

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

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Today's PowerPoint
presentation will be posted
at VHDA.com

2011 QAP Changes

- Allow elderly rehab developments to be eligible for persons with disabilities 50, 30 and 15-point categories
- Continue suspension of Preservation Pool through 2011

2011 QAP Changes

-15 points for Uncorrected 8823 (non-compliance)

- revised to allow Compliance Training in lieu of negative points

✓ will be at VHDA's discretion!

2011 QAP Changes

Tiered point structure for EarthCraft/LEED certification, 15-30-45 points

EarthCraft

- Rehab: 30-40-50% efficiency above existing conditions
- New Construction: 15-20-25% above 2004 Int'l Energy Conservation Code

LEED Silver/Gold/Platinum

- ✓ 5% basis boost w/30 points
- ✓ 10% basis boost w/45 points

2011 Available Credits

- Per Capita Credits
\$2.15 per person*
- Previous Allocations:
- National Pool:
- Up to 25% of 2012 Credits:
- Noncompetitive pools:
- Estimated 2011 Credits:

\$ 17,202,201
-\$ 7,247,996
\$ 0
\$ 4,300,550
-\$ 669,588
\$ <u>±</u> 13,585,167

* 2011 population estimate: **8,001,024**

2011 Pools

Non-Profit	15.00%
LHA	7.50%
Northern VA/Planning District 8 (Inner Washington MSA)	21.28%
Northwest/North Central VA	10.89%
Richmond	13.65%
Tidewater	21.85%
Balance of State	9.83%

Non-Competitive Pre-Allocations

Northern VA/Planning District 8 (Inner Wash.)	0
Northwest/North Central VA	0
Richmond	303,588
Tidewater	0
Balance of State	366,000



Estimated Credit Amounts

Non-Profit	2,037,775
LHA	1,018,887
Northern VA/Planning District 8 (Inner Wash.)	3,032,521
Northwest/North Central VA	1,552,165
Richmond	1,710,172
Tidewater	3,115,377
Balance of State	1,118,270

Rules of Ranking

- Developments qualifying to compete in the Non-profit or Local Housing Authority pools compete there first
- If not ranked high enough to receive credits, those developments then drop into the appropriate geographic pool
- Developments will not receive partial credits from any pool; those credits drop into the At-Large pool

Rules of Ranking

- No more than 20% of credits in any pool will be allocated to an elderly development or 1 development per pool

Exception: existing subsidized elderly properties

- Once limit is reached, all elderly deals become “ineligible” and drop to bottom of the pool ranking, unless all non-elderly applications have been fully funded

Rules of Ranking

- At-Large Pool - created for all Apps not ranking high enough to be fully funded with credits in geographic pools - 2 tiers
 - Tier 1 – Highest-ranking “eligible” developments not fully funded from the geographic pools
 - Tier 2 - All other developments above threshold not funded

Non-Profit Pool

- Material participation
- 100% share of general partnership or managing member interest if LLC
- Not controlled by for-profit
- Not formed for purpose of NP pool
- Board and staff not involved as for-profits
- Authorized to do business in Virginia

Non-Profit Pool cont'd

- Non-profit must be substantially based or active in the community
- Not a joint venture unless 100% non-profit
- \$750,000 limit unless all non-profit pool developments funded
- NP Questionnaire – no supporting documents submitted, unless requested by VHDA

Local Housing Authorities Pool

- 100% Housing Authority ownership within HA jurisdiction or is a HOPE VI development
- Maximum \$750,000 credits per development
- May not compete in the NP pool
- Local IDA may compete in pool if no LHA in the jurisdiction

Non-Competitive Credit Pool

Persons with Disabilities

6% of Per Capita Total

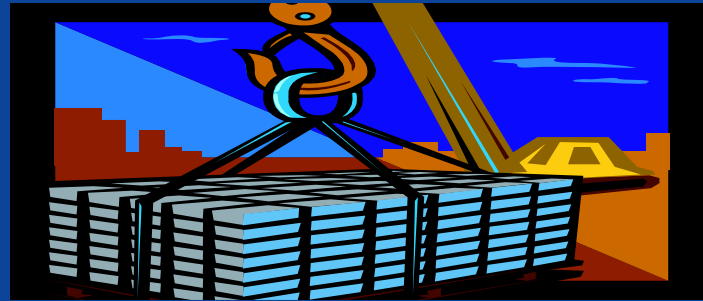
- At least 50% of the units provide fully accessible housing meeting needs of people with disabilities at or below 40% of the AMI and providing rent subsidy
- Apps due no later than November 1, 2011
- See the TC Manual for additional info

Remember!

