

# Grantee: Virginia

## Grant: B-11-DN-51-0001

### April 1, 2021 thru June 30, 2021 Performance Report

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<b>Grant Number:</b> B-11-DN-51-0001	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Virginia	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$5,000,000.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b> \$5,000,000.00	<b>Estimated PI/RL Funds:</b> \$9,714,113.22	
<b>Total Budget:</b> \$14,714,113.22		

## Disasters:

### Declaration Number

NSP

## Narratives

### Summary of Distribution and Uses of NSP Funds:

February 2013 Budget Revision Update:

Budget revisions have been entered into this Action Plan that effect the City of Richmond and City of Norfolk. The grant funds for all of the City of Richmond's 11-NSP-06 grant have been deobligated due to lack of progress. These funds have been reallocated to Habitat for Humanity of Virginia and will be invested in two properties within the City of Richmond. These properties have been identified. In addition, the grant activity budgets for the Norfolk 11-NSP-09 - SE Housing Corp-Norfolk grant have new budget revisions included in this Action Plan. Two additional vacant foreclosed houses have been identified and more funds needed to be moved into acquisition and reduced under the rehab, homebuyer assistance and property transfer activities.

Virginia has been awarded \$5 million for implementation of NSP3; this represents approximately 13% of the NSP1 allocation awarded to the Commonwealth. DHCD intends to adhere to the intent of the program by targeting those areas designated by HUD as areas of greatest need. Under NSP3, DHCD first examined the eligible Census blocks in Virginia and has determined that localities which have Census Blocks with a HUD Need Score of 18 or higher will be eligible to receive NSP3 funding.

Distribution: DHCD will use a rolling ,performance-based distribution method. Once the action plan has been approved, DHCD will set a date by which requests for funds will be received. The requested will be modeled on the existing structure, where local partners submit a Reservation Packet for each targeted property acquisition. The Reservation Packet will contain information for th eproposed property and amount of NSP funds requested for acquisition, rehabilitation, and all other associated delivery costs, along with committed leverage funds. Once the Reservation Packet is approved, funds int he amount of the request will be reserved for that partner's use. Initially, not more than \$750,000 will be available fo ruse within any eligible locality. This cap will ensure that all interested partners have sufficient time to access funds and to guard against any one locality receiving a disproportionate benefit. DHCD will periodically assess performance and may determine a point by which the cap is lifted.

An Action Plan revision has been submitted to sweep unused funds, make budget adjustments increased estimated program income in some instances. This revision was submitted for HUD's Review on 9/12/2014.

### How Fund Use Addresses Market Conditions:

Use of Census block scores is appropriate for NSP3 because there are limited resources available to address the foreclosure crisis and investments need to be focused in areas that have been hardest hit and where the great potential for positive impact exists. Utilizing this methodology, only selected areas of the Commonwealth will be targeted, therefore impact will not be diluted by attempting to distribute funds over a larger area. Nine incorporated areas of the state meet this threshold: City of Hampton/ City of Newport News/ City of Norfolk/ City of Petersburg/ City of Portsmouth/ City of Richmond/ City of Suffolk/ City of Franklin/ City of Martinsville. It should be noted that just because a locality has an eligible Census block does not mean the entire area is eligible. Once the localities were determined, further selection of eligible Census tracts with a minimum score of 15 were identified and accepted as qualified for participation. Allowing flexibility in terms of working with Census Tracts is necessary to keep pace with the fluid real estate markets.

Under Methods of Distribution, Page 8, Paragraph 2 DHCD has continued to assess the performance of the 9 eligible areas original identified through NSP3. Within these 9 areas the foreclosure market remains fluid. It is due to this continuing fluctuation that DHCD has determined an update to the action plan is now warranted. DHCD has determined the caps placed on each eligible area can now be lifted. DHCD will be able to sweep funds to persistent foreclosure activity; which will allow a proactive approach to expend the remaining funds within NSP3 .



### **Ensuring Continued Affordability:**

DHCD will ensure continued affordability by requiring that all loans be secured by a Deed of Trust. The nature of equity at resale, continued affordability, and future income to the Virginia NSP must be addressed and approved by DHCD. HOME standards will be used to establish minimum affordability standards. The HOME standards include the items listed below. To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of HOME investment in the property and the nature of the activity funded. ( Less than \$15,000- 5 years/ \$15,000-\$40,000- 10 years/ More than \$40,000 - 15 years/ New construction of rental housing - 20 years/ Refinancing of rental housing- 15 years)

To aid the affordability of homes targeted for resale, the program has been designed with a sliding subsidy (% of NSP sales price) scale as follows: 50% and under AMI = 30% Subsidy/ 51-80% AMI = 20% Subsidy/ 81-120% AMI = 10% Subsidy. This policy also anticipated the downpayment requirement of 3.5% of FHA loans and the CLTV requirements of secondary marketing. As such, 3.5% of the sales price at all income levels for all loan products will be forgiven at closing.

