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Virginia Private Activity Bond Allocation Guidelines

Local Housing Authority (LHA) Allocation

& Governor's Discretionary Pool

Adopted: October XX, 2026
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1. DEFINITIONS

1.1. Definitions

A. Section 15.2-5000 of the Code of Virginia provides definitions of the following terms and phrases as used in these Guidelines:

- "Exempt project"
- "Industrial development bond"
- "Local housing authority"
- "Manufacturing facility"
- "Multifamily housing bond"
- "Private activity bond"
- "Single family housing bond"
- "State ceiling"

B. The following words and terms, when used in these guidelines, shall have the following meaning, unless the context clearly indicates otherwise.

"42(m) Letter" means formal written certification from Virginia Housing that the project's financing package will include low-income housing tax credits under IRC §42.

"Allocation" or "award" means the written notice issued by DHCD to a Local Housing Authority applicant to provide a project with a specified amount from the state ceiling for a specific issue of bonds to be issued within the time period stated within the notice, after which time has lapsed the Allocation is deemed revoked. *See also* the definition of "Expiration Date."

"Applicant" means an entity that properly submits an application for private activity bond authority in accordance with these Guidelines.

"Carryforward purpose" means certain projects that are eligible to receive an allocation during a calendar year and issue the bonds from the allocation in a later year pursuant to § 146 of the Internal Revenue Code of 1986, as amended.

"Commonwealth" is the Commonwealth of Virginia.

"Conditional Eligibility Letter" means a provisional notice from DHCD stating that an application appears eligible based on submitted materials and a Reservation Letter, but final eligibility depends on DHCD receiving the required 42(m) Letter.

"DHCD" means Department of Housing and Community Development.

"Eligibility" means, with respect to any applicant seeking an allocation of private activity bonds from the Local Housing Authority Pool for a designated project, that the rents for the units subject to restrictions on the incomes of residents under the Code will meet required rent affordability standards and are subject to a legally binding contract committing the designated project and its developer to meeting such standards. Rent affordability standards will be presumptively met by allocation to the designated project of low-income housing tax credits under Section 42 of the Code as evidenced by a certifying letter from Virginia Housing, or, on an exception basis within the sole discretion of DHCD, by the designated project's participation in other federal, state, or local housing affordability programs that include legally enforceable rent affordability standards.

"Expiration date" means the earlier of December 15th of the year in which the applicable PAB Authority is allocated or 120 days from the date the applicable PAB Authority is allocated. In the case of PAB Authority allocated by DHCD from the LHA Pool, and PAB Authority allocated by the Governor of Virginia from the Governor's Discretionary Pool, DHCD and the Governor, respectively, may in their sole discretion extend this period to the earlier of December 15th of the year in which the applicable PAB Authority is allocated or up to 180 days from the date the applicable PAB Authority is allocated.

"Governor" is the Governor of Virginia, or someone acting for him or her with valid authority to do so.

"Governor's Discretionary Pool" means the portion of the Commonwealth's annual allocation of Volume Cap set aside for allocation to projects of state or local issuing authorities as determined from time to time at the sole discretion of the Governor, referred to as the "State Allocation" in § 15.2-5002 of the Code of Virginia.

"Housing bonds" means multifamily housing bonds and single-family housing bonds requiring allocation from the state ceiling.

"IRC" means the Internal Revenue Code of 1986, as amended.

"Issued" means that the private activity bonds have been issued in accordance with IRC §§103 and 141-150.

"Local Housing Authority" means any political subdivision, governmental unit, authority, or other entity of the Commonwealth which is empowered to issue private activity bonds, excluding Virginia Housing.

"Local Housing Authority Pool" or "LHA Pool" means the PAB Authority set aside for allocation to Local Housing Authorities pursuant to § 15.2-5002 of the Code of Virginia.

"Locality" means a city, town, or county of the Commonwealth.

"Low-Income Housing Tax Credits," in these Guidelines, invariably refers to the 30% present value federal low-income housing tax credit described in § 42 of the IRC, commonly called the 4% low-income housing tax credit.

