

Budget Update

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**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**

Partners for Better Communities

www.dhcd.virginia.gov

Overview

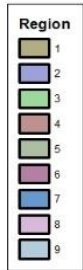
- Agency Overview
- Growth and Opportunity Fund (GO Virginia)
- Virginia Grocery Investment Fund
- Virginia Telecommunication Initiative (VATI - Broadband)
- Rapid Re-housing/HTF/SMI
- Resiliency
- Community Revitalization Office

Agency Overview

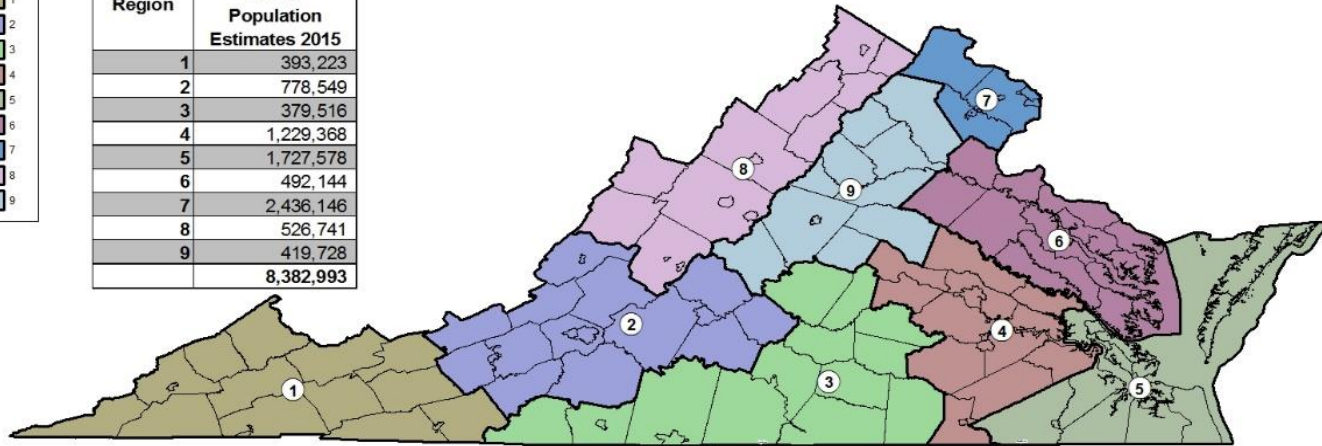
- DHCD works collaboratively with Virginia's communities to help fully develop their economic potential and create a healthy, safe, and affordable living environment.
- DHCD serves as a pass-through agency for state and federal funding while working with intermediaries such as community-based organizations, nonprofits, planning district commissions, and local governments.
- DHCD takes a comprehensive approach to housing and community development, not just focusing on single-shot solutions.
- DHCD adopts and administers the statewide building code with emphasis on uniformity and fostering a safe built environment at a reasonable cost.
- DHCD reviews a range of interlocal agreements, mandate assessments, fiscal stress, and proposed local boundary changes through its Commission on Local Government staff.



GO Virginia Regional Boundaries



Region	Weldon Cooper Center Population Estimates 2015
1	393,223
2	778,549
3	379,516
4	1,229,368
5	1,727,578
6	492,144
7	2,436,146
8	526,741
9	419,728
	8,382,993



Source: US Census, VA PDC

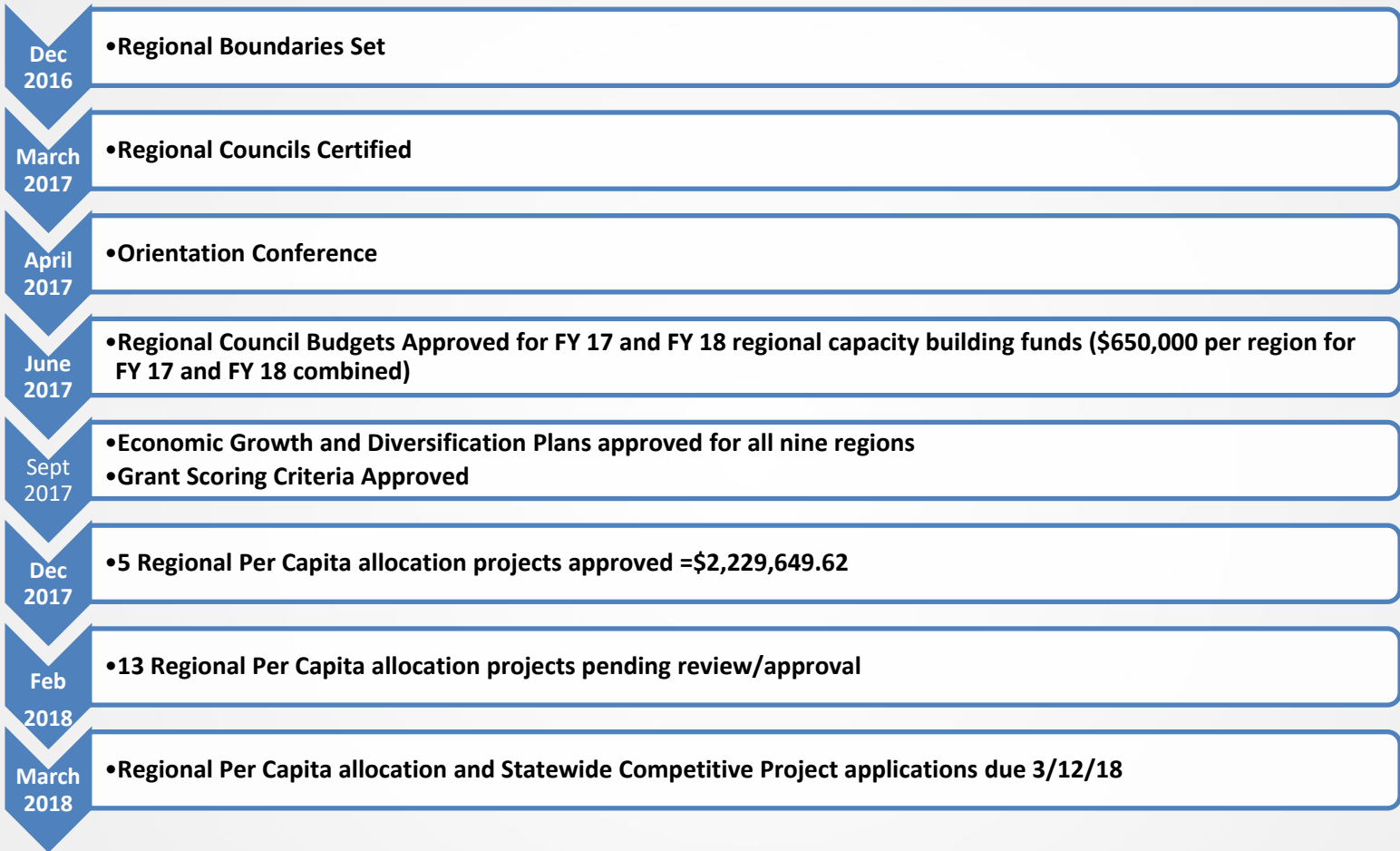


12/5/2016



GO Virginia Early Successes

- Increased level of collaboration in every region of the Commonwealth
- Alignment of workforce with key industry objectives
- Focusing on key opportunities within traded clusters
- Addressing critical gaps and challenges identified by each region



GO Virginia Status of Funding Commitments

- FY 17 - \$3.6 million and FY 18 – \$24.45 million
 - **Regional capacity** building and organizational support grant budgets approved in June 2017
 - FY 17 - \$3.6 million (\$400,000 per region)
 - FY 18 - \$2.25 million (\$250,000 per region)
 - Budgets approved for combined \$650,000 for the biennium
 - Regions utilized funding to create Growth and Diversification plans and continue to utilize for project development process
 - Regions are saving significant amounts from regional capacity building grants from FY 17 and FY 18 allocation for regional projects



GO Virginia Status of Funding Commitments

Project Pipeline

- **Regional per capita** allocations for regional project grants - \$10,900,000 in FY 18
 - Allocation per region: Region 1 - \$503,122; Region 2 - \$1,008,016; Region 3 - \$487,401; Region 4 - \$1,599,775; Region 5 - \$2,240,575; Region 6 - \$640,182; Region 7 - \$3,189,761; Region 8 - \$684,865; Region 9 - \$546,302
 - 5 per capita projects approved 12/2017 = \$2,229,649.62
 - 13 per capita regional projects pending review/approval at 2/13/2018 Board Meeting
 - Additional project applications in pipeline for approval on 4/10/2018
- **Statewide Competitive** discretionary grant awards- \$11,300,000 in FY 18
 - Applications due March 12, 2018 for approval on 4/10/2018
 - Collaboration between GO VA Regions is occurring to develop statewide competitive applications



GO Virginia

Introduced Budget – General Funds

FY2019

\$24,450,000 in GF grants

FY 2020

\$24,450,000 in GF grants

- This allocation will support the three components of the Virginia Growth and Opportunity Fund
 - **Regional capacity** building and organizational support grants - \$2,250,000 each year (\$250,000 per region).
 - **Regional per capita** allocations for project grants - \$10,900,000 each year
 - **Statewide Competitive** discretionary grant awards- \$11,300,000 each year
- Introduced budget increases funding to administer GO Virginia by \$637,000 each year
 - DHCD currently staffs the GO Virginia Board with \$225,000 per year in administrative funds
 - As the regions engage in initiatives such as accelerators, scaling up small and medium size businesses and more sophisticated workforce strategies, DHCD will use additional assistance to hire consultants with expertise in these areas to advise DHCD, the GO Virginia Board and the nine regions

Virginia Grocery Investment Fund

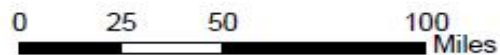
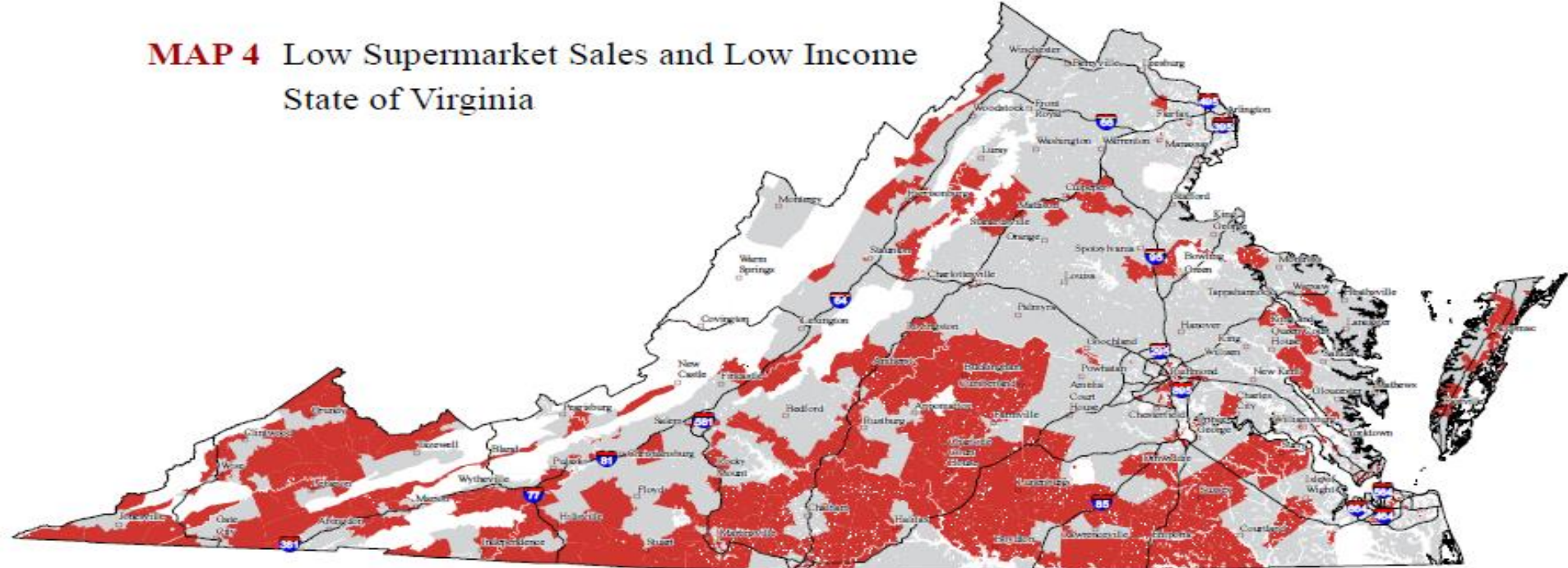
Introduced Budget	
FY 2019	FY 2020
\$3,750,000	\$3,750,000

