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# VIRGINIA STATE BUDGET

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2021 Special Session I

## Budget Bill - HB1800 (Chapter 552)

Bill Order » Office of Commerce and Trade » Item 114

Department of Housing and Community Development

| Item 114   | First Year - FY2021                                     | Second Year - FY2022                                    |
|--|---|---|
| <b>Community Development Services (53300)</b>          | <b><del>\$130,532,362</del></b><br><b>\$129,238,362</b> | <b><del>\$111,082,362</del></b><br><b>\$138,776,362</b> |
| Community Development and Revitalization (53301)       | <del>\$73,017,794</del><br>\$71,917,794                 | <del>\$58,017,794</del><br>\$85,191,794                 |
| Financial Assistance for Regional Cooperation (53303)  | <del>\$39,338,251</del><br>\$39,144,251                 | <del>\$34,888,251</del><br>\$35,408,251                 |
| Financial Assistance for Community Development (53305) | \$18,176,317  | \$18,176,317  |
| Fund Sources:  |   |   |
| General  | <del>\$101,061,590</del><br>\$99,767,590                | <del>\$81,611,590</del><br>\$109,305,590                |
| Special  | \$5,221,893   | \$5,221,893   |
| Trust and Agency                                       | \$150,000   | \$150,000   |
| Federal Trust  | \$24,098,879  | \$24,098,879  |

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Authority: Title 15.2, Chapter 13, Article 3 and Chapter 42; Title 36, Chapters 8, 10 and 11; and Title 59.1, Chapter 22, Code of Virginia.

A. Out of the amounts in this Item, \$351,930 the first year and \$351,930 the second year from the general fund is provided for annual membership dues to the Appalachian Regional Commission. These dues are payable from the amounts for Financial Assistance for Regional Cooperation.

B. The department and local program administrators shall make every reasonable effort to provide participants basic financial counseling to enhance their ability to benefit from the Indoor Plumbing Program and to foster their movement to economic self-sufficiency.

C. Out of the amounts in this Item shall be paid from the general fund in four equal quarterly installments each year:

1. To the Lenowisco Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year, which includes \$38,610 the first year and \$38,610 the second year for responsibilities originally undertaken and continued pursuant to § 15.2-4207, Code of Virginia, and the Virginia Coalfield Economic Development Authority.

2. To the Cumberland Plateau Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year, which includes \$42,390 the first year and \$42,390 the second year for responsibilities originally undertaken and continued pursuant to § 15.2-4207, Code of Virginia, and the Virginia Coalfield Economic Development Authority.

3. To the Mount Rogers Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.

4. To the New River Valley Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  5. To the Roanoke Valley-Alleghany Regional Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  6. To the Central Shenandoah Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  7. To the Northern Shenandoah Valley Regional Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  8. To the Northern Virginia Regional Commission, ~~\$165,943~~\$151,943 the first year and \$165,943 the second year.
  9. To the Rappahannock-Rapidan Regional Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  10. To the Thomas Jefferson Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  11. To the Region 2000 Local Government Council, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  12. To the West Piedmont Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  13. To the Southside Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  14. To the Commonwealth Regional Council, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  15. To the Richmond Regional Planning District Commission, ~~\$127,957~~\$113,957 the first year and \$127,957 the second year.
  16. To the George Washington Regional Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  17. To the Northern Neck Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  18. To the Middle Peninsula Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  19. To the Crater Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  20. To the Accomack-Northampton Planning District Commission, ~~\$89,971~~\$75,971 the first year and \$89,971 the second year.
  21. To the Hampton Roads Planning District Commission ~~\$165,943~~\$151,943 the first year, and \$165,943 the second year.
- D. Out of the amounts in this Item, ~~\$1,568,442~~\$968,442 the first year and \$1,568,442 the second year from the general fund shall be provided for the Southeast Rural Community Assistance Project (formerly known as the Virginia Water Project) operating costs and water and wastewater grants. The department shall disburse the total

payment each year in twelve equal monthly installments.