"PAB Authority" means Private Activity Bond Authority.

"Private Activity Bond Authority" is a portion of Virginia's allocation from the federal government of Volume Cap, as defined in § 146 of the IRC, which is one of the critical things an issuer must possess to legally issue tax-exempt private activity bonds. The dollar denominated portion so named in a Private Activity Bond Authority is the maximum face amount of tax-exempt private activity bonds that can be issued using said Private Activity Bond Authority. Thus, if DHCD or the Governor allocate $1,000,000 of Private Activity Bond Authority to an issuer, and if that issuer satisfies all other relevant requirements imposed by the IRC, and these Guidelines, they can issue up to $1,000,000 face amount of tax-exempt private activity bonds.

"Project" means the facility (as described in the application) proposed to be financed, in whole or in part, by an issue of bonds and that meets all of the requirements for eligibility set forth in these Guidelines.

"Rent affordability standards" means that the rent and any estimated cost of utilities (except telephone) payable by residents shall not exceed 30 percent of the applicable income limits under the Code during the period of time that the bonds issued to finance the designated project will be outstanding.

"Reservation Letter" means a letter issued by Virginia Housing with respect to a designated project subject to an LHA Pool or Governor's Discretionary Pool application, stating that Virginia Housing has completed its preliminary eligibility review for the application for tax credits that are associated with tax-exempt bond financing and that, based on the review, the application currently meets eligibility criteria, subject to completion of certain design and construction requirement reviews,

"Supplemental allocation" means an allocation of PABs that is supplemental to a previous year's allocation (regardless of issuer). A supplemental allocation is for a designated project that has previously closed and as to which the applicant is seeking additional allocation for the same project. A supplemental allocation is not an allocation for a separate phase of a larger development.

"Twenty-Five Percent Test" or "25% Test" means the test established under Internal Revenue Code Section 42(h)(4)(B), which requires that, to be eligible for Low Income Housing Tax Credits at 4 percent, a project sponsor must demonstrate that at least 25 percent of the project's "aggregate basis" (as defined in the Internal Revenue Code) is financed using proceeds of tax-exempt bonds.

"Virginia Housing" means Virginia Housing Development Authority.

"Volume Cap" is defined in § 146 of the IRC.

2. PROGRAM OVERVIEW

2.1. Introduction

Every year, the Commonwealth is allowed to issue a limited face amount of federally tax-exempt bonds on behalf of private companies and non-profit organizations to finance projects that provide a public benefit recognized as a qualified private activity under the IRC. Such tax-exempt bonds are referred to as private activity bonds, and the face amount of such private activity bonds the Commonwealth is allowed to issue is called volume cap (see § 146 of the IRC).

Chapter 50 (§§ 15.2-5000 through 15.2-5005) of Title 15.2 of the Code of Virginia sets aside specified amounts of the Commonwealth's volume cap into four allocation pools. This Chapter requires the Department of Housing and Community Development (DHCD), through the Board of Housing and Community Development (BHCD), to "establish guidelines in accordance with this chapter that shall detail (i) the specific administrative policies, criteria, and procedures for the allocation to local housing authorities" in addition to other responsibilities.

Local Housing Authority (LHA) Pool

DHCD will receive applications from Local Housing Authorities and allocate PAB Authority from the Local Housing Authority Pool through the criteria and procedures set forth in these guidelines. The PAB Authority in the LHA Pool is set-aside for the purposes of issuing single family housing bonds and multifamily housing bonds. The primary use of this PAB Authority is for constructing, rehabilitating, and preserving long-term affordable rental or housing units. Local Housing Authorities are eligible to apply for PAB Authority through the LHA pool.

Governor’s Discretionary Pool

The Governor's Discretionary Pool allows the Governor the flexibility to allocate PAB Authority for local or statewide projects in the Commonwealth. Such projects can include multifamily housing projects or economic development initiatives. The primary use of this PAB Authority is to provide flexible gap-financing or supplemental awards for priority community development and housing projects. DHCD will receive applications from Local Housing Authorities among others and review and recommend to the Governor whether to allocate PAB Authority from the Governor’s Discretionary Pool.

