



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

September 19, 2025

MEMORANDUM

TO: Board of Housing and Community Development Members

FROM: DHCD Staff

SUBJECT: Board of Housing and Community Development Meeting – September 22, 2025

Enclosed is the agenda and information package for the Board of Housing and Community Development meeting to be held on **Monday, September 22, 2025**. The full Board will convene at 12:30 p.m. The Board meeting will be held at the **Virginia Housing Center** located in Innsbrook at 4224 Cox Road in Glen Allen, Virginia. Lunch will be provided prior to the meeting.

Please contact DHCD staff as soon as possible to let us know if you will not be able to attend. We can be reached at chase.sawyer@dhcd.virginia.gov or at 804-310-5872. Please let us know if you have any questions or if there is anything we can do to be of assistance.

Enclosure



AGENDA
BOARD OF HOUSING and COMMUNITY DEVELOPMENT
Monday, September 22, 2025
12:30 PM
Virginia Housing Center
4224 Cox Road, Glen Allen, VA

Public Comment before the Board will begin at 12:30 p.m..

In addition to in-person public comment, there will be a virtual public comment option. Each speaker will be limited to one minute of speaking time and there will be one half-hour total for public comment on a first come first served basis. Please contact chase.sawyer@dhcd.virginia.gov to sign up for public comment.

Electronic Meeting Access Information

Microsoft Teams Joining Information: [Click here to join the meeting](#)

Meeting ID: 293 627 644 221 7 | Passcode: Hm6kS3sR

Call in (audio only) +1 434-230-0065 | Phone Conference ID: 338 892 460#

- | | | |
|------|--|-------------|
| I. | OPENING | |
| | a. Call to Order | Chair |
| | b. Roll Call | DHCD Staff |
| | d. Public Comment | Chair |
| II. | CONSENT AGENDA | Chair |
| | o <i>Approval of Minutes</i> : July 14, 2025 | |
| III. | PRIVATE ACTIVITY BOND GUIDELINES UPDATE
FOR 2026 PROGRAM YEAR
<i>Action Item</i> | DHCD Staff |
| IV. | ENTERPRISE ZONE GRANT PROGRAM REGULATORY
ACTION PURSUANT TO 2025 LEGISLATION
<i>Action Item</i> | DHCD Staff |
| V. | STATEWIDE FIRE PREVENTION CODE REGULATORY
ACTION PURSUANT TO 2025 LEGISLATION
<i>Action Item</i> | DHCD Staff |
| VI. | LEGISLATIVE AND REGULATORY UPDATE | DHCD Staff |
| | o 2024 Code Development Cycle Update | |
| | o National Transportation Safety Board Report | |
| | o State Fire Marshal’s Office Fee Report (Budget Item 407) | |
| VII. | REPORTS AND INFORMATION | |
| | a. Virginia Housing Report | Tammy Neale |

- b. Report of the Virginia Fire Services Board
 - c. Report of the Director
- VIII. UNFINISHED BUSINESS Board Members
- IX. NEW BUSINESS Board Members
- X. BOARD MATTERS Board Members
- XI. FUTURE BOARD MEETING DATES DHCD Staff
- o December 8, 2025
- XII. ADJOURNMENT Chair

**Minutes of the
BOARD OF HOUSING AND COMMUNITY DEVELOPMENT
July 14, 2025
10:41 AM
Virginia Housing Center
4224 Cox Road
Glen Allen, Virginia**

Members Present

Louie Berbert, Chair
Sylvia Bryant
Cindy Davis (Remote)
Bill Garrett
Lynne Goldberg (Remote)
Jenna Goodman
Keith Johnson
Roger Jones, Vice Chair
Tammy Neale
Hank Osleger
J.M. Snell
Scott Stosser (Remote)
Mark Trostle (Remote)

Members Absent

None

Department of Housing and Community Development (DHCD) staff present for all or part of the meeting:

Maggie Beal, Interim Agency Director
Justin Bell, Assistant Attorney General (Remote)
Jeff Brown, Deputy Director of Building and Fire Regulation
Trisha Lindsey, Policy and Legislative Services Director
Andrew Malloy, Sr. Policy Analyst
Paul Messplay, Code and Regulation Specialist
Florin Moldovan, Code and Regulation Specialist
Sandra Powell, Sr. Deputy Director of Community Development and Housing
Sulaiman Safi, Board Coordinator
Chase Sawyer, Policy Manager

Call to Order Mr. Berbert, Chair of the Board of Housing and Community Development, called the meeting of the Board to order at 10:41 a.m.

Roll Call The roll was called by Mr. Sawyer. Mr. Sawyer reported that a quorum was present.

Remote Participation Mr. Sawyer reported that Ms. Goldberg (personal matters), Ms. Davis (personal matters), Mr. Stosser (personal matters), and Mr. Trostle (personal matters) had been pre-approved by the Chair to participate in the meeting remotely.

A motion was made by Mr. Johnson and seconded by Ms. Goodman to confirm the Chair’s decision to approve the remote participation of Ms. Goldberg, Ms. Davis, Mr. Stosser, and Mr. Trostle. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Garrett, Goodman, Johnson, Jones, Neale, Osleger, Snell; NAYS: None).

Mr. Berbert welcomed Ms. Maggie Beal, the new Interim Director of DHCD.

Annual Election of Officers Mr. Berbert turned the meeting over to Mr. Sawyer. Mr. Sawyer opened the floor for nominations for Chair of the Board. Mr. Jones nominated Mr. Berbert. No other Board members were nominated. Mr. Berbert was elected Chair of the Board by acclamation.

Mr. Berbert opened the floor for nominations for Vice Chair of the Board. Mr. Berbert nominated Mr. Jones. No other Board members were nominated. Mr. Jones was elected Vice Chair of the Board by acclamation.

Public Comment Mr. Berbert opened the floor for public comment.

After seeing no speakers, Mr. Berbert closed public comment.

Approval of Minutes A motion was made by Ms. Goodman and seconded by Mr. Jones to approve the minutes of the May 12, 2025 meeting of the Board. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Davis, Garrett, Goldberg, Goodman, Johnson, Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Appointments Mr. Berbert re-appointed Mr. Jones as Chair and Mr. Snell as Vice Chair of the Codes and Standards Committee. Mr. Berbert re-appointed himself as Chair and Mr. Jones as Vice Chair of the Housing and Community Development Committee. Mr. Berbert reminded the Board that all members of the Board are members

of the Codes and Standards Committee and the Housing and Community Development Committee unless otherwise requested.

Mr. Berbert reaffirmed Mr. Snell's appointment to the Virginia Fire Services Board.

A motion was made by Ms. Goodman and seconded by Mr. Osleger to appoint Mr. Jones to represent the Board on the Virginia Housing board. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Davis, Garrett, Goldberg, Goodman, Johnson, Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Electronic Meeting Policy

Mr. Sawyer presented the Board's remote participation policy and all-virtual meeting policy. Mr. Sawyer reminded the Board that these policies must be approved by the Board annually. Mr. Sawyer informed the Board that no changes have been made to either policy. The Board discussed the remote participation policy and asked questions regarding quorum requirements. Mr. Sawyer stated that a majority of the Board must be physically present for there to be a quorum. A motion was made by Ms. Neale and seconded by Ms. Goodman to approve the Board's remote participation policy as presented. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Davis, Garrett, Goldberg, Goodman, Johnson, Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None). A motion was made by Mr. Jones and seconded by Ms. Neale to approve the all-virtual meeting policy as presented. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Davis, Garrett, Goldberg, Goodman, Johnson, Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Legislative and Regulatory Update

Mr. Sawyer provided an update on the current code development cycle. Mr. Sawyer reminded the Board that it approved Notices of Intended Regulatory Action at its March meeting and that since April 1, cdpVA, DHCD's online building code system, has been open and accepting code change proposals for the 2024 code development cycle. Mr. Sawyer noted that DHCD has hosted Sub-Workgroups and study groups in recent weeks covering various code topics including the Energy Sub-Workgroup, the Statewide Fire Prevention Code (SFPC) Sub-Workgroup, Single Exit Stair Building Study Group, an Expediting Permits and Certificates of Occupancy Study Group, and a Heating and Cooling Study Group. Mr. Sawyer added that the next action from the Board will be to consider the proposals

from the Sub-Workgroups and study groups, likely at the March 2026 meeting. Board members asked questions about the code development schedule and discussed Board member attendance at upcoming general stakeholder meetings.

