

Virginia Enterprise Zones

Grant Year 2014 Real Property Investment Grant Instruction Manual



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ABOUT THIS MANUAL

This manual provides instructions for qualifying for the Enterprise Zone (EZ) Real Property Investment Grant (RPIG). It has been compiled for the applicant (qualified zone investor) and addresses the applicant's responsibilities in completing the application materials.

Specific icons have been used throughout the manual to provide user-friendly instructions. Frequently asked questions have been included within each grant section and are denoted by a question mark symbol (🔍) within a text box. Additionally, important definitions, guidelines, and reminders are also emphasized in highlighted text boxes. Snapshots of the actual application forms are pasted within the manual to provide step-by-step instructions for each component of the application. Details pertaining to required forms have been indicated by the following symbol: 📄 Lastly, for your convenience, key terms have been hyperlinked to their corresponding definitions in the glossary provided at the end of the instruction manual. Please note that the terms included in the glossary are defined by statute and program regulation and must be followed.

A qualified representative of the zone investor is expected to complete all of the required application components. An independent Certified Public Accountant (CPA), licensed in Virginia, must attest to the application materials. For specific information on CPA eligibility, see the text box on page 24.

The Real Property Investment Grant manual is organized as follows:

- An overview of the grant amount and eligibility criteria;
- General limitations;
- Preliminary information for applicants to gather;
- Step-by-step instructions for completing the required application and supplemental materials.

ENTERPRISE ZONE GRANT QUALIFICATION PROCESS

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

ACCESSING THE RPIG APPLICATION AND ADDITIONAL INFORMATION

The qualified zone investor is expected to complete and submit all required application components. The application form, supplemental materials, and all supporting information are available on the EZ Online Submission System site under the **Real Property Investment Grant (RPIG)** header.

Link to the EZ Online Submission System: <https://dmz1.dhcd.virginia.gov/EZApplication/>



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 all RPIG grant applications. The template for the *RPIG CPA Attestation Report* as well as the *CPA Agreed-Upon Procedures Instruction Manual* are available on the EZ Submission site under the **CPA Attestation Report (RPIG and JCG)** header. For specific information on CPA eligibility, see the text box on page 24 of this manual.

A separate application instruction manual is available for the Job Creation Grant (JCG) and can also be downloaded from the EZ Online Submission System site under the **Job Creation Grant (JCG)** header.

SUBMITTAL REQUIREMENTS

The application process for the RPIG involves two components; the electronic submittal of form EZ-RPIG, and the submittal of a signed hard copy of form EZ-RPIG as well as the required attachments including the CPA Attestation Report.

All applicants are required to submit form EZ-RPIG electronically via the EZ Online Submission System. Online applications must be submitted through the system by no later than **11:59 PM, April 1, 2015 (EST)**. Applicants will be prompted to print the completed application as part of the online submittal process.

Link to the EZ Online Submission System: <https://dmz1.dhcd.virginia.gov/EZApplication/>

The **signed hard copy of Form EZ-RPIG and all other supplemental materials must also be submitted by the April 1st deadline**. The signed application materials should be mailed via United States Postal Service certified mail, return receipt requested and postmarked no later than April 1st; or shipped via UPS, Fed Ex or another service where shipping can be tracked with a shipped date no later than April 1st. Applications may be hand delivered to DHCD by the close of business on April 1st, however hand delivery is not preferred.

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DHCD reviews all applications for completeness. Any application submitted without the required CPA Attestation Report or submitted after the April 1st deadline (but before May 15th, 2015) will be considered **late**. Such applications are held until DHCD determines that funds remain after fully funding on-time applications. At such time, DHCD will review and process late applications on a first-come, first served basis. **Please keep in mind that DHCD is unable to pre-qualify any applicants.**



ONLINE SUBMITTAL

All applications must be submitted electronically. If you do not have online access, please contact DHCD immediately. Online applications offer an auto-calculation feature and enable a more efficient processing.

Again, online applications must be submitted no later than **11:59 PM, EST April 1st, 2015**. Once the "Submit" button is clicked, applicants will be automatically prompted to print a PDF of the completed application. This is

the copy to be signed by the [Local Zone Administrator](#) and mailed in with the required supplemental materials. **The signed hard copy and all other supplemental materials must also be submitted by the April 1st deadline.**

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 confirmation emails in the following order:

1. Successful submission of the online application

This email will indicate the date and time of the submittal and will also include a reminder to print the application and send in the signed hard copy and all other required materials (including the CPA Attestation Report) by the **April 1st deadline**. DHCD recommends applicants print and keep a copy of the email with their grant records. If this email is not received within 5 business days of the online submittal, contact DHCD immediately.

Due to the increasing volume of applications DHCD receives each year, we recommend that applicants rely on the email confirmation system rather than phone inquiries regarding an application's status. In the case in which an online application or hard copy was submitted and the applicant does not receive an email confirmation within 5 business days, please contact DHCD regarding the status of the application.

2. Receipt of hard copy application and required materials

Once the hard copy of the application and the other required materials are received, an email will be sent to the applicant stating the date of receipt. DHCD recommends applicants print and keep a copy of this email with their grant records.

3. Notification of Deficiencies

DHCD will notify applicants by **May 15th** in cases where additional information is required due to application deficiencies. Once the applicant provides the additional information requested, a final email will be sent to the applicant confirming DHCD's receipt of the requested material.

SUBMITTAL OF MULTIPLE APPLICATIONS

If submitting more than one application (for example, a Job Creation Grant and a Real Property Investment Grant application), **each grant application and associated materials should be sent separately via certified mail, return receipt requested**. Due to the high volume of applications received, DHCD cannot guarantee proof of the receipt of each application when multiple applications are submitted together unless a cover letter listing each submittal is included in the package.

TAXABILITY OF GRANTS

Under Internal Revenue Service regulations, grant awards may be considered taxable income. A 1099 will be issued to all Enterprise Zone grantees for the grant awards received. For tax-related questions, please contact your tax professional for guidance.

Note: If a grant applicant has any type of outstanding liability to the State (such as an outstanding tax liability), the awarded grant amount will be reduced by the dollar amount of the liability. DHCD does not have records of potential liabilities as this process is handled outside the agency. If you receive a grant award that is less than the amount noted in the **qualification letter**, please call the Department of Accounts at (804) 371-8383.

