

RESOLUTION ADOPTING THE ATTAINABLE WORKFORCE
HOUSING PERFORMANCE GRANT PROGRAM

WHEREAS, affordable housing is a priority of the Virginia Beach City Council (the "City Council") and the City of Virginia Beach Development Authority (the "VBDA");

WHEREAS, after receiving a report on affordable housing, the City Council directed the City Manager to advance discussions with the VBDA to fund new, large-scale, mixed-use development projects;

WHEREAS, at the VBDA's March 11, 2025 meeting, the Department of Housing and Neighborhood Preservation presented a program, modeled on other local initiatives, that proposed partnering with the VBDA to create a grant program to partially offset the costs associated with development of affordable housing, and seek to encourage reinvestment in such projects over time;

WHEREAS, in 2022, the General Assembly amended the purposes of the Industrial Development and Revenue Bond Act to include "the power to make grants associated with the construction of affordable housing in order to promote safe and affordable housing in the Commonwealth and to benefit thereby the safety, health, welfare, and prosperity of the inhabitants of the Commonwealth." Va. Code § 15.2-4901;

WHEREAS, on April 1, 2025, City Council in furtherance of its priority to increase affordable housing, adopted a program for Attainable Workforce Housing Performance Grants, attached hereto as Exhibit A, and requested the VBDA consider a resolution also adopting the Attainable Workforce Housing Performance Grants Program; and

WHEREAS, the VBDA is of the opinion that the Attainable Workforce Housing Grant Program would promote affordable housing in Virginia Beach, furthering a goal of the VBDA and City Council.

NOW, THEREFORE, BE IT RESOLVED THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

1. That the Attainable Workforce Housing Performance Grant Program provided in Exhibit A is hereby adopted by VBDA.

2. That the Chair or Vice-Chair is hereby authorized to execute the Attainable Workforce Housing Performance Grant Program Policy (the "Policy") on behalf of the VBDA.

3. That, in accordance with the Policy, the City Manager is to present a proposed terms sheet for a qualifying Attainable Workforce Housing Project to the City Council and the VBDA for review and approval.

Adopted this 13 day of May, 2025, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary / Assistant Secretary

APPROVED AS TO CONTENT:


Economic Development

APPROVED AS TO LEGAL SUFFICIENCY:


City Attorney

Exhibit A



Attainable Workforce Housing Performance Grant Program Policy

Purpose of Program

The purpose of the City of Virginia Beach Attainable Workforce Housing Performance (AWHP) Grant is to provide an incentive for applicants to construct, own, and operate new affordable rental housing units in the City of Virginia Beach.

Affordable housing units are those units that will be rented and affordable to households with an annual income at or below 80% of the Area Median Income (AMI), adjusted for household size, as established by the United States Department of Housing and Urban Development (HUD) for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area for the applicable year of the grant period.

Background

To combat the affordable housing shortage, to further economic development, and specifically to incentivize the development of affordable housing across the Commonwealth, the General Assembly passed HB 1194 during the 2022 Session, and it became effective on July 1, 2022. HB1194 amended Ch. 49, Title 15.2 of the Code of Virginia, known as the “Industrial Development and Revenue Bond Act,” to allow local Development Authorities, in conjunction with their local governing bodies, the power to make grants associated with the construction of affordable housing.

Eligible Projects

- Projects must be new construction.
- Projects must be developed by a for-profit entity.
- Only new multi-family affordable rental housing units that have not started construction as of a to-be-determined date are eligible for the AWHP Grant.
- Attainable Workforce Housing Performance Grant applicants must have a demonstrable gap in project financing, as evidenced by their development and operating pro forma.
- Eligible projects may be fully affordable or mixed-income, and may also be mixed-use (i.e., with commercial and residential components).

- Projects that involve the demolition of existing rental housing units only to build a minimum 20% additional affordable housing units.

Ineligible Projects

- The following projects are not eligible:
- Projects that involve only the purchase and/or rehabilitation of existing housing units.
- Projects that have already started construction as of a to-be-determined date.
- Projects that do not have a demonstrable gap in project financing as evidenced by their development and operating pro forma.
- Developments that are produced by a non-profit entity that is already exempt from paying real estate taxes.

Grant Award

Duration and Timing:

The Attainable Workforce Housing Performance Grant is for 15 years. The grant period may be extended another 15- year period for a total grant period of 30 years if the recipient complies with the capital reinvestment terms set forth below.

