



Ralph S. Northam
Governor

R. Brian Ball
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

March 5, 2021

MEMORANDUM

TO: Board of Housing and Community Development Members

FROM: Kyle Flanders

SUBJECT: March 15, 2021 Board of Housing and Community Development Meeting

Enclosed is the agenda and information package for the Board of Housing and Community Development meeting to be held on Monday, March 15. The Housing and Community Development Committee will meet at 10:00 a.m. followed by the regular Board meeting.

The Board meeting will be held electronically via Google Meet in accordance with the Appropriations Act. The electronic meeting details are included below. Additional details and guidance regarding Google Meet is included within the email accompanying the Board package.

If you will not be able to attend the Board meeting, please contact me as soon as possible. I can be reached by e-mail at kyle.flanders@dhcd.virginia.gov or by telephone at 804-786-6761. Please let me know if you have any questions or if I can be of assistance.

Meeting Details

Meeting ID

meet.google.com/rif-mcev-guz

Phone Numbers

(US)+1 470-241-5883

PIN: 257 830 983#

Enclosure

Electronic Meeting/Google Meet Information

Meeting Access

Meeting ID

meet.google.com/rif-mcev-guz

Phone Numbers

[\(US\)+1 470-241-5883](tel:+14702415883)

PIN: 257 830 983#

Functions

Google Meet allows for video meeting functionality. The microphone and camera buttons at the bottom center (page 2) allow for muting and camera off/on. There is also a chat bar on the right side of the screen.

We encourage Board members to utilize the online platform but you can also dial in to the meeting.

Tips/Tricks

- Please note, the meeting is being recorded.
- Enter the meeting early to check your connections; if you haven't used the platform it may ask you to enable your mic and camera as you enter the meeting
- Please say your name before speaking
- Mute if not speaking (staff will monitor phones for mute if there is feedback)
- If using dial-in, *6 mutes and unmutes your phone
- You can utilize the chat to ask questions. Please note, the chat is visible to all participants
- All votes will be roll call votes. You will need to unmute before being called on for each vote.

The image shows a Google Meet interface with several callouts explaining features:

- REC**: Recording Note (meeting will be recorded)
- Participant List**: A list of participants in the meeting.
- Microphone button – red with line indicates mute**: A red button with a slash through it, indicating the microphone is muted.
- Camera button – red with line indicates no video**: A red button with a slash through it, indicating the camera is off.
- Turn on to use captions**: A button to enable captions.
- Present now**: A button to start a presentation.
- More Options**: A three-dot menu icon that allows users to adjust microphone and camera settings.
- Click on chat to speak in the chat bar**: A callout pointing to the chat icon in the meeting details panel.

The interface also shows a large blue circle with the letter 'K' in the center, a 'Meeting details' panel on the right with 'People (2)' and 'Chat' options, and a Windows taskbar at the bottom with various application icons and a system tray showing the time as 7:58 AM on 9/14/2020.

***Some features may appear differently depending on your browser.**

AGENDA

BOARD OF HOUSING and COMMUNITY DEVELOPMENT

Housing and Community Development Committee

Monday, March 15, 2021

10:00 a.m.

Electronic meeting only

Meeting Access - <https://meet.google.com/rif-mcev-guz>

Phone Number - (US) +1 470-241-5883 PIN: 257 830 983#

- I. OPENING
 - a. Call to Order Chair
 - b. Roll Call Kyle Flanders

- II. CONSENT AGENDA Chair
 - o *Approval of Minutes*: January 25, 2021

- III. PORT HOST COMMUNITY REVITALIZATION FUND GUIDELINES DHCD Staff
 - o *Action Item*

- IV. ACTION PLAN UPDATE DHCD Staff

- V. NEW BUSINESS Board members

- VI. ADJOURNMENT Chair

AGENDA

BOARD OF HOUSING and COMMUNITY DEVELOPMENT

Monday, March 15, 2021

To begin at the conclusion of the Housing and Community Development Committee
Electronic Meeting only

Meeting Access - <https://meet.google.com/rif-mcev-guz>

Phone Number - (US) +1 470-241-5883 PIN: 257 830 983#

Registration to speak is not required though it is requested that you contact
kyle.flanders@dhd.virginia.gov if you wish to speak during the public comment period.

- I. OPENING
 - a. Call to Order Chairman
 - b. Roll Call Kyle Flanders
 - c. Public Comment Chairman

- II. CONSENT AGENDA Chairman
 - o *Approval of Minutes*: January 25, 2021

- III. REPORT of the HOUSING and COMMUNITY DEVELOPMENT COMMITTEE Committee Chair
 - Action Items*
 - o Port Host Community Revitalization Fund Guidelines

- IV. 2018 CODE CHANGE CYCLE UPDATE DHCD Staff
 - Action Item Regarding Petition Procedure*

- V. REPORTS AND INFORMATION
 - a. Virginia Housing Report Susan Dewey
 - b. Report of the Virginia Fire Services Board Richard Gregory
 - c. Report of the Director Erik Johnston

- VI. UNFINISHED BUSINESS Board members

- VII. NEW BUSINESS Board members

- VIII. BOARD MATTERS Board members

- IX. FUTURE BOARD MEETING DATES Erik Johnston
 - o May 10, 2021 (Date may need to be changed or additional meeting added)
 - o July 19, 2021

- X. ADJOURNMENT Chairman

**BOARD OF HOUSING AND COMMUNITY DEVELOPMENT
MEETING**

10:02 A.M., January 25, 2021

Digital Meeting Only

Due to the COVID-19 pandemic and public health emergency and the need to provide social distancing and prohibit large gatherings, the meeting was held electronically in accordance with the State of Emergency Declared by the Governor and the 2020 amendments to the Appropriations Act. The meeting was held via Google Meet.

