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SENATE BILL NO. 566

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend and reenact § 2.2-2240.3 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-2240.7, relating to Virginia Workforce Housing Assistance Program established; report.

 Patron—Sturtevant

 Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-2240.3 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-2240.7 as follows:

§ 2.2-2240.3. Definitions; Virginia Jobs Investment Program and Fund; composition; general qualifications.

A. As used in this section and §§ 2.2-2240.4, 2.2-2240.5, 2.2-2240.6, and 2.2-2240.7 unless the context requires a different meaning:

"Capital investment" means an investment in real property, personal property, or both, at a manufacturing or basic nonmanufacturing facility within the Commonwealth that is or may be capitalized by the company and that establishes or increases the productivity of the manufacturing facility, results in the utilization of a more advanced technology than is in use immediately prior to such investment, or both.

"Full-time employee" means a natural person employed for indefinite duration in a position requiring a minimum of either (i) 35 hours of the employee's time per week for the entire normal year, which "normal year" shall consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary employees shall not qualify as new full-time employees under the Program.

"Fund" means the Virginia Jobs Investment Program Fund created in this section.

"Housing down payment assistance" means financial assistance in the form of loans, grants, or other compensation provided by an employer to an employee through a housing down payment assistance program and that is provided for the purpose of assisting employees with the down payment necessary for the purchase of a home, irrespective of whether such compensation is forgivable or includes tenure conditions. "Housing down payment assistance" includes any expenses incurred for the provision of financial literacy and wealth-building education.

"Program" means the Virginia Jobs Investment Program created in this section.

B. There is hereby created the Virginia Jobs Investment Program to support private sector job creation by encouraging the expansion of existing Virginia businesses ~~and~~, the start-up of new business operations in Virginia, *and the enhancement of Virginia workforce recruitment and retention initiatives*. The Program shall support existing businesses and economic development prospects by offering funding to (i) offset recruiting and training and retraining costs incurred by companies that are either creating new jobs or implementing technological upgrades and by providing assistance with workforce-related challenges and organizational development workshops *and (ii) offset housing down payment assistance*.

C. The Program shall consist of the following component programs:

1. The Virginia New Jobs Program;
2. The Workforce Retraining Program; ~~and~~
3. The Small Business New Jobs and Retraining Programs; *and*
4. *The Virginia Workforce Housing Assistance Program.*

D. To be eligible for assistance under any of the component programs of the Program, a company shall:

1. Create or sustain employment for the Commonwealth in a basic sector industry or function, which would include businesses or functions that directly or indirectly derive more than 50 percent of their revenues from out-of-state sources, as determined by the Authority;

2. Pay a minimum entry-level wage rate per hour of at least 1.2 times the federal minimum wage or the Virginia minimum wage, as required by the Virginia Minimum Wage Act (§ 40.1-28.8 et seq.), whichever is higher. In areas that have an unemployment rate of one and one-half times the statewide average unemployment rate, the wage rate minimum may be waived by the Authority. Only full-time positions that qualify for benefits shall be eligible for assistance;

3. Meet such additional criteria as may be set forth by the Authority.

E. There is hereby established in the state treasury a special nonreverting fund to be known as the Virginia Jobs Investment Program Fund (the Fund). The Fund shall consist of any moneys appropriated thereto by the General Assembly from time to time and designated for the Fund. Any moneys deposited to or remaining in

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the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund and be available for allocation under this article in ensuing fiscal years. Moneys in the Fund shall be used solely for grants to eligible businesses as permitted by the Program. The total amount of funds provided to eligible businesses under the Program for any year, shall not exceed the amount appropriated by the General Assembly to the Fund for such year, plus any carryover from previous years. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the President and Chief Executive Officer or his designee. The Fund shall be administered by the President and Chief Executive Officer.

§ 2.2-2240.7. Virginia Workforce Housing Assistance Program; report.

A. For purposes of this section:

"Department" means the Department of Housing and Community Development.

