



VIRGINIA ENTERPRISE ZONE

CPA AGREED UPON PROCEDURES
MANUAL (GY2024)



TABLE OF CONTENTS

Introduction.....	page 02
Grant Year 2024 Timeline.....	page 03
Application Information.....	page 04
Agreed Upon Procedures Engagement.....	page 04
CPA Attestation Report: Form Requirements.....	page 05
Submittal Requirements & Application Confirmations.....	page 06
Job Creation Grant Eligibility Requirements.....	page 08
High Unemployment Areas (HUAs)	page 09
SWaM-Certified Businesses.....	page 09
JCG Required Application Materials.....	page 10
Record Keeping Requirements.....	page 10
CPA Attestation Responsibilities (JCG)	page 11
JCG Applicant responsibilities	page 11
JCG Agreed Upon Procedures.....	page 12
Definitions for JCGs.....	page 15
Real Property Investment Grant Eligibility Requirements.....	page 19
RPIG Required Application Materials.....	page 20
CPA Attestation Responsibilities (RPIG)	page 21
RPIG Agreed Upon Procedures.....	page 22
Definitions for RPIG.....	page 29

INTRODUCTION

This document provides instructions for CPAs performing the Agreed-Upon Procedures outlined by the Department of Housing and Community Development. These procedures test and report on the assertion of a business or qualified zone investor as to their qualification to receive Job Creation Grants (JCGs) or Real Property Investment Grants (RPIGs). The findings from these procedures are reported in the CPA Attestation Report. This report is a required application component for both the Job Creation Grant and Real Property Investment Grant.

Agreed-Upon Procedures for the Job Creation Grant are provided in the first half of this document and in the second half for the Real Property Investment Grant.

Each respective grant section contains information regarding:

- An overview of the grant amount and eligibility criteria;
- Required grant documentation;
- The CPA's attestation responsibilities;
- The applicant firm's responsibilities;
- And purpose and procedures for each attestation requirement.

As provided in §59.1-547 of the Code of Virginia, business firms with Base Year employment of 100 or fewer permanent full-time positions that create 25 or fewer grant eligible positions are exempt from the attestation requirement for that qualification year. However, the firm is not exempt from completing the required Job Creation Grant Worksheet. The JCG Worksheet must be completed each year the firm seeks qualification for the JCG.

Virginia Enterprise Zone (VEZ) program is partnership between state and local government that encourages job creation and private investment. VEZ accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the locality provides local incentives.

VEZ grants are subject to an annual appropriation by the General Assembly. By statute, the Job Creation Grants (JCGs) receive funding priority. After fully funding the JCGs, the remaining funds will be allocated to the Real Property Investment Grants (RPIGs) and the amount paid to each RPIG applicant will be prorated proportionally should grant requests exceed the remaining funds.

In Grant Year 2023, RPIGs were fully funded for the third consecutive year. In the past, the program faced challenges in fully funding grant applications. Since 2021, however, there has been an increase in program funding, allowing for the full financing of JCG and RPIG grants.

GRANT YEAR 2024 JOB CREATION GRANT TIMELINE

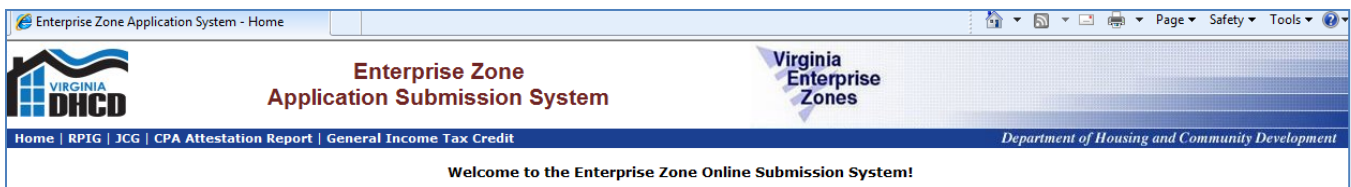
JOB CREATED	QUALIFICATION DETERMINATION	APPLICATIONS DUE TO DHCD	DHCD REVIEW	FUNDING RELEASED
CALENDAR YEAR 2024 Net new employment over base year eligibility threshold	JANUARY-MARCH 2025 JCG worksheet, CPA Attestation, How to Qualify Workshops & Webinars	APRIL 1, 2025 Submission of applications electronically on EZ Submission Portal (hard copy NOT accepted)	APRIL-JUNE 2025 DHCD staff reviews apps & notifies grantees of changes that need to be made for approval	JUNE 2025 Funds disbursed

GRANT YEAR 2024 REAL PROPERTY INVESTMENT GRANT TIMELINE

FINAL PLACED IN SERVICE DOC	QUALIFICATION DETERMINATION	APPLICATIONS DUE TO DHCD	DHCD REVIEW	FUNDING RELEASED
CALENDAR YEAR 2024 Final placed in service document received	JANUARY-MARCH 2025 Supplemental forms, CPA Attestation, How to Qualify Workshops & Webinars	APRIL 1, 2025 Submission of applications electronically on EZ Submission Portal (hard copy NOT accepted)	APRIL-JUNE 2025 DHCD staff reviews apps & notifies grantees of changes that need to be made for approval.	JUNE 2025 Funds disbursed

APPLICATION INFORMATION

The Qualified Zone Investor is expected to complete and submit all required application components through the EZ Application Submission System. In the past, both hard copy and electronic submission were required. **Hard copies are no longer accepted. FORM EZ-RPIG and FORM EZ-JCG (or FORM EZ-JCG-HUA/SWaM) are NO LONGER required uploads**, since the information from those forms is entered into fields in the EZ Application Submission System. All required attachments/uploads, including the JCG Online Worksheets, the CPA Attestation Report, Final Placed-in-Service document, and supplemental documents must be submitted electronically through the Submission System, which can be found here: <https://dmz1.dhcd.virginia.gov/EZZonePortal/Default.aspx>



As part of the application process, an independent Certified Public Accountant (CPA), licensed in Virginia, must attest to these application materials. The **CPA Attestation Report** is required and must be submitted with RPIG applications and most JCG applications, unless otherwise noted in this manual. The **Agreed upon Procedures for CPA Attestations** and **Attestation Report Templates** are available on the [EZ Application Submission System](#).

AGREED UPON PROCEDURES ENGAGEMENT

As required by statute, a CPA must perform the Agreed-Upon Procedures outlined by DHCD in this document. The CPA selected to perform these procedures must be independent of the company and currently licensed in the State of Virginia. The CPA will review information, apply tests, and will report on these procedures and their findings in the attestation report signed and submitted by the CPA on behalf of their client. The Attestation Report Form for both grant programs and a sample engagement letter are available on the [EZ Online Submission](#) site.

The Agreed-Upon Procedures Engagement outlines specific procedures to be performed on a subject matter whereby a CPA is engaged by a client to issue a report of findings. Distribution of the report based on such an engagement is limited to specific, identified users (in this case, the applicant and DHCD). Guidance for the performance of such engagements can be found in AT Section 201 of the American Institute of Certified Public Accountants(AICPA) Professional Standards. Under the Enterprise Zone Statute, Enterprise Zone grant applicants must hire an independent CPA currently licensed in Virginia to perform the Agreed Upon Procedures established by DHCD. The CPA's attestation report **MUST BE SUMMITTED ONLINE** with the grant application materials no later than **11:59 p.m. on April 1, 2025**, in order for the application to be considered on time.

How is an attestation different from an audit?

