Virginia Housing Development Authority

Our Mission is to help low and moderate-income Virginians attain quality, affordable housing.

877-VHDA-123  |  vhda.com
This PowerPoint presentation will be posted at vhda.com/housingcredits after workshops are completed.
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Design & Construction Group Manager
LIHTC Production

9% Developments
30 developments awarded credits in 2019; 1,872 units
  Total 9% developments 2015-2019= 158
  Total 9% units 2015-2019= 9,815

4% Developments
33 applications received in 2019: 4,157 units
Applications received in 2018: 32
Average number of applications received from 2015-2019: 24
  Total 4% developments 2015-2019: 119
  Total 4% units 2015-2019: 15,449
USE ACCURATE NUMBERS

&

You must meet all Virginia Housing Minimum Design and Construction Requirements (MDCR)
Agenda

1. Virginia Housing
2. Pool Percentages
3. Available Credits
4. 2020 Programmatic Reminders & Updates
5. Cost Limits
6. ASH Pool
7. Change request process
8. Minimum Design and Construction Requirements
9. QAP Discussion
## 2020 Pool Percentages

<table>
<thead>
<tr>
<th>Accessible Supportive Housing (ASH)</th>
<th>6.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Approx. 6% of the following year’s credits</td>
<td></td>
</tr>
<tr>
<td>Non-Profit</td>
<td>15.00%</td>
</tr>
<tr>
<td>LHA*</td>
<td>15.00%</td>
</tr>
<tr>
<td>• Returned LHA credits remain in the LHA pool</td>
<td></td>
</tr>
<tr>
<td>New Construction</td>
<td>15.00%</td>
</tr>
<tr>
<td>• 15% of the following year’s credits</td>
<td></td>
</tr>
<tr>
<td>Northern VA/Planning District 8 (Inner Wash.)</td>
<td>18.02%</td>
</tr>
<tr>
<td>Northwest/North Central VA</td>
<td>9.20%</td>
</tr>
<tr>
<td>Richmond</td>
<td>11.63%</td>
</tr>
<tr>
<td>Tidewater</td>
<td>17.00%</td>
</tr>
<tr>
<td>Balance of State</td>
<td>14.15%</td>
</tr>
</tbody>
</table>
Low-Income Housing Tax Credit Pools: Rules of Ranking

Qualified Applications

- ASH ~ 6%
  - Next year credits

- Local Housing Authority (LHA) Credit Pool 15%

- Non-Profit Credit Pool 15%

- New Construction Credit Pool 15%

Funded Out of Next Year

Geographic Credit Pools

- Northern Virginia Planning District 8 (Inner Washington D.C.) 18.02%
- Richmond 11.63%
- Tidewater 17%
- Balance of State 14.15%
- Northwest / North Central VA 9.2%

Next highest goes to At Large Tier 1 Pool. All others go to Tier 2.

At Large Tier 1

At Large Tier 2
## 2020 Estimated Available Credits

- **Per Capita Credits**
  - $2.81 per person*

- **Returned Credits:**
  - National Pool: $88,000
  - Innovation: ($2,347,841)
  - New Construction: ($3,931,625)
  - Accessible Supportive Housing Pool: ($1,991,528)

- **Estimated 2020 Credits:** $15,751,701

*Population Estimate = 8,517,685
(U.S. Census Bureau 7/1/18)
2020 Reminders

• Market Study Analysts
  – No reservation of Analyst and no restriction on number of deals
  – Must include Analysts NCHMA certification with submission

• Cost Limits
  – 2019 per unit and per square footage limits applied
  – 2020 only per square footage limits apply

• Physical Needs Assessment and Phase I Environmental Assessment
  – Reports are due at Allocation application for 9%
  – Reports are due with Reservation application for 4%
  – Physical Needs is only for rehabilitation (NOT Adaptive Reuse)
  – Unit by Unit write up still mandatory at Reservation for 9%
2020 Reminders

• Income Averaging
  – Allowed
  – All buildings must be one project on 8609
  – All units must be noted in application

• General Contractor’s Cost Certification
  – 2019 change and is now required on all deals at 8609
  – Required for all deals not placed in service prior to 2019

• Request for Additional Credits
  – Anyone seeking additional credits requesting more than 10% of original credit allocation must return credits and re-compete for full amount

• Credit Refresh Allowed
  – Must sit out next year
  – Must show need
  – Must meet the 10% test prior to seeking a refresh (new)
2020 Reminders

• Developer Fee
  – If qualified, developer fee cannot exceed 5M
  – Amount in basis for developer fee cannot exceed 3M
  – Fee Agreement is required to explain what services are being performed in support of fee amount
  – Internal analysis will be done on every fee request and adjustments will be made accordingly
    • This will consider the ratio of fee requested to hard construction costs and what share of total development cost (TDC) is made up of hard costs
  – Everyone should review IRS Audit Technique Guide section on Developer Fee
2020 Reminders

