



Annual Action Plan 2026 – 2027

Program Year: July 1, 2026 – June 30, 2027

**Virginia Department of Housing and Community Development
600 E. Main St., Ste. 300
Richmond, VA 23219**

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The 2026 Annual Action Plan (AAP) represents the fourth year of the Commonwealth's five-year Consolidated Plan, approved in 2023. The Virginia Department of Housing and Community Development (DHCD) developed this plan through a comprehensive statewide effort that included a needs assessment leveraging existing data, input sessions and surveys, and consultations with housing and social service agencies and other entities. DHCD will use the resulting plan and document to allocate Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnership (HOME), Housing Opportunities for People with AIDS (HOPWA) program funds, and the National Housing Trust Fund (NHTF) within the Commonwealth of Virginia.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The needs assessment and market analysis conducted as part of developing the current Consolidated Plan identified the most pressing housing and community development needs that the Commonwealth must address to make Virginia the best state in the Nation in which to live, work and raise a family:

- Lack of affordable housing
- Lack of housing for special needs populations
- Individuals and families experiencing homelessness
- Barriers to competitive and sustainable communities

To address these needs, DHCD utilizes federal resources (CDBG, ESG, HOME, HOPWA and NHTF) and leverages available state resources to advance the following goals:

- Increase access to affordable housing
- Increase housing options for special needs populations including increasing permanent supportive housing
- Reduce homelessness
- Create competitive and sustainable communities

DHCD works with many partners to accomplish these goals, including units of local government, other state agencies, housing developers, Community Housing Development Organizations (CHDO), nonprofits, and regional planning groups. DHCD seeks the input of stakeholders to better understand how challenges have evolved and the ways in which our funding can be used to be most effective in addressing such challenges.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

DHCD evaluates market conditions, community needs, and program performance in determining goals and activities for the program year. In developing the 2026-2027 Action Plan, DHCD considered the nationwide shortages of contractors and high cost of materials when devising goals for construction and infrastructure projects.

Virginia saw an overall decrease of 1% in the number of people experiencing homelessness during the Point-in-Time count (based on preliminary reporting) between January 2024 and January 2025. Virginia continues to maintain the fifth lowest homeless rate in the country. The data from this recent trend assisted DHCD in determining allocation of ESG and HOPWA resources to homeless services activities such as rapid re-housing, tenant-based rental assistance, and homeless prevention.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

DHCD seeks to encourage participation from the public in developing the Consolidated Plan and its components. Prior to developing a draft of the 2026-2027 Action Plan, DHCD held initial consultations with stakeholders in the community development, affordable housing, and homeless services sectors to understand the needs and concerns of each. Between November and December 2025, DHCD conducted a series of regional in-person input sessions which afforded DHCD the opportunity to engage stakeholders in the Southwest, Hampton Roads, Central, and Northern regions of the Commonwealth. DHCD held a virtual session to collect feedback from those who could not attend in-person. More than 100 participants representing 59 organizations attended across the six public input sessions, including more than 30 virtual attendees.

Participants in the input sessions included:

- Private and public housing providers
- Homeless service providers
- Regional planning organizations
- Local government and housing authorities
- Other state agencies

- Nonprofit and government service providers
- Advocates

The public comment period for the Annual Action Plan opened in November 2025 and will close on April 24, 2026. DHCD held a public hearing on April 15, 2026, prior to finalizing the Plan and submitting it to HUD for approval.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

DHCD's recent input sessions provided an opportunity for stakeholders to give feedback on the Commonwealth's use of federal funds to support programs in community development, affordable housing, and homeless services. The increasing cost of construction, housing affordability, and increased demand on service providers were the largest areas of concern. Administrative improvements, such as better alignment of grant funding cycles, more technical assistance opportunities, and obtaining input from varied perspectives, were also mentioned during the input sessions.

DHCD considers and responds to each comment received in developing its Annual Action Plan. Please see the attached summary of public comments for more details.

For more information about the Consolidated Plan or the Annual Action Plan, please review DHCD's website:

<https://www.dhcd.virginia.gov/consolidated-plan>.

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Anticipated Resources

Table 1 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	19,318,411	0	4,800,000	24,118,411	18,000,000	CDBG funding will be allocated to five principal categories of usage: State Administration, State Technical Assistance, Planning Grants, Project Grants, and Urgent Need Grants.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	9,636,319.78	1,392,315	6,500,000	11,028,634.78	10,000,000	HOME funds are allocated through the Affordable and Special Needs Housing (ASNH) program, the Down Payment Assistance (DPA) program, and CHDO Operating.
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	1,804,585	0	0	1,804,585	1,600,000	HOPWA is administered through eight sub-grantees to provide housing assistance and support services.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	3,308,485	0	0	3,308,485	3,200,000	ESG is allocated through a community-based process to provide rapid rehousing assistance.
HTF*	public - federal	Acquisition Admin and Planning Multifamily rental new construction Multifamily rental rehab	4,954,111.29	122,446.81	3,800,000	8,876,557.10	5,000,000	NHTF is allocated through the ASNH program.

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied.

Virginia DHCD uses different methods to leverage private, state, and local funds in each program that allocates federal funds.

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

HOME and HTF-assisted housing developments can increase their competitive score by documenting leveraged funds like Low Income Housing Tax Credit syndication, local housing trust funds, and private foundation investments or private mortgages. For the HOME program, the state will meet the required 25 percent match through the contribution of State general revenue funds to housing development projects assisted with HOME funds through the Affordable and Special Needs Housing (ASNH) program. These developments are evaluated to ensure they meet both HOME affordability requirements and State priorities.

ESG requires a dollar-for-dollar match. DHCD will use state general funds appropriated for homeless services as the match for the ESG program. The HOPWA program does not have a match requirement. Both ESG and HOPWA leverage mainstream resources and other local resources as leverage to meet program participant needs.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan.