Both Non-competitive Pools

- VHDA will not complete processing of an Application until all required items are received
- Application re-submissions updating development characteristics or correcting data resulting in a change in the credit amount require additional application fee
- There is no guarantee enough credits will be available when any application meets requirements

READINESS:



Category	Points
Plan of Development (N/A if receiving Developer Experience Points)	0 or 40
Proper Zoning Certification	0 or 40

HOUSING NEEDS CHARACTERISTICS:

Category	Points
Locality Notification Information Form	0 or -50
Locality CEO letter (No, No Comment, Yes) Deadline: 4/1/11	0 or 25 or 50
Located in Revitalization Area	0 or 30
Located in a QCT and Revitalization Area	0 or 5
Section 8 or PHA Waiting List	0 or 10

HOUSING NEEDS CHARACTERISTICS

Category	Points
Subsidized Funding Commitment	Up to 40
Existing RD, HUD, Sec. 8 or 236	0 or 20
Tax abatement or new project-based HUD or RD rental subsidy (> of 5 units or 10%)	0 or 10
Located in Census Tract < 10% poverty rate & no other Tax Credit properties	0 or 25
Rural Development – High Priority Rehab List	0 or 15



HOUSING NEEDS CHARACTERISTICS

Category	Points
Located in an area with an increasing, rent-burdened population <u>and</u> in an urban development area (UDA) <u>or</u> a locality-adopted area for the Affordable Dwelling Unit (ADU) Program	Up to 20
New construction located in an area with little or no increase in rent-burdened population	Up to -20
Above scoring categories to be removed if developments compete in At-Large Pool	

DEVELOPMENT CHARACTERISTICS

All Units

Category	Points
Unit Size - refer to parameters	Up to 100



DEVELOPMENT CHARACTERISTICS

All Units

Category	Points
<p>The development...</p> <ul style="list-style-type: none"> 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 meets the above qualifications and is competing within the Northern Virginia MSA pool, 20 points 	<p>0 or 10</p> <p>0 or 20</p>
<p>EarthCraft or LEED Development Certification (AoR must have attended EC Professional Training since 1/2008)</p> <ul style="list-style-type: none"> 1/20/11 next training 	<p>0, 15, 30 or 45</p>

DEVELOPMENT CHARACTERISTICS

All Units

Category	Points
VHDA Certified Property Management Company	0 or 25
<p><100 Low-Income Housing Units</p> <ul style="list-style-type: none"> • =/< 50 units, 20 pts • 51-99 units - 0.4 pts for each above 50 • 100 units = 0 pts 	Up to 20
<p>Units meet VHDA's Universal Design Standards</p> <ul style="list-style-type: none"> • Elderly-all units; Family % UD of total • AoR must have attended VHDA UD Symposium since 1/1/06 <p>✓next training - February 17, 2011</p>	Up to 15

DEVELOPMENT CHARACTERISTICS

Amenities

up to 70 points

Category	Points
Historic Rehab	0 or 5
% of 1.5+ baths in 2BR & 2BA in 3+ BR units	Up to 15
Community Room	0 or 5
Brick Exterior (at least 30% for any points)	Up to 20
Energy Star Kitchen/Laundry Appliances	0 or 5
Energy Star Windows	0 or 5
Heat/AC – SEER-AFUE	0 or 10