E. The department shall leverage any appropriation provided for the capital costs for safe drinking water and wastewater treatment in the Lenowisco, Cumberland Plateau, or Mount Rogers planning districts with other state moneys, federal grants or loans, local contributions, and private or nonprofit resources.

F.1. Out of the amounts in this Item, \$95,000 the first year and \$95,000 the second year from the general fund shall be provided for the Center for Rural Virginia. The department shall report periodically to the Chairmen of the Senate Finance and House Appropriations Committees on the status, needs and accomplishments of the center.

2. As part of its mission, the Center for Rural Virginia shall monitor the implementation of the budget initiatives approved by the 2005 Session of the General Assembly for rural Virginia and shall report periodically to the Chairmen of the Senate Finance and House Appropriations Committees on the effectiveness of these various programs in addressing rural economic development problems.

G. Out of the amounts in this Item, \$171,250 the first year and \$171,250 the second year from the general fund shall be provided to support The Crooked Road: Virginia's Heritage Music Trail.

H. Out of the amounts in this Item, ~~\$3,000,000~~ \$2,500,000 the first year and \$3,000,000 the second year from the general fund shall be deposited to the Virginia Removal or Rehabilitation of Derelict Structures Fund to support industrial site revitalization. Out of the amounts in this paragraph, \$1,000,000 ~~each year the first year and~~ \$1,500,000 the second year from the general fund is designated for removing, renovating or modernizing port-related buildings and facilities in the cities of Portsmouth, Norfolk, Newport News, Richmond or Front Royal.

I.1. Out of the amounts in this Item, \$500,000 the first year and ~~\$500,000~~ \$2,000,000 the second year from the general fund shall be provided for the Virginia Main Street Program. This amount shall be in addition to other appropriations for this activity.

*2. Out of the amounts provided in this paragraph, \$1,500,000 shall be used by the Department to support small businesses in order to assist with economic recovery from the COVID-19 pandemic. The Department may use these funds to support small, micro, and sole proprietor businesses, as well as women-owned and minority-owned businesses, the Community Business Launch program, and other such business support activities.*

J. Of the general fund amounts provided for the Virginia Main Street Program, the Indoor Plumbing Rehabilitation Program, and the water and wastewater planning and construction projects in Southwest Virginia, the department is authorized to use up to two percent of the appropriation in each year for program administration.

K.1. Out of the amounts in this Item, \$875,000 the first year and \$875,000 the second year from the general fund shall be provided for the Southwest Virginia Cultural Heritage Foundation.

2. The foundation shall report by September 1 of each year to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on the expenditures of the foundation and its ongoing efforts to generate revenues sufficient to sustain operations.

L.1. Out of the amounts in this Item, \$49,725,000 the first year and ~~\$34,725,000~~ \$49,725,000 the second year from the general fund is provided for the Virginia Telecommunication Initiative. The funds shall be used for providing financial assistance to supplement construction costs by private sector broadband service providers to extend service to areas that presently are unserved by any broadband provider. Any balances for the purposes specified in this paragraph which are unexpended on June 30, 2021, and June 30, 2022, shall not revert to the general fund but shall be carried forward and reappropriated.

2. The department shall develop appropriate criteria and guidelines for the use of the funding provided to the

Virginia Telecommunication Initiative. Such criteria and guidelines shall: (i) facilitate the extension of broadband networks by the private sector, *except as provided for in paragraph L.5. of this item*, and shall focus on unserved areas; (ii) attempt to identify the most cost-effective solutions, given the proposed technology and speed that is desired; (iii) give consideration to proposals that are public-private partnerships in which the private sector will own and operate the completed project; (iv) consider the number of locations where the applicant states that service will be made available, in addition to whether customers take the service in both evaluating applications and in establishing completion and accountability requirements; and, (v) require investment from the private sector partner in the project prior to making any award from the fund at an appropriate level determined by the Department. The department shall encourage additional assistance from the local governments in areas designated to receive funds to lower the overall cost and further assist in the timely completion of construction, including assistance with permits, rights of way, easement and other issues that may hinder or delay timely construction and increase the cost.