Not applicable.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Table 2 - Goals Summary

Sort Order	Goal Name	Start Year	End Year	Category	Needs Addressed	Funding	Goal Outcome Indicator
1	Create Competitive and Sustainable Communities	2026	2027	Non-Housing Community Development	Barriers to competitive/sustainable communities	CDBG: \$19,318,411	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 400 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 300 Households Assisted Public service activities other than Low/Moderate Income Housing Benefit: 100 Persons Assisted Facade treatment/business building rehabilitation: 20 Business Jobs created/retained: 100 Jobs Businesses assisted: 25 Businesses Assisted Buildings Demolished: 10 Buildings

Sort Order	Goal Name	Start Year	End Year	Category	Needs Addressed	Funding	Goal Outcome Indicator
2	Increase access to safe and affordable housing	2026	2027	Affordable Housing Non-Homeless Special Needs	Lack of safe and affordable housing units	HOME: \$9,636,319.78 HTF: \$4,320,521	Rental units constructed: 60 Household Housing Unit Rental units rehabilitated: 15 Household Housing Unit Homeowner Housing Added: 10 Household Housing Unit Homeowner Housing Rehabilitated: 0 Household Housing Unit Direct Financial Assistance to Homebuyers: 60 Households Assisted
3	Increase housing stability	2026	2027	Homeless	Individuals and families experiencing homelessness	HOPWA: \$1,804,585 ESG: \$3,308,485	Tenant-based rental assistance / Rapid Rehousing: 1,915 Households Assisted

Goal Descriptions

Table 3 - Goal Descriptions

1	Goal Name	Create Competitive and Sustainable Communities
	Goal Description	Virginia seeks to enhance infrastructure, education, and access to business capital to improve the ability of communities to maintain or expand their levels of economic success. It is also important for communities to manage their resources in a way that meets current needs while ensuring that future generations can also be provided for. Virginia also seeks to help communities to provide public facilities and public services that increase quality of life now and in the future.

2	Goal Name	Increase access to safe and affordable housing
	Goal Description	This goal seeks to preserve and improve existing affordable units and create new affordable units. Additionally, this goal seeks to preserve and improve existing affordable units and create new affordable units available to households with special needs. Virginia will also increase access by providing rent assistance through the HOPWA program and through HOME ARP TBRA.
3	Goal Name	Increase housing stability
	Goal Description	Virginia seeks to decrease the number of individuals experiencing homelessness, reducing the length of time people are homeless, and reduce the number who return to homelessness through targeted rapid re-housing assisted through the Virginia's allocation of ESG funds.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

DHCD administers multiple state and federal resources to improve the lives of Virginians with a focus on increasing the number of safe and affordable housing units, decreasing the number of households and families experiencing homelessness and housing instability, as well as creating competitive and sustainable communities.

In addition to state resources, DHCD is responsible for setting priorities and goals and effectively managing the HUD programs covered under this annual action plan. DHCD works to achieve these goals by leveraging resources to support effective community programs. DHCD works to develop strategic partnerships to address barriers and needed system-level changes. DHCD works closely with other organizations to provide planning, technical assistance, and management to help achieve these goals.

Funding Allocation Priorities

Table 4 – Funding Allocation Priorities

	Create Competitive and Sustainable Communities (%)	Increase access to safe and affordable housing (%)	Increase housing stability (%)	Total (%)
CDBG	80	20	0	100
HOME	0	100	0	100
HOPWA	0	0	100	100
ESG	0	0	100	100
HTF	0	100	0	100

Reason for Allocation Priorities

Funds are allocated based on the Consolidated Planning process needs assessment and public input including consultations held with homeless service providers, localities, and affordable housing developers.

How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?

CDBG: to address locally identified needs to develop competitive and sustainable communities. These funds will be used to include: developing public facilities and infrastructure, creating/retaining jobs, developing affordable housing opportunities, and providing assistance to local business.

In addition, DHCD is working to administer another \$46,670,000 in CDBG-DR (Disaster Recovery) funds to address the impacts of Tropical Storm Helene, and continues to assess the unmet needs as they evolve. DHCD submitted a Substantial Amendment to the CDBG-DR Action Plan in January 2026 in accordance with new information on these needs.

HOME and NHTF: allocated through the competitive ASNH program and are used to provide gap funding through loans at low or no interest. Funds can be used for rental rehabilitation projects that preserve and improve existing affordable housing stock and extend their required affordability periods and for new construction projects that create new affordable housing units. Both of these categories are scored based on state-wide priority needs and local housing needs, and they contribute to accomplishing the objective of increasing safe and affordable housing.

HOME resources are distributed through the DPA program (provides funding for down payment, closing cost assistance to income-qualified home buyers and reduces the cost of existing-stock affordable home acquisition. HOPWA funds are limited to income eligible individuals with HIV/AIDS and their families. These funds assist to improve housing stability for income eligible households.

ESG will be fully leveraged along with other state resources to reduce the number of individuals and families experiencing homelessness. These funds will also focus on shortening the length of time people experience homelessness and reducing the number of individuals returning to homelessness.

HOME-ARP funding is available to assist in furthering the Commonwealth's goal to increase housing stability. These funds primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. Resources will be allocated to two primary activities: Tenant Based Rental Assistance (TBRA) vouchers and subsidies for the development of affordable housing units.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

This section summarizes the methods of distribution for each of the state programs that DHCD administers that allocate these federal resources (CDBG, HOME, ESG, NHTF and HOPWA). DHCD evaluates and updates its methods of distribution for each Action Plan year to better serve the people of the Commonwealth. Additional details regarding these programs can be found in the respective program guidelines, located online at www.dhcd.virginia.gov. The program guideline documents specify eligible applicants, areas of the state covered by the program, eligible activities, the type of assistance available, and how to apply (if applicable) for funding.

Distribution Methods

Table 5 - Distribution Methods by State Program

1	State Program Name:	Affordable and Special Needs Housing Rental Program
	Funding Sources:	HOME HTF
	Describe the state program addressed by the Method of Distribution.	The Affordable and Special Needs Housing (ASNH) rental program provides low- or no-interest, deferred principal loans to projects that create or preserve affordable housing for lower-income Virginians. Broadly, eligible activity types include both the new construction or substantiation rehabilitation of affordable rental housing. Full program details are available in DHCD's ASNH Program Guidelines. DHCD allocates HOME and National Housing Trust Funds (HTF) through the ASNH program. Please see the HTF Allocation Plan for more details relevant to that source.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	HOME funds assigned to the ASNH program will be distributed 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) DHCD will hold up to two ASNH competitive application cycles each program year. DHCD staff will review all applications received by the published deadline. Applications which do not meet established thresholds for funding will be deemed as ineligible and not scored. DHCD will rank all eligible applications based on score, with a minimum of 60 points required to be funding eligible. The highest scoring applicants will receive a funding commitment from DHCD based on project needs, up to the amount of funds available for the application period. If the full amount of available funding is not committed, it is carried forward into the next application period, as needed. DHCD will give a scoring preference to projects applying for HOME funds which are located outside of HOME entitlement or consortium localities, to CHDO-involved projects, and to rental projects which provide units for individuals with special housing needs (permanent supportive housing or PSH). 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. All HOME compliance requirements apply, and other funding source requirements must be compatible with HOME program requirements.
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		DHCD also allocates NHTF through ASNH program. Please see the NHTF Allocation Plan for more details.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
	Describe how resources will be allocated among funding categories.	DHCD will allocate funding by funding category based on submitted proposals, local market and need, and project eligibility. These categories include rental new construction or rental rehabilitation.

