



**Workforce Housing
Investment Program**
Effective: February 1, 2025

Handbook

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1. Program Description

In November 2023, Virginia Housing published a report conducted by Chmura Analytics that identified housing's role as an economic competitiveness factor as the Commonwealth works to attract and retain employees. This report, along with ongoing interactions with key state, regional and local stakeholders, solidifies the need for additional middle income housing development across Virginia if every region of the Commonwealth is going to be competitive in the everchanging economic development field. In the past, the idea was that housing would follow jobs but in recent years and especially amplified by the COVID-19 Pandemic, companies are looking more and more into the quality of life available to their employees when making business decisions, making attainable and quality options for housing a key factor in those decisions.

1.1. Overview of Funding Opportunity

Workforce Housing Investment Program funds are available in regions with a recent economic development project announcements bringing in new residents requiring affordable housing options for both rental and homeownership. These include expansions of current employers as well as those new to the locality. At the completion of development, new housing units would be available and affordable to households making between 80-120% of the Area Median Income. These income limits can be found here: <https://www.virginiahousing.com/partners/rental-housing/income-limits>

Awards are based on the developer's readiness to complete the project, locality cooperation, and the availability of Virginia Housing funding. Funds will be awarded in the form of grants and loans subsidy. **Being selected for this award does not guarantee permanent financing by Virginia Housing.**

The housing outcomes envisioned by this program focus on the production of new middle income housing units that can serve as a model for further development both within the sponsoring locality or region as well as other regions throughout the Commonwealth. Such housing production can result from the construction of new units or the adaptive re-use of existing structures to incorporate housing units.

Furthermore, this program seeks to increase the inventory of middle-income housing units in underserved markets, including rural areas and historically marginalized communities, with a focus on first-time homebuyers and essential workers. This program is also intended to foster income and economic integration through housing development and revitalization projects in areas of opportunity that include mixed-use and/or mixed-income rental developments.

1.2. Application Process

Virginia Housing awards funds to partners to foster a regional approach to housing development for Virginia's workforce. Awards are based on an organization's readiness, development focus, previous performance, and the availability of Virginia Housing funding.

Agencies seeking funding should apply to Virginia Housing’s Notice of Funding Opportunity (NOFO) located in the Grants Management System at <https://vhdagrants.com/>. All applications must be submitted electronically using the Virginia Housing Grants Management System. Applications submitted beyond the end date stated in the Virginia Housing NOFO will not be accepted.

For questions concerning this program or assistance with application submission, contact Chris McNamara, Strategic Housing Officer, at (804) 584-4721 or email Chris.McNamara@VirginiaHousing.com.

1.3. Eligibility Guidelines

To be eligible for grant funds or rate subsidy under the Workforce Housing Investment Program, the applicant must be one of the following: nonprofit organizations, units of local government, or quasi-governmental entities. The applicant may apply in partnership with a private for-profit entity. Applicant may submit multiple requests for different project funding.

All awards are based on the capacity to complete the project, alignment of the project with Virginia Housing’s mission, and availability of Virginia Housing funding.

The organization shall designate and identify to Virginia Housing a person or persons to serve as Virginia Housing’s sole point(s) of contact for this program. Such person or persons shall be employees of the organization and not a contractor or consultant.

Eligible projects will need to be located within a 30-minute drive time of a job announcement within the Commonwealth of Virginia from July 1, 2023 - December 31, 2024 that meets the following requirements based on level of distress¹ of the location of the employment center:

Location	Eligibility	Match	Award	Local Match	Award Type
Non-distressed locality	100 new jobs	1:1	10% of project cost	10% of project cost	Loan subsidy
Single-distressed locality	50 new jobs	1:2	13.4% of project cost	6.6% of project cost	Loan subsidy
Double-distressed locality	25 new jobs	1:4	16% of project cost	4% of project cost	Grant or Loan subsidy

Job Announcements must be verified through a press release from the Governor’s Office, local economic development department press release, or a letter from the employer confirming their plans to locate or expand in a locality. This verification must include the date of the announcement, location of the jobsite, and the number of full-time employers to be hired.

For each qualifying job announcement, a maximum of \$3,000,000 will be available to residential development within thirty minutes of the jobsite. This can be split between multiple projects. For transformational job announcements of over 500 full time

¹ Map and list of locality distress level can be found in **Appendix A** of this handbook.

employees, a total of \$5,000,000 in awards will be available. The total award plus local match will not exceed 20% of the total development cost.

The locality of the qualifying jobsite will be used to determine the minimum number of new jobs needed to be eligible for this program. If a project meets the thirty-minute drive time but is located in another locality, the distress level of the locality where the new units are to be built will determine the match requirements and award type/amount.

1.4. Eligible Activities

Program funding supports the production of New Units. These are units that are not built yet. Units that are not built but are fully funded are not eligible for Workforce Housing Investment Program funding.

This program supports the production of either Homeownership Units or Rental Units. **Refer to Section 3 (Rental) and Section 4 (Homeownership)** for specific information on the program as it pertains to your request.

1.5. Schedule

The budget and period of performance for this grant is twenty-four (24) months from the grant award.

Units must be habitable before the end of the performance period.

Applications will be accepted one (1) time per year and will be competitive.

Applications will **open February 1, 2025, and close March 31, 2025 at 11:59 PM**. Virginia Housing reserves the right to modify the application period prior to the due date.

Award notifications will be announced no later than June 30, 2025.

Applicants should have substantially completed the predevelopment activities to ensure the development will be completed within the performance period (24 Months). The predevelopment activities may include:

- Financial planning completed – grants, conventional loans, etc. Environmental assessments are conducted.
- Design decisions, systems and materials to be used for project are identified.
- Site location(s) required permits and feasibility are identified.
- Land acquisition or securing option rights to purchase land is completed.
- Site surveys such as but not limited to topography, access to utilities, storm-water runoff, traffic studies, and archeology are conducted.
- Necessary infrastructure improvements are identified and included in the project scope.
- Identification of potential barriers and predetermined alternatives/solutions to address them.
- Documentation of the overall project schedule.
- Prepare for project development, including identifying effort and cost tracking systems/tools.

1.6. Application Requirements

Applications will open on February 1, 2025. All applications must be submitted by 11:59 PM on the deadline of March 31, 2025. The same application will be used for both rental and homeownership projects.

The application must clearly provide the following information:

- Evidence of qualifying economic development announcement
- Proof of proximity to new job site to verify the units will be within a thirty-minute drive
- Market study to show need for new housing
- Examples of steps taken in the locality or region to expedite and support further housing development
- Other funding sources including meeting requirement for locality match.
- Whether the application is for a loan subsidy or a grant (if qualified)
- Demonstrated funding gap

1.6.1. Locality Match Requirement

Cash or In-Kind contributions (including land, infrastructure improvements, waived fees, etc.) based on distress level will equal a maximum of 20% of total development costs or a maximum of \$3 Million of Virginia housing award (\$5 Million for transformational projects over 500 jobs) whichever is lower:

Location	Eligibility	Match	Award	Local Match	Award Type
Non-distressed locality	100 new jobs	1:1	10% of project cost	10% of project cost	Loan subsidy
Single-distressed locality	50 new jobs	1:2	13.4% of project cost	6.6% of project cost	Loan subsidy
Double-distressed locality	25 new jobs	1:4	16% of project cost	4% of project cost	Grant or Loan subsidy

1.6.1. Development Schedule

The application should provide evidence the development can be completed within Twenty-four (24) months of the award. For multi-family developments, first unit deliveries within the 24-month period will satisfy this requirement.

Evidence may include:

- Zoning and site plan approvals
- Evidence that infrastructure improvements are complete or are funded and will be complete

1.6.2. Unit Count

Rental projects must produce a minimum of 10 units for every \$500,000 awarded or equivalent subsidy.

For homeownership projects, maximum amount per unit of grant funding will be based on distress level:

- Not Distressed: \$30,000/unit
- Single Distressed: \$40,000/unit
- Double Distressed: \$50,000/unit

1.6.3. Attachments

The following must be attached to the application:

- Evidence of eligibility, if the applicant is not a general unit of local government.
- Organizational Chart
- Copy of Economic Development announcement
- Market Study supporting the need for housing

1.7. Restrictions

- Maximum grant award per qualifying job announcement is \$3,000,000 (this can be for multiple residential projects per announcement).
- For job announcements over 500 full time jobs, up to \$5,000,000 in total awards may be available.
- If seeking an interest subsidy instead of a grant, for the purposes of application, assume each \$100,000 of WHIP award equals \$370,000 of loan proceeds at a below-market rate of 3.95%. The amount/rate are subject to fluctuation due to market conditions and will be finalized upon successful underwriting, approval and completion of pre-rate lock conditions.
- Workforce Housing Investment Program funds cannot be used for infrastructure expenses.
- Land banking is not permitted.
- Funds may not be used for land trust development.
- Market Analysis is not covered under this funding opportunity; however, it may be applied for under the Community Impact Grant funding opportunity.
- Applicants with an existing or previous Virginia Housing grant or loan must not have any outstanding compliance issue(s) or issues resulting in funds withheld within the twelve (12) months before application submission.
- Consultants receiving funds under this grant may in no way have an existing relationship (current employment or voluntary) with the applicant during the term of this grant.

1.8. Approval

Funds will be awarded based on an assessment of the application and the availability of Virginia Housing funds. This is a competitive funding opportunity and applications will be reviewed by a cross-agency team of representatives from the

Secretary of Commerce and Trade, Virginia Economic Development Partnership (VEDP), Virginia Department of Housing and Community Development (DHCD) and Virginia Housing.

Awards will be announced no later than June 30, 2025.

1.9. Denial

Applicants that are not approved for funds will receive a letter from Virginia Housing explaining the denial of grant funds.

Virginia Housing reserves the right to reject funding requested for any costs that are outside the scope of activities listed under this program.

1.10. Freedom of Information Act

Virginia Housing is subject to, and will at all times comply with, the Virginia Freedom of Information Act ("FOIA"). Virginia Housing's policy is to apply exemptions to FOIA when such exemptions are available as set forth in the Virginia Code.

1.11. Conflict of Interest

No officer or employee of an applicant or awarded organization shall have a personal interest in a contract with that organization of which he/she is an officer or employee.

2. Rental Unit Production

2.1. Application for Rental Units

This application will serve as a pre-application with award recipients being eligible to apply for construction-to-permanent or permanent financing from Virginia Housing with the grant or subsidy built into the development budget. **Moving forward with this application does not guarantee financing from Virginia Housing.**

- The development must meet all Virginia Housing Minimum Design and Construction Standards: <https://www.virginiahousing.com/partners/rental-housing/rental-financing-ae-process>
- Minimum Affordability period of fifteen (15) years for all income restricted units, unless further restricted by terms of loan or other funding sources.
- Virginia Housing loans require a 10-year prepayment moratorium. All applicable affordability requirements would remain in effect for the life of the loan.
- Mixed use developments must designate at least 60% of its square footage for housing. These developments must also include units that are not income restricted. For mixed use developments, the unit breakdown would be the following:
 - 20% of units affordable at 80% AMI, balance unrestricted
 - Alternative unit mixes and incomes may be considered on a case-by-case basis. Applicants seeking this alternative are encouraged to contact Virginia Housing prior to submitting an application.

Rental developments generated by this grant must maintain 80-120% AMI for all required units for the duration of the affordability period. Rural areas may increase this limit to 150% of AMI.

Current AMI limits can be found here: <https://www.virginiahousing.com/partners/rental-housing/income-limits>

- Income limits do not apply to unrestricted units in mixed use developments as outlined above
- A current map of localities that are considered rural can be found in **Appendix B** of this handbook.

2.2. Ineligible Expenses

- Units already proffered would not be eligible for the Workforce Housing Investment Program funding. The intent of the program is to produce new affordable units, and units that are proffered are considered already in the development pipeline.
- Funds may not be used to pay for activities currently funded by another funding source.
- Funds may not be used for, in support of, or to develop owner-occupied rehabilitation, rent assistance or emergency shelters.

- Program funds cannot be used to subsidize existing affordable units within a market rate property.
- Program funds cannot be used to meet owner equity requirements for the purpose of loan qualification, or to pay fees associated with loan application.

