Virginia Housing Trust Fund
Structure and Use Plan

Purpose and Background

The biennium budget for fiscal years 2013 and 2014 allocates $7,000,000 in the second year to create the Virginia Housing Trust Fund. At least 80 percent of the Fund is to be used for short, medium and long-term loans to reduce the cost of homeownership and rental housing. Up to 20 percent of the Fund may be used to provide grants for targeted efforts to reduce homelessness.

The entities charged with administering the Virginia Housing Trust Fund—the Department of Housing and Community Development (DHCD) and the Virginia Housing Development Authority (VHDA)—have extensive experience in implementing the activities needed to carry out the provisions of the Fund. VHDA originates and services loans on a regular basis through its bond and revenue programs. It also services loans made with HOME funds administered by DHCD. Both agencies, which are overseen by boards subject to gubernatorial appointment, have more than two decades of experience in developing housing policy, and structuring and implementing programmatic tools to operationalize those policies. DHCD and VHDA worked collaboratively to implement the provisions of the Virginia Housing Partnership Revolving Fund, *Code of Virginia,* §§36-141 through 36-151.[1]Both DHCD and VHDA are skilled at packaging affordable housing projects that include a range of funding sources in order to leverage their resources. The budget language creating the Housing Trust Fund identifies leveraging as an important component of the Fund's operation.

Housing Need

The recent recession and ensuing structural shifts in the economy have changed the dimensions and character of Virginia's housing needs, and they continue to challenge many citizens and communities. Depending on the person, place or preferred housing tenure (i.e., owner or renter), housing need may relate to quality, the availability of appropriate options, affordability, accessibility, or various combinations of these and other factors. Increasingly, issues related to affordability—particularly for lower-income households and, especially, renters—have become the most pressing. These include widespread, high levels of cost burdens and a growing mismatch between incomes and housing costs; higher levels of unemployment and increased job insecurity tend to exacerbate both of these. Recent data from a variety of sources, including

[1] http://lis.virginia.gov/cgi-bin/legp604.exe?000+cod+TOC3600000000900000000000

Housing Virginia and the Center for Housing Research at Virginia Tech, show the affordability challenges facing the Commonwealth.

2010 Cost Burdens By Income Level				
	Cost Burdened Households			
	Renters		Owners	
Household Income	Number	Percent	Number	Percent
< $20,000	188,462	88.9%	119,672	66.4%
$20,000 - $34,999	131,345	74.7%	106,731	47.8%
$35,000 - $49,999	74,765	48.8%	95,948	41.1%
$50,000 - $74,999	42,137	26.6%	120,778	33.1%
$75,000 or more	13,828	7.1%	136,407	13.5%
All Incomes	450,537	50.4%	601,862	28.8%

Data Source: Housing Virginia SOURCEBOOK

One way to view the problem is to consider the cost burdens that renter households experience. Those spending more than 30 percent of income for gross rent (rent plus utility and fuel costs) are considered moderately cost-burdened; households spending more than 50 percent are considered severely burdened. At the national level, the percentage of moderately and severely cost-burdened renters doubled between 1960 and 2009. By the latter year, 49 percent of renter households were moderately cost-burdened and 26 percent were severely cost burdened.

In spite of its relatively strong economy and better-than-average employment picture, Virginia shares this problem. In reviewing data from 2010, Housing Virginia noted just over 50 percent of all renters — slightly higher than the national level — were cost burdened. The lowest-income renters experience the most extreme cost burdens. Between 75 and 89 percent of renters with annual incomes below $35,000—who comprise over 70 percent of all cost-burdened renter households and almost 36 percent of all renter households—experienced cost burdens. Looked at another way, based on 2005-2009 data, nearly three-quarters of extremely low-income households (households at or below 30 percent of the applicable area median income) were cost burdened. Over three-fifths of this population faced extreme cost burdens, paying over 50 percent of household income for shelter. The continuing decline in home ownership has increased pressure on the rental market. Although rents flattened early in the recession, the recent trend and most forecasts are for rent levels to increase significantly and remain high in the near future. This may further challenge lower-income renter households.