DEVELOPMENT CHARACTERISTICS

Amenities, cont'd



Category	Points
Sub-metered water expense (total capture – NOT just hot water)	0 or 5
Low-Flow Faucets & Showerheads	0 or 3
High-Speed Cable, DSL, Wireless Internet	0 or 1
Water Heater – Energy Star qualified	0 or 5

DEVELOPMENT CHARACTERISTICS

Amenities, cont'd

Geothermal Heat Pump – every unit		0 or 5
Solar Electric System – 1 point for each 2% of the development's electric load		Up to 10
Front-Control Ranges	<p>If points rcvd for these 4 amenities, they must be present in 100% of units</p>	0 or 1
Emergency Call System		0 or 3
Supplemental Heat in Bath		0 or 1
Two Eye Viewers		0 or 1



DEVELOPMENT CHARACTERISTICS

Accessibility

Category	Points
Project subsidies w/HUD 504 rules & marketing (>5 units or 10% of units) or	0 or 50
HCV rent standard w/HUD 504 rules & marketing (>5 units or 10% of units) or	0 or 30
HUD 504 rules for 4% of units & marketing	0 or 15

***These Points now available for Elderly Rehab**

Reminder – submit a Marketing Plan for the above Accessibility requirements

TENANT POPULATION CHARACTERISTICS



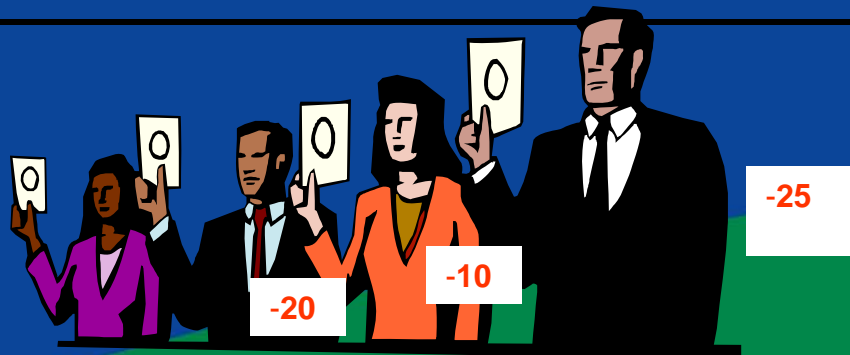
Category	Points
No more than 20% of units with \leq 1BR units	0 or 15
0.75 points for each % of low-income units in the development with three or more bedrooms	Up to 15

SPONSOR CHARACTERISTICS

Category	Points
3 developments w/ 3x proposed # units or 6 developments or 1 development w/ 1x proposed # units NOTE: as controlling GP/managing member	0 or 50 0 or 10
Uncorrected major health/safety violation or life threatening hazard (for 3 years after <u>correction</u>)	0 or -50
VHDA training or Uncorrected 8823 filed (for 3 years after filing year)/out of compliance with EUA (for 3 years after expiration of cure period)	0 or -15
Not built as represented (for 3 years after last 8609 issued)	-2x pts per category

SPONSOR CHARACTERISTICS

Category	Points
Failure to provide required design item (for 3 years after last 8609 issued)	0 or -20
Termination of credits by VHDA (for 3 yrs after return)	0 or -10
Unsatisfactory Management Company	0 or -25



EFFICIENT USE OF RESOURCES

Category	Points
Credit per unit. Refer to Sample Calculations & Efficient Use of Resources Parameters (possible to score negative points)	Up to 180
Cost per unit. Refer to Sample Calculations & Efficient Use of Resources Parameters	Up to 75



BONUS POINTS



Category	Points
10% of units w/rents \leq 40% AMI	Up to 10
Units w/rents and income \leq 50% AMI or Units w/rents \leq 50% rented to households \leq 60% AMI or In areas < State AMI units w/rents \leq 50% rented to households \leq 60% AMI	Up to 50
Extended compliance (25 or 35 extra yrs) or Sale to Nonprofit or LHA	40 or 50 0 or 60
Nonprofit or LHA homeownership option (NA if receiving extended compliance pts)	0 or 5

Minimum Threshold Score



◆ 9% = 500

◆ 4% = 475

APPLICATION PARAMETERS

Developer's Fee is lesser of:

Acquisition: \leq 10% of building's eligible basis or 8% if Rural Development

Rehabilitation: \leq 25% of rehab's eligible basis

New Construction: \leq 20% of building's eligible basis

- \leq 15% of Total Development Costs
- Related Contractor - Total Development Costs times 18%, less Contractor overhead & profit
- Related Architect - Total Development Costs times 16.5%, less all Architectural & Engineering fees
- Related Contractor & Architect - Total Development Costs times 19.5%, less Contractor overhead & profit and all Architectural & Engineering fees



APPLICATION PARAMETERS cont'd

Additional Developer Fee limit – cumulative declining scale...

- 15% if < \$1M in total development costs, plus
 - 12% if \$1 – \$10M = 12%, plus
 - 8% if > \$10M = 8%
-
- Unit Cost: HUD 221(d)(3) Limits
 - Unit Square Feet Parameters and Efficient Use of Resources Parameters - updated

APPLICATION PARAMETERS cont'd

- Tax Credit Equity Factor: use reasonable estimate for the proposed development
- Applicable Tax Credit Percentages:
 - Use March 2011 Percentage for 4%
 - 9.0% all other
- Contractor's General Requirements, Overhead, and Profit: $\leq 14\%$

APPLICATION PARAMETERS cont'd

- Pro forma Rent Increases: $\leq 2\%$ per year.
- Pro forma Operating Expenses Increase: $\geq 3\%$
- Vacancy: $> 7\%$ of Gross Potential Income or market
- Replacement Reserves $\geq \$250$ per unit for New Const. Elderly; $\$300$ for all others
- Operating Expenses: $\geq \$3,800$ per unit (excluding Replacement Reserve)

Break – 15 minutes



Market Studies

- Must be submitted electronically
- 6 to 12 months old will require an update letter from analyst
- > 12 months old **NOT** accepted under any circumstances

Market Studies cont'd

- Must follow VHDA [Guidelines](#)
- VHDA will consider its own property data when reviewing the market study
- Must come directly from the applicant

Appraisals

- Required for rehab and adaptive reuse developments with identity of interest between seller & purchaser; to establish acquisition value OR at VHDA's discretion
- Appraiser engaged by VHDA
- VHDA will accept RD appraisals
- Appraisal fees: 9% and 4% due when VHDA notifies owner of fee



Locality Notification Information (Due Date)



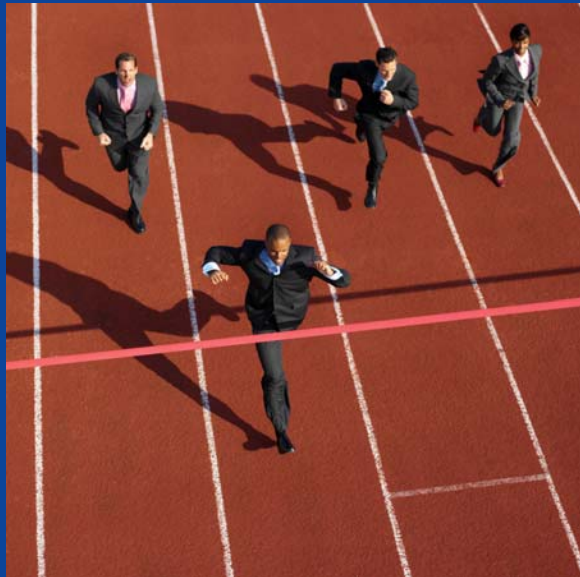
1/27/11	Locality Notification Information due – enter into online system
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Locality CEO Information

- Collect info about the locality CEO and development from owner/developer
- Used (1) to prepare the Locality CEO Notice Letter, which (2) informs localities about and (3) allows localities to comment on prospective LIHTC developments

Application for Reservation



- Due in VHDA's office on or before March 11, 2011 by

2:00pm

Strict Deadline

NO EXCEPTIONS

Application Process

Applicants must submit application and all supporting documentation in **electronic format only**