Members Present

Sonny Abbasi
Claudia Cotton
Susan Dewey
Andrew Friedman
Sylvia Hallock
Mark Jackson
Abigail Johnson
Keith Johnson
Monique Johnson
Brett Meringoff

Members Absent

Richard Gregory
Patricia “Patty” Shields

Call to Order

Mr. Andrew Friedman, Chair of the Housing and Community Development Committee, called the meeting to order at 10:02 a.m.

Roll Call

The roll was called by Mr. Kyle Flanders of the Department of Housing and Community Development’s (DHCD) Policy Office. Mr. Flanders reported that a quorum was present.

Approval of Minutes

A motion was made and properly seconded to approve the minutes of the September 28, 2020, meeting of the Committee; the motion passed (Yeas: Abbasi, Cotton, Dewey, Friedman, Hallock, Jackson, A Johnson, K Johnson, M Johnson, Meringoff; Nays: None)

Industrial Revitalization
Fund Guidelines (IRF)

Mr. Erik Johnston, Director of the Virginia Department of Housing and Community Development introduced Ms. Rebecca Rowe, Associate Director of the Community Revitalization Office at DHCD, to give an overview of the Industrial Revitalization Fund (IRF) program.

Ms. Rowe provided the Board with a summary of the IRF program and a proposed change to the program guidelines, which would align distress criteria for applications to the program with those utilized by other DHCD programs.

After discussion, a motion was made by Mr. Abbasi and seconded by Ms. Dewey to approve changes to the IRF Guidelines. The motion passed (Yeas: Abbasi, Cotton, Dewey, Friedman, Hallock, Jackson, A Johnson, K Johnson, M Johnson, Meringoff; Nays: None).

New Business

There was no new business to be discussed.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned.

**BOARD OF HOUSING AND COMMUNITY DEVELOPMENT
MEETING**

10:00 A.M., January 25, 2021

Digital Meeting Only

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Members Present

Sonny Abbasi
Claudia Cotton
Susan Dewey
Sean Farrell
Andrew Friedman
Sylvia Hallock
Mark Jackson
Abigail Johnson
Keith Johnson
Monique Johnson
Brett Meringoff

Members Absent

Richard Gregory
Patricia “Patty” Shields

Call to Order

Mr. Sonny Abbasi, Chair of the Board of Housing and Community Development, called the meetings to order and recognized Mr. Kyle Flanders of the Department of Housing and Community Development’s (DHCD) Policy Office to read a brief statement.

Mr. Abbasi then recognized Mr. Andrew Friedman, Committee Chairman, to begin the Housing and Community Development Committee meeting.

Mr. Abbasi called the meeting of the Board to order at 10:35 a.m.

Roll Call

The roll was called by Mr. Flanders. Mr. Flanders reported that a quorum was present.

Public Comment

Mr. Abbasi noted procedures for offering public comment and recognized Mr. Flanders to call the speakers.

No member of the public appeared before the Board for public comment. The public comment period was closed.

Consent Agenda

A motion was made by Mr. Farrell and properly seconded by Ms. Abby Johnson to approve the minutes of the December 14, 2020

Board of Housing and Community Development meeting. The motion passed (Yeas: Abbasi, Cotton, Dewey, Farrell, Friedman, Hallock, Jackson, A. Johnson, K. Johnson, M. Johnson, Meringoff; Nays: None).

Report of the Housing and Community Development Committee

Mr. Friedman presented proposed changes to the Industrial Revitalization Fund (IRF) guidelines altering the method by which distress is calculated. The recommendation of the committee came as a standing motion. The motion was seconded by Ms. Abby Johnson. The motion passed (Yeas: Abbasi, Cotton, Dewey, Farrell, Friedman, Hallock, Jackson, A. Johnson, K. Johnson, M. Johnson, Meringoff; Nays: None).

Overview of the Code Update Cycle

Mr. Abbasi recognized Ms. Cindy Davis, Deputy Director of the Building and Fire Regulations Department at DHCD to present on the status of the Code Update Cycle.

Ms. Davis informed the Board that final regulations approved at the December meeting of the Board had been approved by the Attorney General's office and are now subject to approval of the Governor's office. Upon approval, the changes will be published in the Virginia Register with a 30-day comment period. It is anticipated that the final regulations will go into effect later this year.