	Describe threshold factors and grant size limits.	All proposals must meet threshold requirements for funding. These include: • Eligible project type • Eligible activity type • Eligible applicant (no outstanding findings) • Local match (25 percent) provided for projects in HOME entitlement areas • Proposal meets uniform relocation requirements • Proposal meets accessibility requirements • Must score at least 60 points Maximum funding amount is \$2 million in federal resources for rental projects. DHCD may charge up to an additional \$10,000 in project related costs for costs accrued by DHCD. DHCD allocates HTF through the ASNH program. Please see the HTF Allocation Plan for more details.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates funding approximately 12 affordable rental housing projects with federal funds through this open RFP process during 2026 – 2027 year. The actual types, size, and composition of projects will be based on this competitive process and will vary based on overall quantity and quality of the proposals received, the local housing markets, and relative local need. Based on statewide trends and housing markets, DHCD expects that most of the funded projects will be rental projects with at least some of these targeting special needs populations.
2	State Program Name:	Affordable and Special Needs Housing Homeownership Program
	Funding Sources:	HOME

	Describe the state program addressed by the Method of Distribution.	The Affordable and Special Needs Housing (ASNH) homeownership program provides no-interest deferred loans to projects that create or rehabilitate affordable homes intended for sale to lower-income, first-time homebuying Virginian households. Broadly, eligible activity types include both the new construction or substantiation rehabilitation of single-family homes which will be sold to income-eligible households. Full program details are available in DHCD's ASNH Program Guidelines. DHCD allocates HOME funds to this program.
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Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	HOME funds assigned to the ASNH homeownership program will be distributed 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) DHCD will hold up to two competitive application cycles each program year for the homeownership program. DHCD staff will review all applications received by the published deadline. Applications which do not meet established thresholds for funding will be deemed as ineligible and not scored. DHCD will rank all eligible applications based on score, with a minimum of 60 points required to be funding eligible. The highest scoring applicants will receive a funding commitment from DHCD based on project needs, up to the amount of funds available for the application period. If the full amount of available funding is not committed, it is rolled forward into the next ASNH rental program application period, as needed. DHCD will give a scoring preference to projects applying for HOME funds which are located outside of HOME entitlement or consortium localities and to CHDO-involved projects. 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, construction loans, and other public and private funds. All HOME compliance requirements apply, and other funding source requirements must be compatible with HOME program requirements.
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	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
	Describe how resources will be allocated among funding categories.	DHCD will allocate funding by funding category based on submitted proposals, local market and need, and project eligibility. Funding categories include both new construction and substantial rehabilitation of single-family homes. Approximately \$1 million is made available for this program; any unexpended funds will be reallocated to the ASNH Rental Program.

	Describe threshold factors and grant size limits.	All proposals must meet threshold requirements for funding. These include: • Eligible project type • Eligible activity type • Eligible applicant (no outstanding findings) • Local match (25 percent) provided for projects in HOME entitlement areas • Proposal meets uniform relocation requirements • Proposal meets accessibility requirements • Must score at least 60 points Maximum funding amount is up to 50% of total development costs for developments of for-sale homes, limited by the lower of either \$2 million dollars or the maximum per-unit subsidy. DHCD may charge up to an additional \$10,000 in project related costs for costs accrued by DHCD.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates funding approximately 3 affordable homeownership housing projects with federal funds through this open RFP process during 202 65 ⁷ – 202 76 ⁷ year. The actual types, size, composition of projects will be based on this competitive process and will vary based on overall quantity and quality of the proposals received, the local housing markets, and relative local need. Based on statewide trends and housing markets, DHCD expects most awarded projects to be new construction.
3	State Program Name:	CDBG Project Grants
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	CDBG Project Grant funds can be used to provide new or improved infrastructure such as utility systems and public works, sidewalks and streets in rural areas, rehabilitate housing in declining neighborhoods, revitalize commercial districts, provide support to small businesses, and provide facilities for a variety of needed services, such as health/dental clinics and child-care facilities in underserved areas. Applicants are required to prove that their project will meet one of three broad national objectives: principally benefit low- and moderate- income persons; prevent or eliminate slums or blight; or address an urgent community development need (public emergency or health threat).
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Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Most CDBG assistance is distributed in the form of competitive grants or loans with proposals due in Summer of 2026. These funds are available for economic development, housing rehabilitation, infrastructure, and public services projects. DHCD will hold up to two Project Grant rounds each year. Approximately \$14 million will be available for the Project Grant pool in 2026. Only CDBG non-entitlement localities are eligible to receive funds. Project Grant proposals received by DHCD are evaluated qualitatively and quantitatively scored according to a 100-point scale based on the criteria identified below. The highest-ranking proposals are recommended for funding. Proposals are funded, in order of the ranking, to the greatest extent allowed by available funding. Any funds not allocated for Urgent Need and Planning Grants, along with any program income received during the year, are recaptured and made available to fund the next highest ranking proposals in this category. The next highest ranking additional proposals are funded to the greatest extent allowable by available funding. All competitive proposals are scored on a scale of 100 points with the following point values: • Need (40 points) • Approach (30 points) • Capacity (30 points) The minimum scoring threshold for CDBG Project Grant applications to receive DHCD funding is 60 points out of 100.
If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Grant management manuals and the CDBG Program Design Manual are available from the DHCD website or by request.

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
Describe how resources will be allocated among funding categories.	Funding which has not been committed or awarded by the last quarter of the program year may be committed to Urgent Need projects, the next highest ranking Project Grant project (to the established cut-off point), or Planning Grants. Uncommitted funds may be recommitted as supplemental funds for existing projects. DHCD reserves the ability to fund multi-year commitments. Alternatively, DHCD may reprogram funds for a second round of CDBG Project Grants funding or carry it forward to the next program year.

	Describe threshold factors and grant size limits.	Assistance is provided to non-entitlement units of local government. Up to \$3,500,000 is available for Infrastructure projects, depending on the project and number of localities involved. Up to \$1,500,000 is available for Housing Rehabilitation projects. Up to \$1,500,000 is available for Economic Development projects. Up to \$500,000 is available for Public Service projects, with funding limited to 15% of DHCD's total annual allocation. A unit of local government may not have more than three open CDBG grants totaling not more than \$5 million in combined open CDBG contracts. If a locality is requesting additional funds beyond the \$5 million limit and/or the maximum number of open projects, DHCD will review the request on a case-by-case basis.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates infrastructure for new or expanding industries, new or improved water and sewer systems in rural areas, rehabilitated housing in declining neighborhoods, revitalized commercial districts, support to small businesses, and new facilities for a variety of needed services, such as health or dental clinics and child-care services in underserved areas.
4	State Program Name:	CDBG Planning Grants
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Virginia's CDBG Planning Grant program is designed to aid in developing clearly articulated strategies for addressing communities' greatest community development needs following meaningful public participation.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Planning Grant applications will be accepted on a rolling basis from spring until fall 2026, or until all funds have been committed. Planning Grants are required for Business District Revitalization (BDR) projects. Planning Grants are selected based on the project need, capacity, and timeline.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Grant management manuals and the CDBG Program Design Manual are available from the DHCD website or by request.
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
	Describe how resources will be allocated among funding categories.	Funding which has not been committed as of the last quarter of the program year may be reallocated to the next highest ranking CDBG Project grants or Urgent Need grants which meet the minimum threshold for funding.

