

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB2005

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Lopez

3. Committee: General Laws

4. Title: Virginia Housing Partnership Revolving Fund.

5. Summary: Renames the Virginia Housing Partnership Revolving Fund to the Virginia Housing Trust Fund and codifies language in the latest appropriation act in which \$7 million was appropriated to the Fund. The bill provides that The Department of Housing and Community Development shall (i) work in collaboration with the Virginia Housing Development Authority (VHDA) to provide loan origination and servicing activities as needed to carry out the purposes of the Fund, with the costs of such services to be considered an eligible use of the Fund; and (ii) use, through VHDA, 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 (a) 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; (b) down payment and closing cost assistance for homebuyers; and (c) short-term, medium-term, and long-term loans to reduce the cost of homeownership and rental housing. The bill also allows the Department to use up to 20 percent of the moneys from the Fund to provide grants through eligible organizations for targeted efforts to reduce homelessness, including (1) temporary rental assistance, not to exceed one year; (2) housing stabilization services in permanent supportive housing for homeless individuals and homeless families; (3) mortgage foreclosure counseling targeted at localities with the highest incidence of foreclosure activity; and (4) predevelopment assistance for permanent supportive housing and other long-term housing option for the homeless. The bill contains technical amendments.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: See item 8, below.

8. Fiscal Implications: In Item 108 paragraph G of Chapter 3, Special Session I, 2012 Acts of Assembly (the 2012 Appropriation Act), the 2012 General Assembly established the Virginia Housing Trust Fund and appropriated \$7.0 million to capitalize the fund. Language in the Appropriation Act stipulates that at least 80 percent of the Fund is to be used for short, medium and long-term loans to reduce the cost of homeownership and rental housing, and

that up to 20 percent of the Fund may be used to provide grants for targeted efforts to reduce homelessness. This bill would codify the uses outlined in the Appropriation Act.

The bill changes the Trust Fund from a permanent and perpetual fund that does not necessary have to remain in the state treasury to a permanent, nonreverting, special fund in the state treasury. The bill also establishes VHDA as the fund's fiscal agent. VHDA is an independent authority and therefore not a part of the Commonwealth's financial, accounting, and reporting systems. Consequently, VHDA cannot serve as the fiscal agent for a fund that is part of the state treasury.

Section 36-152, Code of Virginia, allows the recovery of reasonable expenses by VHDA incurred in the administration and management of the Virginia Housing Partnership Fund, to which the proposed legislation engrafts the provisions of the Virginia Housing Trust Fund. Language in the Appropriation Act required the preparation of a plan outlining proposed uses of the fund and the structure of the program. It is anticipated that the proposed legislation will not result in any additional costs to DHCD.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Housing Development Authority, Department of Housing and Community Development.
- 10. Technical Amendment Necessary:** A technical amendment to clarify the reference to the appropriation of \$7.0 million for the fund is recommended for consideration. As the moneys are already appropriated, line page 3, line 179, strike "\$7 million" and insert "sums".
- 11. Other Comments:** None.

Date: 1/23/13

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