ASNH Rental Program Manual

Fiscal Year 2026 (FY26)

Updated July 2025

For the FY26 fall round:

- The deadline for Fall 2025 submissions is August 29, 2025, 11:59 p.m.
- All program agreements must be executed by November 1, 2026
- All program agreements will expire on November 1, 2028

FY26 Sources and Amounts	
SOURCE OF FUNDS	**FY26 ALLOCATION[1]**
HOME Investment Partnerships Program (HOME)	$8,473,517
National Housing Trust Fund (NHTF)	$3,730,239
Virginia Housing Trust Fund (VHTF)	$77,964,422
Housing Innovations in Energy Efficiency (HIEE)	$56,338,214

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[1] Allocation amounts listed are approximate for the fiscal year and may subject to change, based on any returned funds, adjustments to formula allocations, earned interest or program income.

Program Overview – Background

This Manual is intended to provide guidance on funding availability and limits, as well as the application and decision notification process for the FY26 ASNH application cycle.

For guidance on applicant and project eligibility and program and regulatory requirements, please see the ***ASNH Program Guidelines***.

If you require information, please contact DHCD staff for assistance.

ASNH Program Staff	
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Program Year Available Funds

For the **2025-2026** program year (**Virginia FY26**), the sources and approximate amounts allocated to the ASNH Program are below. DHCD reserves the right to update these funding amounts during the program year, and the right to roll over funding to future program years at its sole discretion.

Per project and per source maximums awards apply, with further details below and under Project Competitive Funding Limits. DHCD reserves the right to restrict total funds awarded to a project.

SOURCE OF FUNDS	FY25 ALLOCATION[2]
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Project Competitive Funding Limits

In FY26, an applicant may request up to $2,000,000 of Virginia Housing Trust Fund and an additional $1,000,000 of an eligible federal source (National Housing Trust Fund and/or HOME Investment Partnerships), for a maximum total request of $3,000,000 in competitive sources.

At time of application, the project must be eligible for the requested federal source(s) based on the income targeting requirements of that program as well as not exceeding the HUD maximum investment limits for the number of proposed eligible unit types. The maximum subsidy limits are in the next section of this manual and in the Application Workbook attachment.

To summarize, an applicant may request:

- $2,000,000 of Virginia Housing Trust Fund
- $1,000,000 of an eligible federal source (National Housing Trust Fund and/or HOME Investment Partnerships)
- For a total of $3,000,000 in competitive sources

A project which is designed to meet the HIEE minimum performance requirements and requesting a competitive source is eligible for an award of up to $2,000,000 or ten percent (10%) of its total construction costs as calculated in the ASNH Application Workbook "Sources and Uses" tab, whichever is the lesser amount.

- $2,000,000 – Maximum HIEE award for an eligible project
- $5,000,000 – Maximum total awarded funds for an eligible project requesting HOME, NHTF, VHTF, and HIEE

Rental Project Subsidy Limits

Based on the above, **for rental projects,** the maximum investment of HOME or NHTF funds, the limits **effective April 2024** are calculated as follows:

Bedrooms	**Base**	**HCP limit Cap**	**Max Subsidy**
0	$75,620	240%	$181,488
1	$86,687	240%	$208,049
2	$105,414	240%	$252,994
3	$136,372	240%	$327,293
4+	$149,693	240%	$359,263

Rental projects are subject to additional program requirements including the final number of assisted units based on the total amount of HOME or NHTF assistance **(including HOME from other localities**) as compared to the total development costs. For this purpose, total development costs are limited to HOME or NHTF eligible costs (Appendix C of the *ASNH Program Guidelines*) and must exclude non-eligible costs such as community buildings, market rate or unrestricted units, and retail space.

The final number of assisted units in a project will be determined by DHCD during underwriting. Selected projects will always be assisted with the minimum amount of funds needed, as demonstrated by the underwriting and subsidy layering review.