2.3. Approval

Award recipients for rental projects will receive notification of their selection. This notification must be included in permanent financing applications made to Virginia Housing for rate subsidies and grants to be considered in the application. Awards will be applied directly to the financing package and not passed through the applicant. If a project is selected for funding through the Workforce Housing Investment Program but is not able to secure permanent financing, those funds will be reallocated to the next fiscal year for competitive applications.

2.4. Disbursement

For rental projects receiving loan subsidy, funds will be disbursed under Virginia Housing's standard draw funding process, governed by a construction loan agreement and other standard loan documents.

3. Homeownership Unit Production

3.1. Application for Homeownership Units

- Homeownership grants will be awarded to the applicant who will contract with Virginia Housing to manage the grant until completion.
- Grants will be awarded on a per unit basis based on level of distress in the locality with maximum awards per unit as follows:
 - Not Distressed: \$30,000
 - Single Distressed \$40,000
 - Double Distressed \$50,000
- Homes must meet Virginia Housing Maximum sales price limits.
- If the funds provided to the homebuyer are in the form of a grant or subordinate mortgage (including a “soft second” that may be forgiven over time and/or has no monthly payments), the grant or subordinate loan must comply with all applicable mortgage industry requirements, including those set by Fannie Mae, Freddie Mac and FHA.
- In some cases, if the grant or subordinate loan is provided by the seller or another interested party to the transaction, it may not be acceptable. It is important to ensure that all relevant requirements are met in these instances.

3.2. Eligible Expenses

Approved organizations will only receive disbursement and reimbursement for the applicable expenses outlined in this section. Virginia Housing reserves the right to reject funding requested for any costs that are outside the scope of activities listed below:

3.2.1. Administration

Homeownership Applicants may include up to 15% of the total award in the budget for administration.

3.2.2. Project Specific Marketing

Advertising and/or materials developed to increase community awareness about the designated project. General marketing of the organization is not eligible.

3.2.3. Consultant Fees

Contracted services to facilitate meetings, develop proposals and/or facilitate development.

3.2.4. Contractor Fees

Construction services to develop the project.

3.2.5. Soft Costs

Fees directly related to the project's development, such as permitting fees, utility connections, final design, inspection fees, surveys, and capitalization fees

3.2.6. Materials

This includes items needed to develop the project.

3.2.7. Equipment

This includes tangible personal property having a per-unit acquisition cost which equals or exceeds \$5,000.

3.3. Ineligible Expenses

- Units already proffered would not be eligible for the Workforce Housing Investment Program funding. The intent of the program is to produce new affordable units, and units that are proffered are considered already in the development pipeline.
- Funds may not be used to pay for activities currently funded by another funding source.
- Funds may not be used for, in support of, or to develop owner-occupied rehabilitation, rent assistance or emergency shelters.
- Program funds cannot be used to subsidize existing affordable units within a market rate property.
- Program funds cannot be used to meet owner equity requirements for the purpose of loan qualification, or to pay fees associated with loan application.
- Travel costs are not eligible to be directly charged to the grant.

3.4. Affordability Period

The affordability period for a project is determined by the most restrictive funding source used in the project. The following conditions are the minimum restrictions for units receiving Workforce Housing Investment Program assistance.

For homeownership units, if the Virginia Housing assistance in the project is less than \$15,000 per unit, each unit would be subject to a ten-year affordability period. More than \$15,000 per unit would carry a fifteen-year affordability period. In this context, "affordability period" means continued ownership and occupancy by the original income-qualified purchaser of the home or sale to another income-qualified purchaser.

Homeownership units generated by this grant shall have sales price and income limits consistent with Virginia Housing limits for that area or region unless lower limits are mandated by the use of leveraged financial resources from other funding sources. The most recent limits can be access by visiting <https://virginiahousing.com/loanlimits>.

3.5. Approval

The selected organization(s) will receive a Grant Award Notification (GAN) and a Grant Agreement if approved for funds under the award for homeownership projects. The applicant must return the Grant Agreement to Virginia Housing with signature by an authorized representative.

