Communities of Opportunity –Virginia Tax Credit Program Guidelines

Definitions

Qualified census tracts are those census tracts that have less than a ten percent of poverty rate based on Census 2010 data (177 of the 277 census tracts in the Richmond MSA). Please note that qualified census tracts will be reviewed and updated as Census 2010 data is made available. To determine if a specific property is located in an eligible census tract in the Richmond MSA, follow link below and enter address:

http://www.ffiec.gov/Geocode/default.aspx

Eligible properties include one or more units where the landlord has in place a Housing Choice Voucher Housing Assistance Payments (HAP) contract(s) for all or part of a tax year (effective January 1, 2015). Units must have in place executed Housing Choice Voucher Housing Assistance Payments (HAP) contract(s) with the public housing authority (PHA) or PHA contractor for the tax year. All units must be determined to be rent reasonable and pass PHA or contactor Housing Quality Standards within a year of the applicable tax year.

All eligible properties/units must be located in one of the qualified census tracts within the Richmond MSA (see eligible areas).

If a parcel of real property contains four or more dwelling units, then the total number of qualified units on the parcel is limited to 25 percent of the total number of dwelling units on that parcel.

Eligible landlords may be an individual, trust, general partnership, limited partnership (LP), limited liability partnership (LLP), limited liability company (LLC), or elected small business corporation (S corporation). All eligible landlords must be subject to the Virginia Residential Landlord and Tenant Act (VRLTA) in order to be eligible for participation in the Communities of Opportunities Virginia Tax Credit Program. The following are subject to VRLTA:

- Apartments are subject to VRLTA regardless of the number of units a landlord rents
- Single family dwellings where the landlord owns and rents three or more units
- Single family units regardless of the number owned and rented if the lease includes a clause that states that VRLTA applies

Communities of Opportunity –Virginia Tax Credit

The Communities of Opportunity Program (COP) is a Virginia income tax credit program enacted by the 2010 General Assembly [§58.1-439.12:04 of the Code of Virginia]. It is intended to decentralize poverty by enhancing low-income Virginians' access to affordable housing units in higher income areas. To do this, COP provides Virginia income tax credits to landlords with property in less-impoverished areas within the Greater Richmond/Petersburg area who participate in the Housing Choice Voucher program.

Eligible Program Area

COP is targeted to landlords leasing qualified housing units located in census tracts with poverty rates of less than ten percent in the Richmond Metropolitan Statistical Area (MSA). The Richmond MSA includes 20 cities/counties containing 277 census tracts. A total of 177 of these (or 64 percent) are qualified census tracts based on Census 2010 data.

Qualified housing units must be located in a qualified census tract in one of the following cities/counties:

Richmond Metropolitan Statistical Area (MSA): includes the following cities/counties	Primary Public Housing Authority*
Chesterfield County	VHDA
Henrico County	VHDA
City of Richmond	Richmond RHA, VHDA
Hanover County	VHDA
Prince George County	VHDA
City of Petersburg	Petersburg RHA, VHDA
Louisa County	VHDA
Powhatan County	VHDA
Caroline County	VHDA
Dinwiddie County	VHDA
City of Hopewell	Hopewell RHA, VHDA
Goochland County	VHDA
City of Colonial Heights	VHDA
New Kent County	VHDA
King William County	VHDA
Amelia County	VHDA
Sussex County	VHDA
Cumberland County	VHDA
Charles City County	VHDA
King and Queen County	VHDA

*Listed is the primary Housing Authority for that county/city, but vouchers from any public housing authority may be eligible

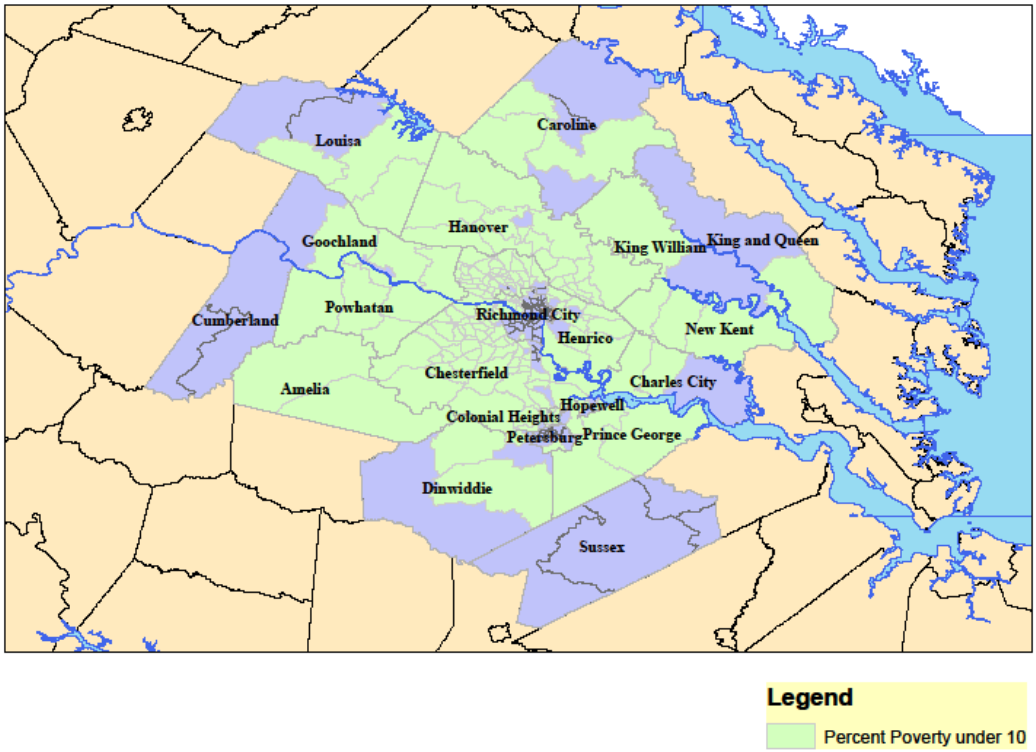
To determine if a specific property is located in an eligible census tract in the Richmond MSA, follow link below and enter address:

