

Commission on Local Government

Estimate of Local Fiscal Impact

2026 General Assembly Session | 01/16/26

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

HB 804: Statewide housing targets for localities (Patron: Helmer)

Bill Summary: Requires localities to increase their total housing stock by at least 7.5 percent over the five-year period beginning January 1, 2028. The bill provides that in order to meet such 7.5 percent growth target, a locality shall develop a housing growth plan that best meets the needs of the locality while meeting the growth target rates. The bill provides that such plan may include any strategy deemed appropriate by the locality; however, for purposes of demonstrating a good faith effort to meet growth targets, a locality shall include modeling that demonstrates that the plan will result in the permitting of the required number of units and either (i) a zoning ordinance that includes provisions allowing for the by-right development and construction of multifamily residential uses on at least 75 percent of all land contained in commercial or business zoning district classifications, including any land contained in commercial or business zoning district classifications that allow for the by-right development and construction of single-family residential uses or (ii) at least three of the housing growth strategies enumerated in the bill. The bill further provides that after January 1, 2033, an applicant that seeks local government approval for a residential development site plan or rezoning that will have the effect of increasing the supply of housing in a locality and has that application rejected may, in addition to other remedies, appeal such decision to the board of zoning appeals.

Local Fiscal Impact: **Net Additional Expenditure:** x **Net Reduction of Revenues:** x

Summary Analysis:

Number of Localities Responding: 7 Cities, 10 Counties, 1 Town, 1 Other

Localities estimated a negative fiscal impact of \$85,600 to \$37,290,000 over the biennium, including increased expenditures of \$37,290,000 and a \$400,000 decrease in revenue.

Localities identified the bill's fiscal impact as significant, related to planning, administrative, legal, and personnel costs associated with the legislation. Localities estimate both one-time and recurring expenditure increases. Due to the legislation's timeframe, localities are projecting significant personnel needs to meet the growth development plan timeline. With the housing growth plan due date of July 1, 2027, many localities project hiring additional staff and consultants to assist with creating the plan. Localities expressed concern about additional indirect expenditure increases for infrastructure, public safety, and capital improvement projects to support the projected growth and development of their localities, in line with the annual 1.5 percent increase goal. A few localities indicated there is no fiscal impact, while another stated that they could not meet the 1.5% goal; it could lead to an increase in real estate tax revenue. A single locality estimated an indirect \$400,000 decrease in revenue due to reduced tourism.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28
Albemarle County	County	300000	300000	50000	50000				
Bedford County	County	320000	1800000	10000	10000	0	5000000	0	0
City of Alexandria	City								
City of Chesapeake	City	75000	77250	500	525			1000	1100
City of Harrisonburg	City								
City of Manassas	City				150000				
City of Norfolk	City	180000	180000						
City of Richmond	City								
City of Virginia Beach	City								
Craig County	County								
Dickenson County	County								
Fairfax County	County		3000000				27000000		
Fauquier County	County								
Hanover County	County								
Mecklenburg County	County								
Northern Neck PDC	Other								
Prince George County	County		150000						50000
Rappahannock County	County	0			85600				
Town of Chincoteague	Town	320000	320000						

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals
	FY27	FY28	FY27	FY28	FY27	FY28		
Albemarle County	50000	50000					800,000	Cities: 7
Bedford County	150000	0	0	30000000	0	0	37,290,000	Counties: 10
City of Alexandria							0	Towns: 1
City of Chesapeake			2500			0	157,875	Other: 1
City of Harrisonburg							0	Total: 19
City of Manassas	250000						400,000	
City of Norfolk							360,000	
City of Richmond							0	
City of Virginia Beach							0	
Craig County							0	
Dickenson County							0	
Fairfax County							30,000,000	
Fauquier County	250000	75000					325,000	
Hanover County							0	
Mecklenburg County	175000						175,000	
Northern Neck PDC							0	
Prince George County	400000						600,000	
Rappahannock County						0	85,600	
Town of Chincoteague			100000	100000			840,000	

