2014

Low-Income Housing Tax Credit
Manual

Virginia Housing Development Authority
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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

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 Guidelines

1. Market Study Guidelines
2. Market Study Analyst Listing
3. Appraisal Guidelines

Sample Documents

1. *Sample* State Corporation Commission (SCC) Certification
2. *Sample* EUR Cost Per Unit Calculation
3. *Sample* EUR Credit Per Unit Calculation
4. *Sample* EUR Rehab Parameter Calculation

Guidelines

Relocation Assistance Guidelines

Lists

1. Qualified Census Tracts
2. Census Tracts With Poverty Levels Below 10%
3. RD Priority Rehabs
4. Existing Tax Credit Developments
5. Universal Design Certificate Holder Listing
6. EarthCraft Multifamily Professional Training Listing
7. 2014 LIHTC Reference Map (Census Tracts, Geographic Pools, Cost Limits, etc.)

VHDA Forms

1. Architect's Certification
2. Attorney's Opinion Letter - Competitive and Non-Competitive and Tax-Exempt Bonds
3. Locality CEO Letter - Competitive and Non-Competitive & Tax Exempt Bonds
4. Non-Profit Questionnaire
5. PHA/Sec. 8 Notification Letter
6. Plan of Development Certification
7. Previous Participation Certification
8. Experienced LIHTC Developers List
9. Revitalization Area Certification
10. Surveyor's Certification of Proximity to Transportation
11. 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% shares are 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 the LIHTC is a federal credit, the LIHTC program is administered by state housing finance agencies in each state. In Virginia, VHDA is responsible for administering the LIHTC 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 these programs, please refer to the Electronic Code of Federal Regulations.

2. Section 312 Rehabilitation Loans (24 CFR 3.V.510), multifamily
3. Rental Rehabilitation Grant Program (24 CFR 3.V.511)
4. 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.
5. Loan Guarantee Recovery Fund (24 CFR 3.V.573)
6. Housing Opportunities For Persons With Aids (24 CFR 3.V.574)
7. Emergency Solutions Grants Program (24 CFR 3.V.576)
8. Use Of Federal Real Property to Assist the Homeless (24 CFR 3.V.581)
9. Shelter Plus Care (24 CFR 3.V.582)
10. Supportive Housing Program (24 CFR 3.V.583)
11. Youth Build Program (24 CFR 3.V.585)
12. Revitalizing Base Closure Communities and Community Assistance Community Redevelopment and Homeless Assistance (24 CFR 3.V.586)
13. Urban Homesteading (24 CFR 3.V.590)
14. John Heinz Neighborhood Development Program (24 CFR 3.V.594)

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

1. 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, with incomes 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 tests. 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). 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 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.

2. 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. Please refer to the list of 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.

3. 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. 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.

4. 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.

5. 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:

- *Low-Income Housing Tax Credit Handbook*, *2013 Edition*, *Novogradac & Company LLP*
- *Tax Credits for Low Income Housing Guidebook*, *13th Edition (20th Anniversary Edition)*, by Joseph Guggenheim, Simon Publications, (301) 320-5771
- *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, specifications and/or unit-by-unit work write-ups, market studies and appraisals) at VHDA.org, VHDA's Business Partner website. If you

are a first time user register here. 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 can edit your profile and 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 the non-competitive 9% pool. 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 425 points, while an application for 4% credits (with tax-exempt bonds) must score a minimum of 325 points. For 9% competitive credits, applicants select (on p. 2 of the Application) the pool in which they wish to compete and be scored, and then they are ranked according to their scores. Applications for 4% credits and 9% non-competitive credits are not ranked, but must meet threshold. 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 (i.e. the applicable fraction), and (2) the amount of credits necessary to generate enough equity to fill the gap between the development's total sources and uses.

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 pool will compete there first. Any development that does not rank high enough to be fully funded in this pool, will then compete in the New Construction pool or 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 federal 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/Planning District 8 (Inner Washington MSA) Pool – 18.02%

Each development which is located within one of the jurisdictions listed below (including unfunded developments from the Nonprofit and New Construction pools in localities listed below), will compete in this pool. This is a pool with an increasing rent burdened population.

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

Northwest/North Central Virginia Area Pool – 9.20%

Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below). This is a pool with an increasing rent burdened population.

Albemarle County	Frederick County	Orange County	Staunton City
Augusta County	Fredericksburg City	Page County	Warren County
Charlottesville City	Greene County	Rappahannock County	Waynesboro City
Clarke County	Harrisonburg City	Rockingham County	Winchester City
Culpeper County	King George County	Shenandoah County	
Fluvanna County	Madison County	Spotsylvania County	
Fauquier County	Nelson County	Stafford County	

Richmond MSA Pool – 11.63%

Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below). This is a pool with an increasing rent burdened population.

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

Tidewater MSA Pool – 17.00%

Each development located within one of the jurisdictions listed below will compete in this pool (including unfunded developments from the Nonprofit pool in localities listed below). This is a pool with an increasing rent burdened population.

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	

Balance of State Pool (Remaining Geographic Areas) – 14.15%

Each development (including excess non-profit and new construction or adaptive re-use developments) which is not eligible to compete in any of the four geographic pools above will compete in this pool. This is a pool with little or no increase in rent burdened population.

Accomack County	Covington City	Lee County	Richmond County
Alleghany County	Craig County	Lexington City	Roanoke City
Amherst County	Danville City	Lunenburg County	Roanoke County
Appomattox County	Dickenson County	Lynchburg City	Rockbridge County
Bath County	Emporia City	Martinsville City	Russell County
Bedford City	Essex County	Mecklenburg County	Salem City
Bedford County	Floyd County	Middlesex County	Scott County
Bland County	Franklin City	Montgomery County	Smyth County
Botetourt County	Franklin County	Northampton County	Southampton County
Bristol City	Galax City	Northumberland County	Tazewell County
Brunswick County	Giles County	Norton City	Washington County
Buchanan County	Grayson County	Nottoway County	Westmoreland County
Buckingham County	Greensville County	Patrick County	Wise County
Buena Vista City	Halifax County	Pittsylvania County	Wythe County
Campbell County	Henry County	Prince Edward County	
Carroll County	Highland County	Pulaski County	
Charlotte County	Lancaster County	Radford City	

Local Housing Authority Pool – 15%

Any application submitted for competition in the Local Housing Authority Pool must be for a development sponsored by a local housing authority or industrial development authority (if a locality does not have a local housing authority), as sole general partner or managing member (either directly or through a wholly-owned subsidiary) or as landlord or seller of the land to the tax credit applicant, in the jurisdiction of the local housing authority or industrial development authority and/or receiving HOPE VI funds will compete in this pool. Each development competing in this pool will be scored according to the rent burdened population characteristics of the geographic pool to which such development would be assigned if it did not compete in this pool. Developments not funded in this pool will not compete in any other 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. Each development competing in this pool will be scored according to the rent burdened population characteristics of the geographic pool to which such development would be assigned if it did not compete in this pool. Each new construction or adaptive re-use development eligible for the New Construction Pool below that is not funded in this pool will compete in the New Construction pool. All other developments not funded in this pool will compete in its applicable geographic pool.