Virginia Housing Report

Ms. Neale, CEO of Virginia Housing, thanked Mr. Jones for his willingness to serve on the Virginia Housing board and welcomed Ms. Beal. Ms. Neale highlighted the opening of the Affordable and Special Needs Housing (ASNH) grants, since they support the important shared housing goals of DHCD and Virginia Housing.

Fire Services Board Report

Mr. Snell shared that the annual Virginia Fallen Firefighter and Emergency Medical Services Memorial Service in June was a moving event. Mr. Snell highlighted additional funds allocated to the Virginia Department of Fire Programs (VDFP) in the 2025 budget to fund grants supporting local fire departments with equipment needs. Mr. Snell shared that the next VFSB meeting will be in September in Harrisonburg, VA.

Mr. Johnson thanked Mr. Snell for his service on the Virginia Fire Services Board. Mr. Johnson praised Mr. Snell's active participation, responsiveness, and support for the Fire Services.

Report of the Director

Ms. Beal introduced herself as DHCD's new interim director and spoke about her past roles and experience. Ms. Beal highlighted the important work of building code development and the effect it has on businesses throughout the Commonwealth. Ms. Beal shared some staffing updates at DHCD including the agency's search for a new Communications Director. Ms. Beal thanked the Board members for volunteering their time to participate in advancing housing goals. Ms. Beal said she will share updates regarding Private Activity Bonds at the September meeting in light of changes made to federal law.

Unfinished Business

There was no unfinished business to be discussed.

New Business

There was no new business to be discussed.

Board Matters

Board members asked staff to consider providing reference materials to assist with acronyms used in relation to the Board.

Future Meetings

Mr. Sawyer stated that the next meeting of the Board was scheduled for September 8, 2025.

Adjournment

A motion was made by Ms. Neale and seconded by Ms. Goodman to adjourn the meeting. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Davis, Garrett, Goldberg, Goodman, Johnson, Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None). The meeting was adjourned at 11:06 a.m.

DRAFT



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Maggie Beal
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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Memorandum

To: Board of Housing and Community Development

From: DHCD Staff

Subject: Private Activity Bond (PAB) Guidelines Update – 2026 Program Year

Date: September 19, 2025

The Code of Virginia charges the Board of Housing and Community Development with developing guidelines for the allocation of the state's private activity bond (PAB) volume cap to local housing authorities and the Governor's Pool (State Allocation). Based on the Board approved guidelines, the Department of Housing and Community Development is directed to process requests for volume cap allocation from the local housing authority allocation and the Governor's Pool (as approved by the Governor).

In July of this year, Congress passed and the President signed the One Big Beautiful Bill Act (OBBBA), which included provisions related to PABs. As part of the OBBBA, a housing project is now only required to be financed by tax-exempt PABs for 25% of its aggregate basis to qualify for 4% Low-Income Housing Tax Credits (LIHTC), instead of the previous 50% aggregate basis. This lower threshold would make available bond cap for additional projects that may otherwise not have been able to receive an allocation based on the limited amount of PABs for the Commonwealth.

Enclosed are proposed guidelines for the 2026 program year that incorporate the OBBBA changes. The proposed guidelines maintain the competitive scoring process for awarding bond allocations that was previously approved by the Board.

Enclosure



Virginia Private Activity Bond Allocation Guidelines

Local Housing Authority (LHA) Allocation

Adopted: ~~May 13, 2024~~ TBD

Effective Date: January 1, ~~2025~~ 2026

TABLE OF CONTENTS

I **DEFINITIONS**

- 1.1. Definitions

II **PROGRAM OVERVIEW**

- 2.1. Introduction
- 2.2. Availability of Bonds
- 2.3. Allocation Size Limits
- 2.4. Carryforward Allocation.

III **ELIGIBILITY**

- 3.1. Eligible Use of Funds
- 3.2. Threshold Requirements
- 3.3. Effective Period of Allocation
- 3.4. State Guidelines to Change as Federal Law Determines Eligibility

IV **ADDITIONAL CRITERIA**

- 4.1. Reporting Requirements for Allocations

V **APPLICATION REVIEW AND EVALUATION**

- 5.1. Dates and Submission Timeline
- 5.2. Scoring Criteria
- 5.3. Other Scoring Criteria
- 5.4. Tiebreaker Criteria
- 5.5. Scoring Rubric
- 5.6. Project Approval

VI **EFFECTIVE PERIOD OF GUIDELINES**

VII **APPENDIXES**

1. DEFINITIONS

1.1. Definitions

A. Section 15.2-5000 of the Code of Virginia provides definitions of the following terms and phrases as used in these Guidelines:

- “Exempt project”
- “Industrial development bond”
- “Local housing authority”
- “Manufacturing facility”
- "Manufactured housing bond”
- “Private activity bond”
- “Single family housing bond”
- “State ceiling”

B. The following words and terms, when used in these guidelines, shall have the following meaning, unless the context clearly indicates otherwise.

"Allocation" or "award" means the notice given by the Commonwealth to provide a project with a specified amount from the state ceiling for a specific issue of bonds.

“Applicant” means an entity that properly submits an application for private activity bond authority in accordance with these Guidelines.

"Carryforward purpose" means certain projects that are eligible to receive an allocation during a calendar year and issue the bonds from the allocation in a later year pursuant to § 146 of the Internal Revenue Code of 1986, as amended.

“Consolidated plan” means the plan required by the United States Department of Housing and Urban Development (HUD) for State and Entitlement jurisdictions that receive funding for any of the following HUD formula programs: Community Development Block Grant (CDBG), HOME Investments Partnerships (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

“DHCD” means Department of Housing and Community Development.

“Eligibility” means, with respect to any applicant seeking an allocation of PABs from the local housing authority allocation for projects, that the rents for the units subject to restrictions on the incomes of residents under the Code will meet rent affordability standards. Rent affordability standards can be met by allocation to the project of low-income housing tax credits under Section 42 of the Code or participation in other federal, state, or local housing affordability programs that include legally enforceable rent affordability standards.

DHCD reserves the right to waive this eligibility requirement in the case of a housing project that addresses another compelling local or state objective.

"Governing body" means the board of supervisors of each county and the council of each city and of each town.

"Housing bonds" means multifamily housing bonds and single family housing bonds requiring allocation from the state ceiling.

"IRC" means the Internal Revenue Code of 1986, as amended.

"Issued" means that the PABs have been issued in accordance with IRC §§103 and 141-150.

"Issuing authority" means any political subdivision, governmental unit, authority, or other entity of the Commonwealth which is empowered to issue PABs.

"Locality" means a city, town, or county of the Commonwealth.

"Multifamily housing bond" means any obligation which constitutes an exempt facility bond under federal law for the financing of a qualified residential rental project within the meaning of § 142 of the Code.

"Population" means the most recent estimate of resident population for Virginia and the counties, cities, and towns published by the United States Bureau of the Census or the Weldon Cooper Center for Public Service of the University of Virginia before January 1 of each calendar year.

"Project" means the facility (as described in the application) proposed to be financed, in whole or in part, by an issue of bonds and that meets all of the requirements for eligibility set forth in these Guidelines.

"Rent affordability standards" means that the rent and any estimated cost of utilities (except telephone) payable by residents shall not exceed 30 percent of the applicable income limits under the Code during the period of time that the bonds issued to finance the project will be outstanding.

"State Allocation" means the portion of the state ceiling set aside for projects of state issuing authorities and for projects of state or regional interest as determined by the Governor.

A "Supplemental allocation" means an allocation of PABs that is supplemental to a previous year's allocation (regardless of issuer). A supplemental allocation is for a project that has previously closed and is seeking additional allocation for the same project. A supplemental allocation is not an allocation for a separate phase of a larger development.

2. PROGRAM OVERVIEW

2.1. Introduction

Every year, the Commonwealth of Virginia is allowed to issue a certain number of federally tax-exempt bonds. Referred to as a "private activity bond" (PAB), a PAB is used to finance certain projects that are considered "qualified private activities" under the Internal Revenue Code of 1986, as amended.

Chapter 50 (§§ 15.2-5000 through 15.2-5005) of Title 15.2 of the Code of Virginia sets aside specified amounts of the Commonwealth's limited PAB issuing authority into four allocation pools. This Chapter requires the Department of Housing and Community Development (DHCD), through the Board of

Housing and Community Development, to “establish guidelines in accordance with this chapter that shall detail (i) the *specific administrative policies, criteria, and procedures for the allocation to local housing authorities*” in addition to other responsibilities.

