LIVABLE HOME TAX CREDIT PROGRAM

GUIDELINES AND APPLICATION



dhcd.virginia.gov/lhtc

LHTC Program Guidelines

APPLICATION MUST BE FOR THE APPROPRIATE TAX YEAR AND WILL BE PROCESSED AS SUBMITTED. PLEASE ENSURE ALL DOCUMENTATION IS INCLUDED

Purpose: To improve accessibility and provide universal visitability by providing state tax credits for the purchase/construction of new units or retrofitting of residential units.

Eligible Activities:
1) The purchase/construction of a new residence that has universal visibility or accessibility features.
2) Retrofitting of a residence to improve accessibility or provide universal visitability.
Rental units are not eligible per §58.1-339.7 of the Code of Virginia.

In order for the purchase/construction of a new residence to qualify for tax credits it must include the three features of universal visitability or include at least three accessibility features and meet the requirements of an existing standard (please see definitions).

Retrofitting of an existing residential unit must include at least one accessibility feature, e.g., sensory modifications, chair lifts, elevators, etc., must be a permanent part of the structure of the residential unit, and meet the requirements of an existing standard in order to quality for tax credits.

All accessibility features and universal visitability features must be completed in conformity with the applicable provisions of the Uniform Statewide Building Code.

Accessibility features that are provided in order to comply with existing Fair Housing, Equal Opportunity, American with Disabilities Act or other local, state or federal requirements are not eligible for tax credits.

Costs for the purchase/construction of the new residence or accessibility/visitability features must be incurred by the tax credit applicant in order to claim the tax credit. Accessibility features that are funded through the Granting Freedom Program, Indoor Plumbing and Rehabilitation Program, the Community Development Block Grant Program, Accessibility Modification Program or other local, state or federal programs are not eligible for tax credits. Any portion of costs borne by the tax credit applicant under matching requirements of these programs may be eligible for tax credits.

Eligible Applicants: Individuals/licensed contractors filing Virginia individual income tax returns who have incurred costs for the purchase/construction of new residential units with accessibility or universal visitability features or for the retrofitting of residential units with accessibility or universal visitability features during tax year 2026. In no case shall

any tax credit be issued more than once to the same or different persons relating to the same purchase, retrofitting, renovation, or construction project.

Tax Credits: $6,500 for the purchase/construction of a new residence and 50 percent of the cost of retrofitting activities not to exceed $6,500. Any tax credit that exceeds the eligible individual's/licensed contractor's tax liability may be carried forward for up to seven years. If the total amount of tax credits issued under this program exceeds $2 million in a given year, DHCD will pro rate the amount of credits among the eligible applicants.

Application Process: Applications are to be filed **and received by DHCD** by **January 31st** of the year following the year in which the purchase or retrofitting was **completed**. **Documentation must be submitted with the application**. In the case of the purchase/construction of a new residential unit, a copy of the floor plans, Closing Disclosure Statement, Certificate of Occupancy, Building Permit, etc. In the case of retrofitting, before and after pictures, copies of scope of work, construction contracts documenting the type work and cost, invoices, bank canceled checks (front and back) etc., must be attached. **DHCD reserves the right to conduct on-site inspections.** DHCD will issue letters certifying approval to eligible applicants to be retained in their personal records. **It is not necessary to send this letter to the Virginia Department of Taxation.**

Definitions:

Accessibility features –
1) Accessible route to a zero-step entrance on firm surface that is no steeper from 1:12 from a driveway or public sidewalk;
2) Zero-step entrance;
3) Doors with at least 32 inches of clear width;
4) Hallways and passages with at least 36 inches of clear width;
5) Accessible light switches, electrical outlets and environmental controls;
6) Accessible bathroom;
7) Accessible and useable kitchen facilities. These features are to meet the specifications of an existing standard.

Existing standards – This includes adaptability features prescribed by the Virginia Uniform Statewide Building Code, the specifications of the American National Standards Institute, the Uniform Federal Accessibility Standard or Fair Housing Guidelines.

New residence – a unit purchased for use as a residence that has not been previously sold for occupancy as a residence. This includes newly constructed units and residential units created through the adaptive reuse of buildings previously used for non-residential uses.