• Baseline Energy Efficiency Requirements
  – New Construction
    • Must become Energy Star Certified using appropriate program for development as defined annually by Energy Star
  – Rehabilitation-
    • 30% performance increase over existing, based on HERS Index or, must evidence a HERS Index of 80 or better
  – Adaptive Reuse-
    • Must achieve a HERS Index of 95 or better

• Additional Green Certifications
  – Added NGBS (National Green Building Standard) and Enterprise in addition to LEED and EarthCraft
  – Future points for Passive House and Zero Energy Ready Home
NEW & NOTEWORTHY
2020 Programmatic updates (timing)

- The 2020 LNI submission deadline is one week later than last year
- The 2020 9% allocation application will be due one month earlier than last year
- 10% Tests will be due one month earlier than last year
- New Monthly pre-construction meeting process forthcoming during the year (applicable to tax credit only deals)
2020 Programmatic updates

• Innovation Credit process has been suspended
  – Earmarked credits will be redirected towards public housing transformation, CNI efforts

• The Architect’s Certification is no longer required
  – Architect must still certify relevant information within the application

• Rehab plans must include a unit delivery schedule

• Allowance of third party utility collections for sub-metered water expense
2020 Programmatic updates

• Developments seeking more credits than are available within a given pool will have their credit requests reduced to available credit amount

• An Existing Conditions Questionnaire is required with all 9% and 4% rehab reservation applications

• All 4% applicants are required to meet with VHDA allocation staff prior to application unless receiving prior approval
2020 Programmatic updates

• Blackout Period
  – 1) all comments and responses during the mandatory item review, points scoring, and comment and rebuttal periods must be in writing so that they may be posted to the website; and
  – (2) to ensure a level playing field, staff will not meet with individual applicants during these periods (from application deadline to June Board meeting) to discuss the scoring and ranking of applications.
LIHTC Production

Applications

- Blue line: 9% Applications Received
- Orange dotted line: 9% Deals Funded
- Green line: 4% Applications Received

Years: 2015, 2016, 2017, 2018, 2019
LIHTC Production

Units Funded

- 9% Units Funded
- 4% Units Funded

Year
- 2015
- 2016
- 2017
- 2018
- 2019

Units Funded
- 0
- 500
- 1000
- 1500
- 2000
- 2500
- 3000
- 3500
- 4000
- 4500
- 5000
## 2019 Cost Limits

<table>
<thead>
<tr>
<th>Area</th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Northern VA and Supportive Housing</strong></td>
<td>$225</td>
<td>$281</td>
</tr>
<tr>
<td><strong>Northwest/North Central</strong></td>
<td>$135</td>
<td>$178</td>
</tr>
<tr>
<td><strong>Richmond MSA</strong></td>
<td>$156</td>
<td>$218</td>
</tr>
<tr>
<td><strong>Tidewater</strong></td>
<td>$140</td>
<td>$208</td>
</tr>
<tr>
<td><strong>Balance of State</strong></td>
<td>$120</td>
<td>$156</td>
</tr>
</tbody>
</table>
# 2020 Cost Limits

Square Foot Cost Limits with Acquisition Costs Removed

**Northern VA and Supportive Housing**

<table>
<thead>
<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 260</td>
<td>$ 325</td>
</tr>
</tbody>
</table>

**Northwest/North Central**

<table>
<thead>
<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 150</td>
<td>$ 198</td>
</tr>
</tbody>
</table>

**Richmond MSA**

<table>
<thead>
<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 164</td>
<td>$ 229</td>
</tr>
</tbody>
</table>

**Tidewater**

<table>
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<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 147</td>
<td>$ 218</td>
</tr>
</tbody>
</table>

**Balance of State**

<table>
<thead>
<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 126</td>
<td>$ 164</td>
</tr>
</tbody>
</table>
ASH Pool

- Now due at time of Competitive Applications
  - If not funded then flows into appropriate pool
- 15% units have to meet 504, have vouchers, and serve people with disabilities- in addition to the 10% required preference
- Plan to market to persons with disabilities must be submitted as part of reservation application (Marketing Plan)
- Require the developer to complete the Authority’s supportive housing certification form
- Ownership structure must demonstrate capacity for service-enriched housing through CORES certification or other certification as approved by the Authority.
  - Other certifications must be submitted to VHDA no later than February 12 for consideration
Change Request Process

VHDA LIHTC Change Request Form
Please submit document, via email, to taxcreditapps@vhda.com *Please submit this document in Word format.

- Property Information (Required)
  Development Name:
  Street:
  City:

- Requester Information (Required)
  Name:
  Email:
  Date:

- VHDA Information (Required)
  Request Date:
  Request Number:
  Regulation Year:

- Waiver Request Information (Required)

  Define Requirement *Please define the requirement requesting to be waived/changed as well as the regulation year and type of construction.

  Request Explanation *Please give a brief explanation of why this waiver should be considered.