3.6. Disbursement

Funding will be reimbursed for applicable activities outlined in Section 4.2. An exception can be made for large payments to third-party contractors. Grantees will have the option of submitting claims to Virginia Housing with invoices that have not yet been paid. Invoices must have documentation of costs and delivery of contracted goods and services. Submitted claims must also include documentation that expenses have been paid by the developer selected by the applicant.

Proof of payment must be maintained by the grantee and made available to Virginia Housing, upon request.

3.6.1. Claims Schedule

Claims should be submitted via the Grants Management System as follows:

- October 15 for the months July 1 through September 30
- January 15 for the months October 1 through December 31
- April 15 for the months January 1 through March 31
- July 15 for the months April 1 through June 30

3.7. Reporting

Grantees are required to submit a quarterly status report detailing the progress of the project.

Grantees are also required to submit a final report at the completion of the project. The final report must include videos and/or photos and three available dates and times for site visits.

3.8. Status Report Schedule

Status Reports should be submitted via the Grants Management System as follows:

- October 15 for the months July 1 through September 30
- January 15 for the months October 1 through December 31
- April 15 for the months January 1 through March 31
- July 15 for the months April 1 through June 30

3.9. Contract Changes

If an agency wants to extend its development phase after award approval from Virginia Housing, it must submit a contract amendment to extend its period of performance via the Grants Management System (GMS). Funds will not be disbursed on items that occur outside of the approved performance period. Virginia Housing must approve all changes to the performance period.

4. Reviews

Virginia Housing may conduct a review of a grantee's program operations to ensure proper accountability and compliance with program requirements.

For the Workforce Housing Investment Program, an on-site inspection by a compliance officer may be conducted before the release of final payment for a specific project and for the overall grant.

Using the findings of a review, Virginia Housing may determine whether to continue participation unconditionally or conditionally. Additionally, the findings of a review may serve as a basis for determining future grant funding for the grantee.

Grantees will be notified at least fifteen (15) days before reviews.

Applicants will be required to submit a Certification of Compliance six months after the end of the period of performance to ensure proper affordability is maintained for units developed under this program.

5. Appendix A: Distress Level Index

Distress Level index (<https://vedp.org/incentive/commonwealths-development-opportunity-fund-cof>)

Commonwealth Opportunity Fund (COF) Distressed Localities

Double Distressed

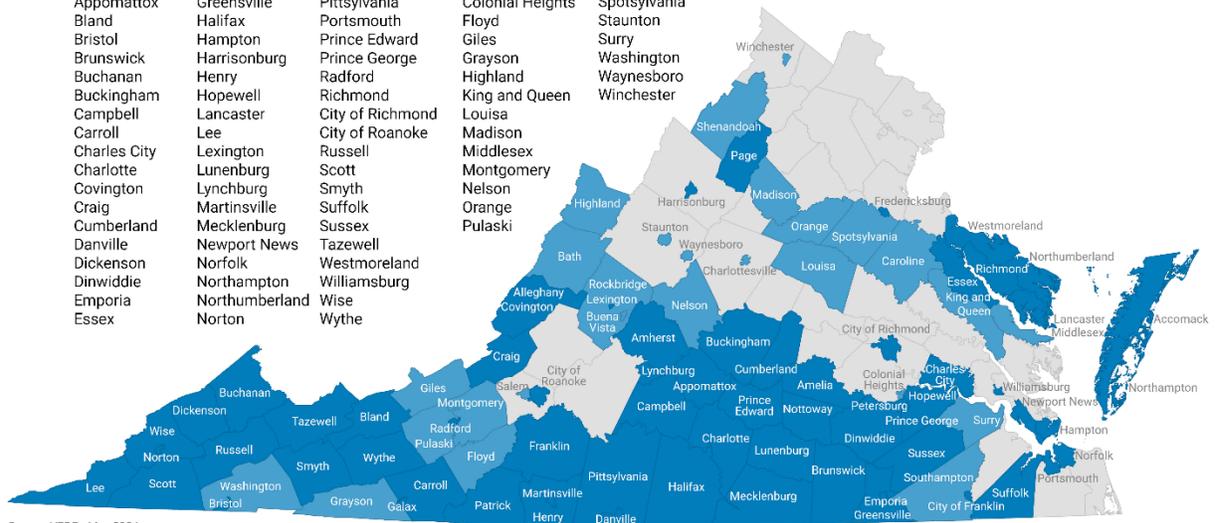
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Alleghany
Amelia
Amherst
Appomattox
Bland
Bristol
Brunswick
Buchanan
Buckingham
Campbell
Carroll
Charles City
Charlotte
Covington
Craig
Cumberland
Danville
Dickenson
Dinwiddie
Emporia
Essex

