

July 31, 2025

## Temporary Pause of Underwriting Housing Assistance Payment (HAP) Rent Overhang for Multifamily Loans

As of June 2025, Virginia Housing has temporarily suspended the underwriting of Housing Assistance Payment (HAP) rent overhang in connection with all new multifamily loan applications. "Rent overhang" is defined as the amount the HAP rent exceeds the lower of market or LIHTC maximum rents. This decision reflects our ongoing efforts to carefully monitor current market conditions and risk factors associated with HAP rent structures.

### What This Means:

- **New and In-Process Applications:** We will no longer include HAP rent overhang in underwriting calculations for any new multifamily loan applications for projects that have not already received final approval.
- **Projects Under Construction:** For loans that have been committed, rate locked, or closed, there will be no retroactive change in underwriting or loan terms.
- The temporary pause will allow for a thorough evaluation of our underwriting criteria and ensure we continue to maintain prudent lending standards that reflect evolving economic and policy environments.

We understand the importance of predictability and transparency in the lending process. Our team remains available to discuss any questions or concerns you may have and to assist you in navigating this transition.

Thank you for your continued partnership and understanding. If you have any questions, contact David Glassman at [David.Glassman@VirginiaHousing.com](mailto:David.Glassman@VirginiaHousing.com).

**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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