



August 8, 2013

To All Interested Parties:

RE: PROPOSED CHANGES TO THE QUALIFIED ALLOCATION PLAN  
FOR THE LOW INCOME HOUSING TAX CREDIT PROGRAM

Attached for your review is a summary of the proposed changes to the 2014 Low Income Housing Tax Credit Qualified Allocation Plan (QAP) with references to the effected pages of the QAP.

**The QAP is now open for public comment through September 12, 2013.** A copy of the legal document with changes, which are highlighted by underlining the additions and striking the deletions, may be downloaded from the [VHDA web site](#).

We have scheduled **two forums to be conducted simultaneously with video conferencing between the two locations. They will be held from 1:00 to 3:00 P.M. on Wednesday, September 4<sup>th</sup> at both [VHDA's Southwest Housing Center in Wytheville, VA](#) and the [Virginia Housing Center in Innsbrook](#).** The more formal **public hearing** for the proposed QAP will be held at [VHDA](#) on **Thursday, September 12<sup>th</sup> at 10:00 a.m.** If you wish to endorse the proposed changes or make other recommendations, these comments must be made at the public hearing or be received by VHDA **in writing prior to the close of the public hearing (approximately 10:30 A.M.) on September 12, 2013.**

After changes to the QAP have been finalized at the October 2, 2013, VHDA Board of Commissioners meeting, we expect to conduct application How-to-Apply workshops the first and second week in January. The tentative application deadline is March 14, 2014.

We look forward to receiving your comments on the proposed changes to the 2014 Plan by September 12, 2013. **Please use our online [calendar](#) to register.** If you have any questions, please call me at (804) 343-5786.

Sincerely,

James M. Chandler  
Director of LIHTC Programs

**SUMMARY OF PROPOSED CHANGES TO THE  
2014 LOW INCOME HOUSING TAX CREDIT  
QUALIFIED ALLOCATION PLAN**

1. Continue the New Construction Pool. (Page 2)
2. Implement Cost Limits.
  - Inner Northern Virginia. (Arlington County, Fairfax County, City of Alexandria, City of Fairfax and City of Falls Church)
    - For new construction or adaptive reuse: \$335,475 per unit plus up to an additional \$37,275 per unit if the proposed development contains underground or structured parking for each unit.
    - For acquisition/rehabilitation: \$292,875 per unit.
  - Prince William County and Loudoun County.
    - For new construction or adaptive reuse: \$228,975 per unit.
    - For acquisition/rehabilitation: \$175,725 per unit.
  - Balance of State.
    - For new construction or adaptive reuse: \$186,375 per unit.
    - For acquisition/rehabilitation: \$117,150 per unit.
  - The above cost limits are 2012 fourth quarter base amounts. The cost limits shall be adjusted annually beginning in the fourth quarter of 2013 by the Authority in accordance with Marshall & Swift cost factors. (Pages 7 & 8)
3. Revise support letter point category. Locality support letter or no comment will receive 0-points and negative 25-points will be assessed for a locality opposition letter which certifies, with an accompanying legal opinion from the locality's attorney, that the opposition will not cause Fair Housing disparate impact. (Pages 11 & 12)
4. Add Trust Fund and other funding sources to subsidized funding category (funding from VOICE for developments in Prince William County, VHDA REACH Funds and other unrelated private foundation donations). (Page 12)
5. Modify the 10-point category for tax abatement or new project based subsidy to points for just tax abatement. (Page 13)
6. Allow points for either family or elderly developments in census tracts with less than a 10% poverty rate and no existing corresponding family or elderly development in that census tract. (Page 13)
7. Delete the 5-point category for community rooms. (Page 13)

8. Modify the brick 20-point category to allow a combination of low-maintenance materials with at least 30% brick or low-maintenance materials. (Pages 13 & 14)
9. Modify the requirements for the 5-point hot water heater category. (Page 14)
10. Modify the requirements for the 5-point continuous R-3 insulation category. (Page 14)
11. Remove 4 points for fire prevention and allow 2 points for cooking surfaces with fire prevention or suppression features. (Page 14)
12. Removed the 70-point limitation for amenity points. (Page 15)
13. Clarification on requirements for points with the units for persons with disabilities and project based subsidies. (Page 15)
14. Clarification on EarthCraft certification with the 45, 30 and 15-point categories. (Page 16)
15. Revise developer experience category to allow points for developers not meeting the current criteria but able to document the necessary tax credit experience and financial capacity necessary for syndicator/ investor interest and guarantees. (Pages 16 & 17)
16. Add developer experience penalty points to occur when the development was submitted below the cost limits and then exceeds the limit when cost certified. The following tiered penalties would apply to future applications for 3 years:
  - 10-point penalty if above the limit by 1% or less
  - 30-point penalty if between 1% and 5% above the limit
  - 50-point penalty if greater than 5% above the limit

These penalties may be waived due to extenuating circumstances by the Executive Director if the limits are exceeded by 1% or less or by the Board of Commissioners if greater than 1%. (Page 18)

17. Revise bonus point categories for lower income and rents to receive maximum points with 80% tax credit units at 50% incomes in lieu of the current maximum points at 100% at 50% incomes. (Page 19)
18. Adjust the threshold score to 425 for competitive credits and 325 for tax-exempt credits. (Page 19)