



Department of Housing and Community Development

Overview of FY 2011-2012 Budget

February 2010



DHCD Mission and Role

- The Department of Housing and Community Development works in partnership to make Virginia's communities safe, affordable, and prosperous places in which to live, work and do business.
 - DHCD works collaboratively with Virginia's communities to help fully develop their economic potential and create a healthy, safe, and affordable living environment.
 - DHCD serves as a pass-through agency for state and federal funding while working with community intermediaries such as community-based organizations, nonprofits, planning district commissions, and local governments.
 - DHCD takes a comprehensive approach to community development rather than focus on single-shot solutions.



Budget Reduction History

- DHCD budget has absorbed significant reductions during current biennium

– Total reductions for FY 09	-\$3,817,068
– Chapter 781 reductions for FY10	-\$5,800,214
– 9/8/2009 reductions for FY 10	<u>-\$3,339,829</u>
Total FY 10 reductions	-\$9,140,013



FY 2011 Budget Overview

- DHCD budget includes 33 percent general funds and 67 percent non-general funds
- General Fund concentrated in five areas:
 - Enterprise Zone program 31 percent
 - Homeless programs and services 27 percent
 - Indoor Plumbing Rehabilitation Program 6 percent
 - Water and wastewater assistance for SW VA 5.5 percent
 - Pass through to other organizations 12 percent
 - Southeast Regional Community Action Program
 - Planning District Commissions
 - Fort Monroe Federal Area Development Authority
- Only 13 percent used for personnel and administration

Proposed Adjustments to FY 2011 – FY 2012 Budget



<u>FY 2011</u>		<u>FY2012</u>
\$37,846,702	Base from Chapter 781	\$37,846,702
+\$160,106	Governor's Amendments	+\$160,106
<u>-\$3,922,422</u>	Reductions	<u>-\$3,922,422</u>
\$34,084,386	Adjusted Base	\$34,084,386
+\$3,191,583	GF for TANF loss	+\$4,419,115
<u>+\$2,176,833</u>	FMFADA pass thru	<u>+\$ 0</u>
\$39,452,802	Introduced Budget	\$38,503,501

