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

PUBLISHED: 1/29/2025 3:47 PM ORIGINAL

**Bill Number:** SB1189S1 **Patron:** Carroll Foy

**Bill Title:** Virginia Residential Development Infrastructure Program and Fund.

**Bill Summary:** Establishes the Virginia Residential Development Infrastructure Fund to provide financial assistance to local governments for infrastructure projects needed to support new residential development. Requires the Virginia Resources Authority (VRA) to manage the Fund, overseeing the disbursement of loans and grants, and requires the Department of Housing and Community Development (DHCD) to set guidelines for local governments to apply for assistance. The Fund allows both agencies to recover reasonable administrative expenses.

Budget Amendment Necessary: YES, see "Fiscal Items Impacted: 103 (DHCD)

Summary"

**Explanation:** This bill involves the Department of Housing and Community Development (DHCD) and the

Virginia Resources Authority (VRA). An amendment would be required to capitalize the new

Fund. See the "Fiscal Analysis" section, below.

**Fiscal Summary:** An amendment is required to capitalize the Fund created in this bill, which allows DHCD and VRA to recover administrative costs. If the Fund is capitalized, DHCD anticipates two positions will be needed at an annual cost of \$212,000. Supervision of these positions can be absorbed within existing resources.

**Fiscal Analysis:** This fiscal impact statement is preliminary. As an Authority, VRA is not part of the state's financial system, Cardinal. The provisions of this bill require the establishment of the Fund in the state treasury. As such, the Authority will require a fiscal agent; the bill provides for DHCD to provide management services for the Authority. VRA cannot determine administrative costs to be recovered from the Fund, as this expenditure impact depends on the amount available for loans.

An amendment is required to capitalize the Fund created in this bill. As established, the Fund a allows DHCD and VRA to recover administrative costs. DHCD anticipates that two program administrators, anticipated to result in an expenditure of \$212,000 annually from the Fund, will be needed based on a similar, federally-funded, Community Development Block Grant (CDBG) program. DHCD receives approximately \$17 million in CDBG funding from HUD each year to support housing rehabilitation, public infrastructure rehabilitation or deployment, community service facilities, and certain public services, all aimed at benefiting low- to moderate-income individuals or households. There is no set limit on how the \$17 million is allocated across different uses, including public infrastructure, but public infrastructure projects are allowed up to \$2 million per project. The amount that supports public infrastructure varies from year to year, depending on each year's application pool. The agency anticipates that supervisory tasks for the new positions can be absorbed within existing resources.

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**Other:** 36-140.5 directs all money to be deposited in a local bank account, which contradicts the language that establishes the new Fund.