

# **Target Population Leasing Preference Referral Guidance** **Content and Topics**

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## Introduction to the Target Population Leasing Preference

Properties approved for funding under Virginia Housing’s [Qualified Allocation Plan \(“QAP”\)](#) must give a first leasing preference to individuals in a **Target Population** referred by an approved Referring Agent included in a Memorandum of Understanding, as outlined in the Extended Use Agreement (“EUA”).

### Memorandum of Understanding for Approved Referring Agents

The **Target Population** includes individuals identified and referred to as Low-Income Housing Tax Credit (“Tax Credit”) properties under a [Memorandum of Understanding \(“MOU”\)](#) between **Virginia Housing** and one or more participating agencies of the Commonwealth of Virginia, known as Referring Agents.

Individuals in the Target Population have access to rental assistance and should receive a leasing or waitlist preference on units available through the Tax Credit Program.

Properties must follow the guidance in this document to maintain compliance with the Target Population leasing preference requirements included in the EUA.

## Target Population Leasing Preference Requirements

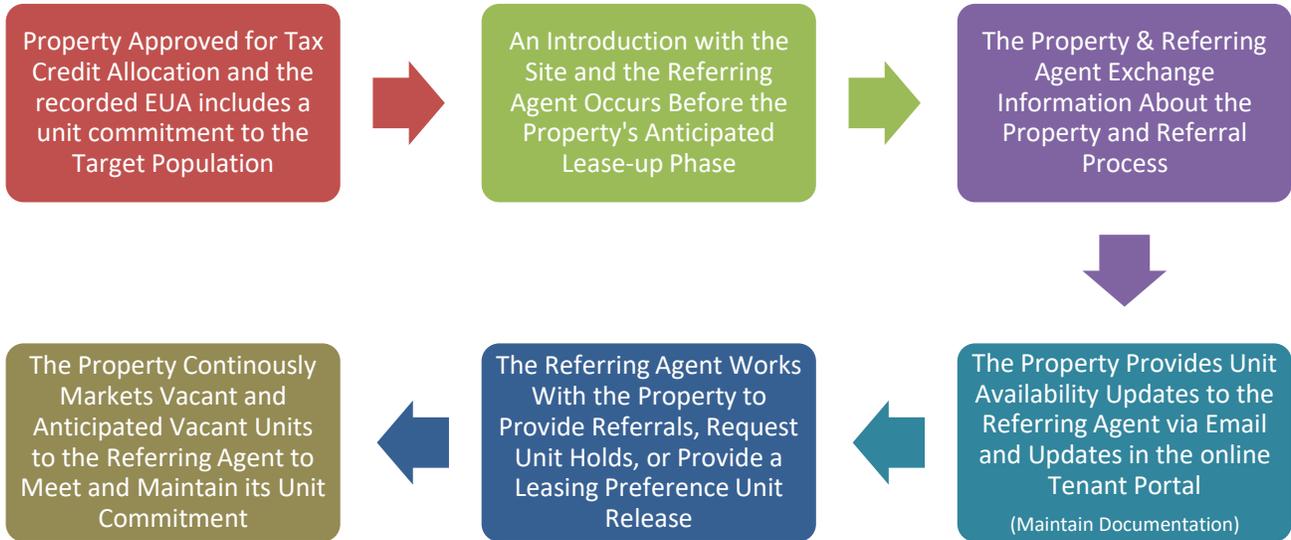
The Target Population leasing preference requires properties to:

1. Commit a specified number of units (“Unit Commitment”) that are marketed and leased to individuals referred by an approved Referring Agent,
2. Participate in a scheduled introduction meeting with the Referring Agent,
3. Continuously communicate unit availability to the Referring Agent until the required number of units are occupied by Target Population referrals,
4. Hold units for identified referrals, and
5. Maintain proper records and documentation of communication and marketing for compliance with the leasing preference requirement.

The property must immediately notify the Referring Agent once a unit becomes available and continuously provide unit status updates until the Unit Commitment is met and maintained throughout the extended use period.

