CONSOLIDATED PLAN
ACTION PLAN
DRAFT

July 1, 2010 – June 30, 2011

Introduction
This Action Plan is for the 2010-11 program year (July 1, 2010 – June 30, 2011), year three of a five year Consolidated Plan, which was developed through a comprehensive statewide effort including the analysis of secondary data, programmatic input sessions and surveys, community conditions and needs assessment input sessions and surveys, and consultations with housing and social service agencies and other entities. The resulting plan and document will be used by the Department of Housing and Community Development (DHCD) to allocate:

- Community Development Block Grant (CDBG),
- Emergency Shelter Grant (ESG),
- HOME Investment Partnership (HOME), and
- Housing Opportunities for People with AIDS (HOPWA) program funds within the Commonwealth of Virginia.

DHCD has made progress toward meeting housing, community development, and homelessness needs over the past year. These goals include:

- Supporting local community and economic development activities
- Increasing the supply of affordable housing (both rental and homeowner)
- Supporting homeownership opportunities for low to moderate income first-time homebuyers
- Increasing affordable, accessible housing opportunities for special needs populations
- Enhancing the quality of housing for low to moderate income homeowners
- Supporting local efforts to assure that households in a housing crisis are able to obtain and/or maintain housing stability

Today more than seven million individuals live in the Commonwealth of Virginia in just over three million housing units. Nearly 90 percent of these housing units are occupied, 69 percent are owner-occupied and the balance (31 percent) is occupied by renters.

Renters of all income levels are more likely than homeowners to experience a housing problem. Such housing problems include paying more than 30 percent of the household income on housing costs, living in overcrowded conditions, and/or living without complete kitchen or plumbing facilities.

Frequency of Housing Problems in Virginia Regardless of Income (n= 2,698,943)			
	All Households	Homeowners	Renter
Any Housing Problem	26.4%	21.2%	37.3%
Cost Burden >30 percent	23.5%	19.6%	31.8%
Cost Burden >50 percent	9.1%	6.6%	14.3

The prevalence of housing problems increases as household incomes decrease.

Frequency of Housing Problems in Virginia (Household Income >50 to <=80 percent MFI) (n= 422,171)			
	All Households	Homeowners	Renter
Any Housing Problem	38.0%	39.7%	35.6%
Cost Burden >30 percent	33.6%	37.4%	28.5%
Cost Burden >50 percent	6.3%	9.3%	2.3%

Frequency of Housing Problems in Virginia Regardless of Income (Household Income >30 to <=50 percent MFI) (n= 274,941)			
	All Households	Homeowners	Renter
Any Housing Problem	60.8%	51.3%	70.1%
Cost Burden >30 percent	56.9%	49.1%	64.7%
Cost Burden >50 percent	21.7%	25.4%	18.0%

Frequency of Housing Problems in Virginia Regardless of Income (Household Income <=30 percent MFI) (n= 273,674)			
	All Households	Homeowners	Renter
Any Housing Problem	71.2%	70.1%	71.9%
Cost Burden >30 percent	68.3%	68.0%	68.5%
Cost Burden >50 percent	52.4%	49.2%	54.4%

Specific social, economic, and demographic statistics for the state of Virginia based on U.S. Census American Community Survey (2006 – 2008 three-year estimates) is as follows:

Social Characteristics -Virginia	VA Estimate	Percent	U.S.	Margin of Error
Average household size	2.54	(X)	2.61	+/-0.01
Average family size	3.10	(X)	3.20	+/-0.01
Population 25 years and over	5,108,315			+/-2,823
High school graduate or higher	(X)	85.7	84.5%	(X)
Bachelor's degree or higher	(X)	33.2	27.4%	(X)
Civilian veterans (civilian population 18 years and over)	748,370	13.0	10.1%	+/-7,270
Disability status (population 5 years and over)	950,842	13.7	15.1%	+/-8,142
Foreign born	784,015	10.1	12.5%	+/-8,762
Male, Now married, except separated (population 15 years and over)	1,621,362	53.8	52.2%	+/-8,762
Female, Now married, except separated (population 15 years and over)	1,580,579	49.7	48.2%	+/-8,953
Speak a language other than English at home (population 5 years and over)	951,456	13.2	19.6%	+/-7,947
Household population	7,449,224			*****

Economic Characteristics -Virginia	VA Estimate	Percent	U.S.	Margin of Error
In labor force (population 16 years and over)	4,117,421	67.6	65.2%	+/-9,708
Mean travel time to work in minutes (workers 16 years and over)	26.8	(X)	25.3	+/-0.1
Median household income (in 2006 inflation-adjusted dollars)	61,044	(X)	52,175	+/-347
Median family income (in 2006 inflation-adjusted dollars)	72,733	(X)	63,211	+/-451
Per capita income (in 2006 inflation-adjusted dollars)	32,224	(X)	27,466	+/-451
Families below poverty level	(X)	7.0	9.6%	(X)
Individuals below poverty level	(X)	9.9	13.2%	(X)

Housing Characteristics -Virginia	VA Estimate	Percent	U.S.	Margin of Error
Total housing units	3,269,872			+/-936
Occupied housing units	2,931,657	89.7	88.0%	+/-7,181
Owner-occupied housing units	2,031,622	69.3	67.1%	+/-16,101
Renter-occupied housing units	900,035	30.7	32.9%	+/-8,375
Vacant housing units	338,251	10.3	12.0%	+/-7,035
Owner-occupied homes	2,031,622			+/-8,795
Median value (dollars)	259,200	(X)	192,400	+/-1,682
Median of selected monthly owner costs				
With a mortgage (dollars)	1,690	(X)	1,508	+/-7
Not mortgaged (dollars)	376	(X)	425	+/-3

Demographic Estimates - Virginia	VA Estimate	Percent	U.S.	Margin of Error
Total population	7,698,738			*****
Male	3,781,705	49.1	49.3%	+/-2,780
Female	3,917,033	50.9	50.7%	+/-2,780
Median age (years)	37.1	(X)	36.7	+/-0.1
Under 5 years	515,420	6.7	6.9%	+/-1,141
18 years and over	5,879,113	76.4	75.5%	+/-1,243
65 years and over	909,795	11.8	12.6%	+/-1,406
One race	7,543,751	98.0	97.8%	+/-5,169
White	5,442,609	70.7	74.3%	+/-6,507
Black or African American	1,505,00	19.5	12.3%	+/-4,374
American Indian and Alaska Native	21,390	0.3	0.8%	+/-1,752
Asian	367,822	4.8	4.4%	+/-2,718
Native Hawaiian and Other Pacific Islander	5,743	0.1	0.1%	+/-994
Some other race	201,186	2.6	5.8%	+/-6,503
Two or more races	154,987	2.0	2.2%	+/-5,169
Hispanic or Latino (of any race)	506,843	6.6	15.1%	+/-950

Source: U.S. Census Bureau, 2006 - 2008 American Community Survey

Explanation of Symbols:
'***' - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
'*****' - The estimate is controlled. A statistical test for sampling variability is not appropriate.
'N' - Data for this geographic area cannot be displayed because the number of sample cases is too small.
'(X)' - The value is not applicable or not available.

Investing across a large and diverse area is challenging; however DHCD continues to evaluate its methods of distribution to assure that funds for these critical programs (CDBG, ESG, HOME, HOPWA) meet the priority needs within the Commonwealth. Each program varies in its methods for fund distribution, but as a rule DHCD gives priority to non-entitlement areas in the state. Each specific program is tailored to meet federal and program specific regulations and to meet the needs specific to each target population.

The Down Payment Assistance component of the HOME program is distributed through a competitive application process to sub-recipients operating across the state of Virginia. The 2010-11 program year is year two of a two-year funding cycle.

Other Special Needs and Affordable Housing development components of the HOME program are distributed through partnerships with housing developers. These developer's projects are selected through quarterly competitive proposal reviews that give priority to proposals in HOME non-entitlement areas (areas that do not receive a direct HOME allocation).

The Indoor Plumbing Rehabilitation Program, another component of the HOME program provides assistance through partnerships with local governments and non-profits to serve low-income homeowners in non-HOME entitlement areas.

ESG funds will be distributed through a competitive application process to support shelters within non-ESG entitlement areas across the state of Virginia.

CDBG supports projects and activities within non-CDBG entitlement areas.

The HOPWA program is administered through a competitive grant process to non-entitlement areas. At least 65 percent of the funding received by grantees (or project sponsors) through this program must be used for direct housing assistance to eligible HOPWA clients.

Obstacles to meeting underserved population needs include:

- Virginia housing costs far exceed increases in household income
- Significant quantity of substandard housing
- Absence of state resources for affordable housing
- Increased federal priority on community integration for disabled persons has highlighted a severe shortage in subsidized, affordable, and accessible housing
- Serious market decrease in the demand for tax exempt bonds has limited leveraging opportunities
- Increasing number of unavailable units due to foreclosure proceedings
- Rural challenges to providing homeless services

Managing the Process

The Commonwealth of Virginia's strategic planning process was managed by the Virginia Department of Housing and Community Development (DHCD). As HUD grantee for the four key programs (CDBG, ESG, HOME, and HOPWA) under the HUD Consolidated Plan requirement, DHCD took the lead role in the organization and implementation of the statewide strategic planning activities. Planning activities included:

- The review of prior year programmatic data (methods of distribution, outcomes - goals and results, and input sessions)
- Review of secondary data (e.g., census data) on housing, community development, and homelessness
- Consultation activities with housing, social service agencies, and other entities, including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons
- Consultation activities with Planning District Commissions, local county, town, and city administrators and managers
- Statewide input sessions for gathering needs assessment data
- Online survey to gather needs assessment data

Review of Programmatic Data
The review of prior year programmatic data includes an analysis of methods of distribution to identify service area gaps and challenges, a review of outcome data to assess overall effectiveness and identify areas for overall improvement, and input sessions to gather direct feedback from program stakeholders.

Programmatic input sessions were held for each program during fall-winter of 2009-2010. In each case key stakeholders as appropriate to the specific program, including grantees, regional administrators, sub-recipients, project sponsors, applicants, project developers, state-certified community housing development organizations, and clients were invited to attend input sessions held at various locations across the state.