As such, DHCD will allocate PAB authority from the local housing authority allocation through the criteria and procedures set forth in these guidelines. In administering these guidelines, DHCD has responsibilities that include:

- A. Determining the state ceiling on PABs each year beyond 2008 based on the federal per capita limitation on PABs and the population.
- B. Setting aside the proper amount of the state ceiling on PABs for each project type as specified in § 15.2-5002 of the Code of Virginia each year beyond 2008.
- C. Receiving and review project applications for PAB authority to be awarded from the portion of the state ceiling allocated to local housing.
- D. Allocating PAB authority to projects requesting bond authority from the portion of the state ceiling allocated to local housing authorities.

2.2. Availability of Bonds

The allocation of PABs for the State is based on the federal per capita limitation on PABs. Section 15.2-5002 of the Code of Virginia reserves 14% of these bonds for local housing authorities. While these authorities issue PABs, DHCD is required to review and allocates PABs authority to qualified projects.

Yearly availability of PABs will be as posted on the DHCD website. Funding will occur in two competitive rounds with the option for a third, non-competitive round if there is available allocation. DHCD will reserve at least 50% of the available PAB allocation for the applications applying in the second and potential third round. Any unused allocations from the first and second round will automatically be included in the subsequent round.

2.3. Allocation Size Limits

For Allocation Round 1, ~~an applicant may apply~~ priority will be given to applicants that meet the 25% test and are requesting to receive up to ~~\$20 million~~ \$10 million per project from the portion of the state ceiling reserved for local housing authority projects. If all of the available allocation in Round 1 is not utilized for applications that meet this test, requests for allocations of up to \$15 million and that meet the 35% test will be scored for approval.

For Allocation Round 2, there is no upper limit for project requests/allocations. In line with Round 1, priority will be given to applications that meet the 25% test and are requesting allocations in line with that test. If all of the remaining allocation in Round 2 is not utilized for these applications, requests for allocations that meet the 35% test will be scored for approval.

There is no upper limit if there is an optional Round 3. The same guidelines from Round 2 apply for Round 3.

Projects are limited to one allocation per project per calendar year. However, an applicant may reapply if they do not receive an allocation in a prior allocation round.

Projects that applied and did not receive an allocation in the first or second round will automatically be considered in subsequent application rounds, provided that i) all necessary application materials are current and that ii) the application remain identical or substantively similar to the original application. Projects with substantive changes must complete a new application.

2.4. Carryforward Allocation

On or about December 15, DHCD will notify the Virginia Housing Development Authority (VHDA) of the amount of bond issuing authority remaining in the portion of the state ceiling reserved for local housing authorities. After this notification, VHDA must provide a written request to DHCD in order to have such bond issuing authority transferred to VHDA. Any bond authority that remains with DHCD and is not requested by VHDA shall be allocated to other carryforward purposes.

3. ELIGIBILITY

3.1. Eligible Use of Funds

An entity seeking bond authority from the LHA pool of PABs for a project must be used to advance production or rehabilitation of affordable housing may submit application to DHCD. This means that the rents for the units subject to restrictions on the incomes of residents under the Code will meet rent affordability standards. Rent affordability standards can be met by allocation to the project of low-income housing tax credits in accordance with IRC § 42 of the Code or participation in other federal, state, or local housing affordability programs that include legally enforceable rent affordability standards.

3.2. Threshold Requirements

All projects seeking an allocation of PAB authority from DHCD must file an application. Application forms are available from DHCD.

Local housing authorities seeking an allocation of bond authority for housing projects shall file Form LHA.

All applications and requests for PAB authority from DHCD shall be accompanied by the following documentation for each project:

1. Inducement or official intent resolution or other documentation of the preliminary approval of the project by the issuing authority, in conformity with applicable federal and state law;
2. Documentation of approval of the project by the appropriate governing body (see § 5.1 of these guidelines) or elected official, in conformity with applicable federal and state law;
3. Written opinion of bond counsel that the project is eligible to utilize PABs pursuant to the Code and that an allocation of bond issuing authority from the state ceiling is required;
4. A definite and binding financing commitment from the buyer or underwriter of the bonds for the project, or if the bonds are to be sold competitively, a letter from the financial advisor for the project;

5. Certification that the project's financing package will include low-income housing tax credits under IRC §42. If such credits are not a part of the project's financing package, then documentation on participation in another federal, state, or local housing program with legally enforceable rent affordability standards must be included;
6. Certification signed by an accountant, executive, or other appropriate entity attesting that the applicant is requesting no more than ~~55%~~ 30% of the project's aggregate basis in PAB allocation consistent with the submitted budget – or no more than 40% of the project's aggregate basis if the applicant is awarded allocation after prioritized 25% test applications have been scored pursuant to language in Section 2.3; and,
7. All applications from local housing authorities requesting an allocation of bond authority for housing projects shall be accompanied by a letter from the city manager, the town manager, the county administrator, the county executive, or other chief administrator s of the locality in which the project is located, stating that the project is in conformity with the Consolidated Plan covering the locality. If the locality is subject to the Commonwealth's consolidated plan as completed by DHCD, DHCD will determine if the project is in conformity with the plan.
8. *Supplemental allocation only:* Supplemental allocations must certify that the allocation addresses project costs that have no alternative but to utilize additional tax-exempt bond financing. The applicant must provide a detailed explanation of use of additional allocation and reason it was not included in original application.

3.3. Effective Period of Allocations

An allocation of PAB authority awarded by DHCD from the portion of the state ceiling reserved for local housing authority projects shall be effective for 120 days after the allocation award date or until December 15, whichever is earlier.

Additionally, DHCD reserves the authority to extend the 120 day closing period for a project by up to 60 days but no later than December 15. Projects requesting an extension of the closing period shall notify DHCD of the need for an extended closing period and provide compelling reasons why DHCD should extend the allocation period by day 90 of the 120 day closing period

3.4. State Guidelines to Change as Federal Law Determines Eligibility

If federal law terminates the eligibility or terminates and reauthorizes the eligibility for PAB financing for any PAB the effect shall be to exclude or include, as applicable, that portion of the PAB from these guidelines.

4. ADDITIONAL CRITERIA

4.1. Reporting Bond Issuance

For all PABs issued in the Commonwealth from the portion of the state ceiling allocated to local housing authorities and the state allocation during any calendar year, a copy of the filed federal Internal Revenue Service (IRS) Form 8038 must be received by DHCD no later than 5:00 p.m. on the expiration date of the allocation award. Bond authority that has not been documented as having been issued by the filing of IRS Form 8038 with DHCD by this deadline will revert to DHCD for reallocation to other projects.

For all allocations to carryforward purposes, a copy of the filed IRS Form 8328 must be filed with DHCD by January 15 following the calendar year in which the carryforward award was received. In order to document the amount of bonds issued, a copy of IRS Form 8038 must be sent to DHCD when the bond(s) are issued.

5. APPLICATION REVIEW AND EVALUATION

5.1. Dates and Submission Timeline

Applicants are strongly encouraged to notify DHCD of their intent to make application for allocation as soon as possible after January 1 of each year.

First round applicants (or their representative) that intend to submit an application must notify DHCD of their intent to submit an application at least 30 days before the application open date. Second round applicants/representatives must notify 30 days before the application open date. For projects that held a public hearing in the previous calendar year, they must submit notice by the beginning of the first round of applications.

An applicant will provide notification on the appropriate form provided by DHCD. If notification is not provided, the application may not receive an allocation in the calendar year it submits an application.

Program Dates:

The following is a listing of important application and allocation dates and deadlines concerning the portion of the state ceiling administered by DHCD. DHCD will accept applications at the times indicated during the year. Please note that these are approximate dates and may be revised by DHCD as needed.

January 1 – January 15:

Specified amounts of the state ceiling are reserved for different project types in the Commonwealth by either state law in each calendar year.

January 15 (Anticipated):

Anticipated first round of applications opened by DHCD for Local Housing Authority PAB allocation authority. Application period will close following on or about following a thirty-day application window provided by DHCD.

April 1 (Anticipated):

Anticipated second round of applications opened by DHCD. Application period will close following on or about following a thirty-day application window provided by DHCD.

July 1 (Anticipated):

Anticipated opening of optional third funding round, to be scored on a rolling basis.

December 1:

Last day applications will be accepted for year-end carryforward purposes.

December 15:

Last day for the issuance of private activity bonds for projects that received allocations from the state ceiling prior to this date.

December 20 – 31:

Allocations will be made to year-end carryforward purposes in accordance with the priority system established by these guidelines.

