibility.

Fees will be the sole responsibility of the Owner. VHDA will communicate the fee to the Owner in writing. For Tax-Exempt Bond developments, the fee is due when VHDA notifies the Applicant of the appraisal fee (typically within 7-10 days of receiving the Application). For 9% developments, the fee is due with the signed Reservation Agreement. Appraisals will not be ordered until VHDA receives the fee. Click this link to access VHDA's [Appraisal Requirements](#).

## 9% Competitive Credit Reservation Application Schedule

<b>Due</b>	<b>Description</b>
Mar 25	Locality Notification Information form due to VHDA
May 15	Deadline for Reservation Application, Market Study (due with Application) & \$750 Application Fee
by May 29	Applications posted to VHDA website
June 1	Locality CEO Support Letter and Revitalization Area Certification may be submitted after the Reservation Application Deadline, but <b>not later than June 1, 2009</b> .
July 14	Announce Preliminary Rankings/Begin General Comment Period
July 21	Close General Comment Period/Begin Rebuttal Comment period
July 28	Close Rebuttal Comment Period
August 5	Announce Final Rankings
Aug 26	VHDA mails Reservation Application documents (Agreement, Contract to Enforce Representations, Extended Use Agreement, and Election to Fix %) and Notification of Appraisal Fee (if applicable). The appraisal fee (if applicable) is due upon Developer receiving Notification of Appraisal Fee.
Sep 9	(Fully executed) reservation documents, Contract to Enforce Representation (original), Election to Fix Applicable Percentage (if applicants choose to lock in rate) and for-profit fees due to VHDA
Nov 6	Site Control Documentation, Extended Use Agreement (recorded original), Carryover Allocation Application (if applicable), non-profit reservation fees and local housing authority reservation fees due to VHDA

## **2. Carryover Allocation Application**

In general, IRC Section 42 allows an allocation to a building to be carried over if such building is placed in service no later than the end of the second year following the allocation year.

### How to Obtain a Carryover Allocation Application

VHDA sends out Carryover Allocation Applications to developers that have accepted a reservation of credits.

If requesting a carryover allocation, the owner/applicant submits an Owner's Certification, an itemized list of expenses and an Attorney's Opinion with the Carryover Allocation Application. If the owner has met the 10% test, no further documentation is necessary.

### Carryover Allocation Application Deadline

Carryover Allocation Applications are due back to VHDA no later than November 6, 2009. 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 VHDA.

### How to Submit the Carryover Allocation Application

Complete the Allocation Application by verifying and/or updating answers to all questions, attaching all necessary documentation.

## Mandatory documents to be Submitted with the Carryover Allocation Application

- Electronic copy **and** executed original Allocation Application
- Attorney's Opinion (Original)
- IRS Letter Confirming the Assignment of the EIN Number (Form SS-4) to the owner (i.e. LP, LLC, etc.)
- 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
- Owner's Certification – must include an itemized list of expenditures. Expenditures do 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 basis. Please perform the correct calculation.
- Recorded Extended Use Agreement - if the recorded Extended Use Agreement is not returned from the locality by the application due date noted below, submit a copy of the Extended Use Agreement and copy of the recording receipt. Remember to submit to VHDA the original recorded Extended Use Agreement when it is received from the locality.
- Recorded Non-Profit or Local Housing Authority (LHA) Right of First Refusal
- Other documents revised since the Reservation Application

## Carryover Allocation Application Schedule

<b>Due</b>	<b>Description</b>
Mid to Late August	VHDA sends out customized Allocation Applications to developers that have received a reservation of credits
Nov 6	(1) Allocation Application (electronic and original copy); (2) site control documentation; (3) <u>original recorded</u> Extended Use Agreement; (4) <u>original</u> Attorney's Opinion; (5) <u>recorded</u> Non-Profit or LHA Purchase Option or Right of First Refusal; (6) Owner's Certification; and (7) IRS Letter with EIN# assignment due to VHDA
Dec	(1) Allocations are finalized and for regular allocations, 8609s are mailed to developers; (2) Carryover Allocation Agreements are mailed by VHDA to developers
Dec 18	10% Test Certifications due to VHDA for 2008 allocations
Mid-Jan	Carryover Agreements due back to VHDA

### **3. Meeting the 10% Test**

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

### **4. 4% Tax-Exempt Bonds**

Developments financed with tax-exempt bonds are eligible to apply for tax credits automatically and **do not need to compete for credits**. These developments, because they are federally subsidized, only qualify for the 4% credit. If bond financing is more than 50% of the development's aggregate basis plus land, the maximum allowable credits are calculated on 100% of the qualified basis of the low-income units. VHDA 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.

VHDA will prohibit tax-exempt bond developments from receiving credits in those instances where more than 50% of the tax-exempt bonds issued are retired prior to the end of seven years after issuance. If the development has an existing Rural Development 515 loan, where the tax-exempt bonds issued for rehab are less than \$3 million, that development will be exempt from this restriction.

Following is a summary of the 4% tax-exempt bonds process.

#### How to Obtain a 4% Tax-Exempt Bond Application

Click on this link for the [4% Tax Credit Application](#). The application can also be sent to you as an e-mail attachment, upon request. The application was created using Microsoft Office 2003, Excel Version 11.8146.8132 SP-2. If your version of Excel is more current than the version VHDA is using, check "no" to an upgrade when downloading the form from the Internet. This should allow checkboxes to function properly.

Download and save the Excel application using the development's name (i.e., "ABC Apartments").

If you have questions regarding tax-exempt bond credits, contact Dale Wittie at (804) 343-5876.

#### 4% Tax-Exempt Bond Application Deadline

For VHDA bond-issued developments, applications should be submitted at least one month before VHDA bond pricing. For non-VHDA bond issuance, applications should be submitted at least 75 days prior to bond issuance.

#### **Delivery Address:**

Virginia Housing Development Authority  
601 South Belvidere Street  
Richmond, VA 23220-6500  
Attn: Tax Credit Allocation Department

#### How to Submit the 4% Tax-Exempt Bond Application

E-mail a separate Excel application for each development, with the development's name and tracking number in the subject line, to [TaxCreditApps@VHDA.com](mailto:TaxCreditApps@VHDA.com). **Do not** send it to other e-mail addresses. To guard against technical malfunctions, you may also want to include the spreadsheet on a CD and turn it in along with the Application binder.

Until the original and an electronic copy of the application (either on CD or via e-mail), are received by the Application Deadline, applications will not be processed.