*Please attach any supporting documentation and submit to VHDA. Submittal of this form to VHDA does not guarantee exemption from requirements. Requests will be approved, approved with conditions, or rejected in writing by the VHDA TC Allocation Department.
Change Request Summary

TOTAL REQUESTS 215
Change Request Summary

![Bar chart showing the number of approved and denied change requests in Architectural, Electrical, Mechanical, Plumbing, and Site Work categories. The chart indicates that Architectural has the highest number of approved requests, followed by Electrical, Mechanical, Plumbing, and Site Work. The number of denied requests is generally lower across all categories.]
Minimum Design & Construction Requirement

• Failure to meet VHDA’s MDCRs will likely result in developer penalties and may result in credit loss and/or a ban from the program

• These are not minimum recommendations!

Minimum Design & Construction Requirements and Minimum Cabinet Requirements are updated for 2019 and available at VHDA.com
Standing water after grading

Required grading of 5% out to 10’ away from building
Non-accessible dumpster
Requirement to prime and paint bottom of steel rail posts

Rust occurring within 3 months from installation
Replacement window installed when new construction window required
Exposed wiring and conduit
The Doors and Perception
Rusted hinges
Hinge screws missing in new doors
Bottom of new door not painted
Mold in mechanical closets
Mold behind cabinetry
Improperly enclosed escutcheons
Required matching baseboards throughout
Cracked and peeling plaster
Unacceptable finishes
Seriously??
Seriously?? part II
And last but not least...

- LNI- Refresher
- Payment Options- Refresher
- Procorem (submitting documents)- Refresher
- 2020 Schedule
LNI Link @ VHDA.org

LNI Tutorial now available on VHDA.com/housingcredits under Reference Documents
Payment Options

VHDA accepts checks, wire transfers and Automated Clearing House (ACH) deposits

Checks can be mailed or delivered to:

VHDA
Attn: Tax Credit Allocation
601 S. Belvidere Street
Richmond VA 23220

Checks are ‘received’ when they arrive in the LIHTC department!
Payment Options: ACH/Wire Payments

To make an ACH or wire payment:

1. Email Aniyah Moaney, Aniyah.Moaney@vhda.com, the following:
   - The name of the development
   - The type of fee
   - The date that you will be making the transaction
   - How much you will be sending (to the cent)
   - You can make one payment for multiple applications

2. IMMEDIATELY AFTER completing the transaction, you MUST forward a remittance advice slip (i.e. confirmation that your transaction has been completed).
   - Payment is ‘received’ when it arrives in VHDA’s account!
Procorem.com

- Email Pamela Freeth (Pamela.Freeth@vhda.com) to create a WorkCentre for each deal
  - Before the deadline date
- Your log in will give you access to all your deals

- Upload all documents, make sure to mark them as “final”. Must all be uploaded before time deadline

- After all documents are loaded, email Pamela separately to tell her you are ready to submit
  - *Your application isn’t submitted until you have sent Pamela this email*
### 2020 SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/7/20</td>
<td>LIHTC Workshop - Reston</td>
</tr>
<tr>
<td>1/8/20</td>
<td>LIHTC Workshop - Charlottesville</td>
</tr>
<tr>
<td>1/9/20</td>
<td>LIHTC Workshop - Hampton</td>
</tr>
<tr>
<td>1/30/20</td>
<td>Locality Notification Information (LNI) deadline (required for all 9% applications)</td>
</tr>
<tr>
<td>3/12/20</td>
<td>Reservation Application deadline (9%)</td>
</tr>
<tr>
<td>3/12/20</td>
<td>Accessible Supportive Housing (ASH) Application deadline</td>
</tr>
<tr>
<td>3/19/20</td>
<td>Applications posted to VHDA website</td>
</tr>
<tr>
<td>5/7/20</td>
<td>Preliminary Rankings announced/ begin comment period</td>
</tr>
</tbody>
</table>

Note – all deadlines are 12:00pm
## 2020 SCHEDULE, cont’d

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/14/20</td>
<td>End Comment Period/begin rebuttal period</td>
</tr>
<tr>
<td>5/21/20</td>
<td>End rebuttal period</td>
</tr>
<tr>
<td>5/29/20</td>
<td>Final rankings announced</td>
</tr>
<tr>
<td>6/17/19</td>
<td>Review final rankings with VHDA Board</td>
</tr>
<tr>
<td>Early to mid-July, 2020</td>
<td>VHDA mails Reservation documents (Agreement, Contract to Enforce Representations, Extended Use Agreement, Election to Fix % and Gross Rent Floor Election)</td>
</tr>
<tr>
<td>October 1, 2020</td>
<td>Allocation application deadline</td>
</tr>
<tr>
<td><strong>November 13, 2020</strong></td>
<td><strong>Finalize Allocations.</strong></td>
</tr>
</tbody>
</table>

10% Test (if not met at carryforward) – are due 30 days prior to the 12-month deadline for meeting the expenditure test.
Jobs Opportunities to Low-Income Residents

VHDA encourages developers to provide job training, employment and/or contracting opportunities to low/very low-income residents in communities where LIHTC developments are rehabbed/constructed.
QAP Discussion
JD Bondurant  
Phil Cunningham  
Stephanie Flanders  
Pamela Freeth  
Aniyah Moaney  
Sheila Stone

- 804-343-5725  
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