5.2. Scoring Criteria

The overarching goal of DHCD’s allocation of PABs from the LHA pool is to promote the production and/or rehabilitation of affordable housing in high demand areas through the efficient allocation of PABs. Based on that intent, DHCD has developed three scoring criteria to help advance this allocation priority.

Clear Description of Project Need:

DHCD will prioritize projects that address areas experiencing a greater need for affordable housing. In doing so, DHCD will consider the following criteria:

- Job creation activity in the locality’s Planning District Commission (PDC), as measured by Virginia Economic Development Partnership’s (VEDP) job announcements per person for the prior calendar year (see Appendix A for calculation); and
- Housing cost burden, calculated as the percentage of renters who pay more than 30% of their income on housing costs, as calculated by DHCD for the prior calendar year (included in Appendix B).

Demonstration of Readiness: (timeline/schedule)

DHCD will give priority to projects that demonstrate clear readiness for financing and would lead to the rapid production or rehabilitation of affordable housing. In doing so, DHCD will consider:

- Presence of a valid proposed Plan of Development;
- Presence of a completed Zoning Document;
- Presence of a construction contract
- Positive Recommendation from National Council on Housing Market Analysis (NCHMA) Certified Market Analysis; and
- Sponsor Characteristics.

Efficiency for Project Allocation Request:

DHCD will give priority to projects that demonstrate greater measures of project efficiency and that are mindful of the limited pool of PABs. In doing so, DHCD will consider:

- The cost per unit created or rehabilitated;
- Leveraging of other financing resources, as shown in the project’s capital stack or as determined by DHCD; and
- The bond request size, representing no more than ~~55%~~ 30% of the project’s aggregate basis in PAB allocation as certified by the appropriate entity in the project, and where smaller basis request equals a higher score. [See Section 2.3 for additional parameter guidelines related to prioritized and remaining applications.](#)

5.3. Other Scoring Considerations

DHCD will not prioritize new construction over rehabilitation projects or vice versa. However, DHCD will take into consideration the project’s category (new construction v. rehabilitation) when comparing measures of project readiness, efficiency, and other factors that are influenced by that categorization.

5.4. Tiebreaker Criteria

Should DHCD receive multiple properly completed allocation requests with identical scores that exceed the available allocation for the given application round, DHCD will use a random lottery process to determine which request will receive an allocation.

5.5. Scoring Rubric

<u>Category</u>	<u>Percent</u>	<u>Possible Points</u>
Project Need – 35%		
Job Creation Activity	10%	10 Points: where projects located in localities with a greater job creation activity/PDC equals a higher score. - 10 points: High Job Creation/PDC - 5 points: Medium Job Creation/PDC - 0 points: No Job Creation/PDC
Housing Cost Burden	25%	25 Points: where projects located in localities with a higher level of cost burden equals a higher score. - 25 points: High Cost Burden - 20 points: Above Average Cost Burden - 15 points: Below Average Cost Burden - 0 points: Low Cost Burden
Project Readiness – 35%		
Approved Plan of Development	5%	5 Points: where submission of an approved plan provides 5 points.
Zoning Document	5%	5 Points: where submission of a document (<i>either demonstrating approved zoning changes or that the project is by-right</i>) provides 5 points.
Market Analysis Recommendation	10%	10 Points: where submission of a document provides 10 points.
Construction Contract	5%	5 Points: where presence of a fixed cost and executed construction contract equals a higher score. - 5 points: There is an executed fixed cost construction contract. - 3 points: There is evidence of a construction contract that will be executed prior to closing. - 0 points: There is no evidence of a construction contract.
Sponsor Characteristics	10%	10 Points: where presence of additional Developer Experience can add up to 15 points: - 10 points : 5 or more bond projects in Virginia in the past five calendar years - 5 points: 1-4 bond projects in Virginia in the past five years - 0 points: 0 projects in Virginia in the past five years

Project Efficiency - 30%			
	Cost per Unit	10%	10 Points: where a higher efficient use of resources (cost) score equals a higher score. <ul style="list-style-type: none"> - 10 points: 80-100 score - 5 points: 40-79 score - 0 point: 0-39 score
	Other Resources Leveraged*	10%	10 Points: where evidence of more eligible resources leverage equated to a higher score: 10 points: at least 2 other local, state, or federal resources leveraged. 5 points: at least one other local, state, or federal resources leveraged. 0 points: no other resources leveraged. * this This includes grant or loan funding provided by a local, state, federal or other entity. It does not include GP, sponsor loans, or deferred developer fees or other similar items.
	Bond Request Size <u>(Prioritized Applications)</u>	10%	10 Points: where a lesser proportion of the aggregate basis requested equals a higher score: 10 points: 50.01%—50.99% <u>25.01 - 25.99%</u> aggregate basis requested. 7.5 points: 51%—51.99% <u>26.00 - 26.99%</u> aggregate basis requested. 5 points: 52.00—52.99% <u>27.00 - 27.99%</u> aggregate basis requested. 2.5 points: 53.00—53.99 <u>28.00 - 28.99%</u> aggregate basis requested. 0 points: 54.00—54.99% <u>29.00 - 29.99%</u> aggregate basis requested.
	<u>Bond Request Size (Remaining Applications – Round 1, 2, and 3)</u>	<u>10%</u>	<u>10 Points: where a lesser proportion of the aggregate basis requested equals a higher score:</u> <u>10 Points: 35.01 - 35.99% aggregate basis requested.</u> <u>7.5 points: 36.00 - 36.99% aggregate basis requested.</u> <u>5 points: 37.00 - 37.99% aggregate basis requested.</u> <u>2.5 points: 38.00 - 38.99 aggregate basis requested.</u> <u>0 points: 39.00 - 39.99% aggregate basis requested.</u>
Threshold Criteria		<i>Must be met to receive allocation</i>	
TOTAL		100%	_/100 Points

5.6. Project Approval.

Upon scoring from DHCD and approval of PAB allocation authority, projects of local issuing authorities must be approved by the governing body having jurisdiction over the authority as well as by the governing body having jurisdiction over the locality in which the project is located. This is often the same governing body.

6. EFFECTIVE DATE OF SCORING CRITERIA

The Guidelines presented above will not go into effect until January 1, ~~2025~~ 2026, upon approval of the BHCD before that date and completion of a final 30-day public comment period.

APPENDIX A: JOB CREATION PER PLANNING DISTRICT COMMISSION:

In order to encourage projects in localities with high levels of economic development activity, DHCD will consider the ratio between the number of new jobs created in a Planning District Commission (PDC) to its overall population. The formula is as follows:

$$JOB\ CREATION/PERSON = \frac{NUMBER\ OF\ JOBS\ CREATED}{TOTAL\ PDC\ POPULATION}$$

Upon completing this calculation, DHCD will categorize localities by three categories:

- High Job Creation Levels (job creation/per capita > 0.001);
- Medium Job Creation Levels (0.001 > job creation/per capita > 0.000), and
- Low/No Job Creation Levels (job creation/per capita = 0.000).

Projects that are located in localities with “High” or “Medium” job creation levels will received additional points in the scoring of applications. Local categories are included in the following table.

Data for job creation is for the ~~2022~~ 2024/2025 Calendar Year from the Virginia Economic Development Partnership Authority’s [Virginia Announcements Database](#). Data for local population is from the [Weldon Cooper Center](#) as of July 1, 2022.