Step	Description
1	Email Locality Notification Information form to <a href="mailto:TaxCreditApps@VHDA.com">TaxCreditApps@VHDA.com</a> . Do not send it to other e-mail addresses.
2	CEO Support Letter due 45 days from date of VHDA's Notification Letter
3	Submit the Application for Reservation
4	The market study is due with the Application
5	A \$750 Application Fee is due with the Application.
6	The appraisal fee (if applicable) is due when VHDA notifies the Applicant of the appraisal fee (typically within 7-10 days of receiving the Application).

#### Mandatory documents to be submitted with the 4% Tax-Exempt Bond Application

Same as "Mandatory 9% Credit Reservation Application Documents," as described above.

#### 4% Tax-Exempt Bond Credit Reservation Application Schedule

- VHDA reviews the Application for threshold, financial and market feasibility
- If the Application qualifies for an allocation, VHDA will request payment of the Reservation Fee
- After receipt of the Reservation Fee, VHDA sends Section 42(m) letter, Extended Use Agreement and Election to Fix Applicable Percentage
- If the applicant chooses to lock the rate, an Election to Fix Applicable Percentage must be received at VHDA by close of the 5<sup>th</sup> day of month following the month bonds are issued

### **5. 8609 Application**

VHDA policy (relating to both 9% competitive allocations and 4% tax-exempt allocations) requires that the owner notify VHDA's Tax Credit Allocation Department in writing within 30 days after the date the units in the last building in the development are ready for occupancy after rehab is substantially complete or, for new construction, when a Certificate of Occupancy for the last building is received (i.e. building(s) placed-in-service). If the development is new construction, a copy of each Certificate of Occupancy must be provided. If the development was rehabilitated, a Certificate of Completion from the Architect must be provided. Failure to provide such notification to the Allocation Department within 30 days of construction completion will cause the owner to be subject to a fine of \$100 per day for each calendar day past the deadline.

Upon notification of the placed-in-service date, VHDA will schedule the final physical inspection of the development, which will include entry into several representative units. The primary purpose of this inspection is to determine that the building(s) and units were produced in accordance with representations made in the Application, as well as with VHDA's Minimum Design and Construction Requirements. Owners will receive written notification of any issues identified as not conforming with the submitted Application and will have the opportunity to correct non-conforming items before issuance of Form(s) 8609. Developers with outstanding corrections risk penalty points on future applications.

A Final Cost Certification/Independent Auditor's Report is required prior to the issuance of final housing credit allocation and IRS Form(s) 8609. The Independent Auditor's Report must

provide the findings of its audit of the development's costs and state that the Final Cost Certification was completed in accordance with generally accepted auditing standards.

VHDA prefers that loan closings for permanent financing occur before requesting Forms 8609. However, if closing has not occurred, you may still submit an 8609 Application. Submit copies of any funding commitment along with other required attachments requested on the Application checklist.

#### How to Obtain an 8609 Application

Following notification of readiness for occupancy by the owner, VHDA will forward to the owner an 8609 Application and Independent Auditor's Report form.

#### 8609 Application Deadline

For both 9% and 4% deals, a completed Application must be submitted to VHDA within 6 months of the date on which a development's last building becomes ready for occupancy, as evidenced by the Certificate of Occupancy or Architect's Certificate of Substantial Completion (for rehabs).

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

#### How to Submit the 8609 Application

E-mail a separate Excel application for each development, with the development's name and tracking number in the subject line, to [TaxCreditApps@VHDA.com](mailto:TaxCreditApps@VHDA.com).

Complete the 8609 Application by verifying and/or updating answers to all questions, attaching all necessary documentation. DO NOT submit a duplicate copy or scanned copy of the 8609 Application. In rare instances, VHDA may require an Attorney's Opinion in connection with the 8609 Application. You will be notified by VHDA in those instances.

#### Mandatory Documents to be submitted with the 8609 Application

If points were awarded during the Reservation Application phase for EarthCraft, LEED Certification and/or Universal Design Certification, the certification(s) **must** be obtained before Form(s) 8609 will be issued.

- Signed original hard copy of the 8609 Application
- Electronic copy (e-mail or disk) of the 8609 Application
- Permanent financing documentation
- Final Partnership Agreement and Development Agreement (if applicable)
- Construction Contract
- Independent Auditor's Report
- Final Cost Certification

## 8609 Application Schedule

Due	Description
Within 30 days of construction completion of the units in the last building	Submit notification to VHDA 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 6 months after construction completion of the units in the last building	Submit the 8609 Application and Final Cost Certification/Independent Auditor's Report.
April 30 <sup>th</sup> (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 30 <sup>th</sup> with prior approval by VHDA.

VHDA is often requested to amend previously issued 8609s, e.g. building addresses or placed-in-service dates were listed incorrectly on the Application by the owner. Once transferred to the 8609, 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, VHDA will charge \$100 for each Form 8609 that must be corrected and reissued. Refer to Section B.9 above for fees and penalties information.

## 6. Qualified Contracts

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 regulations. 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 non-profit 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, Carryover Agreement, and Extended Use Agreement to determine whether a waiver is in place for the development.

Below is a brief description of VHDA's process for requesting a Qualified Contract. Complete instructions for requesting a Qualified Contract can be found on our website at <http://vhda.com/QualifiedContractRequest>.

### Notice of Intent to File Request (Preliminary Application)

Between January 1 and March 1 of each year, VHDA will accept Preliminary Applications from Owners to determine their eligibility to submit a Request for Qualified Contract. The Preliminary Application does not bind the Owner to submit a Request, nor does it start the one-year period, as defined in §42(h)(6)(l). VHDA will determine eligibility based on confirmation of the following:

1. The owner did not waive its right to request a Qualified Contract during the allocation of the tax credits.
2. The tax credit property meets the basic physical compliance standards that are necessary to claim credits.
3. The owner has secured waivers of purchase options and rights of first refusal connected to the property.
4. The Owner shall certify that it has all the necessary documentation to submit a Request for Qualified Contract.

If after review of the Preliminary Application, VHDA determines the Owner is not eligible to submit a Request for Qualified Contract, VHDA will notify the Owner in writing. Owners, then, will be given a deadline to remedy the grounds for rejection.

### Filing a Request for Qualified Contract

VHDA will accept Requests for Qualified Contracts from June 15 through September 15 of each year from Owners who have submitted a Preliminary Agreement and who have been determined by VHDA to be eligible to submit a Request for Qualified Contract.

The Owner files a Request for Qualified Contract by filing with VHDA a complete Application, on such form(s) as the Executive Director may, from time to time prescribe, together with such documents and additional information as may be requested (collectively, the Application), in order to comply with the IRC and these procedures and to determine the Qualified Contract price in accordance with §42(h)(6)(F). The Executive Director may refuse to process any Qualified Contract Application if the Owner does not provide the proper documentation or information on the required forms. The one-year period does not start until the Owner submits a complete Application to the satisfaction of VHDA.