Administration

In administering these guidelines, DHCD has responsibilities that include:

A. Determining the Commonwealth’s total PAB Authority each year based on the federal government’s formula for Volume Cap, which is currently calculated on a per capita basis based on the Commonwealth’s population.
B. Setting aside the proper amount of the Commonwealth’s total PAB Authority for each project type as specified in § 15.2-5002 of the Code of Virginia.
C. Receiving and reviewing project applications for PAB Authority to be awarded from the Local Housing Authority Pool, and, upon approval, allocating PAB Authority to projects subject to the time limits and other conditions described in these Guidelines.
D. Receiving and reviewing project applications for PAB Authority to be awarded from the Governor’s Discretionary Pool and forwarding recommended applications to the Governor for consideration, and, upon approval, evidencing and administering such PAB Authority for such projects subject to the time limits and other conditions described in these Guidelines.

2.2 Availability of PAB Authority

Of the Commonwealth’s total annual PAB Authority, §15.2-5002 of the Code of Virginia reserves 17% for the Local Housing Authority Pool and 18% for the Governor’s Discretionary Pool. While Local Housing Authorities applying to DHCD are the legal entities issuing the private activity bonds, DHCD is required to review and allocate these pools of PAB Authority for qualified projects.

Yearly availability of PAB Authority will be posted on the DHCD website. Applications will be received on a date announced by DHCD on its website prior to the conclusion of the preceding year, which date is expected to be early in the first quarter of the calendar year (“Allocation Round 1”). The “open” period for applications will be closed on a date to be announced on its website, which date is expected to be late in the first quarter or early in the second quarter of the calendar year. To the extent any PAB Authority remains available following DHCD’s processing of applications received during this period, DHCD will announce a further open period for applications, which date is expected to be late in the second quarter or early in the third quarter of the calendar year (“Allocation Round 2”). To the extent any PAB Authority remains available following DHCD’s processing of applications received during these two preceding rounds, an optional, third round may be announced. DHCD will periodically update its website to provide information on approved allocations and remaining PAB Authority in the LHA Pool and the Governor’s Discretionary Pool.

2.3. Additional Allocation Conditions

Projects are limited to one allocation per project per calendar year, with an opportunity to apply for a supplemental allocation under circumstances described below in Section 2.4. Any applicant may reapply if it does not receive an allocation in a prior allocation round.

Applicants that were not awarded an allocation may request to be considered in subsequent application rounds, provided that i) all necessary application materials are current and that ii) the applicant may submit a one-time supplement to the original application, providing updated documentation meeting minimum criteria or supporting a higher application score, as discussed below. In addition, applicants should take note of the opportunity to submit a "conditional application," with an opportunity to amend or supplement the application for the specific purpose of furnishing evidence of eligibility for Low-Income Housing Tax Credits, as more completely described below in Section 2.4.

An applicant for a designated project experiencing substantive changes, for example, including new financing terms or sources of funding, or a substantially different timeline, must complete a new application. Because PAB Allocation is calculated and awarded on a calendar-year basis, applications may not be carried over from one calendar year to the next.

2.4. Carryforward Allocation

On or about December 15 of each calendar year, DHCD will notify Virginia Housing of (a) the amount of PAB Authority remaining in the LHA Pool and the Governor's Discretionary Pool, and (b) the PAB Authority allocations, if any, for which DHCD, or DHCD acting on behalf of the Governor, will allow the recipient to file an IRS Form 8328 for a Carryforward Purpose. After this notification, Virginia Housing must provide a written request to DHCD, pursuant to § 15.2-5004 of the Code of Virginia, to have such PAB Authority allocated and transferred to Virginia Housing.