**Please Note:** Properties receiving financing or rent subsidies from programs such as Rural Development, HUD, or a local Housing Authority may not immediately be able to provide the leasing preference to the Target Population identified in the Virginia Housing QAP. **See [Leasing Preference Conflicts](#) for more information.**

## Leasing Preference Process Overview



### Leasing Preference Unit Commitment & Unit Availability

The Unit Commitment is determined by the QAP and the property's allocation year and must be maintained throughout the extended use period, thirty years or more.

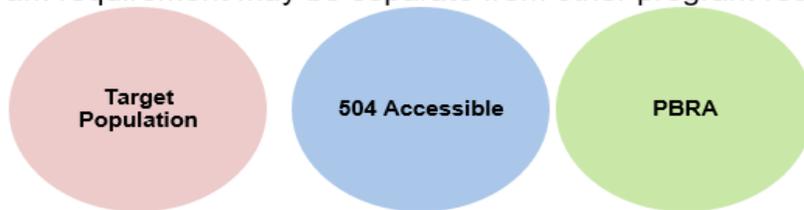
**Properties with 2015-2018 Allocations** – The owner elected points in the Tax Credit application to provide the greater of five (5) units or ten percent (10%) of the total number of residential units to persons with an Intellectual or Developmental Disability (“DD”) referred by an approved Referring Agent, throughout the property's extended use period.

**Properties with 2019-Present Allocations** – A minimum requirement for all properties to provide a leasing preference for ten percent (10%) of the total residential units to persons in a Target Population referred by an approved Referring Agent throughout the property's extended use period. Target Populations may include individuals experiencing DD, serious mental illness (“SMI”), chronic homelessness, youth aging out of foster care, and other populations identified in an MOU and referred by an approved Referring Agent.

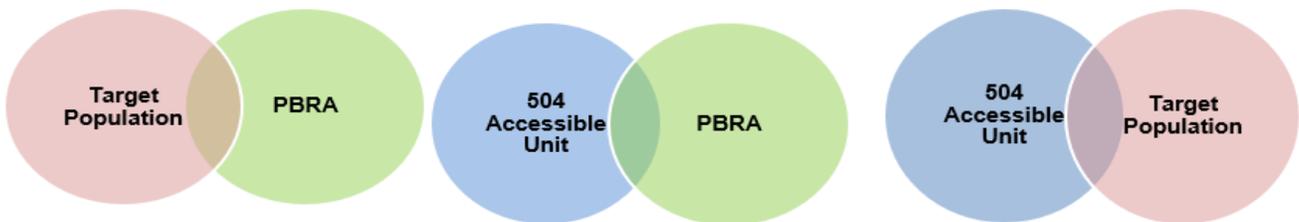
**Extended Use Agreement Amendments** – Properties approved for an EUA amendment may also have a leasing preference requirement throughout the property's extended use period.

**Relationship to Other QAP Leasing Preference Requirements** – The Target Population leasing preference is separate from the Section 504 and Project-Based Rental Assistance marketing requirements, and one referral may or may not fulfill multiple QAP requirements. All property leasing preference requirements must be shared with the Referring Agent during the scheduled introduction. Review your property’s EUA for all occupancy requirements.

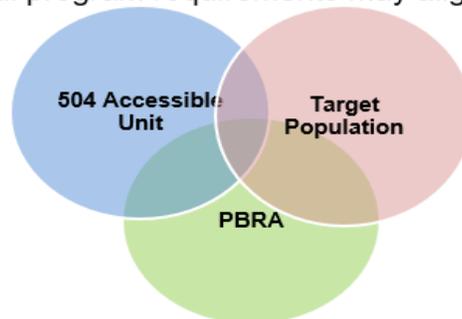
Each program requirement may be separate from other program requirements



One program requirement may align with another program’s requirements



All program requirements may align



## Property Introduction to the Target Population

**Introduction Call or Email** – Virginia Housing will schedule an introduction call or initiate an email between the Referring Agent and the property’s management and ownership contacts after the property is approved for a Tax Credit allocation and before the property begins leasing its units. The introduction will include a review of the Target Population leasing preference requirements and referral process.

