
VIRGINIA STATE BUDGET

2023 Special Session I

Budget Bill - HB6001 (Chapter 1)

Bill Order » Office of Commerce and Trade » Item 114

Department of Housing and Community Development

| Item 114 | First Year - FY2023 | Second Year - FY2024 |
|---|----------------------|---|
| Housing Assistance Services (45800) | \$297,060,495 | \$297,060,495 \$297,260,495 |
| Housing Assistance (45801) | \$229,507,172 | \$229,507,172 |
| Homeless Assistance (45804) | \$17,041,905 | \$17,041,905 |
| Financial Assistance for Housing Services (45805) | \$50,511,418 | \$50,511,418 \$50,711,418 |
| Fund Sources: | | |
| General | \$94,598,482 | \$94,598,482 \$94,798,482 |
| Special | \$95,349,976 | \$95,349,976 |
| Dedicated Special Revenue | \$100,000 | \$100,000 |
| Federal Trust | \$107,012,037 | \$107,012,037 |

Authority: Title 36, Chapters 8, 9, and 11; and Title 58.1, Chapter 3, Articles 4 and 13, Code of Virginia.

A. Out of the amounts in this Item, \$3,482,705 from the general fund, \$100,000 from dedicated special revenue, and \$3,427,000 from federal trust funds the first year and \$3,482,705 from the general fund, \$100,000 from dedicated special revenue, and \$3,427,000 from federal trust funds the second year shall be provided to support services for persons at risk of or experiencing homelessness and housing for populations with special needs, and \$4,050,000 the first year and \$4,050,000 the second year from the general fund shall be provided for homeless prevention. Of the general fund amount provided, the department is authorized to use up to two percent in each year for program administration. The amounts allocated for services for persons at risk of or experiencing homelessness may be matched through local or private sources. Any balances for the purposes specified in this paragraph which are unexpended on June 30, 2023, and June 30, 2024, shall not revert to the general fund but shall be carried forward and reappropriated.

B. The department shall report to the Chairs of the Senate Finance and Appropriations, the House Appropriations Committees, and the Director, Department of Planning and Budget, by November 4 of each year on the state's homeless programs, including, but not limited to, the number of (i) emergency shelter beds, (ii) transitional housing units, (iii) single room occupancy dwellings, (iv) homeless intervention programs, (v) homeless prevention programs, and (vi) the number of homeless individuals supported by the permanent housing state funding on a locality and statewide basis and the accomplishments achieved by the additional state funding provided to the program. The report shall also include the number of Virginians served by these programs, the costs of the programs, and the financial and in-kind support provided by localities and nonprofit groups in these programs. In preparing the report, the department shall consult with localities and community-based groups.

C. Out of the amounts in this Item, \$1,100,000 the first year and \$1,100,000 the second year from the general fund

shall be provided for rapid re-housing efforts. In keeping with the specific goals of the Balance of State Continuum of Care, \$200,000 of this amount in each year shall be focused on ensuring that no veteran is homeless or in a shelter for more than 30 days. These funds shall be used to supplement other state and federal programs, shall be directed to areas throughout the state where federal funds are not available, and shall be used to serve those veterans ineligible for federal benefits.

D. The department shall continue to collaborate with the Department of Veteran Services to ensure coordinated efforts towards reducing homelessness among veterans.

E.1. Out of the amounts in this Item, \$75,000,000 the first year and \$75,000,000 the second year from the general fund shall be deposited to the Virginia Housing Trust Fund, established pursuant to § 36-142 et seq., Code of Virginia. Notwithstanding § 36-142, Code of Virginia, when awarding grants through eligible organizations for targeted efforts to reduce homelessness, priority consideration shall be given to efforts to reduce the number of homeless youth and families and to expand permanent supportive housing.

2. As part of the plan required by § 36-142 E., Code of Virginia, the department shall also report on the impact of the loans and grants awarded through the fund, including but not limited to: (i) the number of affordable rental housing units repaired or newly constructed, (ii) the number of individuals receiving down payments and/or closing assistance, (iii) the progress and accomplishments in reducing homelessness achieved by the additional support provided through the fund, and (iv) the progress in expanding permanent supportive housing options.

3. As a part of its plan for 2022 required by § 36-150, Code of Virginia, the department shall include an assessment on the feasibility of using Virginia Housing Trust Fund resources to acquire, stabilize and improve manufactured home parks as a source of affordable housing for Virginians.

4. In any year where claims for the Virginia Housing Opportunity Tax credit exceed revenue loss assumptions in "The Economic Outlook and Revenue Forecast" report (GACRE Report) prepared by the Secretary of Finance and submitted to the General Assembly annually in December (net lost revenues), the Governor is authorized to direct the State Comptroller to transfer an amount equal to these net lost revenues from the Virginia Housing Trust Fund to the general fund.

F. Out of the amounts in this Item, \$15,800,000 the first year and \$15,800,000 the second year from federal trust funds shall be provided to support Virginia affordable housing programs and the Indoor Plumbing Program.