Program-Specific Input Sessions

Program	*When*	*Where*
CDBG	October 2009	Richmond; and Abingdon
ESG	December 2009	Roanoke; Abingdon; Richmond; Norfolk; and Prince William
HOME-down payment assistance program	January 2010	Richmond
HOME-affordable housing and special needs housing program	January - February 2010	Roanoke; Wytheville; Chesapeake; Prince William; and Richmond
HOPWA	January 2010	Roanoke; and Richmond
HOME-indoor plumbing rehabilitation program	February 2009	Charlottesville

Review of Needs Assessment Data
Beyond the data collected through programmatic input sessions, reviews of program outcomes, and online surveys of program stakeholders, DHCD also gathered information about community and housing conditions and needs. This data gathering process was launched in November at the 2007 Governor’s Housing Conference where DHCD utilized the OptionTechnology application, a real-time survey tool that allowed DHCD to collect input through specific questions during the meeting. Session participants used hand-held sets to answer specific questions and were able to review and discuss the question results

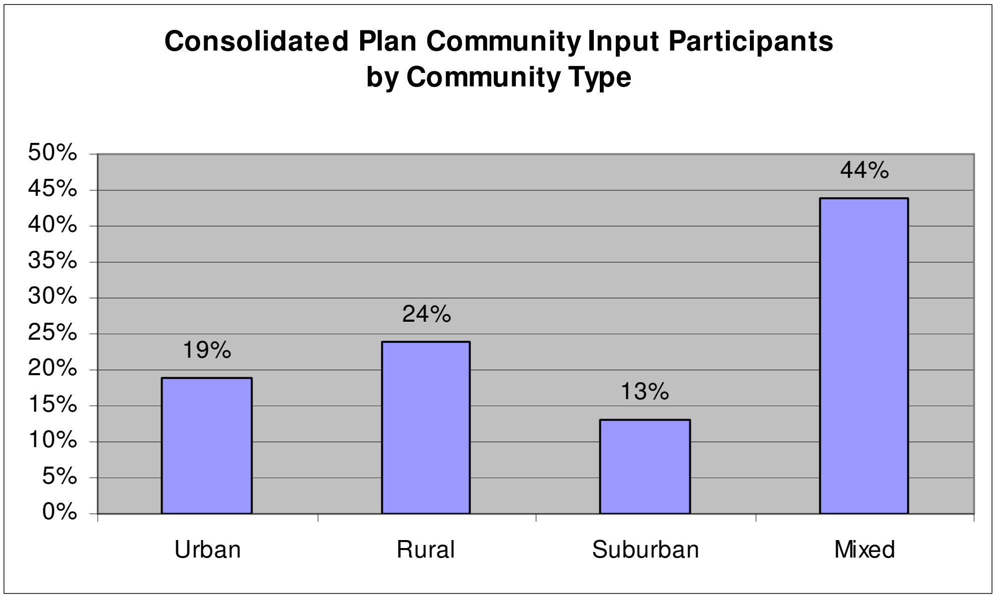
during the session. In addition, open-ended responses and other comments were recorded in writing.

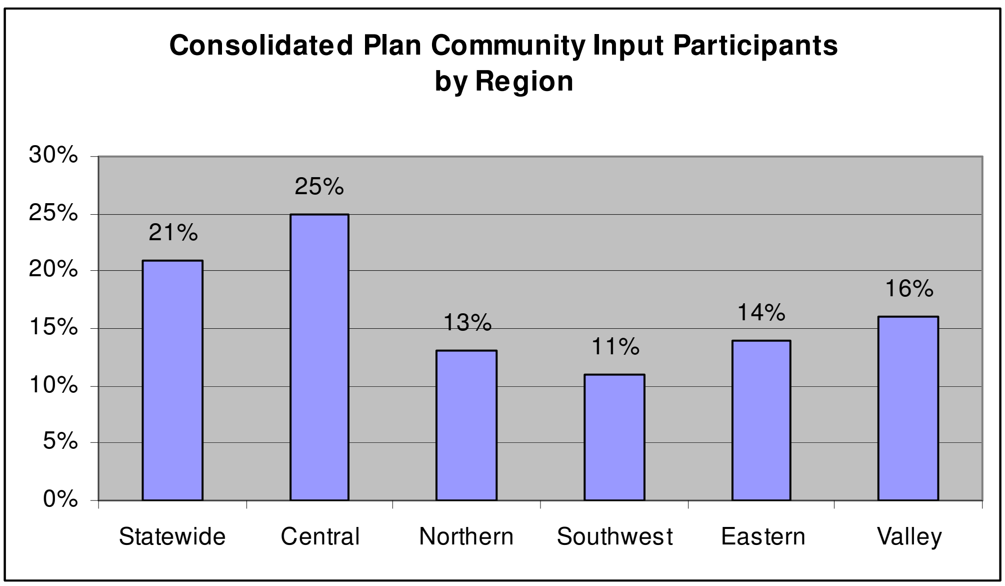
During February 2008, DHCD conducted a series of Community Input Sessions held in Hampton, Abingdon, Annandale, and Richmond. Invitations to participate in the in-person sessions or through an online survey version of these sessions were distributed through:

- The 2007 Governor's Housing Conference attendee list
- DHCD program grantees, sub-recipients, Continuum of Care, and partners email distribution lists and listservs
- Email distribution list for units of local government and local planning District Commissions

In addition information about the Community Input Sessions was made available on DHCD's website.

More than 575 individuals representing urban, suburban, rural, and mixed areas and all regions of Virginia participated in either the in-person Community Input Sessions or through the on-line survey, providing direct input about community conditions and needs in their communities.





In addition to the needs assessment data that was gathered directly through input sessions and online surveys, DHCD also solicited needs assessment data and other direct feedback through consultations with housing, social service agencies, and other entities. This information was gathered through direct requests for specific data, information or research and through an on-line survey of key contacts at various agencies including:

- Virginia Department of Health (Chronic Disease, HIV/AIDS, and Environmental Hazards)
- Lead Safe Virginia (Virginia Department of Health)
- Department Mental Health, Mental Retardation, Substance Abuse Services
- Virginia Fair Housing Office
- Rural Development
- Virginia Community Capital

- Virginia Housing Development Authority
- Virginia Department of Social Services
- Virginia Department of Justice
- Virginia Employment Commission
- Virginia Coalition to End Homelessness
- Virginia Economic Development Partnership
- Virginia Resource Authority
- Housing Opportunities Made Equal (HOME)

Citizen Participation
For DHCD, prior years' public participation efforts had produced limited results. In an effort to increase the overall level of participation, DHCD implemented a three-tiered approach that included:

- Program specific input sessions and surveys
- Consolidated Plan-specific needs assessment input sessions and surveys
- Traditional and mandatory public posting and public hearing

As indicated in the prior section on *Managing the Process,* DHCD held input sessions specific to each of the programs included under that Consolidated Plan. These were held in various locations across the state. These sessions specifically invited key stakeholders such as DHCD partners, grantees, sub-recipients, and project sponsors.

In addition to these program-specific citizen participation opportunities, DHCD also held Consolidated Plan needs assessment public input sessions. These sessions were initiated at the November 2007 Governor's Housing Conference and subsequently held at various locations across the state of Virginia. See prior section on *Managing the Process* for specific locations and the timeline. An online survey version of the input session efforts as well as the invitations to the in-person sessions, was posted on the DHCD public website and distributed broadly through several list severs and email distributions including:

- 2007 Governor's Housing Conference attendee list
- HOPWA grantee email distribution list
- Ryan White distribution list
- DHCD program grantees, sub-recipients, Continuum or Care, and partners email distribution lists and listservs
- Email distribution list for units of local government and local planning District Commissions
- Key state housing and social service agencies

In addition to these new creative efforts to gather citizen input, DHCD also made the Annual Action Plan available for review and held a public hearing for comments on April 23, 2010. Legal notice of the public hearing was distributed through the sources listed above as well as published in seven newspapers across Virginia:

- Bristol Herald Courier
- Lynchburg News Advance

- Potomac News
- Richmond Times Dispatch
- Roanoke Times
- Virginia Pilot
- Richmond Free Press

CONSOLIDATED PLAN
PUBLIC NOTICE

On Friday, April 24, 2009, the Virginia Department of Housing and Community Development (DHCD) will hold a public hearing on items relating to the Commonwealth of Virginia's administration of the Consolidated Plan 2009-2010 Action Plan; Homelessness Prevention and Rapid Re-housing Program (HPRP); and the CDBG Stimulus funding.

The public hearing will be held at 10:00 am in the Board Room of The Jackson Center, 501 North Second Street, Richmond, Virginia 23219. DHCD will be taking comments on the proposed 2009-2010 Action Plan including goals and objectives for housing and community development; the projected use of funding; and the method for distributing an anticipated $12,839,029 in HOME Investment Partnership funds, $105,402 in American Dream Down Payment Initiative (ADDI) funds; $1,673,895 in Emergency Shelter Grant (ESG) funds; $634,000 in Housing for Persons with AIDS (HOPWA) funds, and $19,247,912 in Community Development Block Grant (CDBG) funds. Comments on uses and methods for distributing the $5.2 million in CDBG Stimulus Funding and the $11,389,160 in HPRP will also be taken during this public hearing.

Copies of plan documents may be requested by calling (804) 371-7100, (804) 371-7122, or (804) 371-7084 TDD. Persons requiring special accommodations should call (804) 371-7122. The Plans will appear on the agency's web site at http://www.dhcd.virginia.gov under "What's New."

The Department will receive written comments and testimony on the proposed 2009-2010 Action Plan; CDBG Stimulus; and HPRP funding through the close of business on May 15, 2009 at the following address:

Virginia Department of Housing and Community Development
The Jackson Center
501 North 2nd Street
Richmond, Virginia 23219
Attn: Deputy Director for Housing

VP April 13, 2009 20061743

All formal written comments DHCD reviewed and summarized as follows:

Comment: None received. Comment period was open until May 14, 2010.

Response: None required.

Institutional Structure

DHCD works with many different organizations, both public and private, to carry out its Consolidated Plan. The community economic development activities are carried out through contractual agreements with units of local government. The housing activities, both production and preservation activities, are accomplished through partnerships with units of local government, non-profits, housing developers, and specifically through partnerships with state certified Community Housing Development Organizations (CHDOs). Homelessness, HIV/AIDS, and other special needs services result from DHCD's relationship with a network of non-profit service providers including shelters and units of local government across the state of Virginia.

Appropriate service coverage and the logistics of getting the funding and activities to the areas of need within Virginia are on-going challenges. The solution in many cases is long-term and evolving. DHCD works with community based organizations to develop local assets for meeting local needs. DHCD puts special emphasis on CHDO development and encourages partnerships and collaborations in the work that is done.

Public housing authorities (PHAs) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. Neither the state nor DHCD specifically have direct oversight for local PHAs, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities. DHCD does certify local plans and project's consistency with the state program's Consolidated Plan.

One Virginia public housing authority has a "troubled" status. All other public housing authorities within the Commonwealth have either a standard or high performing assessment statuses. DHCD is gathering additional information related to the troubled status assessment and continues to monitor the local PHA situations and the impact on current or pending local project activities.

DHCD continues to monitor activities and the distribution of accomplishments and results in relationship to community needs. Through DHCD's Geographic Information System (GIS) analysis we are able to specifically identify service gaps and concentrations of results on an ongoing basis. This has greatly enhanced DHCD's responsiveness to meeting the needs of the Virginia communities. To date there are no significant gaps in DHCD's Consolidated Plan delivery system.

Monitoring

All programs within the Consolidated Plan are monitored on an on-going basis with a three-tiered process that includes:

1. Financial monitoring
2. Action Plan compliance monitoring
3. Project/sub-grantee level monitoring

Financial monitoring is completed on a sub-grantee/project sponsor level based on risk assessment completed at the beginning of the program year. Financial monitoring includes a review of accounting practices and procedure and a review of transactions on a programmatic level. Monitoring includes both onsite and desk monitoring.