An important subset of the lower-income population—persons with disabilities—faces even greater difficulty in obtaining appropriate, affordable housing options. One way to gauge this aspect of the affordable housing problem is to compare the income of persons receiving federal Supplemental Security Income (SSI) support with the cost of modest housing. In 2010, according to the Technical Assistance Collaborative's (TAC) most recent edition of *Priced Out*, more than 86,500 non-elderly Virginia adults received a monthly SSI payment of $674. On a statewide basis, this falls well short of the rent for the average one-bedroom or even efficiency unit, which TAC estimated would require 131 percent and 118 percent of SSI monthly income, respectively. Even in the lower-cost, non-metro areas of the state, an SSI recipient, on average, would need to spend up to 80 percent of the supplement on rent for a one-bedroom unit and 70 percent for an efficiency—a severe cost burden under any circumstance.

Because this cost/income mismatch represents a problem for the current recipients of SSI support, it is also a potentially serious impediment to the state's efforts to lower its reliance on institutional settings for persons with a variety of mental, intellectual, sensory or physically-limiting conditions. The provisions of the state's recent settlement with the Department of Justice with respect to persons with intellectual disabilities underscored the importance of having appropriate housing resources available for this population. Similarly, other initiatives—such as the rapid re-housing approach to ending homelessness, finding appropriate housing options for persons with a range of disabilities, addressing prisoner re-entry, and responding to the needs of returning veterans —also depend heavily on the availability of *affordabl*e housing options.

The trust fund approach can address these, as well as other, important areas of housing need. These include the preservation of existing affordable rental housing at risk of loss to a variety of causes, the continuing severe shortage of affordable housing in rural Virginia, and the need for affordable housing opportunities in the highest-cost areas where even the fully employed may be priced out.

Affordability issues have climbed the income distribution ladder and hit critical levels for persons with special housing needs. At the same time, resources that could help close the affordability gap have been shrinking. Disruptions in the housing finance system, foreclosure, abandonment, the loss of affordable units; limits on the availability of housing choice vouchers and reductions in other federally-funded programs such as HOME and CDBG have exacerbated this trend. As Harvard's Joint Center for Housing Studies noted earlier in 2012, the Low Income Housing Tax Credit (LIHTC) program is now the only available option for replenishing or preserving affordable rental housing through new construction or the substantial rehabilitation of older projects. However, tax credits alone cannot bring rents down to levels affordable at the lowest-income strata where the most severe cost burdens exist. Housing vouchers—where available and subject to their own program restrictions—and other funding sources are often necessary to close the gap, but their availability may be falling even as the funding gap widens.

One consequence of the recent recession is a general decline in the value of owner-occupied homes. Although this makes home ownership more affordable in theory, the potential benefits from this trend have been slow to reach lower-income households. Cost burden levels for middle-range owner households match those for the renters. A smaller percentage of lower-income owners than renters are cost-burdened, but at higher income levels a greater percentage of owners are cost burdened. Almost 29 percent of all owner households were cost-burdened—a status that puts them, like renters, at greater risk for the loss of their homes in the event of unanticipated events such as a job loss or serious illness. The willingness of owner households at all income levels to assume such risks reflects the value placed on home ownership and expectations about the future financial performance of housing as a source of wealth.

Input Into the Structure of the Housing Trust Fund

Virginia's housing needs are well documented. In order to best use the limited resources allocated to the Trust Fund for FY 2014, it was necessary to probe more deeply to identify areas where the resources would have the most impact, attract additional outside funding, and attain other strategic objectives.

DHCD collaborated with VHDA and the Virginia Housing Coalition in soliciting public input on the structure and uses of the Trust Fund. Seven input sessions in six localities (Annandale, Charlottesville, Fredericksburg, Hampton, Richmond and Roanoke) drew more than 250 interested citizens and housing advocates with a variety of perspectives from various backgrounds. The input from those sessions highlighted the enormous need for affordable housing in Virginia and the varied range of that need, especially among targeted populations such as persons with disabilities, persons experiencing homelessness, veterans, ex-offenders, and persons with very low incomes. Input session participants noted that these populations are the most difficult to serve because they have the fewest resources available for housing. Participants also encouraged the provision of sufficient flexibility so that Trust Fund resources could be used to meet these needs. They acknowledged the $7 million allocation could only address a small fraction of Virginia's varied housing needs and the importance of leveraging other resources through strategic investments.