The American Institute of Certified Public Accountants (AICPA) has promulgated standards for attestation engagements, other than those involving audits of financial statements, in the "AT" section of professional standards.

CPA ATTESTATION REPORT: FORM REQUIREMENTS

Findings from the Agreed-Up-On Procedures are to be reported on the required CPA Attestation Report forms. The forms have been created to ensure that all CPAs are reporting on the procedure as indicated. The forms and use of the forms have the support of the VA Society of CPAs. CPAs must use the Attestation Report templates provided by DHCD to document findings. Attestation report forms for both the Real Property Investment Grant and the Job Creation Grant are available for download on the [EZ Online Submission System](#) site under the CPA Attestation Report header.

The link to the EZ Online Submission System to access the appropriate forms is included below:
<https://dmz1.dhcd.virginia.gov/EZonePortal/CPAs.aspx>.

CPA Attestation Report (RPIG and JCG)	
Real Property Investment Grant Attestation Report Form	Required in prescribed format
	Required in prescribed format
Job Creation Grant Attestation Report Form	This document was updated as of 2/9/2015. Language in section 3B, Part 3 was changed to refer to employees 'who worked' in the grant year (previously incorrectly identified as employees that were 'hired' in the grant year). Section 3B, Part 4 was updated to reflect that the columns referenced in this portion of the attestation are columns P, Q, and R (previously incorrectly identified as Q, R, and S.)
UPDATED DRAFT CPA Agreed Upon Procedures Manual (RPIG and JCG)	Includes information regarding procedures for each grant
Guidance on CPA Attestation Report Format and Documentation of Findings	Includes information on appropriate description of CPA's findings

The attestation report that accompanies the application must be submitted on the appropriate DHCD Attestation Report form or the application will be deemed incomplete. Do not retype the procedures or submit findings using any document other than what has been provided by DHCD. Applications will have to be resubmitted using the correct form to be processed.

Additionally, any reports submitted that do not state the findings for each procedure are also considered incomplete. The AICPA professional standards set forth in [Section AT 201.25](#), states that the "practitioner should report all findings from the application of the Agreed-Up-On Procedures." Furthermore, [Section AT 201.26](#) specifies that "a practitioner should avoid vague or ambiguous language in reporting findings." Please see the examples of appropriate and inappropriate descriptions of findings within [Section AT 201.26](#). Based on the professional standards set forth, **providing one's initials and/or "no findings" by each procedure does not constitute an adequate description of findings.** In instances where no findings are reported or only the CPA's initials are listed as the findings, the report will be deemed incomplete, and the application will not be processed until the report is re-submitted.

SUBMITTAL REQUIREMENTS

APPLICATIONS MUST BE SUBMITTED THROUGH THE SYSTEM NO LATER THAN 11:59PM, APRIL 1, 2025 (EDT). Applicants will be prompted to save and print the completed application for their own records. DHCD is unable to pre-qualify any applicants.

LATE APPLICATIONS/APPLICATIONS WITHOUT CPA ATTESTATION REPORT | Any application submitted without the required CPA Attestation Report or submitted after the deadline will be considered late. Such applications are held until DHCD determines that funds remain after full funding on-time applications. At such time, DHCD will review and process late applications on a first-come, first-served basis.

MULTIPLE APPLICATIONS | If submitting more than one application, each grant application and associated materials must be submitted separately via electronic submission.

APPLICATION CONFIRMATIONS | Email confirmations will be sent throughout the submittal process to keep the applicant informed of the status of the application and to bring any submittal issues to the applicant's attention prior to certain deadlines. Applicants will receive confirmations in the following order:

- 1. Successful submission of online application** - This email will indicate the date and time of the submittal. DHCD recommends applicants print the application at this time and retain confirmation emails with their grant records. If the applicant has submitted all required documents with required signatures, this notification is the only one that will be received.
- 2. Notification of deficiencies** - DHCD will notify applicants by May 15th in cases where any additional information is required due to application deficiencies. The email will be sent from the following address: ezone@dhcd.virginia.gov. Please reply directly to that address when responding.
- 3. Notification of resolution of deficiencies** - Applicants must resolve any identified deficiencies by June 1st. Once the applicant provides the requested information, a final email will be sent to the applicant confirming DHCD's receipt of the requested material.



Virginia

Enterprise Zone

Job Creation Grant Agreed Upon Procedures (GY2024)



JOB CREATION GRANT

To be eligible, companies must be located in the boundaries of an Enterprise Zone. To determine whether your company is located in an EZ, contact your locality's Economic Development Department.

ELIGIBILITY REQUIREMENTS:

- must create at least 4 net new permanent full-time positions over the base calendar year
- Base Year employment can be either of the two calendar years immediately preceding the first grant year.
- Base Year employment is established in the first grant application and remains static for the full 5-year period.
- Eligible positions must meet wage and health benefit requirements:
 - Positions must earn at least 150% of the minimum wage (125% in High Unemployment Areas or SWaM-certified businesses) (see page 9 for more info)
 - Firms must offer to cover at least 50% of employee's health insurance premium

According to the Virginia Code (13VAC5-112-10), "minimum wage" means the federal minimum wage or the Virginia minimum wage, whichever is higher as determined for the current calendar year as of December 1 of the prior calendar year by the department. Such determination will be continuously in effect throughout the calendar year, regardless of changes to the federal minimum wage or the Virginia minimum wage during that year. The upcoming grant cycle is Grant Year 2024 and includes jobs created in calendar year 2024. On December 1, 2023 the state minimum wage was \$12.00 per hour (and higher than the federal minimum wage).

INELIGIBLE APPLICANTS:

The following are prohibited from applying for the JCG:

- units of local, state, or federal government
- nonprofit, other than those classified as NAICS 813910 and 813920
- positions: personal service, food & beverage, & retail

GRANT TERM:

Grants are awarded for 5-year periods beginning with the first grant year in which a JCG was awarded. To be eligible in years 2-5, the firm must maintain or increase the number eligible permanent full-time positions (above the four-job threshold) over base year employment. Firms may apply for a subsequent 5-year period given they meet the grant eligibility requirements. See page 17 under JCG definitions for more information on subsequent 5-year periods.

GRANT CALCULATIONS:

JCG awards are determined by the wages paid and the number of months positions were filled during the Grant Year. Grants are available in amounts of:

- Up to \$500 per grant eligible position filled by an employee earning at least 150% minimum wage (125% for businesses in HUAs and SWaM-certified businesses) who meets all other eligibility requirements (including offered health benefits)
- Up to \$800 per grant eligible position filled by an employee earning 175% of the minimum wage who meets all other eligibility requirements (including offered health benefits)
- Firms can receive grants for up to 350 positions per year

HIGH UNEMPLOYMENT AREAS (HUAs)

Any business applying as an HUA applicant must enter all required information into the EZ Application Submission System and complete and upload the **JCG-HUA/SWaM Worksheet**. These documents are specifically tailored to accommodate the reduced wage rate threshold. **Businesses located in HUAs are eligible to apply for the JCG at the reduced wage rate threshold of \$15.00/hour, or 125% of minimum wage.**

ZONE NAME	ZONE #
Brunswick County	32
City of Danville	1 & 57
Dickenson County	49
City of Emporia	43
City of Hopewell	9
City of Petersburg	10

*The following localities in joint zones with the HUAs on the left are **NOT** HUAs:*

Mecklenburg County
Pittsylvania County
Town of Clintwood
Town of Haysi
Greensville County

Businesses in these communities are **NOT ELIGIBLE** for the reduced wage threshold.

