

Department of Planning and Budget

2023 Fiscal Impact Statement

1. Bill Number: HB1411

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Marshall

3. Committee: Appropriations

4. Title: Virginia Community Development Financial Institutions Fund and Program; codifies Fund, etc.

5. Summary: Codifies the Virginia Community Development Financial Institutions Fund (the Fund), originally created in the 2021 Appropriation Act, and establishes the Virginia Community Development Financial Institutions Program (the Program) to carry out the purposes of the Fund. The Program shall provide grants and loans to community development financial institutions and other similar entities for the purpose of providing financing to small businesses, housing development and rehabilitation projects, and community revitalization real estate projects in the Commonwealth. The bill requires the Department of Housing and Community Development to oversee the Fund and Program and to (i) identify qualifying institutions based on criteria developed by the Department and in accordance with this section; (ii) ensure that grants and loans provided by the Program are utilized in a manner that aligns with the Program's goal of promoting housing and community development, capital access, housing access, and small business support; (iii) ensure that in using funds provided by the Program, qualifying institutions emphasize microfinancing to small businesses; (iv) establish a mechanism for obtaining repayment of misused funds in accordance with subdivision C 2 a; and (v) utilize Program funds to promote collaborative and cooperative projects with public and private sector partners that align with the purposes of the Program.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: This bill codifies the Virginia Community Development Financial Institutions Fund (the Fund), originally created in the 2021 Appropriation Act. The Department of Housing and Community Development (DHCD) received a one-time \$10.0 million general fund appropriation to capitalize the Fund and three full-time positions in FY 2022; DHCD was authorized to use \$300,000 for administrative costs. Chapter 2, Special Session I, 2022 Acts of Assembly (the 2022 Appropriation Act) includes \$270,000 and two full-time positions in FY 2023 only.

According DHCD, approximately \$3.0 million of the initial funding for this program has yet to be expended. A budget amendment would be required to re-capitalize and administer the Fund.

9. Specific Agency or Political Subdivisions Affected: Department of Housing and Community Development.

10. Technical Amendment Necessary: No.

11. Other Comments: SB1320 is similar to this bill.