Locality	GOVA Region	PDC	Jurisdiction	Population	New Jobs Created	Category – PDC
Accomack County	5	22	County	32,926	246 <u>9</u>	High Medium
Albemarle County	9	10	County	115,495	8 <u>201</u>	Low High
Alexandria City	7	8	City	158,128	0 <u>2,715</u>	High
Alleghany County	2	5	County	14,898	0	Low None
Amelia County	3	14	County	13,263	0	None
Amherst County	2	11	County	31,139	0	Low None
Appomattox County	2	11	County	16,534	130 <u>0</u>	Low None
Arlington County	7	8	County	241,283	1118 <u>393</u>	High Medium
Augusta County	8	6	County	77,758	500 <u>30</u>	Medium
Bath County	8	6	County	4,228	0	Medium None
Bedford City	2	11	City	79,943	30 <u>104</u>	Low High
Bland County	1	3	County	6,295	0 <u>55</u>	Medium High
Botetourt County	2	5	County	33,510	0 <u>315</u>	Low High
Bristol City	1	3	City	16,803	0	Medium None
Brunswick County	3	13	County	15,465	0	High None
Buchanan County	1	2	County	19,434	181 <u>0</u>	High None
Buckingham County	3	14	County	16,810	0	None
Buena Vista City	8	6	City	6,647	0	Medium None
Campbell County	2	11	County	55,955	0	Low None
Caroline County	6	16	County	32,334	745 <u>59</u>	High
Carroll County	1	3	County	28,809	0 <u>130</u>	Medium
Charles City County	4	15	County	6,587	0	High None
Charlotte County	3	14	County	11,433	0	None
Charlottesville City	9	10	City	51,278	0 <u>20</u>	Low Medium
Chesapeake City	5	23	City	251,959	75 <u>338</u>	Low High
Chesterfield County	4	15	County	381,858	2212 <u>1,375</u>	High
Clarke County	8	7	County	15,341	0	Low None
Colonial Heights City	4	15	City	18,040	0	High None
Covington City	2	5	City	5,650	0	Low None
Craig County	2	5	County	4,906	0	Low None
Culpeper County	9	9	County	54,089	0 <u>95</u>	Low High
Cumberland County	3	14	County	9,877	0	None
Danville City	3	12	City	42,348	0 <u>54</u>	Medium High
Dickenson County	1	2	County	13,711	0 <u>43</u>	High
Dinwiddie County	4	19	County	28,552	145 <u>0</u>	Low None
Emporia City	4	19	City	5,657	0	Low None
Essex County	6	18	County	10,578	0	None
Fairfax City	7	8	City	24,003	0	High None
Fairfax County	7	8	County	1,139,755	3237 <u>1,252</u>	High
Falls Church City	7	8	City	14,566	0 <u>15</u>	High
Fauquier County	9	9	County	73,536	0	Low None
Floyd County	2	4	County	15,160	15 <u>0</u>	Medium None
Fluvanna County	9	10	County	27,843	0	Low None
Franklin City	5	23	City	54,155	0	Low None
Franklin County	2	5	County	7,987	0 <u>57</u>	Low High
Fredrick County	8	7	County	94,871	37 <u>321</u>	Low High
Fredericksburg City	6	16	City	27,667	0	High None

Locality	GOVA Region	PDC	Jurisdiction	Population	New Jobs Created	Category – PDC
Galax City	1	3	City	6,778	0	<u>Medium None</u>
Giles County	2	4	County	16,657	0	<u>Medium None</u>
Gloucester County	6	18	County	38,799	0	None
Goochland County	4	15	County	26,183	0 <u>1,020</u>	High
Grayson County	1	3	County	15,347	0	<u>Medium None</u>
Greene County	9	10	County	21,165	0	<u>Low None</u>
Greensville County	4	19	County	11,088	0 <u>58</u>	<u>Low High</u>
Halifax County	3	13	County	33,257	297 <u>925</u>	High
Hampton City	5	23	City	136,387	0	<u>Low None</u>
Hanover County	4	15	County	112,409	502 <u>10</u>	<u>High Low</u>
Harrisonburg City	8	6	City	55,700	0 <u>82</u>	<u>Medium High</u>
Henrico County	4	15	County	336,074	809 <u>160</u>	<u>High Low</u>
Henry County	3	12	County	48,835	0	<u>Medium None</u>
Highland County	8	6	County	2,234	0	<u>Medium None</u>
Hopewell City	4	19	City	22,657	0	<u>Low None</u>
Isle of Wight County	5	23	County	39,950	0	<u>Low None</u>
James City County	5	23	County	79,488	0 <u>187</u>	<u>Low High</u>
King and Queen County	6	18	County	6,663	0	None
King George County	6	16	County	27,645	0	<u>High None</u>
King William County	6	18	County	18,107	0 <u>92</u>	<u>None High</u>
Lancaster County	6	17	County	10,757	0	None
Lee County	1	1	County	21,699	0 <u>27</u>	<u>None High</u>
Lexington City	8	6	City	7,264	0	<u>Medium None</u>
Loudoun County	7	8	County	431,006	903 <u>435</u>	High
Louisa County	9	10	County	39,725	0	<u>Low None</u>
Lunenburg County	3	14	County	11,958	0	None
Lynchburg City	2	11	City	80,127	0 <u>30</u>	Low
Madison County	9	9	County	14,017	0	<u>Low None</u>
Manassas City	7	8	City	42,626	149 <u>352</u>	High
Manassas Park City	7	8	City	17,277	0	<u>High None</u>
Martinsville City	3	12	City	13,234	0	<u>Medium None</u>
Mathews County	6	18	County	8,446	0	None
Mecklenburg County	3	13	County	30,179	60 <u>52</u>	High
Middlesex County	6	18	County	10,779	0	None
Montgomery County	2	4	County	102,061	200 <u>27</u>	<u>Medium Low</u>
Nelson County	9	10	County	14,813	0	<u>Low None</u>
New Kent County	4	15	County	24,808	352 <u>0</u>	<u>High None</u>
Newport News City	5	23	City	183,504	64 <u>200</u>	<u>Low High</u>
Norfolk City	5	23	County	237,770	355 <u>253</u>	<u>Low High</u>
Northampton County	5	22	County	12,039	0	<u>High None</u>
Northumberland County	6	17	County	11,778	0	None
Norton City	1	1	City	3,638	0 <u>126</u>	<u>None High</u>
Nottoway County	3	14	County	15,608	0 <u>45</u>	<u>None High</u>
Orange County	9	9	County	37,109	10 <u>80</u>	<u>Low High</u>
Page County	8	7	County	23,374	0	<u>Low None</u>
Patrick County	3	12	County	17,080	0	<u>Medium None</u>
Petersburg City	4	19	City	33,466	10 <u>20</u>	Low

Locality	GOVA Region	PDC	Jurisdiction	Population	New Jobs Created	Category – PDC
Pittsylvania County	3	12	County	59,366	218 <u>2,500</u>	Medium High
Poquoson City	5	23	City	12,624	0	Low None
Portsmouth City	5	23	City	96,700	0 <u>54</u>	Low
Powhatan County	4	15	County	31,365	0 <u>15</u>	High Low
Prince Edward County	3	14	County	21,956	0	None
Prince George County	4	19	County	43,295	0 <u>30</u>	Low
Prince William County	7	8	County	490,325	185 <u>386</u>	High Low
Pulaski County	2	4	County	33,571	0	Medium None
Radford City	2	4	City	16,835	0	Medium None
Rappahannock County	9	9	County	7,394	0 <u>5</u>	Low
Richmond City	4	15	City	226,967	0 <u>166</u>	None Low
Richmond County	6	17	County	9,165	387 <u>0</u>	High None
Roanoke City	2	5	City	99,634	20 <u>0</u>	Low None
Roanoke County	2	5	County	96,605	0 <u>51</u>	Low
Rockbridge County	8	6	County	22,498	0 <u>211</u>	Medium High
Rockingham County	8	6	County	84,149	0	Medium None
Russell County	1	2	County	25,338	50 <u>75</u>	High
Salem City	2	5	City	24,924	0 <u>100</u>	Low High
Scott County	1	1	County	21,309	0 <u>50</u>	None High
Shenandoah County	8	7	County	44,541	0 <u>130</u>	Low High
Smyth County	1	3	County	29,025	75 <u>0</u>	Medium None
Southampton County	5	23	County	17,913	0	Low None
Spotsylvania County	6	16	County	145,013	0	High None
Stafford County	6	16	County	163,239	103 <u>98</u>	High Low
Staunton City	8	6	City	25,773	0 <u>5</u>	Medium Low
Suffolk City	5	23	City	99,179	362 <u>114</u>	Low High
Surry County	4	19	County	6,492	0	Low None
Sussex County	4	19	County	10,388	5 <u>71</u>	Low High
Tazewell County	1	2	County	39,470	88 <u>0</u>	High None
Virginia Beach City	5	23	City	455,385	525 <u>493</u>	Low High
Warren County	8	7	County	41,280	100 <u>0</u>	Low None
Washington County	1	3	County	53,723	250 <u>109</u>	Medium High
Waynesboro City	8	6	City	22,537	6 <u>0</u>	Medium None
Westmoreland County	6	17	County	18,760	0 <u>60</u>	None High
Williamsburg City	5	23	City	16,224	0 <u>28</u>	Low High
Winchester City	8	7	City	28,417	45 <u>46</u>	Low High
Wise County	1	1	County	35,515	0	None
Wythe County	1	3	County	27,941	0 <u>10</u>	Medium Low
York County	5	23	County	71,491	0	Low

APPENDIX B: RENTER COST BURDEN PER LOCALITY:

In order to encourage projects in localities with high levels of housing need, DHCD will consider the degree to which a locality's renter population is cost burdened compared to all other localities. This comparison is done by creating a normal distribution, where a locality's degree of renter cost burden is compared to the state average.

$$RENTER\ COST\ BURDEN\ SCORE = \frac{STATEWIDE\ AVERAGE\ COST\ BURDEN - LOCALITY\ COST\ BURDEN}{STATEWIDE\ STANDARD\ DEVIATION\ OF\ COST\ BURDEN}$$

Upon completing this calculation, DHCD categorized localities by four categories, where higher scores equate to greater renter cost burden:

- High Cost Burden = Renter cost burden one standard deviation or more above the statewide average (Renter Cost Burden > 47%);
- Above Average Cost Burden = Renter cost burden within standard deviation above statewide average (47% > Renter Cost Burden > 39%);
- Below Average Cost Burden = Renter cost burden within standard deviation below statewide average (39% > Renter Cost Burden > 31%);
- Low Cost Burden = Renter cost burden one standard deviation below or more than the statewide average (Renter Cost Burden < 31%);

Projects that are located in localities with higher cost burden levels will receive additional points in the scoring of applications. Local categories are included in the following table.