Any existing business that has previously applied for the JCG as an HUA applicant in one of these zones may continue to qualify at 125% of the minimum wage for the remainder of their 5-year grant period.

Any new businesses applying for the JCG in these zones must pay at least 125% of the minimum wage to qualify.

SWaM-CERTIFIED BUSINESSES

2021 legislation passed allows for **SWaM-certified (Small, Women-owned, and Minority-owned) businesses to be eligible to use the reduced wage threshold (125% minimum wage=\$15.00/hour) to qualify for the \$500 grant amount.** To be eligible at the reduced wage threshold, the company must have been SWaM-certified in calendar year 2024. SWaM-certified businesses must select the appropriate box on the online application indicating that the application is for a SWaM-certified business and must complete the **JCG-HUA/SWaM Worksheet**.

- Look up whether a business is SWaM-certified on the online directory <https://directory.sbsd.virginia.gov/#/executiveExport>

REQUIRED JCG MATERIALS

| EZ APPLICATION SYSTEM |

Hard copies are no longer accepted. Applicants must submit their application, and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia FORM W-9
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- JCG Worksheets or JCG-HUA/SWaM Worksheets
(In year one, all firms are required to submit Sheets 1 & 2 from the JCG Worksheet. In years 2-5, only firms that are exempt from the attestation are required to submit the JCG Worksheets 1 & 2.)
- CPA Attestation Report Form (if applicable)
(As provided in §59.1-547, A CPA attestation is a required component to ALL JCG applications except: When the applicant has a Base Year employment ≤ 100 PFTP AND Grant Eligible positions ≤ 25 PFTP.)

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due by **11:59 p.m. on April 01, 2025.**

RECORD KEEPING REQUIREMENTS

The Department may at any time review an applicant’s records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding JCG qualification for a minimum of **three years** following the receipt of the grant.

All JCG grantees are monitored for their first Grant Year. Job Creation Grants that do not have adequate documentation regarding permanent full-time positions, report to work criteria, wage rates, or the provision of health benefits may be subject to repayment. The digital version along with a hard copy print out must be kept on file and accessible with other grant request records.

CPA ATTESTATION RESPONSIBILITIES

The Job Creation Grant attestation procedures outlined in the following pages are structured to ensure that:

- The company is not a personal service, food or beverage, or retail establishment, as such businesses are prohibited from applying for the grant;
- The company only includes permanent full-time positions (PFTP) in the Base Year and Grant Year on the JCG and JCG-HUA/SWaM Worksheet and that the wage rates for the net new equivalent PFTPs in the Grant Year are accurately indicated; and
- Employment dates and wage rates for positions listed on the JCG and JCG-HUA/SWaM Worksheet are accurate and identical to the information on payroll and personnel documentation.

Can the CPA prepare the application and accompanying materials and attest?

Professional standards (AICPA) provide that a CPA can offer assistance provided the CPA does not assume management responsibilities, such as making management decisions or performing any management functions. The decision to follow any advice provided remains with management of the entity.

JCG APPLICANT RESPONSIBILITIES

The business firm will provide the CPA with the following:

- The **JCG and JCG-HUA/SWaM Worksheet** include all employees filling permanent full-time positions in the Base Year (in alphabetical order) followed by all employees filling permanent full-time positions in the Grant Year (in alphabetical order). Failure to provide a complete and accurate list of **all employees**, the dates they were employed, and their wage rates may result in an under- or overpayment of grant funds. **The Commonwealth will require the grantee to return any overpayment to the Treasurer of Virginia.**
 - **Employees receiving raises (or decreases) in pay during the Grant Year must be listed on a separate line for each wage fluctuation. Applicants may not use their average wage rate OR ending wage rate to represent an employee's annual wages.**
- **I-9s and paystub/payroll records** indicating the first work date, last work date, and wage rates in the Base Year and Grant Year for each employee listed on the JCG Online Worksheet, where applicable.
- **Health benefits documentation (including written benefit waivers).**
- **The business firm representative must provide his/her signature on the Applicant Declaration Form and submit as an uploaded document in Part IV of the online application.**

JCG AGREED UPON PROCEDURES

| PROCEDURE 1 – Attestation Regarding Prohibited Positions |

The CPA will read the NAICS code listed on the Online Application or Sample Application (Part I, Box 5) to determine that the NAICS code listed on the application is one other than NAICS 441-454 ([retail](#)); 722 ([food/beverage](#)) or 812 ([personal service](#)), which are NOT eligible to receive JCG.

*A business is not a retail business, but has retail positions.
Is this firm eligible for the Job Creation Grant?*

Yes, but only positions that are not retail, food/beverage, or personal service can be included in the JCG/JCG-HUA Worksheet for the purposes of qualifying for the Job Creation Grant.

| PROCEDURE 2 – Attestation of Permanent Full-Time Positions |

The CPA will follow the sampling procedure explained below to obtain employment documentation and the **JCG/JCG-HUA Worksheet for Employees Filling Permanent Full-Time Positions (EF- PFTPs)** during the Base Year permanent full-time positions:

Rules for Sampling: The Base Year and Grant Year employee sample is REQUIRED FOR YEAR 1 APPLICANTS. If applying for years 2-5 of the JCG, only GRANT YEAR sampling is required. The following procedures should be used in establishing a sample of PFTPs:

- Firms with 100 or fewer Employees Filling Permanent Full-time Positions (EF-PFTPs)**
The CPA will obtain a random sample of the documentation for 20 EF-PFTPs on the worksheet and read to ensure the start/end work dates for such employees agrees without exception to the information provided on payroll records using the random sampling techniques established below. If there are 20 or fewer EF-PFTPs, the documentation and worksheet calculations for all employees will be included in the CPA's sample.
- Firms with More than 100 Employees Filling Permanent Full-time Positions (EF-PFTPs)**
For firms with more than 100 EF-PFTPs on the worksheet, the CPA will obtain a random sampling of payroll records and health benefits documentation for 20 percent of all employees shown. The CPA will read to ensure the start/end work dates for such employees agrees without exception to the information provided on payroll records using the random sampling techniques established below.

Random Sampling

The CPA will obtain a random sampling for the greater of 20 employees or 20 percent of employees listed on the worksheet based on the above criteria. The random sampling will be based on the use of a table of random numbers. The CPA will first assign each employee listed on the JCG Worksheet a unique identification number. Then, the CPA will select cases for the 20 employees or 20 percent sample when their identification number corresponds to the number chosen from the table. The CPA will indicate in Column B of the JCG Worksheet which employees have been selected to be sampled. The CPA will stop selecting cases when they have reached the desired sample size. If an identification number is selected more than once, the CPA will ignore the repeats.

Non-reconciled errors

Should the CPA find any non-reconcilable errors (any unexplained difference between information on the documentation provided and what is entered on the Worksheet) in the sample population, the CPA should repeatedly select another 20 employees or 20 percent sample from the original population until the subsequent sample produces no non-reconcilable errors. The CPA shall submit by name any non-reconcilable errors found during this procedure in the attestation report. If the client chooses to revise the Worksheet and application to remove the non-reconcilable item(s), the CPA shall read to ensure that the revised Worksheet has omitted the non-reconcilable item(s) and that there are no resulting changes from the original Online Worksheet.

| PROCEDURE 3 – Attestation & Required Documentation |

For each employee from the sample population, the CPA will compare the **JCG and JCG-HUA/SWaM Online Worksheets** for Base and Grant Year employment information listed on the Worksheets to the required documentation (I-9, first payroll, last payroll for Base Year and/or Grant Year, and health benefits enrollment information) provided by the company. In the case of a business in a qualification year other than its first year, the sample should only include the Grant Year information. The Base Year employment should only be sampled in the first Grant Year along with Grant Year employment.

