

Affordable Housing Performance Grants

APPLICATION PACKET

May 2024





OVERVIEW

The Economic Development Authority of the City of Richmond, Virginia (EDA) offers Affordable Housing Performance Grants in collaboration with the City of Richmond to further the development of affordable housing on a continuous basis throughout the year. Performance grant applications will be accepted, reviewed, and evaluated by the EDA and the City's Department of Housing and Community Development (HCD) staff. Based on the evaluation, staff recommendations are provided to the EDA Board of Directors and Richmond City Council for consideration and formal approval through their respective legislative processes. The outcome of the evaluation and approval process is **not guaranteed**.

BACKGROUND

To combat the affordable housing shortage, to further economic development, and specifically to incentivize the development of affordable housing across the Commonwealth, the General Assembly passed HB 1194 during the 2022 Session, and it became effective on July 1, 2022. HB1194 amended Ch. 49, Title 15.2 of the Code of Virginia, known as the "Industrial Development and Revenue Bond Act," to allow local Economic Development Authorities, in conjunction with their local governing bodies, the power to make grants associated with the construction of affordable housing.

In response to the housing crisis declared by Mayor Stoney and the City Council through Resolution No. 2023-R019 adopted on April 10, 2023, the EDA and HCD worked collaboratively to create the Affordable Housing Performance Grant Program to incentivize the development of safe and affordable rental housing in the City.

PROGRAM GUIDELINES

- The Affordable Housing Performance Grant is an inducement for affordable housing applicants to construct, own and operate affordable housing rental units in the City of Richmond for a minimum period of 15 years. The grant period may be extended another 15-year period for a total grant period of 30 years.
- Affordable Housing Performance Grant applicants must have a demonstrable gap in project financing, as evidenced by their development pro forma.
- Only applicants developing new construction multi-family residential rental projects are eligible to apply for the Affordable Housing Performance Grant.



PROGRAM GUIDELINES CONTINUED

- Eligible projects may be mixed-use (i.e., with commercial and residential components). The amount of the performance grant is based on the percentage of residential square footage to the total gross square footage of the structure(s) and the percentage of the number of affordable rental housing units to the number of total residential rental units.
- Affordable housing units are those units that will be rented to households with an annual income at or below 80% of the Area Median Income (AMI) as established by the United States Department of Housing and Urban Development (HUD) for the Richmond-Petersburg Metropolitan Statistical Area (MSA) for the applicable year of the grant period. Preference is given to residential multi-family housing projects that include affordable housing units that will be rented to households with annual income at or below 50% of the AMI as established by HUD for the Richmond-Petersburg MSA for the applicable year of the grant period.
- The Affordable Housing Performance Grant is calculated annually as an amount equal to the incremental new real estate taxes levied and collected for improvements on the Project Site.
- The Affordable Housing Performance Grant period commences on January 1st of the first real estate tax year following the applicant's completion of the project's construction, as evidenced by receipt of a temporary or permanent Certificate of Occupancy, and ends on last day of the 15th real estate tax year following the grant commencement date, or the 30th tax year, if the grant period is extended
- The Affordable Housing Performance Grant is payable by the EDA upon proof of full and timely payment of the property's real estate tax levy for the applicable payment period.
- The award of the Affordable Housing Performance Grant has a requirement for the project owner to strive for a goal of 30% minority and emerging small business participation during the construction phase of development.
- For projects with a 30-year performance period, the Project Owner will be required to make an agreed upon investment in capital improvements to the Project to ensure the ongoing upkeep and livability of all of the rental units prior to the 15th year of service.
- The EDA and HCD staff strongly encourage applicants to discuss their application with their lenders before submitting their Affordable Housing Performance Grant application as any restructure in the project's financing or change in the Affordable Housing Performance Grant Agreement after an award is approved may constitute a material change in the approved application. The EDA and the City of Richmond understand the fluidity in the current housing market and intend for this program to be as flexible as possible. However, a material or substantial change in the project structure may negate the approved grant award and the submission of a new application may be needed. If a new application is required, it must follow the same approval process as all performance grant applications. **There is no guarantee that an Affordable Housing Performance Grant will be approved.**
- **Beginning May 15, 2024, applications will not be accepted if construction work has started.**



SUBMISSIONS GUIDELINES

Please read and carefully review all information contained in this application packet, including the associated attachments, before completing the application. Applications must be submitted at least 70 days before an anticipated response is required. Incomplete applications will not be evaluated or considered for decisions until all required information have been provided. Completed applications are defined as applications for which all required documentation has been submitted, along with the completed application form and required attachments.

