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# COMMONWEALTH of VIRGINIA

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Director

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

### Private Activity Bond Stakeholders:

In consultation with the Board of Housing and Community Development, the Department of Housing and Community Development is beginning the process of considering revisions to the private activity bond guidelines ([existing guidelines](#)) for the Local Housing Authority Pool.

In the initial phase of the process, we are seeking general input on certain concepts. As the experts, your input is critical in updating the guidelines.

Phase 2 of the process will be an opportunity to provide input on draft guidelines incorporating feedback from Phase 1.

### Concepts Under Consideration in Phase 1:

#### Scored Applications

- 3 scored application rounds – January, April, July
  - o Optional 4<sup>th</sup> round for returned or unallocated bond allocations
- Threshold Criteria
  - o Keep existing Local Housing Authority Pool (LHA) guideline criteria ([Section 5.3 of the Guidelines](#))
- Potential Scoring Criteria
  - o Project Readiness
  - o Project Need
    - Regional need based on jobs activity and cost burden
  - o Project Feasibility
  - o Developer Capacity
  - o Project Efficiency
    - Bonds per unit
  - o New vs. Preservation
    - Prioritize?

#### Technical Considerations

- Retain \$20 MM dollar project cap for round 1 and 2, no limit for round 3 (and 4 if needed)
- Abbreviated closing window – from 120 to 90 days
- Regardless of project/deal structure, include all financing commitments
- Limit of 1 LHA allocation per calendar year
- Consider limitation on escrow closing



- Limit total bond allocation amount to 55% in consideration of the “50 percent test”
  - o Method of verification – “certification”? More detailed budget analysis?
  - o Is 55 % appropriate limit?

We will accept comment on these concepts through the May 5. If there is an important concept or idea not covered above, please feel free to share. You can submit written comments to [kyle.flanders@dhcd.virginia.gov](mailto:kyle.flanders@dhcd.virginia.gov). There will be a virtual stakeholder meeting May 2 from 10 am – 12:00 pm. Additional details will be forthcoming soon regarding the stakeholder meeting.

Please share this information with your networks.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle Flanders", is positioned above the typed name.

Kyle Flanders  
Policy and Legislative Manager