Answers in the Non-Profit Questionnaire will be used to determine if the non-profit meets the community based test. Local Housing Authorities are not required to submit the Non-Profit Questionnaire. 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 Non-profit 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.

New Construction Pool – 15% of the next year's Annual Credit Authority

Each new construction or adaptive reuse development (including unfunded developments from the Nonprofit Pool in localities listed below), that is located within one of the jurisdictions listed below, will compete in this pool. Each development not funded in this pool will compete in the Northern Virginia geographic pool.

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

At-Large Pool

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

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

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

Credits pre-allocated to the developments in the New Construction Pool or the At-Large Pool will not change Total Credit Authority in the geographic pools. Credits pre-allocated to developments in the non-competitive disability pool set forth in the Rules and Regulations will reduce the following year's Total Credit Authority of the geographic pools in which the developments are located.

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 40% 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 Disability Pool

Developments for Persons with Disabilities

Applications will be accepted for this pool beginning April 21, 2014 through October 15, 2014. Locality Notification Information will be accepted beginning April 1, 2014. Developments will **NOT** be funded based on the date and time applications are received. Preferences will be given to developments providing supportive housing for homeless occupants and units that will be instrumental in providing housing for the Department of Justice settlement. Coordination with the Department of Housing and Community Development will take place for any application also applying for Virginia Housing Trust Funds.

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.

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

1. Applications must achieve a minimum threshold score of at least the highest ranked eligible development not funded in the competitive round geographic pool where the proposed development will be located. This may be waived based on the merits of the development discussed above.

2. At least 50% of the units will serve people with disabilities (25% for developments receiving HUD 811 funding).

3. At least 50% of the units will conform to HUD regulations interpreting the fully, permanently accessible unit requirements of Section 504 of the Rehabilitation Act (25% for developments receiving HUD 811 funding).

4. Conforms to HUD regulations interpreting the fully, permanently accessible unit requirements of Section 504 of the Rehabilitation Act (reference the requirements set forth in the Uniform Federal Accessibility Standards "UFAS").

5. The development will provide federal project-based rent subsidies in order to ensure occupancy by extremely low-income persons for 50% of the units (25% for developments receiving HUD 811 funding).

6. Subsidies may apply to any units, not only those built to satisfy Section 504. For purposes of this Pool, "extremely low income" mean households with gross incomes no greater than 40% of the AMGI paying no more than rent calculated at the 40% level.

7. 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.

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 (PIS) date of the proposed development and is subject to approval by VHDA.

8. Minimum Design and Construction Requirements

VHDA's Minimum Design & Construction Requirements (including Kitchen & Bath Vanity Cabinet Specifications) are mandatory minimum design criteria for any development receiving tax credits and/or VHDA financing.

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 modify or waive the requirement for this meeting.

9. New In 2014!

1. New Construction Pool: continued

2. Cost Limits Enforcement: beginning in 2014, no development will be funded that exceeds the published cost limits

    - Cost Limits are 2012 Fourth Quarter base amounts and shall be adjusted annually beginning in fourth quarter of 2013 in accordance with Marshall & Swift cost factors
    - Additional cost limits have been added for Prince William, Loudoun County and Fauquier County
    - A 50-point penalty may apply if the development exceeds the cost limit when costs are certified. This penalty will apply for 3 calendar years beginning January 1 of the year following the completion of the cost certification. This penalty may be waived for extenuating circumstances by the Board of Commissioners.

3. Locality CEO Letter (support or no comment): will receive 0-points; however, a negative 25 points will be applied if the locality submits an opposition letter for a reason that is supported by the locality's attorney opining that the locality's opposition to the proposed development does not have a discriminatory intent or effect that is not supported by a legally sufficient justification in violation of the Fair Housing Act and the HUD implementing regulations

4. Subsidized Funding: allow subsidized funding to include Virginia Housing Trust Fund, (funding from VOICE (Prince William County) and other unrelated private

foundation donations. VHDA REACH funds will not be eligible for points in this category

5. Census Tract Having Less Than A 10% Poverty Rate And No Other LIHTC Development category now distinguishes between elderly and family developments

6. 30% Brick or other low-maintenance material (pre-approved by VHDA): lowered points to 10; however, an additional one-fifth (1/5) point will be awarded for each percentage of exterior wall brick or other similar low-maintenance material approved by the Authority greater than 30% (up to 10 points); or an additional one-tenth (1/10) point for each percentage of exterior wall covered by fiber-cement board (up to 7 points).

7. Use efficiency rating for points instead of Energy Star designation for hot water heaters

8. Energy Star Bath Vents: points will only be available to new construction developments

9. Insulation: clarification that the development has or the application provides for installation of continuous R-3 or higher wall sheathing insulation (previously 'new' required)

10. Fire Prevention/Suppression: lowered points to 2 for fire prevention (still 2 points for fire suppression)

11. Amenity Points: removed 70-point maximum

12. Accessibility (50-point category): clearer documentation for project based subsidy, e.g. binding documentation, marketing to persons with disabilities, etc.

13. Accessibility (15-point category): requirement that 5% of the units conform to 504 accessibility requirements (versus 4% previously)

    Note: The 50, 30 and 15 points under the Accessibility category now apply to all developments (not just non-elderly)

14. Experienced LIHTC Developer: allow experienced developer points for a principal who has developed at least three LIHTC deals <u>and</u> has at least $500,000 in liquid assets

15. Bonus Points Categories (50% incomes): use 80% of the units for maximum points (instead of 100%)

16. Minimum Threshold Score: reduced to 425 for 9% deals (325 for 4% deals)

10. Summary of Program Fees

Amount	Description/Due Date/Penalty	Program
$750	**Application Fee** - Applications will not be processed until the application fee is paid.	9%, 4%
TBD	**Appraisal Fee** – The appraisal fee (if ordered by VHDA) will be based on the complexity of the assignment. VHDA will not order the appraisal until the fee is received.	9%, 4%
7% of annual credit amount	Assessed only to those applicants accepting a 9% credit reservation; the amount is communicated in a letter sent with the Reservation Agreement; due as instructed in Reservation correspondence from VHDA.	9%
7% of annual credit amount	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	4%
$500 per calendar day	**Late Submission of Reservation Agreement** - fee is assessed when any of the reservation documents, including Reservation Agreement, are not submitted to VHDA by the stated deadlines; communicated to Applicants via Reservation Agreement cover letter; significant delay may result in loss of the reservation	9%
$500 per calendar day	**Late submission of Allocation Application** - 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% competi tive credits
$100 per calendar day+	**Late Submission of 8609 Application** - 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	**Correction of Form(s) 8609** - 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	**Replacement of Documentation Previously Provided**, e.g. original Extended Use Regulatory Agreement	9%, 4%
$30 per unit per year	**Compliance Monitoring Fee** - 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%
$20 per unit per year	**Compliance Monitoring Fee – RD Developments** - 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	**Qualified Contract Application Fee**	9%, 4%

Payments can be made by check, Automated Clearing House (ACH) payment, or wire transfer. Contact Hope Rutter (hope.rutter@vhda.com) for information on ACH or wire payment instructions.