	Describe threshold factors and grant size limits.	Non-entitlement local governments are eligible for assistance. Funds up to \$75,000 are available for the following types of Planning Grants, which include: Overall Needs Assessments; Economic Development; Infrastructure; Housing Rehabilitation; and Public Services. Eligibility under this program is subject to the following minimum criteria: • Demonstration of a clear indication of community development needs and/or opportunities; • The needs identified must generally be eligible targets for future CDBG investments; • There must be evidence that local officials and stakeholders alike are committed to fully identifying and addressing local needs; • There must be evidence that the locality and management team have the time, funding, and expertise to follow through with the planning process; • There must be a clear demonstration for the need of planning grant funds.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates the development of clearly articulated strategies for addressing communities' greatest community development needs.
5	State Program Name:	CDBG Urgent Need Grants
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Approximately \$1,000,000 is available for Urgent Need Grants. Proposals are received on a rolling basis throughout the program year until all funds have been committed. Uncommitted Urgent Need funds may be recommitted for existing projects or carried forward into the next program year and reallocated across CDBG Methods of Distribution.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Eligibility under this program is subject to the following minimum criteria: • The proposed project must alleviate existing conditions which pose a serious and immediate threat to the health and welfare of the community; and, • The conditions developed or became urgent within 18 months of the date the proposal is submitted; and, • The applicant locality is unable to finance the project on its own, no other funding is available to address the problem, and the CDBG funding will be directly targeted towards alleviation of the threatening conditions; and, The threat must be supported by either: • A current declaration of an emergency by the Governor of Virginia relative to a flood, a hurricane, a tornado, an earthquake, or other disaster event; OR • A current declaration of an immediate and severe health threat by the State Health Commissioner relative to the complete failure of a public water or sewer system or incident of similar significance. • A current consent order from the Virginia Department of Environmental Quality (DEQ)
If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Grant administration manuals and the CDBG Program Design Manual are available from the DHCD website or by request.

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
Describe how resources will be allocated among funding categories.	CDBG Urgent Need funding is available to enable prompt response to existing serious and immediate threats to local health and safety. Urgent Need Projects will receive funding on an open, first-come, first-served basis. The maximum award for Urgent Need Grants is \$1,000,000. Uncommitted Urgent Need funds may be recommitted for existing projects or carried forward into the next program year and reallocated across CDBG Methods of Distribution

	Describe threshold factors and grant size limits.	An application for Urgent Need funds must include: A current declaration of an emergency by the Governor of Virginia related to a weather event OR a current declaration of an immediate and severe health threat by the State Commissioner of Health relative to the complete failure of a public water or sewer system or incident of similar significance. Additional threshold factors for eligibility include: • The proposed project must alleviate existing conditions which pose a serious and immediate threat to the health and welfare of the community; and, • Applications for Urgent Need projects must be submitted to DHCD within 24 months of the declaration announcement date; and, • The applicant locality is unable to finance the project on its own The maximum award for Urgent Need Grants is \$1,000,000.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates prompt response to existing serious and immediate threats to local health and safety.
6	State Program Name:	CHDO Operating Support
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	The CHDO Operating Support Program will provide operating support to state certified CHDOs with operating budget needs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The CHDO must be able to demonstrate a need for operating support, must have an ASNH-HOME project award with a project not yet completed. Applications will be accepted on an open submission basis while funds are available.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable
	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
	Describe how resources will be allocated among funding categories.	Only CHDO operating expenses are considered eligible expenses. Project costs are not eligible. In order to increase funding availability and efficiency of resources, any HOME funds allocated to the CHDO Operating program which are not expended during the program year may be reprogrammed to the ASNH program or carried over to the following program year.

	Describe threshold factors and grant size limits.	CHDOs with demonstrated needs and ASNH HOME awards are eligible for up to \$30,000. CHDO Operating Support grants will be issued as one-year reimbursement-only contracts. Based on available funds, CHDO in good standing with projects underway may requests a one-year renewal.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates supporting three CHDOs during the program year with the CHDO Operating Support Program.
7	State Program Name:	Down Payment Assistance
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	DPA provides down payment and closing costs assistance to income-eligible (80 percent or below area median income (AMI)) 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. The DPA program seeks to provide this assistance statewide through local sub-recipients that provide comprehensive homeownership services including for example housing counseling, debt repair services, and foreclosure prevention.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	DPA is administered on a fiscal year with the next grant year beginning July 1, 2026. DPA will be administered by regional state sub-recipients selected through a competitive application process prior to the start of the program year. Sub-recipient selections are made as a result of a competitive application process whereby proposals meeting threshold requirements are scored and ranked based on the following categories: • Need (40 percent) • Organizational capacity (30 percent) • Program approach (30 percent) Applicants must be a non-profit or a unit of government targeting services to individuals living within Virginia. All nonprofit applicants must have current 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 nondiscrimination 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. Please note, DPA HOME program returned to the fiscal year cycle, with current contracts ending June 30, 2026. New contracts will begin July 1, 2026 until June 30, 2027.
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If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable
Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not applicable
Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable
Describe how resources will be allocated among funding categories.	In the DPA program, eligible expenses for HOME funds are limited to needed down payment and closing costs, the costs associated with conducted required inspections, and housing counseling. In order to increase funding availability and efficiency of resources, any HOME funds allocated to the DPA program which are not expended during the program year may be reprogrammed to the ASNH program or carried over to the following program year.