Application materials must be remitted to the EDA through one of the following methods:

- **In-Person or By Mail:**
 - **Economic Development Authority of the City of Richmond**
 - 1500 E. Main Street
 - Suite 400
 - Richmond, VA 23219
- **Email Submission:**
 - Applications can be submitted via email to Glenna Chung at RichmondEDA@rva.gov

Note: Only applications that have been deemed complete will be considered. Please allow seventy (70) days for completed applications to be processed. Also, if an Affordable Housing Performance Grant is approved, awardees are responsible for an annual grant administrative fee equal to 1% of the annual grant value during the life of the grant.

The EDA and the City of Richmond reserve the right to update this application packet, including the program guidelines, and any other information related to the Affordable Housing Performance Grant Program without prior notice.

Attachments Included in This Packet:

- Affordable Housing Performance Grant Application Form
- Affordable Housing Performance Grant Program Calculation Form
 - [Download editable Microsoft Excel Version \(required\)](#)



ATTACHMENT 1

AFFORDABLE HOUSING PERFORMANCE GRANT APPLICATION FORM

COMPLETED BY EDA STAFF

Date Received: _____

Date Deemed Complete: _____

Name of Staff Person: _____

I hereby submit this application for consideration by the Economic Development Authority of the City of Richmond, Virginia (EDA) and the City of Richmond, as provided in the following city and State code sections, to be eligible to receive an Affordable Housing Performance Grant for the below-addressed property:

The City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities associated with the Affordable Housing Performance Grant Program.

Project Name (if known): _____

Applicant, or their Agent: _____

Name of the Associated Special Purpose Entity or Entities (SPE), if other than

Applicant's Name: _____

Property Address: _____

Parcel Number(s): _____

Total Site Acreage: _____

Current Tax Year: _____ Property Assessment (Total Value): _____

Is Property located in a Registered City Old and Historic District? __Yes: __No



AFFORDABLE HOUSING PERFORMANCE GRANT APPLICATION FORM CONT.

Is there a structure currently on the property that will be totally or partially demolished as a result of the proposed project? * ☐ Yes ☐ No

***If demolition activities will be undertaken, please attach a description of the structure(s) to be demolished and attach a map showing the demolition area and structures.**

Current Property Use: _____

Proposed Property Use: _____

Total Number of Residential Units Planned: _____

Number of Affordable Housing Units Planned: _____

Construction Start Date (anticipated): _____

Construction Completion Date (anticipated): _____

Proposed Total Development Cost*: _____

***Attach a copy of the Project's development pro forma and initial operating pro forma.**

Has the Project been awarded Low Income Housing Tax Credits (LIHTC) from Virginia Housing's LIHTC Program? * ☐ Yes ☐ No

If not, does the applicant plan to apply for LIHTCs? ☐ Yes ☐ No 9% LIHTCs ____; 4% LIHTCs ____

If applying for Tax Credits, when will the application be submitted? _____

***Note that if an Affordable Housing Performance Grant is approved, the EDA and City of Richmond require that the Property Owner provide annually a copy of the Annual Rents and Household Income Certifications for all affordable units in the project.**

Does the applicant agree, whether a LIHTC project or not, to restrict occupancy and rents of the Project according to standards promulgated by Virginia Housing (the State Housing Finance Agency)? ☐ Yes ☐ No



AFFORDABLE HOUSING PERFORMANCE GRANT APPLICATION FORM CONT.