Checks
Checks can be mailed to:
VHDA
Attn: Tax Credit Allocation
601 S. Belvidere Street
Richmond VA 23220

Checks are considered received at the arrival time of the LIHTC Allocation Department.

ACH and Wire Deposits
Please use the following information to send your ACH or wire payments.

Payable to: Virginia Housing Development Authority
Account Name: LIHTC Fees
Account #1000160925987
ABA # 061000104

Prior to making your payment, you MUST send Hope Rutter (hope.rutter@vhda.com) an email that describes 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)

IMMEDIATELY after you have completed the transaction you MUST forward a remittance advice slip showing that the transaction was completed (i.e. confirmation from your bank that your transaction has been completed).

Transactions are considered received when VHDA LIHTC Allocation receives the funds in the designated account.

For-profit sponsors pay reservation 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 reservation 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. Updating Program Information

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.

12. VHDA Program Contacts

Tax Credit Allocation

Jim Chandler	(804) 343 – 5786	jim.chandler@vhda.com
Cara Wallo	(804) 343 – 5714	cara.wallo@vhda.com
Jaynell Pittman-Shaw	(804) 343 – 5733	jaynell.pittman-shaw@vhda.com
JD Bondurant	(804) 343 – 5725	johndavid.bondurant@vhda.com
Hope Rutter	(804) 343 – 5518	hope.rutter@vhda.com
Alena Henderson	(804) 343 – 5908	alena.henderson@vhda.com

Compliance Monitoring

Brenda Hawkins	(804) 343 – 5763	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. Applicants who satisfy 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 may 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

The 9% Tax Credit Application was prepared using Microsoft Office 2010.

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 2:00 p.m. EST on March 14, 2014.

Delivery Address:

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

How to Submit the 9% Application

Applicants must submit all application materials in electronic format only! Save files to **one or more CD/DVDs, flash drives, or submit to the VHDA File Transfer Protocol (FTP) site** and include the following. Please use the naming protocol below.

Naming Protocol	Description
[Dev Name] - Reservation App	Active Microsoft Excel workbook
[Dev Name] – Reservation App	PDF file which includes the following: • PDF copy of the signed application, including self-score sheet • all application attachments (i.e. tab documents, excluding the market study, plans, specs and/or work write-up)
[Dev Name] - Market Study	PDF or other readable electronic format
[Dev Name] - Plans & Specs **Or** [Dev Name] - Plans [Dev Name] - Specs	Electronic Plans and Specifications
[Dev Name] - UxU Work Write-up	PDF or other readable electronic format
Other - [Dev Name] – [Document Name]	Other document(s) relevant to the application

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

√ **Do not** submit hard copies.

Except as follows, VHDA will not accept additional development information separate from the Application.

- Locality Notification Information form - due January 29, 2014
- CEO Letter (neutrality or opposition) – due April 1, 2014
- Revitalization Area Certification – due April 1, 2014

Failure to provide all documentation noted as "mandatory" on the Application Checklist (also, 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.

VHDA reserves the right to request additional information for purposes of clarification.

Mandatory Documents to be Submitted with the 9% Credit Reservation Application

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

Electronic Copy of Application and Attachments (on CD/DVD, flash drive or FTP)	Submit as noted above. The scanned copy of the Tax Credit Application (in its entirety) will be posted on VHDA's website. Use VHDA tab dividers to separate attachments.
$750 Application Fee	To be paid via check, ACH, or wire to VHDA
Partnership or Operating Agreement	In addition to the Agreement itself, please attach an organization chart for the limited partnership (LP) and LLC depicting the ownership structure, identifying each principal (i.e. individuals' names rather than entities) and percentage of interest. For a housing authority or non-profit principal, the Executive Director should be the named individual. Please follow guidelines below for listing principals. 1. If the owner is a partnership, list the names of all GPs, regardless of % interest in the General Partnership 2. If the owner is an LLC, list the names of all members regardless of % interest 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 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 5. If the owner is an Individual, list the name of anyone having a 25% or more ownership interest of the named individual 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.
Resume(s) and Principal's Previous Participation Certification (PPC)	Attach a resume for each principal of the general partnership (GP) or limited liability company (LLC). 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 the 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)	If applicant is eligible 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 square footages, unit and site amenities indicated in the Application are incorporated into the development plans, 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. The Architect of Record must be registered in Virginia.
Site Control Documentation	Site control must be in the name of the tax credit ownership entity 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 one of the following forms: 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; and All applications must include a copy of the most current real estate tax assessment. 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 VHDA. Please refer to the VHDA Relocation Assistance Guidelines. In the case of acquisition and rehabilitation of developments funded by Rural Development of the U.S. Department of Agriculture ("Rural Development"), any site control document subject to approval of the partners of the seller does not need to be approved by all partners of the seller if the general partner of the seller executing the site control document provides (i) an attorney's opinion that such general partner has the authority to enter into the site control document and such document is binding on the seller or (ii) a letter from the existing syndicator indicating a willingness to secure the necessary partner approvals upon the reservation of credits.
Plans, Specifications and/or Unit by Unit Work Write-up	VHDA must receive copies of Plans, Specs and/or Unit-by-Unit Work Write-up on CD/DVD, flash drive or uploaded to the VHDA FTP site. 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 & 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. In the event the plans and specifications and/or work write-up do not include VHDA Minimum Design and Construction Requirements, then those requirements still must be met, even though the Application is accepted for credits. Please note that this may cause the Application