Employees should only be listed on the JCG Online Worksheet one time UNLESS:

- *They have worked two or more separate times in the Base or Grant Year.*
- *The grant-year employee's wage fluctuated during the Grant Year.*

To accurately calculate grant awards, separate rows should be included showing the start date and end date for each separate employment period or wage fluctuation (grant year employees only) based on the employee's I-9 or payroll record documentation.

Since the JCG and JCG-HUA/SWaM Online Worksheet is equipped with formulas to apportion the eligible months employees were earning at least 150% of the minimum wage or 125% in HUAs or for SWaM-certified businesses, please note that employees should only be listed more than once if the business firm increased/decreased the employee's wage rate (irrespective of the increase in the federal minimum wage).

- A. I-9:** The CPA will obtain the sample population's I-9s to determine the Base Year and/or Grant Year employee's name, social security number, address, and start date of employment. In cases where the I-9 was signed prior to the actual hire date (for example, required as part of the job application), the CPA will read and compare the I-9 in conjunction with the supporting employee payroll documentation and attest to the hire date of the employee.
- B. Payroll records for Base Year and/or Grant Year employees** (first and last payroll records for the time the employee worked in the Base Year and/or Grant Year). The CPA will:
1. Compare the employee's name and employee number (where assigned) with the information included on the Worksheet.
 2. Read and compare records to attest that the first and last work date for each employee within Base Year and/or Grant Year correspond to those dates listed for the employee on the Worksheet.
 3. Compare the wage rates as indicated on the first and last payroll records for those sampled employees hired in the Grant Year (i.e. net new employees) with the specific wage rates listed in column O of the JCG Worksheet and report any differences.

If an employee received raises (or a decrease in pay) during the Grant Year, the employee **MUST** be listed on a separate line for each wage fluctuation. **DO NOT** use their average wage rate OR ending wage rate. The CPA will read the Worksheet and determine that employees with wage fluctuations during the Grant Year have been listed in the spreadsheet as many times as payroll records show wage fluctuations.

- a. For sampled employees with information in column(s) P, Q, R and/or S, the CPA will read the employment documentation to determine that the employees reflected on the Worksheet are permanent and full-time.
4. If the sampled employee's wage rate was converted from salary to hourly, the CPA will determine that it is mathematically correct by dividing the annual salary, inclusive of shift premiums and commissions by **1,820 hours**.

C. Health benefits information:

1. The CPA will obtain and read the **signed health benefits enrollment** agreements and compare insurance coverage materials indicating employer contribution to payroll documents indicating employee contribution. The CPA should compare the individual employee information on these documents to the information presented in Column N indicating they were offered/received health benefits and for which wages are listed in Column O (as such employees are net new over the Base Year employment), and report on these findings. The CPA should report all instances where the firm does not offer to contribute at least 50% of the cost of the health insurance premium.
2. For employees filling grant-eligible PFTPs that have declined health insurance coverage, the CPA will obtain and read the employees' **signed waiver of health benefits**. For firms that self-insure their employees' medical claims, a copy of the firm's policy signed by the EF-PFTP (with wages listed in Column O) is acceptable documentation.

A business does not make health insurance benefits available for new permanent full-time positions until after a 90-day employment period. How should this be documented on the JCG/JCG-HUA Online Worksheet?

*The initial 90-day employment period during which health benefits were not available **can** be included in the Worksheet. The firm should list the first date and last date the employee filling the net new permanent full-time position met the wage requirement for those employees whose health benefits were effective after a specified employment period, provided they were offered by the start date.*

| PROCEDURE 4 – Attestation of Grant Eligible Positions with Qualifying Wage Rates & Health Benefits |

The CPA will read the qualification information on Part II of the online application or sample application page to compare whether the information entered on Part II, Boxes 4 A-B and Boxes 5 E-F corresponds with the auto-calculated values in the following cells of second sheet of the Worksheet: B3, B4, B5, and B6 (respectively) and indicate any discrepancies in the Attestation Report.

DEFINITIONS FOR JOB CREATION GRANTS

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the business or qualified zone investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will apply tests and report regarding the assertion of the business or qualified zone investor in connection with its qualification to receive the Enterprise Zone incentive pursuant to § 59.1-549 of the Code of Virginia.

Base Year, for wage-based Job Creation Grants:

Means either of the two calendar years immediately preceding the firm's first year of grant eligibility, at the choice of the business firm.

Bonus:

Means a payment made in addition to the employee's regular earnings.

Business firm:

Means any corporation, partnership, electing small business (subchapter S) corporation, limited liability company, or sole proprietorship authorized to do business in the Commonwealth of Virginia. This shall also include business and professional organizations and associations whose classification falls under sectors 813910 and 813910 of the North American Industry Classification System (NAICS) and that generate the majority of their revenue from customers outside the Commonwealth.

Commission:

Means the compensation paid to an employee after completing a task, which is usually selling a certain amount of goods or services.

Common control:

Means such firms as defined by Internal Revenue Code § 52(b).

Food and beverage service:

Means a business whose classification falls under subsector 722 Food Services and Drinking Places of North American Industry Classification Systems (NAICS).

Full month:

Means the number of days that the permanent full-time position must be filled in order to count in the calculation of the grant amount. A full month is equivalent to 30.416666 days.

Grant-eligible position:

Means a new permanent full-time position created above the threshold number at an eligible business firm. Positions in retail, personal service or food and beverage service shall not be grant eligible positions.

Health benefits:

Means that at a minimum, medical insurance is offered to employees and the employer shall offer to pay at least 50 percent of the cost of the premium at the time of employment and annually thereafter.

High Unemployment Areas (HUA):

Means Enterprise Zone localities with unemployment rates one and one-half times or more than state average based on the most recent annualized unemployment data published by the Virginia Employment Commission.

Independent Certified Public Accountant:

Means a public accountant certified and licensed by the Commonwealth of Virginia who is independent of the entity 'in fact' and in appearance. The CPA must comply with the independence requirements in the AICPA Code of Professional Conduct. Potential scenarios that may impair a CPA's independence include financial interest in the client, business relationships with the client, family or personal ownership of or employment by the client (present or former), and being on the Board of Directors or a Trustee of the client. This list is not all-inclusive and other situations may arise that impair the independence of the CPA.

Local Zone Administrator:

Means the chief executive of the city or county in which an Enterprise Zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

Minimum Wage:

Means the federal minimum wage or the Virginia minimum wage, whichever is higher as determined for the current calendar year as of December 1 of the prior calendar year by the department. Such determination will be continuously in effect throughout the calendar year, regardless of changes to the federal minimum wage or the Virginia minimum wage during that year, according to the Virginia Code (13VAC5-112-10).

Permanent full-time position:

Means a job of indefinite duration at a business firm located in an enterprise zone, requiring the employee to [report to work](#) within the enterprise zone; and requiring (i) a minimum of 35 hours of an employee's time per week for the entire normal year of a business firm's operation, which a normal year must consist of 48 weeks, (ii) a minimum of 35 hours of an employee's time per week for the portion of the calendar year in which the employee was initially hired for or transferred to the business firm, or (iii) a minimum of 1,680 hours per year. Such positions shall not include: (i) seasonal, temporary, or contract positions, (ii) a position created when a job function is shifted from an existing location in the Commonwealth to a business firm located with an Enterprise Zone, (iii) any position that previously existed in the Commonwealth, or (iv) positions created by a business that is simultaneously closing facilities in other areas of the Commonwealth.