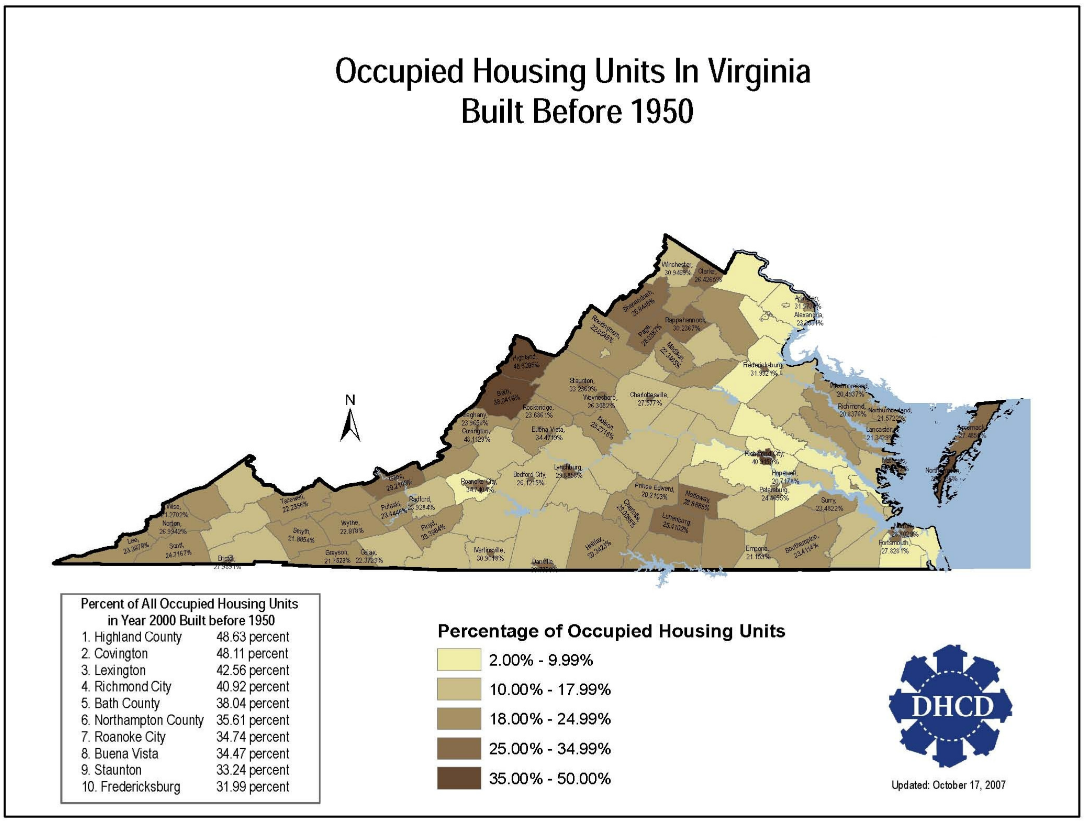
DHCD monitors program spending to assure that the department is meeting its action plan targets and federal regulations on the amount funds committed and expended by program and sub allocations (e.g., CHDO set aside); the number of types of units/projects created by program, sub allocations, and by type (e.g., special needs); the occupancy data by program and sub allocation requirements; and income targeting by program and sub allocation.

On a project or activity level, project sponsors, sub-grantees, and sub-recipients are monitored on a regular basis in accordance with program specific guidelines and risk assessments. All programs conduct these monitoring activities annually, based on risk assessments, and/or as needed. The DHCD approach to project and activity monitoring is to both ensure compliance and to provide appropriate technical assistance to assure the long-term success of our partners, programs, and the clients that they serve.

Lead-based Paint
Although lead paint was banned from residential use in 1978, lead remains a danger in homes constructed before 1978 (especially in homes built before 1950). Paint deterioration and home renovations in these structures result in a significantly elevated risk for exposure to lead and subsequently lead poisoning.

Based on the 2006 American Community Survey (U.S. Census) data 53 percent (or 1,546,079 units) of Virginia occupied housing units are units constructed prior to 1978 and are at risk for lead-based paint hazards.

The greatest concentration of the highest risk housing units (those built before 1950) tend to be located within Virginia's rural counties.



Source: 2000 U.S. Census

All DHCD-administered HUD programs must conform to federal and state lead regulations. This means that all grantees, sub-recipients, project sponsors, developers, or other partners are required to conduct visual lead inspections of any structure where appropriate per program guidelines. Appropriate measures to remove the hazard and re-inspection are required where peeling or chipping paint is observed. More extensive measures are required in the case of a child 72 months, or younger testing positive for exposure in a specific housing unit.

Specific Housing Objectives
Based on anticipated funding levels, DHCD's goal is to complete 570 units of affordable housing over the next program year. These accomplishments will be achieved through activities and projects carried out through the following programs:

- Down Payment Assistance Program
- Indoor Plumbing (Homeowner) Rehabilitation Program
- Affordable and Special Needs Housing Programs

The goal is to complete 270 homeownership units. These units will be completed through the homeowner rehabilitation program (Indoor Plumbing and Rehabilitation), the Down Payment Assistance Program (DPA), and the Affordable Housing and Special Needs Programs. All of these programs leverage state funds toward the completion of affordable homeownership units. The Indoor Plumbing Program receives a direct allocation from the state, and the clients using the DPA program frequently leverage low-interest mortgage products available through VHDA. The Affordable Housing and Special Needs Programs leverage a number of other financial resources toward the development of affordable, accessible units.

At least some of these units may target specific special needs populations (physically, sensory, mentally, and/or developmentally disabled). All units completed through the Indoor Plumbing and Rehabilitation Program will target households in non-HOME entitlement areas at or below 80 percent AMI. Those units completed through the DPA or the Affordable Housing and Special Needs Housing programs will primarily target household units at or below 80 percent AMI. Many of these units will target households at or below 60 percent AMI.

Homeownership Unit -Year 3 Goal, 370		
Program	*Resources*	*Number of Units*
Indoor Plumbing and Rehabilitation	HOME and State Allocation	60
Down Payment Assistance Program	HOME, VHDA (state)	200
Affordable Housing and Special Needs Programs	HOME, Home Loan Bank, VCC, VHDA, other private financing	10
		Year 3 Total -270 Units

The goal is to complete 300 affordable rental units. These units will be completed through the Affordable Housing and Special Needs Programs. All these programs leverage state funds and other resources toward the completion of affordable, accessible rental units.

At least some of these units may target specific special needs populations (physically, sensory, mentally, and/or developmentally disabled). These units may target specific subpopulations like individuals with HIV/AIDS, older adults, chronically homeless, prisoner re-entry, and others. All rental units completed through Affordable and Special Needs Housing Programs will target incomes at or below 60 AMI and at least 20 percent of the units in any one project will target incomes at or below 50 percent AMI. Higher priority is given to lower income targeting, special needs housing, and to projects that include special features such as being fully accessible, green built, and access to transportation and other community services. In addition, projects with units that will be located in HOME non-entitlement areas are given priority.

Rental Unit –Year 3 Goal, 300		
Program	*Resources*	*Number of Units*
Affordable Housing and Special Needs Programs	HOME, Home loan bank, VCC, VHDA, other private financing	300
		Year 3 Total -300 Units

Needs of Public Housing

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. Neither the state nor DHCD specifically have direct oversight for local PHAs, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities. DHCD does certify local plan's or project's consistency with the state program's Consolidated Plan.

One Virginia public housing authority has a "troubled" status. All other public housing authorities within the Commonwealth have either a standard or high performing assessment statuses. DHCD is gathering additional information related to the troubled status assessment and continues to monitor the local PHA situations and the impact on current or pending local project activities.

Barriers to Affordable Housing

There are institutional barriers to affordable housing. In the coming years, the State will work toward removing and reducing, where possible, these barriers. The following are some of the measures that will be taken over the program year period to address these barriers:

- Continue to coordinate project funding through various sources in a way that will reduce nonessential duplicative requirements.
- Continue to administer a Uniform Statewide Building Code (USBC) that emphasizes the attainment of public health and safety goals for new construction and maintenance at the least cost consistent with those goals.
- Offer training through the Building Code Academy that focuses on the provisions of the USBC that facilitate the maintenance, rehabilitation, development and reuse of existing buildings in accordance with those provisions.
- Promote the use of varied types of single-family dwellings in areas zoned agricultural and residential.
- Continue to scrutinize state enabling legislation, local land use ordinances, and introduced legislation with the potential to affect the production and preservation of affordable housing.
- Recommend support for legislation with the potential to increase housing affordability.
- Continue to consult with the homebuilding industry, local governments, and affordable housing advocates in considering the potential impact of state statutes and state and local regulations on affordable housing.
- Participate in the working groups of the Virginia Housing Commission that are focusing on the development of a statewide housing policy, including such issues as affordability, community revitalization and blight removal.
- Pursue homeownership initiatives underway at the Department that assist lower-income households for the purchase of their first home.
- Monitor Virginia's foreclosure trends and develop an appropriate state-level response.

- Develop strategies, in consultation with the Virginia Housing Development Authority, to create and implement programs to meet the housing needs of persons released from federal, state, or local incarceration.

Funds Leveraged
In the 2010-2011, the Department of Housing and Community Development (DHCD) will leverage approximately $50 million in federal and state funding toward addressing affordable housing and community development needs in the Commonwealth.

For the HOME program, the state will meet the required 25 percent match through:

- The present value of interest reductions of below-market-rate loans, where a project also receives HOME assistance.
- State general revenue funds that are contributed to housing projects assisted with HOME funds and meet the HOME affordability requirements.
- The face value of State mortgage revenue bond loans (multi-family and single family loans).

CDBG projects do not have a specific match requirement, but applicants can enhance their competitiveness by incorporating local resources.

ESG requires a dollar for dollar match. DHCD will use state general funds appropriation for homeless shelter support as the match for the ESG program.

The HOPWA program does not have a match requirement.

Annual Outcomes and Objectives
DHCD seeks to improve the lives of Virginians by:

- Providing safe, accessible, and decent housing opportunities to low income households
- Preventing individuals and families from becoming homeless
- Developing and revitalizing local communities

DHCD works to achieve these goals through:

- Leveraging of resources to support effective community programs working toward these goals
- Developing strategic partnerships to address barriers to achieving these goals
- Providing planning, coordination, and management of strategies to meet these goals

Challenges and Actions
Current program year will end on June 30, 2010. During this program year DHCD has faced several challenges including:

- Declining housing market
- Increases in foreclosures rates
- Increased numbers of households at-risk of homelessness

- Job losses
- High unemployment
- Limited financial and other resources
- Interagency barriers

During the past year DHCD has continued to work toward addressing these challenges through efforts such as:

- Community Housing Organizations (CHDO) development and support
- Foreclosure Prevention Task Force
- Virginia Housing Commission

HOME Program: Method of Distribution
In the 2010-11 program year, Virginia's HOME Investment Partnership funding will be allocated to the following principal categories of usage:

HOME Appropriation -2010-11 Uses	*Appropriation*	
DHCD's 2009 HOME Allocation	$14,170,610	
Anticipated Program Income	$500,000	
Total	$14,670,610	
Proposed Uses		*Carry -over*
Affordable and Special Needs Housing Program[1]	$6,203,549	
Homeownership (Down Payment Assistance)	$2,500,000	
Indoor Plumbing and Rehabilitation	$4,500,000	
Community Integration Pilot	$0	$100,000
CHDO Operating	$0	$200,000
State Administration	$1,467,061	
Total	$14,670,610	

Each of the programs has specific measures to follow to provide a fair and appropriate distribution of these resources.

