

# Memorandum

**Date:** 08/7/2012  
**To:** Bill Shelton, Executive Director  
Department of Housing and Community Development  
**From:** Heidi Lawyer, Virginia Board for People with Disabilities  
**Cc:** Teri Barker Morgan, Virginia Board for People with Disabilities  
**Re:** VA Housing Trust Fund Recommendations

## Virginia Housing Trust Fund

The Governor has appropriated \$7 million in fiscal year 2014 for a Housing Trust Fund. The budget language charges DHCD and VHDA with developing a plan for the use of the Trust Fund by November 1, 2012. DHCD is gathering input from other state agencies whose missions relate to Virginia's housing needs on how the trust fund can/should be used. Budget Bill language detailing how the fund is to be used, and recommendations to further the development of affordable and accessible housing, is below.

### The Virginia Housing Trust Fund was created by Budget Bill 108, Section G:

1. There is hereby created the Virginia Housing Trust Fund, hereafter referred to as "the Fund." Out of the amounts in this appropriation, \$7,000,000 the second year from the general fund shall be deposited into the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The Department shall work in collaboration with the Virginia Housing Development Authority (VHDA) to provide loan origination and servicing activities as needed to carry-out the provisions of this Fund. The costs of such services will be considered an eligible use of the Fund.
2. The Department, through VHDA, **shall use at least 80 percent of the moneys from the Fund** to provide flexible financing for low-interest loans through eligible organizations.



Such loans shall be structured to maximize leveraging opportunities. All such funds shall be repaid to the credit of the Fund. Loans may be provided for:

- ✓ Affordable rental housing to include new construction, rehabilitation, repair, or acquisition of housing to assist low or moderate income citizens, including land and land improvements;
- ✓ Down payment and closing cost assistance for homebuyers; and,
- ✓ Short, medium and long term loans to reduce the cost of homeownership and rental housing;

**Recommendation: Supporting the DOJ Settlement Agreement, individuals in the target population should be considered a priority and a set-aside of funds/units for the above activities should be established.**

**Recommendation: A comprehensive discussion on how to best maximize and align local, state, federal and private investment resources to increase the development of integrated community housing for individuals with intellectual and related developmental disabilities should take place. Specific recommendations should be put forth.**

3. The Department **may use up to 20 percent of the moneys from the Fund** to provide grants through eligible organizations for targeted efforts to reduce homelessness, including:

- ✓ Temporary rental assistance, not to exceed one year;
- ✓ Housing stabilization services in permanent supportive housing for homeless individuals and families;
- ✓ Mortgage foreclosure counselling targeted at localities with the highest incidence of foreclosure activity; and,
- ✓ Pre-development assistance for permanent supportive housing and other long term housing options for the homeless.

**Recommendation: The Commonwealth has committed to applying for the next round of HUD 811 funds. A small portion of Trust Fund dollars could be set aside for pre-development assistance for permanent supportive housing, temporary rental assistance, or another identified gap and be built into the HUD 811 application.**



4. Organizations eligible for funding from the Fund shall include the following: (i) localities; (ii) local government housing authorities; (iii) regional or statewide housing assistance organizations that provide assistance to low and moderate income or low-income citizens of Virginia, and (iv) limited liability companies expressly created for the purpose of owning and operating affordable housing.
5. Prior to the expenditure of any funds appropriated for the Virginia Housing Trust Fund the department, in conjunction with the Virginia Housing Development Authority, shall submit a plan outlining its proposed uses of the funds to the General Assembly. Such plan shall be provided to the Chairmen of the House Appropriations Committee and the Senate Finance Committee no later than November 1, 2012.

**Recommendation: Priorities for the 7 million dollar trust fund should be consistent with the recommendations from the housing study below and support the actualization of the recommendations.**

Recommendations from ITEM 315 Z report:

It is recommended that Virginia:

1. **Develop a state policy and plan to expand critically needed community housing options** for people with intellectual and related developmental disabilities. Current efforts to develop community-based housing for individuals with intellectual and related developmental disabilities are fragmented. Housing options must be affordable, accessible and reflect Virginia's "person-centered" vision for serving people with disabilities.
2. **Prioritize, target and align state agency investments of assistance** with that strategic plan. State strategic investment priorities will help to organize and align federal, state, local and private investment resources which can significantly increase the development of integrated community housing for individuals with intellectual and related developmental disabilities. The state agencies that should participate in the development of the investment priorities are:
  - a) Department of Behavioral Health and Developmental Services (DHBDS)
  - b) Department of Housing and Community Development (DHCD)
  - c) Virginia Housing Development Authority (VHDA)
  - d) Department of Medical Assistance Services (DMAS)



The leadership of state agencies is critical in supporting the development of local coalitions aimed at increasing affordable and accessible housing options. Further, Virginia's disability services agencies must become fluent regarding Virginia's federal housing resources and the prioritization of those resources.

3. Invest in the development of innovative housing and financing models that can **effectively leverage affordable housing finance capital and private investor resources**. Three related steps to this recommendation are:
  - ✓ Build the capacity and willingness of the housing development community to provide desired community housing options;
  - ✓ Establish program priorities for federal housing resources allocated to Virginia, including any National Housing Trust Fund resources, which are aligned with state investment priorities for addressing the community housing needs of people with intellectual and related developmental disabilities; and
  - ✓ Direct the Virginia Housing Commission to study General Obligation bond use for housing in Virginia, including any Virginia-specific legal concerns.
4. **Establish a community living supplement program for room and board to support the choice of community housing.** A supplement of this kind will help solidify Virginians' commitment to individuals who reject institutional living.
5. Convene a meeting of agency heads from DBHDS, VHDA and DHCD to consider the adoption of an **updated Memorandum of Understanding (MOU)**.
6. **Establish a permanent state source for education and training** to provide a resource for CSBs and others to continually connect housing and the needs of people with intellectual and related developmental disabilities.
7. **Direct the Disability Commission**, through the state interagency Housing Expansion Task Force and in conjunction with the Housing Commission, **to conduct an annual review of Virginia's implementation of these recommendations in subsequent years.**

