

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

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ORIGINAL

Bill Number: HB196H1

Patron: Thomas

Bill Title: Virginia Residential Development Infrastructure Fund established.

Bill Summary: Establishes the Virginia Residential Development Infrastructure Pilot Program (the Program) to provide grants and loans to local governments for public infrastructure supporting new residential development in Planning Districts 8 and 23. The bill assigns the Department of Housing and Community Development (DHCD) responsibility for program administration, including guideline development and award decisions, and requires the Virginia Resources Authority (VRA), designated as the Financial Viability Manager, to review and provide written recommendations on the financial viability of proposed loans. The bill authorizes DHCD to incur and pay administrative costs from program moneys, sets parameters for grants and loans to local governments, provides for loan repayment and collection authority, and sunsets the program on July 1, 2028.

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

Explanation: This bill involves DHCD and VRA, as well as localities. A budget amendment is required to operationalize the Program.

Fiscal Summary: An amendment is required to operationalize the Program; DHCD has not provided an estimate of funding required to establish the Program. The bill authorizes DHCD to disburse Program moneys to cover administrative and financial review costs incurred by DHCD and VRA. DHCD anticipates requiring one position at an estimated annual cost of approximately \$163,000. It is anticipated that this bill may result in an indeterminate general fund revenue increase.

Fiscal Analysis: This fiscal impact statement is preliminary. An amendment is required to operationalize the Program. Upon appropriation, Program moneys may be used to make grants and loans to local governments and to pay reasonable administrative and financial review costs associated with Program administration and loan evaluation. Expenditure impacts related to administration and staffing would depend on the level of funding provided and program activity.

Under the provisions of the bill, DHCD is responsible for establishing program guidelines, designating grants and loans, determining loan terms and conditions, coordinating with VRA for financial viability and feasibility review of proposed loans, and administering and monitoring Program awards. Based on the pilot nature of the Program, its limited geographic scope, and the requirement for financial viability and feasibility analyses for proposed loans, DHCD estimates that Program administration would require one Program Manager, at an estimated annual cost of approximately \$163,000, including salary, benefits, and related administrative costs.

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Although DHCD administers federally funded Community Development Block Grant infrastructure programs, the Program includes statutory reporting requirements, loan administration responsibilities, and coordination with VRA that would necessitate dedicated staffing.

VRA cannot determine administrative costs to be recovered from Program moneys at this time, as the expenditure impact depends on the volume of loan applications requiring financial viability and feasibility review and the level of funding appropriated for the Program.

The bill may result in an increase in General Fund revenues from repayments of loans made to local governments under the Virginia Residential Development Infrastructure Pilot Program. Loan repayments, including principal and interest, are required to be deposited into the general fund upon receipt and are not retained for reuse by the Program.

The magnitude and timing of any general fund revenue increase are indeterminate and depend on the extent to which loans are issued under the Program, the terms of those loans, and repayment performance by participating local governments.

Other: None.