**Report Changes in Property Contacts** – Immediately notify Virginia Housing and the approved Referring Agent if there is a change to the on-site property management contact responsible for providing unit availability updates to the Referring Agent.

**Marketing Materials** – The property must provide materials to the Referring Agent to assist in marketing the property to the Target Population. Marketing materials include but are not limited to descriptions of the property’s unit features, building amenities, floor plans, architectural renderings, photos, pamphlets, flyers, company website, transportation options, attractions in the area, etc.

**Virginia Housing Search** – The property must register on VirginiaHousingSearch.com and maintain an up-to-date property listing. [Virginia Housing Search](#) is a free online marketing portal provided for the Virginia Housing rental portfolio. The Referring Agent reviews the property information on the Virginia Housing Search website to share with individuals in the Target Population.

**Leasing Preference Conflicts** – Provide the Referring Agent details on the property’s occupancy, financing, and rental assistance requirements that may limit or restrict the access to units for the Target Population leasing preference.

Examples of conflicting program requirements include but are not limited to:

- Relocation requirements for rehabilitation properties with returning residents that limit unit availability.
- Properties with Rural Development financing or rental assistance.
- 100% rental assistance programs (e.g., Section 8, project-based vouchers).
- Properties with closed waitlists or open waitlists with more than 100 people.
- Minimum age requirements.

The Referring Agent must be immediately notified once the property’s unit status changes (e.g., waitlist opens, unit vacancies) until the Unit Commitment is met. **See the [Property Waitlist Notification](#) section for more details.**

**Tenant Selection Plan** – The property’s Target Population leasing preference procedures must be included in the property’s Tenant Selection Plan (“TSP”). The property should review its TSP regularly, make updates, and provide a copy to the Referring Agent within five (5) business days of the completed updates.

Review Virginia Housing’s [Tenant Selection Plan Guidance](#) on our website.

## **Required Property Communication with the Referring Agent**

**Properties Must Actively Seek Referrals** until the required Unit Commitment is met by maintaining ongoing contact with the Referring Agent via email and phone calls to market vacant, move-in-ready units and units with a notice to vacate. The Referring Agent will provide additional details on the procedures and forms required for reporting the property’s unit availability.

The property must provide details on the number of units available, bedroom sizes, unit location within the property, accessible features, whether a rental subsidy is applied to the unit, and whether the rental subsidy is available to the referred applicant.

**Do not assign units** for the Target Population. The Target Population served through the leasing preference typically needs smaller bedroom sizes; however, all available units, regardless of bedroom size or rent restriction, must be offered to the approved Referring Agent until the Unit Commitment is met. The property must make every effort to work with the Referring Agent to process the referral application and lease a unit to a Target Population referral to meet the program requirements.

**Referring Agent Email Contact** – Email [LIHTC@DBHDS.Virginia.gov](mailto:LIHTC@DBHDS.Virginia.gov) and the assigned Referring Agent contacts to report unit availability details, request the status of applicant referrals, or seek a written unit release.

**Required Target Population Referral Application Updates** – Notify the Referring Agent when the application process is complete (approved, approved with conditions, denied, etc.) for the Target Population referral.

All Target Population referrals will present a Target Population Verification Letter to the property with the application. The Target Population Verification Letter confirms the applicant's eligibility for meeting the Target Population Unit Commitment. **See the [Referring Agent Referral Procedures](#) section for additional information.**

Documenting the property's ongoing communication efforts with the Referring Agent ensures compliance with the EUA requirements. **See the [Compliance Monitoring for the Target Population](#) section for additional information.**

## **Continuous Property Marketing of Unit Availability**

**Required Notification of Unit Availability** – All available units must be marketed to the approved Referring Agent prior to and throughout the initial property lease-up and as units turn over to meet and maintain the Unit Commitment for the Target Population leasing preference. The property must immediately and continuously report updates on unit availability to the Referring Agent and maintain accurate tenant activities (Move-in, Move-out, Unit Transfers, etc.) as they occur in the online Tenant Portal. Virginia Housing provides a monthly report to the Referring Agent with the summary of unit vacancies based on the tenant certification updates in the online Tenant Portal.