RECORD KEEPING REQUIREMENTS

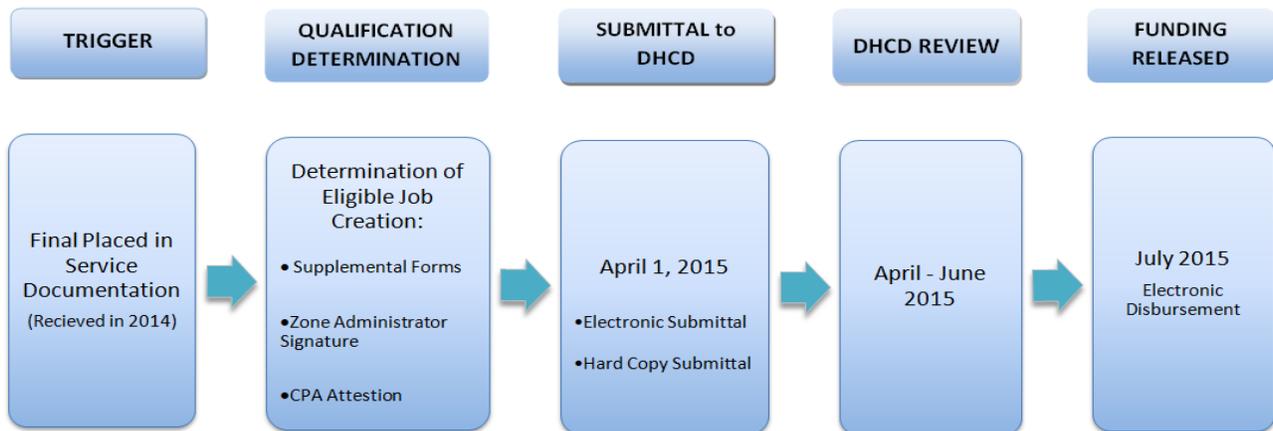
The Department may at any time review an applicant's records related to qualification under this section to assure that information provided in the application process is accurate. Qualified zone investors shall maintain all documentation regarding qualification for the Enterprise Zone Real Property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

GRANT YEAR 2014 TIMELINE

The timeline for Grant Year 2014 is as follows:

Virginia Enterprise Zones Grant Year 2014 Timeline
<ul style="list-style-type: none"> • April 1, 2015: Applicant submits required application materials to DHCD • May 15, 2015: DHCD notifies applicant of any deficiencies • June 1, 2015: Deadline to resolve deficiencies • June 30, 2015: DHCD notifies applicant of qualification • July, 2015: Virginia Dept. of Treasury sends Enterprise Zone Grant check to applicant

Virginia Enterprise Zones RPIG Qualification Process Grant Year 2014



REAL PROPERTY INVESTMENT GRANTS

The chart below summarizes the eligibility criteria and grant amount available for the RPIG.

<p><i>Real Property Investment Grants are available for investments made to industrial, commercial, or mixed-use properties located within the boundaries of Enterprise Zones. Grants are available to qualified zone investors in amounts up to 20% of the qualified real property investment, not to exceed \$200,000 per building or facility within a five-year period.</i></p>	
<p>Grant Restrictions</p> 	<p>The following entities are prohibited from applying for the RPIG:</p> <ul style="list-style-type: none"> • Units of local, state, or federal government (typically have FEIN beginning with 54600)
<p>Eligibility Requirements</p> 	<ul style="list-style-type: none"> • The property (building or facility) must be located within the boundaries of a Virginia Enterprise Zone. • The building or facility must be commercial, industrial, or mixed-use. <ul style="list-style-type: none"> ○ <i>Mixed-use is defined as a building incorporating residential uses in which a minimum of 30% of the useable floor space is devoted to commercial, office, or industrial use.</i> • For the rehabilitation or expansion of an existing structure, the zone investor must spend at least \$100,000 in qualified real property investments to be eligible. • For new construction projects, the zone investor must spend at least \$500,000 in qualified real property investments to be eligible.
<p>Term</p> 	<ul style="list-style-type: none"> • Grants may not exceed \$200,000 per building or facility in a five-consecutive-year period. Five-year periods being with the qualification year in which a grant was first awarded. • After the conclusion of a five-consecutive-year period, the property beings another eligibility period and the grant cap of \$200,000 is restored.
<p>Amount¹</p> 	<p>The dollar amount of a Real Property Investment Grant is determined by the amount spent on qualified real property investments.</p> <ul style="list-style-type: none"> • Grants are available in amounts up to 20% of the qualified real property investment above the respective eligibility threshold, capped based on the following limits: <ul style="list-style-type: none"> ○ Up to \$100,000 per building/facility for qualifying real property investments less than \$5 million. ○ Up to \$200,000 per building/facility for qualifying real property investments of \$5 million or more. <p><i>Grant awards are capped per building or facility over a five-year term based on the cumulative level of investment starting with the qualification year in which a grant was first awarded. No building or facility shall receive more than \$200,000 per five-year period.</i></p>

¹ Grant amount is subject to proration should requests exceed grant funds allocated.

GENERAL LIMITATIONS

- The maximum grant amount is capped per building or facility and is not to exceed a total amount of \$200,000 within a five-consecutive-year period starting with the qualification year in which a grant was first awarded.
- Properties that have previously qualified for the Real Property Investment Grant within the current 5-year period are available online at <https://dmz1.dhcd.virginia.gov/EZApplication/>. Use the RPIG Award Schedule to verify that your property has not received a RPIG in the past 4 years. If the property is listed on the Award Schedule, the property may have a cap on future grant requests until the 5-year period has passed.
- A qualified zone investor may not apply for the Real Property Investment Grant for investments already incurred or for which Real Property Improvement Tax Credits were received.
- A qualified zone investor may apply for **both** the Real Property Investment Grant and State/Federal Historic Tax Credits.

ELIGIBLE PROPERTIES

The Real Property Investment Grant (RPIG) is available for the rehabilitation, expansion, or new construction of commercial, industrial, or mixed-use buildings/facilities located within the boundaries of Virginia Enterprise Zones. The program defines eligible mixed-use properties as those with at least 30% of the usable floor space devoted to commercial, office, or industrial use. In other words, to be eligible for the RPIG, no more than 70% of the usable floor space in a mixed-use building or facility may be devoted to residential use.