The Indoor Plumbing Rehabilitation Program only funds projects in HOME non-entitlement jurisdictions. The IPR Program is limited to 107 eligible cities and counties. The program's 42 sub-recipients serve eligible localities. Sub-recipients include local governments, housing authorities, planning district commissions, and a wide-range of non-profit organizations whose coverage ranges from multiple jurisdictions to very small organizations with limited capacity. This network allows programs to reach most parts of the state. To help serve areas of the state that are either not served or are under-served by IPR sub-recipients, DHCD now allows sub-recipients to “roam” to serve units that are outside of the jurisdictions they are contracted to serve.

The Down Payment Assistance Program will be implemented through a competitive application process to sub-recipients statewide. The program will provide down payment assistance to eligible households including intake services, housing counseling, and pre-qualification screening for eligibility on a first-come, first-serve basis to serve the various regions of the state.

Amendment Process
Any change in eligible activities or method of fund distribution that exceeds 15 percent of the total HOME funding as contained in the Action Plan is subject to an amendment process. The State would conduct one public hearing in Richmond for any such changes. Notification will be made through DHCD’s mailing list. A 30 day comment period will be provided.

Performance Reports
Any performance report submitted to HUD relative to the Consolidated Plan is subject to participation and comment. The state provides reasonable notice of the comment period (through newspaper advertisements at least two weeks in advance) and also provides a period of not less than 15 days to receive comment on any performance report prior to submission to HUD. A commenter may review the performance report at DHCD’s offices after alerting DHCD at least five working days in advance. Summaries of comments received shall be attached to the performance report.

Complaint Process
The State shall provide a substantive written response to written complaints regarding the Action Plan, substantial amendments to the Plan, and performance reports within 15 working days, where practicable.

DHCD Technical Assistance
DHCD will provide technical assistance to any for-profit or nonprofit affordable housing developer or their agents in preparing and submitting proposals and otherwise pursuing assistance under the HOME Program. This assistance will generally occur via telephone, facsimile transmission, electronic mail, formal meetings, and occasional site visitation.

Match Requirements
The State will satisfy the requirement that it provide a 25 percent match with non-federal funds using the following sources:

- The present value of interest reductions of below-market-rate loans where the project also receives HOME assistance;

- State general revenue funds that are contributed to housing projects assisted with HOME funds and meet the HOME affordability requirements; and/or

- The face value of State mortgage revenue bond loans (multi-family and single family loans).

Affordability Periods
To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. The table below provides the affordability periods.

HOME Investment Per Unit	Length of the Affordability Period
Less than $15,000	5 years
$15,000-$40,000	10 years
More than $40,000	15 years
New construction of rental housing	20 years
Refinancing of rental housing	15 years

HOME-assisted units are subject to the affordability for the entirety of the affordability period. These HOME assisted units are subject to a recapture provision in order to assure that the units either remain affordable (i.e., housing eligible clients) or that DHCD recovers its investment based on the terms of the agreement. Funds are recaptured only from the net proceeds of the sale or foreclosure. Please see specific HOME program details for recapture provision specifics.

Program Income
The State anticipates approximately $500,000 in program income attributed to the HOME Investment Partnership Fund. This income is in the form of interest earnings on multifamily projects and repayment of HOME funds on rehabilitated owner-occupied units. The program income returned to DHCD will be used for other HOME-eligible activities through reinvestment in the Down Payment Assistance Program.

The Indoor Plumbing/Rehabilitation Program has continued to be administered as a loan program. Repayments are made based on the homeowner’s financial capacity. The sub-recipient retains repayments under IPR for use on other HOME-eligible projects. Each sub-recipient must develop a plan for using any program income and report program income to the State.

Affirmative Marketing/Minority and Women Business Outreach
DHCD requires that its grantees and or administrators not exclude any organization or individual from participation under any program funded in whole or in part by HOME Program funds on the grounds of age, disability, race, creed, color, national origin, familial status, religion or sex. The following federal requirements are applicable to HOME Program developments:

- Fair Housing Act 24 CFR 100
- Executive Order 11063, as amended 24CFR107 (Equal Opportunity in Housing)
- Title VI of the Civil Rights Act of 1964 24 CFR 1 (Nondiscrimination in Federal Programs.)

- Age Discrimination Act of 1975 24 CFR 146
- Section 504 of the Rehabilitation Act of 1973 24 CFR 8
- Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs.)
- Section 3 of the Housing and Urban Development 24 CFR 135 Act of 1968
- Executive Order 11625, as amended (Minority Business Enterprises)
- Executive Order 12432, as amended (Minority Business Enterprises)
- Executive Order 12138, as amended (Women's Business Enterprise)

DHCD requires sponsors for projects consisting of five or more units to adopt affirmative marketing procedures and requirements. DHCD provides each sponsor with a model affirmative marketing strategy that may be adapted to meet the individual project's specific features. DHCD reviews draft strategies and requires that sponsors submit their final or adopted strategies for review and approval before committing funding. The affirmative marketing procedures and requirements must include the following elements:

- The project sponsor's methods for informing all parties of fair housing laws;
- The policies, requirements and practices that the owner must carry out to assure the widest possible outreach;
- Record keeping requirements; and
- The method to be used to assess the success of the marketing strategy.

Although all housing programs DHCD operates are subject to minority and women's business enterprise outreach requirements, HOME-funded projects are subject to more specific requirements. Project sponsors must initiate practices that facilitate participation by small women-owned and minority enterprises that include the following:

- Dividing procurement for goods, services, and contracts, where possible, into small segments;
- Establishing delivery schedules to encourage their participation;
- Publishing notices via *legal advertisement* in *regional* newspapers of anticipated contracts, services and procurement;
- Maintaining solicitation lists;
- Providing construction contractors copies of this solicitation list; including goals for women-owned and minority business goals in construction contract documents; and
- Maintaining a register of all minority and women-owned enterprises actually used.

Contract documents and individual project goals must be sent to DHCD at the time that the project sponsor is preparing bid specification packages. Project sponsors are responsible for requiring contractors to submit information monthly on minority and women-owned enterprise.

Definition of Income

Income eligibility standard for the HOME program is HUD's Section 8 income eligibility standard.

Rental Project Compliance Monitoring
Rental projects are monitored based on the total number of units in the project for the length of the affordability period. Monitoring includes property standards inspection, rent and occupancy compliance, and compliance with tenant selection plan, and income verification procedures.

Minimum Rental Inspection Requirements	
Number of Units	**Inspection Required**
1 to 4	Every 3 years
5 to 25	Every 2 years
26 or more	Annually

In 2010, DHCD launched an online system to collect rent and occupancy reports and track overall monitoring and compliance results for HOME rental projects.

Displacement
Projects causing the displacement of individuals or families are discouraged. HOME applicants whose projects involve relocation or acquisition must submit a relocation assistance plan (technical assistance is available from DHCD staff). All recipients of funds must comply with the provisions of the Uniform Relocation Act and, as applicable, Section 104(d).

Uniform Relocation Act and Section 104(d) Requirements
The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) is separate, government-wide legislation that applies to HUD programs such as HOME, CDBG, or Section 108 loan guarantees. It does not apply to other federal guarantees or insurance (e.g., FHA insurance) *nor does it apply to Low-Income Housing Tax Credit programs.* URA is triggered when any of the following occur:

- Displacement of homeowners, tenants, and businesses that results from the acquisition, demolition, or rehabilitation for HUD-assisted projects carried out by public agencies, nonprofit organizations, private developers, or others; or
- Real property acquisition for HUD-assisted projects (whether publicly or privately undertaken).

Typically, projects triggering URA include one or more of the following:

- Property acquisition, including acquisition of vacant lots for homebuyer programs;
- Relocation of homeowners, tenants, or businesses; and
- Homeowner rehabilitation programs where household participation is not voluntary (includes programs where code compliance is used as enforcement mechanism for households to participate in the rehabilitation program).

The URA protects all persons who are displaced by a federally assisted project, regardless of their income. This is in contrast to Section 104(d), which only protects displaced persons whose income is at or below 80% of the area median. Section 104(d) applies to some, but not all, CDBG- or HOME-funded projects, and its requirements differ from URA in several ways, including who is eligible for assistance and what assistance is provided. Section 104(d) requirements may also be triggered in a HOME-assisted project. These requirements focus on the "loss" of low/moderate income housing (both rental and owner occupied) through demolition or conversion. Section 104(d) requires:

- Relocation assistance for displaced low/moderate income families; it does not provide protection or assistance to households with incomes above the Section 8 Low Income Limit; and
- One-for-one replacement of low/moderate income dwelling units that are demolished or converted to another use.

Lead-Based Paint

All DHCD administered HUD programs, including the HOME program, must conform to federal and state lead regulations. This means that all grantees, sub-recipients, project sponsors, developers, or other partners are required to conduct visual lead inspections of any structure where appropriate per program guidelines. Appropriate measures to remove the hazard and re-inspection are required where peeling or chipping paint is observed. More extensive measures are required in the case of a child 72 months or younger testing positive in a specific housing unit. Please see program guidelines for more details.

Property Standards

Upon completion of project activities (e.g., acquisition, rehabilitation or new construction), the project must meet, and continue to meet through the affordability period, minimum property standards including:

A. Decent, safe, sanitary housing that minimally meets all applicable local and State codes, rehabilitation standards, ordinances, and zoning ordinances including, but not limited to, the State's Building Standard (AS 18.56.300) as implemented by 15 AAC 150.030, Building Energy Efficiency Standard (AS 46.11.040) as implemented by 15 AAC 155.010.

B. The owner must maintain the assisted housing in compliance with all applicable State and local housing quality standards and code requirements. If there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR 982.401 (Section 8 Housing Assistance Payments Program's Housing Quality Standards [HQS]) and comply with HUD's Lead Based Paint Hazard and Control in 24 CFR Part 35. (Also see Chapter 7 § II. Housing Quality Standards Inspections.)

Environmental Review
In implementing the HOME Program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969, and the related authorities listed in HUD's Regulations at 24 CFR Parts 50 and 58. **HOME Program funds cannot be committed until the environmental review process has been completed.** Down payment assistance activities to individual homebuyers are categorically excluded and do not require an Environmental Review (24 CFR Part 92.352).

Program Targeting
HOME funds are targeted to specific household incomes. Please see specific HOME program for each income targeting requirement.

Eligible Property Types
HOME funds are targeted to specific property types. Please see specific HOME program for eligible properties types.

Prohibited Activities for HOME Funds

- **Project reserve accounts**: HOME funds may not be used to provide project reserve accounts (except for initial operating deficit reserves) or to pay for operation subsidies.
- **Tenant-based rental assistance for certain purposes**: HOME funds may not be used as rental assistance in conjunction with the federal Rental Rehabilitation Program (Section 17) to prevent displacements. They also may not be used for certain mandated existing Section 8 Program uses, such as Section 8 rent subsidies for troubled HUD-insured projects.
- **Match for other programs**: HOME Program funds may not be used as the "nonfederal" match for other federal programs *except* to match McKinney Act funds.
- **Operations or modernization of public housing**: HOME funds may not be used to provide annual contributions for the operation of public housing or to carry out modernization activities in public housing. (Public housing is housing established under the 1937 Housing Act. Public housing modernization activities are defined at 24 CFR Part 968.)
- **Properties receiving assistance under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages)**: Properties receiving assistance through the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) or the Emergency Low Income Preservation Act (ELIHPA) are not eligible for HOME assistance except if the HOME assistance is provided to priority purchasers.
- **Double dipping:** During the first year after project completion, the PJ may commit additional funds to a project. After the first year, no additional HOME funds may be provided to a HOME-assisted project during the relevant period of affordability, *except* that:
  - Rental assistance to families may be renewed.
  - Rental assistance may be provided to families that will occupy housing previously assisted with HOME funds.
  - A homebuyer may be assisted with HOME funds to acquire a unit that was previously assisted with HOME funds.

- **Acquisition of PJ-owned property**: A PJ *may not* use HOME Program funds to reimburse itself for property in its inventory or property purchased for another purpose. However, in anticipation of a HOME project, a PJ may use HOME funds to:
    - Acquire property, or.
    - Reimburse itself for property acquired specifically for a HOME project with other funds.
- **Project-based rental assistance**: HOME funds may not be used for rental assistance if receipt of the funds is tied to occupancy in a particular project. Funds from another source, such as Section 8, may be used for this type of project-based assistance in a HOME-assisted unit. Further, HOME funds may be used for other eligible cost, such as rehabilitation, in example, Section 8 or state-funded project-based assistance.
- **Emergency Shelter** projects are prohibited under HOME funds.

Community Housing Development Organizations
A CHDO is a private non-profit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Certified CHDOs receive certification from a Participating Jurisdiction indicating that they meet certain HOME Program requirements and therefore are eligible for HOME funding. CHDOs receiving their certification through DHCD with a current project funding committment are eligible to apply for HOME funds out of the DHCD HOME CHDO Operating Program to cover the cost of operating expenses. Technical assistance is also available to those DHCD-certified CHDOs. (CHDO certification may also be accomplished through a locality designated as a CHDO, however, DHCD's HOME funds are available only to those certified through DHCD.)

The funds that have been set aside for CHDO Operating assistance can be used for the organization's operating support in connection with its expenses in developing a project, and some of the set-aside funds can be used for training CHDOs to help build their capacity and longevity. Eligible training activities may include the following, but are not limited to:

- Developing and sustaining community partnerships
- Raising private funds to match HOME funds, and for operations
- Effective homeownership counseling and training for prospective homebuyers and renters.
- Planning and managing successful real estate projects

<u>Affordable Housing and Special Needs Housing Programs</u>
A competitive application process is the Commonwealth's method of distributing funding for homebuyer and rental development activities. The Affordable Housing and Special Needs Housing programs provide flexible, below-market-rate loans to projects that create or preserve affordable housing for lower-income Virginians.

DHCD uses the following avenues to communicate about the availability and the nature of its HOME-funded activities, including other funds linked to the programs:

- Annual Governor's Housing Conference;
- Website;
- Participation with various advisory teams and committees;
- Contact lists within the affordable housing development community:
- Press releases;
- Collaboration with affordable housing partners; and
- Application workshops.

HOME funds assigned to the Affordable Housing and Special Needs Housing programs will be distributed on a quarterly basis through a competitive application process that evaluates applicant projects on:

- Meeting critical needs – worth 40 points
- Feasibility (likelihood of projects coming to a timely completion) – worth 30 points
- Developer capacity (ability to successfully complete projects and deliver affordable housing) – worth 30 points

All applications received by the deadline for the quarter will be reviewed by DHCD staff. Applications not meeting established thresholds for funding will not be eligible for funding during the quarter that the application was received, but will receive comments and feedback upon request from DHCD staff and will be allowed to reapply during the subsequent quarters within the program year. Proposals cannot be carried into the next program year. All applicants must score at least 60 points on the application in order to be qualified for funding. All qualified applications will then be ranked based on score and the highest scoring applicants will receive a funding commitment from DHCD based on project needs, up to the amount of funds available for the quarter. If the full quarter of available funding is not committed, it is carried forward into the next quarter, as needed, to be made available to proposals meeting threshold requirements and scoring at least 60 points.

Applicants that have outstanding audit or monitoring findings, unresolved IRS findings, and/or applicants not in compliance with previous DHCD agreements are ineligible for funding.

Eligible applicants must be qualified developers of affordable housing, including certified CHDOs undertaking CHDO-eligible activities throughout the Commonwealth of Virginia. All funds are intended for use with other types of financing including, but not limited to, low income housing tax credits, bond financing, and other public and private funds. In addition to the CHDO requirement, applicants for these funds must be an owner, developer or sponsor of the project.

Affordable Housing and Special Needs Housing funds are typically disbursed at the completion of construction, when DHCD takes out 100 percent of the construction financing. For rental development construction, DHCD can reserve financial commitments up to two years before a project is completed and HOME funds are requested to take out construction loans. For homeownership projects, HOME funds can be disbursed during the construction phrase in three intervals of 30 percent (based on a matching percentage of completed construction); with the remaining 10 percent disbursed at the issuance of the certificate of occupancy and the submission of the project close-out report.

Any entity including private non-profits and for-profit organizations and public housing authorities may apply for these resources.

Any project in an entitlement area (area directly receiving direct HOME allocation) must have a 25 percent local match in order to be eligible for funding through these programs. This local match can include local HOME or CDBG funds or other local support including documented waived fees.

Rental housing properties can be single-family detached, duplexes, etc.; homes can be scattered-site but should be in reasonable proximity (i.e. neighborhood); and congregate housing and single room occupancies are included in this category.

Homeownership is defined as units developed for sale to low-income, first-time homebuyers. Short-term lease/purchase projects (lease period not more than three years) are considered homeownership projects. An applicant must be a CHDO in order to be eligible for HOME funds for a homeownership project.

With the exception of group homes, a minimum of five units must be included in the total project in order for the project to be eligible. The HOME-assistance may be included in all units in the project or a subset of the total project units. In either case, there must be a minimum of five HOME-assisted units (with the exception of group homes) in order to be eligible.

A group home is housing occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the group home, and (except in the case of shared one bedroom units) separate private space for each family. This includes group housing for elderly or disabled persons. These projects will be considered one unit projects with subsidy limits based on the Section (d) (3) limits for the number of bedrooms in the unit. Group Home project must house at least four households (includes single person households) in order to be eligible.

Single room occupancy (SRO) housing is housing consisting of single room dwelling unit that contains either food preparation or sanitary facilities (or both). The number of units is based on the number of separate identifiable units in the project. The maximum per-unit subsidy limits are the 221 (d) (3) limits for zero-bedroom units. These projects must contain a minimum of five separate units.

HOME Program subsidies are subject to a maximum per-unit subsidy limit.

The state does ***not*** intend to use HOME funds to refinance existing debt secured by multifamily housing being rehabilitated with HOME funds. Therefore, it has not adopted guidelines defining the conditions under which it would refinance existing debt. If the state elects to use HOME funds for such a purpose, it will propose guidelines in accordance with 24 CFR 92.206(b). These will address project eligibility, need and feasibility, whether the investment is intended to preserve or create affordable units, the specification of eligible geographic areas, and the prohibition against using HOME funds to refinance multifamily loans for properties made or insured by any federal program, including CDBG.

Funds available through these programs are available to the extent that a gap exists in the permanent financing for an eligible project and the funding requested has a positive impact on the affordability of the housing provided. DHCD and its underwriters reserve the right to recommend increases or decreases to fund requests based on cash flow, rents, and other financing. Generally, however, loans will be limited to $500,000 ($700,000 for special needs and/or very low income projects) per project or the maximum allowed based on maximum per unit subsidies allowable under the HOME program, whichever is the lesser. DHCD reserves the right to fund projects at an amount greater than $500,000 under special circumstances. In tax credit deals the maximum subsidy may be affected by the percentage of federal funds that can be used while remaining in compliance with the requirements of the tax credit program.

Special needs and very low income targeted projects will be limited to $700,000 per project or the maximum allowed based on maximum per unit subsidies allowable under the HOME program. These projects include those projects targeting at least 50 percent of the total project units to special needs (chronic homeless, elderly, disabled) and/or projects targeting at least 30 percent of the units at 30 percent or below AMI.

Successful applicants for new construction must submit an analysis relating to site and neighborhood standards. Specifically, an analysis indicating that the proposed project site addresses all of the following elements:

- Is adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Has adequate water, sewer, gas and electric;
- Has streets available to service the site;
- Is capable of complying with applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063 and implementing HUD regulations;
- Is not located in an area of minority concentration nor is it located in a racially mixed area such that it will cause a significant increase in the proportion of minority to non-minority residents in the area;
- Promotes greater choice of housing opportunities, yet is not resulting in a concentration of assisted persons in an area that already has a high proportion of low-income persons;
- Is not “seriously detrimental” to family life nor characterized by substandard dwellings or other undesirable conditions;
- Will support housing accessible to social, recreational, commercial and health facilities and services that are at least equivalent to those typically found in neighborhoods consisting of unassisted standard housing of similar market rents; and
- Does not impose excessive travel time and cost via public transportation or private auto for low-income workers.

For rental new construction the period of affordability is 20 years. For acquisition combined with rehabilitation of multi-family rental housing, the period of affordability is 15 years.

HOME assisted units are subject to the affordability for the entirety of the affordability period. These HOME assisted units are subject to a recapture provision in order to assure that the units either remain affordable (i.e., housing eligible clients), or that DHCD recovers its investment based on the terms of the agreement.

This document provides an outline of program parameters. All interested parties should reference current program guidelines for full details.

Indoor Plumbing Rehabilitation Program

The Indoor Plumbing Rehabilitation Loan Program (IPR) only funds projects in HOME non-entitlement jurisdictions. The IPR Program is limited to 107 eligible cities and counties. The program's 31 current sub-recipients serve eligible localities. Sub-recipients include local governments, housing authorities, planning district commissions and a wide-range of non-profit organizations whose coverage ranges from multiple jurisdictions to very small organizations with limited capacity. This network allows programs to reach into most parts of the state. To help serve areas of the state that are either not served or are under-served by IPR sub-recipients, DHCD now allows sub-recipients to "roam" to serve units that are completely outside of the jurisdictions they are contracted to serve."

The Indoor Plumbing Rehabilitation Loan Program has continued to be administered as a loan program. Repayments are made based on the homeowner's financial capacity with a portion of the loan forgiven over a ten year period. The sub-recipient retains loan payments, or program income, under IPR for use on other HOME-eligible projects. Each sub-recipient must develop a plan for using any program income and report program income to the State.

The Indoor Plumbing Rehabilitation Loan Program provides zero percent interest forgivable loans in non entitlement cities and counties of Virginia to low- and moderate-income (LMI) owner-occupants of substandard housing where indoor plumbing does not exist or where the existing water delivery or waste disposal system has failed. The program also provides for the general rehabilitation of these units, and for accessibility improvements or relief from overcrowded conditions, as needed, once the primary income, ownership and failed plumbing criteria are met.

The Virginia Department of Housing and Community Development initiated the IPR Program and has operated it since 1989, using a combination of state appropriations and federal HOME Program funds.

The IPR program works to meet the needs of its clients and sub-recipients, while upholding programmatic regulations and the major policy guidance of the Board of Housing and Community Development. The Department contracts with sub-recipients to provide local administration of the IPR program. The sub-recipients are responsible for most program operations including outreach, application intake, beneficiary and property eligibility determination, financial packaging, construction management, and loan servicing. Each sub-recipient has direct ties to the community via its local housing rehabilitation advisory board. Each beneficiary household receives training in house maintenance, cleaning, and budgeting.

The key tenets of the Indoor Plumbing Rehabilitation Program are:

- Only owner-occupied houses that lack complete indoor plumbing qualify for assistance;
- Program beneficiaries repay loans based upon ability to pay; and
- Self-help and homeownership opportunities create responsibility for ongoing property maintenance and increase wealth for lower-income participants.

All IPR Programs being funded in whole or part by DHCD must operate according to a written Program Management Plan (PMP) including any revisions that have been adopted by the sub-recipient's governing body.

A Rehabilitation Oversight Board must oversee the provision of the program benefits and supervise the implementation of the adopted PMP. The Rehab Board may be the jurisdiction's governing body, the non-profit's board of directors or a specially-appointed board which has this program as its only responsibility. The Rehab Board must be composed of at least three members with at least one resident from each locality served by the sub-recipient being a part of this membership. The Rehab Board must have a Chief Executive Official for local governments administering their own IPR program. Three members must be present to conduct business. The grant administrator, rehab specialist and any other person involved in the daily oversight cannot be a voting member. Minutes must be taken at the meetings. Please read Chapter 5 of the IPR manual for more details.

Project/Applicant Eligibility

The applicant must have lived in his/her residence for at least one (1) year. The gross household income must be at or below 80% of the median income adjusted for family size for the locality. All income and assets **must** be verified by independent source documentation such as employer verification, social security, unemployment office or W-2 forms prior to approval for assistance by the Rehab Oversight Board.

The occupant must have fee simple ownership or control of the property unless a formal written waiver of ownership is approved by DHCD. The household must have been selected according to an objective priority system that is overseen by the Rehab Oversight Board and recorded in the meeting minutes by beneficiary name.

Funding Thresholds

Loan repayments are determined by the homeowner's ability to make payments based on household income, utility costs, and fixed housing costs. Applicants may not pay more than 25 percent of their adjusted gross income for repayment of the loan and other related housing costs. Loans are amortized over a ten-year (120 month) period. They are secured by a lien on the property, which is proportionately forgiven over the ten-year term.

Administrative and construction related soft costs are based on performance varied by the complexity of work on a given house. CDBG, IPR and other DHCD involved supplemental funds may not leverage each other. Rehabilitation cost limits range from $25,000 to $35,000 plus exceptions for accessibility, well or septic, expansion of the footprint and lead laboratory testing.

The sub-recipient may obligate up to one percent of base construction costs per unit up to a maximum allowable cost of $250.00 based on the actual documented costs to carry out home maintenance education. These costs are not intended to cover staff or rehab specialist time for training delivery. This is intended to cover items such as cleaning kits and tool kits to assist the homeowner in maintaining the property after rehabilitation.

For houses constructed before 1978, lead-based paint renovation regulations dictate “Lead Safe Work Practices” training for contractors and a thorough cleaning and clearance testing by a certified Risk Assessor. To assist contractors with this tedious chore, the sub-recipient can make no cost training available and the use of a HEPA vacuum which captures particulate matter such as harmful lead paint dust. Each sub-recipient who purchases a HEPA vacuum will be reimbursed at an allowance of $200.00 per house completed until the total cost of the vacuum (up to $1,000) has been received. A copy of the invoice must be submitted to DHCD with first request for payment.

This document provides an outline of program parameters. All interested parties should references current program guidelines for full details.

<u>Down Payment Assistance Program</u>

The Down Payment Assistance (DPA) Program is a HOME program administered through the state of Virginia’s Department of Housing and Community Development. This program is one of several HUD programs that are included under the HUD Consolidated Plan Action Plan for the 2009-2010 program year.

DPA provides down payment and closing costs assistance to income eligible first-time homebuyers to obtain homes that are decent, safe and accessible. The program goal is to provide homeownership opportunities to households that otherwise may not have the opportunity to own a home. By providing these opportunities DHCD helps to sustain affordable housing units and overall growth in personal wealth and equity for low-income Virginians.

The DPA program seeks to provide this assistance statewide through local sub-recipient that provide comprehensive homeownership services including for example housing counseling, debt repair services, and foreclosure prevention.

The program seeks to assist annually at least 200 income-eligible first-time homebuyer households in Virginia with bridging the gap to homeownership.

Funding Levels

During 2009-2010 DHCD will allocate approximately 2.5 million dollars through the DPA program to assist between 200-300 income-eligible first-time homebuyers into homeownership during the program year.

2010-2011 DPA Estimated Funding[2]	
2010-2011 HUD Allocation Designated to DPA	$2,000,000
HOME Program Income	~$500,000[3]
Total	**~$2,500,000**

The 2010-11 program year is year two of a two year funding cycle. Funding decisions were made as a result of an open competitive application process where by proposals meeting threshold requirements were scored and ranked based on the following categories:

- Need (50 percent)
- Organizational capacity (25 percent)
- Program approach (25 percent)

DPA funding agreements were extended as two year funding structured as two one-year funding agreements with the second year agreement based on year one performance. These offers were made to those applicants with the highest ranked proposals scoring at least 60 points or more based on requested amounts and available funding.

Sub-recipient performance and spending will be monitored throughout the year. Any funding at risk of being unspent at the beginning of the fourth quarter will be de-obligated and re-obligated to sub-recipients based on performance and spending. Any sub-recipient with outstanding findings or reports will not be eligible for subsequent allocations.

Allocation of funds to the sub-recipient is done on a per transaction basis. This includes the down payment and closing costs assistance and an administrative fee per individual DPA unit assisted. Please note that the allocation of any assistance and administrative fee is contingent upon the sub-recipient meeting program guidelines including submitting the required documents. Funds may be reallocated based on performance during the first ten months of the program year. Funds are reallocated to sub-recipients that have met all performance criteria on a first-come first-served basis.

Eligible Service Areas
DHCD's goal is to provide funding support for HOME eligible DPA assistance across Virginia. Any locality within the state of Virginia is an eligible service area including both HOME entitlement and non-entitlement localities. Higher priority will be given to proposals submitted that include non-entitlement localities. Eligible proposals must include the following provisions:

- Coordination with other HOME Entitlements
- Coordination with other DPA programs
- Reaching out to clients beyond the providers immediate client base

2 Note 2010-2011 total allocation may be greater based on the possible reallocation of any unexpended 2009-10 funds.
3 This amount is an estimate based on prior year income. All program income generated during 2010-2011 will be expended through the DPA program.

Applicant Eligibility
Applicants must be a non-profit or a unit of government targeting services to individuals living within the Virginia. All nonprofit applicants must have and be current on 990 filings (not applicable to units of government).

Applicants must demonstrate the ability to manage all applicable state and federal policies and procedures including compliance with federal and state non-discrimination laws.

Applicants must be experienced with providing similar assistance and should provide a comprehensive approach to homeownership.

All applicants must demonstrate the ability to coordinate DPA assistance with other HOME funds or other types of assistance.

Applicants must have established internal control and fiscal accounting procedures and be able to track agency and program budgets by revenue sources and expenses.

Applicants with outstanding audit findings, IRS findings, DHCD monitoring findings or other compliance issues are not eligible applicants and any sub-recipient selected for funding will not be eligible for subsequent allocations if any of these conditions occur. Please note that DHCD will work with all interested parties toward the resolution of unresolved matters, where appropriate.

Applicants must demonstrate the ability to meet all reporting and record keeping requirements.

Key Applicant Eligibility Factor:

- *Either non-profit or unit of local government*
- *No outstanding findings or other issues*
- *Experienced DPA assistance provider*
- *Must be coordinating proposed DPA assistance with other HOME assistance*
- *Must be able to meet record keeping and reporting requirements*
- *Must be able to serve program participants beyond the agency's typical client base*

Program Participant (Client) Eligibility
Participation in the program is limited to credit-eligible homebuyers at or below 80 percent of the area median income (AMI), as defined by HUD at 24 CFR 5.609, adjusted for household size and geographic location of the assisted property. Borrowers with total household incomes in excess of 80 percent AMI are not eligible for this assistance. HOME down payment assistance is not an entitlement, but a limited public resource to be used to further first-time homeownership for those who without this assistance would not be able to move forward with a home purchase. Use the following links to review income tables and the maximum area sales price:

http://www.vhda.com/vhda_com/Template_app.asp?VHDA_COM_PAGE_NAME=Limits

Program Participants:

- Must be "first-time homebuyers." This includes:
    - Program participants who have never owned a home before; or
    - Program participants who have not held primary ownership in a principle residence within the most recent three year period;

- Eligible program participants must not have access to cash (including gifts) or liquid assets sufficient to meet the ten percent of sales price down payment requirement.

- Must complete a HUD-certified Homebuyer Education Course through a VHDA or Neighborworks® certified course;

- Must demonstrate that their income does not exceed 80 percent of the AMI;

- Must provide one percent of the sales price of the home from their personal funds towards the purchase of the home or a minimum contribution of $500;

- Must sign a homebuyer agreement form with the sub-recipient

- Must occupy the HOME-assisted property as their primary residence

- Must execute a restricted deed of covenant and promissory note for the amount of the DPA assistance and any other HOME funds included in the unit for the required affordability period

- Must understand that there will be a lien of the property for the required affordability period

Program participants with cash assets of ten percent or more of the sales price are NOT eligible for downpayment and closing cost assistance through this program.

Program participants must meet the usual and customary mortgage underwriting criteria that demonstrates creditworthiness sufficient to obtain a mortgage loan commitment.

<u>CHDO Operating Assistance</u>
CHDOs that are certified by DHCD as a "state-certified" CHDO are eligible to apply for CHDO Operating Assistance funds if the CHDO has a current Affordable and Special Needs Housing program project funding committment. CHDO Operating Assistance is based on the development of a specific project. In other words, a project must have been identified and "ready" to commence at the time the CHDO Operating Assistance is requested. It is important to understand that these funds are intended to provide general operating support during the development and construction of CHDO Set-Aside funded affordable housing projects. This funding support program is intended to assist organizations that can demonstrate a need for operating support. The applicants must comply with HOME rules and regulations.

The program funding window is open until funds are depleted.

The following guidelines apply:

- Applicant must be certified by the state to work in the area where the project is located;
- Applicants may not have any more than two active CHDO operating agreements at any point in time;
- Applicant must possess a demonstrated history of serving the area or community within which HOME-assisted housing will be located (usually this is evidenced by documentation of a minimum of one year of experience of service;
- Applicant must provide a evidence of their AHP loan commitment from DHCD; and

Funds may be used for operational expenses as follows:

- Salaries, Wages, and Benefits;
- Rent and Utilities;
- Training and Travel;
- Technical Assistance;
- Equipment and Supplies;
- Internet Access and Communications; and
- Contracted Professional Services.