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The County could see \$800,000-\$1.7 million in additional expenditures in the first two years, driven primarily by planning, administrative, and legal costs, required to implement the housing growth mandates.
Bedford County	Increase of at least (4) full-time positions in Community Development to handle shortened timelines and increased development activity. County schools in 1 of 3 zones are near capacity already and schools in 2 of 3 zones are in need of major updates, so at least one new school or substantial renovation would be needed in FY28 to get ahead the required growth. Would likely need to hire a consulting firm to perform housing growth modeling and assist with amendments to the Comprehensive Plan and Zoning/Subdivision Ordinance. Would also have an increased need to public safety personnel beginning around FY28 due to resulting increase in population. County is already outgrowing its volunteer fire and rescue model so this would speed up the shift to career staffing.
City of Alexandria	Alexandria has adopted housing production goals, although the ones in the proposed bill are different. Alexandria is also in the process of updating the Housing Master Plan to evaluate new or amended tools that can support housing production. Alexandria's record is one of approving well over 75% of the housing projects proposed. All that being said, this bill would provide considerable direction and oversight to a community that is already engaged in achieving the goals of this legislation. There is considerable potential for staff resources to be devoted to implementing this legislation, developing the new goals and tracking projects, and if a project is turned down, working through the Housing Approval Board appeal process. The potential fiscal impact is unquantifiable at this time; however, it is anticipated to have a significant impact on staffing resources.
City of Chesapeake	<p>Item 2: Recurring expenditures in item 2 above include personnel costs for the addition of a Planner II position to administer the program. Additional operating costs are estimates based on increased use of department equipment and need for supplies. Additional recurring capital costs are unknown at this time but are assumed expenditures. "Other" recurring costs are dependent upon employee certification maintenance and ongoing education requirements - estimates are based on existing personnel expenditure for same.</p> <p>Item 3: One-time non-recurring costs are unknown at this time but expected. One-time capital costs include creating office space and providing necessary electronic equipment such as computers, phone, etc. for 2027 and unknown for 2028 and beyond. Expenses for the "other" category are unknown but expected at this time.</p>

Locality	Expenditure Narrative by Responding Localities
City of Harrisonburg	The proposed legislation is very impactful from a land use perspective, but it is extremely difficult to put a number on how it would impact the budget. If one presumes that we meet the percent growth rate that the legislation requires, then one could then presume that the City would be servicing more people and more under-developed and undeveloped properties. This would likely mean the City could need more employees and more assets to maintain the infrastructure serving these developments. It could be a relatively significant impact on the budget. Furthermore, the legislation requires the creation and funding of an affordable housing trust fund, which could also have an impact on the budget.
City of Manassas	The City would be required to hire a consultant to develop a plan to ensure 7.5% growth was achievable. This bill does not account for any economic or other constraints on housing development. The bill appears to remove potential zoning control from the locality should 7.5% not be achieved.
City of Norfolk	This would result in ongoing costs to Norfolk in the form of additional staffing for development of the housing growth plan and one-time costs to Norfolk for the creation of a housing growth plan likely for external work. Additionally, the city anticipates a potential ongoing cost to support housing development (ex. creation of a housing trust fund).
City of Richmond	No cost to the City of Richmond, as PDR has already hired expanded staff as part of our master plan updates.
City of Virginia Beach	There isn't a lot of undeveloped land that would be available in the City of Virginia Beach to support these provisions. Conversion of existing businesses to multi-family development would need to happen, resulting in both expenses in demolition and construction but the planning and carryout of these projects would potentially take over two years. If increased by 1.5% in FY28, there would need to be approximately 696 more residences. Each new residence would bring \$4613.56 in real estate taxes, for a total of \$3,211,037.76 in new real estate tax revenue.
Craig County	
Dickenson County	Dickenson County does not have a Zoning Ordinance

Locality	Expenditure Narrative by Responding Localities
Fairfax County	<p>The bill requires localities to increase their total housing stock by at least 7.5 percent over the five-year period beginning January 1, 2028 utilizing different strategies listed in the bill. Due to the effective date of January 1, 2028, there is no immediate fiscal impact for FY 2027.</p> <p>Fairfax County Housing and Community Development Department estimates a fiscal impact of an additional \$30 million investment annually, including \$27 million to allocate to the Affordable Housing Development and Investment Fund to receive the equivalent of two-pennies on the general real estate tax rate in total and \$3 million in additional personnel costs. There might be additional expenditures associated with the other zoning strategies listed in the bill, which cannot be quantified at this time but could be significant, including infrastructure needed to support development. In addition, it should be noted that the bill strips local land use control.</p>
Fauquier County	<p>We do not currently have a housing growth plan that would meet the 7.5% target for housing stock growth over a five-year period. We average about 0.85% annual growth in the housing stock. This is nearly half of the target identified in this bill.</p> <p>Year one costs would likely include a study on the impact from this bill and what options we have as a county, with year two including some implementation of any ordinance or rezoning work.</p> <p>Fauquier County's infrastructure doesn't support growth at this level, and we already have about 30% of our land in permanent easement, either by conservation or from our purchase of development rights program.</p> <p>Should this be implemented, increased recurring expenditures would be seen in our public safety and education functional areas. We would likely need new fire rescue facilities and schools to support capacity and demand. For reference, one additional fire station costs up to \$20 million, including land and apparatus. Staffing to support a fire station costs around \$2 million annually. We are currently building a middle school in the county for \$88 million. These costs increase our debt service payments significantly. Every \$ 1 million in debt costs the county approximately \$80,000 in recurring costs. Since we are only looking at the biennium, I did not include these estimates above.</p>
Hanover County	<p>We don't expect an increase in expenditures relating to this bill.</p>

