MEMORANDUM

TO: All Owners and Managers of VHFA-Financed Properties

FROM: Kim Roy, Director, MF Asset Management and Compliance

RE: FY2020 Operating Budget Projections

DATE: August 2, 2019

We can hardly believe this week brings us into August, and budgets will be due for 2020 before we know it! Please keep the following considerations in mind when preparing your budget to ensure your budget submission is complete and we can review it promptly.

As in previous years, please use our website links to download all budget forms from http://www.vhfa.org/rentalhousing/forms-and-documents. Under Asset Management - Financial Requirements choose the documents related to the budget process including “Operating budget instructions”, “Operating budget memo”, “Operating Budget Projection worksheet FY2020” and “Supportive Service Budget” and “Supportive Service Plan”, if required. Mobile Home Parks should use these forms as well.

All information must be submitted electronically to MFFinancials@vhfa.org. If you need paper copies, please contact your VHFA Management Officer and make a request to receive forms by regular mail.

VHFA will be increasing the Low Income Tax Credit compliance monitoring fees in 2020. Fees for housing credit projects that are in the first 15 year compliance period will increase to $9 per tax credit unit per month. Fees for housing credit projects in the Extended Use period will increase to $5 per tax credit unit per month. This change will take place in the next billing cycle and you will receive invoices in 2020 showing this new fee structure. Please be sure your operating budgets reflect this change.

Increases in management fees above last year’s approved fees may be proposed with the owner’s approval and as long as your budget has a debt coverage ratio (DCR) of at least 1.05 and there are no unresolved audit findings or Management and Occupancy Review issues. The property’s previous year audited DCR must also be above 1.00 if you are proposing an increase in the management fee. All management fees are subject to VHFA’s final approval.

Please review the a VHFA Regulatory Agreement to ensure Replacement Reserve deposits are made in accordance with the required annual increases and reflected in the budget proposal.

VHFA bases its line item numbers for our budget Form 805 on the HUD chart of accounts. This is necessary to aid us in inputting the budget numbers in a manner consistent with HUD reporting requirements and allows for electronic submissions where required.

Please complete, sign and date the budget forms and include your email address, returning them to VHFA 60 days before the end of the fiscal year. Early submissions are always welcome.