



**Communities of Opportunity Tax Credit Program
(COTCP) – Virginia
Tax Year 2025 Guidelines**

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Communities of Opportunity Tax Credit Program - Virginia

The Communities of Opportunity Tax Credit Program (COTCP) is a Virginia income tax credit program amended and reenacted by the 2022 General Assembly through [Va. Code § 58.1-439.12:04](#). It is an income tax credit equal to 10% of the annual market rent for the specific qualifying unit (credit will be prorated for a housing unit that has been qualified for less than a full calendar year). is administered by the Virginia Department of Housing and Community Development, and it is intended to decentralize poverty by enhancing low-income Virginians' access to affordable housing units in higher income areas. COTCP provides Virginia income tax credits to landlords with property in eligible census tracts within the state of Virginia who participate in the Housing Choice Voucher Program ([Housing Choice Voucher Program Section 8 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)).

Eligibility

1. You **MUST own a qualified housing unit** in the state of Virginia. 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.
2. All **eligible properties/units must be located** in an eligible census tract (eligible census tracts are those census tracts that have less than a 10% of poverty rate based on the most current U.S. Census data). To determine eligibility, click on this email address: <https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc983454> (instructions along with screenshots on pp 6-7).
3. You **MUST participate in the Housing Choice Voucher Program (HCVP)**. Units must be located within an area of Virginia with poverty rates of less than 10%.
4. Units **must have in place executed Housing Choice Voucher Housing Assistance Payments (HAP) contracts(s)** with the public housing authority (PHA) or PHA contractor for the tax year.
5. 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. Enforcement of this provision begins with Tax Year 2025.

6. All units must be determined to be **rent reasonable** and **pass PHA or contractor Housing Quality Standards** within a year of the applicable tax year.
7. **Eligible landlords** may be an individual, trust, general partnership, limited partnership (LP), 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) [Virginia Residential Landlord and Tenant Act](#) in order to be eligible for participation in the Virginia Communities of Opportunities Tax Credit Program.

Tax Credits

The **total funds available for tax credit in the 2025** year will be \$500,000 statewide. The amount of tax credit for an eligible property will be based on 10% 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 [LIS > Bill Tracking > HB1203 > 2024 session \(virginia.gov\)](#) .

Beginning July 1, 2024, \$400,000 in livable home tax credits per fiscal year are reserved for areas in Virginia with poverty rates of less than 10%, and \$100,000 in livable home tax credits per fiscal year are reserved for areas in Virginia with poverty rates less than 40% which also fall outside of the following census tracts:

- Richmond Metropolitan Statistical Area
- Washington-Arlington-Alexandria Statistical Area
- Virginia Beach-Norfolk-Newport News Metropolitan Area

1. A landlord may receive tax credits on one or more units within the same tax year.
2. Credits taken for any one tax year cannot exceed the tax liability for that year.
3. Credits not taken for the year in which they are allocated may be carried forward but cannot be carried forward for more than 5 years.
4. The credit cannot be greater than your tax liability.
5. COCTP and the Rent Reductions Credit cannot be claimed for the same housing unit in the same year.

Landlord responsibilities

1. Applications MUST be received by January 31st and will be processed by March 15th. Tax certificates will be mailed to eligible landlords prior to the Virginia state tax deadline. Pass-through entities must file FORM PTE ([Form PTE - Virginia Pass-Through Credit Allocation](#)) with the Department of Taxation to allocate the credit. If landlords have properties in multiple complexes, a separate application must be submitted for each property complex for which tax credits are requested.
2. ***Should eligible applications received by the January 31st 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 (ex: if DHCD gets 30 applications by the deadline and all are eligible to receive the credit, a prorated credit will be given if total applications exceed credits to be given).***
3. The landlord is responsible for submitting the tax certificate with the appropriate state tax return in order to use the allocated credit (for more information on how to claim the credit on your state tax return, see instructions for [Schedule CR](#) (individual returns) or [Form 500CR](#) (corporate returns). In the case where a landlord is comprised of multiple individuals, the landlord assumes the responsibility of distributing the tax credits to all partners).
4. Credits granted to a partnership, limited liability companies, or elected small business corporations (S Corp) 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.**
5. The landlord MUST sign, date, and submit a completed COTCP tax credit application for each complex with a completed spreadsheet. Applications will only be accepted on DHCD's COTCP tax credit application forms (application and spreadsheet). **All forms must be submitted and fully completed!!!** Incomplete or incorrect applications may result in ineligibility for COTCP tax credits.
6. Complete COTCP application packages (including signed application and spreadsheet) should be **emailed by January 31st at 11:59pm** (email is timestamped) to COTCPtaxcredit@dhcd.virginia.gov.
7. DHCD **does not provide** retroactive credits. Again, you as the landlord, must complete all documentation in a timely manner to receive the tax credit.