The first thing a potential RPIG applicant should do is contact the Local Zone Administrator (LZA) to confirm the building or facility is within the boundaries of an Enterprise Zone.

Each zone has a unique LZA. Contact information for [Local Zone Administrators](#) is available on the EZ Online Submission System Site at the following link: <https://dmz1.dhcd.virginia.gov/EZApplication/>.



How does one distinguish between a building and a facility?

For grant purposes, a facility is 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. A facility typically represents a group of buildings under common ownership, management, and operations.

*Common management and operations means that the group of buildings is designed to function as a **unit**, such that in the case of tenants, a management company dictates their hours of operations, etc. Clustered buildings that are not related operations but choose to co-locate for convenience or by coincidence do not constitute a facility. Examples of [Facilities](#): Mall, lumber mill plant, hotel with multiple buildings*

ELIGIBLE APPLICANTS

Any [qualified zone investor](#) (entity or individual) capitalizing the costs associated with the real property investment may apply for the RPIG. A zone investor may be a:

- Property owner (occupant or non occupant)
- One of multiple owners within a building
- Tenant
- Developer

For zone investors applying as a tenant or an owner of space within a building, supplemental forms verifying coordination with the owner of the property, other tenants and/or other owners are required.

Coordination requires **all** owners and tenants within a multi-owner/tenant building or facility to provide their (notarized) signature(s) and square footage leased/owned as indication of their understanding that RPIG awards are capped per building or facility. This is to ensure that no more than the applicable grant cap is requested within a five-consecutive-year period for the building or facility.

Multi-Tenant/Owner Proration Formula

If no coordination has taken place (as described in the information to the left of this box), DHCD will implement its proration procedures for such buildings based on the useable floor space leased/owned by the zone investor.

1. *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.*
2. *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.*
3. *The grant cannot exceed this amount or 20% of the applicant's qualified real property investment made in excess of the applicable investment threshold (not to exceed the maximum investment cap), whichever is less.*

Multiple Owners

In the case where the zone investor owns space within a building/facility, the applicant will need to coordinate qualification (as described above) with all other owners within the building/facility.

The applicant owner must have adequate documentation such as a deed of trust or an official property assessment to indicate the portion of the building (square footage) he/she owns on the date of issued placed in service document. The applicant must also request supporting documentation to determine the portion of the building that is owned by the other individuals or entities.

In cases where the required coordination does not take place, DHCD will determine the maximum grant amount available based on the proportion of the building the applicant owns. For an example of how DHCD applies the proration formula, see the scenario on page 21 of this manual.

? If I built a new building and sold the office space within the building prior to receiving my final CO, would I be eligible to apply for the maximum grant amount?

Only if your intention to apply for the full grant amount was stipulated in the sales contract with the new owners (for which you will need to provide DHCD a copy of). If there was no stipulation, the grant request must be coordinated with the other owners of the building as of the date the issued Certificate of Occupancy or other applicable final placed in service documentation.

Tenants

Tenants may apply for qualified real property investments made to the portion of the building for which they hold a valid lease. Tenant applicants are required to submit written, notarized consent from the owner of the building/facility. If required by the owner, the applicant will need to coordinate qualification with the other tenants; otherwise DHCD will implement the proration formula explained in greater detail on page 21.

Special information for Tenants:

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.

<i>Investment</i>	<i>Applicant</i>
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

Developers

In the case of a developer who capitalizes the real property investments but does not own the building, the developer must receive consent and coordinate with the building owner(s) unless the sales contract with the new owner(s) includes notification of the grant availability and the developer’s intent to apply. In that scenario, the developer would not be required to coordinate and should instead provide the contract to DHCD.

DETERMINATION OF GRANT YEAR

An applicant must apply for the Real Property Investment Grant for the calendar year in which the building was [“placed in service.”](#) To be eligible for Grant Year 2014, the placed in service documentation must be approved within the 2014 calendar year (between January 1st, 2014 and December 31st, 2014).

The placed in service date is one of the following:

- The date in which the final, approved **Certificate of Occupancy (CO)** is issued for work done to the respective building or facility.
- The date the final approved **building inspection** is issued for the work done to the building or facility.
- In cases where a project does not require permits, the date of a licensed **third party inspector’s report** which states that the project is complete. To be eligible, the third party inspection must occur in 2014 and the report must be dated within the 2014 calendar year.

For zone investors planning to apply for the 2014 grant year, the placed in service date must be within the 2014 calendar year.

The RPIG application may only include qualified real property investments completed under the final placed in service document that were capitalized by the qualified zone investor. The RPIG application is due April 1st of the calendar year following the placed in service date. For example, a construction project that receives the final CO between January 1st, 2014 and December 31st, 2014, would submit a Grant Year 2014 RPIG application to DHCD by April 1st, 2015.

Please note that DHCD is unable to process applications with placed in service documentation from previous calendar years, such as a final building inspection or final CO issued in 2013.

QUALIFIED REAL PROPERTY INVESTMENTS

Prior to beginning an RPIG application, a zone investor should determine if they meet the basic qualification criteria. Applicants should first assess the applicable type of qualified real property investment—[rehabilitation](#), [expansion](#), or [new construction](#). They should then determine if they meet the respective minimum investment threshold in qualified real property investments.

Minimum investment thresholds:

- [Rehabilitation](#) & [Expansion](#): \$100,000 in qualified real property investments
- [New Construction](#): \$500,000 in qualified real property investments

Qualified real property investments include expenditures associated with any exterior, interior, structural, mechanical or electrical improvements necessary to construct, expand or rehabilitate a building for commercial, industrial or mixed use.

