



August 6, 2008

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 Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit (LIHTC) Program. The changes have been made in response to comments obtained at the June 17<sup>th</sup> tax credit forum and written comments submitted by interested parties. The entire QAP is open for public comment through September 16, 2008. 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=2659](http://www.vhda.com/vhda_com/apps/DocumentLibrary/document_load.asp?docid=2659), or a paper copy, will be mailed to you upon your request.

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 3:30 p.m. on Tuesday, August 26<sup>th</sup>** at the [Virginia Housing Center](#) where the June 17<sup>th</sup> forum was held.

The more formal **public hearing** for the proposed QAP will be held at VHDA on **Tuesday, September 16<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 am) on September 16, 2008.**

**EarthCraft Virginia** will present an educational session at the Virginia Housing Center on September 12, 2008. Please refer to the following link for registration information. [http://www.vhda.com/vhda\\_com/apps/DocumentLibrary/document\\_load.asp?docid=2643](http://www.vhda.com/vhda_com/apps/DocumentLibrary/document_load.asp?docid=2643)

After changes to the QAP have been finalized, we expect to conduct application How-to-Apply workshops beginning on Wednesday, January 7, 2009. The 2009 tax credit schedule is also posted on the VHDA web site. The tentative application deadline is March 13, 2009.

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**There have been a number of inquires concerning what changes to the Virginia tax credit program will occur as a result of the July 30, 2008 legislative changes to Section 42 of the Internal Revenue Code ("IRC"). The following are answers to some of the frequently asked questions:**

- **The additional annual credits (\$1,542,418) that VHDA will receive in 2008 will be used for developments that were selected to receive credits in 2008 but would have been funded with future 2009 credits. There will not be any additional 2008 credits allocated to developments that are receiving a reservation of credits in 2008.**
- **Developers who believe they now need additional credits may reapply, as has been allowed in the past, for the additional credits in the 2009 competitive process.**
- **The Applicable Percent for the 70% basis calculation for new and rehab developments will now be a minimum of 9% until December 31, 2013. The 4% acquisition percent (currently at 3.40%) will continue to be adjusted on a monthly basis. Buildings allocated credits in 2006, 2007 or 2008 that have not yet locked in a tax credit rate will be able to use 9% if placed in service after July 30, 2008. Whether the legislation supersedes previous rate locks made at reservation is not clear.**
- **VHDA has made no decision as to which “BUILDINGS DESIGNATED BY STATE HOUSING CREDIT AGENCY” if any will qualify to receive up to an additional 30% basis boost as allowed in the newly added paragraph IRC Section 42 (d)(5)(C)(v).**
- **The time to meet the 10% test is now extended to one year from the date of allocation.**

We look forward to receiving your comments on the proposed changes to the 2009 Plan by September 16, 2008. **If you would like to attend the focus group please register by sending an email to Debbie Griner at [debbie.griner@vhda.com](mailto: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  
2008 LOW INCOME HOUSING TAX CREDIT  
QUALIFIED ALLOCATION PLAN**

- 1. Increase the maximum credit amount for applications in the non-profit pool and local housing authority pool from \$650,000 to \$750,000. (Pages 2 and 10)**
- 2. Permit applications during the compliance period for developments that are no longer subject to an extended use agreement due to foreclosure. (Page 6)**
- 3. Streamline the local CEO notification process. (Pages 7 & 11)**
- 4. Limit applications to one per location. (Page 8)**
- 5. Award points for 750 square feet of community space. (Page 13)**
- 6. Limit points for windows to energy star windows by removing point item for existing windows. (Page 13)**
- 7. Make architect certifications mandatory for EarthCraft/LEED and Universal Design points. (Page 14)**
- 8. Remove architect points for items that are now mandatory. (Pages 15 & 16)**
- 9. Miscellaneous clarification changes.**