Application Eligibility Thresholds

In addition to all the federal program requirements included in the **ASNH Program Guidelines**, rental projects must meet the following threshold requirements at time of application to be considered eligible for funding:

- All applicants must complete and submit with their application a Phase I Environmental Site Assessment (ESA). **DHCD will accept a Phase I ESA produced in the last two calendar years of the time of application.** If the Phase I ESA is over two calendar years old, DHCD may consider a Part 58 or National Housing Trust Fund ERR Checklist in addition to the invalid Phase I ESA for eligibility.
    - Per EPA guidance, a Phase I ESA is valid for 180 days from the date of the report but may be used for up to one year if updated in accordance with ASTM and EPA requirements. For more information, visit the EPA's All Appropriate Inquiries Rule.
- All applications must be complete at the time of submission and must include the following required attachments:
    - ASNH Application Workbook – template provided
    - Application Certification – template provided
    - Zoning Certification – template provided
    - Affirmative Marketing Plan – template provided
    - Uniform Relocation Assessment – template provided
    - Environmental Phase I
    - Property Status Documentation
    - Resource Documentation
    - Sample Lease
- Low Income Housing Tax Credit (LIHTC) Project Eligibility:
    - All projects applying as a 9% LIHTC deal must have a valid commitment of 9% credits at time of application.
    - All projects applying as a 4% LIHTC deal must complete the **"Low Income Housing Tax Credit Certification"** section of the **Application Certification** attachment.

Application Submission

All applications for Affordable and Special Needs Housing (ASNH) must be submitted through DHCD's Centralized Application and Management System (CAMS) prior to the application submission deadline.

The deadline for Fall 2025 submissions is August 29, 11:59 p.m.
CAMS automatically closes the application to submissions at this time.

The CAMS User Guide provides information and instructions on setting up and managing a CAMS account, and should be used first to troubleshoot any errors. Please allow up to two business days for responses to any CAMS Help Desk request. DHCD technical assistance is limited to normal business hours.

Applications must be submitted by the primary partner in the Project, which is responsible for long-term operations and compliance. Applications made by a project legal entity or limited liability corporation are ineligible and will not be accepted or scored.

Applicants with outstanding or unresolved findings from audit or monitoring findings, unresolved IRS findings, unresolved compliance findings – including those issues which may be identified to DHCD by another previous partner such as Virginia Housing (VH) –, or which are not in compliance with previous DHCD agreements will not be eligible for a funding commitment for any Project until such findings and/or compliance issues are resolved. DHCD staff are committed to working with any interested party to develop a plan for resolution and restoration of eligible status.

All ASNH applicants must be in compliance with the Agency Audit Policy at time of application. If you have questions about the audit policy, please contact DHCD staff.

Application Review

DHCD has the discretion to utilize a cure period for technical deficiencies. If the application has technical deficiencies, staff will notify the Applicant's Primary Contact of the deficiency and the length of the cure period.

DHCD conducts panel reviews of all Applications submitted in CAMS after the submission deadline. During this panel review, the Application is first screened to ensure the Project and Applicant meet the eligibility requirements. Projects or Applicants which do not meet eligibility requirements are not provided with a numerical score.

After DHCD screens all applications to determine eligibility and completes the cure period, DHCD will release a "**Funding Round Overview**" on the ASNH webpage. The **Funding Round Overview** will include the total number of applications received and the total amount of funding requested. No other information regarding the application round will be provided until the Notification of Funding Decision by the Office of the Governor of Virginia.

Scoring Criteria

Applications are scored on a one hundred (100) point scale, and Projects must score sixty (60) points or higher to be qualified for funding.

The scoring criteria are as follows:

- Need – 40 points:
    - The Applicant demonstrates through narrative responses and information in attachments that the Project fills a critical need in the market area.

    - For HOME funds only, projects in non-Entitlement or non-Consortium localities receive points (5) in this category.

- Feasibility – 30 points:
    - The Applicant demonstrates through narrative responses and information in attachments that the Project is likely to come to a timely completion.

- Developer Capacity – 30 points:
    - The Applicant demonstrates through narrative responses and information in attachments that the development team can successfully complete projects and deliver affordable housing.
    - For HOME funds only, CHDO-involved projects receive points (5) in this category.

DHCD staff will rank all qualified Applications based on score. The highest scoring Applications from each round will receive offers of funding from DHCD, up to the amount requested in the Application as available based on per-project caps, and remaining funds for allocation through the ASNH Program. These offers are preliminary awards and are contingent upon the Applicant meeting certain requirements as outlined in the **ASNH Program Guidelines** and in the source-specific letter of award offer.

DHCD prioritizes funding projects that are eligible and feasible. However, DHCD reserves the right to retain any funds offered during an application cycle or program year as unallocated, and such unallocated funds will carry forward to future application cycles and program years as allowed.

Notification of Funding Decision

The Office of the Governor of Virginia makes the Affordable and Special Needs Housing program funding award announcements public, typically by the publication of a press release.

After the ASNH Program application cycle closes, DHCD staff are unable to answer inquiries as to the timing or contents of this announcement. Any such inquiries will not be returned.