DHCD and VHDA also met with state agencies whose programs serve individuals and families with special housing needs. These agencies included the Departments of Social Services, Corrections, Criminal Justice Services, Behavioral Health and Development Services, Juvenile Justice, Medical Assistance Services, Aging and Rehabilitative Services, and the Board for People with Disabilities. Agencies identified several state policy initiatives that could be enhanced and supported if sufficient resources were available to meet these housing needs. The settlement agreement with the Department of Justice on Virginia's Intellectual and Developmental Disability System presents an opportunity to explore housing options for this population in more community-based settings. The agreement provides one-time funding of $800,000 for rental assistance. In addition, the Commonwealth will develop a plan with the goal of increasing access to independent living options such as individual's own homes or apartments for those receiving or eligible to receive services through Medicaid Home and Community Based Waiver Services.

Finally, DHCD and VHDA also provided members of the Housing Policy Workgroup and Advisory Teams—previously established in conjunction with the Governor's Housing Policy Framework—with an opportunity to provide ideas and recommendations related to the implementation of the Trust Fund in FY 2014.

Housing needs in Virginia are many and varied. Families that cannot afford decent, safe housing in the communities where they work, disabled persons waiting for a place to live outside a state institution, homeless persons struggling with mental health and other issues and veterans trying to settle back into civilian life—the Virginia Housing Trust Fund could offer options that address such needs.

The remainder of this plan outlines how the Trust Fund can be used most effectively in helping to meet those needs.

Parameters of the Housing Trust Fund

The budget bill included language establishing the basic parameters for the Trust Fund. These included guidance on the allocation of funds for grants and loans, a statement describing the types of activities eligible for grants or loans, and a list of the types of organizations eligible to receive program funds. The budget direction also stressed the importance of considering opportunities for leveraging and providing flexibility in loan products. Participants in the various public information sessions and other input opportunities helped the agencies further refine the program design to those options most likely to meet the budget objectives. The input sessions generally supported the concept of making strategic use of the limited funds available by considering targeted demonstration projects addressing high priority areas of need. Possible uses included increasing housing options for low-income persons with disabilities, enhancing opportunities to advance effective solutions to homelessness such as permanent supportive housing, and directing resources toward counteracting the impact of foreclosures on Virginia communities--particularly in areas with the highest foreclosure rates.

To implement the provisions of the appropriations act, DHCD and VHDA are proposing to allocate funds through the broad categories shown on the following table. The intent of the agencies is to encourage a variety of responses from eligible applicants so funds are deployed in a timely and strategic manner.

Proposed Virginia Housing Trust Fund Allocation	
Loans	
Competitive Loan Pool	$4,600,000
Foreclosure Rehabilitation Loans	1,000,000
Grants	
Competitive Grant Pool	750,000
Foreclosure/Homeowner Counseling	500,000
Administration	150,000
Total	$7,000,000

Affordable Housing Loan Program

At least 80 percent of the funds allocated to the Virginia Housing Trust Fund must be used to provide loans that reduce the costs of affordable rental housing and homeownership. Building on their previous experience with the Virginia Housing Partnership Fund, the housing agencies have determined VHDA will provide the underwriting services needed to implement the key provisions of loans made through this program. DHCD, with the participation of VHDA, will structure the design of the loan component with sufficient flexibility to maximize the long-term affordability and sustainability of the housing projects receiving assistance. They will also include provisions that encourage opportunities to include project participation from other public and private funding sources.

The loan program will have two distinct components. A majority of the loans will be offered through a competitive loan pool open to a variety of eligible projects accomplishing the fund's purposes. A second, smaller component, will initially be dedicated to a residential foreclosure rehabilitation and resale program to promote home ownership and preserve stable residential communities in areas hardest hit by foreclosure.

Competitive Loan Pool

While the competitive loan pool will accommodate a wide array of possible projects, it will acknowledge the direction of a number of gubernatorial initiatives as well as the limited available funds by giving priority to demonstration projects that address articulated state

housing policies. Such policies include supporting affordable, community housing options for persons with disabilities (including funding that could aid the state response to the DOJ settlement) and expanding permanent housing opportunities for persons experiencing homelessness.
Another priority area—promoting the appropriate reuse of foreclosed residential properties in ways that restore home ownership while stabilizing neighborhoods and increasing the supply of housing targeted to very low-income citizens—will receive a separate allocation from the loan fund.

Most of the funds in the Housing Development Loan Pool will be used to provide low-interest loans that are structured to meet the financing needs of specific projects. DHCD and VHDA anticipate that a majority of the loan pool will provide financial assistance for specific projects that address the affordable rental housing needs of very low-income citizens, while giving priority to projects that address critical housing needs mentioned in the previous paragraphs as well as other areas of need such as prisoner re-entry and returning veterans. To assure the long-term viability of affordable rental projects, the agencies will give priority consideration to projects that have an identified strategy for financial sustainability, such as providing rental assistance to income-qualified tenants. In keeping with the direction that the loans provide flexible financing, the agencies will set repayment rates and terms for each individual loan from the Trust Fund. In addition, provisions of the loan program will encourage applicants to pursue leveraged funds from other sources such as LIHTC program tax credits, program income derived from the Neighborhood Stabilization Program (NSP 1 and 3), and other federal and local housing programs.

As with many of its programs, DHCD will use a competitive process to select projects for funding. The maximum loan available to a single project will be capped at $750,000. To assure funds are deployed quickly once they become available after June 30, 2013, and to facilitate coordination with other housing finance programs such as LIHTC and HOME, the agencies are proposing to start the application period well in advance of the new fiscal year by requiring the submission of initial applications by April 15, 2013. The criteria used to evaluate projects for funding will include the: (1) direct impact on one or more high priority state housing policies; (2) leveraging; (3) affordability; (4) financial sustainability; (5) impact on local housing needs; (6) feasibility, (7) readiness, (8) coordination of services and (9) the applicant's administrative capacity. DHCD will rank competitive project applications using a standardized review with a 100-point scale. No project will be funded that scores below sixty percent. DHCD will make funding offers to the highest scoring projects in descending order until available funds are exhausted or all projects scoring above sixty percent have been funded. Applicants may be asked to provide additional information to finalize funding offers. Funding not allocated through the initial application process will be offered during subsequent round(s) with the final round of applications due no later than November 1, 2013. Property funded through a Housing Trust Fund loan will be subject to a lien intended to ensure its continued use as targeted, affordable housing during a specified period. The outstanding balance on the loan will be due in the event the affordability period is not met.

Foreclosure Rehabilitation

As part of the Trust Fund's response to the ongoing effects of home foreclosures in Virginia, a portion of the loan pool of up to $1 million will be set aside for a demonstration program, Community Improvement Home Loans, to assist in transforming previously foreclosed homes into community assets. Working with locally-based organizations meeting eligibility criteria, VHDA will provide a line of credit from its resources these organizations may use to acquire eligible homes, primarily lender-owned (REO) properties in the areas hardest hit by the foreclosure crisis. This will be a competitive program. Organizations must submit a strategy identifying eligible neighborhoods within their service area. Individual funding requests will be evaluated based on the applicant's:

1. Demonstrated understanding of the local housing market;
2. Strategic use of Community Improvement Home Loan Program resources;
3. Maximization of community impact; and
4. Establishment of partnerships to maximize capacity and resources.

The program will offer deferred, potentially forgivable, loans averaging $15,000 to include local administrative costs and the cost of remediating deficiencies in the condition of the home and placing it in a marketable state. Eligible homebuyers meeting VHDA criteria would have access to a set-aside of VHDA permanent financing subject to income and sales price limits. While this program would be available on a statewide basis, priority for such loans will be assigned to proposals:

1. Serving areas with high foreclosure levels;
2. Demonstrating strong potential for quickly restoring units to home ownership;
3. Providing home ownership opportunities to qualifying low-income households such as first-time homebuyers; and

4. Revitalizing communities that remain among the hardest hit by the effects of foreclosure as evidenced by their identification as areas of the state targeted for foreclosure counseling by VHDA.

In such targeted areas, VHDA will work with homebuyers to facilitate their access to appropriate mortgage products. This approach encourages local program sponsors to seek partnership opportunities for direct participation by local real estate professionals and contractors.

The Community Improvement Home Loan approach to overcoming problems associated with high foreclosure levels may also create an opportunity to leverage the Trust Fund participation in the Loan Program with additional resources that may become available through the Atlanta Federal Home Loan Bank (FHLBank Atlanta). Such resources could supplement the funds for home improvement loans or provide down payment assistance to first-time homebuyers.