The Application shall include the owner's proposed Qualified Contract Price, which price shall include an opinion of an independent certified public accountant or other assurances satisfactory to the Executive Director, setting forth the calculation of the Qualified Contract Price requested in the Application and certifying, among other things, that the Owner is entitled to the Qualified Contract Price requested.

## E. Application 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 VHDA'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 2009 QAP, which in the case of discrepancies will be the overriding document.

In order to qualify for a reservation of tax credits, an Application for 9% Competitive Credits must score a minimum of 500 points, while an Application for Tax-Exempt Bonds (4% credits) must score a minimum of 475 points.

Appl. p.1	Latitude/Longitude	The preferred latitude/longitude format is decimal degrees (i.e. - 77.452788/38.77987). Use a standard projection. Suggestions are NAD 27 or NAD 83. The State Plane Coordinate System is also a commonly used projection for Virginia.
Appl. p. 1	Increase to Eligible Basis	<p>Location in a qualified census tract (QCT) or difficult to develop area (DDA) allows a 30% increase to eligible basis. As published by HUD, Virginia (2009) has two designated DDAs, Northampton County and Westmoreland County. Click here for a list of <a href="#">QCTs in Virginia</a>.</p> <p>For 2009, a change was made to the QAP to allow up to an additional 5% increase in eligible basis for developments qualifying as EarthCraft or LEED compliant and receiving the full 60 points for the lower income bonus points (see Section II Points Categories below).</p>
Appl. p. 7	Total # of Rental Units in Development	Exclude units that will not be rented to qualified households, e.g. manager's unit or a unit to be used continuously as a model.
Appl. p. 7	Low- Mid- High-Rise	<p><b>Low-rise</b> – 1 to 5 stories with <u>any</u> structural elements being wood frame construction</p> <p><b>Mid-rise</b> – 5 to 7 stories, with <u>no</u> structural elements being wood frame construction</p> <p><b>High-rise</b> - 8 or more stories with <u>no</u> structural elements of wood frame construction</p>
Appl. p. 8	Total Gross Usable, Heated Sq. Ft. - <b>excludes</b> non-residential, income-producing commercial space included in the structure  *SFPU = sq. ft. per unit	<p><b>24 or More Units</b></p> <p>For new construction and rehab developments with at least 24 units, the <u>architect</u> must make the determination for the square footage documented on the Architect's Certification. Total gross usable, heated square feet <u>includes</u> the total usable, heated square footage including:</p> <ul style="list-style-type: none"><li>• Community rooms</li><li>• Laundry rooms</li><li>• Enclosed hallways</li><li>• Leasing office serving residential tenants</li><li>• Other residential common area(s)</li></ul>

### Less than 24 Units

Rehab development with fewer than 24 units, the contractor may make the determination

- Buildings should be measured from the outside face of exterior walls and the centerline of any party walls.
- If the development is a combination of new, adaptive reuse or rehab units, separate Architect's Certifications should be completed for each type of construction.
- The architect (or contractor as appropriate) should also indicate the average square footage for each unit type (efficiency, one-bedroom, two-bedroom, etc.) including the pro rata share of usable, heated common area for each unit type. This average square footage per unit type will then be used in the following equation:

$$\frac{\text{Subject SFPU Type} - \text{Lowest SFPU Type}}{\text{Highest SFPU Type} - \text{Lowest SFPU Type}} \times \% \text{ Unit Type} \times 100 \text{ pts}$$

See VHDA's [Unit Square Feet Parameters](#) for the lowest and highest parameter numbers to be used in the above calculation. If the subject SFPU type exceeds the high unit type parameter number or is lower than the low unit type parameter number then the highest or lowest parameter number, as the case may be, will be used in the calculation. The total number of points in this category is determined by the sum of the points earned above for each unit type.

Appl. p. 8 Amenities

Amenity selections in the Architect's Certification must match the amenity boxes selected on pages 8 and 9 of the Application.

If the development receives an allocation of tax credits and optional amenity items are not provided as reflected in the Architect's Certification and Application, then VHDA will assess a penalty of -2x the point value of the amenity not provided for a period of 3 years after the last 8609 is issued. See "Principal Who Did Not Build As Represented" category below. VHDA may also require the payment by the owner of an amount up to 10% of the total development cost of the development (as set forth in the Application) as liquidated damages for such violation or the total loss of credits may result.

If a development consists of mixed construction types (new construction, adaptive reuse and/or rehab), residents living in the rehabbed portion(s) must have an accessible route to access all common area amenities, e.g. residents must be able to access newly constructed laundry facilities from the rehabbed area of the property.

- Appl. p. 9 Minimum Design and Construction Requirements  
 VHDA’s Minimum Design and Construction Requirements are mandatory minimum design criteria for any development receiving tax credits and/or VHDA financing. Construction will be monitored periodically to ensure requirements are being met. Click this link to access [VHDA's Minimum Design & Construction Requirements](#).
- Appl. p. 14 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.

<b>F. Parameters</b>
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- Appl. p. 15 Revenue  
 If there are no units of a specific type, **leave the cell blank**. The formula will not calculate properly if you enter “NA” or “None”.  
  
 Enter the number of units by type in both the “Total Units” and “Tax Credit Units” blue-bordered charts.  
  
 Additional space is available to accommodate many different unit floor plan configurations and rent targets. Net rentable floor space requested in the charts here will automatically populate the applicable fraction on page 20 of the Application.  
  
Net Rentable Square Footage - the square footage of the units that does not include any common space.
- Appl. P. 15 Vacancy  
 The greater of 5% of Gross Potential Income or market vacancy
- Appl. p. 16 Operating Expenses  
 \$3,000 or more per unit excluding replacement reserves and assuming tenants pay their own utilities.  
  
 Pro forma operating expenses increase is greater than or equal to 4% for purposes of calculating Projections for Financial Feasibility in Section VII-F of the Application.
- Appl. p. 16 Replacement Reserves  
 Minimum replacement reserves should equal \$250 per unit for new construction senior developments and \$300 per unit for all other developments.
- Appl. p. 17 Pro forma Rent Increases  
 Less than or equal to 3% per year for purposes of calculating Projections for Financial Feasibility in Section VII-F of the Application.
- Appl. Gen’l HUD Section 221(d)(3) Cost Limits  
 Section 221(d)(3) of the National Housing Act insures lenders against loss on mortgage defaults, in order to facilitate the new construction or substantial rehab of multifamily rental or cooperative housing for moderate-income families, elderly, and the handicapped. Single Room Occupancy (SRO) developments may also be insured under this section. HUD’s current 221(d)(3) limits follow:

Buildings w/out Elevators	Northern VA (cost per unit)	Remainder of State (cost per unit)
Efficiency Units	\$130,002	\$ 107,288
1 Bedroom Units	149,892	123,703
2 Bedroom Units	180,773	149,188
3 Bedroom Units	231,394	190,964
4 Bedroom Units	257,783	212,743

Buildings w/Elevators	Northern VA (cost per unit)	Remainder of State (cost per unit)
Efficiency Units	\$136,811	\$112,907
1 Bedroom Units	156,827	129,426
2 Bedroom Units	190,702	157,382
3 Bedroom Units	246,705	203,601
4 Bedroom Units	270,808	223,492

The 221(d) (3) amounts for buildings with an elevator apply to any building with an elevator, even though HUD generally considers three-floor structures to be the minimum requirement.