Locality	Expenditure Narrative by Responding Localities
Mecklenburg County	<p>There would be a high one-time cost for the development of this "Housing Growth Plan". Based on other planning and zoning-related projects that County has recently contracted, it is likely that the cost of a well done housing plan would exceed \$100,000 and could potentially reach \$200,000 over a project period (or higher if there is corresponding or follow up zoning ordinance language that may need to be drafted). This estimate is an average of the Comprehensive Plan and Zoning Ordinance revision projects. It would also cost more because of the narrow time frame to draft and adopt a plan (one year, many planning and zoning projects can take up to two), and the limited planning and zoning/housing consultants and experts present in the region, so they will be able to rate-set based on scarcity. It does not seem likely that every locality that qualifies under this bill will be able to achieve the deadline or that modeling will indicate that permitting of more units would actually be achievable (for example, a model for increased building heights could show that in theory more units could be produced, but if a community has a height limit today in excess of multi-story development, yet only has two or three story buildings built, would the model used actually produce an increase in likely actual units created?).</p>
Northern Neck PDC	PDCs are not included in this requirement for localities, so PDC revenues and expenses are not impacted.

Locality	Expenditure Narrative by Responding Localities
Prince George County	<p>Addition of a Planner FY27 \$144,000 (salary and benefits); FY28 \$150,000 (salary and benefits); Additional Planning staff to keep up with mandatory shortened rezoning/site plan time frames. Bill requires rezoning and site plan approval together within 180 days, or 120 days if for affordable housing. We anticipate many plans to be reviewed based on meeting this unit and review times targets.</p> <p>Other Recurring - Beginning July 2027, developers may challenge the County's Housing growth Plan, as approved by the BOS, by appealing to the Board of Zoning Appeals. Unknown legal fees to defend BOS actions. \$50,000 is a modest estimate entered above.</p> <p>Non-Recurring FY2027 Costs:</p> <p>The bill requires the development of a County Housing Growth Plan that meets the goals of the legislation. That would require a comprehensive plan amendment. Also, the bills land use concepts are not supported by either our current or draft comp plan so the draft comp plan would be in for a major revision. I will roughly estimate this combined work at a minimum of \$200,000. Consultant assistance is a given.</p> <p>Mandatory modeling to prove the County's plan etc. will meet the housing development mandates of the bill. I see no guidance or assistance in getting this modeling work done, so I will estimate a cost to the County of \$100,000 to have the model built and maintained. Modeling work to be required concurrently with Housing Plan/comp plan work to verify housing production goals can be met.</p> <p>Major re-write of the Zoning ordinance to incorporate all of the by-right residential land use mandated in commercial and industrial districts. - \$100,000 +in addition to the current zoning ordinance rewrite project estimated budget.</p>
Rappahannock County	<p>The recurring expenditure shown is misleading because the impact of the bill starts on January 1, 2028, half of FY2028. The annual cost for Rappahannock is estimated to be approximately \$171,200 and over five years that the bill mandates the 7.5% growth, \$856,026. Compare this to the value of one penny on our real estate tax rate that generates approximately \$200,000 per year. The estimate is generated by finding the number of new homes developed in Rappahannock County over the last five years and comparing that to what would be needed to reach the 7.5% target. We are a small community and 38 more homes would be necessary. 38 homes are estimated to generate 1.5/school kids per home or 57 additional students. The LOCAL cost per student in Rappahannock based on Table 15 of the 2023-2024 Superintendent's Report is \$15,018. 57 x \$15,018 = \$856,026.</p> <p>This does not estimate other service costs that the new rooftops would mandate.</p>