3. The department shall post electronic copies of all submitted applications to the department's website after the deadline for application submissions has passed but before project approval, and shall establish a process for providers to challenge applications where providers assert the proposed area is served by another broadband provider.

4. The department shall consult with the Broadband Advisory Council to designate the unserved areas to receive funds. The department shall report annually to the Governor's Broadband Advisory Council on the progress by the private sector on the designated projects.

*5. The Department shall establish a one-year pilot program in which public broadband authorities may apply directly for Virginia Telecommunications Initiative funds without investment from the private sector. Such awards shall not exceed 10 percent of total available VATI funds in fiscal year 2022.*

~~5. The Broadband Advisory Council shall assess updating the Virginia Telecommunication Initiative (VATI) to allow for public broadband authorities to apply directly for VATI funds without investment from the private sector. The Department of Housing and Community Development on behalf of the Council shall submit feedback on the potential impacts of this policy change to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on or before the start of the 2021 General Assembly Session.~~

M. Out of the amounts in this item, \$1,158,647 the first year and ~~\$1,158,647~~ \$1,408,647 the second year from the general fund is provided for administrative support for the the Virginia Telecommunications Initiative.

N.1. Out of the amounts in this Item, \$34,450,000 the first year and \$30,000,000 the second year from the general fund shall be deposited to the Virginia Growth and Opportunity Fund to encourage regional cooperation among business, education, and government on strategic economic and workforce development efforts in accordance with § 2.2-2487, Code of Virginia.

2. Of the amounts provided in this paragraph, the appropriation shall be distributed as follows: (i) \$2,250,000 the first year and \$2,250,000 the second year from the general fund shall be allocated to qualifying regions to support organizational and capacity building activities, which, notwithstanding § 2.2-2489, Code of Virginia, may not require matching funds if a waiver is granted by the Virginia Growth and Opportunity Board to a qualifying region upon request; (ii) \$16,900,000 the first year and \$16,900,000 the second year from the general fund shall be allocated to qualifying regions based on each region's share of the state population; and (iii) \$15,300,000 the first year and \$10,850,000 the second year from the general fund shall be awarded to regional councils on a competitive basis.

3. The Virginia Growth and Opportunity Board may allocate monies among the distributions outlined in paragraph N.2. of this item to meet demonstrated demand for funds. However, only those regional councils whose allocation is less than \$1,000,000 in a fiscal year based on the region's share of state population shall be eligible to receive an

additional allocation, and the amount shall be limited such that the total allocation does not exceed \$1,000,000 in a fiscal year.

4. The Chairman of the Virginia Growth and Opportunity Board shall convene a broadband telecommunications advisory workgroup in cooperation with the Secretary of Commerce and Trade and the Commonwealth Chief Broadband Advisor, including representatives of the Department of Housing and Community Development, the Center for Innovative Technology, Virginia Economic Development Partnership, Mid-Atlantic Broadband Communities Corporation, staff from the House Appropriations Committee and Senate Finance Committee, and representatives from the broadband telecommunications industry, to develop a framework for policies related to broadband telecommunications across the Commonwealth of Virginia. The framework shall be used to provide guidance on statewide policies for commercial and economic planning and project development, including regional solutions, to improve access to and utilization of broadband to support economic development goals, including those developed by qualifying regions and those areas of the Commonwealth recognized as having high unemployment. Such framework shall include, but not be limited to, the following principles: (i) potential broadband telecommunications development and deployment solutions must be technology-neutral in order to leverage all available or emerging technologies to identify the most cost-effective plan; (ii) solutions that utilize speeds greater than the minimum technology standards as prescribed by the Virginia Telecommunications Initiative for unserved areas; (iii) maximize opportunities for private sector driven models related to construction, operations, and maintenance and open access to private-sector Internet Service Providers where public ownership of infrastructure may be proposed; (iv) facilitate broadband development and deployment-friendly policies at the regional and local level to expedite implementation of plans and projects, as well as mitigate costs, and (v) opportunities to leverage new and existing broadband infrastructure, including transoceanic and transcontinental backbone lines, to encourage new private sector job creation and investment in the Commonwealth.

