

# Guidelines for Transitional/Emergency/Special Needs Housing and Housing for Persons with Disabilities

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**Overview**

The Virginia Housing loan program for Transitional/ Emergency/ Special Needs Housing is a Multifamily Conventional Housing Program designed to provide housing for individuals with mental and physical disabilities and/or special needs.

These guidelines are applicable to Multifamily Conventional Developments financed with funds from Virginia Housing (including the Virginia Housing Fund, REACH, SPARC, and MUMI).

Additional funding for special services offered at the property may also be provided by the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS).

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**Income Restrictions**

Transitional/ Emergency/ Special Needs housing developments may be subject to any of the following income restrictions. Examples (not inclusive of all):

- 50% of the units must be rented to persons at or below 50% of the area median income (AMI) not adjusted by family size (AFS) (50% at 50% not AFS; 50% no limit)
- 50% at 50% not AFS; 50% at 150% not AFS
- 100% at 50% not AFS
- 100% at 150% not AFS

Refer to the Regulatory and Housing Management Agreements to determine the actual income restrictions for each individual property.

At move-in, the total gross or adjusted annual household income may be no more than the applicable income restriction in the documents.

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**Income Limits**

The Department of Housing & Urban Development (HUD) Section 8 income limits are used to calculate the income limit to determine income eligibility. The limits are revised and published by HUD annually.

[Income limits](#) are posted annually on the Virginia Housing website.

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**Calculating the Income Restriction**

To calculate 50% and 150% of median income, multiply the HUD geographic AMI as follows:

Example: HUD Median income for the Richmond area is \$74,200.  
 $\$74,200 \times 50\% = \$37,100$ ;  $\$74,200 \times 150\% = \$111,300$

Applicants with an adjusted annual income that exceeds the applicable income restriction are not eligible for occupancy and should not be allowed to move in.

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**Definition of Income**

Annual gross household income is defined by HUD as the combined annualized gross income of all persons residing or intending to reside in a dwelling unit, from all sources before taxes or withholdings.

Annual gross income is the sum of annual gross pay plus any additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, Veterans Administration compensation, net rental income plus other income, such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts and income received from business activities or investments.

When determining annual income, include the anticipated total income from all sources received by the head of household and spouse (even if temporarily absent) and by each additional member of the household, including all net income derived from assets for the 12-month period following the effective date of the certification of income, exclusive of certain types of income as defined by HUD.

For Income Inclusions and Exclusions, HUD Handbook 4350.3, as updated [Exhibit 5.1](#)

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**Determining Adjusted Annual Income**

If the gross annual income of the household is above the applicable AMI, apply allowed adjustments using [Worksheet B](#), "Virginia Housing Adjusted Annual Income". The form may be found on Virginia Housing's website.

After the adjustments have been applied, the resulting annual adjusted income may not exceed 50% or 150% of the AMI not AFS as required by the loan documents.

If at move-in, household income after adjustment on Worksheet B is greater than the applicable income restriction, the household is not eligible to move into the development.

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**Verification of Income**

Third party income/employment verification forms are not required. Most residents of these facilities receive either Social Security Benefits or Auxiliary Grants from the state. The Community Services Board or another nonprofit organization is responsible for ensuring that the care needed is provided and the resident's income is usually absorbed by these health care services.

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**Tenant Income Certification**

Owners/managers for this type of property do not complete the standard tenant income certification for their clients and data need not be entered into HDS NextGen.

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**Tenant Selection Plan & Screening Criteria**

Screening and eligibility requirements for each property will be specifically outlined in a Tenant Selection Plan written and followed by the owner and management staff.

Typically, individuals admitted require special housing services and are referred to the property by a Social Service Department, Community Service Board, Health Care Facility, other non-profit Community Service Agency or some other specialized healthcare provider that pre-screens applicants and determines suitability to live in the property.

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**Unit Inspections**

In accordance with the Virginia Residential Landlord and Tenant Act (VRLTA) the owner must inspect the dwelling unit at both move-in and at move-out to determine and record unit damages. The findings of both inspections are to be documented on a unit inspection form to be maintained in the resident's file.

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**Compliance Audits**

Annual on-site compliance audits are not required for this program, however Virginia Housing reserves the right to audit as deemed necessary.

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**Owner's  
Responsibility**

Site staff is not required to input tenant data into HDS NextGen.

Instead of entering data into HDS NextGen and Virginia Housing staff conducting compliance audits, owners are required to certify annually the occupants met the required income restrictions by completing and submitting the Income Certification and Occupancy Report (Form ES-01) or a rent roll.

If the owner does not submit Form ES-01 as requested, Virginia Housing reserves the right to conduct an on-site audit of the property and tenant records.

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**Virginia  
Housing  
Compliance  
Officer's  
Responsibility**

The Virginia Housing Compliance Officer (CO)

- Receives notice that the property is assigned to them and contacts the property owner or the representative to make an introduction and provide a brief orientation of the program
- Annually, creates a lender audit compliance activity in ProLink
- Annually, sends a notice letter (and second notice, if necessary) to the property owner and/or management representative requesting submission to Virginia Housing of Form ES-01 or a rent roll. The CO, inputs the dates of the initial notice letter and owner response and saves those documents in ProLink in pdf format in that year's compliance activity documents area
- Works with the Virginia Housing Asset Manager (AM) to remain informed of the physical condition of the property. The AM schedules on-site physical inspections according to documented procedures for lender inspections and/or waivers
- Advises the Virginia Housing Regional Portfolio Manager (RPM) of owners failing to respond to the request for annual information. RPM and Virginia Housing Director of Compliance and Asset Management take under consideration any follow-up for owners not complying with Virginia Housing's requirements

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**Virginia  
Housing  
Form  
ES-01**

Virginia Housing's regulatory documents require owners to certify tenant eligibility and provide documentation annually. Documentation may consist of:

1) A rent roll or other format (as long as the form contains the requested resident and income information) which identifies the clients served as of the end of each calendar year. If the facility's rules require strict confidentiality, tenant names may be substituted with identification codes; or

2) Virginia Housing Form [ES-01](#), on which the owner/management staff may document residency as of the end a given calendar year. The format may be found on Virginia Housing's website.

Due to the nature and confidentiality of some occupants such as battered women and children, only a case number is assigned. In this instance, the owner should list the case number and the move-in and move-out date if applicable.

The form must be submitted to Virginia Housing by January 31st of each calendar year specifying residency of the previous year.

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**Record  
Retention**

Virginia Housing maintains the annual certification documents for the duration of the loan to prove the owner meets and serves the appropriate low-income population.