

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

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ORIGINAL

**Bill Number:** HB708

**Patron:** Thomas

**Bill Title:** Timely local decision on certain land use permits; incentives and penalties.

**Bill Summary:** Requires that the average time period required for a locality to take final action to approve, approve with conditions, or deny all by-right permit applications from the date of submission of such applications to the locality shall not exceed 12 months. The bill requires the Department of Housing and Community Development to conduct semiannual compliance reviews of each locality and to publish and transmit to the Governor and the General Assembly a report identifying each locality as compliant or noncompliant for the applicable review period. The bill provides that any locality determined by the Department to be compliant for the preceding 12-month period shall be eligible to receive a state grant sufficient to fund one full-time equivalent position within the locality's planning department. The bill further provides that if the Department determines that a locality is noncompliant during a review period, the Commonwealth Transportation Board shall reduce program fund allocations from the Commonwealth Transportation Fund to any project within the boundaries of such noncompliant locality by two percent for the following fiscal year.

**Budget Amendment Necessary:** Yes; see Fiscal Analysis      **Items Impacted:** 106

**Explanation:** This bill involves the Department of Housing and Community Development (DHCD) and the Department of Transportation (VDOT); a general fund budget amendment is required to implement the provisions of the bill.

**Fiscal Summary:** It is anticipated that an indeterminate general fund appropriation is required to establish the grant program, and DHCD will require an additional annual general fund appropriation of \$240,000 and two positions under Item 106, HB30/SB30, to implement this bill.

**General Fund Expenditure Impact:**

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DHCD (165)		\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
<b>TOTAL</b>		<b>\$ 240,000</b>				

**Position Impact:**

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DHCD (165)		2	2	2	2	2
<b>TOTAL</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

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**Fiscal Analysis:** This impact statement is preliminary. The bill establishes a new statewide compliance monitoring and incentive framework that creates direct and ongoing expenditure impacts for DHCD. The requirement to conduct semiannual compliance reviews of all localities, determine compliance status based on average permitting timelines, and prepare and transmit formal reports necessitates a level of sustained analytical and administrative capacity beyond current absorbable workloads. While supervisory oversight may be absorbed within DHCD's Policy and Legislative Services Division, the agency estimates that implementation would require two policy and program analyst positions, at an estimated total annual cost of \$240,000. One position would focus on program design, locality coordination, and compliance determinations, while the second would focus on data collection, analysis, and preparation of the required semiannual reports.

The bill also authorizes grant awards to compliant localities sufficient to fund one full-time equivalent planning position per compliant review period. Although these grants are explicitly subject to appropriation, implementation consistent with legislative intent would require an indeterminate appropriation from the general fund. Without such an appropriation, the incentive component of the bill would be inoperative.

Transportation funding withheld from noncompliant localities is required to revert to and remain in the Commonwealth Transportation Fund, representing a redistribution of existing revenues rather than a net increase or decrease. Any reduction in transportation project budgets associated with noncompliant localities may impact the timely completion of those projects or jeopardize projects entirely. Delays may result in increased costs to the Commonwealth to complete a given project. Any projects cancelled prior to completion as a result of withheld funding may incur losses for work already completed. Commonwealth Transportation Fund allocations support projects across transportation modalities including highways, roads, rail, transit, and pedestrian safety and mobility. The Commonwealth's transportation infrastructure functions as a network, any projects delayed or cancelled in one locality may negatively impact transportation outcomes in other localities.

**Other:** None.