The HUD 221(d) (3) limits do not include developer's fees as normally included in the development budget of a tax credit application. We will recognize this difference during our analysis.

Appl. p. 18 Contractor Cost

Applications relating to rehab of existing residential units must propose hard construction costs of at least \$10,000 per unit (if financed with tax-exempt bonds) OR \$15,000 per unit (for all other developments). This is determined by dividing the Contractor Cost Subtotal (Item 1.Q.) in the development budget by the total number of units.

Commercial space costs and structured parking costs will be automatically subtracted from total costs and construction costs for purposes of determining Efficient Use of Resources points.

Appl. p. 18 Builder's Overhead, Profit and General Requirements

In total, may not exceed 14% of the construction cost excluding bonds and building permits.

Appl. p. 19 Developer Fee

Including developer overhead and profit, organizational costs, bridge loan interest other than during the construction period, investor required construction management costs, consultant fees for activities normally assumed by the developer, and operating reserves in excess of those reasonably necessary for financial feasibility of the development. The maximum developer's fee will be limited to the amount established during the review of the Reservation Application and shall be the lesser of:

1. Acquisition: Less than or equal to 10% of the building's acquisition cost, excluding the developer's fee. (Subtotal 4, Column B) of development budget (page 19) multiplied by 10%). **No developer's fee will be allowed** on the acquisition basis in cases where the there is an identity of interest between the purchaser and seller) and the seller retains a general partnership or managing member interest and/or retains any cash flow or residual value. In addition, the building acquisition portion of the developer fee for all Rural Development developments will not exceed 8%.

**PLUS**

Rehab: Less than or equal to 25% of the building's eligible basis arising from the rehab, excluding the developer's fee. (Subtotal 1 + 2, Column C or D of the development budget multiplied by 25%)

**OR**

New Construction: Less than or equal to 20% of the building's eligible basis, excluding the developer's fee. (Subtotal 1 + 2, Column C or D of the development budget multiplied by 20%)

2. Less than or equal to 15% of the total development costs (Total 5, Column (A) of the development budget exclusive of the developer fee multiplied by 15%).
3. For developers with a related entity contractor the maximum developer's fee shall not exceed the total development costs (Total 5, Column (A) of the development budget exclusive of the developer fee multiplied by 18%), less the total development costs exclusive of the developer fee, less the contractor's overhead and profit.
4. For developers with a related architectural entity the maximum developer's fee shall not exceed the total development costs (Total 5, Column (A) of the development budget exclusive of the developer fee multiplied by 16.5%), less the total development costs exclusive of the developer fee, less the architectural and engineering fees.
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 (Total 5, Column (A) of the development budget exclusive of the developer fee multiplied by 19.5%), less the total development costs exclusive of the developer fee, less the contractor's overhead, profit and all architectural and engineering fees.

Appl. pp. Tax Credit Equity  
22, 26 Factor

Generally does not include syndication, legal, accounting, overhead, sales commissions, and/or required reserves. The Applicant should use amount appropriate for the development.

## II. POINTS CATEGORIES

Please refer to Application Checklist for correct tab placement and forms to be submitted with the Application.

### A. Readiness

Category	Points	Explanation/Instructions
Plan of Development	0 or 40	The appropriate locality official signs the site plan/plan of development without substantive modification and no earlier than 3 months before the Reservation Application Deadline. Please complete and return VHDA's <a href="#">Plan of Development Certification</a> form, which states that the final site plan has been approved or is not required. If the proposed site overlaps the boundary between two political jurisdictions, provide a Certification form from both localities or a letter from one locality must specify that the other would have jurisdiction. Applicants receiving 50 points under the "Developer Experience" section below are not eligible for Plan of Development points.
Zoning Approval	0 or 40	The appropriate locality official or professional civil engineer registered in Virginia certifies proper zoning, without substantive modification and no earlier than three months before the Application Deadline. Please complete and return VHDA's <a href="#">Zoning Certification</a> form, which states that the site has proper zoning.  If the proposed site overlaps the boundary between multiple political jurisdictions, VHDA will accept (1) a Certification form from each locality or (2) a letter from one locality specifying that the other locality has jurisdiction.

### B. Housing Needs Characteristics

Category	Points	Explanation/Instructions
Locality Notification Information form	0, or -50	Contact information for the Locality CEO and Mayor or Chairman of the Board of Supervisors, plus information about the proposed development to be completed by the Owner. The CEO is the Chief Administrative Officer, City Manager, Town Manager, County Administrator, County Executive or equivalent, as appropriate. If the property overlaps two or more jurisdictions, submit a form for each jurisdiction represented. This information will be used by VHDA to complete the Locality Notification Letters, which notify the CEO, Mayor and Chairman of the Board of Supervisors that there is a planned Section 42 property in his/her jurisdiction.  Applicants must send an electronic copy of the Locality Notification Information form to VHDA either by e-mail or on a CD by 5:00 p.m. EST on <b>March 25, 2009</b> . Failure to submit this information by the deadline will result in a <b>50-point penalty</b> against the Reservation Application. Send e-

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mails to [TaxCreditApps@VHDA.com](mailto:TaxCreditApps@VHDA.com).

After receiving the above information and after having sent notices to the localities, VHDA will post on its website a Development Information Summary, listing pertinent facts about each development for which contact and development information is received, including the name of the development and a VHDA-assigned tracking number, which will be used to identify the development on future Application correspondence.

Locality CEO Support Letter      50, 25, 0

A letter addressed to VHDA and signed by the CEO of the locality (as defined above), where the proposed development is to be located, which (1) reflects support; (2) reflects neutrality; or (3) reflects opposition. The form must be **dated within three months prior to the Application Deadline**, without qualification or limitation. The locality's letter may be submitted after the Reservation Application Deadline, but **not later than June 1, 2009**. Below is how points will be awarded:

- If the CEO Support Letter states that the development will help meet the housing needs and priorities of the locality **and** the locality supports the allocation of federal housing tax credits requested, then 50 points will be awarded.
- If no letter is received from the CEO; or a letter is received from the CEO that does not meet the requirements of support (as described above) nor the requirements of opposition (as described below), then 25 points will be awarded.
- If a letter is received from the locality, opposing the development, based upon the development not being consistent with current zoning or other applicable land use regulations, then the development will not qualify for points under this category ( **0 points**).

