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Virginia Wins Funds for State Housing Trust Fund

by Michael Anderson // 2016, Spring



The Virginia Housing Alliance celebrated a victory from its lobby day this year with the announcement that the Housing Trust Fund will be funded at \$5.5 million per year for the next two years, which is an increase of \$1.5 million per year. The Alliance praised the work of its members who made phone calls, sent emails, and made visits to legislators during Housing Day and throughout the last year.

The Virginia Housing Trust Fund was created in 2012 as an amendment to the state budget by the General Assembly using funds Virginia received from the National Mortgage Settlement. The Fund originally was awarded \$7 million of the settlement money. Then in 2013, the Fund received an additional \$1 million from the Robosigning foreclosure settlement. Over the last four years, the Virginia Housing Trust Fund has received \$4 million a year through appropriations.

In 2015, the General Assembly directed the Virginia Housing Commission to study methods to evaluate and determine a dedicated revenue source for the Virginia Housing Trust Fund. The Commonwealth recognized that more than one-third of Virginia households were housing cost burdened and that the Trust Fund needed a dedicated source of funding to address this crisis.

The Commission Work Group met several times receiving presentations regarding the fund, alternative revenue sources and the far-reaching impacts of the Housing Trust Fund on the Commonwealth's economy. The Virginia Center for Housing Research at Virginia Tech conducted an economic impact study of the Virginia Housing Trust Fund and found that the initial investment of \$8 million leveraged an additional \$35 million in private funds. The first round of activities to receive funding resulted in \$106 million in regional growth, 531 new jobs, and \$23 million in earnings.

The Commission unanimously endorsed legislation that would establish a threshold amount for the state coffers to collect and then dedicate 20% of the excess amount of the recordation tax to the Housing

Trust Fund. HB683/SB105 has been introduced in 2016 and would create a sustainable funding source for the Virginia Housing Trust Fund. If the General Fund's share of the recordation tax exceeds \$325 million, 20% of the surplus will go to the Housing Trust Fund. In FY2014-15, the Trust Fund would have received \$4.26 million. The bill may be considered in 2017.

The current increase in funding will help organizations around the Commonwealth develop more affordable housing and homeless service providers keep more Virginians out of homelessness. One of the main recognized strengths of the Trust Fund is that its uses can change as Virginia's housing needs change. The Fund has supported activities through four priorities: a competitive loan pool that provides low-interest loans for affordable housing development; foreclosure rehabilitation loans working with locally-based organizations to transform previously foreclosed homes into community assets; competitive grants to help reduce homelessness; and foreclosure counseling grants for those experiencing foreclosure. Currently, the Department of Housing and Community Development has initiated a pilot Vibrant Community Initiative. This initiative combines housing trust fund dollars with some CDBG and HOME funds to support local or regional comprehensive community-based projects that include affordable housing. Approximately \$5 million has been set aside to make two developments possible through the initiative. More information is available on the Department of Housing and Community Development website: [click here](#).

In announcing the most recent awards from the Virginia Housing Trust Fund, **Governor McAuliffe said**, *"Building a new Virginia economy means expanding economic security and opportunity to Virginians from every walk of life – and access to secure and affordable housing is an essential part of that effort. The Virginia Housing Trust Fund uses innovative funding tools to promote affordable housing and homelessness prevention across the Commonwealth. I am proud to award these grants and watch them work to improve real people's lives and grow our economy."*

The Virginia Housing Alliance hosted a successful Housing Day in February with a record turn-out of more than 100 advocates—the first lobby day since the merger of the Virginia Housing Coalition and the Virginia Coalition to End Homelessness. Advocates were prepped by staff from the Virginia Housing Alliance and the Virginia Poverty Law Center. VHA's Director of Policy Zack Miller reported: *"This was our best year yet not just in terms of numbers, but in the quality of legislative materials we were able to provide participants. Holding the day later in session allowed us to be more on point with our messaging and focus on the housing issues that are moving in the General Assembly this year. Thanks to our active and growing base of supporters."*

For more information about the Virginia Housing Alliance, contact Zack Miller, Director of Policy, at zmiller@vahousingalliance.org or 804-840-8185.



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