Homeless Reduction Grant Program

The budget *permits* the use of up to 20 percent of the funds allocated to the Virginia Housing Trust Fund to provide grants for activities to reduce homelessness. As with the loan program, DHCD and VHDA propose the grant portion of the Trust Fund comprise two distinct components. The largest share of the grants will be offered through a competitive process open to a variety of eligible applicants targeting the reduction of homelessness. The second component will initially be dedicated to foreclosure and housing counseling targeting those areas of the Commonwealth hardest hit by foreclosure. In the event available grant funds are not fully allocated to these activities, any residual balance may be redirected to the Affordable Housing Loan Program.

A pool of $500,000 will be set aside for grants for foreclosure counseling in areas of the Commonwealth with the highest incidence of foreclosure. Where possible, these grants will be allocated in conjunction with VHDA's housing and foreclosure counseling activities and provide opportunities for linkages with the Community Improvement loan program discussed in the previous section.

In accordance with budget language, the balance of the Homeless Reduction Grant funds may be used for temporary rental assistance, not to exceed one year, housing stabilization services in supportive housing for homeless individuals and families, and predevelopment assistance to support long-term housing opportunities for the homeless. The restriction on the amount of the Trust Fund available for grants (and the one-year assistance limitation) suggests the Trust Fund could not serve as a significant, long-term source of rental assistance. However, it could be used to close temporary gaps for individuals, serving as bridge for individuals transitioning into rental arrangements with documented commitments of future rental assistance from other federal, state or local sources.

As with the loan program, projects will be selected for funding through a competitive application process. Applicants may apply for up to $100,000. The application period will run in parallel with the loan program. The initial application period will close on April 15, 2013. If required, subsequent application periods will follow the same schedule as the loan program. As with the loan program, DHCD will rank competitive project applications using a standardized review with 100-point scale. No project will be funded that scores below sixty percent. DHCD will make funding offers to the highest scoring projects in descending order until available funds are exhausted or all projects scoring above sixty percent have been funded. Applicants may be asked to provide additional information to finalize funding offers. Funding not allocated through the initial application process will be offered during subsequent round(s). Any grant funds not allocated by November 1, 2013, will be rolled into the Competitive Loan Pool.

DHCD will select projects based on the following criteria: direct impact on an established state housing policy; sustainability; impact on local needs; impact on reducing homelessness; feasibility; and capacity. Priority will be given to housing stabilization services and predevelopment assistance that are directly related to a project proposed for funding through the Affordable Housing Loan Program.

Organizations Eligible for Virginia Housing Trust Fund Allocations

The budget specified several types of organizations as being eligible to receive funding through the Trust Fund. Local governments, local housing and redevelopment authorities, regional or statewide organizations providing affordable housing and homeless assistance/services to Virginia citizens and holding companies expressly created for owning and operating affordable housing may apply for funding from the Virginia Housing Trust Fund. This would not preclude eligible organizations from contracting with a variety of other parties to assist in providing the housing and other resources required to satisfy the conditions of the grant or loan product.

Virginia Housing Trust Fund Administration and Management

Funding for the Housing Trust Fund is included in the Department of Housing and Community Development’s budget. DHCD is to work in collaboration with the Virginia Housing Development Authority (VHDA) to carry out the provisions of the Fund.

DHCD and VHDA have a proven record of accomplishment in jointly administering statewide housing initiatives. In the late 1980s, the General Assembly passed legislation creating the

Virginia Housing Partnership Fund. It was created to improve the quality and affordability of housing throughout the Commonwealth and was jointly administered by DHCD and VHDA. DHCD set policy, provided technical assistance to its housing development partners in responding to funding opportunities and selected projects for funding through a competitive application process. VHDA provided underwriting services and originated and serviced loans.

This model worked well during the years the Partnership Fund received occasional new infusions of funding through the budget. In the early 2000s, the Partnership Fund ceased receiving appropriations and the budget directed the sale of its portfolio to VHDA to provide the additional revenue needed to close gaps in the overall state budget. However, the organizational framework of the Virginia Housing Partnership Fund remains intact within the Code of Virginia (§§ 36-141 through 36-151) where it provides a convenient template for administering the Housing Trust Fund contained in the current biennial budget. For administrative and organizational efficiency, it is recommended that the resources of the Virginia Housing Trust Fund be placed within the Partnership Fund. This would avoid the need to create parallel administrative structures that effectively perform the same functions.