Following the public announcement of ASNH Program awards, DHCD staff will notify each project's Primary Contact, as listed in CAMS, via email. This notification will include either an award confirmation or a notice of denial.

Applicants whose projects are not funded will be invited to participate in an "**ASNH Rental Funding Round Overview**" conference call, during which DHCD staff will provide insight into the funding decisions for the current round. After attending the overview call, applicants may request a one-on-one technical assistance or debriefing session to receive specific feedback on their application.

Applicants with awarded projects are required to participate in an onboarding conference call. Details regarding this call, along with the terms letter(s), will be sent to the Project Primary Contact via email.

Reapplication Policy

In FY26, DHCD will not accept applications for "top off" funding or additional sources for a currently funded project. Any prior awardee must formally return a prior award by email to DHCD staff before submitting a new application.

Execution of Award Terms

Applicants receiving a notification of awarded funds for Projects are considered preliminarily qualified. For each source awarded, the notification of awarded funds is comprised of two documents. The first document is a letter of award, which will be signed by the Senior Deputy Director of Community Development and Housing. The second document will contain additional terms of the awarded funds, including interest rate, length of affordability period, and details program requirements (including environmental review processes). This *terms letter* must be countersigned by the Applicant and returned to DHCD staff prior to the issuance of a Program Agreement.

DHCD's expectation is that all Applicants requesting ASNH funds are prepared to return executed *terms letter(s)* in a timely manner. Applicants which delay the return of an executed terms letter without communicating with their assigned Program Administrator may not be eligible for an extension of time to complete the Program Agreement.

Execution of Program Agreement(s)

Annually, DHCD determines the deadlines for program agreement execution and expiration based on the application timeline.

For the FY 2026 Fall 2025 round, all program agreements:

- Must be executed by: November 1, 2026
- Expire on: Fall 2025 Round: November 1, 2028

Applicants have until the above deadline to complete program requirements and execute the Project's Program Agreement. This window of time is intended to allow both Applicants and DHCD to complete necessary processes which may have predetermined time requirements, such as Applicant underwriting review or DHCD public notice and comment periods.

The Program Agreement is a formal commitment of funds, and prerequisite for a legal loan commitment for rental projects. Program requirements vary by source but may include an environmental review process with public comment periods as required by HUD, and program agreements cannot be issued until all contingencies and program requirements are met.

ASNH Program Agreements expire on a pre-determined date, <u>three years</u> from the season the application closes, and the deadline will be provided for each fiscal year in the ASNH Rental Manual. By the deadline, the project should be completed and ready to schedule permanent conversion or closing. Written requests for extensions of any deadline above must be received by

DHCD prior to the expiration of the agreement or commitment and are approved on a case-by-case basis at DHCD's discretion.

Rental Narrative Questions

1. Briefly describe the proposed development, including:
    a. Type of construction (new, rehab, or adaptive reuse)
        i. For new construction: planned buildings and amenities
        ii. For rehab: scope of work and whether it's a former LIHTC or DHCD HOME-awarded project
        iii. For adaptive reuse: scope of work
    b. Total number of units (by bedroom size) and buildings

2. Explain how the project fits into the surrounding neighborhood. If not in a low-poverty or low-minority area, describe how it supports local revitalization or opportunity goals.
    a. Note: Complete the required **Site and Neighborhood Standards** tab in the Workbook.

3. Describe the housing need the project addresses, including income levels, unit sizes, and vacancy rates. Reference your market study or other supporting data.

4. List nearby amenities such as jobs (not required for senior projects), transit, stores, healthcare, parks, etc., and note distances from the site.

5. Will the project provide any of the following:
    a. Permanent supportive housing (PSH) units for residents with intellectual or developmental disabilities, serious mental illnesses, or who were chronically homeless? If yes, name the targeted population, percentage of PSH units in the development, the source of rental subsidies, and the name of the referring agency.
    b. Project-based subsidies or rental assistance. If yes, name the type, source, and status of commitment.

    An executed PSH Referral MOU, voucher award letters/contracts, and/or subsidy award letters/contracts must be included in the "Resource Documentation" attachment to receive points.

6. Describe project-based services for tenants, differentiating between services for all tenants versus PSH residents.
    a. If known, name the provider and upload the contract to "Resource Documentation"
    b. If not contracted, explain your service plan and experience with similar models

7. Will the project meet a third-party green building standard (EarthCraft Gold+, Enterprise Green, LEED, or NGBS Silver+)? If so, upload preliminary documentation. If not certified, describe green features.