What Constitutes a Qualified Real Property Investment? Examples Below:

Qualified	Unqualified
Carpentry Ceilings Cleaning and site clean-up Cabinetry <i>(if taxed as real property)</i> Demolition Doors, windows Driveways Drywall Electrical improvements* Excavation, grading Exterior repair Fencing Fire suppression systems Fixtures HVAC Landscaping Mechanical improvements* (Ex: Instalation of an elevator system) Painting Paving Plumbing Masonry Roofing and flashing Sheetrock, plaster Shelving <i>(if taxed as real property)</i> Sidewalks Fire system <i>*Equipment unrelated to construction and labor/material cannot be included in this category</i>	Appraisal, architectural, engineering, or interior design fees Bids Blinds or other window treatments Bonding Closing costs Copying Furnishings Insurance Land or building acquisition Legal, accounting, realtor, sales and marketing or other professional fees Loan fees; capitalized interest Machinery, tools, other equipment Outbuildings <i>(if ancillary to the function of the main building)</i> Permits, user fees, zoning fees, impact fees, inspection fees Rent loss Signage or signs Temporary facilities Utilities Utility hook-up or access fees Well, septic, or sewer systems Roads <p style="text-align: center;">No "SOFT COSTS"</p>

OTHER QUALIFIED REAL PROPERTY INVESTMENTS

Site Work & General Conditions

“Site work” and “general conditions” are common schedule items however, not all items typically included under these categories constitute qualified real property investments. Often, unqualified items are lumped into “site work” or “general conditions”. **When completing the schedule on the Form EZ-RPIG, it is best to break down and list all work included under the “site work” and “general conditions” categories.**

Qualified Site Work	Unqualified Site Work
Clearing Concrete excavation/earthwork Construction overhead Drywall Finishes	Sewer tie-in fees Utilities Water/meter fees

 **What “General Conditions” on my contractor’s invoice are considered qualified real property investments?**

Provided that the “General Conditions” are charged to your capital (asset) account, the following items constitute qualified real property investments under a category of “general conditions”:

- Clean up
- General Labor
- Hoisting
- [Mobilization](#)
- Project Manager
- Project Superintendant
- Rental Equipment

Conditional Items

The following items qualify as real property investments (i.e. their corresponding dollar amount can be included in the investment total) **only** if the described conditions are met.

Awning/Canopy	Must be structurally part of building/roof to qualify. Awnings or canopies that are fabric or non-structural do <u>not</u> constitute a real property investment.
Change Orders	Needs to be broken down into more specific categories, such as “additional flooring work” in order to ensure that each item is a qualified real property investment.
Plumbing/Piping	Can only include work that is structurally within the building/facility, <u>not</u> what’s running from the building to an outside location.
Wiring	The wiring must be structurally part of the building (such as in-wall wiring for telephone systems).

For questions regarding the eligibility of certain investments, please contact DHCD at (804) 371-7030 or EZONE@dhcd.virginia.gov.

REQUIRED APPLICATION MATERIALS

Form EZ-RPIG must be submitted online by **11:59 PM on April 1st, 2015 (EST)**. After submitting the online form, applicants should print the completed EZ-RPIG application from the EZ Online Submission System site, then mail the signed hard copy in addition to the materials listed in the table below.

Real Property Investment Grant Submission Materials	
Materials	Submission Deadline
<ul style="list-style-type: none"> Form EZ-RPIG** Placed in Service Documentation W-9 Form EZ-RPIG Multiple Owner* Form EZ-RPIG Tenant-Owner Consent* Form EZ-RPIG Tenant Coordination* Form EZ-RPIG Mixed-Use* CPA Attestation Report Form <p>*When Applicable</p>	<p style="text-align: center;">All application materials are due to DHCD on April 1st, 2015.</p> <p>Applicants must send original application materials using one of the following mechanisms: 1) United States Postal Service certified mail, return receipt requested and postmarked no later than April 1st; 2) UPS, Fed Ex or another services where shipping can be tracked with a shipped date no later than April 1st. Hand delivery is accepted but not preferred and must be received by DHCD by the close of business on April 1st.</p>

The Form EZ-RPIG and supplemental forms (Multiple-Owner, Tenant Owner Consent, Tenant Coordination, and Mixed Use) as well as the CPA Attestation Report and W-9 templates are all available on the EZ Online Submission System site: <https://dmz1.dhcd.virginia.gov/EZApplication/>

Remember, the Form EZ-RPIG is **required to be submitted electronically **and** as a signed hard copy.

Any applications submitted without the required CPA Attestation Report or submitted after April 1st (but before May 15th) will be held until the Department determines that funds remain. At such time, the Department will review and process such applications on a first-come, first-serve basis.

Details and instructions regarding each of the listed application materials are included in the following sections.

PLACED IN SERVICE DOCUMENTATION

A final (approved) Certificate of Occupancy, approved final building inspection, or licensed third party inspector's report (for projects that do not require *any* permits) for qualified real property investments (QRPIs) must be submitted with the application. Applicants must apply with the final placed in service document **required** by the locality. If the nature of the project requires a Certificate of Occupancy, a zone investor cannot apply with a final building inspection even if a final building inspection was issued prior to a Certificate of Occupancy. Additionally, if the project required permits, a zone investor cannot apply with a third party inspector's report. **DHCD is able to verify the final placed in service documentation issued/required for each project with local building code departments.**

*It is the client's responsibility to verify **as soon as possible** with the locality's Building Code office if permits are needed for a rehabilitation or expansion project.*

When submitting the final [placed in service](#) documentation, please make note of the following:

- The name on the final Certificate of Occupancy, final building inspection, or licensed third party inspector's report must match the legal name (Part I, line 1) on the Form EZ-RPIG.
 - If the name on the documentation differs from the legal name listed on the Form EZ-RPIG Part I, line 1, **Part II B.** of Form EZ-RPIG **must be completed describing the difference.**
- The physical address on the final placed in service documentation must be within an Enterprise Zone and must match the physical address listed (Part I, line 4) on the Form EZ-RPIG.
- The date of the placed in service documentation must fall within the 2014 calendar year.

Certificate of Occupancy

The Certificate of Occupancy must be final, meaning it is not temporary, conditional, or pending. For information regarding projects that require a Certificate of Occupancy, see [Section 116](#) of the Virginia Uniform Statewide Building Code.

Final Inspection

When submitting a final building inspection as the placed in service documentation, the inspection must be [approved](#) by the local jurisdiction in which the project was completed and final, meaning the final building inspection was completely passed. There should be no pending items or additional work (however minor they may be) remaining when such a document is submitted. For information regarding projects that require a final building inspection, see [Section 113.8](#) of the Virginia Uniform Statewide Building Code.

 ***During my scheduled final inspection, the inspector noticed that the handrails along the stairway were loose and documented that the inspection was approved pending the installation of the new handrails. I then ordered new handrails, had them installed, and received another final building inspection. The second final building inspection was conducted and approved in January 2015. Can I still apply for the 2014 calendar year?***

Because the final inspection wasn't fully approved until 2015, the zone investor would need to wait and apply for the 2015 calendar year. This holds true even if the final inspection was originally conducted in 2014. The inspection has to be completely passed with no pending items.

