

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB196

Patron: Thomas

Bill Title: Virginia Residential Development Infrastructure Fund established.

Bill Summary: Establishes the Virginia Residential Development Infrastructure Fund to provide financial assistance to local governments for expanding or improving public infrastructure needed to support new residential development through the construction or installation of a project, as defined by the bill. The bill provides that the Department of Housing and Community Development shall establish guidelines related to a local government's application for and award of grants and loans from the Fund. The bill directs the Virginia Resources Authority to carry out the administration and management of the Fund in consultation with the Department. The bill further specifies the terms by which the Authority may deposit, invest, and collect money belonging to the Fund. The bill permits the Authority to make grants and loans to local governments to finance or refinance the cost of any project and specifies that such loans are not to exceed the total cost of the project. The bill specifies that the Authority may determine the interest rate and terms and conditions of any loan from the Fund, which may vary between local governments, and may pledge, assign, or transfer from the Fund to banks or trust companies any or all of the assets of the Fund to be held in trust as security for the payment of the principal of, premium, if any, and interest on any or all of the bonds issued to finance any project. The bill also specifies the terms by which such pledge, assignment, or transfer can be made and permits the Authority to sell a loan or interest therein and to act as necessary to exercise the powers granted in the bill to carry out the purpose of the Fund. Finally, the bill instructs a liberal interpretation of its provisions to the end that its beneficial purposes may be effectuated.

Budget Amendment Necessary: Yes, to capitalize **Items Impacted:** Item 103, HB30/SB30 the Fund.

Explanation: This bill involves the Departments of Housing and Community Development (DHCD) and Virginia Resources Authority (VRA), as well as localities. A budget amendment is required to capitalize the Fund.

Fiscal Summary: An amendment is required to capitalize the Fund created in this bill, which allows DHCD and VRA to recover administrative costs. Depending on the amount of funding used to capitalize the Fund and size of the program, DHCD anticipates requiring three positions at an annual cost of \$345,000. The bill permits the Authority and DHCD to recover administrative costs from the Fund.

Fiscal Analysis: This fiscal impact statement is preliminary. As an Authority, VRA is not part of the state's financial system, Cardinal. The provisions of this bill require the establishment of the Fund in the state treasury. As such, the Authority will require a fiscal agent; the bill provides for DHCD to provide management

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services for the Authority. VRA cannot determine administrative costs to be recovered from the Fund, as this expenditure impact depends on the amount available for loans.

An amendment is required to capitalize the Fund created in this bill. As established, the Fund allows DHCD and VRA to recover administrative costs. DHCD anticipates that two program administrators and a program manager, anticipated to result in an expenditure of \$345,000 annually from the Fund, will be needed based on the similar, federally funded, Community Development Block Grant (CDBG) program. DHCD receives approximately \$17 million in CDBG funding from HUD each year to support housing rehabilitation, public infrastructure rehabilitation or deployment, community service facilities, and certain public services, all aimed at benefiting low- to moderate-income individuals or households. There is no set limit on how the \$17 million in CDBG funding is allocated across different uses, including public infrastructure, but public infrastructure projects are allowed up to \$2 million per project. The amount that supports public infrastructure varies from year to year, depending on each year's application pool. The agency anticipates that supervisory tasks for the new positions can be absorbed within existing resources.

Other: Section 36-140.5 proposed in the bill directs all money to be deposited in a local bank account, which contradicts the language that establishes the new Fund in the state Treasury. The Virginia Resources Authority is not part of the State's financial system, Cardinal. Additionally, one section of the bill language states that moneys in the Fund shall be used solely for the purpose of providing financial assistance to local governments but in another section of the bill language allows the Authority and DHCD to recover program administration costs from the Fund.