**M E M O R A N D U M**

**TO: All Owners and Managers of VHFA-Financed Properties**

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

**RE: FY2021 Operating Budget Projections**

**DATE: September 11, 2020**

We can hardly believe it is September and we have been working remotely since March, and budgets will be due for 2021 before we know it! All budgets are due 60 days before the end of the fiscal year. 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. Forms include: [Operating budget instructions](http://www.vhfa.org/documents/multifamily/2018_budget_instructions.pdf), [Operating budget memo](http://www.vhfa.org/documents/multifamily/2021_budget_memo.docx), [Operating Budget Projection worksheet FY2021](http://www.vhfa.org/documents/multifamily/budget_form_2021.xlsx) *(this link will open a blank internet browser with form downloaded in the bottom toolbar)* and “[Supportive Service Budget](http://www.vhfa.org/documents/developers/Supportive%20Service%20Budget.xlsx) *(this link will open a blank internet browser with form downloaded in the bottom toolbar)* and “[Supportive Service Plan](http://www.vhfa.org/documents/multifamily/supportive_services_plan_-_fillable_pdf.pdf)”, if required. **Mobile Home Parks should use these forms as well.**

As announced in a VHFA Memorandum dated July 31,2019, the Low-Income Tax Credit compliance monitoring fees were amended as follows. Budget planning should include the new fee structure for housing credit projects that are in the first 15-year compliance period, which is now **$9 per tax credit unit per month.** Fees for housing credit projects in the Extended Use period have increased to **$5 per tax credit unit per month for 2021**. Please be sure your operating budgets reflect the correct amounts.

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 VHFA Regulatory Agreement for Replacement Reserve deposit increase requirements. Review the planned capital improvements for each property and enter the projected Replacement Reserve deposits and expenses in these line items of the VHFA budget Form 805.

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. VHFA is working with our software provider to allow for automatic upload of the financial data. We look forward to working with you and your accountant in the future to facilitate the transmission of the data into our system. We will keep you posted as changes progress.

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.