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**HOUSE BILL NO. 1130**

Offered January 14, 2026

Prefiled January 14, 2026

*A BILL to amend and reenact § 15.2-958.2 of the Code of Virginia, relating to workforce housing for employees of a locality or school board; lease of surplus property.*

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Patron—Reid

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Committee Referral Pending

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**Be it enacted by the General Assembly of Virginia:****1. That § 15.2-958.2 of the Code of Virginia is amended and reenacted as follows:****§ 15.2-958.2. Grants for homeownership; lease of surplus property; workforce housing.**

A. In order to ensure its competitiveness as an employer, a locality may, by ordinance, provide for the use of funds, other than state funds, to provide homeownership grants to employees of the locality, employees of the school board, and employees of constitutional officers; to purchase their primary residences in the locality. The ordinance shall require that individual grants not exceed \$25,000 per employee, nor lifetime cumulative grants exceed \$25,000 per employee. Any such grants issued shall be subject to the Virginia Housing and Development Authority regional sales price and household income limitations. The ordinance may establish such other terms and conditions to ensure the integrity of the homeownership grant program.

B. In addition to the homeownership grants authorized in subsection A, a locality may, by ordinance, and in cooperation with the local school division, offer residential housing assistance grants in amounts not to exceed those permitted in subsection A and, with the local school division, enter into public-private partnerships and other arrangements to provide affordable workforce housing alternatives to school division personnel.

C. 1. Any local governing body or school board may lease as lessor surplus or underutilized property for terms of up to 99 years, or such term as permitted by law, provided such property is not needed for core governmental or instructional functions or projected school enrollment growth. Localities and school boards may partner with housing authorities, nonprofit organizations, or private developers to create dedicated workforce housing while retaining public ownership of the property. Leases shall be conditioned on the development of workforce housing serving employees of the locality or school division with up to 120 percent of area median income. Revenues from ground leases shall be directed to the locality or school division for capital maintenance, educational enhancements, or workforce housing stipends for employees of the locality or school division. Affordability requirements shall remain in place for the duration of the lease.

2. For any workforce housing developed pursuant to this subsection, a locality shall not establish a minimum lot size exceeding 5,000 square feet where public water and sewer are available. Where public water or sewer are not available, a locality may set a minimum lot size consistent with public health requirements.

3. For any workforce housing developed pursuant to this subsection, a locality shall provide that the placement of manufactured houses that are on a permanent foundation and on individual lots shall be permitted subject to development standards that are equivalent to those applicable to site-built single-family dwellings. The standards shall not have the effect of excluding manufactured housing built in compliance with the Virginia Manufactured Housing Construction and Safety Standards Law (§ 36-85.2 et seq.).

INTRODUCED

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