

Commission on Local Government

Estimate of Local Fiscal Impact

2026 General Assembly Session | 01/21/26

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 1122: Vested rights (Patron: Reid)

Bill Summary: Alters the criteria for determining when a landowner's rights shall be deemed vested in a land use. Under current law, such vesting occurs when the landowner (i) obtains or is the beneficiary of a significant affirmative governmental act that remains in effect allowing development of a specific project, (ii) relies in good faith on the significant affirmative governmental act, and (iii) incurs extensive obligations or substantial expenses in diligent pursuit of the specific project in reliance on the significant affirmative governmental act. The bill provides that vesting in a land use includes the development of a specific project as contemplated by and consistent with a significant affirmative governmental act and any related approvals, conditions, plans, or application materials accepted or approved by the locality, including the right to make minor modifications to such approvals that substantially conform and do not materially alter the character of the development contemplated by the significant affirmative governmental act. The bill further provides that a zoning administrator shall issue a written determination as to whether a proposed change is material or nonmaterial and that if a zoning administrator determines that a proposed change is material, an applicant may appeal the decision pursuant to general law. Finally, the bill narrows the circumstances by which a locality may treat a use as a valid nonconforming use by providing that if a landowner's rights are vested in a land use, that use shall not be rendered nonconforming by subsequent ordinance changes, except where the General Assembly explicitly authorizes retroactive application of new standards to protect public health and safety.

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

Summary Analysis:

Number of Localities Responding: 3 Cities, 10 Counties, 1 Town, 1 Other

Localities estimated a negative fiscal impact of \$400,000-\$900,000 in increased expenditures and \$250,000-\$750,000 in reduced revenue.

Localities identified the bill's fiscal impact, including hiring consultants, additional staff, and zoning administrators, due to increased administrative demands and reduced flexibility resulting from the bill. Localities expressed concern about a potential indirect fiscal impact of litigation stemming from challenges with the zoning administrator's rulings. A number of localities stated no or minimal fiscal impact. Localities stated a reduction in revenue tied to the decreased ability to negotiate developer contributions through rezoning, and that costs could shift to localities.

Commission on Local Government

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Expenditure Narrative by Responding Localities
Albemarle County	Over the first two years, the County could see approximately \$1.9 million in additional expenses, driven primarily by higher legal exposure, increased administrative demands, and reduced flexibility to manage infrastructure impacts after projects vest.
Alleghany County	
Bedford County	Bill would require an amendment to the zoning ordinance, but this is just a procedural change that should not have any financial implications to the County.
City of Alexandria	The legislation's fiscal impact is currently unquantifiable.
City of Manassas	The City will need to hire a consultant to evaluate all current zoning actions to develop a list for future reference. In addition, staff will need to be hired to maintain currency of this list.
City of Virginia Beach	This bill would increase personnel workload for zoning administrators to issue decisions and the circuit court personnel workloads for any appeals but not expected to amount to any substantial expense increases or revenue changes.
Dickenson County	Dickenson County does not have a Zoning Ordinance
Fauquier County	No impact as that the cost would be borne by the applicants.
Hanover County	We do not expect an increase in expenditures due to this bill.
Mecklenburg County	There may be general litigation costs from time to time in the case that the Zoning Administrator's rulings are contested, but this can happen with perceived adverse rulings today. However, the provisions of C.4. propose an enormous cost burden by placing recovery of attorney fees, court costs, and actual damages at play in any situation in which the locality loses the case, even if the reasoning provided is a good faith effort by the Zoning Administrator and is not done in an arbitrary or capricious manner.
Northern Neck PDC	Therefore, while the basic costs may be similar, the bill would cost localities far more than the typical situation today.
Prince George County	HB1122 is a fairly significant change to the way that vested rights are established/determined. Vested rights are determined jointly at the local level by the County Attorney and Zoning Administrator. Over time, the impacts of increasing numbers of properties obtaining vested rights will likely become more pronounced as the vested rights provisions remain in place. We don't see any identifiable fiscal impact, at least in the short term.
Prince William County	
Rappahannock County	
Town of Chincoteague	

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	100000	100000					
Alleghany County	County							
Bedford County	County							
City of Alexandria	City							
City of Manassas	City	250000	500000					
City of Virginia Beach	City							
Dickenson County	County							
Fauquier County	County							
Hanover County	County							
Mecklenburg County	County							
Northern Neck PDC	Other							
Prince George County	County							
Prince William 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							200,000	Cities:	3
Alleghany County							0	Counties:	10
Bedford County							0	Towns:	1
City of Alexandria							0	Other:	1
City of Manassas							750,000	Total:	15
City of Virginia Beach							0		
Dickenson County							0		
Fauquier County							0		
Hanover County							0		
Mecklenburg County							0		
Northern Neck PDC							0		
Prince George County							0		
Prince William County							0		
Rappahannock County							0		
Town of Chincoteague							0		

Locality	Revenue Narrative by Responding Localities
Albemarle County	Over the first two years, the County could see a modest net revenue loss of roughly \$0.2-\$0.5 million, as gains from earlier property tax realization are outweighed by reduced ability to negotiate developer contributions through rezonings and conditions.
Alleghany County	
Bedford County	
City of Alexandria	
City of Manassas	The ability for a locality to limit the approval period allows for properties to be evaluated for the highest and best use in the future should development not occur. In addition, it offers the locality to ensure that the community is able to provide comment on development in a timely manner.
City of Virginia Beach	This bill would increase personnel workload for zoning administrators to issue decisions and the circuit court personnel workloads for any appeals but not expected to amount to any substantial expense increases or revenue changes.
Dickenson County	Dickenson County does not have a Zoning Ordinance
Fauquier County	
Hanover County	We do not expect a decrease in revenues as a result of this bill.
Mecklenburg County	
Northern Neck PDC	PDCs have no jurisdiction over land use.
Prince George County	
Prince William County	
Rappahannock County	
Town of Chincoteague	