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SENATE BILL NO. 490

Offered January 14, 2026

Prefiled January 13, 2026

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

Patron—VanValkenburg

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:**1. That § 36-142 of the Code of Virginia is amended and reenacted as follows:****§ 36-142. Creation and management of Fund.**

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~~ 75 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.

The Department may use up to five 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 proposed uses of such funds to the General Assembly. The report shall also include the impact of the loans

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.