Reports

Ms. Dewey presented an update on the work of Virginia Housing, including the partnership with DHCD on an affordable housing report and the Rent and Mortgage Relief Program. Ms. Dewey also informed the Board that Virginia Housing is in the process of updating the Low Income Housing Tax Credit program (LIHTC) qualified allocation plan.

Mr. Keith Johnson noted that the Virginia Fire Services Board had not met since the last BHCD meeting and that there was nothing to report.

Mr. Johnston thanked Board member Monique Johnson for her help as a guest in the new Community Vitality Series, which is an informational series focused on community revitalization in Virginia.

Mr. Johnston noted that the Governor’s Budget has proposals that would increase funding for the Virginia Main Street Program to help bolster Main Street recovery, an increase in the Housing Trust Fund, and an increase for the Office of Broadband.

Mr. Johnston recognized Ms. Kristen Dahlman as the new Policy and Legislative Director at DHCD.

Mr. Johnston noted that a bill regarding the Enterprise Zone program is currently being considered in the General Assembly. The bill increases eligibility for SWAM businesses and changes guidelines in response to the upcoming minimum wage increase.

Mr. Johnston noted that the stimulus package approved by the federal government in December included funding for rental assistance and utility relief as well as an extension of the eviction moratorium.

Mr. Johnston noted that the first Regional Green House Gas Initiative (RGGI) auction allocation will be received in March and the Housing Innovations in Energy Efficiency (HIEE) Stakeholder Advisory Group has met several times to consider ways to utilize the allocation.

Board Matters

Mr. Flanders reminded the Board that annual financial disclosures are due on the 1st of February. A reminder will be sent to all members.

Future Board Meeting Dates

Mr. Johnston noted that the next Board meeting will take place on March 15.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned.



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Commerce and Trade

COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

March 5, 2021

Memorandum

To: Board of Housing Community Development Members
From: Erik Johnston, DHCD Director
Subject: Port Host Communities Revitalization Fund Guidelines Update

As directed by state statute, the Department of Housing and Community Development (DHCD) administers the Virginia Removal or Rehabilitation of Derelict Structures Fund, which has housed a grant program known as the Industrial Revitalization Fund (IRF) since 2011. Over the 20-plus years that the Derelict Structures Fund has been in existence, the General Assembly, from time to time, directs funding through the program for specific purposes. In the past, this has included funding for site clearance and demolition, as well as construction of shell buildings. In 2019, the General Assembly appropriated funding to the Derelict Structures Fund for the strategic removal or redevelopment of port related properties in the five (5) Port Host Communities of Front Royal, Newport News, Norfolk, Portsmouth, and Richmond. The program is projected to increase from \$1 million annually to \$1.5 million annually.

The legislation which enables the creation of the Fund directs the Board of Housing and Community Development to develop guidelines by which the Fund will be administered. DHCD determined that these funds should be awarded through a separate grant program, called the Port Host Communities Revitalization Fund (PHCRF), to be administered separately but alongside the existing Industrial Revitalization Fund. This determination was made in order to avoid confusion among applicants, as well as preserve the Port Host Communities’ ability to apply for the IRF program.

After two complete funding cycles in FY20 and FY21, DHCD staff was interested in addressing any programmatic changes that would increase the effectiveness, efficiency and improve utilization of the program for the applicant communities. In January 2021, staff held an input session with the Port Host Community representatives to solicit feedback for upcoming FY22 guidelines. All five communities contributed feedback and made suggestions for how the program could be more effectively utilized. Communities were also given the redlined version for feedback as well. A few key changes are noted below.

- Increase base amount communities can apply for from \$150,000 up to \$250,000.
- In addition to the unit of local government, allow regional or local economic or industrial development authorities to submit applications for funding.
- Remove the “performance agreement” requirement/notation, as it is redundant with the Port Host contract language and often the performance agreement that localities require from private developers.



Enclosed are the proposed PHCRF Guidelines with redlined updates, staff recommends the Board adopt the guidelines as presented.

PORT HOST COMMUNITIES REVITALIZATION FUND (PHCRF)

Application deadline: July 30, 2021, by 11:59 p.m. EST

Department of Housing and Community
Development

600 East Main Street, Suite 300
Richmond, VA 23219

(804)371-7171



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities

*Program
Guidelines
FY 2022*

INTRODUCTION

The General Assembly has allocated funding to be used for the strategic removal or redevelopment of port related properties in the five (5) Port Host Communities of Front Royal (**Warren County**), Newport News, Norfolk, Portsmouth, and Richmond. For the purposes of this program, the term “port related” will be considered to mean any non-residential structure that was built or used for a purpose related to port activities, is located near the port so as to benefit from port activities, or is located on or near a transit route (rail, waterway or highway) that served/serves the port. These structures, in their current deteriorated condition, may not be suitable for productive use and may stand as a substantial deterrent for future economic opportunity in the surrounding area and region.

Financial barriers typically block the timely redevelopment of these structures and often they require more than local resources to attract private sector investment in order to make a deal financially feasible. Therefore, the \$1 million allocation is meant to leverage local and private resources to achieve redevelopment of these structures, creating a catalyst for long-term employment opportunities and on-going physical and economic revitalization.

Eligible properties and structures must exhibit physical and/or economic blight and may be redeveloped for any market-driven purpose including mixed-use, shell building, site clearance, or residential, regardless of the original use. For purposes of the Port Host Communities Revitalization Fund (PHCRF), market-driven purpose is defined as guided by market trends and consumer needs based on market research where there is an actual need to be fulfilled or a market problem to solve.

Availability of Funds

The **\$1.5 million** available in FY 2022 is an allocation to the Virginia Removal or Rehabilitation of Derelict Structures Fund (DSF) established under §36-152 of the Code of Virginia. The Virginia Department of Housing & Community Development administers these funds under the PHCRF Program. Should funding be increased or decreased in this or any subsequent fiscal year, the grants awards shall be adapted accordingly.

Award Amounts

Awards for the PHCRF will be made on a threshold basis at one grant of up to ~~\$150,000~~ **\$250,000** per Port Host Community per Fiscal Year. The remaining funds, after all initial qualifying grants have been awarded, will be placed into an additional pool and will be available to be distributed to these projects based on a statement of need and distributed on a priority basis until the fund is depleted. All awards require at least a 1:1 match. With base award and potential statement of need pool funding, the maximum award per project is \$1,000,000.

ELIGIBILITY

Eligible Applicants

Only local governments **and regional or local economic or industrial development authorities may submit applications for funding of** the Port Host Communities (Front Royal (**Warren County**), Newport News, Norfolk, Portsmouth, and Richmond) may submit applications for funding. **A unit of local government Applicants** may apply directly for funding to use on publicly owned property **OR** on behalf of a for-profit or non-profit entity for privately owned property. Localities may designate a redevelopment authority or another similar organization as an agent for project implementation and administration; however, the Chief Administrative Officer (CAO/COO/City



Manager/Town Manager) must certify that an application has been determined to be the highest Port Related priority for that grant year.

Award Funding Structures

All PHCRF awards will be made as grants to the application, **either the locality or authority.**

However, if the project property is owned or will be owned by a for-profit entity, the local government may grant the funds to the project or may lend the award to the for-profit entity and the proceeds will be returned to a revolving loan fund operated by the locality in perpetuity.

The following standard terms and conditions will apply to all projects unless DHCD determines that a regionally significant project requires more favorable terms. The terms of the loan must be agreed to by DHCD.

- Interest Rate: 2.5%
 - Amortization: 10 Years
 - Environmental Review
 - ~~DHCD will require an executed performance agreement with the developer~~
 - **DHCD will require a development agreement, Deed of Trust and Deed of Trust Note**
- If the locality is unwilling to manage the loan, or, by DHCD's determination, unable to manage the loan, the loan may be underwritten by Virginia Community Capital (VCC). In this case, VCC will require a commitment fee of 1% (50% due within 14 days of execution of PHCRF loan ~~performance~~ agreement and the remainder at PHCRF closing).

All projects, regardless of award structure, must be ready to execute a contract ~~or performance agreement~~ for the PHCRF funds within six (6) months of the grant award announcement.

- Agreements may be executed simultaneously to the closing of the first trust lender for primary financing or after; however, PHCRF grant/loans **will not close before** all other sources of primary financing are closed or commitment letters with a closing date have been issued.
- Failure to execute the contract ~~or performance agreement~~ within the six (6) month period which commences upon the announcement of the PHCRF awards may result in the PHCRF funds being reprogrammed to another project. The applicant will be given the opportunity to apply again once the project is more prepared for PHCRF loan closing. DHCD has the discretion to offer an extension beyond six months where delays are caused by circumstances beyond the control of the developer.

All projects, regardless of award structure, will be required to have a ~~restrictive deed covenant/restriction~~ or a **Deed of Trust lien** for a period of five (5) years that requires DHCD approval prior to any sale or change in end-use for the property. **One exception would be in cases where funding is used for locality-owned utilities or infrastructure. Contact DHCD if this is the case.** In the case of a sale to private sector entity and/or a change of use during the 5-year period, DHCD may require a pro-rated repayment of the PHCRF funds based on the number of years of the deed restriction remaining.

Match

To demonstrate project viability and the applicant's commitment, applicants are required to provide a 100 percent (1:1) local match from private or public sources. The match must either be cash or documented costs that are directly associated with the improvements to the property where PHCRF funds are expended. Local match may



include federal (CDBG or other), state, local, and private funds spent on activities directly related to the targeted project within the last **full** fiscal year.

A locality may use documented administrative costs as up to five percent (5%) of the local match. The use of administrative costs as local match must be outlined in the application and will need to be documented through invoices or payroll records. The locality must provide a description of specific in-kind resources committed, including methods used to determine their value.

Example: An applicant that is seeking a \$250,000 PHCRF grant must provide a match of at least \$250,000 (100% match). This applicant could include up to \$12,500 in documented administrative costs in their \$250,000 match.

If the project proposes a for-profit, private end-use, DHCD considers an equity investment by that entity into the PHCRF project as an indication of long-term commitment to the project.