	Describe threshold factors and grant size limits.	Applicants for subrecipient contracts must meet threshold requirements (listed above) and score at least 60 points based on a panel review of each proposal. Grant sizes to sub-recipient are awarded based on score, local market, and available funds. Assistance to homebuyers is based on underwriting criteria and based on need. Funds are issued directly through contracts and contract amendments.
	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates assisting approximately 60 low/moderate income first-time homebuyers (households) with the DPA method of distribution.
8	State Program Name:	Virginia Homeless Solutions Program (VHSP)
	Funding Sources:	HOPWA ESG
	Describe the state program addressed by the Method of Distribution.	The goals of the Virginia Homeless Solutions Program are: • To reduce the number of individuals/households who become homeless; • To shorten the length of time an individual or household is homeless; and • To reduce the number of individuals/households that return to homelessness. DHCD will meet these goals through supporting Continuum of Care (CoC) strategies and homeless service and prevention programs that align with these goals.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	All funding requests must be justified by the application and meet a 60-point threshold for funding. DHCD reserves the right to make funding commitments below 60 points to assure geographic coverage. Scoring criteria are as follows: • Need and Outcomes (Maximum of 25 points) • Local Coordination (Maximum of 50 points) • Capacity and Approach (Maximum of 25 points) Actual funding amounts will be based on the following: • Requested amount (total request and spending plan) • Available funds • Application score • Local need • Alignment with state and federal strategies • Approach (proposed grantees, activities, and organizational capacity) • Negotiations Applications are scored lower where ineligible activities or activities that are not aligned with state and federal goals to prevent and reduce homelessness are proposed. Lower scores impact actual funding level. Spending requests are reduced based on ineligible activities, where activities are not in alignment with state and federal goals, and/or where proposed grantees are either ineligible or lack the capacity to carry out proposed activities. DHCD meets with each CoC to negotiate needed adjustments to proposed activities and spending plans. Please note, the 2026-27 program year is year two of a two-year funding cycle and year one grants will be renewed non-competitively.
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If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable
Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	This application is a CoC-based application. Only applications submitted by the lead CoC organization are considered for funding. The application submitted by the lead CoC organization must identify the local process for decision-making and the proposed grantees to be responsible for carrying out the HOPWA and ESG eligible activities. Eligible grantees include community and faith-based non-profits and units of local governments. There are 16 CoCs in the state of Virginia including the Balance of State CoC. The Balance of State CoC includes 73 localities and is organized into 12 separate planning groups. For the purpose of this application these planning groups are considered CoCs. Written agreements for the upcoming program year will be issued to individual grantees by July 1, 2026. 2026-27 program year is year two of a two-year funding cycle and year one grants will be renewed non-competitively.
Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	This application is a CoC-based application. Only applications submitted by the lead CoC organization are considered for funding. The application submitted by the lead CoC organization has to identify the local process for decision-making and the proposed grantees to be responsible for carrying out the HOPWA and ESG eligible activities. Eligible grantees include community and faith-based non-profits and units of local governments. There are 16 CoCs in the state of Virginia including the Balance of State CoC. The balance of State CoC includes 73 localities and is organized into 12 separate planning groups. For the purpose of this application these planning groups were considered CoCs. Written agreements for the upcoming program year will be issued to individual grantees by July 1, 2026. Please note, 2026-27 program year is year two of a two-year funding cycle and year one grants will be renewed non-competitively.

	Describe how resources will be allocated among funding categories.	ESG is solely allocated to rapid re-housing projects, but DHCD reserves the right to fund emergency shelter operations and HMIS activities as needed. Priority is given to rapid re-housing expenditures with ESG. Please note, that ESG is allocated in combination with state-funded homeless resources to fund an emergency crisis response system of services. HOPWA is allocated to tenant-based rental assistance, short-term rent, mortgage, and utility (STRMU) assistance, housing placement, housing information services (limited to HMIS related expenses), and supportive services based on actual contracted amounts.
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Describe threshold factors and grant size limits.	Grantees are funded as a result of a CoC-based application process. The CoC-based application identified specific organizations that will carry out ESG and HOPWA activities. DHCD contracts directly with these individual organizations or grantees. Grantees must be non-profits or units of local government and current on 990 filings (not applicable to units of government). See the Other Requirements section of this document for more details on limits to funding primarily religious organizations. Grantees must be in compliance with program guidelines and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. Grantees must have established standard accounting practices including internal controls, fiscal accounting procedures and cost allocation plans, and be able to track agency and program budgets by revenue sources and expenses. Grantees with outstanding audit findings, IRS findings, DHCD monitoring findings or other compliance issues are not eligible grantees and any 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. Recent prior funding agreements must be within the past two years for one or more of DHCD's homeless or special needs services programs (HOPWA or VHSP). An organizational assessment includes a review of organization finances, accounting standards, internal controls, grievance policies, record keeping policies, confidentiality practices, conflict of interest policies, and fair housing practices. DHCD reserves the right to require and conduct organizational assessments of any proposed grantee prior to the execution of any agreement. Please note, 2026-27 program year is year two of a two-year funding cycle and year one grants will be renewed non-competitively.
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	What are the outcome measures expected as a result of the method of distribution?	DHCD anticipates serving 315 households with TRBA and STRMU through the HOPWA funding stream. Approximately 1,600 households will be served with ESG rapid rehousing.
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The tables below detail the planned method of distribution for DHCD's 2026-2027 funding for HOME and CDBG. DHCD reserves the right to modify this method of distribution in effort to support the goals and objectives outlined in this 2026-2027 Annual Action Plan.

HOME	
Proposed Use	Amount
Resources	
HUD Allocation	\$9636319.78
Prior Year Resources	\$6,500,000
Program Income	\$1,392,315
Total	\$17,528,634.78
Uses	
Program Planning & Administration (10%)	\$963,632
Down Payment Assistance	\$500,000
ASNH Homebuyer Projects	\$1,000,000
ASNH Rental Projects	\$15,065,002.78
Total	\$17,528,634.78

CDBG	
Proposed Use	Amount
Resources	
HUD Allocation	\$19,318,411
Prior Year Resources	\$5,850,000
Total	\$25,168,411
Uses	
Program Administration & TA	\$679,552.33
Planning Grants	\$750,000
Urgent Need	\$1,000,000
CDBG Project Grants	\$227,388,58.67
Total	\$25,168,411

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No, the Commonwealth will not help non-entitlement units of general local government to apply for Section 108 loan funds.

Available Grant Amounts

This section is not applicable.

Acceptance process of applications

This section is not applicable.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

The state will not allocate any HUD funding for units of general local government to carry out community revitalization strategies.

State's Process and Criteria for approving local government revitalization strategies:

Not applicable

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed:

This Action Plan is for a state grantee. Therefore, it should be noted that as a state grantee our distribution is not geographical. The Commonwealth is acutely heterogeneous in its demographic composition. The Commonwealth's methods of distribution determine projects and proposals targeted at meeting priority local needs.

While DHCD does not utilize any specific geographic targeting, DHCD allocates funding through competitive application processes that consider need. Please see the 2023-2027 Consolidated Plan Needs Assessment for maps of demographics that convey these needs by locality.

Rationale for the priorities for allocating investments geographically

There are a number of individuals/households in poverty in every region of the state. This concentration varies based on local factors. The Commonwealth's programs will select projects and proposals that address these needs within the context of local and regional needs. DHCD application scoring factors are designed to give preferences to projects located in areas of need. Please see program manual documents on the DHCD website for additional information regarding local eligibility and geographic scoring methodology.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Action Plan resources will assist more than 2,000 households within the Commonwealth of Virginia.