- Establishes a loan fund to provide funding to address gaps in capital for the construction, rehabilitation, equipment upgrades, or expansion of grocery stores or innovative small food retail projects in underserved communities.
- The \$7.5M total state investment could leverage \$22.5 million in private funds to assist up to 20 grocery store developments.
- More than 1.7 million Virginia residents, including 480,000 children, live in areas with limited grocery store access.
- The uneven distribution of grocery stores leave a disproportionate number of low income people without access to nutritious food.
- SB 37 (Stanley & Dance, chief co-patron), HB69 (McQuinn), HB85 (Bell, Richard).

Virginia Grocery Investment Fund

- The Fund would create a public-private partnership by providing flexible loan and grant financing to leverage private investments for the development of supermarkets and other healthy food retail stores.
- DHCD responsible for guideline development and work with a statewide Community Development Financial Institution (CDFI) to operate the program.
- Funding decision vetted through CDFI/financial institutions who ensure the businesses are credit worthy.
- CDFI underwrites the risk and insure financial viability.
- CDFI monitors projects to ensure implementation is consistent with normal banking practices.

MAP 4 Low Supermarket Sales and Low Income State of Virginia



Low Supermarket Sales and Low Income

- Low Sales & Low Income
- Not Low Sales & Low Income

- Highways
- Park, Water or Non-Residential

*Data: Nielsen TDLinX Custom Store Analysis, 2015
US Census, American Community Survey, 2009–2013
Virginia Department of Health, 2013*

Virginia Telecommunication Initiative

Introduced Budget	
FY2019	FY 2020
\$2,000,000	\$2,000,000

- Broadband is essential infrastructure to ensure communities grow and thrive in the global economy
- Crucial for residential and commercial businesses, education, public safety, health care and civic life
- Providing affordable, high speed broadband is essential for a community's economic base and the ability to diversify into new emerging sectors

Virginia Telecommunication Initiative

- Existing fund sources assisting with broadband implementation are often structured as loans
 - VRA and USDA
- The State funds provided for implementation will help to provide “gap financing” necessary to encourage private providers to extend their availability to rural communities.

Virginia Telecommunication Initiative

Program Demand

- 2017
 - \$3.9 million requested
 - 17 proposals received from 15 localities
 - 4 projects awarded - \$944,849
- 2018
 - \$2.8 million requested
 - 12 proposals received from 10 localities
 - 5 projects awarded - \$978,599

Rapid Re-housing

Introduced Budget	
FY 2019	FY 2020
\$1,100,000	\$1,100,000

- Rapid re-housing (RRH) is a cost effective intervention and a national best practice. Since implementing RRH in 2010 in Virginia, overall homelessness has decreased by 33% and family homelessness has decreased by 47%.
- Rapid re-housing provides short-term rental assistance and services. The goal is to help people obtain housing quickly, increase self-sufficiency, and remain housed by connecting them to benefits such as TANF, SSI/SSDI, and services to include health, mental health and employment.
- \$200,000 of this amount in each year is dedicated to rapidly re-housing veterans (increase of \$100,000 each year).

Housing for the Seriously Mentally Ill (SMI)

Budget Language

- DHCD shall:
 - Develop and implement strategies, that may include potential Medicaid financing, for housing individuals with serious mental illness.
 - Include other agencies in the development of such strategies including the Virginia Housing Development Authority, Department of Behavioral Health and Developmental Services, Department of Aging and Rehabilitative Services, Department of Medical Assistance Services, and Department of Social Services.
 - Work with stakeholders whose constituents have an interest in expanding supportive housing for people with serious mental illness, including the National Alliance on Mental Illness Virginia, the Virginia Housing Alliance and the Virginia Sheriff's Association.
- DHCD convened the Strategy Group; through VHDA funds, secured an independent consultant to inform and facilitate the process
- Report submitted January 10, 2018

