AFFORDABLE AND WORKFORCE HOUSING CRITERIA
VIRGINIA RESOURCES AUTHORITY

Adopted as of December 12, 2023

VRA Virginia Resources Authority

Credit Structure:	Affordable and workforce housing related financings whereby a Virginia local government acts in a sponsorship or developer role and supports the repayment of debt service via locality budget appropriations, a pledge of project-related revenues, or some combination thereof. Project-related revenues may be derived from rentals, fees and charges to tenants, developers, or homeowners under mortgage, rental, or other real estate-based contracts. Financings may also be secured by a pledge of real estate collateral.
Eligible Borrowers:	Local governments as defined in the VRA Act § 62.1-199 of the Code of Virginia.
Moral Obligation Support:	A county, city, or town must provide a moral obligation pledge to support the related debt service payments for the proposed borrowing. Such moral obligation pledge may be through one or more separate support agreements or through support agreement language in the related financing document. The local government(s) providing the moral obligation support must also demonstrate that their lowest level of state aid budgeted in the current fiscal year or received in each of the previous three fiscal years has been not less than 200% of the maximum annual future debt service including any general obligation debt or other debt subject to any state aid intercept provisions and taking into account issuance of the proposed financing and any other debt planned by the local government during the next succeeding five fiscal year period.
Feasibility Report:	For start-up affordable and workforce housing programs managed by a local government, a feasibility report of a qualified independent consultant acceptable to VRA is required for borrowings in excess of $25 million.
Project Revenue-Backed Loans:	For loans where project revenues are pledged, a local government must demonstrate the establishment of comprehensive affordable and workforce housing program underwriting criteria to assess credit risk of borrowers / developers.

Affordable and workforce housing program debt service coverage ratio ranges (net revenues available for debt service divided by applicable debt service):

Strong	Greater than 1.5x
Adequate	Between 1.20x to 1.49x
Poor	Less than 1.20x

Affordable and workforce housing program assets to debt ratio ranges (assessed value of affordable housing program assets divided by housing program debt outstanding):

Strong	Greater than 1.10x
Adequate	1.00x to 1.09x
Poor	Less than 1.00x

Non-Revenue Backed Loans:	For loans where project revenues are not pledged, a local government will be assessed based on VRA's existing Tax-Supported Debt Evaluation Criteria, Lease Transaction Criteria, or Appropriation-Only Backed Special Fund Revenue Criteria, as applicable. Where real estate is pledged as collateral for a financing, VRA may require more stringent collateral valuation targets than are referenced in VRA's Lease Transaction Criteria.
Rating Requirement:	Where the participation of an unrated local government borrower in a VRA program has the potential to adversely impact the existing public debt rating of a VRA loan program, VRA reserves the right to require that a local government borrower obtain a rating from Moody's and/or Standard & Poor's as a condition of loan approval. VRA may require that a certain rating level be achieved by the borrower as a condition of loan approval if such borrower rating is required to maintain the existing VRA program public debt ratings.
Borrower Concentration:	Where the total existing or proposed debt exposure to any one local government borrower rises to a level where the locality becomes a Material Obligor, as defined in the appropriate VRA program documentation, or such other lesser amount that could impact the existing public debt ratings of a VRA loan program, the Executive Director shall seek PRMC and Board approval prior to authorization of any new debt exposure.