Personal Service:

Means such positions as classified under NAICS 812.

Regular basis:

Means at least once a month as related to "[report to work](#)" requirements for the wage-based job creation grants.

Related party:

Means those as defined by Internal Revenue Code § 267(b).

Report to work:

Means that the employee filling a permanent full-time position reports to the business' zone establishment on a [regular basis](#).

Retail:

Means a business whose classification falls under sector 44-45 Retail Trade of the North American Industry Classification System (NAICS).

Seasonal employee:

Means any employee who normally works on a full-time basis and whose customary annual employment is less than nine months. For example, individuals hired by a CPA firm during the tax return season in order to process returns who work full-time over a three-month period are seasonal employees.

Subsequent Base Year:

Means the Base Year for calculating the number of grant eligible positions in a second or subsequent five consecutive calendar year grant period. If a second or subsequent five-year grant period is requested within two years after the previous five-year grant period, the subsequent Base Year will be the firm's last Grant Year. The calculation of this subsequent Base Year employment will be determined by the number of permanent full-time positions in the preceding Base Year, plus the number of threshold positions, plus the number of grant eligible positions in the final year of the previous grant period. If a business firm applies for a subsequent five-consecutive-year grant period beyond the two years immediately following the completion of the previous five-year grant period, the business firm shall use one of the two preceding calendar years as subsequent Base Year, at the choice of the business firm.

Threshold number:

Means an increase of four permanent full-time positions over the number of permanent full-time positions in the Base Year or subsequent Base Year.

Transferred employee:

Means an employee of a firm in Virginia that is relocated to an enterprise zone facility owned or operated by that firm.

Wage rate:

Means the hourly wage paid to an employee inclusive of shift premiums and commissions. In the case of salaried employees, the hourly wage rate shall be determined by dividing the annual salary, inclusive of shift premiums and commissions by 1,820 hours. Bonuses, overtime, and tips are not to be included in the determination of wage rate.



Virginia

Enterprise Zone

Real Property Investment Grant Agreed Upon Procedures (GY2024)

SUMMARY ELIGIBILITY REQUIREMENTS

To be eligible, properties must be located in the boundaries of an Enterprise Zone. To determine whether your property is located in an EZ, contact your locality's Economic Development Department.

ELIGIBLE INVESTORS/GRANTEES:

- Owns building (occupant)
- Owns building (non-occupant)
- Owns space in building (office condo)*
- Tenant*
- Developer

ELIGIBLE PROPERTY TYPES:

- Building
- Facility

ELIGIBLE PROPERTY USES:

- Industrial
- Commercial (includes office space)
- Mixed-use (at least 30% of the useable floor space must be industrial or commercial to be eligible)

ELIGIBLE INVESTMENTS:

- Rehabilitation or expansion
- New construction
- Solar-only (meaning solar is the only component added to the building or facility)
- Rehabilitation/expansion with solar
- New construction with solar

INVESTMENT THRESHOLDS:

- **Rehabilitation or expansion**-total amount of improvements must exceed \$100,000 in Qualified Real Property Investments (QRPI) to be eligible
- **New construction**-total amount of improvements must exceed \$500,000 in QRPI to be eligible

- **Solar-only** – no minimum threshold
- **Rehabilitation/expansion with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$50,000 in QRPI to be eligible
- **New construction with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$450,000 in QRPI to be eligible

GRANT CAP:

- If the **total investment is less than \$5 million**, the maximum grant amount is \$100,000 in a five consecutive-year period
- If the **total investment is more than \$5 million**, the maximum grant amount is \$200,000 in a five consecutive-year period

GRANT CALCULATIONS:

- The dollar amount of an RPIG is determined by the amount spent on QRPIs.
- **Grants are available in amounts up to 20% of the QRPI OVER the respective eligibility threshold**, capped based on the limits indicated above.
- Real property investment expenditures funded by federal, state, or local grants are **NOT ELIGIBLE** for an RPIG and must be **excluded** from the application.

REQUIRED APPLICATION MATERIALS

| EZ APPLICATION SYSTEM |

Hard copies are no longer accepted. Applicants must submit their application and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia Form W-9 (federal IRS form NOT accepted)
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- Final Placed-in-Service Document
- CPA Attestation Report Form
- Supplemental Forms: (*if applicable)
 - FORM EZ-RPIG Multiple Owner*
 - FORM EZ-RPIG Tenant-Owner Consent*
 - FORM EZ-RPIG Tenant Coordination*
 - FORM EZ-RPIG Mixed-Use*

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due by **11:59 p.m. on April 01, 2025.**

| RECORD KEEPING REQUIREMENTS |

The Department may at any time review an applicant’s records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding RPIG qualification for a minimum of three years following the receipt of the grant. **Real Property Investment Grantees are monitored annually by DHCD at random.** Grants that do not have adequate documentation regarding qualified real property investments may be subject to repayment.

CPA ATTESTATION RESPONSIBILITIES

CPAs will apply the procedures specified in this document to satisfy the attestation requirement of the Code of Virginia § 59.1-549 Policies and Procedures for allocation of Enterprise Zone grants. This attestation should report on the following:

- The zone investor only includes [qualifying real property investments](#) and that all costs listed on the schedule on the Itemized List of Qualified Real Property Investments document were either capitalized or expensed by the [qualified zone investor](#). Further, the Itemized List should exclude real property investments that were funded from public grants from federal, state, or local sources;
- The real property for which the qualified real property investments were made has been placed in service during the applicable Grant Year (2024);
- In the case of mixed-use buildings, the square footage information and use is accurately indicated on the supplemental form, EZ-RPIG Mixed-Use;
- And, in the case of zone investors owning a space within a building or zone investors applying as tenants, the square footage information is accurately indicated on the supplemental form(s) and the grant application process has been coordinated with all other owners/tenants within the building. For more information regarding the required steps of coordination, see Pages 9-10 and 28 of the Real Property Investment Grant Instruction Manual.

RPIG APPLICANT RESPONSIBILITIES

The zone investor will provide the CPA with the following:

- The Real Property Investment Grant information required to complete the online application and all other required attachments (a sample application page can be downloaded and used for this purpose but is not a required document to be uploaded);
- **All invoices and receipts** for qualified real property investments **capitalized or expensed** by the zone investor;
- The final [placed-in-service documentation](#) issued by the locality for the completed real property improvements;
- For [mixed-use](#) buildings, **the measured drawings** for the building indicating the square footage and use of the building;
- For zone investors applying as owners of space within a building, **the closing documents** or deed of trust indicating the building's square footage;
- For zone investors applying as tenants, **the current lease agreement** indicating the building's square footage.

