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# VIRGINIA STATE BUDGET

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2024 Special Session I

## Budget Bill - HB6001 (Chapter 2)

Bill Order » Office of Commerce and Trade » Item 102

Department of Housing and Community Development

Item 102	First Year - FY2025	Second Year - FY2026
<b>Housing Assistance Services (45800)</b>	<b>\$310,850,885</b>	<b>\$310,725,885</b>
Housing Assistance (45801)	\$242,142,776	\$242,017,776
Homeless Assistance (45804)	\$17,836,107	\$17,836,107
Financial Assistance for Housing Services (45805)	\$50,872,002	\$50,872,002
Fund Sources:		
General	\$108,192,368	\$108,067,368
Special	\$95,412,243	\$95,412,243
Dedicated Special Revenue	\$100,000	\$100,000
Federal Trust	\$107,146,274	\$107,146,274

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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, 2025, and June 30, 2026, 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, \$1,775,000 the first year and \$1,775,000 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. The department shall provide these funds as grants in a formula determined by the department with input from stakeholders. Any balances for the purposes specified in this paragraph which are unexpended on June 30, 2025, and June 30, 2026, shall not revert to the general fund but shall be carried forward and reappropriated.

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, \$87,500,000 the first year and \$87,500,000 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. 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. Out of the amounts appropriated in this Item, \$3,450,000 the first year and \$3,450,000 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.

J. The authorization provided under Item 113, Paragraph L., Chapter 1, 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 administer a program established 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.

K. The authorization provided under Item 113, Paragraph O., Chapter 1, 2023 General Assembly, Special Session I, that directs the department to use up to \$18,000,000 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 administer a program established 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

L. Out of this appropriation, \$200,000 the first year and \$200,000 the second year from the general fund is provided for the department to support the comprehensive statewide housing assessment, pursuant to § 36-139, Code of Virginia.

M.1. Notwithstanding the provisions of § 10.1-1330, Code of Virginia, the department shall utilize \$5,000,000 of unobligated balances in the Low-Income Energy Efficiency Program Fund (02017) for the purpose of establishing a pilot program to assist residents of a manufacturing home park or organizations exempt from taxation under 501(c)3 of the Internal Revenue Code with acquiring manufactured home parks located in Virginia.

2. The department shall award the funds provided in this paragraph as revolving loans to either: (i) associations consisting of residents of one or more manufactured home parks in Virginia, or (ii) organizations exempt from taxation under 501(c)3 of the Internal Revenue Code that provide, construct, or renovate affordable housing in Virginia.

3. The department shall develop criteria and guidelines for this pilot program on or before December 1, 2024. At a minimum, the guidelines shall prohibit any loans that result in the involuntary displacement of any person residing in the park at the time of its acquisition. The interest rate of loans issued under this pilot program shall not exceed the lowest annual interest rate offered on a loan from the Virginia Housing Trust Fund.

4. Up to twenty-five percent of funds provided in this paragraph may be distributed to organizations exempt from taxation under 501(c)3 of the Internal Revenue Code that provide, construct, or renovate affordable housing in Virginia that have been assigned a right of first refusal to purchase a manufactured home park by a locality, pursuant to the provisions of House Bill 1397 of the 2024 General Assembly. Upon receipt of notice from a nonprofit that they have: (i) been assigned right of first refusal by a locality to purchase manufactured home parks, or (ii) received notice from the locality that such owner has entered into a contract to sell the park contingent upon providing the right of first refusal, the department shall expedite the application for a loan, and notify the applicant of its decision within 30 days of receiving the application.

5. The department shall report to the General Assembly on or before December 1, 2025, the results of the pilot program. At a minimum, the report shall contain information on the number of applications, the number and dollar amount of loans made, number of parks acquired, and the estimated costs of continuing the program.

6. The department may recover administrative costs from the amounts provided in this paragraph.

N.1. Notwithstanding the provisions of § 10.1-1330, Code of Virginia, the department shall utilize \$5,000,000 of unobligated balances in the Low-Income Energy Efficiency Program Fund (02017) for the purpose of creating a

down payment assistance pilot program. The grants awarded under this pilot program shall be issued as a forgivable, second trust mortgage. New homes purchases with a grant from this program must meet Earth Craft or Energy Star energy efficiency standards or their equivalent.

2. The department, in administrating the funds provided in this paragraph, may elect to contract with an organization exempt from taxation under 501(c)3 of the Internal Revenue Code with expertise in providing, constructing, or renovating affordable housing.

3. The department shall develop criteria and guidelines for the pilot program on or before December 1, 2024. At a minimum, the guidelines shall include eligibility criteria that targets grants to recipients earning less than 60 percent of the Area Median Income. The guidelines shall also stipulate a process for forgiving the grants awarded by the department that includes: (i) regular payments by the recipients on the first mortgage and (ii) residing in the home for at least fifteen years from date of closing. The guidelines shall detail a process for recovering any awards made under the pilot program.

4. The department shall develop performance metrics and monitoring mechanism to evaluate the long term effectiveness of the program and its outcomes.

5. The department shall report on or before December 1, 2025, to the General Assembly the results of this pilot program. The report, at a minimum, shall contain information on the number of applicants, number and dollar amount of grants made, number of homes purchased, and an estimated cost of continuing the program.

6. The department may recover administrative costs from the amounts provided in this paragraph.

O. Out of this appropriation, \$150,000 the first year and \$150,000 the second year from the general fund is provided to the department's housing division.

P. Out this appropriation, \$125,000 the first year from the general fund is provided to the City of Richmond for Housing Opportunities Made Equal to provide statewide education and outreach about the protected classes covered under Virginia's Fair Housing law.