http://www.ffiec.gov/Geocode/default.aspx

Address Search Instructions

1. Type in address and select "Search"
2. Select "Get Census Demographic"
3. Select "Income Data"
4. Under "% Below Poverty Line", the percentage must be below ten percent

Richmond MSA Census Tracts
Poverty Below 10 Percent



Tax Credits
The amount of tax credit for an eligible property will be based on ten percent of annual Fair Market Rent for that specific unit and prorated when units are qualified for less than the full tax year. Pro rations will be based on full calendar months.

A landlord may receive tax credits on one or more units within the same tax year.

Credits taken for any one tax year cannot exceed the tax liability for that year.

Credits not taken for the year in which they are allocated may be carried forward, but cannot be carried forward for more than five years.

Beginning in 2010 there was a total of $450,000 per tax year that was available for tax credits for participating landlords. In 2013, the total tax year amount was reduced to $250,000 per tax year that will be available for tax credits.

Applications received by March 1 will be processed by April 15. Tax credit certificates will be mailed to eligible landlords prior to the Virginia state tax deadline. Pass-through entities must file Form PTE with the Department of Taxation to allocate the credit.

Should eligible applications received by the March 1 deadline exceed the available tax credit amount, it will be prorated based on the total amount of qualified requests received and the total amount of credits available.

If the available amount for tax credits is not fully allocated based on qualified applications received by the March 1 deadline, the remaining balance will be allocated on a first-come first served basis. Unused balances will not be allocated more than three years after the tax year in which they were first made available.

Credits granted to partnership, limited liability companies, or elected small business corporation (S corporation) shall be allocated to the individual partners, members, or shareholders in proportion to their ownership or interest in such business entity. The landlord must assume responsibility for distributing credits in this manner.

No person shall be allowed a tax credit under 58.1-339.9 (Rent reductions tax credit) and the COP tax credit for the rental of the same dwelling unit in a taxable year.

Application Process
Landlord must submit the following a completed COP Tax Credit Application

Applications will only be accepted on DHCD's COP tax credit application forms.

Incomplete or incorrect applications may result in ineligibility for COP tax credits.

DHCD will process each application and verify unit eligibility with the appropriate Housing Choice Voucher administrator. DHCD will determine tax credit allocations and issue eligible landlords a tax credit certificate. It is the landlord's responsibility to submit the tax certificate with the appropriate State tax return in order to use the allocated tax credit. For more information on how to claim the credit on your state tax return, see instructions for Schedule CR (individuals) OR 500CR (C-Corporations). In the cases where a landlord is comprised of multiple individuals, the landlord assumes the responsibility of distributing the tax credits to all partners.

COP original application packages should be mailed to:

Department of Housing and Community Development
Communities of Opportunity Program, Dawn Scott
Main Street Centre
600 East Main Street, Suite 1100
Richmond, Virginia 23219

For questions please contact:

Dawn Scott
(804) 371-7142
dawn.scott@dhcd.virginia.gov

Resources

Virginia Housing Search: http://www.virginiahousingsearch.com/

Eligible Property Search: http://www.ffiec.gov/Geocode/default.aspx

Communities of Opportunity Program: http://leg1.state.va.us/cgi-bin/legp504.exe?101+ful+CHAP0608

Landlord Tenant Act:
http://www.dhcd.virginia.gov/HomelessnesstoHomeownership/PDFs/Landlord_Tenant_Handbook.pdf

Pass Through Entity (PTE) form:
http://www.tax.virginia.gov/taxforms/Business/Business%20Credits/PTE.pdf