

HB854 Statewide Housing Study

Program Fact Sheet

Livable Home Tax Credit

Department of Housing and Community
Development

Note: This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:

[Link to program website](#)

01 Program goals

The purpose of this program is to improve accessibility and provide universal visitability by providing state tax credits for the purchase/construction of new units or retrofitting of residential units. 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 \$5,000. Any tax credit that exceeds the eligible individuals/licensed contractor's tax liability may be carried forward for up to seven years. If the total amount of approved credits exceeds \$1 million in a given year, DHCD will prorate the amount of credits among eligible applicants.

02 Funding sources

This program is funded through the Virginia Department of Taxation.

03 Governance

Each year the Commonwealth issues \$500,000 in tax credits which is allocated for the purchase or construction of new residences and \$500,000 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 \$500,000, 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 \$500,000, the remaining balance shall be allocated for the purchase or construction of new residences.

04 Population served

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

05 How program works

Applicants' 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 of

work and cost, invoices, bank canceled checks (front and back) etc., must be attached. DHCD will issue letters certifying approval to eligible applicants to be retained in their personal records.

06 Program history

The program began in tax year 2008.

07 Program highlights

- The number of received credit applications has increased from 50 at the program's inception to over 300 in 2020 - representing an increasing demand for accessibility improvements.
- Of the applications received, nearly over 90% of all applications received in a program year are approved.