

About VHDA

VHDA is a self-supporting, not-for-profit organization created by the Commonwealth of Virginia in 1972, to help Virginians attain quality, affordable housing. VHDA provides mortgages, primarily for first-time homebuyers and developers of quality rental housing. We use no state taxpayer dollars, but raise money in the capital markets to fund our loans. We also teach free homeownership classes, and help people with disabilities and the elderly make their homes more livable. VHDA works with lenders, developers, local governments, community service organizations and others to help put quality housing within the reach of every Virginian.

The Internal Revenue Code requires the submission of a market study in connection with an application for Low Income Housing Tax Credits (LIHTC).

2012 Statewide Market Study Procured by VHDA

- The data served to de-politicize the changes made to the LIHTC program
- Areas were sized geographically based on rent-burdened households, which enabled continued preservation funding in NoVA

2012 VHDA Statewide Market Study Findings

- Four high growth areas – NoVA (Greater DC Metro region), Northwest/N. Central, Richmond and Tidewater
- One low growth area - southside/western Virginia
- High proportion of rent burdened HHs in the NoVA and Northwest/N. Central regions
- Moderate to low proportion of rent burdened HHs in the balance of the state

How VHDA Used the Data

- Pools revised, including
- Established a separate New Construction pool
- Changes to the LIHTC Scoring Sheet were adopted to include a distinction for growth and non-growth localities
 - LIHTC applicants receive 20 points if developed in a growth area, but would lose 20 points if developed in a low growth area

Pools & Percentage of Available Credits

1. Northern Virginia/Planning District 8 (Inner Washington MSA) Pool – 18.02%

Alexandria City	Falls Church City	Prince William County
Arlington County	Loudoun County	
Fairfax City	Manassas City	
Fairfax County	Manassas Park City	

2. Northwest/North Central Virginia Area Pool – 9.20%

Albemarle County	Frederick County	Orange County	Staunton City
Augusta County	Fredericksburg City	Page County	Warren County
Charlottesville City	Greene County	Rappahannock County	Waynesboro City
Clarke County	Harrisonburg City	Rockingham County	Winchester City
Culpeper County	King George County	Shenandoah County	
Fluvanna County	Madison County	Spotsylvania County	
Fauquier County	Nelson County	Stafford County	

3. Richmond MSA Pool – 11.63%

Amelia County	Goochland County	New Kent County
Caroline County	Hanover County	Petersburg City
Charles City County	Henrico County	Powhatan County
Chesterfield County	Hopewell City	Prince George County
Colonial Heights City	King & Queen County	Richmond City
Cumberland County	King William County	Sussex County
Dinwiddie County	Louisa County	

4. Tidewater MSA Pool – 17.00%

Chesapeake City	James City County	Portsmouth City	Virginia Beach City
Gloucester County	Mathews County	Poquoson City	Williamsburg City
Hampton City	Newport News City	Suffolk City	York County
Isle of Wight County	Norfolk City	Surry County	

5. Balance of State Pool (Remaining Geographic Areas) – 14.15%

Accomack County	Covington City	Lee County	Richmond County
Alleghany County	Craig County	Lexington City	Roanoke City
Amherst County	Danville City	Lunenburg County	Roanoke County
Appomattox County	Dickenson County	Lynchburg City	Rockbridge County
Bath County	Emporia City	Martinsville City	Russell County
Bedford City	Essex County	Mecklenburg County	Salem City
Bedford County	Floyd County	Middlesex County	Scott County
Bland County	Franklin City	Montgomery County	Smyth County
Botetourt County	Franklin County	Northampton County	Southampton County
Bristol City	Galax City	Northumberland County	Tazewell County
Brunswick County	Giles County	Norton City	Washington County
Buchanan County	Grayson County	Nottoway County	Westmoreland County
Buckingham County	Greensville County	Patrick County	Wise County
Buena Vista City	Halifax County	Pittsylvania County	Wythe County
Campbell County	Henry County	Prince Edward County	
Carroll County	Highland County	Pulaski County	
Charlotte County	Lancaster County	Radford City	

6. New Construction Pool – 15% of the next year's Annual Credit Authority

Alexandria City

Arlington County

Fairfax City

Fairfax County

Falls Church City

Loudoun County

Manassas City

Manassas Park City

Prince William County

Mandated Under Sec. 42

- Local Housing Authority Pool – 15%
- Non-Profit Pool – 15%

Generally speaking...

- Elderly is defined as 65 and older.
- **Income Restrictions:** Use the applicable income restrictions of the proposed development. Analysts must take the income and occupancy restrictions indicated in the LIHTC application into account when estimating demand.
- **Affordability:** Analysts should assume that family households are able to pay no more than **35%** of gross income towards total housing costs and that elderly households are able to pay no more than **40%** of gross income towards total housing costs. The demand analysis must clearly indicate the minimum and maximum income range for each targeted group.

Demand from New Rental Households - Determine new units in the PMA based on projected rental household growth.

- The projected population must be limited to the target group, age and income appropriate.
- In instances where greater than 20% of the proposed units are comprised of 3BR and 4BR units, the analyst must refine the analysis for those large units. Failure to account for this may result in overstated demand.

- **Demand from Existing Households:** The sum of demand from rental household growth and demand from all components of existing households will constitute Total Demand.
 - **Rent over-burdened households**, defined by VHDA as households paying more than 35% of gross income (40% if elderly) for gross rent.
 - **Households in substandard housing** (i.e. overcrowded and/or lack of plumbing): Must be age and income group appropriate.
 - **Elderly homeowners likely to convert to rental housing:** This component may not comprise more than 20% of total demand.
- **Existing qualifying tenants likely to remain after renovation**

Income Restrictions	Up to 40% (min. income to max. income)	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Market Rate (min. income to max. income)	Project Total (min. income to max. income)
New Rental Households (+)					
Existing Households - Overburdened (+)					
Existing Households - Substandard Housing (+)					
Elderly Households - Likely to Convert to Rental Housing (+)					
Existing Qualifying Tenants - to Remain After Renovation					
TOTAL DEMAND (-)					
Supply (includes directly comparable vacant Units completed or in pipeline in PMA)					
NET DEMAND					
PROPOSED UNITS					
CAPTURE RATE					
ABSORPTION PERIOD					

What about disparate impact?

- Nat'l Fair Housing Alliance: Disparate Impact is a legal doctrine under the Fair Housing Act which states that a policy may be considered discriminatory if it has a disproportionate “adverse impact” against any group based on race, national origin, color, religion, sex, familial status, or disability when there is no legitimate, non-discriminatory business need for the policy - a defendant must have the opportunity to prove that the policy is necessary to achieve a valid interest and that there is no available alternative that has less disparate impact...

Current QAP

- Points awarded for developing LIHTC projects in census tracts with <10% poverty rate
- Discussion ongoing...