	to be ineligible for credits or penalty points associated with resubmittals.
Attorney's Opinion (VHDA form)	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 NOTE: The application will be disqualified if the market study is **not** provided with the application!	Market studies must be submitted with the Application (in electronic, readable format). Failure to meet this requirement 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; however, market studies must meet VHDA 2014 Market Study Guidelines. No study over 12 months old will be accepted. VHDA's market study process is as follows: 1. The developer/owner notifies VHDA of its selection of an analyst. Selection is made from the 2014 Approved Market Analysts listing. Please e-mail Jaynell Pittman-Shaw, jaynell.pittman-shaw@vhda.com for listing. 2. If the analyst selected has met capacity, the developer will be asked to select another analyst. 3. The developer/owner confirms with the analyst that it can secure a contract with the analyst. 4. As soon as possible, preferably the day the owner/developer notifies VHDA, the analyst confirms with VHDA that it will accept the developer/owner's request for assignment. 5. VHDA confirms with the owner/developer that the analyst has accepted its request for assignment. PLEASE NOTE, the reservation is not complete until VHDA receives confirmation from the analyst. The developer has full power to negotiate with the analyst on the price of the study. Applications with accompanying market studies, whereby the applicant has not adhered to the above process, will be disqualified. During its review of the submitted applications, VHDA may conduct its own analysis of the demand for the housing units to be produced by each Applicant's proposed development. Notwithstanding any conclusion in the market study submitted with an application, if VHDA determines that, based upon information from its own loan portfolio or its own market study, inadequate demand exists for the housing units to be produced by an Applicant's proposed development, it may

	exclude and disregard the Application.
Appraisal NOTE: Required for Acquisition Rehab and Adaptive Reuse Developments (and at VHDA's discretion)	Appraisals are required for all acquisition rehab and adaptive reuse developments, whereby the applicant is seeking a reservation of low-income housing tax credits. VHDA will accept RD appraisals that include its requested values. Appraisals will be obtained independently by the applicant; however, if there are unresolved concerns about feasibility, VHDA will order an additional appraisal, choosing its own appraiser. Appraisal fees are the sole responsibility of the applicant. If VHDA orders an appraisal, the fee will be communicated to the applicant in writing. Appraisals will not be ordered until VHDA receives the appraisal fee, which may result in a delay of VHDA approval and/or the issuance of the Section 42(m) letter. Please refer to the VHDA Appraisal Guidelines.

9% Competitive Credit Reservation Application Schedule

Due	Description
Jan 29	Locality Notification Information form due
Mar 14	Deadline for Reservation Application, Market Study (due with Application) & $750 Application Fee
by Mar 28	Applications posted to VHDA website
Apr 1	Locality CEO Letter and Revitalization Area Certification may be submitted after the Reservation Application Deadline, but **not later than April 1, 2014**.
May 13	Announce Preliminary Rankings/Begin General Comment Period
May 20	Close General Comment Period/Begin Rebuttal Comment period
May 27	Close Rebuttal Comment Period
Jun 4	Announce Final Rankings
Early to mid-July	VHDA mails Reservation Application documents (Agreement, Contract to Enforce Representations, Extended Use Agreement, and Election to Fix %).
Mid to late July	(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
Nov 3	Site Control Documentation, Extended Use Agreement (recorded original), Carryover Allocation Application (if applicable), non-profit reservation fees and local housing authority reservation fees due

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 3, 2014. 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. Submit all application materials in electronic format only, saving files to **one or more CD/DVDs, flash drive or upload to VHDA FTP site**. Please use naming protocol below.

Naming Protocol	**Description**
Allocation – [Dev Name] – Application	Active Microsoft Excel workbook
Allocation – [Dev Name] - Application	PDF copy of the signed application
Allocation – [Dev Name] – Attorney's Opinion	Attorney's Opinion
Allocation – [Dev Name] – IRS EIN #	IRS EIN #
Allocation - [Dev Name] – Site Control	Site Control Documentation
Allocation - [Dev Name] – Owner's Cert	Owner's Certification
Allocation - [Dev Name] – EUA (Recorded)	Recorded EUA
Allocation - [Dev Name] – ROFR (Recorded)	Non-Profit or Local Housing Authority (LHA) Right of First Refusal
Allocation – [Dev Name] – Investor LOI	Investor LOI
Allocation – [Dev Name] – [Document Name]	Other document(s) revised since the Reservation Application

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

Mandatory documents to be Submitted with the Carryover Allocation Application

- Excel copy of the Allocation Application
- Electronic/PDF copy (on CD/DVD, flash drive, or FTP site) of signed Allocation Application and attachments
- Attorney's Opinion
- 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 property, regardless of whether those items are included in eligible 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
- Letter from Syndicator or Investor (LOI)
- Other documents revised since the Reservation Application

Carryover Allocation Application Schedule

Due	Description
Mid to Late August	VHDA sends out customized Allocation Applications to developers that have received a reservation of credits
Nov 3	(1) Allocation Application; (2) site control documentation; (3) original recorded Extended Use Agreement; (4) Attorney's Opinion; (5) recorded Non-Profit or LHA Purchase Option or Right of First Refusal; (6) Owner's Certification; and (7) IRS Letter with EIN# assignment due
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 for 2013 allocations
Mid-Jan	Carryover Agreements due back to VHDA

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.

3. 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. VHDA, at its discretion, may waive this restriction.

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

How to Obtain a 4% Tax-Exempt Bond Application

The application is the same for 9% and 4% credits and can be found on our website, vhda.com. The 4% Tax Credit Application was created using Microsoft Office 2010.

If you have questions regarding tax-exempt bond credits, contact Cara Wallo at (804) 343-5714 or Jaynell Pittman-Shaw at (804) 343-5733.

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

How to Submit the 4% Tax-Exempt Bond Application

An Excel copy of the Application, as well as an electronic/PDF copy of the Application and all attachments must be submitted on CD/DVDs, flash drive, or VHDA FTP site. **Do not** e-mail or submit hard copies.

Until a PDF (or other readable format) of the signed copy of the application is received, the application will not be processed.

Step	Description
1	Complete the Locality Notification Information form (online submission)
2	CEO 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," 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 5th day of month following the month bonds are issued

4. 8609 Application

VHDA policy relating to both 9% 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. If the development is new construction, Certificate(s) of Occupancy must be provided. If the development was rehabilitated, a Certificate of Substantial Completion from the Architect must be provided.

Upon receiving such notification, 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 Reservation Application and in accordance with VHDA's Minimum Design & Construction Requirements. Owners will receive written notification of any issues identified as not conforming to the submitted Reservation Application. In the event that the 8609 application is submitted while inspection issues remain unresolved, VHDA may issue 8609's; however, a penalty will be assessed against future Reservation Applications until the earlier of the date deficiencies are corrected to VHDA's satisfaction or 3 years after the date of 8609(s) issuance. Developers with egregious omissions and/or multiple outstanding corrections also risk not being able to participate in the tax credit program.

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

If the 8609 Application, including requested supporting documentation, is submitted to VHDA late, the owner will be subject to a fine of $100 per calendar day, up to $7,500; thereafter, the owner will be fined an additional 4% of the outstanding cumulative balance on each one-month anniversary. Form(s) 8609 will not be issued until the fee is paid.