The Referring Agent may issue a unit release when a referral is not immediately identified for an available unit. However, if the unit remains vacant and unleased, the property must continue to notify the Referring Agent of the unit's availability until the Unit Commitment is met. **See the [Referring Agent Referral Procedures](#) section for additional information.**

**Notification Before and During Lease-up** – The ideal initial contact point with the Referring Agent is before the property begins pre-leasing units and accepting applications from the general population. The property must immediately provide the following information and updates to the Referring Agent:

- Property marketing materials,
- Tenant Selection Plan,
- Unit details, including construction status, bedroom sizes, location in the building, etc.,
- Written notification when the certificate of occupancy is anticipated,
- Written notification when the certificate of occupancy is received for the property's first building, and
- Continuous updates on the unit status.

After the Referring Agent has been notified of the pre-leasing start date, the property may continue leasing its units to the general population during its lease-up phase.

**Notification of Low Unit Availability Before the End of the Lease-up** – The property must communicate and confirm the end of its lease-up period with the Referring Agent. The end of the lease-up period may be based on the program’s required lease-up deadline, also known as a tax penalty deadline, or when the available units reach a low unit count, which is equivalent to the number of unfilled Target Population leasing preference units.

Before the end of the lease-up, the property must notify the Referring Agent that the property has a low number of remaining units for the Target Population leasing preference. The notification gives the Referring Agent the opportunity to request a unit hold for a referral.

*For example, a 100-unit property is required to lease ten units to the Target Population. The property is approaching the end of its lease-up period and has three units leased to Target Population referrals and seven units remaining in their Unit Commitment. Once the available unit count reaches seven units in the lease-up, the property must notify the Referring Agent. The Referring Agent will promptly acknowledge the low unit availability notification and provide a written response within five (5) business days to request a unit hold for Target Population referrals or a written unit release for the property to continue leasing the remaining units to the general population.*

The Referring Agent may issue a written unit release at any time; however, during the property lease-up, a written unit release is usually not issued until the property approaches the end of its lease-up period to ensure full access to all available units for Target Population referrals.

**At Unit Turnover After the Lease-up** – As soon as the property becomes aware of a unit vacancy (e.g., receipt of a notice to vacate or an order of possession, confirmation the unit was abandoned, etc.), the property must submit a written notification to the Referring Agent **within one (1) business day** to request a referral for the specific unit. If the Referring Agent identifies an eligible referral, the Referring Agent will request a unit hold **within five (5) business days**. If the Referring Agent does not have a referral for the available unit after five (5) business days, the Referring Agent will provide a written unit release to the property, and the property can continue leasing the available unit to the general population.

## Property Waitlist Notification

**Waitlist Management** – Properties must provide a leasing preference to Target Population referrals on its waitlist as permitted and notify the Referring Agent immediately if the program conditions change (e.g., waitlist opens, unit vacancies). The property waitlist requirements should be shared during the introductory meeting between the property and the Referring Agent.

Notify the Referring Agent if the property:

- Requires a waitlist to lease all units under a rental assistance contract.
- Cannot provide a leasing preference for the Target Population on the waitlist. Examples include the waitlist being closed and not accepting applications, the property must provide units to returning residents, the waitlist having more than 100 applicants, or there are existing reasonable accommodation requests that are waiting to be fulfilled for existing residents requiring the next available unit.
- Waitlist requirements change, and the Target Population will be given a leasing preference on the waitlist.

## Meeting the Unit Commitment

Once the property meets its Unit Commitment by leasing the required number of units to Target Population referrals, the requirement to actively market unit vacancies to the approved Referring Agent ends until a Target Population referred tenant vacates or gives notice to vacate. The property may continue leasing all unit vacancies to the general population, or a property may choose to continue marketing its available units to the Referring Agent.