Table 6 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households to be Supported	
Homeless	1,600
Non-Homeless	145
Special-Needs	315
Total	2,060

Table 7 - One Year Goals for Affordable Housing by Support Type

One Year Goals for the Number of Households Supported Through	
Rental Assistance	1,915
The Production of New Units	70
Rehab of Existing Units	15
Acquisition of Existing Units	60
Total	2,060

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

DHCD partners closely with Virginia Housing, the statewide housing authority, in meeting housing needs across the Commonwealth. Please see below for action taken to address the needs of public housing.

Actions planned during the next year to address the needs to public housing:

Public housing authorities are eligible to apply for the state's HOME-funded Affordable and Special Needs Housing program. This is an open competitive application process for affordable housing (homebuyer and rental projects). While assistance cannot be provided in public housing units, DHCD funds may be used in projects that serve residents exiting public housing units.

Actions to encourage public housing residents to become more involved in management and participate in homeownership:

DHCD supports PHAs and projects that encourage residents to become more involved in the management of rental properties. DHCD partners closely with Virginia Housing, which seeks to encourage public housing residents to achieve economic self-sufficiency.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance.

DHCD is not a PHA and does not exercise authority over the Commonwealth's PHAs. Virginia Housing is charged with assessing and assisting PHAs with troubled designations.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

The Commonwealth of Virginia has established a policy framework and the infrastructure to address homelessness and to better serve special needs populations. The policy framework, statewide committees, subcommittees, and workgroups are organized around priorities such as youth and older adult homelessness, solutions including rapid re-housing and permanent supportive housing, data, family and chronic homelessness, and veterans. Notably, DHCD meets monthly with the Permanent Supportive Housing (PSH) Steering Group, a cross-agency workgroup that focuses on the following populations: individuals with intellectual or developmental disabilities, individuals with serious mental illness, and individuals experiencing chronic homelessness. The group is in the process of developing coordinated referral methods to leverage existing and future PSH units.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Between 2024 and 2025, the number of total individuals experiencing homelessness in the Commonwealth decreased by 1%, while the same figure increased by 18% nationally. During this period, the rate of unsheltered homelessness in Virginia decreased by 25%. As of 2025, Virginia has the fifth lowest per capita rate of homelessness of all 50 states and U.S. territories. The Commonwealth seeks to continue furthering the reduction in homelessness during the 2026-2027 program year through the administration of ESG, HOPWA, and state homeless assistance funding.

Within each of Virginia's 27 Continuum of Care and Local Planning Groups, the Commonwealth seeks to support an effective emergency crisis response system to include street outreach, coordinated entry and assessment, targeted prevention, low-barrier emergency shelter, and permanent housing solutions, all in alignment with the Housing First approach, in order to achieve the following goals:

- Decrease the number of individuals experiencing homelessness;
- Decrease the length of time households are homeless;
- Reduce the number of households returning to homelessness.

Addressing the emergency shelter and transitional housing needs of homeless persons

In cases where the prevention of homelessness is not possible or safe, emergency shelter is supported as a temporary measure. DHCD funds emergency shelter operations that are low-barrier and housing-focused for households experiencing homelessness in Virginia. Types of shelters may include scattered

site, congregate, seasonal, or hotel/motel vouchers.

DHCD does not fund transitional housing (TH), but all resources are leveraged with those throughout the Commonwealth's CoCs and where TH is deemed appropriate, HUD CoC funds are requested. The goal for emergency shelter is to provide low barrier access and safe accommodations to resolve an immediate housing crisis.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Commonwealth has adopted these goals and through the community-based funding application is able to ensure CoC/LPGs are making community-based decisions to ensure each CoC/LPG has an effective crisis response system.

An effective crisis response system is able to identify and quickly connect people who are experiencing or are at risk of experiencing homelessness to housing assistance and other services. It works because it aligns a community, its programs and services around one common goal – to make homelessness rare, brief, and one-time.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The Commonwealth leverages state resources to prevent households from becoming homeless. These resources are targeted to households seeking shelter who are currently housed by at imminent risk of homelessness (within 14 days).

The following are examples of situations where prevention from homelessness may be feasible:

- Household living in someone else's unit (doubled up) where the right to occupy has been terminated;
- Household living in their own unit where housing loss within 14 days is imminent, and homelessness could be averted;
- Household living in hotel/motel (paid for by household) and the household is unable to pay

for additional nights.

Prevention assistance is limited to those households who will imminently lose their primary nighttime residence within 14 days, household income must be below 30 percent of AMI with no more than \$500 in accessible assets (including all checking, savings, retirement accounts, stocks, bonds, mutual funds, and real estate). Additionally, the Commonwealth participates in numerous state level committees to address the intersections of homelessness and health care, mental health, criminal justice and the foster care system).

AP-70 HOPWA Goals – 91.320(k)(4)

Table 8 - HOPWA 1-Year Goals

One-year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	215
Tenant-based rental assistance	100
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	315

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The information below describes barriers to fair and affordable housing in the Commonwealth, as identified by the analysis. DHCD is in year three of the five-year Consolidated Plan. The activities below describe DHCD's strategies and intended annual efforts over the next four program years.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment:

1. DHCD aims to alleviate discrimination in housing markets through the following efforts:

- Increase testing and enforcement efforts in the rental and sales housing markets.
- Increase education efforts for landlords, leasing agents, and real estate professionals about fair housing laws.
- Increase education efforts for individuals seeking housing.

2. DHCD aims to alleviate constraints in the mortgage lending market through the following efforts:

- Increased oversight of mortgage lending and denial practices.
- First-time homebuyer education.
- Continued support of financial literacy and credit counseling initiatives.
- Increased awareness regarding the availability of Federal Housing Administration (FHA) and other government supported loans.
- Reassess HMDA data once 2023 changes have occurred which include additional applicant data (including creditworthiness).

3. DHCD aims to improve fair housing education through the following efforts:

- Increase fair housing educational opportunities for renters and homebuyers.
- Increase the availability of seminars and classes for housing providers regarding fair housing law; expand such educational opportunities to include rural and non-metro areas, consider online venues.

4. DHCD aims to increase availability and access to affordable housing through the following efforts:

- Continued support of federal, state, and local efforts to preserve and produce quality affordable housing.
- Continued support of partnerships between nonprofit, state, local, and federal partners to

efficiently leverage resources for the production of affordable housing.

- Support of public-private partnerships that create affordable and mixed-income housing.
- Support of efforts that match appropriately priced housing with varied transportation options.
- Promote the use of housing databases such as those offered by Virginia Housing (VH), <http://www.virginiahousingsearch.com/>.

Discussion:

Please see the full Analysis of the Impediments for more details.