45. The Virginia Growth and Opportunity Board may approve grants for assessments of commercial economic development demand and current access, and to advance the planning and engineering of broadband infrastructure that are aligned with the framework recommended by the working group, *established in Chapter 2, 2018 Special Session I, Acts of Assembly* and shall give priority consideration for broadband technology development and deployment to facilitate the connectivity or upgrade of services to current and proposed business-ready sites in areas of high unemployment in qualifying regions.

56. The department shall report one month after the close of each calendar quarter to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on grant awards and expenditures from the Virginia Growth and Opportunity Fund. The report shall include, but not be limited to, total appropriations made or transferred to the fund, total grants awarded, total expenditures from the fund, cash balances, and balances available for future commitments. The report shall further summarize such amounts by the allocations provided in paragraph N.2. of this item, including amounts allocated to support organizational and capacity building activities, amounts allocated to regional councils based on each region's share of the state population, and amounts to be awarded on a competitive basis.

*O. Of the amounts in this item, \$100,000 in the first year and \$20,000 in the second year from the general fund shall be provided to the Middle Peninsula Planning District Commission for the purpose of designing and constructing a pilot elevated septic system suitable for areas susceptible to recurrent flooding in rural coastal Virginia. The Department of Health will monitor its ability to protect public health and as a potential strategy for resiliency of recurrent tidal flooding.*

*P.1. Out of the amounts in this item, \$424,000 in the second year from the general fund is provided to support the creation of a statewide broadband map. The Department shall, in coordination with the Office of the Chief Broadband Advisor, develop a statewide broadband availability map indicating broadband coverage, including maximum broadband speeds available in service territories in the Commonwealth. The Department and Chief Advisor shall provide the initial map by July 1, 2022, or as soon as practicable, and shall update the map at least annually.*

2. Broadband service providers shall be required to submit updated service territory data to the Department annually. The Department shall establish a process, timeline, and specific data requirements for broadband providers to submit their data. All public bodies shall cooperate with the Department, or any agent thereof, to furnish data requested by the Department for the initial improvement and maintenance of the map.

3. In no instance may the Department require broadband providers to submit any data, in either substantive content or form, beyond that which the provider is required to submit to the Federal Communications Commission pursuant to the federal Broadband Deployment Accuracy and Technological Availability Act, 47 U.S.C. § 641 et. seq., provided, however, that satellite-based broadband providers that have been designated as an eligible telecommunications carrier pursuant to 47 U.S.C. § 214(e)(6) for any portion of the Commonwealth shall be required to submit comparable data as other broadband providers. Public bodies and broadband providers shall not be required to submit any customer information, such as names, addresses, or account numbers.

4. The Department may publish only anonymized versions of the map, showing locations served and unserved by broadband without reference to any specific provider. The map shall not include information regarding ownership or control over the network or networks providing service. The Department shall establish a process for broadband providers to petition the Department to correct inaccuracies in the map. Any determination made by the Department pursuant to any specific petition with respect to any specific map to correct inaccuracies shall be final and not subject to further review.

5. Maps published by the Department pursuant to this section may be considered, but shall not be considered conclusive, for purposes of determining eligibility for funding for Commonwealth broadband expansion grant or loan programs, including the Virginia Telecommunication Initiative, or challenges thereto.

6. The Department: (i) may contract with private parties to make the necessary improvements to the existing map and to maintain the map. Such private parties may include any entities and individuals selected by the Department to assist the Department in improving and maintaining such a map; (ii) shall consult existing broadband maps, particularly those published by the Federal Communications Commission; and (iii) may acquire existing, privately held data or mapping information that may contribute to the accuracy of the map.

7. Information submitted by a broadband provider in connection with this section shall be excluded from the requirements of the Virginia Freedom of Information Act (§ 2.2-3700 et seq.). Information submitted by a broadband provider pursuant to this section shall be used solely for the purposes stated under this section and shall not be released by the Department, or any other public records custodian, without the express written permission of the submitting broadband provider.

