



**Communities of Opportunity –Virginia Tax Credit Program
Guidelines**

2023

Communities of Opportunity –Virginia Tax Credit

The Communities of Opportunity Program (COP) is a Virginia income tax credit program amended and reenacted by the 2022 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 eligible census tracts who participate in the Housing Choice Voucher program.

Definitions

Eligible census tracts are those census tracts that have less than a ten percent of poverty rate based on the most current U.S. Census data.

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, 2022**). 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 contractor Housing Quality Standards within a year of the applicable tax year.

All eligible properties/units must be located in an eligible census tract.

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.

Eligible Program Area

COP is targeted to landlords leasing qualified housing units located in census tracts with poverty rates of less than ten percent.

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

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

Address Search Instructions

1. Type in address and select “Search” (users must use the current year they are claiming a tax credit for from the dropdown menu “Year”)
2. Select “Census Demographic Data”
3. Select “Income Data”
4. Under “% Below Poverty Line”, the percentage must be below ten 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 must be received by **January 31st** and will be processed by **April 1st**. 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 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.

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.

Application Process

Landlord must sign, date, and submit the following a completed COP Tax Credit Application

Applications will only be accepted on DHCD’s COP tax credit application forms. All forms must be attached and fully completed.

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. Landlord must provide the name, phone number and email address of the Voucher Administrator you receive your payments from for verification. 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 complete application packages should be emailed to:

coptaxcredit@dhcd.virginia.gov

For questions please contact:

*Cheri Miles, Program Manager
(804) 371-7114
Cheri.Miles@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: <https://lis.virginia.gov/cgi-bin/legp604.exe?221+ful+CHAP0252+hil>

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

Pass Through Entity (PTE) form (as updated by Dept. of Taxation):
<https://www.tax.virginia.gov/pass-through-entities>