On or about December 21 of each calendar year, DHCD will notify Virginia Housing of any PAB Authority allocations that terminated because the DHCD did not receive a copy of the filed 8328 by the deadline described in Section 4.1, below. After this notification, Virginia Housing must provide a written request to DHCD, pursuant to § 15.2-5004 of the Code of Virginia, to have such PAB Authority allocated and transferred to Virginia Housing.

3. ELIGIBILITY

3.1. Eligible Use of PAB Authority

Any Local Housing Authority in the Commonwealth may submit an application to DHCD seeking allocation from the LHA Pool on behalf of a designated project. A Local Housing Authority awarded PAB Allocation must use it to issue private activity bonds to finance the construction, rehabilitation or preservation of affordable multi-family rental housing with respect to the project identified in the Local Housing Authority's application. To be eligible, the designated project must be subject to a legally enforceable agreement restricting the rent for the units in the project to rent affordability standards meeting the requirements of the applicable sections of the IRC, including § 42.

Using the right amount of PAB Authority to issue private activity bonds qualifies developments for low-income housing tax credits, which is a valuable affordable housing subsidy from the federal government. An issuer/developer can use low-income housing tax credits (LIHTC) at a 4 percent rate in a non-competitive application process to finance an affordable multifamily project if at least 25 percent of the aggregate basis of the project is financed with tax-exempt bonds. For this reason, there is a strong nexus between the use of 4 percent LIHTC credits and the allocation of tax-exempt PAB Authority from the LHA Pool or the Governor's Discretionary Pool. It is DHCD's expectation that the preponderance of applications for the LHA Pool or the Governor's Discretionary Pool will have been preceded by a successful application to Virginia Housing in which a project is preliminarily determined to be eligible for low-income housing tax credits as part of the project financing, and which will be followed in due course by the applicants submitting a letter evidencing Virginia Housing's approval (informally referred to as a "42(m) Letter"). Rent affordability standards will be presumptively met by furnishing evidence of Virginia Housing's approval of the designated project for low-income housing tax credits in accordance with § 42 of the IRC.

On an exception basis, DHCD may choose to process applications for the LHA Pool or Governor's Discretionary Pool where an application includes evidence of participation in other federal, state, or local housing affordability programs that include legally enforceable rent affordability standards. ***In such a case, applicants are required to contact DHCD to schedule a pre-application conference with DHCD staff prior to any application filing***.

3.4. Effective Period of Allocations

An Allocation of PAB Authority from DHCD from the LHA Pool must be used by the Applicant prior to the Expiration Date. As soon as practicable prior to the Expiration Date, Applicants requesting an extension of the Expiration Date, as described in the definition of "Expiration Date" in Section 1.1, shall notify DHCD of the need for such an extension and provide compelling reasons why DHCD should give the extension.

An Allocation of PAB Authority from the Governor from the Governor's Discretionary Pool must be used by the Applicant prior to the Expiration Date. As soon as practicable prior to the Expiration Date, Applicants requesting an extension of the Expiration Date, as described in the definition of "Expiration Date" in Section 1.1, shall notify DHCD, acting on behalf of the Governor, of the need for such an extension and provide compelling reasons why the Governor should give the extension.

Use of PAB Allocation is documented by filing an IRS Form 8038 as described in Section 4.1, below.

Allocations of PAB Authority not used before the Expiration Date automatically and immediately terminate and DHCD or the Governor, as applicable, has the power to allocate that portion of PAB Authority as if no allocation had ever been made to the Applicant.

3.5. State Guidelines to Change as Federal Law Determines Eligibility

If federal law changes in any way the amount of the Commonwealth's PAB Authority, or the requirements for allocating or using it, these Guidelines shall be deemed to conform to such changes automatically. No authority is granted to anyone by these Guidelines in excess of the authority granted to the Commonwealth by the federal government.

