

About the Virginia Housing Coalition

The Virginia Housing Coalition is a 501(c)(4) organization whose mission is to improve access to safe and affordable housing by promoting housing assistance from federal, state, and local sources for low and moderate income Virginians. Through the VHC, representatives of local and regional groups can identify housing issues of common concern and develop effective strategies to address them. VHC leaders serve as recognized spokespersons on issues relating to housing for lower-income Virginians, giving voice to housing, community, and economic development concerns in policy debates at the state and federal levels.

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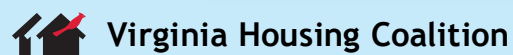
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Virginia Housing Coalition

Proposing: A Virginia Housing Trust Fund



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An Introduction to a Virginia Housing Trust Fund

Purpose: Housing trust funds are perpetual sources of funding designed to alleviate housing costs by providing funds to affordable housing projects as well as by providing incentives to developers to create affordable housing and mixed-income communities. During the 2006 General Assembly session, House Bill 92/Senate Bill 277 sought to establish the Virginia Housing Trust Fund as a means to assist Virginians in times of soaring housing costs. Housing Trust Funds are a tried and tested mechanism to support affordable housing. Trust Funds are already in place in 37 states.

Source of funding: The most important feature of a Housing Trust Fund is that it is supported by a dedicated stream of revenues. It is critical to ensure that the Fund will be a consistent and reliable source of funding for affordable housing. This is important because of the long lead times involved in the planning and development of affordable housing. A dedicated source of revenue removes the Fund from the uncertainties of the annual appropriations process. A previous state housing initiative, the Virginia Housing Partnership Fund, failed to achieve its goal for this reason.

The Virginia Housing Coalition (VHC) is flexible on the source of funding but committed to the concept of a dedicated source. One example is the proposal that the VHC advanced in the 2006 Session that focused on the recordation tax. Under that proposal, the Virginia Housing Trust Fund would receive \$.02 of \$.25 per \$100 that the state collects through the state recordation tax, a tax placed on real estate transactions. Revenue from the recordation tax has increased dramatically in recent years due to rising housing costs. Funding would only be allocated to the Trust Fund in years that tax collections surpassed \$200,000, so the Trust Fund would only receive funding when the housing market was strong. In the past three years, this collection method would have yielded the following funding for the Virginia Housing Trust Fund:

- FY 03: \$20.1 million
- FY 04: \$23.8 million
- FY 05: \$42.2 million

Uses of funding: The funds generated for the Virginia Housing Trust Fund could be used for a variety of purposes. A primary focus would be to enable families to move toward homeownership. Incentives would also be offered to developers to encourage them to create affordable housing and mixed-income communities. Loans and grants could be given to fund affordable housing projects across Virginia. Additionally, matching funds could be granted to local housing trust funds to assist localities in their own affordable housing efforts.

Virginia Housing Coalition: The Virginia Housing Coalition is a statewide membership organization open to all individuals and organizations interested in housing issues. Members include representatives from housing, community development and homeless advocacy nonprofits, public housing agencies, regional coalitions, financial institutions and corporations, legal and realty firms, community action agencies, and interested individuals. Members receive newsletters and other materials on hearings, legislation, state and federal funding opportunities, housing needs, and new ideas relating to housing for all Virginians without adequate housing.



A Virginia Housing Trust Fund Questions & Answers

Q. What would a Virginia Housing Trust Fund do?

A. A Virginia Housing Trust Fund would receive funds from the state to use in alleviating the cost of housing for Virginians.

Q. Where would the funding come from?

A. The Trust Fund would receive a small portion of the state recordation tax, which is a tax placed on real estate transactions. The Trust Fund does not require a tax increase; instead, it relies on an allocation of an existing revenue source.

Q. Who would be helped by a Housing Trust Fund in Virginia?

- A. A broad range of Virginians who are working in lower wage jobs or living on limited or fixed incomes. Some examples are:
- Young families purchasing their first home
 - Seniors in need of home repairs or supportive housing
 - Persons with disabilities who need affordable, accessible housing
 - Single parents struggling to support their children
 - Families who cannot afford to live where they work
 - Persons living in overcrowded or substandard housing
 - Persons at risk of homelessness

Q. How would the funds be used?

A. The Virginia Housing Trust Fund would use revenue to provide incentives to encourage developers to build affordable housing and mixed-income communities, stimulate innovations such as transit oriented housing that will help to reduce traffic congestion, and provide matching funds to local housing trust funds so localities could pursue their own affordable housing goals.

Q. Who would administer the Virginia Housing Trust Fund?

A. The Department of Housing and Community Development would establish the policies and procedures for the Trust Fund, as well as manage the allocations and project selections. The Virginia Housing Department Authority would administer the funds, which includes loan underwriting, servicing, and asset and fund management.

Q. Why does Virginia need a housing trust fund?

A. Housing costs in Virginia are rising at a much more rapid pace than incomes, causing the lack of affordable housing to affect more and more Virginians—including an ever-increasing portion of the middle class. As workers are forced to live further from where they work, their commutes increase, as does traffic congestion, road deterioration, and pollution. Solving Virginia's housing woes would help alleviate Virginia's transportation problem. Thirty-four states in America, including West Virginia, North Carolina, South Carolina, and Georgia, have demonstrated their concern for this matter by establishing housing trust funds.

Q. How can I help Virginia establish her own housing trust fund?

A. Support legislation that would establish the Virginia Housing Trust Fund. Talk with your State Delegate and Senator about housing issues in your area and why a Trust Fund is needed.

Q. What is the Virginia Housing Coalition?

A. The Virginia Housing Coalition (VHC) is a group of individuals and organizations dedicated to solving Virginia's housing problems. Through efforts such as supporting a Virginia Housing Trust Fund, VHC seeks to make affordable housing a reality for all Virginians.