G. Out of the amounts in this Item, \$50,000 the first year and \$50,000 the second year from the general fund and one position shall be provided to support the administrative costs associated with administering the tax credits authorized pursuant to § 58.1-439.12:04, Code of Virginia.

H. The department shall develop and implement strategies, that may include potential Medicaid financing, for housing individuals with serious mental illness. The department shall include other agencies in the development of such strategies including the Virginia Housing Development Authority, Department of Behavioral Health and Developmental Services, Department of Aging and Rehabilitative Services, Department of Medical Assistance Services, and Department of Social Services. The department shall also include stakeholders whose constituents have an interest in expanding supportive housing for people with serious mental illness, including the National Alliance on Mental Illness Virginia, the Virginia Housing Alliance and the Virginia Sheriff's Association. An annual report on such strategies and the progress on implementation shall be provided to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by the first day of each General Assembly Regular Session.

I. The Department of Housing and Community Development shall work with the Virginia Housing Commission to

identify the impact of legislation that passed the 2019 session of the General Assembly that is designed to mitigate eviction rates and recommend if any further action is necessary to complement these efforts. The Department shall consider current federal, state and local resources, including but not limited to the following: (a) current counseling and social services provided by state agencies and authorities; (b) the potential needs of the cities of Richmond, Newport News, Hampton, Norfolk, and Chesapeake, as well as eviction prevention and diversion programs established in the cities of Arlington and Richmond; (c) data collected pursuant to Chapter 356, 2019 Acts of Assembly; and, (d) eviction prevention and diversion programs in other states. The Department shall analyze and recommend how to better coordinate current public and private resources and programs to reduce eviction rates in Virginia, as well as how current prevention efforts can coordinate with existing and newly created eviction diversion laws and programs.

J.1. Out of the amounts appropriated in this Item, \$3,300,000 the first year and \$3,300,000 the second year from the general fund shall be used to establish a competitive Eviction Prevention and Diversion Pilot Program that will support local or regional eviction prevention and diversion programs that utilize a systems approach with linkages to local departments of social services and legal aid resources. This program shall prioritize grant applications that provide a local match at an amount deemed appropriate by the Department.

2. The resources provided in J.1. may be used to facilitate the development of a statement of tenant rights and responsibilities and implement the provisions of § 36-139 and § 55.1-1204, Code of Virginia.

K.1. The authorization provided under Item 113, Paragraph L. of House Bill 29 of the 2022 General Assembly, Special Session I that directs the department to use up to \$11,400,000 of unobligated balances in the Low-Income Energy Efficiency Program Fund (02017) for flood relief is hereby continued. Using these funds, the department shall continue to establish and administer a program for the purposes of providing relief to residents of Virginia that lost or sustained property damage as a result of a flood disaster, mudslide, or landslide occurring on or after August 1, 2021, but before September 31, 2021, and subject to a Major Disaster Declaration (FEMA-4628-DR) issued by President Biden on October 26, 2021.

2. The department shall establish procedures for filing and resolving claims, which shall include measures to prevent fraud, and which may include any criteria the department determines reasonable to carry out the provisions of this paragraph. The amount of relief provided to an eligible applicant shall be equal to 175 percent of the property value for the realty that sustained major damage or represents a total loss, as defined by 7. and 8. below. The department shall award funds for estimated repairs up to the maximums contained in this paragraph for a realty that does not meet the definition of total loss or major damage, as defined by 7. and 8. below. Any payment made to an eligible applicant from this paragraph shall not exceed \$500,000 for a residential realty and \$1,000,000 for a commercial realty. If an eligible applicant owns multiple, noncontiguous properties in an area affected by the disaster in paragraph K.1. of this item, the eligible applicant may file separate claims for each parcel, and the maximums described in this paragraph shall apply to each separate claim. The department shall reduce payments by any federal or state relief or insurance payments received by the eligible applicant for property repairs or damage related to the disaster described in paragraph K.1. of this item.

3. Payments under paragraph K. of this item shall be subject to the availability of funds. If claims exceed available funds, the department shall make payments in the order that claims were received.

4. The Department shall not provide relief under this section for a realty that was abandoned or uninhabited at the time of the disaster described in paragraph K.1 of this item.

5. No recourse may be had by any person, organization, or entity against a recipient of payment under this paragraph, absent any evidence of misuse of funds. Misuse of funds shall be established by a showing that a recipient knowingly misapplied the proceeds of a payment received under this paragraph. If a showing of misuse of funds has been made, then a person may seek recourse against the recipient for an amount no greater than the extent of the payment.

6. Relief awarded pursuant to this paragraph is excluded from gross income and is not subject to taxation.

7. "Total loss" means real property that has been destroyed, such that there is a total loss of the structure, the structure is not economically feasible to repair, or there is a complete failure to major structural components, such as the collapse of the basement, wall, or roof.

8. "Major damage" means real property that has substantial failure to its structural elements, such as walls, floor, or foundation, or that has sustained damage that will take more than 30 days to repair.