The Affordable Housing Performance Grant period is for 15 years. If the Project has an extended use agreement with Virginia Housing, an additional 15-year Affordable Housing Performance Grant period is available.

Does the Applicant desire to extend the Affordable Housing Performance Grant period to a 30-year grant period? __ Yes __ No

Please share below any other project information that was not provided in response to the questions above, including listing the proposed lenders for the project:

Required Attachment Checklist

- ☐ Affordable Housing Performance Grant Program Calculation Form
 - Please complete the “[Affordable Housing Performance Grant Program Calculation Form](#)” included in this application packet to determine the potential affordable housing performance grant percentage to be applied to the property. If the application is submitted in person or by mail, **the Calculation Form must also be emailed to RichmondEDA@rva.gov in Microsoft Excel format.**
- ☐ Map of the project site with any and all existing structures located on the site.
- ☐ Project development pro forma.
- ☐ Initial Project operating pro forma.

NOTE: Payment of the Performance Grant, if approved by the EDA and the Richmond City Council is conditioned upon applicant’s completion of the Project and the continued maintenance of the Project and the funds comprising payments of the Performance Grant will be calculated solely as a portion of the incremental real estate tax revenues generated by the Project (i.e., including both the fee interest (and leasehold interest, if applicable) in the land and all improvements).



AFFORDABLE HOUSING PERFORMANCE GRANT APPLICATION FORM CONT.

I CERTIFY THAT ALL OF THE INFORMATION ABOVE IS TRUE AND CORRECT AND THAT I HAVE READ THE ATTACHED SAMPLE AFFORDABLE HOUSING PERFORMANCE GRANT AGREEMENT.

Given under my hand on this _____ day of _____, _____

Print Name of Applicant: _____

Owner: _____

Agent: _____

Signature of Applicant: _____

Mailing Address of Applicant: _____

Email Address of Applicant: _____

Phone #: _____

THIS SECTION TO BE COMPLETED BY HCD STAFF

HCD APPLICATION #: _____

Date HCD received from EDA staff: _____


Date of Completed Review: _____

Reviewed By: _____

Recommendation: _____

ATTACHMENT 2 - SAMPLE CALCULATION FORM

This form must be completed in Microsoft Excel - [download it here.](#)

		INSTRUCTIONS: (1) Enter required information in the yellow fields only. (2) Attach this form in Microsoft Excel format to performance grant application. If the application is submitted in person or by mail, the Calculation Form must also be emailed to RichmondEDA@rva.gov in Microsoft Excel format.		
Name of Applicant:		Project Address:		Date Submitted for Review:
AFFORDABLE HOUSING PERFORMANCE GRANT PROGRAM CALCULATION FORM				
The Qualified Property is comprised of:			Amount	Percentage
	1	Gross square feet of Residential use		
	2	Gross square feet of Non-Residential use.	-	
	3	Total Building Gross Square Footage. (The sum of Rows 1 and 2)	-	
	4	Percentage of property that is for residential use. (Row 1 divided by Row 3)		#DIV/0!
The Qualified Property's Affordable Units will be comprised of the following number of units to be affordable to households at the designated affordability levels below:				
	5	Total number of residential units		
	6	Number of Affordable Units at or below 80% AMI but above 50% AMI;		
	7	Number of Affordable Units at or below 50% AMI Affordable Units.		#DIV/0!
	8	Total number of Affordable Units (The sum of Row 6 plus Row 7)	0	
	9	The Percentage (%) of Affordable Units in the property (Row 5 divided by Row 8)		#DIV/0!
	10	The Performance Grant Percentage. (Row 9 multiplied by Row 4)		#DIV/0!
A Performance Grant Percentage increase of two times the Performance Grant Percentage (up to 100%) is available to a Qualified Property when twenty (20%) or more of the residential units are at or below 50% AMI Affordable Units. (Row 10 multiplied by 2)	11	The Percentage (%) of Affordable Units in the property that are at or below 50% AMI that may qualify the property to receive a Performance Grant increase .	#DIV/0!	
Name of Staff Reviewer:				Date Reviewed: