

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB2005

House of Origin	<input type="checkbox"/> Introduced	<input checked="" 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: Appropriations

4. Title: Virginia Housing Partnership Revolving Fund.

5. Summary: Renames the Virginia Housing Partnership Revolving Fund to the Virginia Housing Trust Fund, and establishes the fund as a special, non-reverting fund on the books of the Comptroller.

The bill provides that the Department of Housing and Community Development (DHCD) 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 DHCD 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: Language – Item 108 of HB1500/SB800. See item 8, below.

The proposed bill includes grant uses that are in addition to those outlined in the trust fund language in the Appropriation Act.

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 moneys in the fund are 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 moneys in 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.

In addition to the grant uses outlined in the trust fund language in Item 108 paragraph G of the Appropriation Act, subject to any restrictions on the use of money in the fund, the bill allows the fund to be used to: (1) support housing sponsors and persons and families of low and moderate income; (2) support low and moderate income housing projects that are located in areas experiencing extreme shortages of such housing; (3) support rural affordable housing initiatives; and (4) provide assistance for the acquisition, construction, improvement, ownership or occupancy of housing developments and residential housing for persons and families of low and moderate income. These additional uses are not included in the Appropriation Act language. If the intent is that the funds included in the 2012 Appropriation Act for the fund are to be used in the current biennium for these additional purposes, a budget amendment to the language in the act is suggested.

It is anticipated that the proposed legislation will not result in any additional costs to DHCD. The bill allows the recovery of reasonable expenses by DHCD incurred in the administration and management of the Virginia Housing Partnership Fund. Also, under the provisions of the bill, VHDA's loan origination and servicing activities provided in carrying out the purposes of the fund are considered eligible expenses.

Language in the Appropriation Act required the preparation of a plan outlining proposed uses of the fund and the structure of the program. The bill requires the annual submission of such a plan to the Chairmen of the House Appropriations Committee and the Senate Finance Committee.

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

10. Technical Amendment Necessary: Yes. Line 118, after "directing the" unstrike "Virginia Housing Development". Line 119, unstrike "Authority" and after "Department" insert "and the Virginia Housing Development Authority"

According to DHCD, the agency does not have the infrastructure to close and disburse loan funds. DHCD works in partnership with VHDA on closing and disbursing loans, as VHDA is a loan-oriented financial institution. Under the provisions of the bill, VHDA and DHCD will collaborate to provide loan origination and servicing activities.

11. Other Comments: None.

Date: 1/29/13

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