Eligible Match:

- Acquisition costs - include current property appraisal as documentation of value or documentation of purchase price (HUD-1 Settlement statement, bill of sale or deed), whichever is less;
- Documented costs **directly** associated with **physical activities** on the PHCRF project site;
- Construction-related soft costs related to engineering, design or architectural activities (must be specifically identified in the application). These costs may include new construction in the case of a project that includes expansion of the building/facility;
- Investments into Machinery & Tools, taxable by the locality;
- Public notices, permit or dumping fees and inspections costs (or waivers of such) directly related to physical activities (must be specifically identified in the application);
- Improvements to municipally owned utility infrastructure, such as water and sewer lines, may be considered match, if the improvements directly and specifically increase the capacity of services to the target project building/facility so as to allow for a higher and/or more intensive use at the project site. This shall not be construed to include general utility maintenance and/or improvements that benefit the community as a whole or a large portion of the community outside of the project area.
- No more than five percent (5%) local match will be accepted as in-kind or cash for out-of-pocket administrative costs.

Ineligible Match:

- State or local taxes;
- Interest or principal payments on current debt on the property;
- Investments in Business Personal/Tangible Property (Furniture, Fixtures, and Equipment).

Eligible Use of Funds

The PHCRF program is flexibly designed so that funds can be used for a wide variety of revitalization and redevelopment activities such as **acquisition, rehabilitation, or repair** (including securing and stabilizing for subsequent reuse) of specific structures, as well as site remediation, **demolition, removal**, and other **physical activities**.

In the case of acquisition, DHCD will limit its financial participation to the property's fair market value and the associated legal costs of acquisition. Fair market value is considered to be the lesser of the property's documented acquisition costs or appraised value. PHCRF funds may also be used for the legal costs associated with demolition. However, funds may not be used **solely** for acquisition or demolition unless it can be demonstrated that the locality has committed other redevelopment funds to the property, and there is a market-based redevelopment plan



outlining reuse options, target markets/niches, and a property marketing strategy including the entity responsible for implementation. In addition, action must be taken by the locality to improve the property's readiness for redevelopment. Generally, demolition should be used only in circumstances where the size or location of a building precludes any significant redevelopment potential or in cases where there is an imminent safety threat.

While site remediation is an eligible activity for PHCRF, Virginia's Department of Environmental Quality offers several programs to assist with remediation and environmental assessment including the Voluntary Remediation & Brownfields/Land Renewal Programs. Port Host Communities should exhaust these resources first before applying PHCRF funds to fill any gaps. Visit <http://www.deq.virginia.gov> for more information. Grant administration is **not** an eligible activity for PHCRF.

It is **not the intent** of the PHCRF Program to fund the relocation of existing Virginia businesses into a redeveloped structure, particularly if the relocation or expansion occurs simultaneously with the closure or significant reduction of operations in another Virginia locality. If this type of project is proposed as part of a significant expansion, the applicant must demonstrate that it is clearly part of the community or region's economic development strategy and how business relocation has a quantifiable impact on that strategy.

Eligible Properties

According to the Code of Virginia § 36-3, a "blighted property" means any individual commercial, industrial, or residential structure or improvement that endangers the public's health, safety, or welfare because the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards, or any structure or improvement previously designated as blighted pursuant to § 36-49.1:1, under the process for determination of "spot blight."

The program is targeted toward (functionally) **vacant/underutilized and deteriorated** properties whose poor condition creates a notion of physical and economic blight in the surrounding area, and often is a deterrent to surrounding development. Projects may consist of multiple properties provided they are adjacent and/or adjoining and are related in either their negative impact (e.g., three adjacent severely deteriorated downtown buildings that create a negative impact on the remainder of the block) or end use (e.g., rehabilitation of an abandoned warehouse into a shell building with purchase of adjacent property for parking).

Eligible properties and structures may be redeveloped for any market-driven purpose including commercial, industrial, retail, mixed-use, shell building, site clearance, or residential, regardless of the original use.

It is **not the intent** of the PHCRF Program to fund new construction, scattered site projects or the development of greenfield properties.

FUND ACCESS

In the case of **GRANTS**, a contract between DHCD and the grantee outlining end products, conditions, fund disbursement and termination must be executed **before any funds are disbursed**. Funds may only be used for **expenses incurred after the signing of the contract, unless otherwise negotiated with DHCD**. PHCRF grant funds are available on a **reimbursement basis only**, for **costs** the applicant has incurred and paid for. Documentation of matching funds must be submitted with each remittance before any funds are disbursed.

In the case of **GRANT/LOANS**, PHCRF funding will be released as a grant to the applicant local government entity



(or approved Development Authority), or Virginia Community Capital, at DHCD's sole discretion, who will then make a loan to the private developer pro-rata with other funders or once other sources are expended. This will be determined in discussion with developers upon DHCD's award notification.