8. Rental projects must meet minimum unit standards under Section 504/UFAS. Minimum requirements are five percent (5%) of units (minimum 1) accessible to individuals with physical impairments, and two percent (2%) of units (minimum 1) accessible to individuals with sensorial impairments.
    a. State the number and percentage of units meeting Section 504 accessibility standards (physical and sensory) and any additional accessibility or Universal Design features.

9. The Uniform Relocation Act (URA) applies to all projects where development activities will result in permanent or temporary dislocation of households, businesses, farms, and/or nonprofits, and a completed URA attachment is required regardless of project type.
    a. Will the project cause temporary or permanent dislocation? If so, describe the relocation plan and any planned measures (e.g., hospitality suites). Ensure you complete and attach the required URA attachment.

10. Confirm the Sources and Uses tab is complete and accurately reflects funding status.
    a. Upload commitment documentation in "Resource Documentation"
    b. If pending, explain timing and contingency plans

11. The Applicant must be the primary partner in the Project that will be responsible for long-term operations and compliance. Describe the specific role the Applicant will have from project development through the thirty-year affordability period. If partners are involved, describe their role(s), and describe the Applicant's relationship to the Project LLC or Ownership entity, if applicable. Please note that an organizational structure chart is a required attachment.
    a. The project LLC or ownership entity and the applicant will be listed as the responsible parties on the program agreements and loan documents. If a sponsor structure or co-developer structure is required, DHCD pre-application consultation is required.

12. Briefly describe the Applicant's past development experience with this type of project, noting previous use of ASNH-awarded funds. If the Applicant has other projects currently in development, list those projects (noting those which have an award of ASNH funds) and provide the status of these projects including whether the project is currently on-time for delivery. If any projects are not currently on time for delivery, please provide an explanation.

13. Please name the property management team and describe their experience managing similar projects, including experience maintaining long-term compliance of projects with HOME, NHTF, LIHTC, PBV or other government-related funding sources.

14. Projects awarded funds from this application cycle will need to execute program agreements no later than November 1, 2026, and are expected to have construction completed for permanent conversion no later than November 1, 2028.

    a. Please discuss any barriers or challenges to meeting the milestones and discuss any variance from these dates on the submitted timeline. Please note that DHCD considers extensions to these deadlines on a case-by-case basis.

15. If your Phase I Environmental Site Assessment or Part 58 Environmental Review identified any findings, Recognized Environmental Conditions (RECs), or concerns, please describe the mitigation measures implemented and any additional studies conducted, along with their outcomes.
    a. Any supplemental documentation should be uploaded in the Optional Attachments section of your application.

16. ASNH awarded funding sources are available to projects ONLY at permanent conversion and are provided as a low rate (3% default) interest only, must-pay deferred principal loan over the full affordability period of thirty (30) years. Do you request changes to the standard ASNH loan terms (3% interest-only over 30 years)? If yes, explain and justify.
    a. VHTF may be as low as 0%; HOME/NHTF as low as 0.5%
    b. Changes must be reflected in the underwriting section of the Application Workbook.
    c. Example: Request 1% interest to meet primary lender DCR.

17. **For for-profit developers requesting a back-to-back loan structure wherein the sponsor loan will carry an interest rate different than the ASNH loan:** prior to application, you must consult with DHCD staff. If you have consulted with DHCD staff, describe the proposed financing arrangement, including:
    a. The relationship between the project-level debt and the sponsor/developer entity.
    b. The interest rate proposed for the sponsor loan and how it aligns with the estimated Applicable Federal Rate (AFR).
    c. How the required 3% interest-only, deferred principal structure for DHCD funds will be integrated; and
    d. Any implications for long-term project feasibility or compliance with program requirements.

18. Do you have DHCD CHDO status?
    a. If yes, write "Yes" and upload your certification letter
    b. If pending, approval must occur before application submission for HOME scoring preference

Application Attachments

<u>Required Attachments:</u>

- ASNH Application Workbook – template provided
- Application Certification –template provided
- Zoning Certification –template provided
- Affirmative Marketing Plan – template provided
- Uniform Relocation Assessment –template provided
- Environmental Phase I
- Property Status Documentation
- Resource Documentation
- Market Study
- Sample Lease
- HIEE Eligibility Documentation (required for HIEE only)
- CHDO Certification (required only if DHCD CHDO)

<u>Optional Attachments</u>

- Part 58 or HTF Environmental Provisions
- Permanent Supportive Housing MOU
- Green Build Documentation