

Commission on Local Government

Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/16/25

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB839: Zoning; by-right multifamily development in areas zoned for commercial use (Patron: Schuyler VanValkenburg)

Bill Summary: Zoning; by-right multifamily development in areas zoned for commercial use. Requires a locality to provide in its zoning ordinance provisions allowing for the by-right development and construction of multifamily residential uses on all land contained in commercial or business zoning district classifications. The bill provides that the review and approval of such development shall be done administratively by the locality's staff and that any residential development that dedicates a minimum of 10 percent of the total number of housing units to households with a household income at or below 80 percent of the area median income shall be granted an accelerated plan review and permit approval process by the locality's staff.

Local Fiscal Impact: Net Additional Expenditure: x Net Reduction of Revenues: x

Summary Analysis:

Number of Localities Responding: 6 Cities, 12 Counties, 3 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$300 to \$30.3 million over the biennium.

Localities identified several potential fiscal impacts of the bill. The process of drafting a new ordinance requires costs such as staff time, advertising to the public, and consulting. Some localities foresee the need to hire more staff in their planning departments to handle accelerated review times or greater numbers of applications. Some counties pointed out that multifamily developments are more costly for localities than other potential land uses because they will sometimes have to upgrade infrastructure, school capacity, and service provision. Localities also expressed concern that the by right development of multifamily buildings in commercial districts may result in the erosion of commercial tax bases. In their responses, localities expressed concerns about perceived incursion by the state into local land use matters in addition to concerns about overall cost.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27
Albemarle County	County	0	0	10000	10000	0	0	0	0
Amherst County	County								
Augusta County	County	0	0	0	0	0	0	0	0
Bedford County	County	75000	75000	5000	5000	0	0	0	0
Charlotte County	County								
Chesterfield County	County	160000	160000						
City of Alexandria	City	20000	20000						
City of Harrisonburg	City								
City of Lynchburg	City								
City of Richmond	City	100000	100000						
City of Virginia Beach	City	75000							
City of Winchester	City								
Fauquier County	County	107955	107955						
Gloucester County	County								
Mecklenburg County	County								
Northern Neck PDC	Other								
Prince George County	County			75000					
Prince William County	County	28800	28800						
Rappahannock County	County			304600	609200				
Town of Chincoteague	Town	62500	64062						
Town of Christiansburg	Town	0	0	0	0	0	0	0	0
Town of Rocky Mount	Town								

Net Increase in Expenditures: Itemized Estimates by Responding Localities

[illegible]

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The proposed legislation requires an "accelerated plan review and permit approval process" if the project meets certain affordable housing requirements. While the bill does not define "accelerated", decreasing the amount of time needed to complete a process typically results in increased operating costs. The exact amount of the increase to operating costs is unknown at this time and is subject to a variety of factors, particularly the number of housing developments. More important than the legislation's fiscal impacts, this bill intrudes on the County's traditional land use authority.
Amherst County	N/A
Augusta County	<p>We personally do not agree with this being a requirement. If the bill was proposing this requirement for denser localities, we could understand it. We do not think requiring MF in business zoned districts by right is congruent with our Comp Plan or the intent of our Future Land Use Map. When we rezone to MF, it gives us a chance to determine if a particular location is suitable for denser housing, and this would remove our ability to look closely at the suitability of the denser use.</p> <p>We are not necessarily opposed to the accelerated plan review and permit approval process piece for affordable housing projects but am opposed to the by-right requirement of MF in GB. Accelerated plan review and permit approval process will not have additional expenditures.</p>
Bedford County	<p>Our Director of Community Development anticipates the potential need for an additional staff (Planner) to handle the accelerated plan reviews and permit approval process. The estimated annual cost of such a position is \$75k for salaries and benefits and an additional \$5k per year for training, office supplies, etc. associated with the position. One time costs are associated with providing a furniture and computer equipment for a new staff person.</p> <p>Other "costs" of the bill are that it would remove the County's ability to govern the character of the County in a way that constituents desire, which is something they were very vocal about with our recent Comprehensive Plan update.</p>
Charlotte County	Over 90% of the county is zoned agricultural with a small portion zoned industrial. The balance consists of towns and state lands. This will not impact us.