Do not submit any files on a flash drive



Do not submit any application materials via TaxCreditApps@VHDA.com or to any email address



Mandatory Submission Requirements

These files should be on one or more CDs and include the following:

1. Application for Reservation – **active Microsoft Excel workbook**
2. Application for Reservation, **signed** hard copy (PDF)
 - Include all application attachments/tab documents
 - **DO NOT** include market study or plans & specs (provided separately - see below)
 - Include self-score sheet

Mandatory Submission Requirements cont'd

3. Market Study – PDF or Microsoft Word format
4. Plans & Specs - PDF or other readable electronic format (may be combined into one file or separate files)*
5. Unit-By-Unit work write up (rehab only) - PDF or other readable electronic format*

*Be sure **all** Minimum Design & Construction Requirements are addressed!

Mandatory Submission Requirements cont'd

- Application Fee: \$750.00
- Executed partnership/operating agreement and an ownership structure chart showing individual principals
- Certification from Virginia SCC
- Resumés & signed Previous Participation Certification

NEW! Previous Participation (instructions)

- #3 - A Schedule A is required for every individual that makes up the GP - does not apply to publicly traded corporations.
- #5 - List only tax credit development experience for the past 15 years (i.e. since 1996)

NEW! Previous Participation (certification language)

- 1b - ... there has not been any breach by the owner of any agreements... including removal from a partnership;
- 1c - ... said principals were not required to turn in a property to the investor or required by the investor to make a cash infusion;
- 1g - ...or otherwise restricted by any federal or state governmental entity from doing business with such governmental entity;

Mandatory Submission Requirements cont'd

- Evidence of site control
 - Extends at least 4 months past application deadline
 - In the name of Owner applying for credits
 - Most recent real estate tax assessment documentation
- Properly executed Architect's Certification.

Note: all developments must have an architect



Late Mandatory Item(s)

Market Study – **may not be late** – application will be disqualified. Submit the Study electronically with the Application (PDF/Word on disk)

- ◆ Other than the Market Study, VHDA's Executive Director may permit an applicant to submit one or more of the mandatory items after the application deadline, however, a **10-point penalty** per item will be assessed

Relocation Assistance Guidelines

- Required for rehabs!
- Include at Tab G
- Can be found at VHDA.com

Divider Pages

Use VHDA-provided tab [divider pages](#)

Applications Posted to VHDA.org

by 3/25/11

Applications posted to website
(may view with Business Partner
sign-up & password)

Viewing Application Info Posted by VHDA on the Web



Can view and print any:

- Application and attachments, except plans, specs & Market Study
- Must request business partner password

Attorney's Opinion

- Changes ONLY if absolutely necessary.
- Submit blackline for approval before Application is due; otherwise, **10-point penalty**





EarthCraft or LEED Development Certification

- Architect of Record must have attended EarthCraft Professional Training to receive EC or LEED points
- Must obtain certification at end of construction/rehab before Forms 8609 can be issued
- Next Training: 1/20/11 at VHC



EarthCraft Development Certification cont'd

Signed acknowledgement that EarthCraft representative has met and discussed with the developer certification & plans pertaining to the specific development

EarthCraft

Development Certification cont'd

- ✓ If you check the box for EarthCraft in the application but do not provide the acknowledgement, points will not be awarded
- ✓ Submit acknowledgement with the architect's certification as part of the Reservation Application

Accessibility Points



- 504 – Type A Units; 50, 30 or 15 points
- Follow *fully/permanently accessible* Uniform Federal Accessibility Standards **and** specifics for point category
- Click here to access [UFAS Requirements](#)



Accessibility Points

- Hold vacant 60 days (& is retroactive for all deals receiving these points)
- Document marketing efforts to find household with qualified disability; submit that evidence to VHDA PCO
- Then may accept applicant agreeing to a lease provision to move to another vacant unit if/when a qualified HH is found (move to be paid for by owner)

Confusing Category!