Proposed FY2011 and FY2012 Budget Reductions

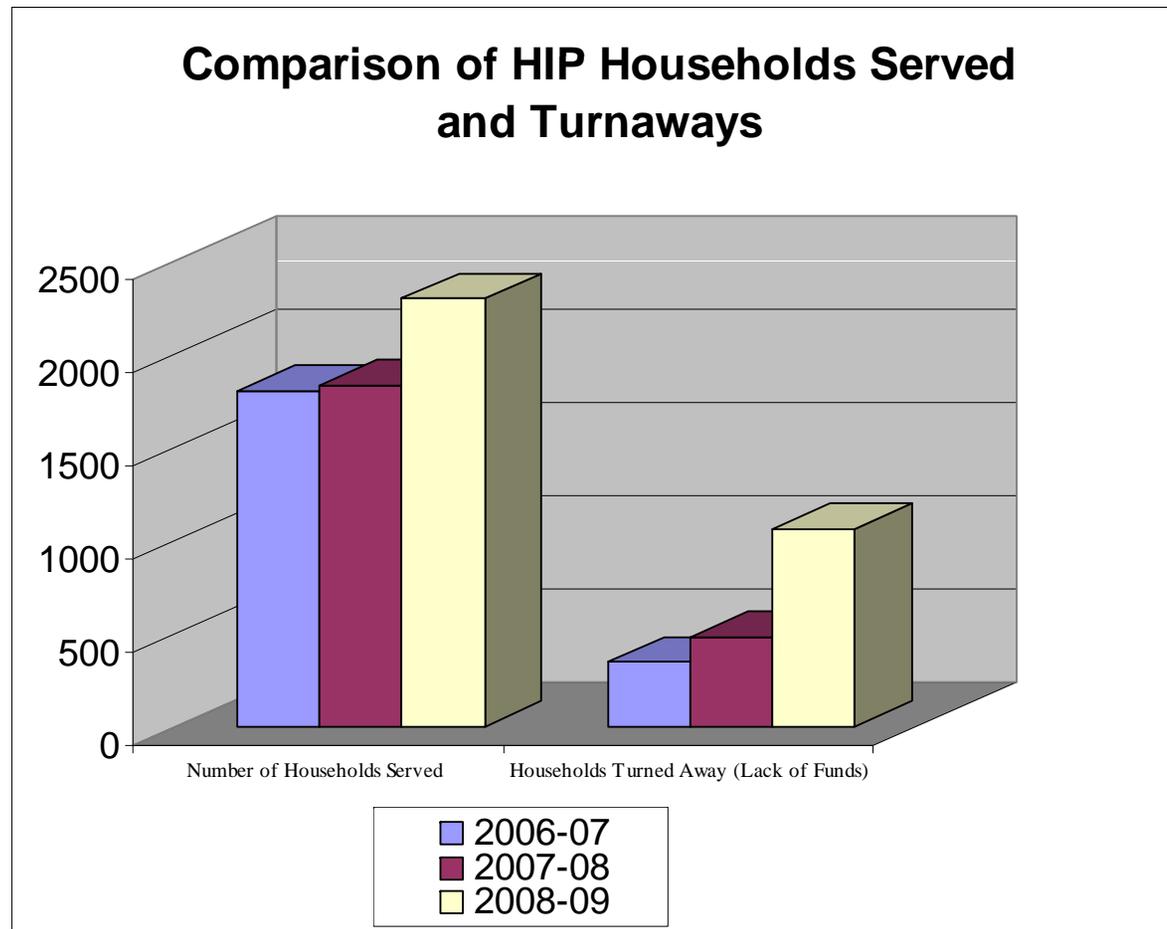


• Homeless Intervention Fund (HIP)	-	\$ 450,000
• Shelter Improvement Grants (SIG)	-	\$ 132,515
• Enterprise Zone Grants	-	\$1,000,000
• Indoor Plumbing (IPR)	-	\$ 500,000
• SERCAP	-	\$ 594,045
• SWVA Water and Wastewater	-	\$ 238,765
• PDCs Regular Allocation	-	\$ 319,139
• PDCs Supplemental	-	\$ 295,426
• Research and Development Grants	-	<u>\$ 150,000</u>
• Subtotal	-	\$3,679,890
• Admin reductions and Central Appropriation	-	<u>\$ 242,532</u>
• Total Reduction	-	\$3,922,422

Demand for Homeless Services

- 20 percent increase in number of households served with HIP in the first two quarters of FY 10
- 26 percent increase in number of children served in the same time period
- Households turned away from homeless intervention services more than doubled
- 8 percent increase in number of persons served in shelters in the first two quarters of FY 10
- Number of direct assistance requests from constituents more than doubled from 2009

HIP Households Served and Turned Away



State Homeless Services Funding



	FY 2008	FY 2009	FY 2010	Proposed FY 2011	Proposed FY 2012
Homeless Intervention Program	\$4,500,000	\$4,500,000	\$4,050,000	\$4,050,000	\$4,050,000
Shelter Support Grants	\$2,559,000	\$2,559,000	\$2,559,000	\$2,559,000	\$2,559,000
Shelter Improvement Grants	\$606,000	\$406,000	\$323,585	\$423,585	\$423,585
SRO Development	\$100,000	\$150,000	0	0	0
Child Services Coordinator	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
TANF	\$4,910,128	\$4,910,128	\$4,910,128	\$1,227,532*	0
GF replacement for TANF				\$3,191,583*	\$4,419,115*
Totals	\$13,175,128	\$13,025,128	\$12,342,713	\$11,951,700	\$11,951,700

*Proposed replacement of TANF with GF will result in a net loss of \$491,013 for these activities Homeless Services Funding.

Enterprise Zone Program Background

- 46 percent proration in 2009 calendar year
- Increased demand largely fueled by Real Property Improvement Grant
- 2009 - incentives for the creation of 1,920 jobs at 49 businesses and \$407.5 million in private investment from 325 zone investors
- 2009 legislative changes altered thresholds and payment structure that should impact demand in 2010
- Proposed legislation in 2010 General Assembly may further alter program targeting and demand
- Economic downturn likely to lead to decreased demand in the short run

Proposed Enterprise Zone Program Reduction



- Introduced budget includes \$1 million reduction in both FY2011 and FY2012, leaving \$12.1 million available for each year
- Enterprise Zone program is 31 percent of DHCD general fund budget
- Given size of program, difficult to hold harmless even though program has proven track record of job creation and investment

Changes in Pass Through Appropriations

- \$594,000 reduction to Southeast Rural Community Assistance Program (SERCAP)
- \$319,000 reduction in payments to regional Planning District Commissions (PDCs)
- \$295,000 elimination of supplemental payment to targeted PDCs
- \$2.2 million substitution of GF for ARRA stimulus for FMFADA in FY 2011