AP-85 Other Actions – 91.320(j)

Actions planned to address obstacles to meeting underserved needs:

Limited local capacity is consistently identified by DHCD and by our stakeholders as one of the most significant obstacles to meeting the needs of underserved populations. DHCD addresses this need by providing technical assistance (TA) to localities through the CDBG program. DHCD also offers developer TA as needed. Annually, DHCD holds a grant management workshop for local government subrecipients. DHCD continues to identify opportunities to assist in supporting the development of local capacity.

Actions planned to foster and maintain affordable housing:

DHCD allocates both HOME and NHTF along with approximately \$70 million annually in State Housing Trust Funds to provide no and low-interest, zero principal payment financing for affordable housing projects in Virginia. This includes both the preservation of existing affordable units and the creation of new affordable units. These investments produce projects with required affordability periods or compliance periods for up to 30 years (depending on the funding sources and terms).

Actions planned to reduce lead-based paint hazards:

DHCD received grants for Lead Based Paint Hazard Reduction and Healthy Homes Supplemental Funding in 2024 and 2025, respectively. These funds are used for lead abatement, administrative, and capacity building activities across the Commonwealth except in those localities that have their own HUD lead grants - Richmond, Roanoke, and Chesterfield. DHCD is partnering with local health departments, and with other state agencies (i.e., Department of Health, Department of Social Services), and with our existing network of providers within our Rehab Program Portfolio to implement the program statewide, except as noted above. The current grant is extended and an application for a new grant is under consideration.

Lead reduction, remediation, and contractor certification requirements are included in DHCD construction related programs.

Actions planned to reduce the number of poverty-level families:

DHCD plans to reduce the number of poverty-level families by assuring that those experiencing homelessness have access to mainstream resources and that the programs we fund implement Section 3 as applicable.

Local and state resources for childcare, transportation, TANF, and other work and income supports can reduce family poverty levels. Homeless services providers and service coordination organizations funded

by DHCD are expected to refer families experiencing homelessness to these value resources.

HUD-funded construction programs require Section 3 compliance.

Actions planned to develop institutional structure:

DHCD brings together public and private institutions, state agencies, and businesses to assist in planning and developing institutional structures. In addition, DHCD is working to further develop local development capacity by exploring opportunities to strengthen institutional structure to support development at the local level. This could include construction-related certification programs and grant workshops.

Actions planned to enhance coordination between public and private housing and social service agencies:

DHCD hosts the Annual Governor's Housing Conference every year in November. This event brings together individuals from state and local governments, housing finance agencies, social service agencies, non-profit and for-profit housing developers, advocacy groups, and private sector partners. Sessions during the conference cover a wide range of topics in affordable housing, homeless services, and community development and are designed to facilitate conversation and enhance coordination between these entities.

In addition, DHCD conducts quarterly calls with all CoCs statewide which including public and private housing and social service agencies in efforts to address homelessness at a state level.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

- | | |
|--|----------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0 |
| 3. The amount of surplus funds from urban renewal settlements | 0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan | 0 |
| 5. The amount of income from float-funded activities | 0 |
| Total Program Income: | 0 |

Other CDBG Requirements

- | | |
|---|--------|
| 1. The amount of urgent need activities | 2 |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 78.00% |

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:
2. The Commonwealth utilizes only forms of investment included in Section 92.205. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Recapture Provision: Direct Buyer Assistance

Homebuyer HOME-assisted units structured as direct buyer assistance are subject to a recapture provision that ensures that DHCD recovers its HOME investment in the event of voluntary or involuntary transfer of the property during the period of affordability. Direct homebuyer assistance consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise subsidizes the purchase (e.g., down payment or closing costs assistance). Please note that in some instances, there may also be HOME assistance toward development costs along with direct homebuyer assistance. In these cases, the amount to be recaptured is limited to the amount of direct buyer assistance/subsidy (and does not include the development assistance).

The homebuyer must maintain the property as their principal residence throughout the period of affordability. If the property is voluntarily or involuntarily transferred during the period of affordability, the property is subject to the recapture provisions outlined here.

Virginia will use the recapture provision at §92.254(a)(5)(ii)(1) and recapture the entire amount of the direct HOME subsidy. The total original amount of the direct buyer assistance is recaptured from the net proceeds in the case of sale, refinance (see exception below), or foreclosure. Net proceeds are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs. In these cases, the required amount returned (total assistance amount from net proceeds) is due and payable in full to DHCD. The HOME recaptured amount may not exceed available net proceeds. In the event net proceeds are insufficient to recover the full amount due, the DHCD will recapture the available net proceeds and the HOME obligation will be satisfied. The HOME assistance may not be subordinated to refinancing of the first lien position primary mortgage or an equity loan or line of credit during the period of affordability except under special hardship conditions at DHCD's discretion.

Affordability requirements are secured by a Restricted Deed of Covenant in the amount of direct assistance. In addition, DHCD executes an agreement with the homebuyer to secure the affordability requirements (terms of recapture, principal residency requirement, and noncompliance.) If the property is not sold or transferred during the affordability period, the HOME

loan is forgiven in full at the end of the affordability period.

Resale Requirement: (Homebuyer Development Subsidy Only)

In situations where the HOME assistance is structured as a development subsidy only (i.e., there is no direct subsidy to the homebuyer and the only HOME assistance is the amount of funds between the total cost to rehabilitate or construct the unit and the fair market value), Virginia requires the use of a resale provision. This means, upon voluntary or involuntary transfer of the property within the applicable affordability period, the home must be resold to an income eligible homebuyer at an affordable price, and the original homebuyer must receive a fair return on his/her investment.

The full provision is on file with the HUD field office and available on the [DHCD website](#).

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds. See 24 CFR 92.254(a)(4) are as follows:

Reasonable Range of Low-Income Buyers

A “reasonable range of low-income buyers” is defined in the VA Program as a household or family with income not greater than 80 percent AMI but at least 60 percent AMI. DHCD defines the sales price that is affordable to this group as an amount whereby the household mortgage payment requires it pay no more than 30 percent of its income for housing costs (principal, interest, property taxes, and insurance).

Please note that the resale price is based on a fair return on investment outlined above. If the resale price is not affordable to the reasonable range of low-income buyers, down payment assistance and/or second mortgage assistance may be provided by DHCD and/or sub-recipients in order to assure affordability to the homebuyer.

VA will use deed restrictions or covenants running with the land to impose the resale and continued affordability requirements as outlined in §92.254(a)(5)(i)(A) of the HOME Rule.

Noncompliance

During the period of affordability, the owner’s compliance with the principal residency requirement will be monitored. A homebuyer is noncompliant with the HOME affordability requirements if he/she fails to reside in the unit as their principal residence without transferring title (i.e., by either vacating or renting the unit to another occupant), or if he/she sells the property without complying with the applicable resale or recapture provision. In the event of noncompliance, DHCD reserves the right to require the buyer to repay the entire HOME investment (including the direct subsidy and

any additional development subsidy provided).