Funds may not be used for project costs. The term of the grant agreement is 12 months with options for 12- month extension for each project.

An organization may receive the greater of $50,000 or 50 percent of their operating budget for the year in which the application is made. The funds are made available to state-certified CHDOs on a first-come first–serve basis to those meeting capacity thresholds.

CHDOs not in compliance with DHCD funding agreements are not eligible for new funding.

The program requires a 25 percent cash match, which may be met by local government, state government, or private funds. The match must be applied to operating expenses. Funds received for administering other programs may not be used as match. A source document must be submitted along with the application to verify the availability of funds.

Paid invoices must be submitted with each programmatic and financial report in order to receive funding draws. Paid invoices will be reimbursed at a rate of 75 percent. The remaining 25 percent will be held back and represents the applicant's portion of the cash match.

Applicants are required to submit a work plan with organizational and project milestones. For funds used to support salaries, the applicant will be required to provide evidence of sound employment practices which include copies of employment policies, job descriptions, and resumes and credentials of employees. Applicants receiving Operating Assistance will be required to provide copies of approved conflict of interest and procurement policies, participate in the Consolidated Planning Process, participate in a minimum of one fair housing activity every year, and submit a Comprehensive Organizational Plan with annual updates.

Virginia's 27 Certified CHDOs emphasize assisting in the development of decent, affordable, safe, accessible and quality structures for the underserved areas in the state as well as for the areas where low to very low-income persons face severe affordability barriers.

This document provides an outline of program parameters. All interested parties should reference current program guidelines for full details.

<u>Community Integration Rental Assistance Pilot</u>

DHCD, working with the Department of Medical Assistance Service (DMAS), will pilot a program during the 2010-11 program year that moves clients from institutional settings into community housing. DMAS will play the lead role of identifying clients that are eligible and appropriate for community-based housing, intake, case management, and assuring ongoing rental assistance. *This program is designed to meet the unmet need of appropriate affordable housing for very low income disabled households.* DHCD will leverage HOME dollars to provide:

- Short term tenant based rental assistance (bridge funding)
- Security Deposit
- Utility Deposit

This pilot will target up to 15 individuals with disabilities transitioning to community-based housing.

The maximum amount of security deposits paid will be the equivalent of two months rent. Only the tenant (not the landlord) can apply for security deposit assistance. The lease between the landlord and the tenant may not contain certain prohibited lease provisions and must be in effect for at least a year. The security deposit may be paid directly to the tenant or the landlord. Utility deposit assistance will be provided only in conjunction with security deposit assistance. Rental assistance is limited to 12 months or less.

The amount that clients pay for rent are at minimum 10 percent of monthly income, but no more than 30 percent (based on assessment of total household expenses). Rental assistance contracts will be for the duration of the bridge period to be determined prior to written commitment.

A written tenant selection policy will be in place to specify how clients will be selected for participation.

Ineligible Program Activities

- Assistance may not be used to assist a resident homeowner.
- Assistance may not be used to prevent the displacement of tenants from projects assisted with Rental Rehabilitation Program funds.

- Assistance may not be provided to homeless person for overnight or temporary shelter.
- Assistance may not duplicate rent assistance that a tenant already receives.

Income Eligibility Requirements
Assistance is limited to those at or below the HUD low-income limit, however note that assistance through this program will likely serve very low income individuals with disabilities (those at or below 50 percent of median). Applicant income must be verified as income eligible prior to signing the contract for assistance. Income determinations are valid for six months.

All participating rental units will be inspected at initial move-in to assure compliance with Section 8 Housing Quality Standards. Bridge rental assistance means that rental assistance contracts will expire prior to an annual inspection requirement.

Homelessness
DHCD works with the community in a number of ways to specifically meet the needs of homeless. In addition to facilitating the effective distribution and utilization of the Emergency Shelter Grant (ESG), State Shelter Grant (SSG), Homelessness Prevention and Rapid-Re-housing Program (HPRP) and the State Homeless Intervention Program (HIP), DHCD works to improve service delivery and coordination, remove barriers, and leverage resources to address the needs of individuals experiencing homelessness and special needs. As of the writing of this Action Plan:

- All of Virginia's localities are now covered by a Continuum of Care (CoC)
- HMIS has been established to improve coordination of services to meet needs of clients and to improve the overall understanding of system utilization trends for future improvements,
- All DHCD ESG, SSG, HOPWA, and HPRP sub-grantees (with the exception of Domestic violence shelters) must be active users of HMIS.

In addition, DHCD recognized the economic challenges that families with children face when also experiencing homelessness and established homeless childcare programs that help to coordinate and pay for childcare services for families facing homelessness.

A discharge policy has to be developed and implemented, to the maximum extent practicable and where appropriate including, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

Emergency Shelter Grants (ESG): Method of Distribution
Authorized by the Stewart B. McKinney Homeless Assistance Act, ESG is funded through an appropriation from the U.S. Department of Housing and Urban Development and administered by the Virginia Department of Housing and Community Development (DHCD). The required state matching funds are provided by DHCD through a dollar to dollar match. Additionally, the State Shelter Grant (SSG) Program, an appropriation from

the Virginia General Assembly and administered by DHCD further leverages these federal funds.

The goal of ESG is to assist homeless families and individuals by providing shelter and services at emergency and transitional housing facilities in Virginia. The primary objective of the program is to provide federal funding to emergency shelters and transitional housing facilities available to serve the homeless and to be used for operations and maintenance costs.

The state allocation minus five percent for state/local government administrative costs will be allocated to sub-grantees (non-profits and units of local governments) in ESG non-entitlement localities. These are localities that do not receive a direct ESG allocation from HUD. Sub-grantees will be selected for the July 1, 2010 - June 30, 2011 program year based on a competitive application process.

Proposals that meet minimum threshold requirements will be reviewed and ranked by a proposal review panel based on the following criteria:

- Need (maximum 50 points)
- Approach (maximum 25 points)
- Capacity (maximum 25 points)

Proposals must receive a score of at least 60 points in order to receive funding. ESG funding commitments will be based on scores, request amount, and available funding.

In the case of any allocation being de-obligated from 2010-11, this amount will be added to the total available for allocation and be allocated based on the ESG method of distribution.

Sub-grantee Eligibility
Sub-grantees must be non-profits or units of local government and current on 990 filings (not applicable to units of government).

A primarily religious organization must establish a completely secular, private, non-profit organization to serve as the sub-grantee for ESG funding through this program. Sub-grantees must be in compliance with ESG guidelines and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws.

Sub-grantees must have established standard accounting practices including internal control and fiscal accounting procedures and be able to track agency and program budgets by revenue sources and expenses.

Applicants with outstanding audit findings, IRS findings, DHCD monitoring findings, or other compliance issues are not eligible ESG sub-grantees and any sub-grantee will not be eligible to receive allocations if any of these conditions occur within the grant period. Please note that DHCD will work with all interested parties, where appropriate, toward the resolution of unresolved matters.

Sub-grantees must be able to demonstrate prior experience serving individuals and families experiencing homelessness. Sub-grantees must also be involved in their local Continuum of Care (CoC) and certify (with the exception of Domestic Violence Shelters) that they will fully utilize the Homelessness Management Information System (HMIS) for their area.

Eligible Activities

Eligible programs are emergency shelter and transitional housing programs targeting individuals and/or families experiencing homelessness. ESG eligible expenses for reimbursement under this grant include only expenses incurred by the sub-grantee for the operation of the specific programs funded through ESG.

Emergency shelter programs provide temporary shelter for the homeless in general or for specific populations of the homeless. Emergency shelter programs tend to be short-term, less than six months. Please note that the lead-based paint requirement applies for programs 100 days or more in duration.

Domestic violence shelter programs are eligible for ESG emergency shelter funding. These programs must be targeting and serving program participants fleeing a domestic violence housing situation where no subsequent, appropriate residence has been identified and the person lacks the resources and support networks needed to obtain housing.

Transitional housing is a type of supportive housing used to facilitate the movement of homeless individuals and families to permanent housing. It is housing in which homeless persons may live for up to 24 months and receive supportive services that enable them to live more independently. The supportive services may be provided by the organization managing the housing or coordinated by them and provided by other public or private agencies.

Funds received through this grant may be used for maintenance, operation, insurance specific to the program operation, utilities and furnishings, and shelter staff (limited to ten percent of the total award).

Staff salaries (including fringe benefits) paid under the operating costs category are limited to 10 percent of the grant. Shelter staff salaries include salaries paid to direct employees of the sub-grantee and staff salaries paid through contract services. Maintenance and security salary costs are not subject to the 10 percent standard. For example, a grantee receiving a $75,000 ESG grant would be able to pay only $7,500 (or 10 percent of that amount) for operational staff costs.

Sub-grantees must provide copies of any contract service agreements that would be reimbursed with ESG. DHCD will review and approve any service contracts applicable to the ESG funding.

Ineligible operating or maintenance costs include, but may not be limited to:

- Recruitment or on-going training of staff

- Depreciation
- Costs associated with the organization rather than the specific program
- Any costs associated with advertisements, pamphlets, surveys, etc…
- Staff training, entertainment, conferences, or retreats
- Public relations or fundraising
- Bad debts/late fees
- Mortgage payments
- Indirect costs

The sub-grantee or any subsidiary of the sub-grantee may not be reimbursed for rent on any property that the sub-grantee or subsidiary owns or holds a mortgage. The only eligible rent that may be expensed to the ESG program is actual rent incurred by the sub-grantee specific to the program and not covered by another funding source.

Sub-grantees will be monitored to assure that reimbursed ESG expenses are in compliance with program guidelines.

Any proposal submitted for funding under ESG shelter operations must be target-population specific. Examples include:

- Family Transitional Housing
- Thermal Shelter
- Single Men's Shelter
- Domestic Violence Shelter*
- Women's Transitional

** Domestic Violence shelter programs applying for assistance through ESG must be funded as emergency shelter programs and be targeting and serving program participants fleeing a domestic violence housing situation where no subsequent, appropriate residence has been identified and the person lacks the resources and support networks needed to obtain housing.*

Sub-grantees may not require client rent. In some cases, sub-grantees may collect a program fee, but not rent.

A program participant required savings plan could be implemented for transitional housing programs but the amount of required program participant savings may not exceed 30 percent of household income. Standard accounting procedures must be assured if savings are managed at a program or agency level.

See program guidelines for more details.

<u>*Unique Requirements*</u>
ESG funds may be used only to provide shelter and services for persons who are homeless.