Licensed Third Party Inspector's Report

A licensed third party inspector's report (performed, signed and dated within the 2014 calendar year) can only be submitted as the placed in service document when a project does not require any permits. The third party inspector's report must meet the guidelines set forth by the local jurisdiction in which the project was completed. In such cases, a letter from the local building code office verifying that no permits were required must be submitted with licensed third party inspector's report and the other application materials. **This letter must be on official letterhead and should reference the physical address of the property and should also list the qualified real property investments for which the applicant is seeking the grant.**

Based on [Section 113.7.1](#) "Third-Party Inspectors" of the Virginia 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."

FORM EZ-RPIG

The following pages include step-by-step guidelines for completing Form EZ-RPIG.



PART I: BACKGROUND INFORMATION

Directions are included below for the “Background Information” section of Form EZ-RPIG.

PART I: BACKGROUND INFORMATION											
1. Qualified Zone Investor's Legal Name <input style="width: 100%;" type="text"/>	2. Type of Zone Investor (check one) <input type="checkbox"/> Owns building - occupant <input type="checkbox"/> Owns building - non-occupant <input type="checkbox"/> Owns space in building (i.e. office condo) <i>Supplemental Multiple Owner Form required</i> <input type="checkbox"/> Tenant in building - <i>Supplemental Tenant Form(s) required</i> <input type="checkbox"/> Developer (not owner) - <i>See Instruction Manual</i>										
3. Federal Employment ID# (FEIN)/Social Security Number (SSN) <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> <td style="border: 1px solid black; width: 12.5%; height: 20px;"></td> </tr> </table>											
4. Physical Address of Zone Establishment (Street number and name) <input style="width: 100%;" type="text"/>	City/County/Town <input style="width: 100%;" type="text"/>										
5. Real Property Use Classification (check one) <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Mixed Use - <i>Supplemental Mixed Use Form required</i>	6. Type of Real Property (check one) <input type="checkbox"/> Building <input type="checkbox"/> Facility										

1. **Qualified Zone Investor's Legal Name:** *Indicate the applicant's legal name.*

2. **Type of Zone Investor:** *A zone investor is the individual or entity that capitalized the cost of the qualified real property investments. A description of each classification follows.*
 - **“Owns building - Occupant”:** Owns and occupies the entire building/facility
 - **“Owns building - Non-occupant”:** Owns the entire building or facility, but does *not* occupy the building.
 - **“Owns space in building”:** Qualified zone investor only owns a portion of the building. For example, owning a medical office condominium that spans one of eight floors of a building. This type of zone investor is required to submit the supplemental form ***EZ-RPIG Multiple Owner*** and coordinate qualification with all other owners within the same building/facility.
 - **“Tenant in building”:** Qualified zone investor occupies leased space in a building or facility. This type of zone investor is required to obtain written consent from the owner of the building (***EZ-RPIG Tenant-Owner Consent***) and may be required to coordinate qualification if there are other tenants in the building/facility (***EZ-RPIG Tenant Coordination***).
 - **“Developer (not owner)”:** Entity or individual that capitalizes the qualified real property investment but does not own or occupy the building; or develops for sale.

3. **FEIN/SSN:**
 - If the applicant is an S Corp, LLC, Partnership, Corporation, Sole Proprietorship, or other business entity, indicate the applicant's Federal Employment Identification Number (FEIN).
 - If the applicant is an individual, indicate the applicant's Social Security Number (SSN).

4. **Physical address of Building:** *Indicate the physical location of the applicant's property.*

5. **Real Property Use Classification:** *Indicate the use classification of the real property as industrial, commercial, or mixed-use.*
 - If you have identified the building/facility as [mixed use](#) by checking Part III, Box 8, the supplemental form ***EZ-RPIG Mixed-Use*** must be submitted.

6. Type of Real Property: Indicate whether the real property investments were made to a [building](#) or [facility](#). See the text box on page 8 for more information on how to distinguish between a building and a facility.

- If the building for which a Real Property Investment Grant is being sought is part of a complex of buildings (meeting the specifications on page 8) it must be classified as a "facility" per the definition in the Program Regulations.



PART I: BACKGROUND INFORMATION continued

7. Check the type of real property investment that was made.

To determine whether or not the investment is classified as [rehabilitation](#), [expansion](#), or [new construction](#), refer to the definitions in the Glossary at the end of the manual.

7. Type of real property investment that was made: <input type="checkbox"/> Rehabilitation of an existing building/facility <input type="checkbox"/> Expansion of an existing building/facility <input type="checkbox"/> New Construction			8. Property Identification Number(s) (Refer to page 16 of Instruction Manual) _____	
9. Zone Name _____	10. Zone # _____	11. Zone Designation Date ____/____/____	12. Name of Local Zone Administrator _____	
13. Signature of Local Zone Administrator verifying that the physical address, type of real property, and property identification number listed on EZ-RPIG Part I items 4, 5, and 8 is correct and the property is in the Enterprise Zone identified in item 9 above. _____ Date _____				

8. Property Identification Number: List the property identification number(s) associated with the physical address listed in Part I, #4.

- These unique identification numbers vary by locality. The Local Zone Administrator will provide the proper number to use for their zone. LZA Contact information is available on the EZ Online Submission System site at: <https://dmz1.dhcd.virginia.gov/EZApplication/>.
- A building or facility can span multiple parcels. Additionally, a building with multiple owners or tenants, or even with multiple street fronts, may have multiple property identification numbers. In such cases, all property identification numbers corresponding to the building/facility must be identified in this space.

9 - 11. Zone Name and Zone #, Zone Designation Date: Indicate the Zone in which the property is located.

- Contact the Local Zone Administrator to verify which Zone the property is located in (#9). Once the zone name is entered online, the corresponding zone number field (#10) and zone designation date (#11) will automatically populate.

12. Name of Local Zone Administrator: State the name of the Local Zone Administrator (LZA).

- LZA contact information is available at <https://dmz1.dhcd.virginia.gov/EZApplication/>.

13. LZA Verification: The signature of the LZA is required. The application must be signed and submitted by the April 1st deadline to be considered on time.