9. "Eligible applicant" means any individual property owner or business owner that lost or sustained property damage as a result of a flood disaster, mudslide, or landslide occurring on or after August 1, 2021, but before September 31, 2021, and subject to a Major Disaster Declaration (FEMA-4628-DR) issued by President Biden on October 26, 2021.

10. The department shall report to the General Assembly on the expenditure of funds from this paragraph within 90 days of the completion of this flood victim assistance program to include total assistance deployed by type of loss, total victims served, and completion of funded repairs or new residential or commercial construction.

L. The department shall develop a model lot lease for use in manufactured home parks by residents renting lots from the park owner on which to place their homes. In creating this model lease, the department shall convene a stakeholder group including, but not limited to: manufactured home park nonprofit and for profit owners, manufactured home park residents, legal aid attorneys representing residents of manufactured home parks, and associations representing the interests of manufactured home park owners. The final model lease shall be made available on the department's website in at least two languages, English and Spanish.

M. Out of this appropriation, \$564,000 the first year and \$564,000 the second year from the general fund is provided for the department to effectuate the provisions of House Bill 349 of the 2022 General Assembly in collaboration with the Department of Social Services.

N. The Department of Housing and Community Development shall convene a stakeholder workgroup to develop model guidelines for the creation of a program to provide long-term rental assistance to low-income, very low-income, and extremely low-income renters to enable them to afford housing costing 30 percent of their income. In developing guidelines for the program, the department shall ensure, at a minimum, that the program pays the difference between full rent and 30 percent of household income. The stakeholder workgroup shall consist of housing developers, homeless services providers, housing providers, landlords, tenants, tenant advocates, and others to develop recommendations for the program. The stakeholder group shall complete its work and issue a report with recommendations to the House Appropriations and Senate Finance and Appropriations Committees no later than November 30, 2022.

O.1. Notwithstanding the provisions of § 10.1-1330, Code of Virginia, the department shall utilize up to \$18,000,000 of unobligated balances in the Low-Income Energy Efficiency Program Fund (02017) for the purposes of providing relief to residents of Virginia that lost or sustained property damage as a result of a flood disaster, mudslide, or landslide occurring on or after July 1, 2022, but before August 31, 2022, and subject to a Major Disaster Declaration (FEMA-4674-DR) issued by President Biden on September 30, 2022.

2. The department shall establish a program to provide flood relief to eligible applicants, which shall include individual property owners and business owners affected by a flood disaster, mudslide, or landslide. The department shall establish procedures for filing and resolving claims, which shall include measures to prevent fraud, and which may include any criteria the department determines reasonable to carry out the provisions of this paragraph. The amount of relief provided to an eligible applicant shall be equal to 175 percent of the property value for the realty that sustained major damage or represents a total loss, as defined by 7. and 8. below. The

department shall award funds for estimated repairs up to the maximums contained in this paragraph for a realty that does not meet the definition of total loss or major damage, as defined by 7. and 8. below. Any payment made to an eligible applicant from this paragraph shall not exceed \$500,000 for a residential realty and \$1,000,000 for a commercial realty. If an eligible applicant owns multiple, noncontiguous properties in an area affected by the disaster in paragraph O.1. of this item, the eligible applicant may file separate claims for each parcel, and the maximums described in this paragraph shall apply to each separate claim. The department shall reduce payments by any federal or state relief or insurance payments received by the eligible applicant for property repairs or damage related to the disaster described in paragraph O.1. of this item.

3. Payments under paragraph O. of this item shall be subject to the availability of funds. If claims exceed available funds, the department shall make payments in the order that claims were received.

4. The department shall not provide relief under this section for realty that was abandoned or uninhabited at the time of the disaster described in paragraph O.1. of this item.

5. No recourse may be had by any person, organization, or entity against a recipient of payment under this paragraph, absent any evidence of misuse of funds. Misuse of funds shall be established by a showing that a recipient knowingly misapplied the proceeds of a payment received under this paragraph. If a showing of misuse of funds has been made, then a person may seek recourse against the recipient for an amount no greater than the extent of the payment.

6. Relief awarded pursuant to this paragraph is excluded from gross income and is not subject to taxation.

7. "Total loss" means real property that has been destroyed, such that there is a total loss of the structure, the structure is not economically feasible to repair, or there is a complete failure to major structural components, such as the collapse of the basement, wall, or roof.

8. "Major damage" means real property that has substantial failure to its structural elements, such as walls, floor, or foundation, or that has sustained damage that will take more than 30 days to repair.

9. "Eligible applicant" means any individual property owner or business owner that lost or sustained property damage as a result of a flood disaster, mudslide, or landslide occurring on or after July 1, 2022, but before August 31, 2022, and subject to a Major Disaster Declaration (FEMA-4674-DR) issued by President Biden on September 30, 2022.

10. The department shall report to the General Assembly on the expenditure of funds from this paragraph within 90 days of the completion of this flood victim assistance program to include total assistance deployed by type of loss, total victims served, and completion of funded repairs or new residential or commercial construction.

P. Out of this appropriation, \$200,000 the second year from the general fund is provided for the department to support the comprehensive statewide housing assessment, pursuant to Chapters 715 and 716, 2023 Acts of Assembly.