4. ADDITIONAL REQUIREMENT TO RETAIN ALLOCATION

4.1. Reporting Bond Issuance

For all private activity bonds issued using PAB Authority from the LHA Pool or the Governor's Discretionary Pool during any calendar year, a copy of the filed IRS Form 8038 must be received by DHCD no later than 5:00 p.m. on the Expiration Date. ***PAB Authority that has not been documented as having been issued by the filing of IRS Form 8038 with DHCD by this deadline will revert to DHCD for reallocation to other projects.***

For all allocations to carryforward purposes, a copy of the filed IRS Form 8328 must be submitted to DHCD by December 20of the calendar year in which the carryforward award was received. To document the amount of bonds issued, a copy of IRS Form 8038 must be sent to DHCD when the bond(s) are issued.

5. APPLICATION REQUIREMENTS AND SCORING CRITERIA

5.1. Dates and Submission Timeline

Applicants are strongly encouraged to notify DHCD of their intent to make application for allocation as soon as possible after January 1 of each year.

An applicant will provide notification on the appropriate form provided by DHCD. Failure to provide advance notice of intent to apply may have an adverse impact on the application's prospects for receiving an Allocation award.

Program Dates:

The following is a listing of important application and allocation dates and deadlines concerning the portion of the state ceiling administered by DHCD. DHCD will accept applications at the times indicated during the year. Please note that these are approximate dates and may be revised by DHCD as needed.

January 1 – January 15:

Anticipated first round of applications opened by DHCD for Local Housing Authority Pool applications. The application round will remain open during the first quarter of the calendar year, with a potential for extension into the second quarter of the calendar year. DHCD will seek to provide reasonable notice on its website of its determination to close the application period.

Note: Applications for Governor's Discretionary Pool allocation will be accepted on a concurrent, rolling basis.

Second Quarter (Anticipated):

Anticipated second round of applications opened by DHCD. Application period will close following on or about following a thirty-day application window provided by DHCD.

Third Quarter (Anticipated):

Anticipated opening of optional third application round, to the extent PAB Authority remains available, to be scored on a rolling basis.

December 1:

Last day applications will be accepted for year-end carryforward purposes.

December 15:

Last day for the issuance of private activity bonds for projects that received allocations from the state ceiling prior to this date. This is also the deadline for filing IRS Form 8038 and delivering to DHCD a copy of the filed IRS Form 8038 as described in Section 4.1, above.

December 15 – 20:
Allocations will be made to year-end carryforward purposes in accordance with the priority system established by these guidelines.

December 20:
Last day to give DHCD a copy of the filed IRS Form 8328 for any carryforward purposes.

5.2. Threshold Requirements (Minimum Criteria)

Any Local Housing Authority seeking an allocation of PAB Authority from DHCD for a project must submit an application. Application forms are available from DHCD.

A Local Housing Authority seeking an allocation of PAB Authority for housing projects shall submit Form LHA or Form Governor's Discretionary Pool.

All applications and requests for PAB Authority from DHCD shall be accompanied by the following documentation in form and sufficiency satisfactory to DHCD for each designated project (Minimum Criteria). Such documentation shall be submitted in an application file including a table of contents and that explicitly segregates each qualifying documentation in a separate "tab" with a cover page labeling the document and which criterion it satisfies (*e.g.,* "Section 5.2.1."):

1. Inducement or official intent resolution or other documentation of the preliminary approval of the project by the Local Housing Authority, in conformity with applicable federal and state law.

2. Documentation of approval of the project by the appropriate governing body (see Section5.1 of these guidelines) or elected official, in conformity with applicable federal and state law.

3. Written opinion of bond counsel designated by the Local Housing Authority that the project is eligible to utilize the proceeds of private activity bonds pursuant to the IRC and that an allocation of a portion of the Commonwealth's PAB Authority is required.

4. A binding financing commitment from the buyer or underwriter of the bonds for the project subject to industry-standard conditions, including approval of the allocation, or, if the bonds are to be sold competitively, a letter from the financial advisor for the project. In each instance, the financing commitment may include specific conditions preceding execution of the commitment, but must not be a mere indication of interest.