After meeting the required Target Population Unit Commitment, the property must continue:

- Updating the online Tenant Portal with all tenant certifications and activities as they occur
- Maintaining an up-to-date property listing on VirginiaHousingSearch.com and
- Notifying the Referring Agent when an occupancy change occurs or is anticipated

## Referring Agent Referral Procedures

**Local Case Managers and Services** – The Referring Agent partners with local case managers to identify Target Population referrals for the property’s available units. Some case managers also accompany referrals on property tours, assist with the application process to secure housing and provide tenancy support services after the lease is signed. The Referring Agent may introduce the property contacts to the local case managers assisting referrals and share information about the rental assistance and any services to which the referrals have access.

**Unit Hold** – If an eligible referral is identified for the available units, the Referring Agent will request a unit hold for the eligible referral.

During the property’s lease-up period, properties are required to notify the Referring Agent before the lease-up begins and once the available unit count is equivalent to the number of unfilled Target Population leasing preference units. The Referring Agent may request a unit hold once a referral is identified for a unit. **See the [Notification of Low Unit Availability Before the End of Lease-up](#) section for additional information.**

At unit turnover, the property must notify the Referring Agent of a vacant unit or a notice to vacate within one (1) business day. The Referring Agent will respond to the notice of unit availability within five (5) business days to confirm a referral and request a unit hold.

The Referring Agent may request a hold for a unit that was previously released if the units remain vacant when an eligible Target Population referral is identified. **See the [Required Property Communication with the Referring Agent](#) section for additional information.**

**Target Population Verification Letter** – The Referring Agent will provide an official written Target Population Verification Letter to eligible referrals. All eligible applicants are identified by presenting the official Target Population Verification Letter before initiating the application process. The Target Population Verification Letter will include the referred applicant’s name and Target Population verification date, along with the rental assistance details and contact information for the approved Referring Agent and the rental assistance program administrator.

The Target Population Verification Letter is valid for fifteen (15) days from the verification date listed on the letter. If the letter expires before the individual submits an application to the property or is placed on the property’s waitlist, the individual must obtain a new letter from the approved Referring Agent.

**Unit Release** – The Referring Agent should provide a written unit release for the property to lease the units to the general population if an eligible referral is not identified at the end of the five (5) day response deadline.

If the Referring Agent does not have referrals for a vacant unit, the Referring Agent will follow the procedures below:

- **During the Property Lease-up**, only when the available unit count is equivalent to the number of unfilled Target Population leasing preference units, the Referring Agent has **up to five (5) business days** to hold units for eligible referrals or issue a written unit release for the number of units where a Target Population referral is not identified.
- The Referring Agent unit release is usually only issued at the end of the property's initial lease-up period when Target Population referrals are not identified for the remaining available units or not later than sixty (60) days before the property's required property lease-up date, commonly referred to as the owner's tax penalty date.

**At Unit Turnover**, the Referring Agent should immediately confirm receipt of the property's notification of unit availability in writing and has **up to five (5) business days** to respond and confirm whether an eligible referral is identified for the available unit.

**Extended Unit Release** – The Referring Agent may issue an extended unit release for properties with limited, restricted, or no unit availability because of other property or program requirements. Examples of properties with low unit availability considered for an extended unit release for the Target Population leasing preference include:

- Rehabilitation properties with returning residents
- Rental assistance across most or all of the property's units under an agreement with conflicting leasing preference requirements
- Existing residents and a closed waitlist
- A property waitlist of more than 100 people
- or other programs that do not permit a leasing preference (e.g., Rural Development or other federal or local programs).

The extended unit release relieves the property of the requirement to continuously report vacant units for Target Population referrals and document the property's ongoing communication and unit marketing of available units to the Referring Agent. The Referring Agent will review each property's specific status to determine the extended unit release timeframe in the written notice.

The property must document the Referring Agent's written extended unit release for compliance monitoring.

