

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

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ORIGINAL

Bill Number: HB408 **Patron:** Reid
Bill Title: Enterprise Zone Housing Availability Grant Program.

Bill Summary: Establishes the Enterprise Zone Housing Availability Grant Program. The bill provides that, to be eligible to receive a grant under the Program, a qualified zone developer, as defined by the bill, must rent or sell, subject to certain affordability restrictions, any residential property for which costs were incurred to construct, expand, or rehabilitate such property to a household that earns 80 percent or more of the area median income (AMI) of the locality in which the property is located, but less than 120 percent of such AMI. The bill further requires that such affordability restrictions remain in force for 10 years following the original execution of the lease or deed of sale for the property for which such costs were incurred. The bill authorizes grant awards based on a percentage of costs incurred to construct, expand, or rehabilitate the property. The bill directs the Board of Housing and Community Development to determine guidelines for the allocation of grants awarded, which must include a process for (i) certifying the income of the households renting or purchasing the residential property and (ii) monitoring compliance with ongoing affordability restrictions.

Budget Amendment Necessary: Yes, to operationalize the Program. **Items Impacted:** Item 104, HB30/SB30

Explanation: This bill involves the Department of Housing and Community Development (DHCD). A budget amendment is required to operationalize the Program.

Fiscal Summary: This bill does not identify a fund source to support this program. An amendment is required to operationalize the program created in this bill. Funding is scalable, however, if the program is supported at a level comparable to the Enterprise Zone (EZ) programs, DHCD estimates two positions will be needed to administer the program, at an annual cost of \$212,000. The annual general fund appropriation for the EZ grant programs in HB30 is \$14.3 million.

Fiscal Analysis: This fiscal impact statement is preliminary. The bill establishes the Enterprise Zone Housing Availability Grant Program to provide grants to qualified developers in enterprise zones for residential construction, expansion, or rehabilitation that is leased or sold to moderate-income households, subject to defined affordability, rent, and resale restrictions tied to area median income.

An amendment is required to fund the program created by this bill. Based on administrative efforts associated with existing Enterprise Zone (EZ) programs, DHCD anticipates additional workload related to program development and implementation, locality and developer training, income certification, and long-term compliance monitoring and enforcement of affordability and resale restrictions for a required 10-year period.

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DHCD anticipates that two additional positions, at an estimated annual cost of \$212,000, would be required to administer and enforce the EZ Housing Availability Grant Program.

Other: None.