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1 **HOUSE BILL NO. 474**

2 Offered January 14, 2026

3 Prefiled January 12, 2026

4 *A BILL to amend and reenact § 58.1-3970.1 of the Code of Virginia, relating to real estate with delinquent*
5 *taxes or liens; appointment of special commissioner; increases required value.*

6 Patron—Rasoul

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That § 58.1-3970.1 of the Code of Virginia is amended and reenacted as follows:**10 **§ 58.1-3970.1. Appointment of special commissioner to execute title to certain real estate with**
11 **delinquent taxes or liens to localities.**12 *A. For purposes of this section, "existing nonprofit entity" and "land bank entity" have the same meaning*
13 *as those terms are defined in § 15.2-7500.*14 *B. 1. Except as provided in subsection B C, in any proceedings under this article for the sale of a parcel or*
15 *parcels of real estate that meet all of the following: (i) each parcel has delinquent real estate taxes or the*
16 *locality has a lien against the parcel for removal, repair, or securing of a building or structure; removal of*
17 *trash, garbage, refuse, or litter; or the cutting of grass, weeds, or other foreign growth; (ii) each parcel has an*
18 *assessed value of \$75,000 \$150,000 or less; and (iii) (a) such taxes and liens, together, including penalty and*
19 *accumulated interest, exceed 50 percent of the assessed value of the parcel, (b) such taxes alone exceed 25*
20 *percent of the assessed value of the parcel, or (c) for parcels containing a structure that is a derelict building,*
21 *as that term is defined in § 15.2-907.1, such taxes and liens, together, including penalty and accumulated*
22 *interest, exceed 25 percent of the assessed value of the parcel, the locality may petition the circuit court to*
23 *appoint a special commissioner to execute the necessary deed or deeds to convey the real estate, in lieu of the*
24 *sale at public auction, to the locality, to the locality's land bank entity, or to an existing nonprofit entity*
25 *designated by the locality to carry out the functions of a land bank entity pursuant to § 15.2-7512. After*
26 *notice as required by this article, service of process, and upon answer filed by the owner or other parties in*
27 *interest to the complaint, the court shall allow the parties to present evidence and arguments, ore tenus, prior*
28 *to the appointment of the special commissioner. Any surplusage accruing to a locality, land bank entity, or*
29 *existing nonprofit entity as a result of the sale of the parcel or parcels after the receipt of the deed shall be*
30 *payable to the beneficiaries of any liens against the property and to the former owner or his heirs, devisees,*
31 *successors, or assigns in accordance with § 58.1-3967. No deficiency shall be charged against the owner after*
32 *conveyance to the locality, land bank entity, or existing nonprofit entity.*33 *B. 2. A land bank entity or existing nonprofit entity receiving any parcel pursuant to this section shall either*
34 *(i) sell the property to a third party in an arms-length transaction or, if the land bank entity or existing*
35 *nonprofit entity develops the property before selling it, make such sale within a reasonable period of time*
36 *after completing such development or (ii) if the land bank entity or existing nonprofit entity does not intend*
37 *to sell the property, pay to the beneficiaries of any liens against the property and to the former owner or his*
38 *heirs, devisees, successors, or assigns any amount of surplusage, if any, that would result if the property were*
39 *sold and the proceeds distributed in accordance with § 58.1-3967. For purposes of this section, "existing*
40 *nonprofit entity" and "land bank entity" have the same meaning as those terms are defined in § 15.2-7500.*41 *B. C. For a parcel or parcels of real estate in a locality with a score of 100 or higher on the fiscal stress*
42 *index, as published by the Department of Housing and Community Development in July 2020, all of the*
43 *provisions of subsection A B shall apply except (i) that the:*44 *1. The percentage of taxes and liens, together, including penalty and accumulated interest, and the*
45 *percentage of taxes alone set forth in clauses (iii) (a) and (b) of subdivision A B 1 shall exceed 35 percent and*
46 *15 percent, respectively, of the assessed value of the parcel or parcels; or (ii) that the*47 *2. The percentage of taxes and liens, together, including penalty and accumulated interest, and the*
48 *percentage of taxes alone set forth in clauses (iii) (a) and (b) of subdivision A B 1 shall exceed 20 percent and*
49 *10 percent, respectively, of the assessed value of the parcel or parcels; and each parcel has an assessed value*
50 *of \$150,000 or less, provided that under this clause subdivision the property is not an occupied dwelling, and*
51 *the locality enters into an agreement for sale of the parcel to a nonprofit organization to renovate or construct*
52 *a single-family dwelling on the parcel for sale to a person or persons to reside in the dwelling whose income*
53 *is below the area median income.*54 *C. D. For sales by a nonprofit organization pursuant to subsection B C, such sales may include either (i)*
55 *both:*56 *1. Both the land and the structural improvements on a property; or (ii) only*

INTRODUCED

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59 2. *Only the structural improvements of a property and not the land the structural improvements are located*
60 ~~on. A sale of only the structural improvements under this subdivision is permissible only if (a) (i) the~~
61 ~~structural improvements are subject to a ground lease with a community land trust, as that term is defined in~~
62 ~~§ 55.1-1200; (b) (ii) the structural improvements are subject to a ground lease that has a term of at least 90~~
63 ~~years; and (c) (iii) the community land trust retains a preemptive option to purchase such structural~~
64 ~~improvements at a price determined by a formula that is designed to ensure that the improvements remain~~
65 ~~affordable in perpetuity to low-income and moderate-income families earning less than 120 percent of the~~
66 ~~area median income, adjusted for family size.~~