

# 2026 SESSION

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1 **SENATE BILL NO. 490**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend and reenact § 36-142 of the Code of Virginia, relating to Virginia Housing Trust Fund;*  
5 *loans for the construction of mixed-income housing developments.*

6 Patron—VanValkenburg

7 Referred to Committee on General Laws and Technology

8 **Be it enacted by the General Assembly of Virginia:**

9 **1. That § 36-142 of the Code of Virginia is amended and reenacted as follows:**

10 **§ 36-142. Creation and management of Fund.**

11 A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as  
12 the "Virginia Housing Trust Fund." The Fund shall be established on the books of the Comptroller and  
13 consist of sums appropriated to the Fund by the General Assembly, all receipts by the Fund from loans made  
14 by it to housing sponsors and persons and families of low and moderate income, all income from the  
15 investment of moneys held in the Fund, and any other sums designated for deposit to the Fund from any  
16 source, public or private. The Fund shall also consist of such other sums as may be made available to it and  
17 shall include federal grants solicited and received for the specific purposes of the Fund and all interest and  
18 income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end  
19 of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for  
20 the Fund shall be paid into the state treasury and credited to the Fund.

21 B. The Department shall:

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

25 2. Use, through HDA, at least 80 75 percent of the moneys from the Fund to provide flexible financing for  
26 low-interest loans through eligible organizations. Such loans shall be structured to maximize leveraging  
27 opportunities. All such funds shall be repaid to the credit of the Fund. Loans may be provided for (i)  
28 affordable rental housing to include new construction, rehabilitation, repair, or acquisition of housing to assist  
29 low or moderate income citizens, including land and land improvements; (ii) down payment and closing cost  
30 assistance for homebuyers; and (iii) short-term, medium-term, and long-term loans to reduce the cost of  
31 homeownership and rental housing. Moneys required by the HDA to fund such loans and perform loan  
32 closing and disbursement services shall be transferred from the Fund to the HDA.

33 The Department may use up to 20 percent of the moneys from the Fund to provide grants through eligible  
34 organizations for targeted efforts to reduce homelessness, including (a) temporary rental assistance, not to  
35 exceed one year; (b) housing stabilization services in permanent supportive housing for homeless individuals  
36 and homeless families; (c) mortgage foreclosure counseling targeted at localities with the highest incidence of  
37 foreclosure activity; and (d) predevelopment assistance for permanent supportive housing and other long-  
38 term housing options for the homeless.

39 *The Department may use up to five percent of the moneys from the Fund to provide lower-interest loans*  
40 *for the construction of mixed-income housing developments or for infrastructure needed for site development*  
41 *and readiness for such housing developments.*

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

50 D. For the purposes of this section, eligible organizations include (i) localities, (ii) local government  
51 housing authorities, (iii) regional and statewide housing assistance organizations that provide assistance to  
52 low and moderate income or low income citizens of Virginia, and (iv) limited liability companies expressly  
53 created for the purpose of owning and operating affordable housing.

54 E. In any year prior to the expenditure of any general funds appropriated for the Fund for the next  
55 succeeding fiscal year, the Department, in conjunction with HDA, shall submit a report outlining the  
56 proposed uses of such funds to the General Assembly. The report shall also include the impact of the loans

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