

# VIRGINIA ACTS OF ASSEMBLY -- 1997 SESSION

## CHAPTER 184

*An Act to amend and reenact § 58.1-339 of the Code of Virginia, relating to tax credits for rent reductions.*

[H 2355]

Approved March 8, 1997

**Be it enacted by the General Assembly of Virginia:**

**1. That § 58.1-339 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-339. Tax credit for rent reductions.

For taxable years beginning on or after January 1, 1991, through December 31, 1999, any individual shall be entitled to a credit against the tax levied pursuant to § 58.1-320, and any corporation shall be entitled to a credit against the tax levied pursuant to § 58.1-400, provided the following requirements are satisfied: (i) the individual or corporation is engaged in the business of the rental of dwelling units and subject to the Virginia Residential Landlord and Tenant Act (§ 55-248.2 et seq.), (ii) the landlord provides a reduced rent to low income tenants who either (a) exceed the age of sixty-two ~~or~~, (b) are disabled from a physical or mental condition, *or* (c) *have been homeless at any time within the twelve months preceding the commencement of the lease term*, and (iii) the rent charged for the elderly, ~~or~~ disabled, *or previously homeless* tenants is at least fifteen percent less than the rent charged to other tenants for comparable units in the same property or, if none, for comparable units in the same market area, and provided further, that no individual or corporation shall be entitled to claim a credit under this section for reduction of rents charged to a tenant on or after July 1, 1996, on any dwelling unit unless a credit for rental reductions was validly claimed on such dwelling unit for all or part of the month of June 1996 and unless such tenant was an occupant of such dwelling unit on June 30, 1996, *or unless a credit is claimed for a tenant who was homeless at any time within the twelve months preceding the commencement of the lease term. As used herein, a homeless person includes only persons who resided in a domestic violence shelter or homeless shelter during the twelve months preceding the lease term.*

The allowable credit amount shall be fifty percent of the total rent reductions allowed during the taxable year to the elderly, ~~and disabled and previously homeless~~ tenants. The amount of the credit for each individual or corporation for each taxable year shall not exceed \$10,000 or the total amount of the tax imposed by this chapter, whichever is less. If the amount of such credit exceeds the taxpayer's tax liability for such taxable year, the amount which exceeds the tax liability may be carried over for credit against the income taxes of such individual or corporation in the next five taxable years until the total amount of the tax credit has been taken. Credits granted to a partnership or electing small business corporation (S corporation) shall be passed through to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

The Virginia Housing Development Authority shall certify to the Department of Taxation that the individual or corporation claiming a credit is providing rent reductions as authorized under this section. The Authority shall establish regulations detailing the requirements and procedures applicable to claiming the credit provided for hereunder and setting forth the certification process, and may request that the individual or corporation requesting certification submit records and other documents indicating that the requirements of this section have been satisfied. The total amount of credits which may be approved by the Authority in any fiscal year prior to fiscal year 1996-1997 shall not exceed one million dollars. Commencing in fiscal year 1996-1997, the total amount of credits which may be approved by the Authority in any fiscal year shall not exceed \$250,000.

Under regulations adopted by the Authority, prior to July 1, 1996, the Commonwealth shall be divided into low income housing tax credit allocation areas to permit the division or allocation of the one million dollars in tax credits on a statewide regional basis, to assure that such credits are fairly allocated across the various regions of the Commonwealth.

Applicants for the tax credits shall be landlords doing business in the allocation area. Prior to July 1, 1996, such credits shall be allocated as follows:

Low Income Housing Tax	Percent Share of
Credit Allocation Area	Tax Credits
Allocation Area 1	10.79
Allocation Area 2	12.09

Allocation Area 3	6.70
Allocation Area 4	20.98
Allocation Area 5	4.70
Allocation Area 6	5.22
Allocation Area 7	12.68
Allocation Area 8	5.15
Allocation Area 9	21.69