

October 30, 2023

REACH Allocation Policy Announcement

In June, Virginia Housing announced changes to its REACH Allocation Policy due to the dramatic rise of interest rates over the past two years

<https://www.virginiahousing.com/partners/rental-housing/announcements>. Those changes included a transitional policy, with a plan to move to a long-term policy in June of 2024. However, in light of additional consideration of a number of factors, including a desire to provide additional certainty for our stakeholders, Virginia Housing is adopting, effective immediately, the limits and terms of the transitional policy as the long-term policy moving forward.

On July 1, 2023, the interest rate for REACH funds was reset to 3.95% and will remain in effect until the next rate adjustment, which may occur at any time. The REACH rate is subject to change based on Virginia Housing's cost of funds and other market conditions.

The maximum REACH loan will be the greater of two measures, with an overall per deal maximum of \$12M:

1. \$40,000 per unit, or
2. Percent of loan based on permanent loan size:
 - a. Loans < \$5M – up to 50% of permanent loan
 - b. Loans \$5M to \$25M – up to 35% of permanent loan
 - c. Loans > \$25M – up to 25% of permanent loan

Additionally, Virginia Housing reserves the right to limit REACH to an amount required to achieve an acceptable debt service coverage ratio (DSCR), generally 1.15 to 1.20.

Locality Matching REACH funds will continue to be available, whereby Virginia Housing will match locally provided funding dollar-for-dollar up to \$2M of loan funds but will now be offered at the standard REACH rate in effect at the time.

With the exception of Locality Matching REACH funds, mixed use, mixed income (MUMI) deals will not be eligible for REACH at this time. This does not apply to deals processed through our Strategic Markets lending group.

NOTE: Although Virginia Housing endeavors to maintain consistency, REACH limits and other policies are subject to review and revision.

Exceptions will be made for developments which received 2022 or 2023 housing opportunity tax credit (HOTC) awards. The REACH rate will remain 2.95% for those

developments.

We believe in the power of home to grow thriving communities across Virginia, and we thank you for being part of our mission.

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The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.



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