



**Communities of Opportunity Tax Credit Program
(COTCP) –Virginia
Tax Year 2023 Guidelines**

Contact:

Cheri L Miles- Program Manager

Cheri.Miles@dhcd.virginia.gov

804-371-7114

Communities of Opportunity Tax Credit Program - Virginia

The Communities of Opportunity Tax Credit Program (COTCP) is a Virginia income tax credit program amended and reenacted by the 2022 General Assembly [§58.1-439.12:04 of the Code of Virginia]. It is intended to decentralize poverty by enhancing low-income Virginians' access to affordable housing units in higher income areas. To do this, COTCP provides Virginia income tax credits to landlords with property in eligible census tracts who participate in the Housing Choice Voucher program.

Definitions

Eligible census tracts are those census tracts that have less than a ten percent of poverty rate based on the most current U.S. Census data.

Eligible properties include one or more units where the landlord has in place a Housing Choice Voucher Housing Assistance Payments (HAP) contract (s) for all or part of a tax year (**Effective January 1, 2022**).

*Units must have in place executed Housing Choice Voucher Housing Assistance Payments (HAP) contract (s) with the public housing authority (PHA) or PHA contractor for the tax year.

*All units must be determined to be rent reasonable and pass PHA or contractor Housing Quality Standards within a year of the applicable tax year.

*All eligible properties/units must be located in an eligible census tract.

If a parcel of real property contains four or more dwelling units, then the total number of qualified units on the parcel is limited to 25 percent of the total number of dwelling units on that parcel.

Eligible landlords may be an individual, trust, general partnership, limited partnership (LP), limited liability partnership (LLP), limited liability company (LLC), or elected small business corporation (S corporation). All eligible landlords must be subject to the Virginia Residential Landlord and Tenant Act (VRLTA) in order to be eligible for participation in the Communities of Opportunities Tax Credit Program- Virginia.

Eligible Program Area

COTCP is targeted to landlords leasing qualified housing units located in census tracts with poverty rates of less than ten percent (10%).

To determine if a specific property is located in an eligible census tract, follow link below and enter address:

<https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc98345462cdfbf>

Address Search Instructions

United States Census Bureau EDA **EDA-Census Poverty Status Viewer**

High Poverty Area (County/Tract) Persistent Poverty County

ABOUT THIS MAP

The EDA-Census Poverty Status Viewer was developed by the U.S. Census Bureau to support the Commerce Department's Economic Development Administration (EDA).

High poverty area estimates include poverty data for the population for whom poverty status is determined using the 2017-2021 American Community Survey 5-year estimates. Estimates go down to the Census tract level. Although county estimates are shown, they only reflect current high poverty and not persistent (30+years) poverty. There may be differences between the two types of estimates because the persistent poverty definition uses the 2021 SAIPE for the most recent estimate, rather than the 2017-2021 ACS 5-year estimate.

