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**SENATE BILL NO. 490**

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the Senate Committee on Finance and Appropriations  
on February 12, 2026)

(Patron Prior to Substitute—Senator VanValkenburg)

A *BILL to direct the Department of Housing and Community Development, in collaboration with the Virginia Housing Development Authority, to create a two-year pilot program that would provide loan origination and servicing activities for mixed income housing; report.*

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

**1. § 1. As used in this act:**

"Department" means the Department of Housing and Community Development.

"Eligible entity" means individuals, joint ventures, partnerships, limited partnerships, public bodies, trusts, firms, associations, corporations, cooperatives and condominiums, or other legal entities, or any combination thereof, approved by the Department as qualified either to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, whether nonprofit or organized for limited profit, subject to the statutory authority of the Department and other terms and conditions set forth in this act.

"HDA" means the Virginia Housing Development Authority created in Chapter 1.2 (§ 36-55.24 et seq.) of the Code of Virginia.

"Housing project" means any construction or rehabilitation of a property containing both low-to-moderate income residential dwelling units and market rate residential dwelling units that is designed and financed pursuant to the provisions of this act for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for persons and families of mixed income in need of housing. "Housing project" may include site preparation activities, including improvements to streets, sewers, utilities, and other such public infrastructure improvements necessary to accommodate the housing project.

§ 2. The Department shall work in collaboration with the HDA to create a two-year pilot program that would provide loan origination and servicing activities as needed to carry out the purposes of (i) making lower-interest loans to eligible entities that incur costs in the acquisition, construction, or improvement of mixed-income housing projects or for infrastructure needed for site development and readiness for housing projects; (ii) loan origination and servicing costs; and (iii) administration costs. The Department shall also, through the HDA, make lower-interest loans to eligible entities that incur costs in the acquisition, construction, or improvement of mixed-income housing projects or for infrastructure needed for site development and readiness for housing projects. Such loans shall be structured to maximize leveraging opportunities. The HDA, in consultation with the Department, shall determine the terms and conditions of any loan, including the interest rate and repayment terms of each such loan. Any funding for the pilot program, subject to the appropriation act, shall be utilized from up to 15 percent of the annual deposit made to the Virginia Housing Trust Fund.

§ 3. On or before November 1 of each year of the pilot program created pursuant to § 2, the Department and the HDA shall report to the General Assembly on (i) the total number of loan awards, including funding amounts; (ii) the purpose for which each loan was made; (iii) the financing for each housing project by source; (iv) the number of units created by income by housing project; (v) the number of units created by rent by housing project; (vi) the occupancy rate by housing project; and (vii) any other such information deemed appropriate by the Department and the HDA. The Department shall develop, in consultation with the HDA, guidelines and other materials to facilitate the purposes of the pilot program. The Department, in consultation with the HDA, shall define "low income," "moderate income," "mixed income," and "mixed-income housing project" in developing such guidelines. The Department may consider loan cap amounts, loan percentage of total cost of the housing project, income limits for the affordable housing portion of a housing project, and other considerations to structure the loans.

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