8. The landlord is responsible for informing us of their **HCVP tenants**. Therefore, you must obtain that information. DHCD is not responsible for determining which tenants qualify for the COTCP program.
9. The landlord must provide the name, phone number, and email address of the Voucher administrator you receive voucher payments from for verification.
10. The landlord is responsible for notifying the Housing Choice Voucher Program administrator that they will receive verification of unit eligibility from DHCD. All requested documentation must be received by the required due date. Each application must contain a Release of Information authorizing the release of information to DHCD.

DHCD Responsibilities

1. DHCD will process each application and verify unit eligibility with the appropriate Housing Choice Voucher Program administrator. Landlord must provide the name, phone number, and email address of the Voucher administrator you receive voucher payments from for verification. DHCD **IS NOT responsible** for determining the eligibility of any tenant information submitted for the COTCP program.
2. 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 Virginia state tax return in order to use the allocated tax credit.** For more information on how to claim the credit on your tax return, complete the following and attach it to your return:
 - [Schedule CR](#) – for individual returns
 - [Form 500CR](#) – for corporate returns
 - [Schedule 502 ADJ](#) – for pass-through entity returns
 - For more information, see [Va. Code § 58.1-4312:04](#)

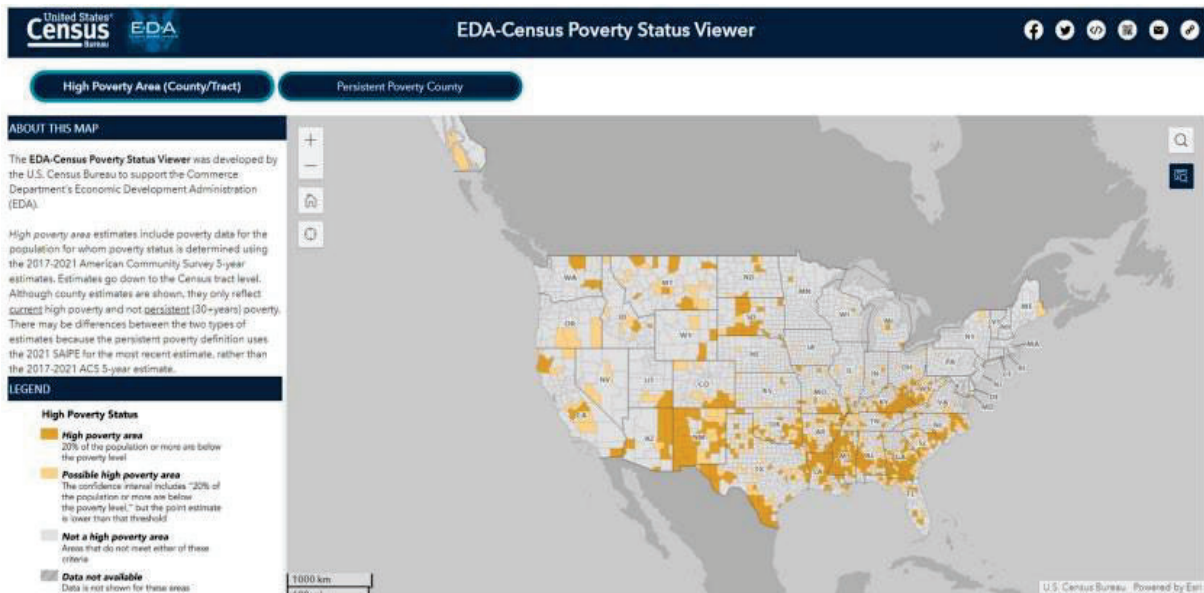
DHCD cannot issue more than \$500,000* in livable home tax credits per fiscal year. If the total amount of eligible applications received by January 31 exceeds \$500,000 in a fiscal year, DHCD will prorate the number of credits among eligible applicants. If the total amount has not been issued based upon applications received by January 31, the remaining balance will be issued on a first-come, first served basis. **Properties must meet COTCP guidelines to receive a tax credit!**