LEGEND

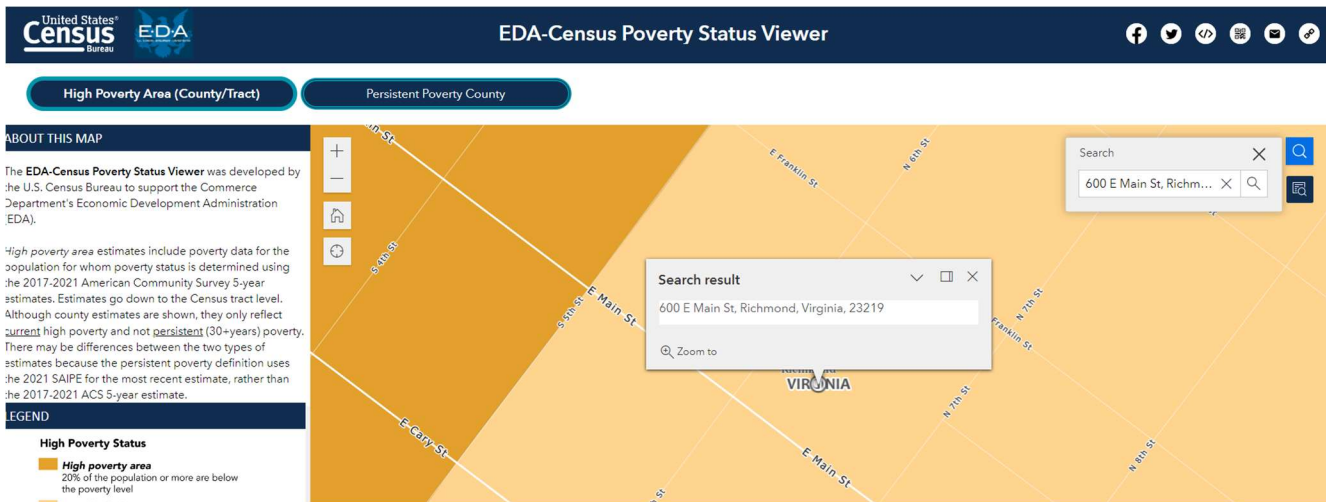
High Poverty Status

- High poverty area**
20% of the population or more are below the poverty level
- Possible high poverty area**
The confidence interval includes "20% of the population or more are below the poverty level," but the point estimate is lower than that threshold
- Not a high poverty area**
Areas that do not meet either of these criteria
- Data not available**
Data is not shown for these areas

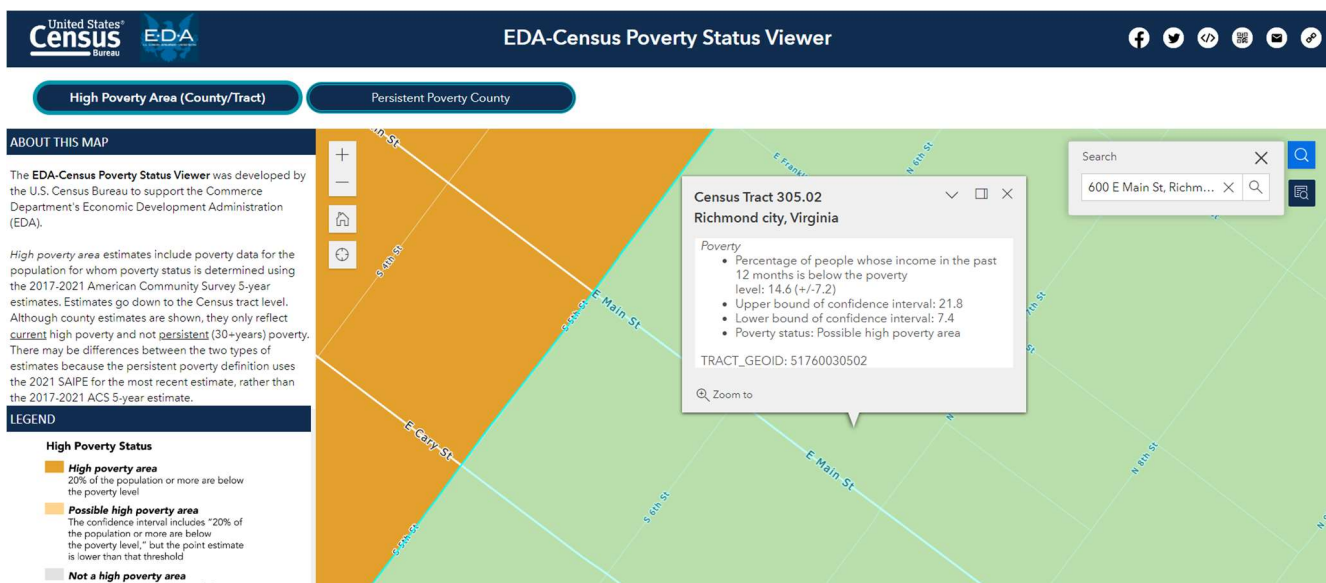
1000 km

U.S. Census Bureau Powered by Esri

This page will display



On the right hand side of the map, use the search button to type in the full property address and click search. The property will be located as shown above.