RPIG AGREED UPON PROCEDURES

| PROCEDURE 1 – Attestation of Completed Application |

The CPA will read the Real Property Investment Application and report that all required documents have been prepared in the prescribed format and the Applicant Declaration Form has been signed and completed. Required documentation is as follows:

1. Completed and signed Commonwealth of Virginia W-9;
2. Signed Local Zone Administrator Form;
3. Signed Applicant Declaration Form;
4. Copy of final placed in service documentation;
 - **Final Placed-in-Service Documentation** for the same physical address as referenced on the application and approval/issuance date within the current Grant Year (2024).
5. Completed, signed and seal/notarized supplemental form for a mixed-use building (if applicable);
 - For mixed-use buildings, **the supplemental Form EZ-RPIG Mixed-Use** must be filled out to indicate the useable floor space in the building (by use). The form will be completed by the individual/firm that prepared the measured drawings/plans submitted to the local building official to obtain necessary permits for improvements to the mixed-use building. If the preparer cannot be contacted, the applicant may obtain Third Party Verification by a licensed, independent third party. The useable floor space as documented on the measured drawings must be indicated on this form. The form must also include a statement to be signed by the preparer of the measured drawings. Stamped and sealed measured drawings will be provided to DHCD at their request. If they are not provided at DHCD's request, the applicant may be denied a grant.
6. Completed, signed, and notarized supplemental form for owners of space in building (if applicable);
 - For buildings with multiple owners, supplemental **Form EZ-RPIG Multiple-Owner** must be filled out to indicate the useable floor space occupied by each owner. The applicant completing the form will need to obtain information on the total building square footage if not specified in the closing documents (condo owner). The form must include coordination with all other owner(s) of space within the building; otherwise DHCD will use proration procedures to determine the grant amount based on the level of investment made to the building and the percentage of the useable floor space owned by the applicant.
7. Completed, signed, and notarized supplemental consent forms for a tenant in a building (if applicable);
 - For buildings with one or more tenants, supplemental **Form EZ-RPIG Tenant-Owner Consent** must be filled out to obtain the owner's consent to apply for grant funds. The owner can either give unconditional consent or may require the applicant tenant to coordinate with all other tenants within the building/facility. The owner's signature must be notarized. The applicant completing the form will need to contact the building owner/management company to obtain information on the total building square footage if not specified in the current lease agreement.

- If the owner of the building/facility has required tenant coordination, supplemental **Form EZ-RPIG Tenant Coordination** must be filled out to indicate the useable floor space occupied by each tenant. The applicant completing the form will need to contact the building owner/management company to obtain information on the total building square footage if not specified in the current lease agreement (tenant). The form will be completed to include coordination with all other tenants(s) of space in the building otherwise DHCD will use proration procedures to determine the prorated grant amount based on the level of investment made to the building and the percentage of the useable floor space leased by the applicant.

| PROCEDURE 2 – Attestation of Qualified Real Property Investments |

The CPA will read the schedule of [Qualified Real Property Investments](#) included in Part III of the RPIG Application, as well as supporting documentation in the form of invoices, receipts, contracts, etc. to determine that only qualified real property investments are listed on the schedule; to ensure that the amount and type of qualified real property investments listed on the schedule accurately reflects the amount and type of qualified real property investments made by the qualified zone investor; and to ensure that the total cost of qualified real property investments indicated on the invoices or receipts equals the amount reported by the zone investor. Management’s written representation should be obtained from the Zone Investor to determine that federal, state, and local source grant monies were not used to obtain the real property investments;

- A. The CPA will obtain and read the schedule of [Qualified Real Property Investments](#) (Part III of the RPIG Application) including the cost categories qualifying for the Enterprise Zone “qualified real property investments” per § 59.1-548. (Enterprise zone real property investment grants) of the Code of Virginia, and 13VAC5-112 of the Virginia Administrative Code, which defines Qualified Real Property Investment as “the amount expended for improvements to rehabilitate, expand or construct depreciable real property placed in service during the calendar year within an enterprise zone provided that the total amount of such improvements equals or exceeds (i) \$100,000 with respect to a single building or a facility in the case of rehabilitation or expansion (\$50,000 for projects that include solar panels and installation costs totaling \$50,000 or more); (ii) \$500,000 with respect to a single building or a facility in the case of new construction (\$450,000 for projects that include solar panels and installation costs totaling \$50,000 or more); OR (iii) projects with no minimum threshold are solely solar panels and installation costs. Qualified real property investments include expenditures associated with (a) any exterior, interior, structural, mechanical or electrical improvements necessary to construct, expand or rehabilitate a building for commercial, industrial or mixed use; (b) excavations; (c) grading and paving; (d) installing driveways; and (e) landscaping or land improvements. Qualified real property investments shall include, but not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, cleaning, cleanup, and solar panels and installation costs.”
- B. In the case of cost categories listed on Part III-Qualified Real Property Investments of the RPIG Application that include more than one type of work (such as drywall and demolition), a breakdown of the work included in such category will obtain by the CPA and read to ensure

that all cost categories are Qualified Real Property Investments according to § 59.1-548A of the Code of Virginia. The CPA will report any items whose qualifications are uncertain, including the exact dollar amount of the corresponding qualified real property investments submitted RPIG Application.

- C. The CPA will compare Part III-Qualified Real Property Investments of the RPIG Application to the general ledger entries to determine that the items and costs listed on the schedule were charged to the appropriate capital (asset) account or expense account. The CPA will read the schedule and note any items that are not charged to the capital account or expense account. In cases where not all qualified real property investments under the Final CO charged to the capital account or expensed have been paid for, a charge to a capital account or an expense account with a corresponding recorded entry to a liability account and proof of subsequent payment thereof within 60 days of the calendar year end is satisfactory proof to count those qualified real property investments.
- D. Next, the CPA will obtain and read 100 percent of the invoices, receipts, AIA reports, and any other relevant documentation of construction expenses. The CPA shall compare these documents to the dollar values presented on Part III- Qualified Real Property Investments of the RPIG Application and report on whether the charges agree.
- E. The CPA shall obtain and read Part III-Qualified Real Property Investments of the RPIG Application and the contents of their Attestation Report, to determine whether the total Qualified Real Property Investment reported on the RPIG Application meets the minimum investment threshold, as established by § 59.1-548. Enterprise zone Real Property Investment Grants.
- F. The CPA shall inquire of the source of all grant monies used to fund the Qualified Real Property Investment, by obtaining management representation, to determine that federal, state, and local source grants of public funds were not used to purchase items on the RPIG Application.

| PROCEDURE 3 – Attestation of Placed in Service Documentation |

The CPA will read the Placed-In-Service Documentation which indicates that work is complete and up to code as evidenced by the “placed in service date” (the date of the final Certificate of Occupancy (CO), final building inspection, or the date of the third-party inspection report for the building). The “placed in service date” dictates the calendar year in which the qualified zone investor applies for the grant.

For All Types of Placed in Service Documentation

- A. The CPA will read to ensure that the placed in-service document is final, and no other documentation was issued or is pending (for example, a final building inspection issued before a CO) by confirming with the locality’s Building Code Office the final documentation issued for the rehabilitation/expansion/new construction project for which a grant is being sought.

- B. In cases in which the final placed in service documentation issued was only for a portion of the building/facility (for example, a CO for the first floor in a four story building), the CPA will read the qualified real property investment amount listed on Part IV, Box 3A of the RPIG Application to determine that it only includes work completed on the portion of the building/facility covered under the CO. The CPA may contact the agency that issues the final certificate of occupancy or inspection documentation to determine the scope of work approved in Placed in Service documentation.

When Placed in Service Documentation is a Final CO

- A. The CPA will compare the physical address on the final Certificate of Occupancy (CO) for the building to determine it is the same physical address as listed on the RPIG Application.
- B. The CPA will read the final CO to determine that the date of issuance is within Grant Year 2024.
- C. The CPA will read the final CO to determine that it indicates that it was final, not temporary or pending. Applications will not be accepted for work done under a temporary, pending, or failed CO.
- D. In the case of a shell CO, the CPA read the RPIG Application- Part I, Box 2 to determine that the zone investor is not a tenant of the building, unless they have signed a [capital lease agreement](#) and have coordinated with the building owner.
- E. The CPA will read the final CO to determine that the name listed on the final CO matches the name of the [qualified zone investor](#) on EZ-RPIG Part I, Box 1. If a different entity or individual is listed on the final CO, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the CO has been included in Part II, Section B of the RPIG application.