***Beginning July 1, 2024**, \$400,000 in livable home tax credits per fiscal year are reserved for areas in Virginia with poverty rates of less than 10%, and \$100,000 in livable home tax credits per fiscal year are reserved for areas in Virginia with poverty rates less than 40% which also fall outside of the following census tracts: Richmond Metropolitan Statistical Area/ Washington-Arlington-Alexandria Statistical Area /Virginia Beach-Norfolk-Newport News Metropolitan Area

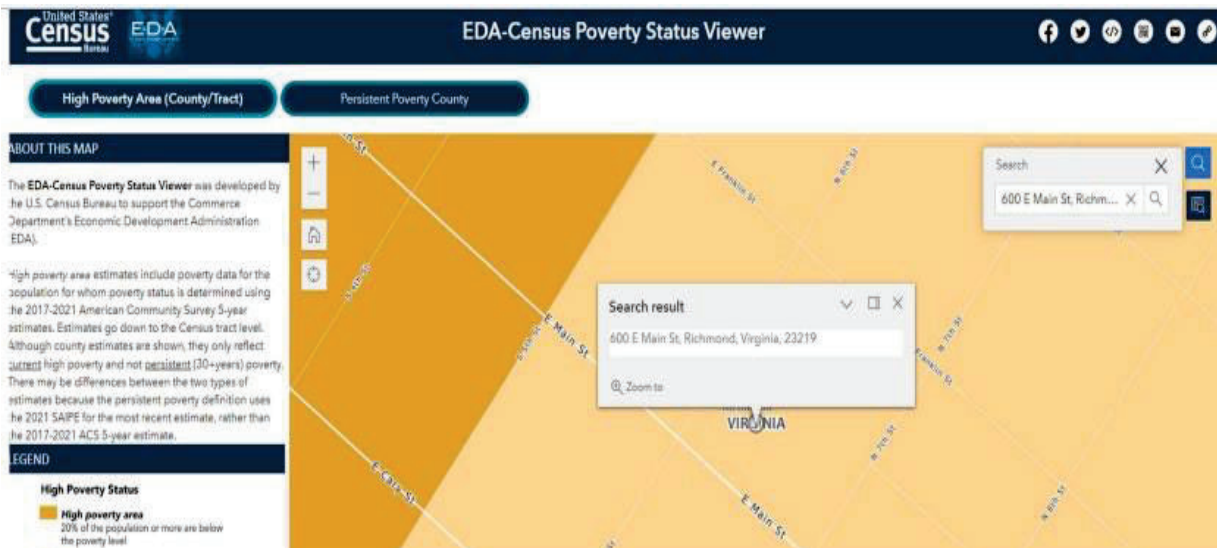
Address Search Instructions

Go to: <https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc98345462cdfbf>

