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Exempt Action: Proposed Regulation Agency Background Document

Agency name	Virginia Housing Development Authority
Virginia Administrative Code (VAC) Chapter citation(s)	13VAC10-180
VAC Chapter title(s)	RULES AND REGULATIONS FOR ALLOCATION OF LOW-INCOME HOUSING TAX CREDITS
Action title	Updates to the 2025 Qualified Allocation Plan required by § 42(m) of the United States Internal Revenue Code
Date this document prepared	September 13, 2024

This information is required for executive branch review pursuant to Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19. In addition, this information is required by the Virginia Registrar of Regulations pursuant to the Virginia Register Act (§ 2.2-4100 et seq. of the Code of Virginia). Regulations must conform to the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

Brief Summary

Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.

The proposed regulatory changes amend Virginia's existing qualified allocation plan promulgated within 13VAC10-180.

There exists within the Commonwealth a serious shortage of sanitary and safe residential housing at prices or rentals that are affordable to persons and families of low and moderate income. This shortage contributes to the creation and persistence of substandard living conditions inimical to the health, welfare, and prosperity of the residents of the Commonwealth. The availability of affordable housing is critical to growing and maintaining Virginia's vibrant workforce and to its ongoing efforts for further spur economic development. Since the last update to the qualified allocation plan in 2021, the need for housing has grown as have the cost and complexity of affordable housing development. In response, Virginia Housing

proposes the amendments within this regulatory action to reduce program complexity and eliminate regulatory burden, thereby facilitating increased production of affordable rental housing units and shortening the time necessary to bring them to market.

Mandate and Impetus

Identify the mandate for this regulatory change, and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, internal staff review, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in the ORM procedures, "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."

Virginia Housing is the Commonwealth's designated housing finance agency responsible for allocating federal low-income housing tax credits in accordance with the requirements of the United States Internal Revenue Code. Credits are allocated to developments on a competitive basis pursuant to Virginia Housing's qualified allocation plan, which Virginia Housing is obligated to create and update to address housing needs within the Commonwealth. Pursuant to that obligation, Virginia Housing is updating the qualified allocation plan with these proposed amendments to institute various improvements identified by Virginia Housing staff through its rigorous public engagement with local governments, housing developers, industry professionals, and affordable housing advocates.

On June 26, 2024, the Virginia Housing Development Authority Board of Commissioners moved by consensus to proceed with the review and approval process necessary to promulgate these regulations entitled "Updates to the 2025 Qualified Allocation Plan required by § 42(m) of the United States Internal Revenue Code."

Virginia Housing Development Authority ("Virginia Housing") is an exempt independent agency, meaning that it is exempt from the Virginia Administrative Process Act pursuant to § 2.2-4002(4) of the Code of Virginia and is a self-funded political subdivision of the Commonwealth independent of the State budget. Accordingly, after publishing these amendments, Virginia Housing will hold a public hearing as provided for in § 36-55.30:3(B) of the Code of Virginia. After receiving and considering public comment, Virginia Housing's Board of Commissioners will pass a resolution approving these amendments on October 22, 2024, and after obtaining approval from the Governor to adopt them, will republish the final regulations in the Virginia Register pursuant to § 2.2-4103 of the Code of Virginia.