The Attainable Workforce Housing Performance Grant period commences on July 1st of the first real estate tax year following the applicant's completion of the project's construction, as evidenced by receipt of a temporary or permanent Certificate of Occupancy and ends on the last day of the 15th real estate tax year following the grant commencement date, or the 30th tax year, if the grant period is extended.

Amount and Payment:

The amount of the performance grant is capped at 100% of the amount of incremental new real estate taxes to be levied and collected for improvements on the Project Site. This amount may be adjusted to reflect the percentage of residential square footage to the total gross square footage of the structure(s) and the percentage of the number of affordable rental housing units to the number of total residential rental units.

A Grant amount of two (2) times the Performance Grant Percentage, up to 100% of the incremental value, is available to a qualified property when twenty percent (20%) or more of the residential units are affordable at or below 50% of the Area Median Income. The amounts subject to this increase are not subject to the amount of incremental new real estate taxes.

The Attainable Workforce Housing Performance Grant is payable by the City of Virginia Beach Development Authority ("VBDA") upon proof of full and timely payment of the property's real estate tax levy for the applicable payment period and proof of compliance with all requirements of the grant agreement. The VBDA's obligations would be funded via and subject to a corresponding appropriation by the Virginia Beach City Council.

Terms/Conditions for Award

The recipient of an Attainable Workforce Housing Performance Grant will be required to sign a grant agreement outlining the terms and condition of the award.

Recipients of an award must:

1. Adhere to the project construction timeline based on the effective date of the grant agreement by submitting a plan of development within 9 months, commencing project construction within 18 months, and completing construction within 3 years.
2. Strive for a goal of 50% small, woman, and minority (SWaM) business participation during the construction phase of development. The recipient is required to submit to the City's SWaM Office a report detailing all expenditures with minority business enterprises and emerging small businesses.
3. Provide detailed updates and verifications to the City of the applicant's progress regarding the completion of the project construction and, following Project construction, of recipient's continued control, maintenance, and operation of the Project throughout the 15-30 year grant period.
4. Restrict occupancy and rents of the Project throughout the 15-30 year grant period according to the schedule that will be outlined in the Grant Agreement. Ongoing compliance monitoring and approvals by Virginia Housing provided to the City will serve as evidence of the recipient's compliance with the occupancy and rent restrictions
5. Notify the VBDA and City of any material change in the project's financing structure occurring after an award is made.

For projects with a 30-year performance period, the Project Owner will be required to make an agreed upon reinvestment in capital improvements to the Project to ensure the ongoing upkeep and livability of all the rental units prior to the 15th year of service.

Any restructure in the project's financing or change in the Attainable Workforce Housing Performance Grant Agreement after an award is approved may constitute a material change in the approved application. The VBDA and the City of Virginia Beach understand the fluidity in the current housing market and intend for this program to be as flexible as possible. However, a material or substantial change in the project's financing structure may negate the approved grant award and the submission of a new application may be needed. If a new application is required, it must follow the same approval process as all performance grant applications. There is no guarantee that an Attainable Workforce Housing Performance Grant will be approved.

Award Process

1. The Project Owner completes an application to include its project in the Attainable Workforce Housing Performance Grant Program. After receipt of the application, [Housing/ED/special group designated for this purpose] reviews internally to

determine if project could qualify and to assess if additional information is needed from Project Owner. Staff could meet with Project Owner to discuss project to determine if project is eligible as a participant in the program.

2. If the project is eligible for inclusion in the program, the City Manager will brief City Council in closed session and, if directed to proceed, request the appointment of grant liaisons. Subsequently, the VBDA will be briefed in closed session on the project.
3. If not previously completed, the City will complete a study of the economic, fiscal and social impacts of the project.
4. A term sheet may be developed, in concert with the City Attorney, and presented to the City Council and VBDA for concurrence.
5. The project manager will undertake stakeholder and community input appropriate for the size and scope of the proposed project.
6. A grant agreement, setting forth all the terms and conditions of the proposed Attainable Workforce Housing Performance Grant is developed between the VBDA and the Project Owner.
7. On completion, the grant agreement will be presented to City Council and the VBDA for approval. Along with the grant agreement, a support agreement wherein the City agrees, subject to appropriation, to provide sufficient funds to the VBDA to meet its obligations under the grant agreement.