Locality	Expenditure Narrative by Responding Localities
Chesterfield County	<p>The fiscal impact of SB839 on expenditures is projected to exceed \$30 million. By requiring by-right development for multifamily residential uses, the bill will increase the workload for planning staff, necessitating an overhaul of the County's comprehensive plan and zoning ordinances. The bill's accelerated review process for affordable housing developments may put additional strain on administrative workload to ensure timelines are met without sacrificing quality. These workload increases may be amplified as developers shift to more multifamily developments because of the streamlined and simplified permit and review process. Additional multifamily developments in areas not originally designed to support them may require additional investment towards the surrounding infrastructure, including roads, schools, and other public services. A typical multifamily development consisting of 500 units, assuming 2.5 individuals per unit and 0.2 children per unit, has a fiscal impact on capital infrastructure that exceeds \$10 million, although some costs may be offset from developer contributions. The exact fiscal impact will depend on the magnitude and location of additional multifamily developments.</p>
City of Alexandria	<p>The costs associated with this zoning ordinance requirement are anywhere from \$0 to \$20,000. This estimate reflects the staff time required to process a text amendment. Nearly all of Alexandria's commercial zones already allow multi-family residential development by right.</p>
City of Harrisonburg	<p>Unable to determine specific costs that the City would incur but our intuition is that there could be costs incurred for transportation related infrastructure (street improvements) and potentially school transportation costs (running buses into areas of the city they currently don't).</p>
City of Lynchburg	
City of Richmond	<p>The anticipated increase of affordable housing project submissions from developers would require an increase in personnel expenses to meet the accelerated plan review and permit approval process in the proposed legislation.</p>
City of Virginia Beach	<p>There would be administrative cost to update the city's zoning ordinances and code, as well as communications efforts with the public and depending on interest in the program, additional staffing for the planning department.</p>
City of Winchester	<p>Potential for SIGNIFICANT fiscal impact. This legislation seems not good by allowing by right multifamily residential uses on all commercial and business related zoned land. Affect Land Use balance, community facility impacts (schools etc.), and erosion of commercial tax base.</p>
Fauquier County	<p>This bill could lead to RECURRING personnel costs affordable projects are granted an accelerated plan review and permit approval process. Probably safe to estimate one full time salary at the senior planner level. There also could be significant increases in County operating costs, as multi-family units would need more services than commercial or business uses; as well as a significant loss of taxable income as multi-family would bring less taxes than commercial or business uses. I don't have a good way to estimate those numbers.</p> <p>This bill would also have ONE TIME non recurring costs related to a text amendment.</p>

Locality	Expenditure Narrative by Responding Localities
Gloucester County	
Mecklenburg County	Any cost associated with this bill depends on the type of construction design standards for multifamily residential that may be desired by a locality. If a locality simply wishes to comply with the proposed regulations, and do nothing further, then the cost would be only staff time for a locality with a planning or zoning position or an attorney, as the act called for in the bill would involve only a few lines of text changes and a few hundred dollars related to advertising costs for the public hearing that would be needed to enact any zoning ordinance changes pursuant to Section 15.2 - 2204 of the Code of Virginia (2 ads, once per week, assuming the ad is about 300 words at .25 to .50 cents per word, which is the standard rate in our local publications). If a locality does not have planning or zoning position or an attorney, but has on-call services, the one-time cost may be a bit higher because billable contract rates would apply (likely another \$250 to \$500 of cost). If, however, a locality wished to implement certain design guides, the cost could be quite variable, if certain standards existed in other districts and were merely copied over, the cost would be minimal. If no standards were in place previously, drafting a new manual or guide with outside assistance may cost several hundred or several thousand dollars.
Northern Neck PDC	Planning districts have no jurisdiction over local zoning regulations.
Prince George County	We have estimated an impact of \$75,000 for: 1. Development of a County Housing Plan - \$50,000 2. Preparation of ordinance Updates - \$25,000
Prince William County	Unable to estimate at this time, but there could be additional operating impacts incurred within the Department of Transportation and Development Services. Requested edit to bill: We would prefer if there was additional language added to indicate if the expedited review would be for site plan and building plan and confirm it does not included entitlement.
Rappahannock County	Rappahannock County must fund \$15,230 per school year for every pupil. This does not cover any capital expenditures that would be required to cover school expansion due to an influx of students. Unconstrained housing growth without the means to mitigate those costs is problematic for Rappahannock County. Counties are best positioned to understand the financial implications of land use decisions and can incorporate those concerns in local decision making processes. The estimate assumes 20 students per year increase due to uncontrolled multi-family use.
Town of Chincoteague	Accelerated staff review will require the hiring of additional personnel.
Town of Christiansburg	I would anticipate approximately \$5,000 in costs associated with the study and rewriting of the Town's Zoning Ordinance including Planning Commission and Town Council public hearings.
Town of Rocky Mount	The only additional expense we can think of might be the need to have a consultant evaluate certain aspects of the proposed development. We have a planning and zoning administrator that is an employee of the Town. She has the ability to administratively review and approved such a development.