Based on this model, DHCD and VHDA will jointly determine the policy parameters of the Housing Trust Fund. Specific aspects of Trust Fund implementation will be handled by the individual agencies in accordance with their designated areas of expertise and responsibility.

With respect to the loan offerings, DHCD will provide technical assistance during project development. VHDA, drawing on its forty-year experience in mortgage lending as the state's housing finance agency, will provide project underwriting for the Affordable Housing Loan Program and perform loan origination, servicing and monitoring for all program loans. DHCD, which has more than thirty years experience in managing federal and state grant and loan programs for housing and community development, as well as extensive involvement in homeless programs, will administer the process to solicit applications for both the Affordable Housing Loan Program and the Homeless Reduction Grant Program. Overall responsibility for the ongoing administration and monitoring of grants made through the Homeless Reduction Grant Program will fall to DHCD.

Finally, because the various components of the Trust Fund will require substantial administrative effort on the part of the housing agencies, a total of no more than $150,000 will be set aside and considered as eligible costs of the Fund.

Evaluation and Analysis of Outcomes

Although the budget did not incorporate a requirement for an assessment of the performance of the Virginia Housing Trust Fund, the agencies intend to evaluate the various components of the Fund.

Such an assessment would require definition of indicators of success and a system of outcome measures. Anticipated outcome measures will include housing units provided, with a special focus on units provided to hard-to-serve target populations; services provided to support reducing homelessness; the mitigation of the adverse impacts of foreclosure on communities by the return of properties to owner occupancy; and the degree to which other financial resources can be leveraged for housing.

Both public input and the perspectives of state agencies with concerns about housing for a number of special needs categories expressed the desire to see resources directed toward areas of need addressed through crosscutting state policies. Improved interagency collaboration and communication has clearly indicated a pervasive lack of affordable housing impedes progress on a range of state policies. The evaluation will examine the extent to which the Trust Fund is able to facilitate progress in addressing areas of priority need.

Once all Housing Trust Fund resources have been allocated, DHCD and VHDA will advise the Senate Finance and House Appropriation Committee chairs of the types of projects, uses of funds and locations associated with the grant or loan awards. Subsequent follow-up reports would take a more outcome-oriented approach, addressing those variables mentioned in the first paragraph of this section.

Appendix A: Provisions of the FY 2013-2014 Appropriations Act Establishing the Virginia Housing Trust Fund

Item 108

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G.1. There is hereby created the Virginia Housing Trust Fund, hereafter referred to as "the Fund." Out of the amounts in this appropriation, $7,000,000 the second year from the general fund shall be deposited into the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The Department shall work in collaboration with the Virginia Housing Development Authority (VHDA) to provide loan origination and servicing activities as needed to carry-out the provisions of this Fund. The costs of such services will be considered an eligible use of the Fund.

2. The Department, through VHDA, shall use at least 80 percent of the moneys from the Fund to provide flexible financing for low-interest loans through eligible organizations. Such loans shall be structured to maximize leveraging opportunities. All such funds shall be repaid to the credit of the Fund. Loans may be provided for:

a. Affordable rental housing to include new construction, rehabilitation, repair, or acquisition of housing to assist low or moderate income citizens, including land and land improvements;

b. Down payment and closing cost assistance for homebuyers; and,

c. Short, medium and long term loans to reduce the cost of homeownership and rental housing;

3. The Department may use up to 20 percent of the moneys from the Fund to provide grants through eligible organizations for targeted efforts to reduce homelessness, including:

a. Temporary rental assistance, not to exceed one year;

b. Housing stabilization services in permanent supportive housing for homeless individuals and families;

c. Mortgage foreclosure counseling targeted at localities with the highest incidence of foreclosure activity; and,

d. Pre-development assistance for permanent supportive housing and other long term housing options for the homeless.

4. Organizations eligible for funding from the Fund shall include the following: (i) localities; (ii) local government housing authorities; (iii) regional or statewide housing assistance organizations

that provide assistance to low and moderate income or low-income citizens of Virginia, and (iv) limited liability companies expressly created for the purpose of owning and operating affordable housing.

5. Prior to the expenditure of any funds appropriated for the Virginia Housing Trust Fund the department, in conjunction with the Virginia Housing Development Authority, shall submit a plan outlining its proposed uses of the funds to the General Assembly. Such plan shall be provided to the Chairmen of the House Appropriations Committee and the Senate Finance Committee no later than November 1, 2012.