Data for housing cost burden is from the [American Community Survey from 2017-2021](#). "Cost Burdened" is defined as any household who pays more than 30% of their gross income on rent. Values are as a percent of total renter population.

Locality	GOVA Region	PDC	Jurisdiction	Renter Cost Burden	Renter Cost Burden Score	Renter Cost Burden Category
Accomack County	5	22	County	34.23%	96.87	Below Average
Albemarle County	9	10	County	43.29%	102.45	Above Average
Alexandria City	7	8	City	42.92%	102.22	Above Average
Alleghany County	2	5	County	33.44%	96.39	Below Average
Amelia County	3	14	County	48.65%	105.75	High
Amherst County	2	11	County	38.07%	99.24	Below Average
Appomattox County	2	11	County	37.03%	98.60	Below Average
Arlington County	7	8	County	37.02%	98.59	Below Average
Augusta County	8	6	County	35.20%	97.47	Below Average
Bath County	8	6	County	23.02%	89.97	Low
Bedford City	2	11	City	39.52%	100.13	Above Average
Bland County	1	3	County	37.33%	98.79	Below Average
Botetourt County	2	5	County	24.61%	90.95	Low
Bristol City	1	3	City	42.15%	101.75	Above Average
Brunswick County	3	13	County	38.41%	99.45	Below Average
Buchanan County	1	2	County	31.70%	95.32	Below Average
Buckingham County	3	14	County	40.63%	100.82	Above Average
Buena Vista City	8	6	City	51.16%	107.30	High
Campbell County	2	11	County	32.74%	95.96	Below Average
Caroline County	6	16	County	45.25%	103.66	Above Average
Carroll County	1	3	County	33.79%	96.60	Below Average
Charles City County	4	15	County	43.46%	102.56	Above Average
Charlotte County	3	14	County	40.75%	100.89	Above Average
Charlottesville City	9	10	City	51.35%	107.41	High
Chesapeake City	5	23	City	51.72%	107.64	High
Chesterfield County	4	15	County	45.81%	104.00	Above Average
Clarke County	8	7	County	56.76%	110.75	High
Colonial Heights City	4	15	City	59.66%	112.53	High
Covington City	2	5	City	26.48%	92.11	Low
Craig County	2	5	County	24.54%	90.91	Low
Culpeper County	9	9	County	39.96%	100.40	Above Average
Cumberland County	3	14	County	26.42%	92.07	Low
Danville City	3	12	City	42.62%	102.04	Above Average
Dickenson County	1	2	County	38.35%	99.41	Below Average
Dinwiddie County	4	19	County	32.49%	95.80	Below Average
Emporia City	4	19	City	43.70%	102.71	Above Average
Essex County	6	18	County	49.86%	106.50	High
Fairfax City	7	8	City	48.82%	105.85	High
Fairfax County	7	8	County	44.50%	103.19	Above Average
Falls Church City	7	8	City	34.57%	97.08	Below Average
Fauquier County	9	9	County	34.02%	96.74	Below Average
Floyd County	2	4	County	36.00%	97.97	Below Average

Locality	GOVA Region	PDC	Jurisdiction	Renter Cost Burden	Renter Cost Burden Score	Renter Cost Burden Category
Fluvanna County	9	10	County	20.11%	88.18	Low
Franklin City	5	23	City	47.31%	104.93	Above Average
Franklin County	2	5	County	36.02%	97.97	Below Average
Fredrick County	8	7	County	36.54%	98.29	Below Average
Fredericksburg City	6	16	City	44.73%	103.34	Above Average
Galax City	1	3	City	39.40%	100.06	Above Average
Giles County	2	4	County	30.32%	94.47	Low
Gloucester County	6	18	County	40.30%	100.61	Above Average
Goochland County	4	15	County	31.61%	95.26	Below Average
Grayson County	1	3	County	30.03%	94.29	Low
Greene County	9	10	County	26.10%	91.87	Low
Greensville County	4	19	County	38.63%	99.58	Below Average
Halifax County	3	13	County	43.18%	102.39	Above Average
Hampton City	5	23	City	52.53%	108.14	High
Hanover County	4	15	County	40.91%	100.99	Above Average
Harrisonburg City	8	6	City	43.98%	102.87	Above Average
Henrico County	4	15	County	47.64%	105.13	High
Henry County	3	12	County	38.31%	99.39	Below Average
Highland County	8	6	County	29.88%	94.20	Low
Hopewell City	4	19	City	45.91%	104.06	Above Average
Isle of Wight County	5	23	County	36.67%	98.38	Below Average
James City County	5	23	County	46.35%	104.33	Above Average
King and Queen County	6	18	County	24.95%	91.16	Low
King George County	6	16	County	47.07%	104.78	Above Average
King William County	6	18	County	33.26%	96.28	Below Average
Lancaster County	6	17	County	37.94%	99.16	Below Average
Lee County	1	1	County	39.66%	100.22	Above Average
Lexington City	8	6	City	48.49%	105.65	High
Loudoun County	7	8	County	41.41%	101.29	Above Average
Louisa County	9	10	County	46.59%	104.48	Above Average
Lunenburg County	3	14	County	34.10%	96.80	Below Average
Lynchburg City	2	11	City	45.23%	103.65	Above Average
Madison County	9	9	County	33.30%	96.30	Below Average
Manassas City	7	8	City	51.59%	107.56	High
Manassas Park City	7	8	City	58.94%	112.09	High
Martinsville City	3	12	City	40.93%	101.00	Above Average
Mathews County	6	18	County	34.57%	97.09	Below Average
Mecklenburg County	3	13	County	36.18%	98.07	Below Average
Middlesex County	6	18	County	36.69%	98.39	Below Average
Montgomery County	2	4	County	44.61%	103.27	Above Average
Nelson County	9	10	County	29.21%	93.79	Low
New Kent County	4	15	County	54.06%	109.08	High

Locality	GOVA Region	PDC	Jurisdiction	Renter Cost Burden	Renter Cost Burden Score	Renter Cost Burden Category
Newport News City	5	23	City	48.40%	105.60	High
Norfolk City	5	23	County	49.39%	106.21	High
Northampton County	5	22	County	27.86%	92.95	Low
Northumberland County	6	17	County	30.96%	94.86	Low
Norton City	1	1	City	43.91%	102.83	Above Average
Nottoway County	3	14	County	31.19%	95.00	Below Average
Orange County	9	9	County	32.84%	96.02	Below Average
Page County	8	7	County	35.51%	97.66	Below Average
Patrick County	3	12	County	29.74%	94.11	Low
Petersburg City	4	19	City	45.64%	103.90	Above Average
Pittsylvania County	3	12	County	40.77%	100.90	Above Average
Poquoson City	5	23	City	21.56%	89.07	Low
Portsmouth City	5	23	City	51.95%	107.79	High
Powhatan County	4	15	County	40.42%	100.68	Above Average
Prince Edward County	3	14	County	41.03%	101.06	Above Average
Prince George County	4	19	County	42.47%	101.95	Above Average
Prince William County	7	8	County	46.56%	104.46	Above Average
Pulaski County	2	4	County	32.60%	95.87	Below Average
Radford City	2	4	City	47.44%	105.01	High
Rappahannock County	9	9	County	28.71%	93.47	Low
Richmond City	4	15	City	50.21%	106.72	High
Richmond County	6	17	County	32.82%	96.01	Below Average
Roanoke City	2	5	City	44.22%	103.03	Above Average
Roanoke County	2	5	County	42.76%	102.12	Above Average
Rockbridge County	8	6	County	32.83%	96.01	Below Average
Rockingham County	8	6	County	32.24%	95.65	Below Average
Russell County	1	2	County	29.96%	94.25	Low
Salem City	2	5	City	37.80%	99.07	Below Average
Scott County	1	1	County	26.75%	92.27	Low
Shenandoah County	8	7	County	35.78%	97.83	Below Average
Smyth County	1	3	County	39.56%	100.16	Above Average
Southampton County	5	23	County	32.92%	96.07	Below Average
Spotsylvania County	6	16	County	45.61%	103.88	Above Average
Stafford County	6	16	County	43.37%	102.50	Above Average
Staunton City	8	6	City	45.63%	103.90	Above Average
Suffolk City	5	23	City	51.98%	107.80	High
Surry County	4	19	County	31.15%	94.98	Low
Sussex County	4	19	County	38.48%	99.49	Below Average
Tazewell County	1	2	County	33.32%	96.31	Below Average
Virginia Beach City	5	23	City	46.79%	104.61	Above Average
Warren County	8	7	County	37.79%	99.07	Below Average
Washington County	1	3	County	28.28%	93.21	Low