## Vacancy Loss Reimbursement

**Referring Agent Written Unit Hold Request** – Virginia Housing set aside funding for vacancy loss reimbursement equal to 80% of the unit rent for up to 60 days for units available for occupancy yet held vacant and reserved under a unit hold requested by the Referring Agent for identified Target Population referrals. The reimbursement period begins after the Referring Agent requests the unit hold for an identified Target Population referral for a vacant, move-in-ready unit. **See the [Referring Agent Referral Procedures](#) section for additional information.**

The Referring Agent will provide a written unit hold request after a Target Population referral is identified. If the Target Population referral is no longer available to lease the on-hold unit, the Referring Agent must immediately, within twenty-four (24) hours, provide the property with details about another identified Target Population referral to retain the unit hold or must issue a unit release for the property to lease the on-hold unit to the general population. The property must document all unit hold and unit release documents in its records.

Once the unit application process for the Target Population referral is confirmed as complete (e.g., the unit is leased to a Target Population referral, the application process has ended, and the unit remains vacant, or the Referring Agent issues a unit release), the property may submit the [Vacancy Loss Request form](#) and supporting documentation of the Referring Agent unit hold request via email to [Compliance@VirginiaHousing.com](mailto:Compliance@VirginiaHousing.com).

**Vacancy loss supporting documentation** should be combined into one PDF document and include the following:

1. Documentation showing the date the unit is ready for occupancy or move-in ready
2. Property Rent Roll showing the Target Population referral move-in date and unit rent or the Referring Agent's written unit release.
3. Payment details - the payee's name and address

Examples of unit vacancy reimbursements after the Referring Agent requests a unit hold:

- *A unit that is vacant and move-in ready or ready for occupancy is on hold for 20 days and leased to a Target Population referral. The property may submit a Vacancy Loss Request to Virginia Housing with the supporting documentation for review and approval of unit vacancy loss reimbursement for 20 days.*
- *The unit is held for forty-five (45) days and does not result in a unit leased to a Target Population referral. The Referring Agent should provide a written unit release, and the property should continue leasing the unit to the general population. The property may submit a Vacancy Loss Request to Virginia Housing with the supporting documentation for review and approval of vacancy loss reimbursement for forty-five (45) days.*

**Unit Hold Longer Than 60 Days** – If the unit is held vacant longer than 60 days, the property may request a written unit release from the Referring Agent to lease the unit to the general population. Contact Virginia Housing if the unit hold is expected to extend beyond the 60-day reimbursement period.

## Compliance Monitoring for the Target Population

Virginia Housing will monitor the Target Population requirement according to the requirements in the property's EUA. Non-compliance will be reported to the Tax Credit allocation department, and penalty points may be assessed in future Tax Credit applications.

During the compliance monitoring visit, Virginia Housing will confirm your property's specific occupancy and leasing requirements in the EUA and request records verifying compliance with all EUA requirements. Maintaining proper documentation is important to verify that the property complies with the Target Population leasing preference requirements.

**Required Online Tenant Portal Updates** – The property is required to complete all tenant certification activities in the agency-provided online Tenant Portal used to track property compliance and tenant eligibility with program requirements. Tenant activities include move-in, initial, and annual re-certification, move-out activity, and unit transfer.

Virginia Housing provides monthly property unit status updates to the Referring Agent, which relies on current tenant certification events updated in the online Tenant Portal.

The proof of compliance for the Target Population leasing preference includes documentation of the following:

- Continuous communication marketing vacant and notice to vacate units to the Referring Agent throughout the extended use period (e.g., electronic or printed emails or call logs)
  - **During Lease-up** – Document written notification to the Referring Agent of any changes in construction status and unit availability as the property is leased up
  - **After Lease-up** - Document written notification to the Referring Agent about the waitlist status and unit availability upon receiving notice to vacate
- Target Population Verification Letters for all leased units
- Documentation of Written Unit Releases
- Referring Agent's written extended unit release
- List of units leased to Target Population referrals

Documentation of continuous marketing of units to the Referring Agent may be stored in a property book, in the tenant files, or electronic records. All documentation must be made available to Virginia Housing upon request to confirm the property's compliance with the EUA requirements. Failure to document ongoing communication with the Referring Agent will result in a report of noncompliance and a required unit hold for up to 60 days.