If you have already received a locality support letter, include it with the Application. However, please also submit the Locality Notification Information Form discussed in the above section.

Location In A Revitalization Area      0 or 30

Revitalization areas are neighborhoods in need of economic and community development, and where there is already a strong commitment by the local government.

To qualify for revitalization area points, documentation must be one of the following:

Owner/Applicant certifies that the development is located in a redevelopment project, conservation project or rehab district, pursuant to Title 36, Chapter 1 of the Code of Virginia, which states that the area within a redevelopment project, conservation project, or rehab district established by the city or county, shall be deemed a revitalization area

without certification. Provide documentation from the locality of the type of developments that will be encouraged, the potential sources of funding, and services to be offered in the area

**OR**

Evidence (submitted at Tab T of the Reservation Application) that the development is subject to a plan using Hope VI funds from HUD

**OR**

Locality CEO certifies that the proposed development is located in an area that meets VHDA's tax credit definition of a Revitalization Area. If this option is chosen, the Owner/Applicant must have the Locality CEO complete the Revitalization Area Certification form letter that must be returned to VHDA no later than June 1, 2009.

A comprehensive plan does not qualify as certification of a Revitalization Area.

Location in a QCT **and** Revitalization Area

0 or 5

If the proposed development is located in a QCT **and** is in a Revitalization Area. Please document by completing VHDA's Qualified Census Tract Certification and Revitalization Area Certification forms.

Sec 8 or PHA Waiting List Preference

0 or 10

Developments 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. To document, include the executed PHA/S8 notification letter or documentation reflecting that the notification was mailed/delivered to and received by the PHA/S8 office (even though the letter itself may not have been executed by the administrator). Applicants receiving points in this category will not be allowed to impose an annual minimum income requirement on such households that exceeds the greater of \$3,600 or 2.5 times the portion of rent to be paid by such households.

Subsidized Funding Commitments

Up to 40

Documentation of any of the following: (i) firm financing commitment(s) from the local government, local housing authority, Federal Home Loan Bank affordable housing funds, or the Rural Development for a below-market rate loan or grant or Rural Development's interest credit (538 Interest Credit) used to reduce the interest rate on the loan financing the proposed development; (ii) 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 the Authority; or (iii) a commitment to donate land, buildings or tap fee waivers from the local government. You must have a firm financing commitment to earn the points (i.e. **a letter suggesting you may qualify for the loan will not be sufficient**). The amount of

such financing **or dollar value of local support** will be divided by the total development sources of funds and the proposed development will receive two points for each percentage point up to a maximum of 40 points.

Such commitment or obligation may contain conditions, but only within the control of or based upon the performance of the borrower, not the local government. An existing RD loan transferred to a new owner is not eligible for these points.

Existing RD, HUD Section 8 or 236 Program	0 or 20	The development is 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 and any other fees associated with the acquisition and rehab (or rehab only) of the development. The preceding condition may be waived by VHDA for good cause. Such waiver must be granted prior to Application submission.
Tax Abatement or New Project-Based Rental Subsidy (HUD or RD)	0 or 10	<ol style="list-style-type: none"> <li>1. Meet the criteria to receive a real estate tax abatement on the increase in the value of the development</li> </ol> <p style="text-align: center;"><b>or</b></p> <ol style="list-style-type: none"> <li>2. Provide documentation of <u>new</u> project-based subsidy from HUD or Rural Development for the greater of 5 units or 10% of the units of the proposed property.</li> </ol>
Census Tract with <10% Poverty Rate, No Tax Credit Units	0 or 25	The development is located in a <a href="#">Census Tracts with Poverty Levels Below 10% and Containing No Other Tax Credit Units</a> (based upon Census Bureau data).
Rural Development – “High Priority”	0 or 15	The development is listed as a <a href="#">"High-Priority, Rehab Development"</a> by Rural Development at the time the Application is submitted to VHDA.

## C. Development Characteristics - All Units

Category	Points	Explanation/Instructions
Average Unit Size	Up to 100	<p>The formula is as follows:</p> $100 \times \frac{\# \text{ units per unit type}}{\text{Total \# units}} \times \frac{\text{AVG actual GSF per unit type} - \text{lowest GSF}}{\text{Highest GSF} - \text{lowest GSF}}$ <p>If the average actual GSF per unit for a given unit type is &lt; or &gt; the highest GSF per unit for a given unit type, as established by the Executive Director, then the Executive Director's GSF shall be used instead of the actual GSF.</p>
Proximity to Public Transportation	0, 10 or 20	<p>1. The development is located within ½ mile of an existing commuter rail, light rail or subway station or ¼ mile of an existing public bus stop, <b>10 points</b></p> <p>2. The development meets the above qualifications and is competing within the Northern Virginia MSA pool, <b>20 points</b></p> <p>A certified land surveyor must provide a letter, which states latitude/longitude coordinates for: 1) street boundary entrance into the property and 2) nearest access point for the transportation. The surveyor must also indicate that the property entrance is within one of the distances noted above. For your convenience, VHDA has created a <a href="#">Surveyor's Certification of Proximity to Transportation Form</a>. Attach the letter to the Reservation Application.</p>
EarthCraft or LEED Certification	0 or 30	<p><b>It is now mandatory that the Architect of Record attend <i>Multifamily Professional Training</i> by EarthCraft Virginia for these points.</b></p> <p>Furthermore, to qualify for these points, the Applicant must agree to obtain either (i) EarthCraft Certification or (ii) US Green Building Council LEED Green-Building Certification prior to the issuance of an IRS Form 8609, with the proposed development's Architect certifying in the Architect's Certification that the development's design will meet the criteria for such EarthCraft or LEED certification. Please note that there is a separate worksheet for <a href="#">new construction</a> and <a href="#">rehab</a>.</p> <p>Should the Applicant choose EarthCraft Certification, it will be required to meet with an EarthCraft representative during development planning, use energy modeling for projections and accommodate on-site inspections deemed necessary by an EarthCraft representative. Final Certification is not given until construction is complete; however, energy modeling projections and the areas of emphasis worksheet would show the developer's plans to meet requirements. Find EarthCraft worksheets and contact information by clicking on this link, <a href="http://www.ecvirginia.org">www.ecvirginia.org</a>.</p> <p>Click on this link to register your development for participation in the <a href="#">LEED Green-Building Certification Program</a>.</p>

In addition to points, the Executive Director may allow, if needed, an adjustment of up to 5% to the eligible basis amount used to calculate the maximum credit for those developments qualifying as EarthCraft or LEED compliant and receiving the full 60 points for the lower income bonus points.