When Placed in Service Documentation is a Final Building Inspection

- A. In cases where the building was in continual service during the rehab/expansion work, or there was no change in use or final CO required, the CPA will read the final building inspection to determine that the physical address on the final building inspection is the same physical address as listed on the RPIG application.
- B. The CPA will read the final building inspection to determine that the date of issuance is within Grant Year 2024.
- C. The CPA will read the final building inspection report to determine that the final inspection is marked as approved and not pending or temporary. In cases in which localities issue multiple inspections for a project (building, electrical, mechanical, etc.), the CPA will read all final inspection documents to determine that all the inspections indicate they are fully approved/passed in order for the corresponding dollar amounts under each inspection to be included in the total qualified real property investment amount.

- D. The CPA will read the final building inspection to determine that the name listed on the final inspection matches the name of the qualified zone investor RPIG Application Part 1, Box 1. If a different entity or individual is listed on the final inspection, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the final building inspection has been included in Part II, Section B of the RPIG application.

When Placed in Service Documentation is a Third-Party Licensed Inspector's Report

- A. In cases where the locality did not require any building permits or other permits for ANY of the qualified real property investments listed on the schedule in Part III of the EZ-RPIG information entered online, the CPA will read an official letter from the building code official to determine that it references the physical address and states that such permits were not required for the work.
- B. The CPA will read the licensed third-party inspector's report to determine that the physical address on the report is the same physical address as listed in the RPIG Application information entered online.
- C. The CPA will read the third-party inspector's report to determine that the date the report was issued was within Grant Year 2024.
- D. The CPA will read the third-party inspector's report to determine that it indicates that all work was complete in Grant Year 2024 with no outstanding or failed items reported.
- E. The CPA will read the licensed third-party inspector's report to determine that the name listed on the report matched the name of the qualified zone investor on RPIG Application Part I, Box 1 (which will be submitted electronically). If a different entity or individual is listed on the report, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the third-party inspector's report has been include in Part II, Section B of the RPIG Application.

What is the required format of the Third-Party Inspector's Report?

Based on [Section 113.7.1](#) ("Third-Party Inspectors") of the Virginia's Uniform Statewide Building Code: "Each building official charged with the enforcement of the USBC shall have a written policy establishing the minimum acceptable qualifications for third-party inspectors. The policy shall include the format and time frame required for submission of reports, any prequalification or pre-approval requirements and any other requirements and procedures established by the building official." Hence, the Third-Party Inspector's Report must meet the guidelines set forth by the local jurisdiction in which the project was completed.

| PROCEDURE 4 – Attestation of Square Footage for Mixed-Use Buildings |

When building is mixed-use:

- A. The CPA will read to determine that if the applicant has indicated “Mixed-Use” in Part I of the RPIG Application on Box 5, the applicant has provided the CPA with the supplemental **Form EZ-RPIG Mixed-Use** where Part II of the form has been “completed by the preparer (or the representative of the preparer) of the measured drawings/plans submitted to the locality” and that it contains the professional seal (AIA) or notarized signature of the preparer (or representative of the preparer) of the drawings, if not an architect. In the case where no formal drawings were required by the locality or the zone investor prepared their own measured drawings, the CPA will determine that a licensed third-party architect or contractor has signed and sealed the form certifying that at least 30 percent of the useable floor space in the building is devoted to commercial, industrial, or office use. To determine that validity of an architect or contract license in the State of Virginia, the CPA should reference the Virginia Department of Professional and Occupational Regulations (<http://www.dpor.virginia.gov/LicenseLookup/>).
- B. The CPA will determine that Part II, Box 4 of the **Form EZ-RPIG Mixed-Use** is mathematically correct based on information on Part II, Boxes 2a, 2b, and 3 and **is at least 30 percent**.

| PROCEDURE 5 – Attestation of Owners of Space in Building |

When building has multiple owners of space in the building/facility (condo):

The CPA will determine that the square footage information indicated in the closing documents or deed of trust is accurately indicated on the supplemental form for zone investors who own space in a building. The qualified zone investor must provide the CPA with access to the closing documents or the deed of trust. Additionally, the CPA must determine that the zone investor has coordinated qualification with all other owners of the building; otherwise DHCD’s proration procedures will be used to determine the grant amount. For more information regarding the required steps of coordination for owners of space within a building, see pages 9-10 and 28 of the Real Property Investment Grant Instruction Manual.

- A. The CPA will determine that if the applicant has indicated “owns space in a building (i.e. office condo)” in Part I of the RPIG Application that a supplemental **Form EZ-RPIG Multiple-Owner** has been completed and signed by the applicant. The CPA should compare Part II Boxes 1 and 2 of the supplemental **Form EZ-RPIG Multiple Owner** to any backup documentation provided by the applicant (deed of trust or other closing documents) and report on these findings.
- B. The CPA will determine that Part II, Box 3 of the supplemental form is mathematically correct.
- C. The CPA will determine that information in Part III of the supplemental form agrees with the grant requested by the zone investor on RPIG Application indicating that either the grant request is being prorated or has been coordinated with all other owners of space in the building. In the case of coordination, the CPA will determine that all the building/facility’s square footage has been accounted for by the other owners’ notarized signatures such that the sum of the square feet listed in Part III Box C and the square footage listed in Part II, Box 1 equals Part II, Box 2 (building’s total square footage).

| PROCEDURE 6 – Attestation of Tenant(s) in a Building |

When applicant firm is a tenant in the building/facility:

The CPA will determine that the square footage information indicated in the current lease agreement is accurately indicated on the supplemental form for buildings with tenant(s). The qualified zone investor must provide the CPA with access to the lease. Additionally, the purpose is to ensure that the zone investor has obtained the consent of the building owner and (if required by the owner) has coordinated qualification with all other tenants in the building, otherwise DHCD's proration procedures will be used to determine the appropriate grant amount.

- A. The CPA will determine that if the applicant has indicated "tenant in building" in Part I of the RPIG Application in Box 2, a supplemental **Form EZ-RPIG Tenant-Owner Consent** has been completed and the applicant has provided the CPA with documentation (valid lease) that agrees with Part III Boxes 1 and 2 of the supplemental **Form EZ-RPIG Tenant-Owner Consent**.
- B. The CPA will determine that Part IV & V of **Form EZ-RPIG Tenant-Owner Consent** have been completed whereby the owner of the building gives consent to the tenant to apply for the grant.
- C. The CPA will determine that Part III, Box 3 of **Form EZ-RPIG Tenant-Owner Consent** is mathematically correct.
- D. The CPA will determine that in the supplemental **Form EZ-RPIG Tenant-Owner Consent** agrees with the grant requested by the zone investor in the RPIG Application Part IV, Box 3D which indicates that the grant request is either being prorated, has been coordinated with all other owners/tenants within the building, or the owner has given consent without requiring coordination. In the case of coordination, the CPA will determine that the building/facility's square footage has been accounted for by the other owners' or tenants' notarized signatures such that the sum of the square feet listed in Part III Box C of the supplemental **Form EZ-RPIG Tenant Coordination** and the square footage listed in Part II, Box 1 equals Part II, Box 2 (building's total square footage).

