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HOUSE BILL NO. 820

Offered January 14, 2026

Prefiled January 13, 2026

A BILL to amend and reenact § 36-142 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 36-146.1, relating to Virginia Housing Trust Fund; mixed-income development.

Patron—Helmer

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That § 36-142 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 36-146.1 as follows:

§ 36-142. Virginia Housing Trust Fund; creation; management.

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Housing Trust Fund." The Fund shall be established on the books of the Comptroller and consist of sums appropriated to the Fund by the General Assembly, all receipts by the Fund from loans made by it to housing sponsors and persons and families of low and moderate income, all income from the investment of moneys held in the Fund, and any other sums designated for deposit to the Fund from any source, public or private. The Fund shall also consist of such other sums as may be made available to it and shall include federal grants solicited and received for the specific purposes of the Fund and all interest and income from investment of the Fund. Any sums 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. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund.

B. The Department shall:

1. Work in collaboration with the HDA to provide loan origination and servicing activities as needed to carry out the purposes of the Fund. The costs of such services shall be considered an eligible use of the Fund; and

2. Use, through HDA, at least ~~80~~ 60 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 (i) 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; (ii) down payment and closing cost assistance for homebuyers; and (iii) short-term, medium-term, and long-term loans to reduce the cost of homeownership and rental housing. Moneys required by the HDA to fund such loans and perform loan closing and disbursement services shall be transferred from the Fund to the HDA.

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 (a) temporary rental assistance, not to exceed one year; (b) housing stabilization services in permanent supportive housing for homeless individuals and homeless families; (c) mortgage foreclosure counseling targeted at localities with the highest incidence of foreclosure activity; and (d) predevelopment assistance for permanent supportive housing and other long-term housing options for the homeless.

Pursuant to § 36-146.1, the Department may use up to 20 percent of the moneys from the Fund to provide lower-interest loans for the construction of mixed-income housing developments or for infrastructure needed for site development and readiness for such housing developments.

C. The Fund shall be administered and managed by the Department as prescribed in this chapter. In order to carry out the administration and management of the Fund, the Department is granted the power to contract with or employ officers, employees, agents, advisers and consultants, including, without limitation, attorneys, financial advisers, public accountants, engineers and other technical advisers and, the provisions of any other law to the contrary notwithstanding, to determine their duties and compensation without the approval of any other agency or instrumentality. The Department may disburse from the Fund its reasonable costs and expenses incurred in the administration and management of the Fund, including reasonable fees and costs of the HDA.

D. For the purposes of this section, eligible organizations include (i) localities, (ii) local government housing authorities, (iii) regional and 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.

E. In any year prior to the expenditure of any general funds appropriated for the Fund for the next succeeding fiscal year, the Department, in conjunction with HDA, shall submit a report outlining the

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proposed uses of such funds to the General Assembly. The report shall also include the impact of the loans and grants previously awarded through the Fund, including (i) the number of affordable rental housing units repaired or newly constructed, (ii) the number of individuals receiving down payments or closing assistance, (iii) the progress and accomplishments in reducing homelessness achieved by the additional support provided through the Fund, and (iv) the progress in expanding permanent supportive housing options. The report shall be provided to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations no later than November 1 of each year.

§ 36-146.1. Mixed-income housing development loans.

A. As used in this section:

"Mixed-income housing project" means a housing development in which (i) 20 percent or more of housing units contained in such development are reserved for households earning 50 percent or less of the Area Median Income (AMI) for the locality in which such project is located or (ii) for a project for which a developer that receives a loan pursuant to this section and claims a housing opportunity tax credit pursuant to § 58.1-439.30 in the same taxable year for the same project, 40 percent or more of housing units contained in such development are reserved for households earning 60 percent or less of the AMI for the locality in which such development is located.

"Public entity" means the state or local government or any department, agency, special purpose district, or other instrumentality of the state or local government.

B. The Department may make loans to developers that incur costs in the acquisition, construction, or improvement of a mixed-income housing project. The total amount of such a loan shall not exceed \$60,000 per housing unit contained in the mixed-income housing project. In order to apply for a loan, a developer located in the Commonwealth shall submit an application to the Department, which shall include a description of the mixed-income housing project for which costs were incurred and the ratio of affordable housing and market-rate units contained in such project.

C. Any loan made pursuant to subsection B shall not exceed 25 percent of the total costs incurred in the acquisition, construction, or improvement of a mixed-income housing project, unless (i) the developer of such project is a public entity or an organization that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and such entity or organization receives at least 10 percent of the funding for such project from other sources; (ii) the developer reserves 80 percent of housing units in the project for households that include (a) an individual 65 years of age or older, (b) a young adult that aged out of foster care during the six months before signing a lease for a housing unit in the project, (c) a person with disabilities, as that term is defined in § 51.5-40.1, (d) at least one adult individual and his claimed dependent, and (e) a person who is registered as a commercial fisherman pursuant to § 28.2-241 or a person who is under the onboard direct supervision of a commercial fisherman while operating the commercial fisherman's boat; (iii) the developer reserves 10 percent or more of the housing units in the mixed-income housing development for households earning 30 percent or less of the AMI for the locality in which such project is located; or (iv) for projects that receive a loan pursuant to this section and claim a housing opportunity tax credit pursuant to § 58.1-439.30 in the same taxable year for the same project, the developer reserves 10 percent or more of housing units in the mixed-income housing project for households earning 30 percent or less of the AMI for the locality in which such project is located.