VHDA Certified Property Management Agent

0 or 25

Applicant agrees to use a VHDA- certified property manager to manage the development. If so, management companies must be certified by the time leasing begins.

Management companies that are interested in becoming VHDA Certified Management Agents must complete an application, which can be found by clicking this link, [VHDA Certified Management Agent Application](#). Using the application, management companies provide information on their principals, company operations, qualifications of management and multifamily management experience.

Please note that should an owner attempt to circumvent the process by retaining a certified management agent to obtain access to these points only to release the agent shortly thereafter, the owner may be jeopardizing its ability to receive points in the future and may be barred from further participation in the tax credit program.

For additional information, click on this link, [VHDA's Certified Management Agent Program](#).

Developments with Less than 100 Low-Income Housing Units

Up to 20

Up to 20 points will be awarded for any development in which the Applicant proposes to produce up to 100 low-income housing units. At 50 units or less, the Applicant can receive the total **20 points**; however, for every unit over 50 units, the score will be reduced **0.4 points**. The Applicant will receive **0 points** for developments with 100 or greater low-income housing units.

Units Constructed to Meet VHDA's Universal Design Standards

Up to 15

Universal Design emphasizes use by everyone, to the greatest extent possible, without the need for adaptation or specialized design. Click the following link for more information on [Universal Design](#).

**It is now mandatory that the Architect of Record attend Universal Design training for these points. Training must have occurred on January 1, 2006 or later.**

Points will be awarded to Applications for developments in which the Architect of Record certifies as a part of the Architect's Certification that the development's design will meet VHDA's Universal Design Standards. Final certification must occur prior to issuance of Form(s) 8609. See [VHDA Universal Design Guidance](#) for more information.

- Family developments - points will be awarded on a prorated % basis for the number of units meeting this criterion
- 100% of the units in elderly developments must meet this criterion in order to qualify for the points.

## D. Development Characteristics – Amenities

The maximum number of points that can be awarded under any combination of the scoring categories below is 60 points.

Category	Points	Explanation/Instructions
1.5 or 2 Bathrooms	Up to 15	% of 2-bedroom units containing 1.5 bathrooms <b>PLUS</b> % of 3-bedroom or larger units containing 2 bathrooms
Community Room	0 or 5	The development has a community room with a minimum of 749 sq. ft. 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 common space must be subtracted from basis in order to be used by households living in another phase.
Brick Walls	Up to 20	% of exterior walls covered by brick, excluding the triangular gable end area, doors and windows. Zero points if less than 30%.
Energy Star Kitchen/Laundry Appliances	0 or 5	Every unit in the development and the community area has kitchen and laundry appliances that meet EPA Energy Star qualified program requirements. If points are requested for rehab on a property, ensure that the work write-up specifies that all appliances meet Energy Star, not just those "being replaced". See: <a href="http://www.energystar.gov">www.energystar.gov</a> > products > specific appliances > product lists on far right of page to determine if an appliance meets the rating.
Energy Star Windows	0 or 5	Every unit in the development and the community area (if it has windows), have windows that meet EPA Energy Star qualified program requirements
Heat/AC-SEER-AFUE	0 or 10	Every unit in the development is heated and air conditioned with either (i) heat pump units with both a SEER rating of 14.0 or more and a HSPF rating of 8.2 or more and a variable speed air handling unit or thru-the-wall heat pump equipment that has an EER rating of 11.0 or more, or (ii) air conditioning units with a SEER rating of 14.0 or more and a variable speed air handling unit, combined with a gas furnaces with an AFUE rating of 90% or more. NOTE: The heat pump and air conditioning units must have stated SEER ratings of 14.0 or more, which when combined with a variable speed air handler will result in higher SEER ratings.
Sub-metered Water Expense	0 or 5	Every unit in the development is sub-metered (i.e. households pay the water provider directly). If the locality does not allow water sub-metering, the Applicant does not qualify for these points.
Low Flow Faucets & Showerheads	0 or 3	Every unit in the development has bathroom(s) containing only low-flow faucets (2.2 gpm maximum) and showerheads (2.5 gpm maximum)

High Speed Cable, DSL, Wireless Internet	0 or 1	Necessary infrastructure is provided in all units for high-speed cable, DSL or wireless internet service
Water Heaters Meet EPA Energy Star program	0 or 5	Every unit in the development has hot water heaters that meet the <a href="#">Energy Star Program Requirements for Residential Water Heaters</a> .
Front-Control Ranges - <u>Elderly or Physically Disabled Properties</u>	0 or 1	If every unit in the development has a cooking range with front controls
Emergency Call System - <u>Elderly or Physically Disabled Properties</u>	0 or 3	If every unit in the development has an emergency call system
Independent/Supplemental Heat Source - <u>Elderly or Physically Disabled Properties</u>	0 or 1	If all full bathrooms in the development have an independent or supplemental heat source, in addition to the unit's standard HVAC system.
Two Eye Viewers - <u>Elderly or Physically Disabled Properties</u>	0 or 1	If every unit in the development has an entrance door with two eye viewers, one at 42" and the other at standard height
Historic Rehab	0 or 5	Structure is listed individually in the National Register of Historic Places or is 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 will be completed in such a manner as to be eligible for historic rehab tax credits

<h2>E. Development Characteristics - Accessibility</h2>
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Please refer to the [Uniform Federal Accessibility Standards](#) when planning to meet 504 specifications. Developments should be built to be "fully accessible," rather than "adaptable" standards.

Accessibility point categories below are applicable only within the framework of the QAP points-determination and are **not** to be confused with or substituted for Building Code accessibility requirements. If selected, the accessibility requirements referenced below **and** Building Code or Fair Housing requirements must be met.

Include a marketing plan for each of the three categories below. There is no standard marketing plan language to copy. The plan should be customized for the property and the special needs resident base that the property is intending to serve. Include information on networking contacts with centers for independent living (ex: [www.accessva.org](http://www.accessva.org)) and disability services boards and address the efforts that will be necessary to fill a vacant unit. **Units must be held vacant as long as necessary to find a qualified household.** These point categories should be viewed the same as the bonus points for lower incomes and lower rents.