Multi-Tenant/Owner Proration Formula

*If the required coordination has not been performed, DHCD will implement its **proration procedures** for such buildings based on the useable floor space leased/owned by the zone investor.*

The maximum grant amount available (either \$100,000 or \$200,000) be will determined by the cumulative qualified real property investments made to the building/facility within the consecutive five-year period starting with the qualification year in which a grant was first awarded.

- *DHCD will then multiply the applicable grant cap by the percent of the building's useable floor space for which the tenant has a lease or for which the owner has a deed of trust (or other closing documents).*
- *The grant cannot exceed this amount or 20% of the applicant's qualified real property investment (not exceeding the investment threshold cap), whichever is less.*

DEFINITIONS FOR REAL PROPERTY INVESTMENT GRANTS

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the qualified zone investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will test and report regarding the assertion of the qualified zone investor in connection with its qualification to receive the Enterprise Zone incentive pursuant to § 59.1-549 of the Code of Virginia.

Building:

Means any construction meeting the commonly ordinarily accepted meaning of the term (building, *n*, a usually roofed and walled structure built for permanent use) where 1) areas separated by interior floors or other horizontal assemblies; and 2) areas separated by fire walls or vertical assemblies shall not be construed to constitute separate buildings, irrespective of having separate addresses, ownership or tax assessment configurations, unless there is a property line contiguous with the fire wall or vertical assembly.

Capital lease:

Means a lease that meets one or more of the following criteria and as such is classified as a purchase by the lessee: the lease term is greater than 75 percent of the property's estimated economic life; the lease contains an option to purchase the property for less than fair market value; ownership of the property is transferred to the lessee at the end of the lease term; or the present value of the lease payments exceed 90 percent of the fair market value of the property.

- **Special information for Tenant applicants:** Investments to real property made under an operating lease do not qualify as investment capitalized by a tenant. Only leasehold improvements made directly by a tenant, or improvements made under a capital lease are considered grant-eligible.

Investment	Applicant
Leasehold improvements made directly by tenant	Tenant applies for RPIG
Improvements made under a capital lease	Tenant applies RPIG
Improvements paid for as part of an operating lease	Tenant may not apply for RPIG

Common control:

Means those firms as defined by Internal Revenue Code § 52(b).

Expansion:

Means an increase in square footage or the footprint of an existing nonresidential building via a shared wall, or enlargement of an existing room or floor plan. Pursuant to Real Property Investment Grants, this includes mixed-use buildings.

Facility:

Means a complex of buildings, co-located at a single physical location within an Enterprise Zone, all of which are necessary to facilitate the conduct of the same trade or business. This definition applies to new construction, as well as to the rehabilitation and expansion of existing structures.

Independent Certified Public Accountant:

Means a public accountant certified and licensed by the Commonwealth of Virginia who is independent of the entity 'in fact' and in appearance. The CPA must comply with the independence requirements in the AICPA Code of Professional Conduct. Potential scenarios that may impair a CPA's independence include financial interest in the client, business relationships with the client, family or personal ownership of or employment by the client (present or former), and being on the Board of Directors or a Trustee of the client. This list is not all-inclusive and other situations may arise that impair the independence of the CPA.

Local Zone Administrator:

Means the chief executive of the city or county, in which an enterprise zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

Mixed-use:

Means a building incorporating residential uses in which a minimum of 30 percent of the useable floor space will be devoted to commercial, office or industrial use. Buildings where less than 30 percent of the useable floor space is devoted to commercial, office, or industrial use shall be considered primarily residential in nature and shall not be eligible for the Real Property Investment Grant under 13 VAC 5-112-330. This definition applies only for the purpose of qualifying for Enterprise Zone incentives.

Mobilization:

Mobilization includes preparatory work and operations necessary for the movement of heavy equipment and supplies (construction supplies NOT office supplies) to the project site, necessary for work on the project.

New construction:

Means a single, nonresidential facility built on previously undeveloped land of a nonresidential structure built on the site/parcel of a previously razed structure with no remnants of the prior structure or physical connection to existing structures or outbuildings on the property. Pursuant to Real Property Investment Grants this shall include mixed-use buildings.

Placed in service:

Means the final Certificate of Occupancy has been issued or the final building inspection has been approved (as well as all associated trades inspections) by the local jurisdiction for real property improvements or real property investments, or in cases where a project does not require permits, the licensed third-party inspector's report indicating that the project is complete.

Qualified real property investment:

Means the amount expended for improvements to rehabilitate, expand, or construct depreciable real property, regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury Regulations. The improvements must be placed in service during the calendar

year within an Enterprise Zone provided that the total amount of such improvements equals or exceeds (i) \$100,000 with respect to a single building or a facility in the case of rehabilitation or expansion or (ii) \$500,000 with respect to a single building or a facility in the case of new construction. Qualified real property investments include expenditures associated with (a) any exterior, interior, structural, mechanical, or electrical improvements necessary to construct, expand or rehabilitate a building for commercial, industrial or mixed use; (b) excavations; (c) grading and paving; (d) installing driveways; and (e) landscaping or land improvements. Qualified real property investments shall include, but not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, solar panels, cleaning, and cleanup.

Consistent with the provisions of §13VAC5-112-340, Code of Virginia, beginning on January 1, 2020, the installation of solar panels shall be considered eligible investments for the purposes of the real property investment grants, provided that such solar installation investment is in an amount of at least \$50,000 and the grant shall be calculated at a rate of 20 percent of the amount of qualified real property investments in excess of \$450,000 in the case of construction of a new building or facility. Grants shall be calculated a rate of 20 percent of the amount of qualified real property investment in excess of \$50,000 in the case of the rehabilitation or expansion of an existing building or facility. In the case where the grant is awarded based solely on solar investment, the grant shall be calculated at a rate of 20 percent of the amount of total qualified real property investments made in solar installation. For such properties eligible for real property investment grants made solely on the basis of solar installation investments of at least \$50,000 but not more than \$100,000, awards shall not exceed \$1,000,000 in aggregate in any fiscal year.

Qualified real property investment shall not include: The cost of acquiring any real property or building; other costs including: (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering, surveying, and interior design fees; (iii) loan fees, points, or capitalized interest; (iv) legal, accounting, realtor, sales and marketing, or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, and inspection fees; (vi) bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction; (vii) utility connection or access fees; (viii) outbuildings; (ix) the cost of any well or septic or sewer system; and (x) roads. The basis of any property: (i) for which a grant under this section was previously provided; (ii) for which a tax credit under § 59.1-280.1 of the Code of Virginia was previously granted; (iii) which was previously placed in service in Virginia by the qualified zone investor, a related party as defined by Internal Revenue Code § 267 (b), or a trade or business under common control as defined by Internal Revenue Code § 52 (b); or (iv) which was previously in service in Virginia and has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom it was acquired or Internal Revenue Code §1014 (a).

Qualified zone investor:

Means an owner, tenant, or developer of real property located within an Enterprise Zone who expands, rehabilitates or constructs such real property for commercial, industrial or mixed use. In the case of a tenant, the amounts of qualified zone investment specified in this section shall relate to the proportion of the property for which the tenant holds a valid lease. Units of local, state and federal government or political subdivisions shall not be considered qualified zone investors.

Rehabilitation:

Means the alteration or renovation of all or part of an existing nonresidential building without an increase in square footage. Pursuant to Real Property Investment Grants this shall include mixed-use building.

Same trade or business:

Means the operations of a single company, related companies, or companies under common control.

Solar Panels:

Means the cost of solar equipment and shipping, supporting structural frames and foundations, fasteners, professional installer costs, and electricians. The costs of engineering, permits, and consulting fees do not qualify.