

SUMMARY OF PROPOSED CHANGES TO THE
2017 LOW INCOME HOUSING TAX CREDIT
QUALIFIED ALLOCATION PLAN

Topics:

1. At-Large Pool

- Eliminate the At-Large Pool
 - Fund each deal that is next in line in pools 1, 2 and 4-8 out of the following year's allocation so long as the remaining unreserved credits for such partial reservation exceed 50% of the credits requested in the development's application for credits. The pre-allocated credits would come from the same pool in the next year. This would include funding the next deal in line for both the Non-Profit and Local Housing Authority Pools. (Pages 3, 12 and 13)

2. Cost Limits

- Update all appropriate cost limits prior to January 1, 2017 (page7)

3. Section 8 waiting list preference

- Decouple section 8 waiting list points from the minimum income requirement
- Minimum income requirement will become a stand-alone requirement for all LIHTC allocations:
 - *"Applicants receiving points under this subdivision may not require an annual minimum income requirement for prospective tenants that exceeds the greater of \$3,600 or 2.5 times the portion of rent to be paid by such tenants"*
- Change points to 5 instead of 10 (Pages 9 and 12)

4. Non Profit Pool

- Adjust credit limit up from \$750k to \$950k (Page 11)

5. Opportunity Areas

- Census tracts with less than 10% poverty – effective 2017, change to allow more than 1 property per tract (Page 12)
- Also, incorporate a new sliding point scale (effective 2018):
 - if less than 12% poverty -- 20 points,
 - if less than 10% poverty --- 25 points, and
 - if less than 3% poverty --- 30 points

6. Community Rooms

- Define more clearly expected and acceptable uses within the manual. (Page 13)

7. Energy Star Windows – (amenity item)

- Change language to the following:
 - *"Windows and glass doors are Energy Star labeled for the North-Central zone; or are NFRC labeled with a maximum U-Factor of 0.27 and maximum SHGC of 0.40"* (Page 13)

8. High Speed Internet – (amenity item)

- Change language to the following:
 - *If each unit is provided with the necessary infrastructure for high-speed ~~cable, DSL or wireless~~ Internet service. (1 point) (Page 13)*

9. Energy Star Bath Fans – (amenity item)

- Effective January 1, 2018, change language to the following:
 - *Each full bathroom is provided either: an EPA Energy Star qualified bath vent fan with duct size per manufacturer requirements or continuous exhaust as part of a dedicated outdoor air system with humidity control. (2 points)* (Page 14)

10. Project-based Vouchers – Clarification and increased points

- *“b) 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) or another form of documented and binding federal or state project-based rent subsidies, in order to ensure occupancy by extremely low-income persons” (60 points)*
- Clarification in the Manual that an RFP that has been awarded will serve as proof of vouchers (documented and binding...) (Page 14)

11. ID/DD

- Extend Developmental Disability (formerly ID/DD) 25 point category making it available to applicants who also meet the 30 point accessible point category below:
 - *(c) Any development in which the greater of 5 units or 10% of the units (i) have rents within HUD’s Housing Choice Voucher (“HCV”) payment standard; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits (all common space must also conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act.). (30 points)* (Page 15)

12. EarthCraft

- Add a 45 point category in which applicants seek EarthCraft Gold certification AND tenant utility, monitoring and benchmarking. (Page 16)

13. Number of Units (size) –

- **Remove point category for 100 units or less (in 2018 QAP)**
 - Potential offsetting incentive for RD/smaller deals (QAP Page 16)

14. 9/4 Combo Deals

- Increase point value
 - *(i) Any applicant for a development which, pursuant to a common plan of development, is part of a larger development located on the same or contiguous sites, financed in part by tax-exempt bonds. (~~20~~ 25 points for tax-exempt bond financing of at least 30% of aggregate units, ~~30~~ 35 points for tax-exempt bond financing of at least 40% of aggregate units, and ~~40~~ 45 points for tax-exempt bond financing of at least 50% of aggregate units; such points being non-cumulative)* (Page 16)

15. Penalties/Removal of Developer Experience Points

- *Applicants receiving points under subdivision 5(a)(1) and (2) shall have the 50 points reduced for each principal in the applicant that acted as a principal in a development receiving an allocation of credits from the Authority where the following occurred: (a) submission of an 8609 application that failed to match the required accountant's cost certification (minus 10 points for 2 years); (b) failure to place a rehabilitation development in service by substantial completion e.g. placed in service by expenditures after 2 years (minus 5 points for 2 years); (c) more than two requests for final inspection (minus 5 points for 2 years); and (d) requests for any deadline extension (minus 1 point for 2 years). (Page 17)*

16. Applying for additional credits (or additional time)

- 10 point penalty when applying for additional credits within 2 years of the initial allocation (or any form of re-applying). (Page 18)
- Will still allow credits to be refreshed if involved in a lawsuit without penalty

17. Local Housing Authority Pool

- Add points to RAD deals (Page 19)
- *Any development participating in the Rental Assistance Demonstration (RAD) program competing in the Local Housing Authority pool will receive an additional 10 points. Applicants must show proof of a Commitment to Enter into HAP (CHAP) or a RAD Conversion Commitment (RCC).*

18. Elderly Restriction

- Effective January 1, 2018 the following restriction would be removed:
- *Not more than 20% of the credits in any pool may be reserved to developments intended to provide elderly housing. (Page 21)*

Other noteworthy dates:

- **QAP Focus Group:** September 1st at VHC
- **QAP Public Hearing:** September 20th at VHDA Headquarters
- **Board Meeting-Approval of final QAP Regulations and Resolution:** October 5th
- **How to Complete a Virginia LIHTC Application:** October 13th at VHC
- **Universal Design Seminar:** October 20th at VHC
- **Architect Certification & Universal Design Submission Requirements:** October 20th at VHC

Note: It is VHDA's intention moving forward to change the QAP on a two year schedule.