1. HVAC - combination rating must equal or exceed 15 SEER **and**

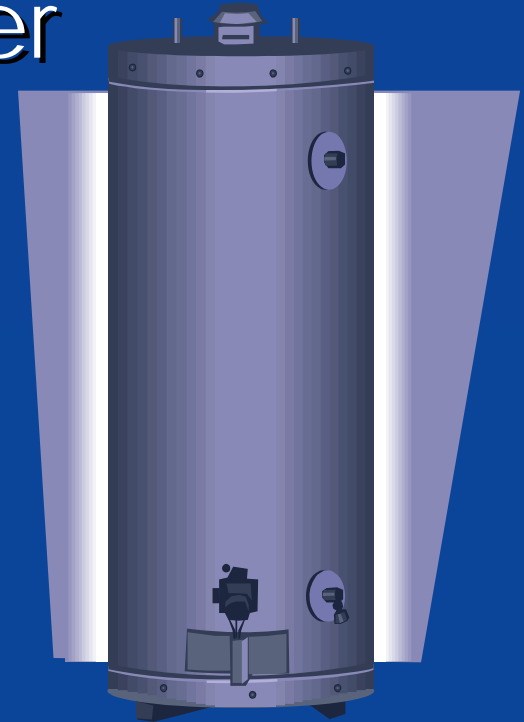
2. HSPF 8.5 minimum

* Through any combination of equipment *



Confusing Category!

- Energy Star Water heater
- Click here for list of [qualified water heaters](#)



Confusing Category!

Energy Star appliances:

- Ensure availability of Energy Star qualified appliance before submitting Application!
- Ensure listing on website at the time of order, [Energy Star Appliances](#)
 - guidelines change
 - retailers may be mistaken in their advertising
- Kitchen appliances now include range hoods

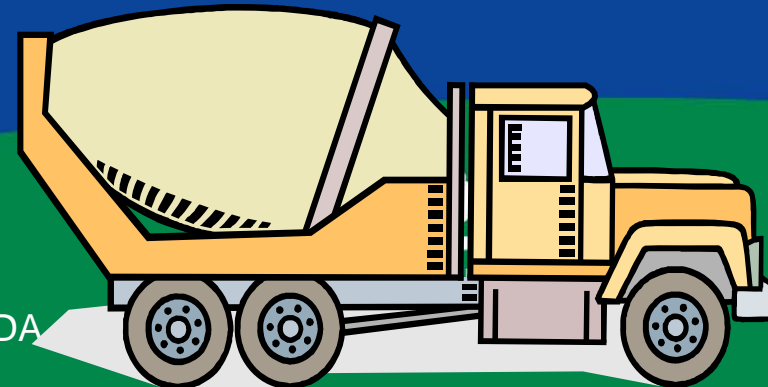
What IS "brick"?

molded rectangular block of clay baked by the sun or in a kiln until hard and used as a building and paving material

"BRICK"



"NOT"



Reservation Documents

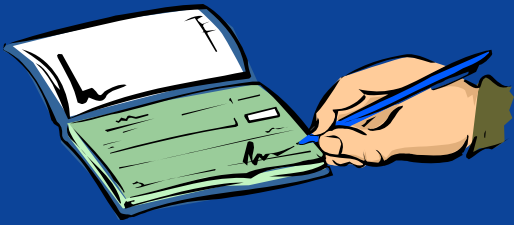
- ◆ VHDA mails out Reservation documents in July including:
 - Reservation Letter
 - Reservation Agreement
 - Extended Use Agreement
 - Contract To Enforce Representations
 - Election To Fix 4% Applicable Percent
 - Notice of Appraisal Fee (if applicable)
- ◆ Docs to be returned within a couple of weeks



ELECTION TO FIX...