- The signature of the LZA verifies that the address, type of real property and the property identification number is correct and that the property is located within the Enterprise Zone stated on #9.



PART II: PLACED-IN-SERVICE DOCUMENTATION

- A. Check the box that corresponds with the type of Placed-in-Service documentation that you are submitting with your application.

- B. Any differences between the name appearing as the Qualified Zone Investor’s Legal Name and the name listed on the final Placed-in-Service Documentation must be explained in this section of the form. The text box is limited to 1,000 characters. Applicants may attach additional information to the hard copy of the application if necessary.

PART II: PLACED-IN-SERVICE DOCUMENTATION
A. <input type="checkbox"/> CERTIFICATE OF OCCUPANCY <input type="checkbox"/> FINAL INSPECTION <input type="checkbox"/> THIRD PARTY INSPECTOR’S REPORT
B. Please explain any differences in the name listed on the final Placed-in-Service documentation from the name listed in PART 1: Background Information in regards to the Qualified Zone Investor. You may attach a letter to this form if additional space is required.



PART III: ITEMIZED LIST OF QUALIFIED REAL PROPERTY INVESTMENTS

Qualified Zone Investors need to collect documentation of payment such as invoices, receipts, and checks to enter in the categories of work completed (i.e. demolition, carpentry, etc.) and the corresponding dollar amount associated with the work in Part III of the Form EZ-RPIG. The zone investor may only include qualified real property investments that correspond with the final placed in service documentation.

- See pages 11-12 for a list of qualified real property investment examples.
- Labor and material costs associated with a particular real property investment such as “painting” should be combined and listed as one category. For each item listed on the schedule, DHCD assumes that the labor, materials, and equipment necessary to perform such qualified real property investments are included in the total cost of each investment.
- Costs on the schedule should represent the actual dollar amount of investment and should NOT be rounded.
- For projects that contain more than 20 qualified real property investments, list the sum of the dollar amount for the remaining investments in line 20 and label the category as “see attachment.” Attach a list of the remaining items (listed separately) and corresponding dollar amounts to the hard copy of this form. See the next page for an example.

PART III: ITEMIZED LIST OF QUALIFIED REAL PROPERTY INVESTMENTS

List the category of work and the total costs involved for each qualified real property investment. For a list of items that qualify as real property investments, see pages 10-11 of the Real Property Investment Grant Instruction Manual.

ABC Company made the following qualified real property investments to the building located at 578 Main Street, Enterprise City, Virginia.

Qualified Real Property Investment	Dollar Amount
1. Carpentry	\$28,628.18
2. Clean-up	4,791.20
3. Concrete	3,961.12
4. Demolition	12,385.11
5. Doors and Windows	1,569.81
6. Drywall	4,269.02
7. Grading	6,707.55
8. HVAC	1,603.42
9. Masonry	32,689.17
10. Roofing	8,007.81
11. Steel	2,931.42
12. █	█
13. █	█
14. █	█
15. █	█
16. █	█
17. █	█
18. █	█
19. █	█
20. █	█
21. Total Qualified Real Property Investment	\$107,543.83 (amount to enter in line 3A)

Example

 The sum of the qualified real property investments is automatically calculated online and populates Part III, line 3A.

 **PART IV: QUALIFICATION INFORMATION**

On this portion of the Form EZ-RPIG, the zone investor fills in information regarding the dollar amount of qualified real property investments and the resulting grant request based on the level of investment. For zone investors applying as owners of a space within a building/facility, such applicants can only request the full, applicable grant amount if they coordinated qualification. See the **Supplemental Forms** section for more details.

PART IV: QUALIFICATION INFORMATION

1. Date Real Property Placed in Service (MM/DD/YYYY) <ul style="list-style-type: none"> To verify this date <u>attach a copy</u> of the final Certificate of Occupancy, final building inspection (approved by local jurisdiction), or a licensed third party inspector's report in cases where project did not require a permit. <ul style="list-style-type: none"> When submitting a licensed third party inspector's report, <u>attach a letter</u> from the local Building Official verifying that project did not require any permits. 	1. █ / █ / █
2. Qualification is requested for calendar year:	2. 2014
3. Grant Calculation:	
A. Actual dollar amount of qualified real property investments made by applicant:	3A. \$ █
B. Applicable investment threshold based on the type of real property investment:	3B. \$ █
C. Grant eligible dollar amount (Line 3A minus Line 3B):	3C. \$ █
D. Multiply line (C) by 20%. This is the amount of grant the zone investor is requesting. <ul style="list-style-type: none"> For investments (line A) less than \$5 million, this amount cannot exceed \$100,000. For investments (line A) of \$5 million or more, this amount cannot exceed \$200,000. <i>Tenants or zone investors who own a space within a building cannot request the maximum grant amount if they did not coordinate qualification or receive owner consent.</i>	3D. \$ █
4. Real Property Investment Grants previously issued to building or facility. <i>See RPIG Award Schedule to complete this section.</i>	
A. Have real property investment grants been awarded to the building or facility in the last four years? <i>(If yes, complete section B)</i>	4A. <input type="checkbox"/> YES <input type="checkbox"/> NO
B. If yes, indicate the total amount received in previous years.	4B. \$ █



PART V: CONTACT INFORMATION

The zone investor must provide contact information for the grant applicant representative as well as contact information for the CPA who prepared the Attestation Report in this section.

PART V: CONTACT INFORMATION					
1. Name of Grant Applicant Representative					
Prefix (Mr., Ms., Dr.)	First Name	Last Name	Title	Daytime Phone () -	E-mail Address
Principal Mailing Address (Grant correspondence will be mailed to this address)			City	State	Zip Code
2. Certified Public Accountant (preparer of required Attestation Report)					
Name of Certified Public Accountant		VA License #	Daytime Phone # () -	Email Address	
3. Accounting Firm	Street Address		City	State	Zip Code

The email address of the applicant representative is required as applicants will receive email confirmations/updates throughout the application submission and review process. See page 5 of this manual for more information.



PART VI: APPLICATION INFORMATION

This portion of the application notifies DHCD that supplemental forms should accompany Form EZ-RPIG. Check the boxes that are applicable to your submission.