Funding Priorities

The ultimate intent of the PHCRF program is to fund **shovel-ready** projects that will act as a catalyst to spark additional private investment and job creation in Port Host Communities, especially in areas that have been targeted for economic development and community revitalization as part of a larger economic restructuring or economic development strategy. Based on that intent, DHCD has established the following funding priorities:

1. Clear relationship to a local or regional economic development strategy.

Applicants must identify the economic development strategy that the proposed project will support. This strategy should be an element of an existing redevelopment, blight removal, or economic development plan, and applicants should cite the specific documents that substantiate the goals of the project. Applicants must explain what is currently being done in the community and how the PHCRF funds will accelerate and expand those economic restructuring and development activities. Additionally, the application should identify why the proposed project is being prioritized for PHCRF funds over other projects in the locality.

2. High degree of blight and deterioration to be addressed.

Applicants must describe the extent of the physical deterioration and identify the negative impact the property is having in the community and/or the ability of the existing structure to be put to productive use. DHCD is seeking to invest in projects that will address the negative impact the property has on the community's ability to attract private investment and job creation. Applicants must demonstrate that addressing the property is a local priority. Higher priority should be given to projects involving blight abatement and elimination than those proposing blight prevention.

3. Project readiness.

DHCD will give higher priority to shovel-ready projects that will lead to the efficient and **immediate** redevelopment of blighted properties. Projects that can demonstrate "readiness to proceed" will be given the greatest consideration. Readiness to proceed is demonstrated by having **finalized plans** and **primary financing in place** (formal letters of interest, term sheets or letters of commitment) for an identified **end-use/user**. Capacity for project implementation by the locality or developer will also be a consideration in project readiness. For applications requesting grant funding, readiness to proceed should be demonstrated by community support for the project, and the receipt of public input where appropriate. **NOTE:** Any developers, contractors, and professional services funded by an PHCRF grant must be procured in accordance with the [Virginia Public Procurement Act \(VPPA\)](#). Applicants should submit documentation to detail that procurement requirements have been met for any professional services contracted to date. Grantees will be required to submit documentation to detail that procurement requirements have been met, prior to any execution of contracts that obligate PHCRF funds. See the list of items that should be provided, if available, to show project readiness

Projects that can show the ability to close on the PHCRF loan or go under contract with DHCD within six months of an PHCRF award notification are preferred. DHCD reserves the right to withdraw funding should the applicant not be under contract/close the PHCRF loan in a reasonable amount of time. DHCD also reserves the right to withdraw funding if there are substantial or significant changes to the development team, scope of work or community economic benefit that have not been approved by DHCD.



4. Project with a clear end use.

Successful applicants will be able to identify a tangible end-use to be completed in a reasonable amount of time, typically an 18-month timeframe, or to demonstrate that the cleared pad site or shell building is necessary for future economic or community activity. Successful projects should have executed development agreements, commitment letters from non-profit partners, operations/management agreements, leases for space, and detailed operations plans when possible. Projects that have speculative or undetermined end uses will be considered. If the application proposes a non-profit end use, the applicant or end user must demonstrate long-term sustainability by providing a 10 year operating pro forma and other documentation of financial solvency.

5. End use will have a clear and significant community economic impact.

Applicants must describe how the project will have a clear positive impact on the community. Applicants must demonstrate how the completion of the PHCRF project will be a catalyst to larger economic revitalization efforts in the locality and region and may spark additional investment in the surrounding area. Applicants should include quantified expectations for primary impact (such as net new jobs, new businesses, and leveraged private investment) and any secondary impact (such as increased local sales, meals, or lodging tax revenue, increased export or non-export (tourism) revenues, increased daily and/or overnight visitors, and availability of commercial square footage). In addition, applicants should describe how the project may be catalytic to the community in non-economic terms (such as access to services or resources, workforce development, and quality of life improvements). For PHCRF purposes, a full-time equivalent job is defined as employment of at minimum 35 hours per week. Existing employees or unpaid volunteer positions should not be included in job creation projections and will not be considered in application scoring unless these positions are being made available to a lower income neighborhood through the rehabilitation of a derelict structure.

Other Considerations

DHCD encourages localities to apply for projects that will have a strong significance to the broader community and region, in areas of ongoing or identified redevelopment/revitalization. Applicants are strongly encouraged to consider projects that meet the following characteristics:

- Part of a significant **regional focus**. This includes projects located in an area covered by a revenue sharing agreement or projects cited in a formal regional economic development plan.
- Eligibility for local real property tax abatements (§58.1-3221) or other **local incentives** to encourage investment.
- Location in an **Enterprise Zone** and ability to qualify for the state and local incentives. **PHCRF loans** may be included in the Enterprise Zone Real Property Investment Grant schedule of Qualified Real Property investments, while **PHCRF grants** must be excluded.
- Location in a designated **Opportunity Zone**, a local, state or federal **historic district**, a **redevelopment or blight removal district**, a **Technology Zone**, or other similar district.
- Location in a current **CDBG project area**.
- Committed project leverage exceeds 1:1 match.

Prioritization

A locality may only submit one application per funding round; therefore, localities must identify and authorize the project that will have the most meaningful impact on local community revitalization and economic development efforts. As such, a resolution from the local Chief Administrative Officer authorizing the request for funding is an application requirement. If the locality is applying on behalf of a non-profit or private for-profit, the resolution should



indicate the specific match amount and identify the entity that will be responsible for providing the matching funds.