Sensory Modifications – Alarms, appliances and controls designed to assist sensory disabled persons that are structurally integrated into the residential unit. Built-in appliances would meet this definition. Accommodations or features that can be removed and reinstalled in another residential unit and so reused at another location are not considered to be sensory modifications for the purposes of this tax credit program. Appliances or alarms that can be reinstalled in another residence would not meet this definition.

Universal Visitability-
1) at least one zero-step entrance approached by an accessible route on a firm surface no steeper than 1:12 slope proceeding from a driveway or public sidewalk;
2) An accessible bathroom (can be a half bath/powder room) on the same floor as the zero-step entrance);
3) Doors with at least 32 inches of clear width and hallways/passage ways of at least 36 inches of clear width to the accessible bathroom and eating area.

How to Complete the Application
All applicants must complete Section I of the application. Applicants must complete **either** Section II **or** Section III based on the whether the unit is new or existing. The application **must be signed** and dated declaring that the information provided is complete and correct. **Supporting documentation must accompany the application.**

Where to File
Mail the completed application and supporting documentation to:

Virginia Department of Housing and Community Development
Attention: Homeless and Special Needs Housing (LHTC)
Main Street Centre
600 East Main Street, Suite 300
Richmond, Virginia 23219

What to Expect from the Department of Housing and Community Development
The Virginia Department of Housing and Community will review all applications submitted. If the total eligible credit requests received exceed the commonwealth's $2 million limitation, each approved taxpayer will be granted a pro rata amount of credit.

Each year, $1,000,000 in tax credits is allocated for the purchase or construction of new residences and $1,000,000 in tax credits is allocated for the retrofitting or renovation of existing residences or residential structures or units. If the amount of tax credits approved in a given year for the purchase or construction of new residences is less than $2,000,000, the remaining balance shall be allocated for the retrofitting or renovation of existing residences or residential structures or units. If the amount of tax credits approved in a given year for the retrofitting or renovation of existing residences or residential structures or units is less than $1,000,000, the remaining balance shall be allocated for the purchase or construction of new residences.

A Certified Letter of Approval will be issued on or before March 2nd to all eligible taxpayers regarding the allowable credit amount that may be claimed. Upon receiving the Certification of Approval, taxpayers can claim the credit on the applicable Virginia income tax return.

Excess credit may be carried forward for the next seven taxable years until fully used.

Where to Get Help
For assistance concerning the LHTC program call Kike Oliver at **804-773-0405**.

Applications are available on-line at the Virginia Department of Housing and Community Development website at www.dhcd.virginia.gov/lhtc or may be obtained by calling **804-773-0405**.

For tax preparation assistance contact the Department of Taxation Customer Service at 804-367-8031.

Virginia Department of Housing and Community Development
Livable Home Tax Credit Program (LHTC) Application
APPLICATION MUST BE FOR THE APPROPRIATE TAX YEAR AND WILL BE PROCESSED AS SUBMITTED. PLEASE ENSURE ALL DOCUMENTATION IS INCLUDED

SECTION I **Select box beside individual under whose social security number this application should be filed. Also please indicate if you are using a social security number or a FEIN number.** The Virginia Department of Taxation allows tax credits to be filed under one name only. In the case of the death of a spouse, the credit can be transferred to the surviving spouse only if that spouse's name is on the application.

☐ Name	◉ Social Security Number / ○ FEIN	
☐ Name	◉ Social Security Number / ○ FEIN	
Mailing Address		
City	State	Zip Code

The Livable Home Tax Credit (LHTC) program provides for the purchase/construction of a new residence and 50 percent of the cost of retrofitting activities not to exceed $6,500. Any tax credit that exceeds the eligible individual's/licensed contractor's tax liability may be carried forward for up to seven years. If the total amount of approved credits exceeds $2 million in a given year, DHCD will pro rate the amount of credits among eligible applicants. **Please see instructions for complete details concerning eligibility, requirements and process. DHCD reserves the right to conduct on-site inspections.**

Applications for the Livable Home Tax Credit (LHTC) Program must be submitted to the Virginia Department of Housing and Community (DHCD) upon the purchase/construction of a qualifying residence or the completion of retrofitting activities to an existing residence. Applications must be received **no later than January 31st of the year after the purchase or retrofitting activities have been completed.** Applications can be submitted electronically or mailed with guaranteed delivery if mailed.