5. A 42(m) Letter issued by Virginia Housing.

   a) An applicant will be permitted to submit an application without meeting the criterion in this Section 5.2.5., provided the applicant explicitly indicates that its application for such written certification has been formally submitted in an application to Virginia Housing, has been acknowledged and is pending.
   b) An applicant will be entitled to revise its application to (i) furnish a copy of a Reservation Letter issued by Virginia Housing and (ii) furnish a copy of the final written certification

(42(m) Letter) from Virginia Housing that the project's financing package will include low-income housing tax credits under IRC §42.

If low-income housing tax credits are not a part of the project's financing package, then documentation on participation in another federal, state, or local housing program with legally enforceable rent affordability standards must be included, and ***applicants are required to schedule a pre-application conference with DHCD staff before filing an application to discuss the subject project.***

6. Certification signed by an accountant, executive, or other appropriate entity attesting that (1) the project financing meets the 25% test; (2) setting forth a good-faith calculation of the percent of aggregate basis financed by the private activity bonds that will use the PAB Allocation; and (3) the applicant is requesting no more than 45% of the project's aggregate basis in PAB Allocation consistent with the submitted budget. This certification will be accompanied by a "sources and uses" table from which the aggregate basis was calculated, including sources and uses for both the construction phase and permanent phase of the project.

7. *Supplemental allocation only:* Applications for supplemental allocations of PAB Authority must certify that the allocation addresses project costs that have no alternative but to utilize additional private activity bond financing. The applicant must provide a detailed explanation of use of additional PAB Authority and the reason it was not included in original application.

5.3. Scoring Criteria

The overarching goal of DHCD's allocation of PAB Authority from the LHA Pool is to promote the construction, rehabilitation and preservation of affordable housing in high-need areas through the efficient allocation of PAB Authority. Based on that intent, DHCD has developed three scoring criteria to help advance this allocation priority.

Clear Description of Project Need:

DHCD will prioritize projects that address areas experiencing a greater need for affordable housing. In doing so, DHCD will consider the following criteria:

- A narrative submission by the applicant outlining the specific affordable housing needs that the project helps meet. Such narrative is limited to a two-page, single-spaced written narrative in 12-pitch Times New Roman font. DHCD's evaluation of the merits of such statement of needs will be based on its subjective discretion considering the policy objectives of the Commonwealth with respect to affordable housing.

- Local Housing Authority Diversity – Special consideration will be provided to Local Housing Authority applicants when the designated project is in a geographic jurisdiction that has not received a LHA Pool or Governor's Discretionary Pool Allocation award in recent years.

Demonstration of Readiness: (timeline/schedule)

DHCD will give priority to projects that demonstrate clear readiness for financing and would lead to the rapid production or rehabilitation of affordable housing. In doing so, DHCD will consider:

- Submission of documentation demonstrating an approved Plan of Development.

- Submission of documentation demonstrating zoning approval by the relevant locality sub-entity authorized to provide such approval.

- Submission of documentation from a bonded, licensed general contractor evidencing an executed, legally enforceable fixed-cost construction contract, or evidence of a near-final pending fixed-cost contract.

- Submission of a certificate or letter from an authorized officer of a Certified Market Analyst (certified by National Council on Housing Market Analysis (NCHMA)) attesting to the positive recommendation of the Analyst Firm. DHCD reserves the right to require the entire Market Study to be submitted.

- Submission of documentation regarding Developer Experience, including a schedule of all Low-Income Housing Tax Credit projects successfully completed within the past five years and a narrative description of experience and capabilities, limited to two pages.

Efficiency for Project Allocation Request:

DHCD will give priority to projects that demonstrate greater measures of project efficiency and that are mindful of the limited availability of PAB Authority. In doing so, DHCD will consider:

- The cost per unit created or rehabilitated. Applicants may provide a one-page narrative description of any particular facts or circumstances underlying the cost-per-unit created or rehabilitated.

