



May 23, 2016

VHDA Multifamily Loan Program Updates

REACH Allocation Policy: Rental Housing

VHDA's REACH *Virginia* subsidy funds provide low-interest rate financing to rental projects that address Virginia's most critical housing needs. This funding provides low, fixed-rate, long-term permanent financing for rental housing. These funds are available to any development using either 9% or 4% Low Income Housing Tax Credits. Under the broader policy, REACH funds are also available to developments not funded with tax credits, including mixed-use and mixed-use/mixed-income.

REACH funds are currently loaned at an interest rate of 2.95%. VHDA also has a special pool of REACH funds intended to match locality-provided funding. The VHDA match is dollar-for-dollar, up to \$2,000,000, and is loaned at a rate of 1.95%.

Recently, VHDA modified its policy regarding the amount of REACH allocation available. Each allocation maximum will be the least of three parameters:

- Per-unit maximum
- Per-deal limit
- Amount required to achieve a targeted debt coverage ratio

Upward adjustments will be made to the standard per-unit and deal limit for developments located in two groups of specified localities:

- **Outer Northern VA:** Fauquier County, Loudoun County, Manassas City, Manassas Park City, Prince William County
- **Inner Northern VA:** Alexandria City, Arlington County, Fairfax City, Fairfax County, Falls Church City

These funds are typically allocated in combination with standard VHDA financing, and may not be structured as subordinate debt. Use of VHDA financing is not required as a condition of an allocation of tax credits.

To view a chart that summarizes the REACH Allocation Limits as discussed above, [click here](#).

If you have any question about the REACH allocation policy feel free to contact Dale Wittie, VHDA's Director of Rental Housing Development at 804-343-5876 or dale.wittie@vhda.com.

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