Category	Points	Explanation/Instructions
Federal Project-Based Rent Subsidies or Equivalent – <u>Unit Accessibility</u>	0 or 50	Any non-elderly development in which the greater of 5 units or 10% of the units (i) provide federal project-based rent subsidies or equivalent assistance (i.e. does not include portable HCVs), in order to ensure occupancy by extremely low-income persons; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to

		people with special needs in accordance with a plan submitted as part of the Application for credits. If "special needs" includes mobility impairments, the units described above must include roll-in showers and roll under sinks and front controls for ranges.
	<b>OR</b>	
HUD's Housing Choice Voucher ("HCV") Rent Payment Standard – <u>Unit Accessibility</u>	<b>0 or 30</b>	Any non-elderly development in which the greater of 5 units or 10% of the units (i) have rents within HUD's Housing Choice Voucher ("HCV") payment standard; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to people with mobility impairments including HCV holders in accordance with a plan submitted as part of the Reservation Application.
	<b>OR</b>	
HUD 504 Accessibility – 4% of Units	<b>0 or 15</b>	Any non-elderly development in which 4% of the units (i) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and (ii) are actively marketed to people with mobility impairments in accordance with a plan submitted as part of the Reservation Application.

<b>F. Tenant Population Characteristics</b>
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Category	Points	Explanation/Instructions
No More Than 20% Of Units with One Bedroom or Less	<b>0 or 15</b>	The development will have no more than 20% of its units with one bedroom or less.
% of Units with 3 or More Bedrooms	<b>Up to 15</b>	0.75 points for each percent of the low-income units in the development with three or more bedrooms, e.g. 0.75 x 15% = 11.25 points.

## G. Sponsor Characteristics

Category	Points	Explanation/Instructions
Developer Experience	0, 10 or 50	<p><b>10 points</b> - The principal or principals, as a group or individually, for the proposed development must have developed at least one tax credit development that contains at least the number of housing units in the proposed development (can include market units)</p> <p><b>50 points</b> - The principal or principals, as a group or individually, for the proposed development must have developed, as controlling general partner or managing member, (i) at least three tax credit developments that contain at least 3x the number of housing units in the proposed development <b>or</b> (ii) at least six tax credit developments that contain at least the number of housing units in the proposed development. Applicants receiving points under this 50-point subdivision are not eligible for Plan of Development points under "Readiness" section above.</p> <p>Documentation to support developer experience will be 8609s for those developments identified on Schedule A of the Previous Participation Certification (PPC). Provide <u>only one</u> 8609 per development used to qualify for these points. <b>NOTE:</b> a maximum of six 8609s should be submitted.</p>
Developer Experience - Uncorrected Major Violation	0 or -50	Any Applicant that includes a principal who was a principal in a development at the time VHDA reported such development to the IRS for an uncorrected, life-threatening hazard under HUD's Uniform Physical Condition Standards. Negative 50 points will apply for a period of 3 years after the violation has been corrected
Uncorrected Form 8823 to IRS (non-compliance)	0 or -15	Any Applicant that includes a principal who was a principal in a development at the time VHDA reported such development to the IRS for non-compliance that has not been corrected by the time a Form 8823 is filed by VHDA. Negative 15 points will apply for a period of <u>three years</u> after the time VHDA filed the 8823, unless the Executive Director determines that such principal's attempt to correct such non-compliance was prohibited by a court, local government or governmental agency, in which case, no negative points will be assessed to the Applicant.
Principal Who Did Not Build As Represented	0 or -2x	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, 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 VHDA may seek under its agreements with the Applicant.
Principal Who Failed to Provide a Minimum Building Requirement as Required in a Previous Application	0 or -20	The Application includes a principal who, in a previous application, did not provide either a minimum building requirement as defined in <a href="#">VHDA's Minimum Design and Construction Requirements</a> or required non-point item as referenced in the Tax Credit Application. -20 points

(penalty) will apply for three years after the issuance date of the last Form 8609 and is in addition to any other penalties VHDA may seek under its agreements with the Applicant.

Principal Who Had Credits Terminated by VHDA	0 or -10	The Application includes a principal who, in a previous application, had a reservation of credits involuntarily terminated by VHDA. -10 points (penalty) will apply for three years after the credits are returned to VHDA and is in addition to any other penalties VHDA may seek under its agreements with the Applicant.
Management Company Rated Unsatisfactory by VHDA	0 or -25	<ol style="list-style-type: none"><li>1. Any Applicant that lists in its Application, a management company that is rated "unsatisfactory" by the Executive Director</li></ol> <p><b>or</b></p> <ol style="list-style-type: none"><li>2. 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 VHDA during the compliance and extended use periods of such development.</li></ol>
LEED-Accredited Design Team Member Certification	0 or 10	A US Green Building Council LEED-accredited design professional participated in the design of the proposed property. To document, submit the US Green Building Council -issued certification showing the certified individual's name, along with the Architect's Certificate. The LEED-accredited professional need not be the architect signing the Architect's Certification, being a member of the design team is sufficient.

## H. Efficient Use of Resources

In response to concern about the cost of tax credit units, VHDA has provided points in the scoring criteria to developers producing units more efficiently.

Both credit-per-unit and cost-per-unit parameter numbers are adjusted to reflect higher costs associated with mid-rise and high-rise structures. Adjustments and calculations are made automatically in the Application; therefore, no manual calculations are necessary. Points appear automatically on the score sheet.

New construction and adaptive reuse properties will be scored separately from rehab properties. Developments combining new construction or adaptive reuse with rehab will be scored on a weighted unit average. For all the unit size and Efficient Use of Resources scoring categories, a Single Room Occupancy ("SRO") development will be scored as an Elderly Assisted Living development. Developments for persons with disabilities will be scored as "family" developments unless they are also 100% elderly.

The total number of points in either of the below point categories will be determined by the sum of the points including negative points earned.

See [Efficient Use of Resources](#) parameters, for the highest parameter numbers that will be used in the calculations below. There are geographic sets of parameters with separate numbers for Family and Elderly properties. **The locality where the proposed property is located will determine the geographic parameters that will be used.**

For rehab properties with contractor costs less than \$25,000 per unit, the parameter number will be prorated based on the percent difference of the per-unit cost between \$25,000 and \$10,000 (if financed with tax-exempt bonds) OR \$15,000 per unit (for all other developments). This fraction will then be multiplied by the difference of the \$25,000 and \$10,000/\$15,000 parameter numbers and this amount added to the \$10,000/\$15,000 parameter number.