8. The Department shall annually evaluate federal mapping data and shall waive the requirement for broadband providers to submit territory data if a map of near identical or greater quality is made publicly available by the Federal Communications Commission as part of the federal Digital Opportunity Data Collection program or its successor. This waiver shall not be unreasonably withheld.

9. For the purposes of the initiative outlined in paragraph P. of this item, "Broadband" means Internet access at speeds equal to or greater than the broadband Internet speed benchmark set by the Federal Communications Commission. "Broadband provider" means a provider of fixed or mobile broadband Internet access service and includes any entity required to provide the federal government with information on Federal Communications Commission Form 477 or as part of the federal Digital Opportunity Data Collection program or a provider of satellite-based broadband Internet access service that has been designated as an eligible telecommunications carrier pursuant to 47 U.S.C. § 214(e)(6) for any portion of the Commonwealth. "Chief Advisor" means the Commonwealth Broadband Chief Advisor as established in § 2.2-205.2, Code of Virginia. "Map" means the statewide broadband availability map developed and maintained pursuant to paragraph P. of this item.

*Q.1. Out of the amounts in this item, \$10,000,000 the second year from the general fund is provided to establish a special, non-reverting Virginia Community Development Financial Institutions (CDFI) Fund to provide grants to community development financial institutions (CDFIs), community development enterprises (CDE), or other such similar entities as permitted by law, whose primary purpose is to provide financing in the form of loans, grants or forgivable loans to small businesses or community revitalization real estate projects in Virginia. The general funds appropriated in this paragraph constitute a one-time appropriation of funding to capitalize this program. The Fund shall consist of any funds appropriated to it by the general appropriation act and revenue from any other source, public or private. The Fund shall be established on the books of the Comptroller, and any funds remaining in the Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the Fund shall be credited to the Fund. Of the amounts included in this paragraph, up to \$300,000 the second year from the general fund is provided to the Department for administrative costs.*

*2. The Department is hereby authorized to develop appropriate criteria and guidelines for the use of funding provided to the Virginia Community Development Financial Institution Fund. The Department shall award grant funding based on these criteria and guidelines and may enter into a contractual agreement with eligible CDFIs or similar private entities to make grants and loans to small businesses adversely impacted by the COVID pandemic. In developing such guidelines, the Department shall consider prioritizing state funds for CDFIs, CDEs, and other such entities that do not receive federal funding made available from the Consolidated Appropriations Act, 2021 (P.L. 116-260). An eligible qualifying CDFI shall be a community development bank, community development credit union, or other similar private entity that the Department finds is (i) established to conduct business legally within the Commonwealth; (ii) subject to oversight by federal or state financial institutions or insurance regulatory agencies, as appropriate; and (iii) eligible for certification by the U.S. Department of Treasury as a community development financial institution or other similar charter or principles which require support of small businesses.*

*3. The community development bank, community development credit union, or other similar organization is intended to be a source of targeted lending and investment with the capacity to provide a high degree of leverage for economic development and business support activities within communities throughout the Commonwealth. These activities may include loans and investments to start or expand small businesses, operating and working capital, property renovation or development, and financial services with a focus on small businesses impacted by the COVID pandemic. The entity may also provide services that help ensure that credit is used effectively, such as technical assistance to small businesses and credit counseling to consumers.*

*4. On or before December 1 of each year, the Department shall report to the Secretary of Commerce and Trade, the Governor, and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations on such other matters regarding the Fund as the Department may deem appropriate, including the amount of funding committed to projects from the Fund, or other items as may be requested by any of the foregoing persons to whom such report is to be submitted.*

*R. Out of the amounts in this item, \$500,000 the second year from the general fund is provided for the Lenowisco Planning District Commission and Cumberland Plateau Planning District Commission designated for initiatives intended to expand education and telehealth access. Such funds for grants shall be managed by the Virginia Coalfield Economic Development Authority.*