STATEMENT OF NEED FUNDING

All Port Host Communities may apply for additional funds ~~of between \$50,000 and up to \$700,000~~ for their prioritized project. The amount of additional funding should be based on the funding gap for the individual project. DHCD reserves the right to reduce or pro-rate the amount awarded, based on an internal funding analysis and/or demand for the limited funds.

Application for Statement of Need Funding shall be made at the time of application for the PHCRF by answering additional questions in the CAMS application. The Statement of Need awards must be matched on at least a 1:1 basis.

SUBMISSION REQUIREMENTS

Applications for PHCRF funding must be submitted through DHCD's Centralized Application Management System (CAMS). You can access CAMS using the following link: <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

AWARDS

PHCRF awards will be allocated through a threshold process that will ensure that each project funded serves the public interest and will remove blight while spurring additional private investment. Localities should give greater priority to projects leading to the efficient and immediate redevelopment and/or reuse of abandoned "industrial" structures. Applications will be awarded funding based on the thorough demonstration of following criteria:

Relationship to Economic Development Strategy
Readiness
End Use Plans
Economic Impact
Elimination of Blight
Minimum \$1:\$1 Match

A strong application will be able to document that the project is **ready-to-go, but could not be finished without the injection of the PHCRF funds.**

PERFORMANCE AGREEMENTS & CONTRACTUAL OBLIGATIONS

Successful applicants will be **required to sign a contract** ~~/performance agreement~~ committing them to the economic outcomes, property use, fund use, and match outlined in the approved application and any pre-contract ~~/performance agreement~~ negotiations.

All ~~applications~~, contracts ~~and performance agreements~~ are subject to negotiation with DHCD. All projects will be required to have a deed covenant/restriction or a lien for a period of 5 years that requires DHCD approval prior to any sale or change in end-use for the property. In the case of a sale to a private sector entity and/or a change of use during the 5-year period, DHCD may require a pro-rated repayment of the PHCRF funds based on the number of



years of the deed restriction remaining. DHCD will not unreasonably withhold approval for project changes and changes in property ownership.

All approved projects will be committed to a project completion date of 18 months from contract execution/loan closing, by which all activities must be completed and drawdown requests/loan disbursements submitted to DHCD/VCC. Any project that receives funding and does not use all of its designated funds by the project completion date specified in its contract/loan award may lose the remaining fund balance.

SUBSTANTIAL PROJECT CHANGES AFTER APPLICATION SUBMITTAL

DHCD reserves the right to rescind the funding offer if substantial changes to the project scope and/or financing needs occur after application submittal. DHCD will be concerned of the impact of such on project cash flow, project timing, need for PHCRF funding, intent of the PHCRF program, and projected outcomes as outlined in the original application. To maintain consideration for PHCRF funding, substantial changes to project scope and/or budget will require applicants to provide DHCD with an updated description of the project. DHCD will not unreasonably withhold approval of projects that will meet the established criteria above.

CONTACT

For more information on the PHCRF program please contact:



Virginia Department of Housing and Community Development

600 East Main Street, Suite 300

Richmond, Virginia 23219

(804) 371-7171

cro@dhcd.virginia.gov



On Fri, Feb 26, 2021 at 9:11 AM Donahue, Brian <donahueb@portsmouthva.gov> wrote:

We are very appreciative of the proposed programmatic changes to the Port Host Communities Revitalization Fund guidelines. The modifications appear to capture the comments from our earlier discussions and will further the success of the program. One additional comment and request would be to add locally owned utility or infrastructure improvements serving a project site as an eligible use under the “Eligible Use of Funds” section. I believe it was previously agreed that this use could be eligible. It is also inferred by reference in the prior section “Award Funding Structures”. Thank you for consideration of this change.

Best regards,

Brian Donahue

Assistant Director

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Ralph S. Northam
Governor

R. Brian Ball
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

March 5, 2021

Memorandum

To: Board of Housing and Community Development Members

From: Erik C. Johnston, Director

RE: Annual Action Plan

The Board of Housing and Community Development is responsible for the review/approval of the 2021 – 2022 Annual Action Plan. The Annual Action Plan is a component of the Consolidated Plan that is updated yearly. The plans are a HUD requirement that set priorities and goals for the use of HUD program funds that include the Community Development Block Grant (CDBG), Emergency Solution Grant (ESG), HOME Investment Partnership, Housing Opportunities for Persons with AIDS (HOPWA), and the National Housing Trust Fund (NHTF). For more information about the consolidated planning process, please see [DHCD Online](#).

The draft version of the Annual Action Plan will likely be available for review by early April. Final review/approval of the Annual Action Plan will be included as an action item for the May Board Meeting agenda; the March meeting is informational/discussion only. The attached presentation provide an overview of the Consolidated Plan/Annual Action Plan.