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

HOME funds will not be used to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

The Commonwealth requires that all ESG sub-grantees submit to DHCD written standards (policies and procedures) for providing ESG assistance. At a minimum, written standards must be low-barrier and housing focused. The standards are required to cover process for determining program eligibility, prioritization, and level of assistance; confidentiality procedures; conflict of interest policies; a written grievance policy; data collection requirements; as well as applicable federal and state regulations (fair housing, involuntary separation, ADA, etc.).

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

All CoCs, Balance of State local planning groups, and all DHCD homeless services grantees must use a local centralized or coordinated assessment/entry system. A local centralized or coordinated assessment/entry system is best practice for a housing-focused approach targeted to helping households experiencing homelessness quickly regain stability in permanent housing. This best practice is also essential to help divert, where possible, households seeking homeless services from shelter – preventing new cases of homelessness.

A centralized or coordinated assessment/entry system must:

- Provide coordinated program participant intakes, assessments, and referrals;
- Cover the CoC or local planning group geographic area;
- Provide easy access for individuals and families seeking housing or services;
- Provide a comprehensive and standardized assessment tool.

Each centralized or coordinated assessment system must have in place written standards for determining program eligibility, prioritization, and level of assistance. Each system must conduct regular evaluations to determine overall effectiveness for process improvement measures.

CoCs and local planning groups must provide a local method and point-of-contact appropriate for referrals from state agencies and providers outside of their CoC or local planning group. This contact must directly link individuals or providers to the centralized or coordinated assessment system.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

The Commonwealth will make sub-awards through a community based application process. CoCs and Virginia Balance of State LPGs must submit applications for funding through DHCD's online

Centralized Applications and Management System (CAMS). The application will be reviewed by a panel and evaluated based on local need, capacity, approach, and local coordination. Applications will identify specific grantees within the CoC or LPG to carry out eligible activities. DHCD will contract directly with these grantees. Both nonprofits and units of local government are eligible grantees. Faith-based organizations are required to have separate 501(c)3 status established to meet eligibility requirements. DHCD will monitor individual grantees. Performance measures will be evaluated on both the grantee and CoC level.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

Not applicable to state grantees.

5. Describe performance standards for evaluating ESG.

Performance measures are evaluated on both the grantee and CoC level. Specifically, DHCD's goals are to reduce the number of individuals experiencing homelessness, to shorten the length of time people experience homelessness, and to reduce the number of individuals returning to homelessness.

DHCD has each CoC and local planning group provide an annual project end of year report. DHCD evaluates aggregate HUD CoC System Performance Measures Data for the evaluation of CoC systems and the homeless crisis response system in Virginia. This report aligns with HUD's System Performance Measures report and is used to rate the performance of each CoC/LPG's crisis system and impacts state funding decisions including ESG.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☒ Applications submitted by eligible recipients.

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

Not applicable.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Eligibility requirements are as follows:

- Must be an organization, agency, or other entity (including a public housing agency, or a for-profit entity or a nonprofit entity);
- Must be owner or developer of proposed project;
- Must agree to comply with NHTF requirements and all cross-cutting federal requirements;
- Must demonstrate the financial capacity to undertake and manage the project development and long-term compliance);
- Must have experience with development and management of similar projects (project type, funding/regulatory requirements, and target population).

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicant must be an eligible organization with eligible projects. Applications must be submitted in CAMS through the Affordable and Special Needs Housing (ASNH) rental program application by the due

date. Please see program guidelines and/or the methods of distribution for more details.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

DHCD will select applications using a competitive application process that evaluates proposals on the criteria listed below. Please note there are several individual measures included under each of these basic criteria:

- Meeting critical local need (worth 40 points);
- Feasibility – likelihood of projects coming to a timely, successful completion and likelihood of compliance through affordability period (worth 30 points);
- Developer capacity –ability to successfully complete projects and deliver affordable housing (worth 30 points);
- Minimum of 60 out of 100 points required as threshold for funding.

Please see the Affordable and Special Needs Housing program guidelines for more details.

d. Describe the grantee’s required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Virginia’s project selection process is an open and competitive application where eligible applicants submit project proposals, and all proposals meeting threshold requirements are reviewed and scored. Priority and scoring preferences are given to high quality projects meeting the highest needs based on income targeting and local market needs. Please see the methods of distribution for more details.

e. Describe the grantee’s required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

Overall project readiness is evaluated under elements of feasibility (see above). DHCD's application review process is designed to score projects relatively higher based on the degree to which the project is positioned to proceed in a timely manner.

Overall development team capacity is evaluated under elements of capacity (see above). DHCD's application review process is designed to score applications relatively higher based on the degree to which the development team has demonstrated success with similar projects. Project management’s

experience managing similar projects is also a scoring criterion under overall capacity.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applications, including project-based rental assistance receive points under the Need criteria (above).

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

DHCD is not currently considering affordability beyond the required 30 years.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Project must include units targeted at 30 percent or below to be eligible. Those projects also including units targeted to special needs population will receive scoring preference under the Need criteria (above). In addition, applicants receive points under Need (above) for one of four green-building certifications, utilizing universal design elements, exceeding accessibility (504) requirements, and access to community-based services.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Typically, projects require multiple funding sources in order to address cash flow needs. Applications are evaluated based on the degree to which other funding commitments are in place, including permanent debt and construction loan sources, and the degree to which the HTF funds will help to leverage other resources. Projects that leverage a variety of resources will be given a scoring preference.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.

Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

The maximum per-unit subsidy limits for the NHTF will be set at HUD's applicable limits for the HOME program. These will be applied statewide and are adjusted by the number of bedrooms per unit. These limits are currently as follows:

Maximum Subsidy Limits:

0-Bedroom \$187,658
1-Bedroom \$215,122
2-Bedroom \$261,595
3-Bedroom \$338,419
4+-Bedroom \$371,477

The decision to use the HOME subsidy limits and apply them statewide is based on an analysis of actual development costs for applicant projects in Virginia. DHCD notes there is not a wide variation in project costs, by type and size of development, across the entirety of the Commonwealth. DHCD also applies a subsidy layering analysis to ensure the level of subsidy provided does not exceed the actual allowable development costs of the unit, that the costs are reasonable and in line with similar projects across the state, that the developer is not receiving excessive profit, and that the NHTF funding does not exceed the amount necessary for the project to be successful for the required 30-year affordability period.

While the Virginia does not include any geographic priorities for funding. Funding requests are evaluated based on local needs/demand relative to all applications submitted for review.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

The revised rehabilitation standards are attached to this plan.