Report Recommendations

- Need for Additional Permanent Supportive Housing (PSH)
 - Populations within jails, adult living facilities, community services boards and homelessness system, it is projected that over 5,000 more units of PSH are needed
- Key Components
 - Housing Unit (physical structure)
 - Rental Assistance
 - Supportive Services
 - Community Capacity/Infrastructure
- Investing in PSH produces positive outcomes for:
 - The individual with SMI – stabilizing housing, improving ability to secure and maintain employment resulting in a higher quality of life
 - Criminal Justice and Hospital Systems – reduces the number of days spent in jail or in the hospital which results in cost savings for those systems and increases their capacity

Housing Trust Fund

Introduced Budget	
FY 2019	FY 2020
\$5,500,000	\$5,500,000

- HTF creates and preserves affordable housing and assists in reducing homelessness
- Primarily for subsidized loans however per statute up to 20% used for grants to address homelessness
- Within grants there is priority placed on addressing homelessness among youth and families

2016-2017 Virginia Housing Trust Fund Allocation

Loans	
Competitive Loan Pool	\$3,312,000
Vibrant Communities Initiative	\$1,000,000
Grants	
Homeless Reduction Competitive Grant Pool	\$1,100,000
Administration	\$88,000
Total	\$5,500,000

- 2016-2017 Demand
 - Nearly \$13.5 million requested for the \$3.3 million in the Competitive Loan Pool funds (25 applications and 6 awarded)
 - Nearly \$3 million requested for the \$1.1 million in the Homeless reduction grants (33 applications and 12 awarded)

Housing Trust Fund

- HTF projects serving very low and extremely low income populations that are very hard to serve, such as chronically homeless and persons with intellectual and developmental disability
- Creation and Preservation of Affordable Housing units (Competitive Loan Pool)
 - \$3.3 million invested to support \$123 million in total project costs
 - 359 units (286 affordable housing to low income Virginians) will be created or preserved
- \$1 million awarded through the Vibrant Community Initiative to support comprehensive community projects; includes \$1.25 million in funds leveraged through housing, community, and economic development programs for total development costs in excess of \$48 million

Resiliency

Introduced Budget	
F2019	FY 2020
\$0	\$1,666,666

- Virginia received \$120.5M in the National Disaster Resilience Competition for two projects.
- \$112 million project will reduce flooding, improve public spaces and ensure Norfolk's Chesterfield Heights and Grandy Village thrive for years to come.
- \$5.25M is for the creation of a regional resilience lab/technology accelerator (RISE). The Commonwealth pledged \$5 million in match as part of the grant application. The second year of the biennium includes \$1,666,666 to begin implementing this match. Federal project funds to be spent by June, 30, 2022.
- RISE General Fund activities will include specializing in resilience engineering with major stakeholders such as NASA, VA Port, DoD, and universities providing a well-qualified workforce to support developing and growing a resiliency cluster in Hampton Roads and beyond.

Community Revitalization Office

- Main Street
 - Community Business Launch (CBL)
- Building Entrepreneurial Economies (BEE)
- Building Collaborative Communities (BCC)
- Enterprise Zone Program

Enterprise Zone (EZ)



Introduced Budget	
F2019	FY 2020
\$12,814,467	\$12,814,467

- EZ is a partnership between state and local government that promotes economic development and revitalization through job creation grants (JCG) and real property investment grants (RPIG).
- JCGs are paid first and the Department is authorized to prorate the RPIG , with no payment of the unpaid portion of the grant necessary in the next fiscal year, so that the amount of awards each business receives matches the appropriation.



Enterprise Zone

- For the 2016 Qualification Year 214 businesses and zone investors received a total of 229 EZ grants.

RPIG Proration By Grant Year 2012-2016

Year	2012	2013	2014	2015	2016
Surplus/Shortfall	\$0	-\$1,137,588	-\$4,046,579	-\$4,671,430	-\$3,878,710
Appropriation	\$14,150,000	\$14,150,000	\$12,150,000	\$12,017,157	\$12,650,000
Grant Requests	\$14,150,000	\$15,287,588	\$16,196,579	\$16,742,587	\$16,528,710
Proration	0%	90.8214%	69.1074%	66.6432%	73.6803%



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