Enclosures

Partners for Better Communities



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Consolidated Plan Process Action Plan & VA HTF Input Session

March Board Meeting

March 15, 2021



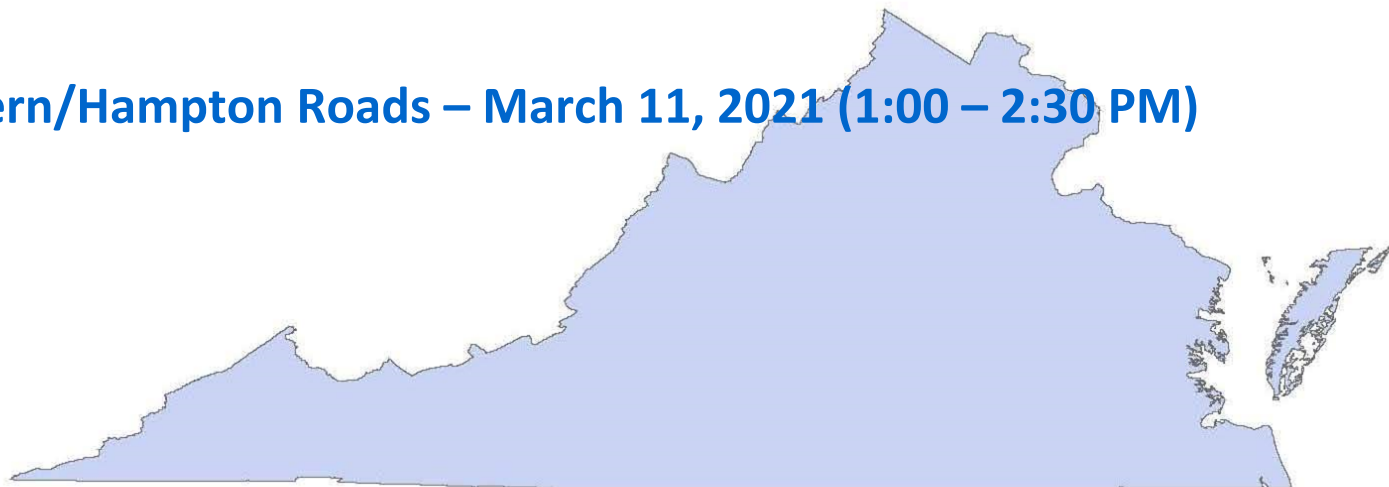
Purpose of the Input Sessions

- **Consolidated Planning Process and Annual Action Plan**
- **Annual Action Plan and Proposed Use of Resources**
- **Virginia Housing Trust Fund Proposed Uses**
- **Highlighted Proposed Changes Action Plan & Virginia Housing Trust Fund**
- **Permanent Supportive Housing Strategy and Resources**



Input Sessions

- Southwest/West Central – March 8, 2021 (1:00 – 2:30 PM)
- Central/Southside – March 9, 2021 (3:00 – 4:30 PM)
- Northern/Valley – March 10, 2021 (3:00 – 4:30 PM)
- Eastern/Hampton Roads – March 11, 2021 (1:00 – 2:30 PM)





- **Who completes the Consolidated Plan and Annual Action Plan?**
 - Completed by the state, locality, or consortium that receives these resources directly from HUD
 - DHCD completes the plan for the “balance of the state” resources

- **What’s included?**
 - A needs assessment, a strategic plan, and annual goals
 - Focuses on housing, homelessness, and community development
 - Includes public input and feedback from service providers, housing developers, other state agencies, localities, and continua of care



Timeline

- **Initial Draft of the 2020/2021 Annual Action posted April 2, 2021**
- **Public Comment Period - October 1, 2020 - April 16, 2021**
- **Public Hearing - April 15, 2021 (announced in public legal notice)**
- **Board review/approval May 2021**
- **Submit to HUD May 2021**



- **How do we collect input?**
 - Virtual Input Sessions
 - Written Comments (due by April 16, 2021)
 - Submit via email: Kaycee.Ensign@dhcd.virginia.gov
 - Online
 - Public Hearing (Thursday, April 15, 2021 at 10:00 AM)
 - Spread the word... encourage others to provide input



Contact Information

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COMMONWEALTH of VIRGINIA

Erik C. Johnston
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

March 5, 2021

Memorandum

To: Board of Housing and Community Development Members

From: Erik C. Johnston, Director

RE: 2018 Code Change Cycle

Final regulations for the Uniform Statewide Building Code (USBC), Statewide Fire Prevention Code (SFPC), Virginia Amusement Device Regulations (VADR), and the Industrialized Building Safety Regulations (IBSR) have been published in the Virginia Register. All four regulations were published on March 1, 2021 (Volume: 37 Issue: 14) with 30-day final adoption periods to end on March 31, 2021. They have a planned effective date of July 1, 2021.

If petitions are filed by 25 or more persons regarding a change to a regulation made between the proposed and final phase, then upon closure of the final adoption period the regulation will be suspended. This suspension will be published in the Virginia Register which causes an additional 30-day comment period to open. Upon closure of that 30-day comment period the Board will take action on the suspended regulation(s). At that time, the Board may retain the regulations in their current form or make amendments based on petitions received.

In order to try to adhere to our proposed schedule and effective dates, I would request that the Board take action to delegate to staff to proceed with suspending the regulations if proper petitions are received for any of the regulations. If this occurs, staff will notify the Board.

Enclosure

Partners for Better Communities



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