

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB1758

Patron: Gardner

Bill Title: Surplus real property; prioritization of disposition for affordable housing.

Bill Summary: 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.

Budget Amendment Necessary: No

Items Impacted:

Explanation: The fiscal impact of this legislation is indeterminate.

Fiscal Summary: The fiscal impact of this legislation is an indeterminate revenue loss to the Commonwealth as the bill permits surplus property to be sold for less than fair market value. The Department of General Services (DGS) also indicates maintenance expenditures during the 180-day period to offer the property to eligible organizations.

Fiscal Analysis: The Department of General Services (DGS) indicates the bill could result in a loss of proceeds to the Commonwealth from the sale of surplus property, as the legislation permits the property be sold for less than fair market value, provided the requirements of the statute are met. Additionally, the Department of General Services may incur additional expenses related to maintaining the surplus property during the additional 180-day period that the property is offered to eligible organizations.

Other: There are no parameters in the legislation that determines if a property is suitable for affordable housing or any specification on enforcement provisions of a covenant. The bill provides DGS may dispose of

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real property less than fair market value provided the housing developed on the property is occupied primarily by individuals below a certain income threshold. However, “primarily” is not quantitatively defined in the bill so it is unknown how much real property would be sold less than fair market value.