### **Definition of Blighted Structure:**

Blighted: Per Virginia Code, blighted area means any area that endangers the public health, safety or welfare; or any area that is determinantal to the public health, safety, or welfare because commercial, industrial, or residential structures

### **Definition of Affordable Rents:**

Affordable Rents: The minimum standards for affordability of rents will be the guidelines established by the HOME program. The proposed rent structure for the assisted properties must be reviewed and approved DHCD to determine the amount that will be considered Program Income.

### **Housing Rehabilitation/New Construction Standards:**

The phrase " Housing Rehabilitation" applies to all residential improvements made on private property with NSP funds. All rehabilitation work must be done in conformance with the DHCD Housing Standards.

The local partner will contract improvements to the property ranging from minor repair to construction rehab (not to exceed \$45,000 in NSP funds per house) necessary to bring the property up to DHCD Housing Quality Standards ( HQS) while keeping the home's integrity in line with the character of the surrounding neighborhood.

All housing construction will meet the accessibility standards at 24CFR part 8, and be energy-efficient and incorporate cost effective green improvements. All gut rehabilitation of residential buildings up to three stories will be designed to meet the standard Energy Star Qualified New Homes. All gut rehabilitation of mid or high-rise housing will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers.

Green building has become increasingly important topic in the light of escalating energy costs and diminishing natural resources. In keeping with HUD's guidelines for NSP, DHCD is advocating green building to encourage subrecipients to incorporate modern, energy-efficiency improvements to promote long-term savings and increased sustainability. DHCD has developed a GoGreen checklist that includes methods and materials relating to energy efficiency, landscaping, construction, and building materials.

### **Vicinity Hiring:**

DHCD certifies that it will comply with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR part 135. The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

DHCD encourages all subrecipients to keep NSP local. DHCD has identified several companies and businesses that are locally affected when NSP is working within their community.

- ,
- ,
- Acquisition Realtor
- ,
- As Is Appraiser
- ,
- Local Title Company for acquisition closing
- ,
- Rehab specialist
- ,
- Contractors
- ,
- Mechanical Suppliers ( HVAC/ Plumbing)
- ,
- Local Building Inspectors/ Permit office
- ,
- Housing Counselor
- ,
- Resale Realtor
- ,
- Local Lender
- ,
- After Rehab Independent Appraiser
- ,
- Local Title Company for Resale closing
- ,
- And the Homebuyer
- ,

### **Procedures for Preferences for Affordable Rental Dev.:**

The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

For NSP3, the creation of affordable rental units that keep within the character of the neighborhood are allowed and encouraged. However, emphasis will be placed on projects that retain the fabric of the existing neighborhood. It is the intent of the Virginia NSP to ensure that projects will not significantly change the preexisting nature, characteristic, or stability of



that neighborhood. Subrecipients wishing to pursue a rental component will be evaluated on a case-by-case basis.

NSP1- Our program heavily emphasized creating affordable homeownership opportunities. Strategies that addressed supportive housing, special needs housing, low income homeownership, rental housing for displaced LMHI households were pursued as a higher priority. The provision of rental units was allowed as a lower priority.

**Grantee Contact Information:**

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 600 East Main Street, Suite 300  
 Richmond, VA 23219  
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<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$13,216,415.01
<b>Total Budget</b>	\$0.00	\$13,216,415.01
<b>Total Obligated</b>	\$0.00	\$7,044,052.33
<b>Total Funds Drawdown</b>	\$0.00	\$6,396,575.98
<b>Program Funds Drawdown</b>	\$0.00	\$4,793,405.79
<b>Program Income Drawdown</b>	\$0.00	\$1,603,170.19
<b>Program Income Received</b>	\$0.00	\$1,909,769.42
<b>Total Funds Expended</b>	\$0.00	\$6,446,076.47
<b>HUD Identified Most Impacted and Distressed</b>	\$0.00	\$0.00
<b>Other Funds</b>	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