Locality	GOVA Region	PDC	Juris-diction	Renter Cost Burden	Renter Cost Burden Score	Renter Cost Burden Category
Waynesboro City	8	6	City	49.27%	106.14	High
Westmoreland County	6	17	County	42.75%	102.12	Above Average
Williamsburg City	5	23	City	47.49%	105.04	High
Winchester City	8	7	City	43.52%	102.59	Above Average
Wise County	1	1	County	34.16%	96.83	Below Average
Wythe County	1	3	County	28.34%	93.25	Low
York County	5	23	County	45.79%	103.99	Above Average



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Memorandum

To: Board of Housing and Community Development

From: DHCD Staff

Subject: Enterprise Zone Grant Program Regulatory Action Pursuant to 2025 Legislation

Date: September 19, 2025

During the 2025 General Assembly Session, [HB2163](#) was approved by the General Assembly and signed by the Governor (Chapter 250, 2025 Acts of Assembly). The bill amended the Enterprise Zone Grant Program, specifically the Real Property Investment Grants (RPIG) program, by creating an elevated grant tier for investments in excess of \$20 million and increasing the grant limit for such investments to \$300,000. The bill also clarified that child day centers are an eligible activity for the RPIG program.

The Board of Housing and Community Development is authorized by State Code ([§59.1-541](#)) to promulgate rules and regulations prescribing procedures for implementing the Enterprise Zone Grant Program. The rules and regulations promulgated by the Board must be in compliance with the applicable provisions of State Code. With the passage of the 2025 legislation, the Enterprise Zone Grant Program Regulations (13VAC5-112) must be amended to reflect the changes to the Real Property Investment Grants program. The proposed changes to 13VAC5-112 Section 10 and Section 340 are enclosed.

Staff recommends the Board approves the amended regulations as presented and authorizes staff to proceed with submitting the Exempt Action-Final regulatory action for 13VAC5-112, making any non-substantial changes if necessary.

Enclosure



Part I. Definitions

13VAC5-112-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Agreed-upon procedures engagement" means an engagement between an independent certified public accountant licensed by the Commonwealth and the business or zone investor seeking to qualify for Enterprise Zone incentive grants pursuant to § 59.1-549 of the Code of Virginia, whereby the independent certified public accountant, using procedures specified by the department, will test and report on the assertion of the business or zone investor as to their qualification to receive the Enterprise Zone incentive.

"Assumption or acquisition" means, in connection with a trade or business, that the inventory, accounts receivable, liabilities, customer list, and good will of an existing Virginia company has been assumed or acquired by another taxpayer, regardless of a change in federal identification number or employees.

"Average number of permanent full-time employees" means the number of permanent full-time employees during each payroll period of a business firm's taxable year divided by the number of payroll periods. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20:

1. In calculating the average number of permanent full-time employees, a business firm may count only those permanent full-time employees who worked at least half of their normal workdays during the payroll period. Paid leave time may be counted as work time.
2. For a business firm that uses different payroll periods for different classes of employees, the average number of permanent full-time employees of the firm shall be defined as the sum of the average number of permanent full-time employees for each class of employee.

"Base taxable year" means either of two taxable years immediately preceding the first year of qualification, at the choice of the business firm. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Base year" means either of the two calendar years immediately preceding a qualified business firm's first year of grant eligibility, at the choice of the business firm.

"Building" means any construction meeting the common ordinarily accepted meaning of the term (building, a usually roofed and walled structure built for permanent use) where (i) areas separated by interior floors or other horizontal assemblies and (ii) areas separated by fire walls or vertical assemblies shall not be construed to constitute separate buildings, irrespective of having separate addresses, ownership, or tax assessment configurations, unless there is a property line contiguous with the fire wall or vertical assembly.

"Business firm" means any corporation, partnership, electing small business (subchapter S) corporation, limited liability company, or sole proprietorship authorized to do business in the Commonwealth of Virginia. This shall also include business and professional organizations and associations whose classification falls under sectors 813910 and 813920 of the North American Industry Classification Systems and that generate the majority of their revenue from customers outside the Commonwealth.

"Capital lease" means a lease that meets one or more of the following criteria and as such is classified as a purchase by the lessee: the lease term is greater than 75% of the property's estimated economic life; the lease contains an option to purchase the property for less than fair market value; ownership of the property is transferred to the lessee at the end of the lease term; or the present value of the lease payments exceed 90% of the fair market value of the property.

"Common control" means those firms as defined by Internal Revenue Code § 52(b).

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

"Establishment" means a single physical location where business is conducted or where services or industrial operations are performed.

1. A central administrative office is an establishment primarily engaged in management and general administrative functions performed centrally for other establishments of the same firm.
2. An auxiliary unit is an establishment primarily engaged in performing supporting services to other establishments of the same firm. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Existing business firm" means a business firm that was actively engaged in the conduct of trade or business in an area prior to such an area being designated as an enterprise zone or that was engaged in the conduct of trade or business in the Commonwealth and relocates to begin operation of a trade or business within an enterprise zone. An existing business firm is also one that was not previously conducted in the Commonwealth by such taxpayer who acquires or assumes a trade or business and continues its operations. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Expansion" means an increase in square footage or the footprint of an existing nonresidential building via a shared wall, or enlargement of an existing room or floor plan. Pursuant to real property investment grants this shall include mixed-use buildings.

"Facility" means a complex of buildings, co-located at a single physical location within an enterprise zone, all of which are necessary to facilitate the conduct of the same trade or business. This definition applies to new construction, as well as to the rehabilitation and expansion of existing structures.

"Federal minimum wage" means the minimum wage standard as currently defined by the U.S. Department of Labor in the Fair Labor Standards Act, 29 USC § 201 et seq. Such definition applies to permanent full-time employees paid on an hourly or wage basis.

"Food and beverage service" means a business whose classification falls under subsector 722 Food Services and Drinking Places of North American Industry Classification System.

"Full month" means the number of days that a permanent full-time position must be filled in order to count in the calculation of the grant amount under 13VAC5-112-260. A full month is calculated by dividing the total number of days in calendar year by 12. A full month for the purpose of calculating job creation grants is equivalent to 30.416666 days.

"Grant-eligible position" means a new permanent full-time position created above the threshold number at an eligible business firm. Positions in retail, personal service, or food and beverage service shall not be considered grant-eligible positions.

"Health benefits" means that at a minimum medical insurance is offered to employees, and the employer shall offer to pay at least 50% of the cost of the premium at the time of employment and annually thereafter.

"High unemployment area" means enterprise zone localities with unemployment rates one and one-half times or more than the state average based on the most recent annualized unemployment data published by the Virginia Employment Commission.

"Household" means all the persons who occupy a single housing unit. Occupants may be a single family, one person living alone, two or more families living together, or any group of related or unrelated persons who share living arrangements. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Household income" means all income actually received by all household members older than 16 years of age from the following sources. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20:

1. Gross wages, salaries, tips, commissions, etc. (before deductions);
2. Net self-employment income (gross receipts minus operating expenses);
3. Interest and dividend earnings; and

4. Other money income received from net rents, Old Age and Survivors Insurance, social security benefits, pensions, alimony, child support, and periodic income from insurance policy annuities and other sources.

The following types of income are excluded from household income:

1. Noncash benefits such as food stamps and housing assistance;
2. Public assistance payments;
3. Disability payments;
4. Unemployment and employment training benefits;
5. Capital gains and losses; and
6. One-time unearned income.

