

Commission on Local Government

Estimate of Local Fiscal Impact

2025 General Assembly Session 1/22/25

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.

HB1758: Surplus real property; prioritization of disposition for affordable housing. (Debra D. Gardner:)

Bill Summary: Surplus real property; prioritization of disposition for affordable housing. Requires the Department of General Services to determine whether, following an offer of surplus property to the chief administrative officer of the locality within which the surplus property is located, as well as to any economic development entity for such locality, such surplus property is suitable for the development of affordable housing, as defined by the bill. If the Department so determines, the bill provides that such property shall be offered for at least 180 days exclusively to eligible organizations, as defined by the bill, for the purpose of developing affordable housing, provided that the terms of the disposition include a recorded covenant to provide affordable housing for at least 40 years. The bill also requires the governing body of each locality to prepare an inventory list of all real property within its jurisdiction to which the locality or any dependent special district within its boundaries holds fee simple title that is suitable for the development of affordable housing. If the governing body of a locality chooses to dispose of such a property, such property shall be offered for at least 180 days exclusively to eligible organizations, as defined by the bill, for the purpose of developing affordable housing, through purchase, lease, exchange, or donation in return for a recorded covenant to provide affordable housing for at least 40 years.

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

Summary Analysis:

Number of Localities Responding: 3 Cities, 8 Counties, 4 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$0 to \$30,000 over the biennium.

Localities identified the bill's fiscal impact as small recurring operating and personnel expense and localities indicated there is no non-recurring expenses. Most localities indicated no impact.

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								
Bedford County	County								
Chesterfield County	County								
City of Alexandria	City								
City of Richmond	City								
City of Winchester	City								
Fauquier County	County								
Mecklenburg County	County								
Northern Neck PDC	Other								
Prince George County	County								
Pulaski County	County	10000	10000						
Rappahannock County	County			5000					
Town of Chincoteague	Town								
Town of Christiansburg	Town								
Town of Rocky Mount	Town								
Town of Victoria	Town	5000	5000						

Net Increase in Expenditures: Itemized Estimates by Responding Localities									
Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals	
	FY26	FY27	FY26	FY27	FY26	FY27			
Albemarle County							0	Cities:	3
Bedford County							0	Counties:	8
Chesterfield County							0	Towns:	4
City of Alexandria						0	0	Other:	1
City of Richmond							0	Total:	16
City of Winchester							0		
Fauquier County							0		
Mecklenburg County	300						300		
Northern Neck PDC							0		
Prince George County							0		
Pulaski County	10000	10000					40,000		
Rappahannock County						0	5,000		
Town of Chincoteague							0		
Town of Christiansburg	30000						30,000		
Town of Rocky Mount							0		
Town of Victoria							10,000		

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The proposed legislation is not expected to impact expenditures within the next two years. It is possible that, if the County chooses to prepare a particular site for an affordable housing project (such as by clearing and grading the property, installing new water/sewer lines, etc.), there would be expenditures to the County; however, these expenditures would not necessarily be a direct result of the proposed legislation.
Bedford County	
Chesterfield County	
City of Alexandria	This bill would require the City to establish a list -- adopted by City Council after a public hearing -- of all real property that the City owns "that is suitable for the development of affordable housing". The fiscal impact of this bill is currently unquantifiable since the number of parcels deemed suitable for affordable housing are not known at this time. As proposed, this would be a significant impediment to local authority.
City of Richmond	No anticipated fiscal impact.
City of Winchester	
Fauquier County	
Mecklenburg County	The only initial direct cost of this bill is likely the cost to advertise for the public hearing of the proposed Section 15.2 - 1800.5.B. of the Code of Virginia. There is also the possible cost that a locality could incur to work with a 3rd Party engineering or consulting services firm to evaluate and conducts studies and assessment to determine the viability of a site for development or to create a concept site plan on a parcel to make it more marketable.
Northern Neck PDC	The planning district will not need to pay for any expenses regarding this bill.
Prince George County	The proposed bill is almost too general to make a specific fiscal impact determination, but it does not include a preemption of local zoning. So our Board still retains its existing land use authority both on determining suitability as well as specific zoning, and the determination of suitability is subject to change by the Board following a required public hearing. Prince George County does not hold a significant amount of "surplus" property, and the Board would maintain its land use authority. We conclude there is minimal possible fiscal impact for the bill as written.
Pulaski County	Cost of staff to provide research and inventory reports and to process and market to applicable agencies.
Rappahannock County	Quick estimate of staff time and advertising costs for the inventory and required public hearing to be held once every three years.
Town of Chincoteague	

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	<p>The required inventory list of all real property within the Town would require staff time and associated overhead to determine if any properties are suitable for development of affordable housing. While this inventory list would be a relatively small cost, I believe the greater loss would be whenever the Town tried to sale surplus property and would be limited to offering for affordable housing for 180 days - this could see a large reduction in potential revenue from the sale of surplus properties. As an example, the Town constructed the Christiansburg Huckleberry Park and has three out parcels which we have been marketing for commercial development with the thought that this would help pay for the park construction debt service. while the outparcels would likely be deemed appropriate for low-income housing, this would not be the highest and best use of the land and would likely not result in the anticipated return of commercial outparcels.</p>
Town of Rocky Mount	
Town of Victoria	Expenses associated with this bill would be for personnel time and effort to develop the inventory list.