Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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Bill Number: SB490PER **Patron:** VanValkenburg

Bill Title: Virginia Housing Trust Fund; loans for the construction of mixed-income housing developments.

Bill Summary: Creates a two-year pilot program to be administered by the Department of Housing and Community Development (DHCD), in collaboration with the Virginia Housing Development Authority (HDA), to provide lower-interest loans to eligible entities for the acquisition, construction, or improvement of mixed-income housing projects and related infrastructure. The Department is required to develop guidelines for the program, define income categories, and collaborate with HDA on loan terms and conditions. Funding for the pilot program, subject to appropriation, may utilize up to 15 percent of the annual deposit to the Virginia Housing Trust Fund. The Department and HDA must report annually to the General Assembly on specified program metrics by November 1 of each year during the pilot.

Budget Amendment Necessary: **No.** **Items Impacted:** **N/A**

Explanation: This bill involves the Departments of Housing and Community Development (DHCD). An amendment is not required.

Fiscal Summary: The bill allows for up to 15 percent of the annual deposit made to the Virginia Housing Trust Fund to be dedicated to the pilot program. HB30/SB30, as introduced in the 2026 regular session, provides for an annual deposit to the Virginia Housing Trust Fund of $87.5 million. Fifteen percent of that deposit equals $13.1 million annually. DHCD anticipates requiring one position at an annual cost of $131,000 to support development of program guidelines, coordination with HDA on underwriting and servicing activities, ongoing review and monitoring of loans, and preparation of the annual report required by the bill. The bill allows DHCD to recover administrative costs for the pilot.

Fiscal Analysis: This fiscal impact is final. The bill permits up to 15 percent of the annual deposit to the Virginia Housing Trust Fund to be used for loan origination, servicing, and administrative costs associated with lower-interest loans for mixed-income housing projects. HB30/SB30, as introduced in the 2026 regular session, provided for an annual deposit of $87.5 million to the Virginia Housing Trust Fund. Fifteen percent of that deposit equals $13.1 million annually. The Code provides that at least 80 percent of the Fund is directed to flexible financing for low-interest loans through HDA, and up to 20 percent may be used by DHCD for grants and related housing stabilization activities. The 15 percent authorized by the bill would need to be allocated from the portion of the Fund that is not statutorily required to meet the 80 percent loan threshold and therefore the source would be the 20 percent allocation currently available for grants and related activities.

The bill assigns new responsibilities to DHCD, including defining income categories, developing guidelines, consulting on loan terms, and jointly reporting to the General Assembly. DHCD indicates that existing staff are currently administering the Virginia Housing Trust Fund within existing statutory allocations and program structures and do not have capacity to absorb the additional workload associated with establishing and overseeing a separate pilot loan program. The bill creates new programmatic work beyond current grant administration functions, including coordination on loan structuring and monitoring activities specific to mixed-income projects.

DHCD anticipates the need for one program administrator position and associated operating costs to support development of program guidelines, coordination with HDA on underwriting and servicing activities, ongoing review and monitoring of loans, and preparation of the annual report required by the bill. DHCD estimates these administrative costs at $131,000 annually. These costs include salary, fringe benefits, and standard operating expenses. DHCD can cover the costs of this position from the 15 percent dedicated to this program.

The Virginia Housing Development Authority is a political subdivision; no fiscal impact is anticipated.

Other: Budget amendments to SB30 included $50 million of additional general fund support in FY 2027 for deposit to the Housing Trust Fund and designated $20.6 million toward a pilot program for mixed-income housing developments or infrastructure needed for site development and readiness for such developments.