- Leveraging of other financing resources, including rental assistance contracts, with a one-page schedule identifying Federal, Commonwealth or local resources legally obligated to support the project, with dollar amounts and date of commitment execution. Applicants may provide a one-page narrative description of any particular facts or circumstances underlying the leveraged resources being provided; and

- The amount of PAB Authority requested, representing no more than 45% of the project's aggregate basis in PAB Authority as certified in a written submission by a third-party certified public accountant or the authorized financial officer of the project sponsor, with a smaller basis request equaling a higher score and the use of tax-exempt proceeds beyond the construction period providing favorable consideration. Applicants requesting PAB Authority that represents more than 30% of aggregate basis and that is planned to be used for tax-exempt financing solely during the construction period of a designated Project (versus for long-term permanent financing) must provide a written narrative explaining the reasons for such request.

5.4 Conditional Eligibility Letter

DHCD will accept applications in the format as set forth in Section 5.2. and 5.3., and posted application materials, and including all required documentation, provided, that, in the event an applicant chooses to submit an application using the exception included in Section 5.2.5.a., DHCD will process the application on a conditional basis, pending receipt of the supplemental Reservation Letter and/or final 42(m) Letter referenced in Section 5.2.5.b. Further, based on receipt of a Reservation Letter, and the application's otherwise meeting all Minimum Criteria and achieving a score deemed by DHCD acceptable under Section 5.3, above (as elaborated in Section 5.5, below), DHCD, in its sole discretion, may elect to issue a letter advising an applicant that its application has been deemed "conditionally eligible," subject to receipt of a final 42(m) Letter. No formal Allocation or award certificate will be issued by DHCD without the applicant's submission of a final 42(m) Letter and DHCD reserves the right to withdraw any such Conditional Eligibility Letter at any time in its sole discretion. For avoidance of doubt, applicants are advised that such Conditional Eligibility Letter does ***not*** represent an allocation of PAB Authority and should not be the basis for proceeding with a bond closing.

5.5. Scoring Rubric

Note: Please *see* Appendix A for a detailed description of documentation requirements for each of the items to be scored through this rubric.

Category		**Percent**	**Possible Points**
Project Need – 25%			
	Narrative Description of Need	10%	10 Points: where projects are designed to meet explicitly identified needs within a specific locality as documented in the locality's previously approved housing or development plan. • 10 points: Demonstrated alignment with a locality's explicitly identified needs • 5 points: Demonstrated alignment with locality's identified housing needs as documented in inducement resolution • 0 points: No demonstrated alignment with locality's identified housing needs
	Local Housing Issuer Diversity	15%	15 Points: where a designated Project is located in a locality that has not had a development financed with a LHA Pool or Governor's Discretionary Pool Allocation award in recent years. • 15 points: No LHA or Governor's Discretionary Pool Allocation within past 5 years • 10 points: No LHA or Governor's Discretionary Pool Allocation within past 3 years • 0 points: Frequent Issuer
Project Readiness – 40%			
	Approved Plan of Development	5%	5 Points: where submission of an approved plan provides 5 points.
	Zoning Document	5%	5 Points: where submission of a document (*either demonstrating approved zoning changes or that the project is by-right)* provides 5 points.

Category		Percent	Possible Points
	Market Analysis Recommendation	10%	10 Points: Certificate or letter from an authorized officer of a Certified Market Analyst (certified by National Council on Housing Market Analysis (NCHMA)) attesting to the positive recommendation of the Analyst Firm provides 10 points.
	Construction Contract	10%	10 Points: where documentation of an executed fixed cost construction contract equals a higher score. • 10 points: Certificate or letter of Authorized Officer of General Contractor attesting to an executed fixed cost construction contract. • 5 points: Certificate or letter of Authorized Officer of General Contractor attesting to near-final fixed-cost construction contract with pricing determined, awaiting financing approvals. • 0 points: There is no evidence of a construction contract.
	Developer Experience	10%	10 Points: where presence of additional Developer Experience can add up to 10 points: • 10 points: 5 or more bond projects in Virginia in the past five calendar years *or* 10 or more bond projects in the past seven calendar years (any state) • 5 points: 1-4 bond projects in Virginia in the past five years *or* 7 or more bond projects in the past five calendar years (any state) • 0 points: no submission or no bond projects
Project Efficiency - 35%			
	Cost per Unit	10%	10 Points: where a higher efficient use of resources (cost) score equals a higher score. • 10 points: Submitted narrative and accompanying schedule demonstrates significant focus on reduced cost per unit • 5 points: Submitted narrative and accompanying schedule demonstrates focus on reduced cost per unit • 0 point: No compelling narrative/schedule
	Other Resources Leveraged*	10%	15 Points: where evidence of more eligible resources leverage equated to a higher score: • 15 points: at least 3 other local, state, or federal resources leveraged.

