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HOUSE BILL NO. 1376

Offered January 21, 2026

A BILL to amend and reenact §§ 15.2-2414, 15.2-2415, 15.2-2417, 15.2-2418, and 36-55.64 of the Code of Virginia and to repeal Chapter 11 (§§ 36-157 through 36-170) of Title 36 of the Code of Virginia, relating to Urban Public-Private Partnership Redevelopment Fund; funding requirements; report.

Patron—Bulova

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

1. That §§ 15.2-2414, 15.2-2415, 15.2-2417, 15.2-2418, and 36-55.64 of the Code of Virginia are amended and reenacted as follows:

§ 15.2-2414. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Board" means the Board of Housing and Community Development.

"Department" means the Department of Housing and Community Development.

"Fund" means the Urban Public-Private Partnership Redevelopment Fund created by this chapter.

"Local government" or "locality" means any county, city or town in the Commonwealth.

"Private developer" means any limited partnership, limited liability company, or domestic corporation.

"Qualifying entities" means private developers, nonprofit organizations that are exempt from taxation under § 501(c)(3) of the Internal Revenue Code, local governments, housing authorities, regional authorities, land bank entities as defined in § 15.2-7500, and common interest communities as defined in § 54.1-2345, including property owners' associations as defined in the Property Owners' Association Act (§ 55.1-1800 et seq.), condominium unit owners' associations established pursuant to the Virginia Condominium Act (§ 55.1-1900 et seq.), and real estate cooperative associations established pursuant to the Virginia Real Estate Cooperative Act (§ 55.1-2100 et seq.).

§ 15.2-2415. Creation and management of the Urban Public-Private Partnership Redevelopment Fund.

There is hereby established in the state treasury a permanent and perpetual fund to be known as the Urban Public-Private Partnership Redevelopment Fund. The Fund shall consist of sums appropriated to the Fund by the General Assembly; sums which may be allocated to the Commonwealth for this purpose by the United States government; all interest earned on moneys in the Fund; and any other sums designated for deposit to the Fund from any source, public or private. The Fund is created to address the serious problem of a lack of developable land in urban areas of the Commonwealth and the high cost of redeveloping such land as well as to transform underutilized and obsolete commercial properties. The Fund shall make grants or loans to local governments for assembling, planning, clearing, converting, repositioning, redeveloping, and remediating sites for the purpose of promoting such sites to private developers qualifying entities for redevelopment.

The Fund shall be administered and managed by the Department as prescribed in this chapter. The Department may disburse from the Fund reasonable costs and expenses incurred in administration and management of the Fund.

§ 15.2-2417. Grants and loans; report.

Except as otherwise provided in this chapter, money in the Fund shall be used to make grants or, loans, revolving loans, or other financing tools available to local governments to finance the assembling, planning, clearing, converting, repositioning, redeveloping, and remediation of sites for the purpose of promoting such sites to private developers qualifying entities for redevelopment.

No grant shall exceed \$500,000. Each grant shall be conditioned upon a 100 percent match of funds by the local government. The Board of Housing and Community Development shall develop guidelines for the administration of the grant program established by this chapter. The Board shall convene a work group to develop appropriate criteria and guidelines for the administration of the grant program established by this chapter. Such criteria shall include (i) how to prioritize awards for (a) localities experiencing an above average and high level of fiscal stress as designated by the Commission on Local Government in its most recent Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties and (b) localities experiencing a significant decrease in commercial real estate assessments and (ii) the amount and type of local match, including both requirements that consider monetary contributions and non-monetary contributions. The work group shall include representatives of the Department, the Virginia Association of Counties, the Virginia First Cities Coalition, the Virginia Municipal League, and the Virginia Economic Developers Association. The work group shall report its findings and recommendations to the General Assembly by November 1, 2026.

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The Board shall determine the terms and conditions of any loan from the Fund; however, it is the intent of this chapter that the Board make long-term no-interest loans to localities to encourage utilization of any available funds. All loans from the Fund shall be evidenced by appropriate notes of the loan recipient payable to the Fund. The Director of the Department is authorized to require in connection with any loan from the Fund any documents, instruments, certificates, legal opinions or other information he deems necessary or convenient.

§ 15.2-2418. Reports.

~~On or before September 30 of each year, each local government recipient shall report to the Department on the status of all sites being prepared for redevelopment with the grant or loan.~~

On or before December 1, 2026, and each year thereafter, the Department shall submit a report to the Secretary of Commerce and Trade, the Governor, and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations, including (i) the number of projects funded; (ii) the geographic location of the projects; and (iii) the costs of the Fund and the outcomes, including the number and total amount of loans, grants, and forgivable loans awarded for redevelopment.

§ 36-55.64. Creation of local housing rehabilitation zones.

A. Any city, county, or town may establish, by ordinance, one or more housing rehabilitation zones for the purpose of providing incentives and regulatory flexibility in such zone.

B. The incentives provided in a housing rehabilitation zone may include, but not be limited to, (i) reduction of permit fees, (ii) reduction of user fees, and (iii) waiver of tax liens to facilitate the sale of property that will be substantially renovated, rehabilitated, or replaced.

C. Incentives established pursuant to this section may extend for a period of up to 10 years from the date of initial establishment of the housing rehabilitation zone; however, the extent and duration of any incentive shall conform to the requirements of applicable federal and state law.

D. The regulatory flexibility provided in a housing rehabilitation zone may include, but not be limited to (i) special zoning for the district, (ii) the use of a special permit process, (iii) exemption from certain specified ordinances, excluding ordinances or provisions of ordinances adopted pursuant to the requirements of the Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.), the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.), and the Virginia Stormwater Management Act (§ 62.1-44.15:24 et seq.), and (iv) any other incentives adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years.

E. The governing body may establish a service district for the provision of additional public services pursuant to Chapter 24 (§ 15.2-2400 et seq.) of Title 15.2.

~~F. Each locality establishing a housing rehabilitation zone pursuant to this section may also apply for the designation of a housing revitalization zone pursuant to Chapter 11 (§ 36-157 et seq.). Nothing in this chapter shall preclude such dual designation.~~

~~G.~~ Any housing rehabilitation zone established pursuant to this chapter shall be deemed to meet the requirements for designation of housing revitalization eligible to be financed as an economically mixed project pursuant to § 36-55.30:2.

~~H. G.~~ This section shall not authorize any local government powers that are not expressly granted herein.

2. That Chapter 11 (§§ 36-157 through 36-170) of Title 36 of the Code of Virginia is repealed.