Virginia Begins Implementing its Housing Trust Fund

by Michael Anderson // 2013, Spring

The Virginia Department of Housing and Community Development has announced that the Virginia Housing Trust Fund is opening its first round for funding applications. During the 2013 session, the Virginia legislature codified the Trust Fund by placing it into state code. The Trust Fund received $7 million from the National Mortgage Settlement and will be administered by the Department of Housing and Community Development in collaboration with the Virginia Housing Development authority. In 2013, the legislature appropriated an additional $1 million in funds to the Trust Fund from the "robo-signing" foreclosure settlement agreement. Another $1 million was allocated to homelessness for rapid re-housing and permanent supportive housing.

The first round of competitive applications consists of two pools of funding: the Competitive Loan Pool ($5,400,000) and the Homeless Reduction Grant Program ($930,000). The Virginia Housing Coalition is partnering with the Department to offer technical assistance on applying for funding this year. The Competitive Loan Pool provides low interest loans for specific affordable housing projects with a maximum loan of $750,000 per project. Priority is given to projects that address one or more state housing policy goals. The Grant Program provides a maximum of $100,000 per program and is available for temporary rental assistance, housing stabilization services in supportive housing for homeless individuals and families, and pre-development assistance to support long-term housing opportunities for the homeless.

Robin Gahan of the Virginia Coalition to End Homelessness says: *"VCEH is proud to have been a part of the campaign to create a Virginia Housing Trust Fund. Specifically, the inclusion of grant funding targeted to solutions to reduce and end homelessness was a major victory and aligns our trust fund with best practices. Over the past two legislative sessions, we have increased awareness of the link between affordable housing, jobs, and the importance of flexible funds for services and rental* *assistance to address homelessness. However, our work is far from over as we continue our efforts to secure a dedicated source of revenue."*

Housing and homeless advocates from throughout the state came to Capitol for Housing Day 2013. Photo by Housing Opportunity Made Equal.

The bill codifying the Housing Trust Fund states that at least 80% of the funds available to the Trust Fund are to provide flexible financing for low-interest loans, maximizing opportunities for leverage. Loans may be provided for:

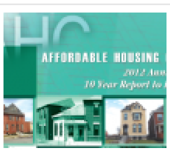
- Affordable rental housing to include new construction, rehabilitation, repair, or acquisition of housing to assist low or moderate income households, including land and land improvements;
- Down payment and closing cost assistance for homebuyers; and
- Loans to reduce the cost of homeownership and rental housing.

The bill also allows up to 20% of the funds for grants to eligible organizations for targeted efforts to reduce homelessness, including temporary rental assistance for no more than one year; housing stabilization services in permanent supportive housing for homeless individuals and homeless families; mortgage foreclosure counseling targeted in localities with the highest incidence of foreclosure activity; and predevelopment assistance for permanent supportive housing and other long-term housing options for the homeless.

Organizations eligible for funding from the Trust Fund include: localities; local government housing authorities; regional or state-wide housing assistance organizations that provide assistance to low and moderate income or low-income citizens of Virginia, and limited liability companies expressly created for the purpose of owning and operating affordable housing.

Advocates from the Virginia Housing Coalition and the Virginia Coalition to End Homelessness celebrated passage of HB2005, which writes the housing trust fund into state code, and praised the allocation of initial funds to enable the fund to begin operations. Bob Newman , the President Elect of the Virginia Housing Coalition, noted that *"advocates in Virginia are pleased that the Governor and the General Assembly have started down the road to recognizing the significant housing needs faced by low and moderate income Virginians, as well as the importance that housing plays in our state and local economies".* He further explained that both Coalitions will be redoubling efforts next year to secure a stable, sustainable source of funding for the Housing Trust Fund.

Contact: Bob Adams, Housing and Development Advisors, 205 N. Robinson Street, Richmond, Virginia 23220 (804)915-6729



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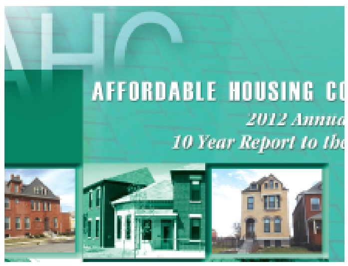

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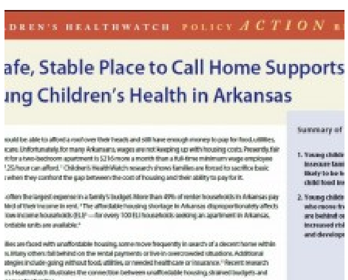

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