Locality	Expenditure Narrative by Responding Localities
Town of Chincoteague	<p>The bill will cause the hiring of an additional planner and the contracting of a firm to produce the required study. In addition, due to the finite incorporated limits of the Town of Chincoteague (an island) and the lack of land suitable for building, developers would be encouraged to mitigate wetlands and build on unsuitable land, increasing the cost of development and adding to the problem of affordability. The increased population would require additional police officer and additional public works employees. The additional population would also increase contracts for solid waste disposal and water treatment not to mention the additional septic systems that would put existing residents' health at risk.</p>

Net Reduction in Revenues: Itemized Estimates by Responding Localities								
Locality	Juris	Real Estate Revenue Reduction		Personal Property Revenue Reduction		Sales Tax Revenue Reduction		
		FY27	FY28	FY27	FY28	FY27	FY28	
Albemarle County	County							
Bedford County	County							
City of Alexandria	City							
City of Chesapeake	City							
City of Harrisonburg	City							
City of Manassas	City							
City of Norfolk	City							
City of Richmond	City							
City of Virginia Beach	City							
Craig County	County							
Dickenson County	County							
Fairfax County	County							
Fauquier County	County							
Hanover County	County							
Mecklenburg County	County							
Northern Neck PDC	Other							
Prince George County	County							
Rappahannock County	County							
Town of Chincoteague	Town							

Net Reduction in Revenues: Itemized Estimates by Responding Localities									
Locality	BPOL Tax Revenue Reduction		Other Local Revenues Reduction		State Revenue Reduction		Total Decrease in Revenues (Biennium Total)	Response Totals	
	FY27	FY28	FY27	FY28	FY27	FY28			
Albemarle County							0	Cities:	7
Bedford County							0	Counties:	10
City of Alexandria							0	Towns:	1
City of Chesapeake							0	Other:	1
City of Harrisonburg, VA							0	Total:	19
City of Manassas							0		
City of Norfolk							0		
City of Richmond							0		
City of Virginia Beach							0		
Craig County							0		
Dickenson County							0		
Fairfax County							0		
Fauquier County							0		
Hanover County							0		
Mecklenburg County							0		
Northern Neck PDC							0		
Prince George County							0		
Rappahannock County							0		
Town of Chincoteague			200000	200000			400,000		

Locality	Revenue Narrative by Responding Localities
Albemarle County	
Bedford County	
City of Alexandria	
City of Chesapeake	
City of Harrisonburg	
City of Manassas	The city anticipates this will negatively impact the city's commercial tax base and decrease the amount of taxes collected over time.
City of Norfolk	No impact on City of Richmond revenue.
City of Richmond	There isn't a lot of undeveloped land that would be available in the City of Virginia Beach to support these provisions. Conversion of existing businesses to multi-family development would need to happen, resulting in both an increase and decrease in revenues from losing the business tax base and gaining the real estate revenue. There would also be expenses in service delivery and road construction. 146,010 existing residences of all types of which 46,375 of them are multi-family residences. Mean assessment value of these residences are \$475,625. If increased by 1.5% in FY28, there would be approximately 696 more residences. The real estate tax for Virginia Beach is \$0.97 per \$100 assessed value. Each new residence would bring \$4613.56 in real estate taxes, for a total of \$3,211,037.76 in new real estate tax revenue.
City of Virginia Beach	
Craig County	Dickenson County does not have a Zoning Ordinance
Dickenson County	
Fairfax County	We would likely see some proportionate increases in real estate and personal property revenue beginning in FY 2029 (Tax Year 2028).
Fauquier County	We do not expect a reduction of revenues as a result of this bill.
Hanover County	If additional housing may come due to this plan and related requirements, it would not likely materialize within the two year window.
Mecklenburg County	PDCs are not included in this requirement for localities, so PDC revenues and expenses are not impacted.
Northern Neck PDC	We anticipate lost cash proffer contributions, but cannot quantify. Currently industrial and commercial properties must be rezoned to allow residential development. This bill eliminates that requirement.
Prince George County	
Rappahannock County	The forced increase in housing inventory would likely cause a decrease in tourism due to the unplanned increase in density to existing neighborhoods diminishing the Town's attraction to future visitors.

Locality	Revenue Narrative by Responding Localities
Town of Chincoteague	