



Virginia Department of Housing and Community Development

Affordable Housing Programs

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**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities

A family of four is sitting on the steps of a house. The father is on the right, wearing a red and blue plaid shirt and blue jeans. The mother is on the left, wearing a blue top and a white cardigan. They have two children, a boy and a girl, sitting in front of them. The background shows a house with a dark door and a window. The entire image has a blue tint.

Agenda

- Overview of Affordable Housing
- DHCD Programs
- Virginia Housing Trust Fund
- Private Activity Bonds



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Affordable Housing

The Federal Government and Virginia agencies/authorities (DHCD and Virginia Housing) play a critical role in:

- The development or production of Affordable Housing Units
- Preserving existing units of affordable housing
- Making housing affordable for Virginians



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What is “Affordable Housing?”

- **Rental**

- Generally, rents are considered affordable if the combination of rent + utilities = no more than 30% of a household’s gross income

- **Homeownership**

- Home is considered affordable if the combination of the mortgage payment (principal and interest) + taxes + insurance + condo fees (PITIC) = no more than 30-35% of a household’s gross income.



■ Levels of Affordability



- Affordability levels are generally indexed to the area median income (AMI), determined annually by HUD and household size:
 - Extremely low income = up to 30% of AMI
 - Very low income = up to 50% AMI
 - Low income = up to 60% AMI
 - Moderate income = up to 80% AMI
 - Middle income = 80 to 120% AMI
 - Market rate housing = above 120% AMI
- AMI levels are recalculated annually.
- Different programs are restricted by the AMI levels funded. (i.e. VHTF = up to 80% AMI; NHTF = up to 30% AMI)



DHCD Programs



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DHCD Programs



- **Affordable and Special Needs Housing (ASNH) Program**
 - Virginia Housing Trust Fund Competitive Loan Pool
 - up to 80% AMI; both homeownership and rentals
 - Federal Housing Trust Fund
 - up to 30% AMI, rentals only
 - Federal HOME Investment Partnerships
 - up to 80% AMI homeownership; up to 60% AMI rentals
 - Other sources if allocated
 - eg one-time federal HOME-ARP funds; predevelopment grants
- **Private Activity Bonds**
 - Review of Governor's Pool and Local Housing Authority Pool applications

■ Virginia Housing Trust Fund (VHTF)

- VHTF has proven to be an effective tool for assisting local and regional efforts in creating housing affordability and homeless reduction solutions.
- Established in 2013, VHTF is administered by DHCD in partnership with Virginia Housing.
- Since inception, VHTF's investment has supported the creation and/or preservation of approximately 11,796 units.



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VHTF Investments



- Historic investments in the affordable housing and special needs population have been made over the past three years.
- The 2022-2024 biennium budget allocated \$75 million each year to the Virginia Housing Trust Fund (VHTF).
- By statute, at least 80% of the funds in the VHTF are allocated to the Affordable and Special Needs Housing (ASNH) program through a competitive loan pool.
 - ASNH provides loans that reduce the costs of affordable rental housing and homeownership.
 - Loan funding is obligated before the project has begun.
 - The funding is performance based – draw downs on the loan funding cannot be made until final closing and lease up of the project.
- Up to 20% of the funds in the VHTF are allocated to the Homeless and Special Needs Housing (HSNH) program.
 - HSNH makes grants to homelessness services providers to reduce homelessness.

VHTF Updates



- VHTF funds have created or preserved 4,931 affordable housing units since January 2022.
- The projects funded in the 2022-2023 program year (FY 23) leveraged ~\$2.3 billion in other resources. (\$38:\$1 ratio)
- Recent VHTF stats:
 - All funds in the VHTF have been obligated through FY2023.
 - For FY2024, DHCD has completed the Fall competitive award cycles for both ASNH and HSNH and those awards are under review.
 - There will be a second competitive loan process for the ASNH in the Spring of 2024.

VHTF Investments and Outcomes



Funding Year	Affordable Units Created or Preserved	VHTF Funding Available
FY14	294	\$5.4 million
FY16	546	\$5.7 million
FY17	682	\$3.3 million
FY18	290	\$3.3 million
FY19	1236	\$7.58 million
FY20	993	\$11.2 million
FY21	2,835	\$24.6 million
FY22	1,511	\$39 million
FY23	3,409	\$60 million

Private Activity Bonds (PAB)

- Affordable housing builders need Low Income Housing Tax Credits (LIHTC) to make their deals work (can be multifamily rental or single family).
- To receive the tax credits, they must receive allocations of PABs, which are tax exempt.
- PABs supply is determined by population and overseen by IRS and are in limited supply.



Private Activity Bonds (PAB)



 For calendar year 2024, Virginia has \$1 billion in PABs.

PAB	Virginia Agency	% Ceiling	2024 Allocation
Local Housing Authorities	DHCD	14%	\$152,524,715.00
VHDA (Virginia Housing)	Virginia Housing	43%	\$468,468,767.50
Industrial Development	SBSD	25%	\$272,365,562.50
Governor's Pool	DHCD/GOV	18%	\$196,103,205.00
TOTAL:			\$1,089,462,250.00

THANK YOU

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