An Auditor's Report and Final Cost Certification are required prior to the issuance of the final housing credit allocation and IRS Form(s) 8609. The Independent Auditor's Report must be completed in accordance with generally accepted auditing standards, which require that the auditor obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement. The Final Cost Certification is an itemization of final development costs and concludes which portion of those costs is included in eligible basis.

How to Obtain an 8609 Application

Following notification of readiness for occupancy to VHDA's Tax Credit Allocation Department, the owner should contact VHDA and request a customized 8609 application for their development. This should be completed and submitted to the Tax Credit Allocation Department along with the Independent Auditor's Report, Final Cost Certification and Certification of Sources and Uses forms, which can be downloaded from the VHDA website.

8609 Application Deadline

For both 9% and 4% deals, a completed 8609 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 (for new construction) 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 30th of the second year following the year of allocation. Extensions may be granted for up to 12 months beyond April 30th with prior approval by VHDA.

How to Submit the 8609 Application

An Excel copy of the Application, as well as an electronic/PDF copy of the signed Application and all attachments must be submitted on CD/DVDs, flash drives, or to the VHDA FTP site. **Do not** e-mail or submit hard copies.

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

The following should be submitted on CD/DVDs, flash drive, or to the VHDA FTP site:

- Completed 8609 Application (active Excel workbook)
- Electronic/PDF copy of the signed Application
- VHDA-requested supporting documents (see Submission Checklist)
- Permanent financing documentation (or other documentation if closing has not occurred)
- Construction Contract
- Grant Agreement(s), if applicable
- Final Partnership Agreement and Development Agreement (if applicable)
- Independent Auditor's Report
- Final Cost Certification
- Certification of Sources and Uses

8609 Application Schedule

Due	Description
Within 30 days of construction completion of the units in the last building	Submit notification to VHDA's Tax Credit Allocation Department no later than 30 days after the units in the last building are ready for occupancy, as evidenced by a Certificate of Occupancy or Architect's Certificate of Substantial Completion (if rehab).
No more than 6 months after construction completion of the units in the last building	Submit the 8609 Application, including supporting documentation (see list above and 8609 checklist).
No later than April 30th (of the second year following the year of allocation)	8609 Applications for developments financed with 9% credits are due. Extensions may be granted for up to 12 months beyond April 30th with prior approval by VHDA.

VHDA is often requested to amend previously issued 8609s, e.g. building addresses or placed-in-service dates that are 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 to be corrected and reissued. Refer to Section B.9 above for fees and penalties information.

5. 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 Section 42(h)(6)(F). If the housing credit agency is unable to present a qualified contract within one year, the extended use period is terminated. However, the development will remain subject to the requirements set forth in Section 42(h)(6)(E)(ii); that is, for a three-year period commencing on the termination of the compliance period, the owner may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit, or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the IRC, as well as the requirements of the Extended Use Agreement. A qualified purchaser can be a 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.

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)(I). 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 are 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 2014 QAP, which in the case of discrepancies will be the overriding document.

Appl. p. 1	Increase to Eligible Basis	Location in a qualified census tract (QCT) or difficult to develop area (DDA) allows a 30% increase to eligible basis. Please refer to VHDA's list of QCTs in Virginia. Up to an additional 10% increase in eligible basis is allowed for developments qualifying as EarthCraft or LEED compliant. VHDA may also allow an increase in eligible basis of up to 30% on a case-by-case basis for those developments that are not located in a QCT or DDA (for 9% credits). You may request this designation on page 1 of the Application. The maximum increase in eligible basis any development can receive is 30% **Note: The above 10% or 30% increase in basis is NOT available to Tax-Exempt Bond Credits. Tax Exempt Bond Credits will only qualify for a 30% increase in basis if the development is located in a HUD designated QCT or DDA.**

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	**Low-rise** – 1 to 5 stories with <u>any</u> structural elements being wood frame construction **Mid-rise** – 5 to 7 stories, with <u>no</u> structural elements being wood frame construction **High-rise** - 8 or more stories with <u>no</u> structural elements of wood frame construction
Appl. p.8	C.1. Amenities	All acceptable unit types are listed within the grid with a default value of 0 units. Please update only the lines that apply to this development. Provide the average square feet for each unit type. These values should correspond to the average square feet values as indicated in the Architect's Certification.
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 & 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. In the event the plans and specifications and/or work write-up do not include VHDA Minimum Design and Construction Requirements, then those requirements still must be met, even though the application is accepted for credits. Please note that this may cause the Application to be ineligible for credits.
Appl. p. 10	Tenant Information	The selections made in this category are used to determine the lower rent bonus points. Rents listed on p. 15 of the Application will not count towards these points.
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.

F. Parameters

All new construction 2BR units must have 1.5BA and all new construction units with 3 or more BRs must have at least 2 full bathrooms.

Appl. p. 15	Revenue	Within the Unit Mix grid, add a line item for each different unit floor plan configuration and rent target for this development.
Appl. p. 15	Vacancy	The greater of 7% of Gross Potential Income or market vacancy
Appl. p. 16	Operating Expenses	$3,800 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 3% 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 elderly developments and $300 per unit for all other developments.
Appl. p. 17	Pro forma Rent Increases	Less than or equal to 2% per year for purposes of calculating Projections for Financial Feasibility in Section VII-F of the Application.
Appl. p. 17	Debt Coverage Ratio	Minimum of 1.15
Appl. Gen'l	2014 Cost Limits	**Inner Northern Virginia** (Arlington County, Fairfax County, Alexandria City, Fairfax City & Falls Church City): New Construction/Adaptive Reuse - $347,552 + (up to) $38,617 per unit for underground or structured parking Acquisition/Rehabilitation - $303,419 **Prince William County, Loudoun County, & Fauquier County:** New Construction/Adaptive Reuse - $258,182 Acquisition/Rehabilitation - $182,051 **Balance of State:** New Construction/Adaptive Reuse - $193,085 Acquisition/Rehabilitation - $148,951 **NOTE**: Total development costs per unit will be used in these calculations
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.
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	Operating Reserve	Minimum of 6 months of operating expenses **and** debt service
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 there is an identity of interest between the purchaser and seller). 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 contractor's overhead, profit and any incentive payments. 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 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, any incentive payments and all architectural and engineering fees.