Click on the screen next to the property pin. The Census Tract Number/poverty information box will appear. This box displays the poverty level in the first bullet. The poverty level must be below 10% as stated. *Do not take into account the plus/minus.* The fourth bullet states whether this property is in a low poverty area or high poverty area.

- **Above 10% Poverty Level:** If the Census Tract is above 10% as shown as above (14.6%), the property is **not eligible to receive a tax credit**. Please do not submit an application for that property.

- **Below 10% Poverty Level:** If the property is below 10% the application may be submitted. **Please copy down the Census Tract and TRACT-GEOID number as they will be needed on the application spreadsheet.**

Tax Credits

The amount of tax credit for an eligible property will be based on ten percent of annual Fair Market Rent for that specific unit and prorated when units are qualified for less than the full tax year. Pro rations will be based on full calendar months.

A landlord may receive tax credits on one or more units within the same tax year.

Credits taken for any one tax year cannot exceed the tax liability for that year.

Credits not taken for the year in which they are allocated may be carried forward, but cannot be carried forward for more than five years.

The **total** funds available for tax credit in the year 2023 will be \$250,000 statewide.

Applications must be received by **January 31st** and will be processed by **March 5th**. Tax credit certificates will be mailed to eligible landlords prior to the Virginia state tax deadline. Pass-through entities must file Form PTE with the Department of Taxation to allocate the credit.

Should eligible applications received by the January 31st deadline exceed the available tax credit amount, it will be prorated based on the total amount of qualified requests received and the total amount of credits available.

Credits granted to partnership, limited liability companies, or elected small business corporation (S corporation) shall be allocated to the individual partners, members, or shareholders in proportion to their ownership or interest in such business entity. The landlord must assume responsibility for distributing credits in this manner.

Application Process

Landlord must sign, date, and submit a completed COTCP Tax Credit Application with a completed spreadsheet.

Applications will only be accepted on DHCD's COTCP tax credit application forms (application and spreadsheet). All forms must be submitted and fully completed.

Incomplete or incorrect applications may result in ineligibility for COTCP tax credits.

DHCD will process each application and verify unit eligibility with the appropriate Housing Choice Voucher administrator. Landlord must provide the name, phone number and email address of the Voucher Administrator you receive your payments from for verification.

DHCD will determine tax credit allocations and issue eligible landlords a tax credit certificate. **It is the landlord's responsibility to submit the tax certificate with the appropriate State tax return in order to use the allocated tax credit.** For more information on how to claim the credit on your state tax return, see instructions for Schedule CR (individuals) OR 500CR (C-Corporations). In the cases where a landlord is comprised of multiple individuals, the landlord assumes the responsibility of distributing the tax credits to all partners.

COTCP complete application packages (signed application and spreadsheet) should be emailed by midnight January 31st to:

COTCPtaxcredit@dhcd.virginia.gov

For questions please contact:

*Cheri Miles, Program Manager
(804) 371-7114
Cheri.Miles@dhcd.virginia.gov*

Resources

Community of Opportunity Tax Credit-LIS/Code of Virginia:

<https://law.lis.virginia.gov/vacode/title58.1/chapter3/section58.1-439.12:04/>

Virginia Housing Search: <http://www.virginiahousingsearch.com/>

Eligible Property Search: [https://mtgis-](https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc98345462cdfbf)

[portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc98345462cdfbf](https://mtgis-portal.geo.census.gov/arcgis/apps/experiencebuilder/experience/?id=ad8ad0751e474f938fc98345462cdfbf)

Landlord Tenant Resources: <https://www.dhcd.virginia.gov/landlord-tenant-resources>

Pass-Through Entity (PTE) form (as updated by Dept. of Taxation):

<https://www.tax.virginia.gov/pass-through-entities>