

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 1212): Small lot residential zoning districts (Patron: Sewell)

Bill Summary: Requires any locality with a population of 20,000 or more to adopt and maintain a zoning district classification that permits one-family and two-family dwellings and townhouses as a by-right use on lots with a minimum lot area not exceeding 3,000 square feet. The bill requires a locality to apply the zoning district classification to areas within its boundaries in a manner that creates additional capacity for residential development beyond that permitted by right under the zoning district classification previously applicable to such areas.

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 \$4,000 to \$500,000 in increased expenditures, and one locality projected a decrease in revenue of 750,000.

Localities identified the bill's fiscal impact as minimal to significant. Localities project recurring expenditure increased related to the need to hire consultants or additional staff to evaluate the development impact and assist with code language for compliance. Localities also estimate initial one-time costs associated with planning, zoning, and legal work related to the bill. Some localities estimate one-time costs for consulting, creating new zoning districts, and developing new mapping and GIS resources. Some localities expressed no fiscal impact. Most localities expressed no decrease in revenue. One locality projected a decrease in revenue due to property assessments.

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	<p>Albemarle County could expect approximately \$500,000 to \$1.3 million in new expenses over the first two years following enactment, driven primarily by: 1)One-time planning, zoning, and legal work to bring the ordinance into compliance; 2) Increased staff time or consultant costs for implementation and public engagement; 3) Limited early infrastructure planning and minor upgrades tied to initial infill projects.</p> <p>These costs are front-loaded and largely one-time. Major service and capital costs, such as schools, roads, and utilities are unlikely to materialize at scale within the first two years due to development lead times.</p>
Alleghany County	
Bedford County	
City of Alexandria	The legislation's fiscal impact is currently unquantifiable.
City of Manassas	The City would need to hire a consultant to evaluate the development impact and assist with the appropriate Code language for compliance. Staff would also need to be hired to evaluate future applications.
City of Virginia Beach	No projected increases to expenses expected from the changes to zoning district classifications allowing for residential development.
Dickenson County	Dickenson County's Population does not exceed 20,000
Fairfax County	This bill would have a major impact, the County would need to create a new zoning district and then determine what land would have to be rezoned to the new district and then rezone the land through a Board's Own Motion.. There will be an expenditure increase, as the County would need significant new mapping and GIS resources and may require new funding for external zoning consultants. The exact fiscal impact cannot be quantified at this time.
Fauquier County	This would require us to process a Zoning Ordinance Text Amendment, which would have a one-time cost of approximately \$3,000 - \$4,000.
Hanover County	There would be no reoccurring costs.
Mecklenburg County	We don't expect an increase in expenditures as a result of this bill.
Northern Neck PDC	In our current proposed draft zoning ordinance, there would be a proposed residential zoning district that has a minimum lot size that conforms with the proposed standard of this Section 15.2-2286.2.A. and the setbacks of B. As a result, since there would be no adjustment needed if this ordinance is enacted, there would be no cost related to this piece of legislation.

Locality	Expenditure Narrative by Responding Localities
Prince George County	HB 1212 will require as yet determined zoning amendment(s) to accommodate the new small lot district. It does not currently mandate any zoning map changes, and it does not appear as if it would be a significant enough change to incorporate into the comp plan immediately. This could be accomplished by staff or with consultant assistance, as deemed most appropriate. From the Planning and Zoning perspective no significant fiscal impact. Since rezonings are still allowed, the Board of Supervisors would remain in charge of approving the new zoning district on individual properties and proffers would still be available.
Rappahannock County	No expenditure for Rappahannock County because our population is less than 20,000.
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							
Alleghany County	County							
Bedford County	County							
City of Alexandria	City							
City of Manassas	City	250000	500000					
City of Virginia Beach	City							
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:	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		
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							0		

Locality	Revenue Narrative by Responding Localities
Albemarle County	
Alleghany County	
Bedford County	
City of Alexandria	
City of Manassas	The impact of unrestricted development of small lots would have negative impact on property assessments on adjacent existing properties. In addition, the increased density would impact planned utility and school service for areas resulting in significant expense to localities to provide service.
City of Virginia Beach	Potential increase in real estate revenue if developed for residences.
Dickenson County	Dickenson County's Population does not exceed 20,000
Fairfax County	
Fauquier County	I do not believe that this bill would lead to any direct decreases in revenues over the next two years, however the increased density of development could impact County services and related budgets.
Hanover County	We don't expect a decrease in revenues as a result of this bill.
Mecklenburg County	
Northern Neck PDC	PDCs have no zoning jurisdiction.
Prince George County	
Rappahannock County	
Town of Chincoteague	