		6. A cumulating declining scale, as follows: • 15% if less than $1 million total dev. costs (TDC), plus • 12% if between $1 million and $10 million TDC, plus • 8% if greater than $10 million TDC
Appl. pp. 22, 26	Tax Credit Equity 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 Plan of Development Certification 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 Zoning Certification 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 (online submission)	0, or -50	Owner provides contact information for the Locality CEO and Mayor or Chairman of the Board of Supervisors, plus information about the proposed development, that will be used by VHDA to complete notification letters to inform the CEO and Mayor/Chairman of the Board of Supervisors of the planned LIHTC property in his/her jurisdiction. The CEO is the Chief Administrative Officer, City Manager, Town Manager, County Administrator, County Executive or equivalent, as appropriate. The jurisdiction, CEO and Mayor/Chairman of the Board of Supervisors should correspond to the jurisdiction that is responsible for land use decisions regarding the development. **2 or More Jurisdictions:** Select "Add Jurisdiction" only if the property overlaps two or more jurisdictions (i.e. only if a development is located across the boundaries of a city and county or a town and county. **Registration:** If you are already a Business Partner with a password, access the website, then enter your username and password. If you are a Business Partner and have forgotten your password, to VHDA.org, then click "Problems Logging On?" to reset your password. If you are a new user, register to be a VHDA Business Partner and gain access to the Locality Notification Information form, as well as be able to review posted "Tax Credit Applications." **Submission Deadlines:** Applicants seeking 9% Competitive credits must submit locality notification information to VHDA online by 2:00 p.m. EST on January 29, 2014. Failure to submit this information by the 9% competitive deadline will result in a 50-point penalty against the Reservation Application. Developers seeking Tax-Exempt Bond credits (4%) are encouraged to submit notification information at least 30 days prior to submission of the tax credit application. If you already have a local support letter, you may include it with the application, but must still complete the online form. 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 Letter	0 or -25	A letter of support or no comment from the locality will qualify the application for 0 points. A letter that is submitted in opposition to the development may cause the application to receive a negative 25 points (-25) if it states that the development is inconsistent with current zoning or other applicable land use regulations. In order for VHDA to consider such opposition letter, it must be accompanied by a legal opinion from the locality's attorney opining that the locality's opposition to the proposed development does not have a discriminatory intent or effect that is in violation of the Fair Housing Act and the HUD implementing regulations, as described in 24 CFR §100.500(a) and 24 CFR §100.500(b).
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 development that will be encouraged, the potential sources of funding and services to be offered. **OR** Evidence 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 April 1, 2014. 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. To qualify for the 5 points submit the Revitalization Area Certification. VHDA will confirm location in a QCT based on the census tract information provided in the application.
Sec 8 or PHA Waiting List Preference	0 or 10	Points awarded to a development whereby no units are subject to Section 8, project-based assistance and where leasing preference is given to households on the local public housing or Section 8 waiting lists (maintained by the locality or the nearest Section 8 administrator for the locality in which the proposed development is to be located). Points will be pro-rated for a development wherein fewer than 100% of its units have project-based assistance. 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, Virginia Housing Trust Fund, funding from VOICE for projects located in Prince William County and donations from unrelated private foundations that have filed an IRS Form 990 (or a variation of such form) or, Rural Development for a below-market rate loan or grant (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 VHDA; 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 or stating that you will receive an amount "up to" 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. This must be funding that is used as a source applied to development costs.

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	Meet the locality's criteria to receive a real estate tax abatement on the increase in the value of the development Or New project-based subsidy from HUD or Rural Development for the greater of 5 units or 10% of the units of the proposed property.
Census Tract with <10% Poverty Rate, No Similar LIHTC Units	0 or 25	An Elderly development is located in a census tract with poverty levels below 10% & no other elderly LIHTC units (based upon Census Bureau data). Or A Family development located in a census tract that has less than a 10% poverty rate with no other family LIHTC units in such census tract (based on Census Bureau data)
Rural Development – "High Priority"	0 or 15	The development is listed as a "High-Priority, Rehab" Development by Rural Development at the time the Application is submitted to VHDA.
New Construction Development (Including Adaptive Re-Use and Rehabilitation that Creates Additional Rental Space) - Pool with Little Or No Increase In Rent Burdened Population	Up to -20	Any proposed new construction development (including adaptive re-use and rehabilitation that creates additional rental space) located in a Pool identified by VHDA as a pool with little or no increase in rent burdened population. Up to minus 20 points, depending upon the portion of the development that is additional rental space, in all Pools except the At-Large Pool, 0 points in the At-Large Pool. The Executive Director may make exceptions in the following circumstances: (1) specialized types of housing designed to meet special needs that cannot readily be addressed utilizing existing residential structures; (2) housing designed to serve as a replacement for housing being demolished through redevelopment; or (3) housing sponsored by a local housing authority that is an integral part of a neighborhood revitalization project, in which the LHA is the 100% owner of the tax credit ownership entity. See definition of "Additional Rental Space" below.

New Construction Development Pool with An Increasing Rent Burdened Population (incl. adaptive re-use and rehab that creates additional rental space)	Up to 20	Any proposed new construction development (including adaptive re-use and rehabilitation) that creates additional rental space and that is located in a pool identified by VHDA as a pool with an increasing rent burdened population. 0 points in the At-Large Pool **ADDITIONAL RENTAL SPACE (AS NOTED IN THE ABOVE TWO CATEGORIES)** Additional Rental Space is defined as an increase in the amount of Net Rentable Square Feet beyond what exists at the time of site acquisition. Net Rentable Square Feet is defined more specifically in the Architect Certification. If the development is entirely New Construction or Adaptive Reuse and meets the two criteria above (see first paragraph), the Application will receive 20 points. If the development is entirely Rehab with new rental space being added to existing units, then the percentage of the proposed Total Net Rentable Square Feet (NRSF) that represents the new rental space being added is used to determine the number of points. The percentage of additional rental spaces must agree to the Architect Certification. If the development is a combination of new construction, adaptive reuse and/or rehab and meets the two criteria above, then the percentage of the proposed Total Net Rentable Square Feet that represents the new rental space being added is used to determine the number of points. This will be verified using the NRSF values on each of the Architect Certifications submitted for each construction type. While a development can be mixed construction each unit can only be considered rehab/adaptive reuse or new construction.