"Eligible employer" means a small business, as defined in § 2.2-1604, that establishes a housing down payment assistance program for employees, incurs housing down payment assistance expenses for such program, executes a memorandum of understanding or performance contract with the Authority, and operates in the Commonwealth. "Eligible employer" does not include any business that is owned or controlled, directly or indirectly, by any publicly traded corporation or by any entity primarily engaged in the acquisition, holding, or management of ownership interests in one or more businesses. For the purpose of this definition, all entities under common ownership or control shall be treated as a single employer.

"Employee" means an employee of an eligible employer with an annual household income at or below 120 percent of the area median income (AMI) for the locality in which the employee's dwelling is located and who has never owned or purchased under contract for deed, either individually or jointly, a single-family residence in the Commonwealth or outside of the Commonwealth.

"Housing down payment assistance program" means a program (i) established and offered by an employer to employees that provides housing down payment assistance to aid recruitment and retention; (ii) that includes homeownership education; and (iii) that is approved by the Department, irrespective of whether employees are required to contribute their own personal funding for housing down payment expenses. For the purpose of this definition housing down payment assistance is limited to assistance for closing costs and fees and any costs associated with a down payment or homeownership education.

"Program" means the Virginia Workforce Housing Assistance Program established in this section.

B. The Virginia Workforce Housing Assistance Program is hereby established to award grants to eligible employers on a first-come, first-served basis from such funds as may be available for the purposes described in subsection C. Grants shall be awarded in an amount to be established in the appropriation act, and the Program shall be administered by the Department in coordination with the Authority.

C. 1. On and after July 1, 2026, the Department shall award grants from the Fund on a first-come, first-served basis to eligible employers for the purpose of improving access to homeownership among Virginia's workforce by offsetting employer housing expenses for closing costs and fees and any costs associated with a down payment or homeownership education. The aggregate amount of grants payable under this section in any fiscal year shall not exceed \$1.5 million. The Department shall establish an annual deadline for any eligible employer to apply for a grant from the Fund and shall notify each applicant of an award or a denial no later than 75 days after the application submission deadline.

2. Grants from the Fund shall be awarded in an amount equal to the lesser of 15 percent of housing down payment assistance expenses incurred by an eligible employer during the fiscal year or \$25,000. In no event shall an eligible employer be eligible for more than (i) \$150,000 in grants across all fiscal years or (ii) \$250,000 across all fiscal years when such housing down payment assistance expenses are only incurred for employees of an eligible employer who are working in a locality with a score of 100 or higher on the most recent fiscal stress index, as published by the Department.

3. No eligible employer shall receive a grant pursuant to this subsection unless the eligible employer incurs housing down payment assistance expenses in excess of \$10,000 during the fiscal year in which the grants are applied for.

4. If the Department determines that a grant recipient is not in substantial compliance with the terms and requirements of a grant provided under this subsection, the Department may revoke or suspend funding of such grant, in whole or in part, or require repayment of grant funds. The Department may additionally require prorated repayment of awarded funds if an employee voluntarily separates from an eligible employer within 18 months of receiving assistance under the Program with reasonable exceptions to repayment including disability or death of the employee.

5. Grant awards shall be weighted according to the household income of participating employees, as measured against the AMI for the locality in which the dwelling is located.

D. In administering the Program, the Department shall establish and publish guidelines and criteria for grant awards in consultation with the Authority, including guidelines and criteria governing agreements between the Department and grant recipients relating to the use of grant funds. The Department may combine the Program with any other forms of housing down payment assistance or loans or grant programs that support homeownership among Virginia's workforce.

E. The Department, in consultation with the Authority, shall report annually, beginning November 1, 2027, to the Governor and the General Assembly a list of grants awarded, the amount of each approved grant, and the effectiveness of such grants in supporting and enhancing Virginia's workforce and eligible employer recruitment and retention efforts in the Commonwealth.

F. Nothing in this section shall limit, supersede, or preempt the authority granted to localities under § 15.2-958.2. The Department shall consult with localities to ensure complementary implementation of local workforce housing programs.

2. That the provisions of this act shall expire on July 1, 2028.