

2026 SESSION

INTRODUCED

26102758D

1 **HOUSE BILL NO. 946**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered*
5 *58.1-439.12:13, relating to income tax credit; affordable rental housing tax credit.*

6 Patron—Franklin

7 _____
8 Committee Referral Pending
9

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

11 **1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 a section**
12 **numbered 58.1-439.12:13 as follows:**

13 **§ 58.1-439.12:13. Affordable rental housing tax credit.**

14 **A. For the purposes of this section:**

15 *"Affordable dwelling unit" means an individual housing unit in an apartment building, an individual*
16 *housing unit in multifamily residential housing, a single-family residence, or any similar individual housing*
17 *unit that has been certified as an affordable dwelling unit by the Department of Housing and Community*
18 *Development.*

19 *"Eligible landlord" means (i) an individual, (ii) a limited liability company that was organized pursuant*
20 *to Virginia law and has 10 or fewer employees, or (iii) a nonprofit organization exempt from taxation under §*
21 *501(c)(3) of the Internal Revenue Code, engaged in the business of the rental of dwelling units that are*
22 *subject to the Virginia Residential Landlord and Tenant Act (§ 55.1-1200 et seq.). "Eligible landlord" does*
23 *not mean any partnership, corporation, or real estate investment trust that manages funds pooled from*
24 *investors, is a fiduciary to such investors, has net value or assets under management on any day during a*
25 *taxable year, and holds an interest in more than 50 single-family homes.*

26 **B. For taxable years beginning on and after January 1, 2026, but before January 1, 2031, an eligible**
27 **landlord shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 or 58.1-400 in**
28 **an amount equal to \$750 per affordable dwelling unit rented by such eligible landlord. The total amount of**
29 **tax credits available under this section to an eligible landlord shall not exceed \$15,000 for a taxable year.**
30 **The aggregate amount of credits allowable under this section shall not exceed \$5 million per taxable year.**
31 **Credits shall be allocated by the Department on a first-come, first-served basis.**

32 **C. The Department of Housing and Community Development shall develop guidelines for the certification**
33 **of affordable dwelling units. Such guidelines shall include a process to certify that (i) the monthly rent of**
34 **such units does not exceed 30 percent of the area median income for the locality in which such units are**
35 **located and (ii) such units meet all applicable safety and habitability standards as required by the Virginia**
36 **Residential Landlord and Tenant Act (§ 55.1-1200 et seq.). Eligible landlords shall apply to the Department**
37 **of Housing and Community Development for affordable dwelling unit certification. The Department of**
38 **Housing and Community Development shall certify the number of affordable dwelling units rented by the**
39 **eligible landlord for the taxable year and provide a written certification that includes the number of**
40 **affordable dwelling units rented by the eligible landlord to such landlord. The eligible landlord shall attach**
41 **the certification to the applicable income tax return.**

42 **D. The amount of the credit that may be claimed in any single taxable year shall not exceed the taxpayer's**
43 **liability for taxes imposed by this chapter for that taxable year. If the amount of the credit allowed under this**
44 **section exceeds the taxpayer's tax liability for the taxable year in which the eligible transaction occurred, the**
45 **amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer**
46 **in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.**

47 **E. Credits granted to a partnership, limited liability company, or electing small business corporation (S**
48 **corporation) shall be allocated to the individual partners, members, or shareholders, respectively, in**
49 **proportion to their ownership or interest in such business entities.**

50 **F. The Tax Commissioner shall develop guidelines implementing the provisions of this section. Such**
51 **guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).**

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