- To lock the 4% Applicable Percentage - return the signed, notarized original document with the Reservation documents
- Specific due date is provided in the Reservation Letter
- If 4% not locked – Applicable Percentage used is for month the building is placed in service





Reservation Fee

- 7% of total annual credit amount
 - Due w/Reservation Agreement
 - EXCEPT for applications qualifying for the LHA or Non-Profit Pools
- Then, fee due no later than November 4, 2011

BREAK

15 MINUTES





Application for Allocation

- ◆ Customized application using reservation app info–VHDA sends to you electronically
- ◆ November 4, 2011, deadline to update & return to VHDA
- ◆ \$500.00 penalty per calendar day for late submission
- ◆ \$50.00 fee to replace original docs (i.e., EUA)

Send with Allocation Application:

- ✓ Site control documentation
- ✓ Extended Use Agreement
- ✓ Purchase Option/Right of First Refusal (Non-profit or LHA)
- ✓ Owner's Cost Certification
- ✓ Attorney's Opinion
- ✓ IRS EIN# assignment letter
- ✓ LOI from syndicator stating equity price

12/15/11	Finalize allocations – mail Carryover Allocation documents or issue Form(s) 8609 for regular allocation
1/2012	Carryover Agreements due to VHDA
Meet 10% test no later than 12 months from <u>Allocation Date</u> , including submitting documentation!	

Carryover Allocation Agreement

Owner will receive:

Forms 8609 – if buildings placed in service same year as allocation

Carryover Allocation – if buildings **not** placed in service (ready for occupancy) by the year of allocation

Minimum Design & Construction Requirements

- 2011 [Minimum Design & Construction Requirements](#) and [Cabinet Specifications](#)
- Pre-construction meeting
- Review amenity point items and Design & Construction Requirements
- Notify TC Allocation Department when construction begins
- On-site, ongoing inspections

Construction Completion Notice

- Due to TC Allocation Dept within 30 days of last residential building PIS
 - NC - copy of Certificate of Occupancy for each building
 - Rehab - Certificate of Substantial Completion from the architect
- Penalty: \$100 per day for each calendar day after the deadline



Application for Form(s) 8609



Submit 8609 Application and supporting docs to VHDA in **electronic format ONLY!**

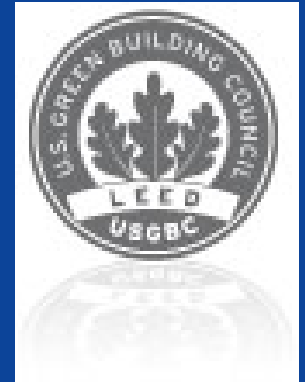
Application for Form(s) 8609

- ◆ Download the 8609 Application format from VHDA's website
- ◆ Submit to Tax Credit Allocation Dept within 6 months of the last building's placed-in-service date (or April 30 deadline)
- ◆ Penalty: \$100/day for each calendar day past the deadline (maximum of \$7,500 + interest monthly thereafter)

VHDA Must Receive Before Issuing 8609's

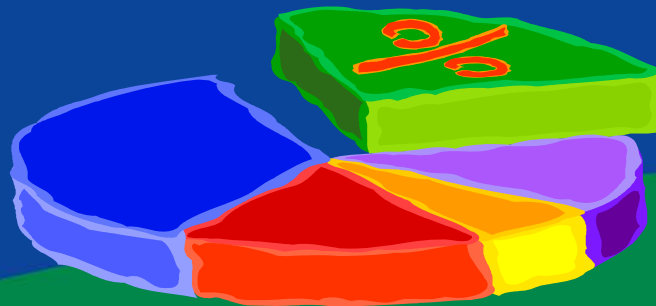
If Applicable ...

- EarthCraft or LEED Certification
- Universal Design Certification
- Certified Property Management Company – contract



Tax-Exempt Bonds (Private Activity Bond Cap)

- \$95 x IRS population estimate (VA
~\$760,000,000)
- VHDA receives 43% (~\$327,000,000)



Tax-Exempt Bonds (Application Process)

- Download Application and Forms
- Submit Locality Notification Information (LNI) using VHDA's on-line system
- VHDA mails locality notification letter to the locality
 - * Locality CEO has 45 days to respond, so you are encouraged to submit LNI 30 days prior to submitting the App
- Submit App to VHDA no less than one month before VHDA bond pricing or 75 days before non-VHDA bond issuance

Tax-Exempt Bonds (Review Process)