**Funds Expended**

<b>Overall</b>	<b>This Period</b>	<b>To Date</b>
City of Hampton	\$ 0.00	\$ 270,620.67
City of Martinsville	\$ 0.00	\$ 118,624.45
City of Richmond	\$ 0.00	\$ 55,911.56
City of Suffolk	\$ 0.00	\$ 248,468.93
Franklin City	\$ 0.00	\$ 162,520.13
Suffolk Redevelopment & Housing Authority	\$ 0.00	\$ 805,923.20
Virginia Beach CDC	\$ 0.00	\$ 666,492.55
Virginia Department of Housing and Community	\$ 0.00	\$ 500,000.00
Virginia Habitat for Humanity	\$ 0.00	\$ 3,617,514.98

**Progress Toward Required Numeric Targets**

<b>Requirement</b>	<b>Target</b>	<b>Projected</b>	<b>Actual</b>
<b>Overall Benefit Percentage</b>	99.99%	.00%	.00%
<b>Minimum Non Federal Match</b>	\$.00	\$.00	\$.00
<b>Overall Benefit Amount</b>	\$13,637,114.29	\$.00	\$.00
<b>Limit on Public Services</b>	\$750,000.00	\$.00	\$.00
<b>Limit on Admin/Planning</b>	\$500,000.00	\$1,075,635.08	\$733,207.55
<b>Limit on Admin</b>	\$.00	\$1,075,635.08	\$733,207.55
<b>Most Impacted and Distressed</b>	\$.00	\$.00	\$.00
<b>Progress towards LH25 Requirement</b>	\$3,678,528.31		\$3,270,721.98

**Overall Progress Narrative:**



# 2nd Quarter 2021- NSP3 DRGR quarterly narratives

The following narrative provides an in depth progress report for all NSP3 Grantees.

COVID has caused several employees to begin working remotely full time. In addition some of our partners have closed or limited work hours. This is impacting all processes and DHCD is working to develop long term processes for all aspects of Grant Management. We are diligently working with Grantees and this is very time consuming for the near future. Our return back to our office has been extended into the Fall of 2021.

City of Martinsville- This Grantee has sold all of their homes and met their NSP3 contract. The Grant was closed by DHCD.

City of Franklin- This Grantee has sold all of their homes and met their NSP3 contract. The Grant was closed by DHCD.

City of Hampton- This Grantee has sold all of their homes and met their NSP3 contract. The Grant was closed by DHCD.

SE Norfolk (Virginia Beach CDC) - This Grantee has sold all of their homes and met their NSP3 contract. The Grant was closed by DHCD.

Suffolk RHA- This Grantee has sold all of their homes and met their NSP3 contract. DHCD has completed the final programmatic compliance review and the Grantee is in line to have their final fiscal reconciliation completed. Once the fiscal reconciliation is completed by DHCD this Grant will be ready to close out in DRGR. DHCD is now working with the Grantee to complete the closeout

City of Suffolk- This Grantee has sold all of their homes and met their NSP3 contract. DHCD has completed the final programmatic compliance review and the Grantee is in line to have their final fiscal reconciliation completed. Once the fiscal reconciliation is completed by DHCD this Grant will be ready to close out in DRGR. DHCD is now working with the Grantee to complete closeout.

Habitat- Habitat State sold their one (1) remaining house in Petersburg earlier last year in June 2020. (1608 Circle Drive). To date Habitat Franklin, Habitat Hampton, Habitat Newport News, Habitat Portsmouth, Habitat Martinsville, Habitat Richmond, and Habitat Suffolk have completed all acquisitions, resales and rentals. Habitat has a total of 27 acquisitions of which 23 have been resold and four (4) have become long term rentals. DHCD has been unable to perform in person visits due to travel restrictions related to COVID. The Grant Manager is back from maternity leave. We have created a process for desktop virtual final compliance reviews and Habitat review began June 23, 2021.

DHCD did not draw NSP3 Funds this Quarter.

## Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001, Acquisition	\$0.00	\$8,582,994.71	\$3,106,838.55
002, Housing Rehabilitation	\$0.00	\$3,722,099.93	\$949,773.40
003, Home Buyer Assistance	\$0.00	\$449,058.05	\$57,172.08
004, Property Resale	\$0.00	\$803,500.00	\$246,954.48
005, State Program Administration	\$0.00	\$500,000.00	\$262,408.85
006, Local Administration	\$0.00	\$656,460.53	\$170,258.43

