

Office of Regulatory Management
Economic Review Form

Agency name	Department of Housing and Community Development
Virginia Administrative Code (VAC) Chapter citation(s)	Guidance Document
VAC Chapter title(s)	Virginia Private Activity Bond Allocation Guidelines for Local Housing Authority Allocation
Action title	Updated Guidance Document
Date this document prepared	May 2024
Regulatory Stage (including Issuance of Guidance Documents)	Review of Updated Guidance Document

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Agency Note: The updated guidance document for the Virginia Private Activity Bond (PAB) Local Housing Authority (LHA) allocation changes the method of awarding bond allocations from a first come, first served basis to a competitively scored process. Historically, PAB LHA allocations were undersubscribed and able to meet all qualified requests. However, recent demand for the PAB LHA allocations have surpassed allocation availability. The scoring criteria and application requirements were developed in consultation with stakeholders.

DHCD sent the updated guidelines to ORM in December of 2023 for an informal review which identified no issues with the update. The guidelines presented here are substantively identical form to that 2023 document and include only minor changes for grammar and clarity.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: Describe the direct costs of this proposed change here. No direct costs to DHCD – current staff can assume the costs of the implementing the guideline change and competitive scoring.</p> <p>No direct impacts to overall funding – same quantity of PABs will be available to applicants.</p> <p>Applicants for PABs from the LHA pool will need to provide one additional form to meet threshold requirements. Furthermore, the applicant has the voluntary option of submitting additional documents to increase their competitiveness for potential receipt of an LHA PAB allocation. However, the proposed changes are designed to minimize the impact and regulatory cost of these changes, with the actual cost indeterminant but negligible.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. None expected.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. The proposed guideline changes will shift the allocation of a limited resource (LHA PAB allocation) from a first come, first served basis to a competitive scoring process at defined intervals throughout the year. Additionally, application requirements have been amended to better align with the requirements of the Low-Income Housing Tax Credit (LIHTC), a program that is heavily utilized by the same PAB applicants.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. None expected.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)	<p>The intended impact of this change is to maximize the effectiveness of Virginia’s annual allocation of LHA PABs to the most suitable projects; here, the most competitive low-income housing projects.</p> <p>This will have an indeterminant but substantial impact on the quality and quantity of low-income housing statewide through directing limited state resources to the most qualified projects.</p>	
(5) Information Sources	<ul style="list-style-type: none"> - Public comment collected from impacted stakeholders from mid-April – May of 2023. - Public hearing on May 4th, 2023 from impacted stakeholders. - 90 day public comment period from December 15, 2024 to March 15th, 2024. 	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. - No direct costs to no change in guideline implementation</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. - PAB LHA allocations are currently awarded to applicants on a first come, first served basis with minimum application thresholds. As demand for PAB LHA allocations currently surpass availability, higher quality applications that are submitted later in the year may not receive funding.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. - No direct benefits to no change in guideline implementation</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. - No indirect benefits to no change in guideline implementation</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)

(3) Net Monetized Benefit	
(4) Other Costs & Benefits (Non-Monetized)	
(5) Information Sources	

Table 1c: Costs and Benefits under Alternative Approach(es)

Agency Note: An alternative approach would be to impose different and/or more stringent application requirements that do not align with the Low-Income Housing Tax Credit (LIHTC) program.

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. This alternative would require PAB LHA allocation applicants to submit two sets of documentation for the same project, which would likely increase the staff time and costs of the applicants.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. None expected.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. This alternative could produce additional, more thorough project information than what is currently required. This alternative would also still have the benefits associated with switching to a competitively scored process.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. None expected.</p>				
	(2) Present Monetized Values	<table border="1"> <tr> <td>Direct & Indirect Costs</td> <td>Direct & Indirect Benefits</td> </tr> <tr> <td>(a)</td> <td>(b)</td> </tr> </table>	Direct & Indirect Costs	Direct & Indirect Benefits	(a)
Direct & Indirect Costs	Direct & Indirect Benefits				
(a)	(b)				
(3) Net Monetized Benefit					

(4) Other Costs & Benefits (Non-Monetized)	
(5) Information Sources	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. None expected.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. None expected.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. None expected.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. None expected.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Assistance		
(5) Information Sources		

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. None expected.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. None expected.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. None expected.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. None expected.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. PBA LHA allocation applicants would be required to submit more information than what is required by the current PBA LHA allocation guidelines. As this documentation is already likely available from other financing applications by the applicant, the cost is likely negligible.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change. None expected.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here.</p>
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	<p>Switching from a first come, first served basis to a competitively scored process will support applicants with the most competitive projects. Additionally, higher quality applications that are submitted later in the year have a better chance of being awarded a bond allocation.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. None expected.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Alternatives		
(5) Information Sources		

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Net Change
	Statutory:				
	Discretionary:				
				Total Net Change of Statutory Requirements:	
				Total Net Change of Discretionary Requirements:	

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Length	New Length	Net Change in Length
Virginia Private Activity Bond Allocation Guidelines for Local Housing Authority (LHA) Allocation	9 pages	19 pages	+10 pages

Agency Note: The increase in guidance document changes is due to the addition of appendices related to the scoring criteria methodology. Excluding appendices, the new length of the guidance document would be 10 pages.

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).