



October 16, 2009

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 2010 Low Income Housing Tax Credit Qualified Allocation Plan (QAP) with references to the effected pages of the QAP. Changes include points to encourage Green building practices, suspension of the non-competitive Preservation Pool and an increase in the pre-allocation of the following year's credits from 10% to 40% due to pre-allocating a significant portion of 2010 credits for the full utilization of the 2009 Tax Credit Assistance (TCAP) and Exchange Programs. However, the most significant changes are in regards to encouraging new affordable rental space in areas that reflect a need for additional affordable housing.

VHDA's purpose for encouraging the development of additional Low Income Housing Tax Credit units has always been based on need. Need is determined by the number of renter households contributing more than 35% of their income towards rent, otherwise known as "rent-burdened" households. Projected data for 2010 indicates that several areas in Virginia will have an increase in the number of rent-burden households which will create more demand for the existing affordable units in the area. While VHDA remains very committed to the preservation of existing affordable units, demand will ultimately make those rental units unaffordable unless additional affordable units or rental space is made available. Therefore, VHDA is recommending an additional 20 point category to encourage new rental space in areas that are experiencing an increase in the number of rent-burden households and a revision to the credit pools to accommodate the areas where increases in "rent-burden" households are projected to occur.

Changes have been made in response to comments obtained at the September 14th and 15th tax credit forums and written comments submitted by interested parties. The QAP is open for public comment through November 17, 2009. 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, http://www.vhda.com/vhda_com/apps/DocumentLibrary/document_load.asp?docid=3295.

We have scheduled **one focus group** to discuss the proposed revisions and other issues you wish to raise. This focus group is scheduled from **1:00 p.m. to 3:00 p.m. on Wednesday, October 28th** at the [Virginia Housing Center](#).

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The more formal **public hearing** for the proposed QAP will be held at VHDA on **Tuesday, November 17th 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 am) on November 17, 2009.**

After changes to the QAP have been finalized at the December 2, 2009, VHDA Board of Commissioners meeting, we expect to conduct application How-to-Apply workshops beginning on Wednesday, January 6, 2010. The 2010 tax credit schedule is also posted on the VHDA web site. The tentative application deadline is March 12, 2010.

We look forward to receiving your comments on the proposed changes to the 2010 Plan by November 17, 2009. **If you would like to attend the focus group please register by sending an email to Debbie Griner at debbie.griner@vhda.com or call her at (804) 343-5518.** If you have any questions, please call me at (804) 343-5786.

Sincerely,

James M. Chandler
Director of LIHTC Programs

Enclosure

**SUMMARY OF PROPOSED CHANGES TO THE
2010 LOW INCOME HOUSING TAX CREDIT
QUALIFIED ALLOCATION PLAN**

1. Revise the Credit Pools to recognize the geographic areas that are anticipated to have an increase in rent burdened house holds and geographic areas that are anticipated to have little or no increase in rent burdened house holds. (Part I)
2. Allow Industrial Development Authorities in jurisdictions without a Housing Authority to compete in the Local Housing Authority pool. (Part I)
3. Allow points in the 40-point subsidized funding category for developments with a firm commitment of Commonwealth of Virginia 315-Z funding. (Page 11)
4. Add a maximum 20-point category to encourage new rental space in urban development growth areas or zoned areas with an affordable dwelling unit bonus and discourage new rental space in areas anticipated to have little or no increase in rent burdened house holds with a negative 20-point category for new rental space developments. These positive and negative 20-point categories will be removed from the scoring when developments are moved to and compete in the at-large pools. (Page 12)
5. Revise the 10-point amenity category for units that have heat pumps to clarify that the SEER rating that will be increased from 14 to 15 may be met through any equipment combination and increase the HSPF rating to 8.5. (Page 13)
6. Add a 5-point amenity category if all units have geothermal heat pump systems. An additional adjustment in the Efficient Use of Resources point category will be allowed so that the additional costs will not impact the score. (Page 13)
7. Add a 10-point amenity category if the development has a solar electric system (1 point for each 2% of the development's electrical load that can be met by the solar electric system, up to 10 points). An additional adjustment in the Efficient Use of Resources point category will be allowed so that the additional costs will not impact the score. (Page 13)
8. Increase the amenities point category maximum from 60-points to 70-points. (Page 14)
9. For the 50-point category for units for persons with disabilities, allow the project based subsidy to be separated from the units that must be constructed to HUD 504 physical disability standards. (Page 14)
10. Delete the 10-point category for a LEED-certified design team member. (Page 15)
11. Increase the competitive amount of the following year's credits to be pre-allocated from 10% to 40%. (Page 17)
12. Suspend the non-competitive Preservation Pool for credit year 2010 (currently 15% of the following year's credits). (Page 22)