The geographic boundaries for both credit-per-unit and cost-per-unit parameters are identical. The boundaries of the geographic parameters for Richmond, Tidewater, Small MSA and Rural are defined in Part I of the QAP. The boundaries for the Northern Virginia MSA parameters are sub-divided into the following three regions:

1. Northern Virginia - Beltway - includes the City of Alexandria, the City of Falls Church and the County of Arlington, as well as areas within the following zip codes: (areas tangent to the physical boundaries of the beltway)
  - 22003 - Annandale, Fairfax County
  - 22041 - Falls Church (Bailey's Crossroad), Fairfax County
  - 22042 - Falls Church (Mosby), Fairfax County
  - 22043 - Falls Church (Pimmit), Fairfax County
  - 22044 - Falls Church (Seven Corners), Fairfax County
  - 22046 - Falls Church, City of Falls Church
  - 22101 - McLean, Fairfax County
  - 22102 - McLean, Fairfax County
  - 22151 - Springfield (North Springfield), Fairfax County
  - 22311 - Alexandria (Lincolnia), City of Alexandria
  - 22312 - Alexandria (Lincolnia), City of Alexandria
2. Northern Virginia - Metro - includes the County of Fairfax (excluding zip codes noted above), the County of Loudoun, the County of Prince William, the City of Manassas and the City of Manassas Park.
3. Northern Virginia (Non-Metro) - includes the Counties of Clarke, Fauquier, Spotsylvania, Stafford, Warren and the City of Fredericksburg.
4. Charlottesville MSA - includes Albemarle County, Charlottesville City, Fluvanna County, Greene County and Nelson County
5. Small MSA - Amherst County, Augusta County, Appomattox County, Bedford City, Bedford County, Botetourt County, Bristol City, Campbell County, Craig County, Danville City, Franklin County, Frederick County, Giles County, Harrisonburg City, Henry County, Lynchburg City, Martinsville City, Montgomery County, Pittsylvania County, Pulaski County, Radford City, Roanoke City, Roanoke County, Rockingham County, Salem City, Scott County, Staunton City, Tazewell County, Washington County, Waynesboro City, Winchester City.

Category	Points	Explanation/Instructions
Credit Per Unit	Up to 180	<p>Up to 180 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 highest per unit type credit amount. The credits per unit type for the proposed property will be determined by dividing the credits by the total heated residential square feet area. This credit per square foot will then be multiplied by the average unit square footage for each unit type. This average credit per unit type will then be used in the following equation:</p> $1 - \frac{\text{Subject credits per Unit Type}}{\text{Highest credits per Unit Type}} \times \% \text{ of Unit Type} \times 180 \text{ pts}$ <p>For purposes of the above-referenced credit per unit point calculations, structured parking credits will be deducted from the credit request.</p> <p>Please note that it is possible to have a negative score in this category (i.e. score can go below "0").</p>
Cost Per Unit	Up to 75	<p>Up to 75 points will be awarded based on the percentage by which the cost per low-income housing unit type for a given property is less than the highest per unit type cost. The cost per unit type for the proposed property will be determined by dividing the total development costs, as adjusted, by the total heated residential square feet area. The cost calculation will exclude land cost, tap fees and operating reserves. This cost per square foot will then be multiplied by the average unit square footage for each unit type. This average cost per unit type will then be used in the following equation:</p> $1 - \frac{\text{Subject cost per Unit Type}}{\text{Highest cost per Unit Type}} \times \% \text{ of Unit Type} \times 75 \text{ pts}$ <p>If the Application seeks rehab credits only (i.e. no acquisition credits <b>and</b> there is no transfer of ownership), the value of the land and building will be included in the cost per unit calculation. If so, on page 19 of the Application, enter the greater of the appraised or assessed value, and attach the appropriate document at Tab K.</p>

## I. Bonus Points

For purposes of determining scores in the below categories, percentages will be calculated using only tax credit units so as not to penalize mixed-income properties.

Category	Points	Explanation/Instructions
Units rent-restricted at or below 40% of the AMGI	Up to 10	For each percentage point of housing units in the proposed development which are restricted to rents at or below 40% of the AMGI.
Units that are <b>both</b> rent and income restricted and occupancy-restricted to households at or below 50% of the AMGI	Up to 50	Commitment by the Applicant 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.

The product of (i) **50 points** multiplied by (ii) the percentage of housing units in the proposed development both rent-restricted to and occupied by households at or below 50% of the AMGI.

Developments qualifying for 50 points here and the 10 points above (total 60 points) PLUS 30 points for EarthCraft or LEED Certification are eligible for up to an additional 5% increase in basis. Applicants receiving points under this 50-point category may not receive points in either of the following two point categories.

OR

Units that are rent-restricted at or below 50% of the AMGI and income-restricted at or below 60% of the AMGI	Up to 25	The product of (i) 25 points multiplied by (ii) the percentage of housing units in the proposed development rent-restricted at or below 50% of the AMGI.
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Applicants receiving points in this 25-point category may not receive points under the above 50-point category.

OR

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	The product of (i) 50 points multiplied by (ii) the percentage of housing units in the proposed development rent-restricted at or below 50% of the AMGI and income-restricted at or below 60% AMI.
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Developments qualifying for 50 points here and the 10 points above (total 60 points) PLUS 30 points for EarthCraft or LEED Certification are also eligible for up to an additional 5% increase in basis.

Applicants receiving points here may not receive points under the 50-point or 25-point categories above.

Regarding the four point categories above, if the locality provides documentation requesting that market units (those units exceeding 60% of AMGI) not be considered in this calculation then only the tax credit units will be used in the calculation of both income and rent bonus points.

Extended Use Restriction

40 or 50

- **40 points** - 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)
- **50 points** - 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)

If points are requested for extended compliance, no points will be awarded for a purchase option or right of first refusal.

OR

Non-Profit or Local Housing Authority (LHA) Purchase Option

0 or 60

A copy of a fully-executed recordable purchase option or right of first refusal to a qualified non-profit or LHA for the transfer of the property at the end of the minimum 15-year compliance period. The qualified non-profit 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. The acquisition price shall be limited to outstanding debt and exit taxes. Points under this category are not available to Applicants receiving points for extended compliance. If, during the document review and scoring process, VHDA determines that the non-profit or LHA is not qualified, the Applicant may submit a request to select one of the extended compliance options, and VHDA may award the appropriate points.

Homeownership Option

0 or 5

**5 points** if the LHA or qualified non-profit organization with a purchase option or right of first refusal (at the end of the 15-year compliance period) submits a homeownership plan satisfactory to VHDA, in which, the local housing authority or qualified non-profit organization commits to sell the units in the development to tenants.

Any plan submitted must:

- Be based on the premises of the [Cleveland Housing Network's Lease Purchase Program](#); and
- Provide for the accumulation of a fund residents may access to subsidize the deficit between the purchase price and the maximum available mortgage financing available based on that household's income.

This category is limited to properties with detached single-family homes on individual lots that are not part of a homeownership association with mandatory dues. Points under this category are not available to applicants receiving points for extended compliance.

The plan should be submitted with the Reservation Application.