How to Complete the Application
All applicants must complete Section I of the application. Applicants must complete **either** Section II **or** Section III based on the whether the unit is new or existing. The application **must be signed** and dated declaring that the information provided is complete and correct. **Supporting documentation must accompany the application.**

(All applicants must complete)

Date of Purchase/Construction of Property or Completion of Retrofitting
Address of Property (if different from above)

SECTION II (Complete only if the LHTC application is related to a new residential unit)

☐ **Newly Constructed Residential Unit:** In order for the purchase/construction of a new residence to qualify for tax credits it must include the three features of universal visitability or include at least three accessibility features and meet the requirements of an existing standard (please see definitions). Please check visitability or accessibility features that apply:

☐ Universal Visitability: At least one zero-step entrance allowing access into the residence; an accessible bathroom on the same floor as the zero-step entrance; doors with at least 32 inches of clear width and hallways/passageways of at least 36 inches of clear width to the accessible bathroom and eating area.

☐ Accessible route to a zero-step entrance into the residence

☐ Zero-step entrance into the residence

☐ Doors with at least 32 inches of clear width

☐ Hallways and passages with at least 36 inches of clear width

☐ Accessible light switches, electrical outlets and environmental controls

☐ Accessible bathroom

☐ Accessible and useable kitchen facilities

☐ Other: Must provide description _____

Required Documentation:

- Copies of floor plans for new residential units detailing accessibility features. **(Please highlight areas of accessibility)**
- Closing disclosure statement
- Certificate of Occupancy
- Building Permit
- Invoices
- Credit card statements or cancelled checks (front and back)
- Applicable construction contracts
- Supporting documentation
- Documentation certifying purchase(s) were paid for by applicant

Tax Credit Calculation:

❖ **New residence qualifying for LHTC**: **$6,500.00**

SECTION III (Complete only if the LHTC application is related to the retrofitting of an existing unit)

■ **Retrofitting of an Existing Unit:** Retrofitting of an existing residential unit must include at least one accessibility feature, e.g., sensory modifications, chair lifts, elevators, etc., must be a permanent part of the structure of the residential unit, and meet the requirements of an existing standard in order to qualify for the LHTC program (please see definitions). Please check any accessibility feature or improvement that applies:

☐ Accessible route to a zero-step entrance into the residence
☐ Zero-step entrance into the residence
☐ Doors with at least 32 inches of clear width
☐ Hallways and passages with at least 36 inches of clear width
☐ Accessible light switches, electrical outlets and environmental controls
☐ Accessible bathroom
☐ Accessible and useable kitchen facilities
☐ Chair Lifts

☐ Elevators

☐ Sensory Modifications

☐ Other: Must provide description _____

_____

_____

Required Documentation:

- Documentation must include itemized accessibility feature(s)
- LHTC only applies to the retro modifications that increase accessibility & may not apply to the entire project
- Copies of floor plans for residential units detailing accessibility features (Please highlight areas of accessibility)
- Invoices
- Credit card statements or cancelled checks (front and back)
- Supporting documentation
- Documentation certifying purchase were paid for by applicant
- Before and after pictures

Tax Credit Calculation:

❖ **Retrofitting of an Existing Unit**:

1. Total cost of applicable retrofitting activities 1._____ **(Total of amounts in backup documentation must be equal to or greater than this figure)**

2. Enter 50 percent of line 1 2._____

3. Credit limitation 3. **$6,500.00**

❖ **Enter the smaller of line 2 or line 3** _____

(The tax credit amount must be approved by the Department of Housing and Community Development before being claimed on tax return.)

I declare, under penalties provided by law, the information provided above is complete and correct.

Signature_____

Signature _____

Printed Name(s) _____

Date _____ Daytime Phone Number_____

E-Mail Address_____

DHCD USE ONLY	
Approved Credit	**DHCD Approval**
Date	