Part VI: APPLICATION INFORMATION	
Check the boxes below that apply to your application submission.	
1.	<input type="checkbox"/> This application has been submitted electronically
2.	<input type="checkbox"/> Application includes Supplemental EZ-RPIG Mixed-Use Form
3.	<input type="checkbox"/> Application includes Supplemental EZ-RPIG Multiple-Owner Form
4.	<input type="checkbox"/> Application includes Supplemental EZ-RPIG Tenant Coordination Form
5.	<input type="checkbox"/> Application includes Supplemental EZ-RPIG Tenant-Owner Consent Form
6.	<input type="checkbox"/> Submission includes CPA Attestation Report Form
7.	<input type="checkbox"/> Submission includes Final Placed-in-Service documentation



PART VII: DECLARATION

The application must be signed and dated by a representative of the zone investor that has reviewed the application and required attachments for accuracy and completion.

PART VII: DECLARATION			
APPLICANT: I, the undersigned, on behalf of the zone investor, declare that I have made the management decisions necessary to complete this form and this form has been examined by me and is an accurate statement. I have disclosed all of the required documentation so that the CPA could perform the agreed upon procedures established by DHCD. I am authorized to sign on behalf of the zone investor.			
Signature	Typed or Printed Name	Title	Date (MM/DD/YYYY)

Prior to submitting an application, please review the form(s) carefully. Once submitted, applicants are unable to increase the level of investment if items (qualified real property investments) were mistakenly omitted.

SUPPLEMENTAL FORMS

When applicable, supplemental forms must be submitted in addition to the required application materials.

Form EZ-RPIG Multiple-Owner

For a zone investor that owns a space within a building, the supplemental form **EZ-RPIG Multiple-Owner** must be submitted with the **Form EZ-RPIG**. This form documents the amount of space within the building or facility owned by the applicant and enables the applicant to coordinate the qualification process with the other owners of the building/facility. Each owner within the building/facility must sign the coordination statement on page 2 of the form.

In the case where there has been no coordination with the other owners, DHCD will implement its proration procedures based on the [useable floor space](#) owned by the zone investor. The maximum grant amount available is determined by whichever is less of the following scenarios:

- 20 percent of the zone investor’s grant eligible investment, capped at the applicable limit for the cumulative level of investment; or
- The square foot percentage owned by the zone investor (as documented in Part II of the supplemental form) multiplied by the applicable investment cap, \$100,000 or \$200,000.

*The purpose of coordination is to ensure that no more than the applicable grant cap is requested within a five-consecutive year period for the building or facility. This especially holds true in instances where there are **multiple applicants from the same building whom simultaneously apply for the RPIG for work completed in the same calendar year**. Irrespective of each applicant’s level of investment, coordination entails that the zone investors agree upon the amount each owner will request such that no more than the applicable grant cap (\$100,000 or \$200,000) is requested within a five-consecutive-year period.*

I am an authorized representative of the owner located within the building at _____ in _____, VA. I acknowledge that <u>zone investor’s name</u> is applying for the Real Property Investment Grant.		
As a representative of the owner listed below, I give my consent to <u>zone investor’s name</u> to apply for the Real Property Investment Grant in the amount of \$ _____. I am aware that the Real Property Investment Grant is capped per building or facility at \$200,000 for a 5-consecutive-year term and the filing of this application and subsequent disbursement of funds will be counted towards reaching the grant cap applicable to this property.		
A. Owner	B. Representative, Title	C. Square footage owned
D. Signature	E. Date	
F. Notary Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____, this ____ day of _____, 201 ____. Notary Public _____ Registration Number _____ My Commission Expires: _____		

Dollar amount indicated on Form EZ-RPIG Part III, Line 3D

Cells A - E must be completed by EACH owner in the building and be **notarized**.

Form EZ-RPIG Tenant-Owner Consent

Supplemental form, **EZ-RPIG Tenant-Owner Consent** must be completed and submitted with **Form EZ-RPIG** by all tenants in buildings applying for RPIG funds regardless of whether the owner of the building requires further tenant coordination or not.

For tenants applying for the Real Property Investment Grant, the tenant is required to:

1. Obtain written consent from the owner of the property.
2. Disclose the total number of square feet in the building in addition to the amount of space they are leasing from the owner.
3. Use the EZ-RPIG Tenant-Owner Consent form to confirm the owner’s consent for allowing the tenant to submit an application for the Real Property Investment Grant.

PART III: QUALIFICATION INFORMATION	
1. Square footage leased by Zone Investor (for which grant is being sought): <i>Note: Square footage as indicated on valid lease agreement</i>	1. <input type="text"/> square feet
2. Total useable floor space in building:	2. <input type="text"/> square feet
3. Total useable floor space occupied by zone investor: ▪ Divide line 1 by line 2 and multiply by 100.	3. <input type="text"/> %
PART IV: TYPE OF CONSENT (CHECK ONLY ONE BOX BELOW)	
A. Sole Tenant:	
<input type="checkbox"/> My consent is not contingent on coordination as this applicant is the sole tenant in this building.	
OR	
B. Multiple Tenants:	
<input type="checkbox"/> My consent is not contingent upon the applicant coordinating with the building’s other tenants.	
<input type="checkbox"/> My consent is contingent upon the applicant coordinating with the building’s other tenants. <i>Note: The EZ-RPIG Tenant Coordination form must also accompany the application if the above box is checked.</i>	

Under circumstances where property owners make their consent contingent upon the applicant’s coordination with other tenants in the building, tenants must also complete and submit Supplemental Form **EZ-RPIG Tenant Coordination**. If the owner requires coordination with other tenants and no coordination is provided, DHCD will apply its proration formula to the grant award as illustrated below.

Multi-Tenant Pro-Ration Example

A commercial building is occupied by two tenants. Each makes improvements to the portion for which they hold a valid lease but the two tenants do not coordinate their applications for the RPIG. The total useable floor space in the building is 100,000 square feet. Each of these tenants occupies one half of the building (50% each). Tenant A spent \$500,000 in qualified real property investments; Tenant B spent \$200,000 in QRPIs.

Since the cumulative investment in 2014 (between tenants A and B) is less than \$5 million, the maximum grant amount for the entire building is capped at \$100,000. Because Investors A and B each occupy 50% of the building, the grant cap translates into a maximum of grant award of \$50,000 per tenant. While 20% of \$400,000 is \$80,000, Investor A would only be eligible to receive a maximum RPIG of \$50,000. Investors B, however, would receive the full \$20,000 (20% of \$100,000) because he is still under his individual cap of \$50,000. If the two investors had coordinated, both could have received their full request: \$80,000 for Investor A and \$20,000 for Investor B.