Net Reduction in Revenues: Itemized Estimates by Responding Localities								
Locality	Juris	Real Estate Revenue Reduction		Personal Property Revenue Reduction		Sales Tax Revenue Reduction		
		FY26	FY27	FY26	FY27	FY26	FY27	
Albemarle County	County							
Amherst County	County							
Augusta County	County							
Bedford County	County							
Charlotte County	County							
Chesterfield County	County							
City of Alexandria	City							
City of Harrisonburg	City							
City of Lynchburg	City							
City of Richmond	City							
City of Virginia Beach	City							
City of Winchester	City							
Fauquier County	County							
Gloucester County	County							
Mecklenburg County	County							
Northern Neck PDC	Other							
Prince George County	County							
Prince William County	County							
Rappahannock County	County	72000	144000					
Town of Chincoteague	Town							
Town of Christiansburg	Town							
Town of Rocky Mount	Town							

Locality	Revenue Narrative by Responding Localities
Albemarle County	The proposed legislation will not lead to a direct net decrease in revenues over the next two years. In the long term, the bill could impact the County's revenue by limiting commercial or business land for residential. The tax revenue from residential zoned land is likely to be lower and the demand for services likely to be higher than would be expected from commercial or business use of the land. More important than the legislation's fiscal impacts, this bill intrudes on the County's traditional land use authority.
Amherst County	N/A
Augusta County	
Bedford County	
Charlotte County	Multifamily development does not typically occur in the county due to lack of infrastructure and the county does not manage multifamily development that might occur in the 4 towns.
Chesterfield County	The net impact on revenues is difficult to quantify. While more multifamily housing may increase tax revenue in the short term, replacing potential commercial or business developments with residential projects could reduce economic diversity and discourage further business growth.
City of Alexandria	The costs associated with this zoning ordinance requirement is anywhere from \$0 to \$20,000. This estimate reflects the staff time required to process a text amendment. Nearly all of Alexandria's commercial zones already allow multifamily residential development by right.
City of Harrisonburg	N/A
City of Lynchburg	I think this is an overreach of the Commonwealth. A locality doesn't get to pick and choose who wants to develop and to give special treatment to some developers doesn't help.
City of Richmond	
City of Virginia Beach	There may be minimal increase in real estate tax revenues.
City of Winchester	
Fauquier County	
Gloucester County	I think that it could increase our revenue because we don't have any by-right Multifamily (MF) zoning and we do have a lot of vacant B-1. So it could encourage developers to build on the existing business properties whereas now they have to rezone which is costly and unpredictable.

Locality	Revenue Narrative by Responding Localities
Mecklenburg County	The answer to this could be yes, if the assumption is made that there will be new development that will occur that otherwise would not have occurred at all in the locality because properties could be located in areas that are more favorable to their construction. In such a case, the locality could generate land use fee application revenues, building inspection fee revenues, and real estate tax revenue, potentially personal property tax revenues from the residents of said multifamily properties who garage a vehicle in the locality, as well as other consumer based revenues if the people are net new to the community. But, all of these is speculative and amounts would vary greatly based on size of development.
Northern Neck PDC	Local zoning is outside the scope of the work of planning district commissions.
Prince George County	There are no estimated revenue impacts for FY2026 or FY2027.
Prince William County	
Rappahannock County	While there would be some revenue growth due to increased real estate revenue, it would not come close to covering the costs. For example, to generate an additional \$304,600 in revenue to cover the additional expense, the assessed value of the multifamily structure leading to the 20 extra students would need to be \$50 million, which is not close to reasonable. This is why land use decisions must be left to localities.
Town of Chincoteague	The estimate assumes the multifamily property would be valued at \$12 million.
Town of Christiansburg	
Town of Rocky Mount	I would not anticipate any new revenues from this change.