Franklin
City of Franklin
Fredericksburg
Galax
Greensville
Halifax
Hampton
Harrisonburg
Henry
Hopewell
Lancaster
Lee
Lexington
Lunenburg
Lynchburg
Martinsville
Mecklenburg
Newport News
Norfolk
Northampton
Northumberland
Norton

Single Distressed

Nottoway
Page
Patrick
Petersburg
Pittsylvania
Portsmouth
Prince Edward
Prince George
Radford
Richmond
City of Richmond
City of Roanoke
Russell
Scott
Smyth
Suffolk
Sussex
Tazewell
Westmoreland
Williamsburg
Wise
Wythe

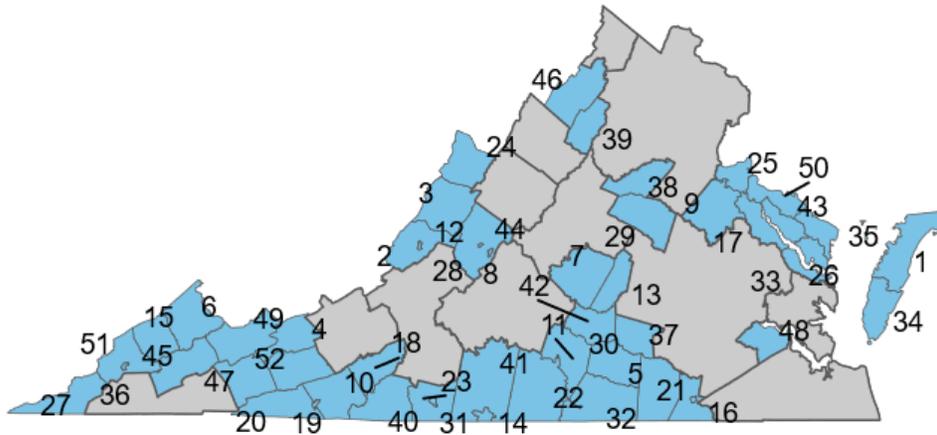
Bath
Buena Vista
Caroline
Charlottesville
Colonial Heights
Floyd
Giles
Grayson
Highland
King and Queen
Louisa
Madison
Middlesex
Montgomery
Nelson
Orange
Pulaski



Source: VEDP - May 2024



6. Appendix B: Map of Rural Localities



- | | | |
|-----------------------|---------------------------|-------------------------|
| 1. Accomack County | 22. Halifax County | 43. Richmond County |
| 2. Alleghany County | 23. Henry County | 44. Rockbridge County |
| 3. Bath County | 24. Highland County | 45. Russell County |
| 4. Bland County | 25. King George County | 46. Shenandoah County |
| 5. Brunswick County | 26. Lancaster County | 47. Smyth County |
| 6. Buchanan County | 27. Lee County | 48. Surry County |
| 7. Buckingham County | 28. Lexington city | 49. Tazewell County |
| 8. Buena Vista city | 29. Louisa County | 50. Westmoreland County |
| 9. Caroline County | 30. Lunenburg County | 51. Wise County |
| 10. Carroll County | 31. Martinsville city | 52. Wythe County |
| 11. Charlotte County | 32. Mecklenburg County | |
| 12. Covington city | 33. Middlesex County | |
| 13. Cumberland County | 34. Northampton County | |
| 14. Danville city | 35. Northumberland County | |
| 15. Dickenson County | 36. Norton city | |
| 16. Emporia city | 37. Nottoway County | |
| 17. Essex County | 38. Orange County | |
| 18. Floyd County | 39. Page County | |
| 19. Galax city | 40. Patrick County | |
| 20. Grayson County | 41. Pittsylvania County | |
| 21. Greenville County | 42. Prince Edward County | |

Non-metro counties, 2020 OMB definition. Updated 12/3/2024.