C. Development Characteristics - All Units

Category	Points	Explanation/Instructions
Proximity to Public Transportation	0, 10 or 20	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, **10 points** 2. The development meets the above qualifications and is competing within the New Construction or Northern Virginia/Planning District 8 pools, **20 points (10 points in the At-Large Pool)** A certified land surveyor or registered civil engineer must provide a letter, which states that the property entrance is within one of the distances noted above. For your convenience, VHDA has created a Surveyor's Certification of Proximity to Transportation. Attach the letter to the Reservation Application.
EarthCraft or LEED Certification	0,15, 30 or 45	It is now **mandatory** that the Architect of Record attend *Multifamily Professional Training* by EarthCraft Virginia for these points. Training must have occurred on January 1, 2009 or later. 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 EarthCraft worksheet for new construction and rehab. **15 points** - A LEED Silver development or an EarthCraft certified development **30 points** - A LEED Gold or EarthCraft Gold development **45 points** – A LEED Platinum or EarthCraft Platinum development In addition to points, the Executive Director may allow, if needed, an adjustment of up to 10% to the eligible basis amount used to calculate the maximum credit for those developments qualifying as EarthCraft or LEED compliant and receiving the full 30 or 45 points here, provided however, any resulting increase in such development's eligible basis shall be limited to 5% for 30 points awarded and 10% for 45 points awarded. **NOTE: The above possible adjustment to eligible basis is NOT available to Tax-Exempt Bond Credits.**

		Should the Applicant choose EarthCraft Certification, it will be required to (i) consult with an EarthCraft representative prior to application, (ii) meet with an EarthCraft representative during development planning, (iii) use energy modeling for projections and (iv)accommodate on-site inspections deemed necessary by an EarthCraft representative. To be eligible for these points, there is an additional form to be signed by EarthCraft and submitted with the Architect's Certification. This form can be found as an addendum to the Architect's Certification. 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. Please refer to the EarthCraft and LEED Green Building Certification Program websites to access specific programmatic information and documents.
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. It is now **mandatory** that the Architect of Record attend Universal Design training for these points. Training must have occurred on January 1, 2009 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 include VHDA's Universal Design features. Final certification must occur prior to issuance of Form(s) 8609. • 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

Category	Points	Explanation/Instructions
Community/Meeting 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 or other similar low-maintenance material	Up to 22	Brick or other similar low-maintenance material pre-approved by the Authority covering 30% or more of the exterior walls (excluding the triangular gable end area, doors, windows, knee walls, columns, retaining walls and any features that are not a part of the façade). Community buildings are to be included in percentage calculations. Zero points if less than 30%. If the above requirement is met, an additional one-fifth (1/5) point for each percent of exterior wall brick or other similar low-maintenance material approved by the Authority, in excess of 30%, then up to 10 points; or If the above minimum 30% requirement is met, an additional one-tenth (1/10) point for each percent of exterior wall covered by fiber-cement board, then up to 7 points
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: www.energystar.gov > products > specific appliances > product lists on far right of page to determine if an appliance meets the rating at the time of order.
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. Any glass doors must also meet EPA Energy Star program requirements.
Heat/AC-SEER-AFUE	0 or 10	Every unit in the development is heated and cooled with either (i) heat pump equipment with both a SEER rating of 15.0 or more and a HSPF rating of 8.5 or more or (ii) air conditioning equipment with a SEER rating of 15.0 or more, combined with a gas furnace with an AFUE rating of 90% or more.

Sub-metered Water Expense	0 or 5	Every unit in the development is sub-metered (i.e. households pay the water provider directly), with equipment capturing/measuring 100% of the water used in the unit (not just hot water usage). If the locality does not allow water sub-metering, the Applicant does not qualify for these points.
WaterSense Faucets & Showerheads	0 or 2	Every unit in the development has bathroom(s) containing only WaterSense labeled 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 Heater Efficiency	0 or 5	Every unit in the development has a hot water heater that has an energy factor greater than or equal to 67% (gas water heaters) or greater than or equal to 93% (electric water heaters); or any centralized commercial system that has an efficiency performance rating equal to or greater than 95%; or any solar thermal system that meets at least 60% of the development's domestic hot water load.
WaterSense Toilets	0 or 2	If each bathroom is equipped with a WaterSense labeled toilet.
Energy Star Vented Fans	0 or 2	For new construction only, if each full bathroom is equipped with EPA Energy Star qualified bath vent fans.
Wall Sheathing Insulation	0 or 5	If the development has or the application provides for installation of continuous R-3 or higher wall sheathing insulation.
Fire Prevention or Suppression	0 or 2	If all cooking surfaces are equipped with fire prevention or suppression features that meet VHDA's requirements below: Fire prevention – Installation of Safe-T-Element™ cooking system or other VHDA pre-approved prevention system Fire suppression – Installation of fire suppression features such as canisters, etc.
Front-Control Ranges - Elderly Properties	0 or 1	If every unit in the development has a cooking range with front controls
Emergency Call System - Elderly Properties	0 or 3	If every unit in the development has an emergency call system
Independent/Supplemental Heat Source - Elderly Properties	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 - Elderly Properties	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

E. Development Characteristics - Accessibility

Please refer to the Uniform Federal Accessibility Standards when planning to meet 504 specifications. Developments should be built to be "permanently accessible," rather than "adaptable" standards. All common space must also conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act.

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, Fair Housing, or Fair Housing Act 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.

All plans **must** state that the property will be listed at **virginiahousingsearch.com**, include information on networking contacts with centers for independent living, disability services boards and address the efforts that will be necessary to fill a vacant unit. **Units must be held vacant for 60 days during which ongoing marketing must be documented.** If a qualified household including a person with a disability is not located in that timeframe, submit the evidence of marketing to VHDA's Program Compliance Officer and request approval to rent the unit to any income-qualified household. If the request is approved, the lease must contain a provision that the household must move to a vacant unit if a household including a person with a disability applies for the unit. The move will be paid for by the owner.

Category	Points	Explanation/Instructions
Federal Project-Based Rent Subsidies (or Equivalent) and Units for Persons with Disabilities – Unit Accessibility	0 or 50	Any development in which (i) the greater of 5 units or 10% of the units will be assisted by HUD project-based vouchers as evidenced by the submission of a letter satisfactory to the Authority from an authorized public housing authority (PHA) that the development meets all prerequisites for such assistance; (ii) will conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and be actively marketed to persons with disabilities as defined in the Fair Housing Act; and (iii) above must include roll-in showers and roll under sinks and front control ranges, unless agreed to by the Authority prior to the applicant's submission of its application. Or Another form of documented and binding federal project-based rent subsidies, or equivalent assistance approved by the Executive Director, in order to ensure occupancy by extremely low-income persons. Documentation from the source of the assistance must be provided with the

		application. NOTE: Subsidies may apply to any units, not only those built to satisfy Section 504.
HUD 504 Accessibility - 5 or 10% of Units	0 or 30	Any development in which the greater of 5 units or 10% 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 persons with disabilities as defined in the Fair Housing Act
HUD 504 Accessibility – 5% of Units	0 or 15	Any development in which five percent (5%) 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 persons with disabilities as defined in the Fair Housing Act.