- \$750 application fee
- Application must meet or exceed threshold score, 475 points
- Market study requirements same as 9% deals
- **50% Test:** More than 50% of aggregate basis + land is financed by the tax-exempt obligation

Tax-Exempt Bonds (Review Process cont'd)

- VHDA sends Reservation Fee letter (fee is 7% of the annual credit amount)
- After fee received, VHDA sends Section 42(m) letter, Extended Use Agreement and Election to Fix
- May lock in applicable percentage no later than 5 calendar days after the month the bonds were issued or at the placed in service date

Reservation Application (Specifics)



Microsoft Excel Office 2003 document

2011 SCHEDULE SUMMARY

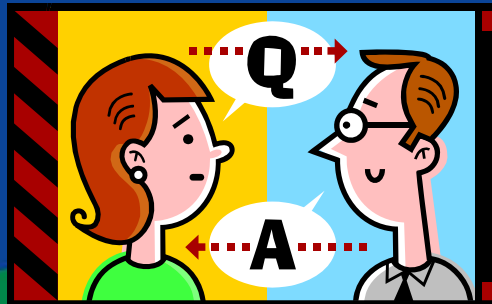
1/27/11	Locality Notification Information due – enter online
3/11/11	App for Reservation & Market Study due (w/\$750 fee)
By 3/25/11	Apps posted to web; view with Bus. Partner password
4/1/11	CEO Letter &/or Revitalization Cert due
5/17/11	Announce prelim. rankings; begin comment period
5/24/11	Close general comment period; begin rebuttal period
5/31/11	Close rebuttal comment period
6/8/11	Announce final rankings
Early to mid-July	VHDA sends Reservation documents to developers

2011 SCHEDULE SUMMARY, cont'd

Mid to Late July	Signed Reservation docs, Reservation Fee and Appraisal fee due to VHDA
September	VHDA sends Allocation Apps to developers
11/4/11	App for Allocation due to VHDA
12/15/11	Finalize allocations – mail Carryover Allocation documents or issue Form(s) 8609 for regular allocation
1/2012	Carryover Agreements due to VHDA
10% Test–12 Months from <i><u>Allocation Date</u></i>	

Q&A Anytime

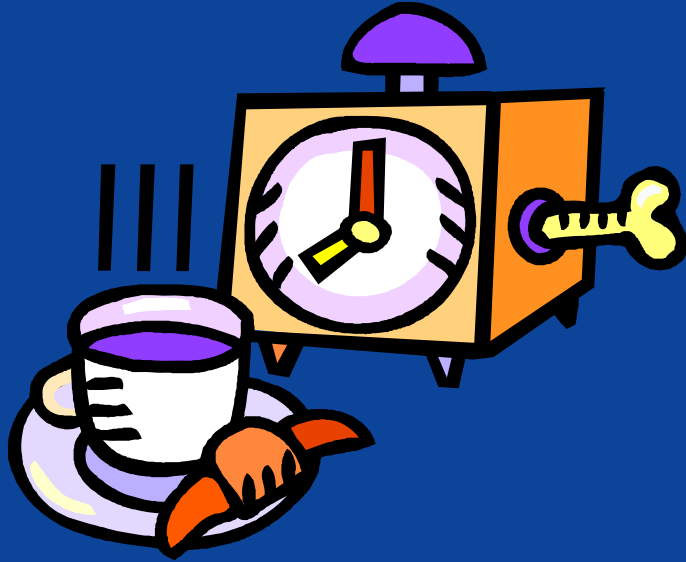
- Jim Chandler - 804-343-5786
- Dale Wittie - 804-343-5876
- Cara Wallo - 804-343-5714
- Jaynell Pittman-Shaw – 804-343-5733
- Rebecca Rowe - 804-343-5518



QUESTIONS?



Today's PowerPoint presentation will be posted at VHDA.com



BREAK

10 MINUTES

2012 QAP Discussion Items

1. **Restructuring the pools based on new census data**
2. **Transit oriented development**
3. **Non-competitive Preservation pool**
4. **Units for extremely low income persons including homeless individuals**
5. **Other topics**