**Required 60-day Hold for Non-compliance for Failure to Market Units to the Referring Agent** – A 60-day unit hold may be required for failure to market units to the Referring Agent. If the property cannot provide evidence of regular, ongoing, active marketing efforts with the Referring Agent, a written notice of noncompliance will be issued, and units must be held for up to sixty (60) days to market to eligible referrals in the Target Population. The noncompliance is not corrected until the Referring Agent provides a written unit release or the 60-day unit hold period ends, whichever comes first. Units under a required sixty (60) day hold are not eligible for Vacancy Loss Reimbursement.

Evidence of ongoing active marketing includes, but is not limited to, email correspondence, detailed notes of referral activities, unit tracking reports, etc.

## Target Population Partnership

Successful management of the Target Population leasing preference requires a committed partnership between the Referring Agent, properties, and Virginia Housing to fulfill the mission of leasing low-income units to eligible, qualified tenants.



Email [LIHTC@DBHDS.Virginia.gov](mailto:LIHTC@DBHDS.Virginia.gov) to share property updates and report unit availability to the Referring Agent or ask questions about the referral process.

Email [Compliance@VirginiaHousing.com](mailto:Compliance@VirginiaHousing.com) to submit Unit Vacancy Loss Reimbursement requests.

## Description of Terms Used in this Document

**DBHDS** – Department of Behavioral Health and Developmental Services is the Referring Agent for DD-eligible applicants and other Target Populations identified in the QAP and MOU.

**Intellectual or Developmental Disabilities (“DD”)** is a Target Population identified in the QAP for 2015-2018 Tax Credit allocations for point elections in the Tax Credit application or an approved EUA amendment.

**Leasing Preference** means that all unit vacancies, including anticipated unit vacancies, must be continuously offered to the approved Referring Agent until Target Population referrals occupy the required number of units. The Unit Commitment must be maintained throughout the extended use period.

**Local Case Manager** – Individual or local Agency assigned to help the Target Population referral and communicate with the property on behalf of the Referring Agent. The Local Case Manager cannot release units and should not be the first contact for reporting available units. Contact the approved Referring Agent to report required unit availability updates for the Target Population. If you have any questions, please email [LIHTC@DBHDS.Virginia.gov](mailto:LIHTC@DBHDS.Virginia.gov).

**Marketing for the Leasing Preference** includes providing continuous updates on all unit vacancies or anticipated unit vacancies to the Referring Agent until the required number of units has been occupied with eligible referrals. The units are required to float throughout the community to meet the needs of the referred applicant.

**Memorandum of Understanding (“MOU”)** – An agreement between two or more parties outlining the terms and details of an understanding, including each party's requirements and responsibilities relating to the Target Population leasing preference.

**Qualified Allocation Plan (“QAP”)** – By statute, Virginia Housing must provide the QAP with instructions and details on the requirements for funding federal and state Tax Credits to develop or rehabilitate multi-family housing in Virginia.

**Referring Agent** – Defined in the QAP and identified as a participating agency of the Commonwealth that has an MOU with Virginia Housing and approved to refer individuals in a Target Population.

**Target Population** – Defined in the QAP for Tax Credit allocation and identified in an MOU and EUA. The Target Population includes eligible applicants identified and confirmed by the Referring Agent.

**Target Population Verification Letter** – The official letter issued by the approved Referring Agent to eligible individuals in the Target Population. The referred applicant must present the letter to the property at the time of the application for a rental unit to be counted for the Target Population Unit Commitment. The Target Population Verification letter includes contact information and details on the available rental assistance for the referred applicant and is valid for up to 15 days. Contact the Referring Agent if the letter has expired at the time of the application.

**Tenant Selection Plan (TSP)** – A plan developed by the property to identify leasing criteria and must include the specific application procedures for the Target Population leasing preference.

**Unit Commitment** – The required number of units to be occupied with eligible referrals in the Target Population per the property's QAP allocation year.