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**HOUSE BILL NO. 408**

Offered January 14, 2026

Prefiled January 12, 2026

*A BILL to amend the Code of Virginia by adding in Chapter 49 of Title 59.1 a section numbered 59.1-549.1, relating to Enterprise Zone Housing Availability Grant Program.*

Patron—Reid

Committee Referral Pending

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Chapter 49 of Title 59.1 a section numbered 59.1-549.1 as follows:**

**§ 59.1-549.1. Enterprise Zone Housing Availability Grant Program.**

*A. For the purposes of this section:*

*"Major qualified zone developer" means a qualified zone developer incurring eligible costs in excess of \$20 million.*

*"Eligible costs" means costs incurred to construct, expand, or rehabilitate residential property that is leased or sold within an enterprise zone during the same calendar year.*

*"Eligible occupant" means a household that earns 80 percent or more of the area median income (AMI) of the locality in which the property is located, but less than 120 percent of such AMI.*

*"Qualified zone developer" means an owner of real property located within an enterprise zone who expands, rehabilitates, or constructs such real property for residential use.*

*B. The Board shall establish the Enterprise Zone Housing Availability Grant Program (the Program) to incentivize development of affordable housing.*

*C. 1. To be eligible to receive a grant pursuant to this section, a qualified zone developer must rent or sell any residential property for which eligible costs were incurred to an eligible occupant.*

*2. A qualified zone developer leasing a residential property for which he incurred eligible costs shall charge a monthly rent equal to or less than 24 percent of the monthly AMI of the locality in which the property for which eligible costs were incurred is located. Upon renewal of such lease, rent shall not increase to greater than 24 percent of the monthly AMI of the locality for 10 years following the execution of the initial lease following the construction, expansion, or rehabilitation of such property for which eligible costs were incurred. A qualified zone developer that sells a property for which he incurred eligible costs shall include resale restrictions on the deed of sale, including (i) limiting the future resale price of such property to the original purchase price adjusted for the change in AMI since the date of purchase, and (ii) requiring future purchasers to qualify as eligible occupants. Such resale restrictions shall remain in force for 10 years following the original date of purchase.*

*C. Grants shall be calculated at a rate of 20 percent of eligible costs incurred in excess of \$500,000 in the case of the construction of a new residential property. Grants shall be calculated at a rate of 20 percent of eligible costs incurred in excess of \$100,000 in the case of the rehabilitation or expansion of an existing building or facility.*

*For any qualified zone developer incurring \$5 million or less of eligible costs, a grant shall not exceed \$100,000 within any five-year period for any individual building or facility. For any qualified zone developer incurring more than \$5 million, but not more than \$20 million in eligible costs, a grant shall not exceed \$200,000 within any five-year period for any individual building or facility.*

*D. Grants to major qualified zone developers shall be calculated at a rate of 25 percent of the amount of eligible costs incurred in excess of \$500,000 in the case of the construction of a new building or facility. Grants to major qualified zone developers shall be calculated at a rate of 25 percent of the amount of eligible costs incurred in excess of \$100,000 in the case of the rehabilitation or expansion of an existing building or facility.*

*E. The Board shall determine guidelines for the allocation of grants awarded pursuant to this section. Such guidelines shall include a process for (i) certifying the income of the households renting or purchasing the residential property for which eligible costs were incurred and (ii) monitoring compliance with the ongoing affordability restrictions of the residential property for which eligible costs were incurred, pursuant to subsection B 2.*

*F. A qualified zone developer shall apply for a housing availability grant in the calendar year following the year in which the property for which eligible costs were incurred was sold or leased. A housing availability grant to a major qualified zone developer shall not exceed \$300,000 within any five-year period for any individual building or facility.*

INTRODUCED

HB408