Community Development Block Grant: Methods of Distribution

The use of Virginia **CDBG** funding in 2010 is anticipated to be as follows:

HUD Allocation		$ 21,295,759
Plus:	Recaptured Funds (estimated)	$ 2,000,000
Less:	State Administration	$ 425,915
	State Technical Assistance	$ 212,958
	2009 Letters of Intent	$ 1,400,000
Less:	Planning Grants	$ 500,000
Equals:	Community Improvement Grants	$ 20,756,886

The anticipated use of Community Improvement Grant funding is as follows:

Construction-Ready Water and Sewer Fund	$ 1,000,000
Community Economic Development Fund	$ 2,500,000
Community Development Innovation Fund	$ 2,750,000
Urgent Need Open Submission Projects	$ 1,000,000
Competitive Grants	$ 13,506,886*
TOTAL	$ 20,756,886

*This amount will be reduced at the time funding decisions are made for the Competitive Round to provide funds for previously awarded multi-year projects that will be positioned to move into their second phase of implementation.

The Virginia Community Development Block Grant program is a flexible tool that is being utilized to address a wide array of community and economic development needs across the Commonwealth. The program recognizes the breadth of challenges facing Virginia's rural communities and has been designed to present opportunities for meeting many of these needs, ranging from the installation of infrastructure for new or expanding industries, provision of new or improved water and sewer systems in rural areas, revitalization and economic restructuring of commercial districts, providing financial and technical assistance to entrepreneurs, and construction of facilities for a variety of critical services, such as medical needs in underserved areas or workforce training to address gaps in the labor force.

Unlike the programs operating in entitlement jurisdictions throughout Virginia, the state program covers an extensive geographic area whose needs vary significantly. Presently, there are over 280 units of governments in Virginia eligible for the state CDBG program, each with a unique set of needs and varying levels of capacity and resources to address these needs. Due to the large geographic spread and the extensive issues faced by these mostly rural communities, DHCD does not attempt to individually quantify the need in specific terms relative to the table labeled Housing and Community Development Activities.

Regional Priorities
As an alternative to an inventory of need for the balance of the state served, DHCD annually requests each Planning District Commission (PDC) to rank nine specific community development items in one of three priority groups. These items are based on the different project types that are funded through the state CDBG program, and a proposal's relationship to the project priorities is considered when a project is evaluated and rated. The following nine items are utilized:

- Comprehensive Community Development
- Economic Development – Job Creation and Retention
- Economic Development – Site Redevelopment
- Economic Development – Development Readiness
- Economic Development – Business District Revitalization
- Housing – Housing Rehabilitation
- Housing – Housing Production Assistance
- Community Facility
- Community Service Facility

The full prioritization, by PDC, is included as an attachment.

Planning Grants
In addition this assessment methodology described above, DHCD frequently partners with localities to develop solutions to meet identified needs through the use of CDBG-funded planning grants. These grants create the means for localities to target very specific areas of need while providing enough flexibility to address the wide range of issues that affect the nearly 300 localities served through the state program.

For instances when a community may need assistance in identifying and assessing their priorities, both *Community Organizing* and *Community Needs Assessments* planning grants can offer support. These planning grants can be used to conduct a general needs analysis and prioritization of community or economic conditions and future direction. Activities typically include conducting a SWOT analysis, establishing goals and objectives, and developing work plans and implementation strategies.

Strong community support and participation is required for all planning grants to ensure that all stakeholders have an opportunity to be heard. It is anticipated that most localities completing the planning grant process will submit a future CDBG Community Improvement Grant in order to implement the recommended solutions to the identified needs.

Funding
Not surprisingly, the lack of funding available to address community development needs is a significant obstacle. The lack of funding presents several challenges. The CDBG program saw a modest increase in funding this year; however, over the previous five years the state program decreased by over $5 million. The demand for CDBG funding exceeds what is available as shown by the CDBG Competitive program, the method by which the

largest percent of state CDBG funds are distributed. For the current program year, approximately $11 million will be awarded competitively to projects, while the total amount of requests exceeds $29 million.

Further exacerbating the funding crisis is the reality that in most cases, funding from one single source, such as the state CDBG program, is not sufficient to address all needs for a particular project. As a result, localities often must seek additional resources from other funders, many of whom are also seeing a reduction of their own grant resources. The need to utilize other funding sources can further complicate a project since there are varying timetables to consider and coordinate, separate applications that must be completed and submitted, and different thresholds and requirements that must be achieved and reported.

As funding, principally grant resources, continues to diminish, localities must seek to bridge the funding gap by taking on loans or utilizing their own resources. This can be particularly burdensome for many of the localities served by the state CDBG program; localities that are typically rural in nature, economically distressed, and have limited local resources to contribute.

Local Capacity

The state CDBG program serves many small communities that simply do not have the staff to complete the often complex community development projects. While PDCs and private consultants may be available to provide some assistance, involvement of local leadership is critical to a project's success. Localities with limited staff that are already responsible for a number of vital day-to-day government activities do not have the time and in some cases the expertise, necessary for pulling together the pieces of a community development project.

Antipoverty Strategy

DHCD will promote and coordinate housing services with activities that help reduce the number of poverty-level families in Virginia. Virginia continues to pursue several economic development initiatives that, like economic development and self-help portions of the CDBG program, are also intended to strengthen local economies, increase employment opportunities, and enhance business opportunities, particularly within lower income communities or portions of communities. These include the following:

- The **Virginia Enterprise Zone Program** offers state incentives for businesses hiring and investing in distressed communities and areas of the state that have lagged behind the overall growth of the State's economy. The recently reauthorized program, which will use grants rather than tax credits as an incentive for investment in economically distressed communities, targets localities whose relative levels of employment, income, and other indicators are to be considered in determining the designation of future zones.

- The **Virginia Enterprise Initiative**, which leverages private sector support for community-based micro enterprise (self-employment) programs; these programs in turn provide access to capital and business skills to aspiring low-income entrepreneurs.

Housing Opportunities for Persons with Aids (HOPWA): Method of Distribution
Housing strategy for the Commonwealth of Virginia Consolidated Plan includes objectives specific to meeting the unmet need of special needs populations in Virginia. DHCD will address these needs through:

- Increasing the overall availability of affordable, accessible housing
- Encourage the inclusion of special needs units in large non special need projects
- Assist individuals with HIV/AIDS to obtain and/or maintain safe, affordable housing
- Increase the availability of permanent supportive housing

The Housing Opportunities for Persons With AIDS (HOPWA) program was authorized by the National Affordable Housing Act of 1990 and revised under the Housing and Community Development Act of 1992, to provide states and localities with the resources and incentives to devise and implement long-term comprehensive strategies for meeting the housing needs of low-income persons with acquired immunodeficiency syndrome (AIDS) and related diseases, and their families. Activities of primary importance are providing housing assistance and services that assist this population to maintain housing stability where they can maintain complex medication regimens and address HIV/AIDS related problems.

Funds are appropriated annually by Congress to the U.S. Department of Housing and Urban Development (HUD) for administration of this program. HOPWA funds are then awarded by formula to eligible states and Eligible Metropolitan Statistical Areas (EMSAs) that meet the minimum number of cumulative AIDS cases. States and metropolitan areas coordinate use of HOPWA funds with their respective Consolidated Plans, a collaborative process where the state or metropolitan area establishes a unified vision for community development actions.

As an eligible state, the Commonwealth of Virginia receives a HOPWA formula grant, administered by the Department of Housing and Community Development (DHCD). Thereby, DHCD grants these HOPWA funds to eligible sub-grantees (that operate outside the state's EMSAs) following a competitive application process. This process awards sub-grantees one year agreements. In case of any funds being de-obligated from 2010-11, these funds will be allocated during the 20011-12 based on the original allocation percentages and performance.

These project sponsors administer HOPWA-supported assistance locally, to persons with HIV/AIDS and their families, supporting HUD's HOPWA program goals and specifically the state's goals as published in the 2008-2012 Consolidated Plan and specific annual goals and objectives as identified in each subsequent Annual Action Plan.

The HOPWA priority is housing assistance - including short-term rent, mortgage, and utility assistance (STRMU), and tenant-based rental assistance (TBRA) - to eligible individuals and their families.

Funds received through these awards will only support clients and programs within Virginia's non-eligible metropolitan statistical areas. HOPWA eligible metropolitan areas receive their HOPWA allocations directly from HUD and have specific guidelines and separate processes not included within the Virginia HOPWA program process or program.

Virginia HOPWA Program Eligible Service Areas			
Counties of:			**Independent Cities of:**
Accomack	Franklin	Page	Bedford City
Albemarle	Frederick	Patrick	Bristol
Alleghany	Giles	Pittsylvania	Buena Vista
Amherst	Grayson	Prince Edward	Charlottesville
Appomattox	Greene	Pulaski	Covington
Augusta	Greensville	Rappahannock	Danville
Bath	Halifax	Richmond	Emporia
Bedford	Henry	Roanoke	Franklin City
Bland	Highland	Rockbridge	Galax
Botetourt	King George	Rockingham	Harrisonburg
Brunswick	Lancaster	Russell	Lexington
Buchanan	Lee	Scott	Lynchburg
Buckingham	Lunenburg	Shenandoah	Martinsville
Campbell	Madison	Smyth	Norton
Carroll	Mecklenburg	Southampton	Radford
Charlotte	Middlesex	Tazewell	Roanoke City
Craig	Montgomery	Washington	Salem
Culpeper	Nelson	Westmoreland	Staunton
Dickenson	Northampton	Wise	Waynesboro
Essex	Northumberland	Wythe	Winchester
Floyd	Nottoway		
Fluvanna	Orange		

Significantly limited funds are available to meet all the needed housing assistance for moderate to low income individuals with HIV/AIDS in Virginia's non-eligible metropolitan statistical areas. As a result, the funds through this program will be focused on direct housing assistance as needed and supportive services as a last resort only for the individuals eligible for housing assistance through the HOPWA program.

Sub-grantees are strongly encouraged to partner with other service providers (both public and private) to coordinate client services and fully leverage available resources in their particular service areas.

At least 65 percent of the total HOPWA grant to any one sub-grantee must be expended on direct housing assistance.

Eligible housing activities (direct housing assistance) for this HOPWA program can be met through the provision of:

- Tenant based rental assistance (TBRA)

- Short term rental mortgage and utility assistance (STRMU)

Specific HOPWA Objectives

Commonwealth of Virginia Consolidated Plan includes objectives specific to meeting the unmet housing need of individuals with HIV/AIDS. DHCD will address these needs through:

- Encouraging the inclusion of special needs units in large non special need projects
- Assisting individuals with HIV/AIDS to obtain and/or maintain safe, affordable housing

At least some of these Affordable Housing and Special Needs Programs units will target special needs populations (e.g., physically impaired or disabled population). All units completed through Affordable and Special Needs Housing Programs will target incomes at or below 60 AMI and at least 20 percent of the units in any one project will target incomes at or below 50 percent AMI. Higher priority is given to lower income targeting, special needs housing, and to projects that include special features such as being fully accessible, green built, and access to transportation and other community services. In addition, projects with units that will be located in non-HOME entitlement areas are given priority.

Approximately 245 households will be receiving housing assistance over the course of the 2010-11 program year. These housing needs will be met primarily through the provision of tenant-based rental assistance and short-term mortgage, rent, and utility assistance. Approximately 165 households will receive STRMU assistance and 80 households receiving TBRA.

Special Needs Units -3 Year Goals		
Program	*Resources*	*Number of Units*
HOPWA	HOPWA and private	245 households annually
		3 Year Total -245 Units