Category		Percent	Possible Points
			• 10 points: at least two other local, state, or federal resources leveraged. • 5 points: at least one other local, state or federal resources leveraged. • 0 points: no other resources leveraged. *This includes grant or loan funding provided by a local, state, federal or other entity. It does not include GP, sponsor loans, or deferred developer fees or other similar items.
	Bond Request Size/Duration of Proceeds	15%	15 Points: where a lesser proportion of the aggregate basis requested equals a higher score: • 15 Points: 25.00 - 29.99% aggregate basis requested.[1] • 10 points: 30.00 - 35.99% aggregate basis requested. • 5 points: 36.00 - 39.99% aggregate basis requested. • 0 points: 40.00 - 45% aggregate basis requested. In addition, the percentage of bond proceeds exceeding 25% used for long-term financing (permanent, post-construction) will *not* be included in the above calculation for purposes of scoring. Applicants requesting PAB Authority that represents more than 30% of aggregate basis and that is planned to be used for tax-exempt financing solely during the construction period of a designated Project (versus for long-term permanent financing) must provide a written narrative explaining the reasons for such request.
Threshold Requirements (Section 5.2)		***Must be met to receive allocation***	
TOTAL		**100%**	**_/100 Points**

5.6. DHCD Discretion Regarding Allocation Decisions and Recommendations

In the event DHCD receives multiple properly completed applications meeting minimum criteria and with scores evidencing good faith compliance with the three categories of scoring criteria, and in the event that the available allocation in the LHA Pool and/or the Governor's Discretionary Pool is not

[1] Note, Applicants are cautioned to consider that the 25% aggregate basis requirement is a *minimum* aggregate basis requirement, *viz.,* the LIHTC eligibility depends on the use of tax-exempt financing representing at least 25% of the project's aggregate basis as defined in the IRC. Should unforeseen costs increase the amount of a designated project's aggregate basis such that the tax-exempt financing represents less than 25% of the aggregate basis, applicants will be required to seek a supplemental allocation of PAB Authority, the availability of which could be highly uncertain, and risk losing the LIHTC eligibility.

sufficient to provide allocation for all applications, DHCD reserves the right to apply judgment in its sole discretion in making allocation decisions and recommendations in furtherance of its role under the Code of Virginia.

DHCD reserves the right to defer granting or recommending PAB Authority to one or more applicants in Allocation Round 1 or Allocation Round 2 based on its sole judgment, which will consider, among other factors in its sole discretion, the overall pool of applicants, the overall demand for PAB Authority, the public policy priorities of the Governor and DHCD's overall judgment with respect to a given application. DHCD may choose to exercise such discretionary judgment notwithstanding an application's meeting minimum criteria or achieving a certain score under the scoring rubric described in these Guidelines.

5.7. Project Approval.

Upon scoring from DHCD and approval of an allocation of PAB Authority, a project of a Local Housing Authority must be approved by the governing body that has jurisdiction over the authority as well as by the governing body having jurisdiction over the locality in which the project is located. This is often the same governing body. In addition, upon DHCD's issuance of an award allocation certificate, applicants must comply with all terms and requirements set forth by DHCD in the award allocation certificate and any accompanying correspondence.

6. EFFECTIVE DATE OF GUIDELINES

The Guidelines presented above will not go into effect until January 1, 2027, upon approval of the BHCD before that date and completion of a final 30-day public comment period.