Form EZ-RPIG Tenant Coordination

Form **EZ-RPIG Tenant Coordination** is required when tenants applying for RPIG funds receive owner consent contingent upon the notification and coordination of all other tenants in the building.

Tenants are required to provide:

1. Background Information in Part I
2. Qualification Information in Part II
3. Coordination information must then be completed and notarized by each tenant located in the building in Part III.

I am an authorized representative of the tenant located within the building/facility at _____ in _____, VA. I acknowledge that zone investor's name is applying for the Real Property Investment Grant		
As a representative of the tenant listed below, I give consent to zone investor's name to apply for the Real Property Investment Grant in the amount of \$ _____. I am aware that the Real Property Investment Grant is capped per building or facility and the filing of this application and subsequent disbursement of funds will be counted towards reaching the grant cap applicable to this property.		
A. Tenant	B. Representative, Title	C. Square footage leased
D. Signature		E. Date
F. Notary Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____ this ____ day of _____ 201__. Notary Public _____ Registration Number _____ My Commission Expires: _____		

Form EZ-RPIG Mixed-Use

The supplemental form **EZ-RPIG Mixed-Use** must be submitted with **Form EZ-RPIG** for zone investors applying for qualified investments to a mixed-use building (as indicated on Form EZ-RPIG, Part I, #5). *Mixed-use* is defined in Section 59.1-548A of the Code of Virginia as “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.”

Part I of the form is to be completed by the qualified zone investor.

Part II is to be completed by the preparer of the measured drawings or plans for the work done to the referenced building.

The preparer of these plans may be the licensed architect, surveyor, or drafts person (or representative of the architect, surveyor, etc.) that created the approved plans that were submitted to the locality to obtain the necessary permits for the real property investment. This individual will supply the [useable floor space](#) calculations (Part II) as indicated on the measured drawings/plans.

PART II: QUALIFICATION INFORMATION

TO BE COMPLETED BY PREPARER OF MEASURED DRAWINGS/PLANS SUBMITTED TO LOCALITY

This section is to be completed by the qualified zone investor and verified by an independent third party **only** if no plans were required by the local jurisdiction to obtain the necessary permits for the building **or** if the applicant prepared his/her own drawings.

1. Number of Useable Floors in Building	1.	
2. Square footage by use		
a. Useable square footage for <u>office, commercial, or industrial use</u>	2a.	
b. Useable square footage for residential use	2b.	
3. Total Useable Floor Space*	3.	Sq. ft. in building
▪ Add Part II items 2a and 2b		
4. Total useable floor space in building <u>devoted to commercial, office, or industrial use.</u>	4.	%
▪ Divide line 2a by line 3 and multiply by 100.		
<i>Note: Line 4 must be at least 30 percent of the useable floor space to meet the VEZ definition of mixed-use.</i>		

* See the glossary in the 2013 Real Property Investment Grant Instruction Manual for the Program Regulation's definition of "useable floor space."

The preparer of the plans will need to provide his/her signature on the form. If the preparer of the plans is a:

- **Licensed architect**, then he/she must also provide his/her official AIA seal on this form.
- **Surveyor, draftsman, contractor**, etc., that individual must have his/her signature notarized on the form.

Licensed Third Party Verification

In the case in which no plans were required by the local jurisdiction to obtain the necessary permits for the building **or** if the applicant (or a member of the applicant's firm) prepared his/her own drawings, Part II can be completed by the qualified zone investor and verified by a licensed, independent third party. A licensed third party can be an architect, surveyor, or draftsman.

- A letter from the local jurisdiction's Building Code Office verifying that no plans or drawings were required must be included with the application materials.

The licensed third party will need to provide his/her signature on the form, verifying the accuracy of the information provided in Part II.

- If the independent third party is a:
 - Licensed architect, then he/she must also provide his/her official AIA seal on this form.
 - Surveyor, draftsman, contractor; he/she must have his/her signature notarized on the form.

The third party verification for the EZ RPIG Mixed-Use form does not have to be completed in the grant year.

W-9

A completed W-9 form must be submitted with each grant application. The FEIN or SSN listed on the qualification application Form EZ-RPIG must match the FEIN or SSN on the W-9. The address listed on the W-9 form must be the same mailing address as listed on the application. A blank W-9 form can be found on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZApplication/>.

Please make sure the form is filled out legibly.



CPA ATTESTATION REPORT FOR RPIG APPLICATIONS

As required by statute, a CPA, [independent](#) of the zone investor and licensed in the State of Virginia, must perform the [Agreed-Upon Procedures](#) outlined by DHCD. The CPA will test the documentation and calculations used to prepare the Real Property Investment Grant application and will report on these procedures and their findings in the Attestation Report. This report is to be signed by the CPA and submitted as part of the application materials due to DHCD by April 1st.

Contact your CPA to find out if they are able to fulfill the attestation requirements for the Real Property Investment Grant application. All CPAs should know if they are able to perform agreed upon procedures.

These procedures and additional information is available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZApplication/CPAs.aspx>.

? Can my 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 management functions. The decision to follow any advice provided remains with management of the entity.

CPA Attestation Report (RPIG and JCG)	
CPA Sample Engagement Letter	Sample engagement letter for CPA to provide to client
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
Real Property Investment Grant Attestation Report Form	Required in prescribed format
Job Creation Grant Attestation Report Form	Required in prescribed format



CONTACT INFORMATION

If you have any questions about qualifying for the Enterprise Zone grants or other aspects of the program, please contact:

Virginia Department of Housing and Community Development
600 E. Main Street, Suite 300
Richmond, Virginia 23219
(804) 371-7030

EZONE@dhcd.virginia.gov
www.dhcd.virginia.gov

GLOSSARY: 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 on the assertion of the qualified zone investor as to their 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.

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 not an employee of the business firm seeking to qualify for state tax incentives and grants under this program.

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 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 properly chargeable to a capital account 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 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, cleaning and cleanup.

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.

Useable floor space:

Means all space in a building finished as appropriate to the use(s) of the building as represented in measured drawings. Unfinished basements, attics, and parking garages would not constitute useable floor space. Finished common areas such as stairwells and elevator shafts should be apportioned based on the majority use (i.e. 51%).