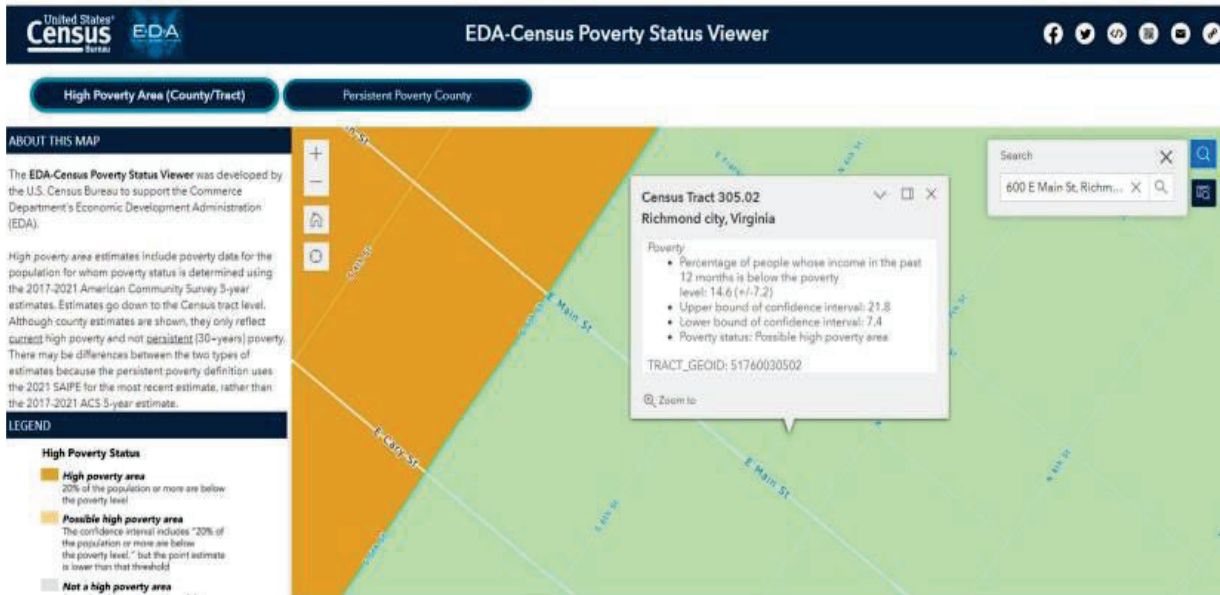
The page below will display.



On the right-hand side of the map, use the search button to type in the complete 911 property address and click search. The property will be located as shown below.



Click on the screen next to the property pin. The census tract number/poverty information box will appear. The first bullet point within this box will display the poverty level. The poverty level MUST BE below 10%! (*ex: the screen shows poverty level of 14.6, which is a possible high poverty area. Do not count the information in parentheses that shows +/-.*) The fourth bullet point confirms whether the property is within a low or high poverty area.



- **Below 10% poverty level** – if the property is **BELOW 10%**, the application may be submitted. **Please copy down the census tract and TRACT-GEOID number as they will be needed on the application spreadsheet.**

Above 10% poverty level – if the property is **ABOVE 10%** as shown above in the example above, **STOP!** The property is NOT ELIGIBLE to receive a tax credit. **Please do not submit an application for that property.** *Properties must meet COTCP guidelines to receive a tax credit!*

For questions or inquiries, please contact:

Cheri L. Miles, Program Manager
804-371-7114
Cheri.Miles@dhcd.virginia.gov

Application Instructions: Please review your application prior to submission. When completing the application, **enter landlord information only**. Incomplete or incorrect applications may result in ineligibility for the Communities of Opportunity Tax Credit Program. **Only the COTCP application below and spreadsheet on the DHCD website will be accepted. Please do not change or alter these forms in any way or the application will be ineligible.** COTCP application packages (including signed application and spreadsheet) should be **emailed by January 31st at 11:59pm** (email is timestamped) to COTCPtaxcredit@dhcd.virginia.gov. They will be processed by March 15th. Tax credit certificates will be mailed to eligible landlords prior to the Virginia state tax deadline.

*****For single family units and multi-family properties with less than 4 units:** A COTCP application spreadsheet needs to be completed for each property/complex.

Properties must meet COTCP guidelines to receive a tax credit!

This application is not complete without the submission of the coordinating COTCP application spreadsheet located on the DHCD website.

For questions/inquiries, please contact Cheri L. Miles, Program Manager at 804-371-7114 or cheri.miles@dhcd.virginia.gov.

Works Cited

Community of Opportunity Tax Credit – LIS Virginia Law/Code of Virginia:

<https://law.lis.virginia.gov/vacode/58.1-439.12:04/>

Eligible Property Search: [https://mtgis-](https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f93)

[portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f93](https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f93)

Housing Choice Vouchers Fact Sheet: [Housing Choice Voucher Program Section 8 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

Landlord Tenant Resources: www.dhcd.virginia.gov/landlord-tenant-resources

Virginia Housing Search: www.virginiahousingsearch.com

Virginia Tax Forms: www.tax.virginia.gov/forms