F. Tenant Population Characteristics

Category	Points	Explanation/Instructions
No More Than 20% Of Units with One Bedroom or Less	0 or 15	The development will have no more than 20% of its units with one bedroom or less.
% of Units with 3 or More Bedrooms	Up to 15	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	**10 points** - Evidence that the principal or principals of the proposed development has/have developed, as controlling general partner or managing member, at least one LIHTC development that contains at least the number of housing units in the proposed development (can include market units) **50 points** - Evidence that the principal(s), of the proposed development has/have developed, as controlling general partner or managing member, at least three LIHTC developments that contain at least 3x the number of housing units in the proposed development (can include market units) **or** at least six LIHTC developments Or **50 points** – Evidence that at least one principal of the proposed development has developed at least three LIHTC developments and has at least $500,000 in liquid assets (see QAP for definition of liquid assets); Applicants receiving points under either of these 50-point subdivisions are not eligible for Plan of Development points under "Readiness" section above. Provide no more than six (6) 8609s, as well as corresponding

		partnership/operating agreements with the application/Previous Participation Certification (PPC). If a principal is included on the Experienced LIHTC Developer List, copies of 8609s and supporting documents are not required to be submitted.
Developer Experience – Exceeding Cost Limits	0, or -50	Any applicant that includes a principal that was a principal in a development for which the actual cost of construction exceeded the applicable cost limit by 5% or more (minus 50 points for a period of 3 calendar years beginning January 1 of the year following the completion of the cost certification).If the Board of Commissioners determines that overage was outside the applicant's control based upon documented extenuating circumstances then no negative points.
Developer Experience - Uncorrected Life Threatening Hazard	0 or -50	Any Applicant that includes a principal who was a principal in a development at the time VHDA inspected said development and discovered a life-threatening hazard under HUD's Uniform Physical Condition Standards, and such hazard was not corrected in the time frame established by the Authority. Negative 50 points will apply beginning at the end of the original correction period and continuing for three years from the date the violation is completely corrected. Attending training will not remove penalty points referred to in this section.
Uncorrected Form 8823 to IRS (non-compliance)	0 or -15	Any Applicant that includes a principal who was a principal in a development that either (i) at the time VHDA reported such development to the IRS for non-compliance had not corrected it by the time a Form 8823 was filed by VHDA or (ii) remained out-of-compliance with the terms of its extended use commitment after notice and expiration of any cure period set by VHDA. Penalty points for Uncorrected 8823s (non-compliance) will apply, unless developer requests and VHDA determines that individuals associated with the principal attend VHDA-authorized compliance training prior to Application deadline. Negative 15 points will apply for a period of three calendar years beginning January 1st of the year after the year 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. 0 points, if the appropriate individual or individuals connected to the principal attend compliance training as recommended by VHDA.
Principal Who Did Not Build As Represented	-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 Minimum Design & Construction Requirements 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. A 10-point 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	Any Applicant that lists in its Application, a management company that is rated "unsatisfactory" by the Executive Director **or** 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.

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.

Supportive Housing is housing consisting of single room dwelling units intended and designated for individuals or families who are homeless, at-risk of homelessness and who have multiple barriers to independent living.

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 $35,000 per unit, the parameter number will be prorated based on the percent difference of the per-unit cost between $35,000 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 $35,000 and $10,000/$15,000 parameter numbers and this amount added to the $10,000/$15,000 parameter number. For those developments located within the **Inner Northern Virginia** region (see below), $50,000 will be used instead of $35,000.

The geographic boundaries for both credit-per-unit and cost-per-unit parameters are identical and are as follows:

Richmond MSA

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

Tidewater MSA

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

Northwest / North Central Virginia

Albemarle County
Augusta County
Charlottesville City
Clarke County
Culpeper County
Fluvanna County
Fredericksburg City
Frederick County
Greene County
Harrisonburg City
King George County
Madison County
Nelson County
Orange County
Page County
Rappahannock County
Rockingham County
Shenandoah County
Spotsylvania County
Stafford County
Staunton City
Warren County
Waynesboro City
Winchester City

Inner Northern Virginia

Alexandria City
Arlington County
Fairfax City
Fairfax County
Falls Church City

Outer Northern Virginia

Fauquier County
Loudoun County
Prince William County
Manassas City
Manassas Park City

Balance of State

All other localities not listed in the above geographic regions

Category	Points	Explanation/Instructions
Credit Per Unit	Up to 200	Up to 200 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: $1 - \frac{\text{Subject credits per Unit Type}}{\text{Highest credits per Unit Type}} \times \text{\% of Unit Type} \times 200 \text{ pts}$ Please note that it is possible to have a negative score in this category (i.e. score can go below "0").
Cost Per Unit	Up to 100	Up to 100 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, operating reserves and commercial space. 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: $1 - \frac{\text{Subject cost per Unit Type}}{\text{Highest cost per Unit Type}} \times \text{\% of Unit Type} \times 100 \text{ pts}$ If the Application seeks rehab credits only (i.e. no acquisition credits **and** there is no transfer of ownership), the value of the 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. Please note that it is possible to have a negative score in this category (i.e. score can go below "0").

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
LIHTC Units that are income and occupancy-restricted	Up to 50 + Up to an add'l 10	**Up to 50 points:** 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. Calculation: the product of (i) 62.5 multiplied by (ii) the percentage of housing units in the proposed development both rent-restricted to and occupied by households at or below **50% AMGI**. **Up to (an additional) 10 points:** For each percentage point of units in the proposed development that are further restricted to rents at or below 30% of 40% AMGI. Calculation: one point for each percentage of units that are further restricted Applicants receiving points in this category may not receive points under the 25-point category below.
LIHTC Units that are rent-restricted	Up to 25 + Up to an add'l 10	**Up to 25 points:** Commitment by the Applicant to impose rent limits on the low-income housing units throughout the extended use period (as defined in the IRC) below those required by the IRC in order for the development to be a qualified low-income development. Calculation: the product of (i) 31.25 multiplied by (ii) the percentage of housing units in the proposed development rent-restricted to 50% and occupied by households at or below 60% AMGI. **Up to (an additional) 10 points:** For each percentage point of units in the proposed development that are further restricted to rents at or below 30% of 40% AMGI. Calculation: one point for each percentage of units that are further restricted Applicants receiving points in this category may not receive points under the 50-point category above.
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 + Up to an add'l 10	**Up to 50 points:** Commitment by the Applicant for developments located in "Low-Income Jurisdictions" to impose rent limits on the low-income housing units throughout the extended use period (as defined in the IRC) below those required by the IRC in order for the development to be a qualified low-income development. Calculation: the product of (i) 62.5 multiplied by (ii)

		the percentage of housing units in the proposed development rent-restricted to 50% and occupied by households at or below 60% AMGI. **Up to (an additional) 10 points:** For each percentage point of units in the proposed development that are further restricted to rents at or below 30% of 40% AMGI. Calculation: one point for each percentage of units that are further restricted Applicants receiving points in this category may not receive points under the two categories above.
Extended Use Restriction **OR**	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.
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 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.