When computing household income, income of a household member shall be counted for the portion of the income determination period that the person was actually a part of the household.

"Household size" means the largest number of household members during the income determination period. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Housing unit" means a house, apartment, group of rooms, or single room that is occupied or intended for occupancy as separate living quarters. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Income determination period" means the 12 months immediately preceding the month in which the person was hired. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Independent certified public accountant" means a public accountant certified and licensed by the Commonwealth of Virginia who is not an employee of the business firm seeking to qualify for state tax incentives and grants under this program.

"Job creation grant" means a grant provided under § 59.1-547 of the Code of Virginia.

"Joint enterprise zone" means an enterprise zone located in two or more adjacent localities.

"Jurisdiction" means the city or county that made the application to have an enterprise zone. In the case of a joint application, it means all parties making the application. Pursuant to enterprise zone designations made prior to July 1, 2005, this shall include towns.

"Large qualified business firm" means a qualified business firm making qualified zone investments in excess of \$15 million when such zone investments result in the creation of at least 50 permanent full-time positions. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Large qualified zone resident" means a qualified zone resident making qualified zone investments in excess of \$100 million when such qualified zone investments result in the creation of at least 200 permanent full-time positions. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Local zone administrator" means the chief executive of the city or county, in which an enterprise zone is located, or his designee. Pursuant to enterprise zone designations made prior to July 1, 2005, this shall include towns.

"Low-income" means household income was less than or equal to 80% of area median household income during the income determination period. Persons who meet the definition of both low-income and zone resident may not be counted as both for purposes of meeting employment requirements for the general tax credit. Instead, qualifying business firms must claim these persons as either low-income or zone resident. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Major qualified zone investor" means a qualified zone investor making qualified real property investments in excess of \$20 million.

"Median household income" means the dollar amount, adjusted for household size, as determined annually by the department for the city or county in which the zone is located. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Minimum wage" means the federal minimum wage or the Virginia minimum wage, whichever is higher as determined for the current calendar year as of December 1 of the prior calendar year by the department. Such determination will be continuously in effect throughout the calendar year, regardless of changes to the federal minimum wage or the Virginia minimum wage during that year.

"Mixed use" means a building incorporating residential uses in which a minimum of 30% of the useable floor space will be devoted to commercial, office, or industrial use. Buildings where less than 30% of the useable floor space is devoted to commercial, office, or industrial use shall be considered primarily residential in nature and shall not be eligible for a grant under 13VAC5-112-330. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-330.

"Net loss" applies to firms that relocate or expand operations and means (i) after relocating into a zone, a business firm's gross permanent employment is less than it was before locating into the zone, or (ii) after a business firm locates or expands within a zone, its gross employment at its nonzone location is less than it was before the zone location occurred.

"New business" means a business not previously conducted in the Commonwealth by such taxpayer and that begins operation in an enterprise zone after the zone was designated. A new business is also one created by the establishment of a new facility and new permanent full-time employment by an existing business firm in an enterprise zone and does not result in a net loss of permanent full-time employment outside the zone. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"New construction" means a single, nonresidential facility built on previously undeveloped land or a nonresidential structure built on the site or parcel of a previously razed structure with no remnants of the prior structure or physical connection to existing structures or outbuildings on the property. Pursuant to real property investment grants this shall include mixed-use buildings.

"Number of eligible permanent full-time positions" means the amount by which the number of permanent full-time positions at a business firm in a grant year exceeds the threshold number. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-260.

"Payroll period" means the period of time for which a business firm normally pays its employees.

"Permanent full-time employee" means a person employed by a business firm who is normally scheduled to work (i) a minimum of 35 hours per week for the entire normal year of the business firm's operations, which normal year must consist of at least 48 weeks, (ii) a minimum of 35 hours per week for a portion of the taxable year in which the employee was initially hired for, or transferred to the business firm, or (iii) a minimum of 1,680 hours per year if the standard fringe benefits are paid by the business firm for the employee. Permanent full-time employee also means two or more individuals who together share the same job position and together work the normal number of hours a week as required by the business firm for that one position. Seasonal, temporary, leased, or contract labor employees or employees shifted from an existing location in the Commonwealth to a business firm location within an enterprise zone shall not qualify as permanent full-time employees. This definition only applies to business firms for the purpose of qualifying for enterprise zone incentives pursuant to 13VAC5-112-20.

"Permanent full-time position" (for the purpose of qualifying for grants pursuant to § 59.1-547 of the Code of Virginia) means a job of indefinite duration at a business firm located within an enterprise zone requiring the employee to report to work within the enterprise zone; and requiring (i) a minimum of 35 hours of an employee's time per week for the entire normal year of the business firm's operation, which "normal year" must consist of at least 48 weeks, (ii) a minimum of 35 hours of an employee's time per week for the portion of the calendar year in which the employee was initially hired for or transferred to the business firm, or (iii) a minimum of 1,680 hours per year. Such position shall not include (a) seasonal, temporary, or contract positions, (b) a position created when a job function is shifted from an existing location in the Commonwealth to a business firm located with an enterprise zone, (c) any position that previously existed in the Commonwealth, or (d) positions created by a business that is simultaneously closing facilities in other areas of the Commonwealth.

"Personal service" means such positions classified under NAICS 812.

"Placed in service" means the final certificate of occupancy has been issued or the final building inspection has been approved by the local jurisdiction for real property improvements or real property investments, or in cases where a project does not require permits, the licensed third party inspector's report that the project was complete; pursuant to 13VAC5-112-110, the first moment that machinery becomes operational and is used in the manufacturing of a product for consumption; or in the case of tools and equipment, the first moment they are used in the performance of duty or service.

"Qualification year" the calendar year for which a qualified business firm or qualified zone investor is applying for a grant pursuant to 13VAC5-112-260.

"Qualified business firm" means a business firm meeting the business firm requirements in 13VAC5-112-20 or 13VAC5-112-260 and designated a qualified business firm by the department.

"Qualified real property investment" (for purposes of qualifying for a real property investment grant) means the amount expended for improvements to rehabilitate, expand, or construct depreciable real property placed in service during the calendar year within an enterprise zone provided that the total amount of such improvements equals or exceeds (i) \$100,000 with respect to a single building or a facility in the case of rehabilitation or expansion or (ii) \$500,000 with respect to a single building or a facility in the case of new construction. Such real property may include a child day center as such term is defined in § 22.1-289.02 of the Code of Virginia.

"Qualified real property investment" includes any such expenditure regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury regulations. "Qualified real property investments include investment" includes expenditures associated with (a) any exterior, interior, structural, mechanical, or electrical improvements necessary to construct, expand, or rehabilitate a building for commercial, industrial, or mixed use; (b) excavations; (c) grading and paving; (d) installing driveways; and (e) landscaping or land improvements. "Qualified real property investments shall include investment" includes costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, cleaning and cleanup, and installation of solar panels consistent with the provisions of § 59.1-548 of the Code of Virginia and 13VAC5-112-340 A.

"Qualified real property investment" shall does not include:

1. The cost of acquiring any real property or building.
2. Other costs including (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering, surveying, and interior design fees; (iii) loan fees, points, or capitalized interest; (iv) legal, accounting, realtor, sales and marketing, or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, and inspection fees; (vi) bids, insurance, signage, utilities, bonding, copying, rent loss, or

temporary facilities incurred during construction; (vii) utility connection or access fees; (viii) outbuildings; (ix) the cost of any well or septic or sewer system; and (x) roads.

3. The basis of any property (i) for which a grant under this section was previously provided; (ii) for which a tax credit under § 59.1-280.1 of the Code of Virginia was previously granted; (iii) that was previously placed in service in Virginia by the qualified zone investor, a related party as defined by Internal Revenue Code § 267(b), or a trade or business under common control as defined by Internal Revenue Code § 52(b); or (iv) that was previously in service in Virginia and has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom it was acquired or Internal Revenue Code § 1014(a).

"Qualified zone improvements" (for purposes of qualifying for an Investment Tax Credit) means the amount expended for improvements to rehabilitate or expand depreciable nonresidential real property placed in service during the taxable year within an enterprise zone, provided that the total amount of such improvements equals or exceeds (i) \$50,000 and (ii) the assessed value of the original facility immediately prior to the rehabilitation or expansion. "Qualified zone expenditures" includes any such expenditure regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury regulations. Qualified zone improvements include expenditures associated with any exterior, structural, mechanical, or electrical improvements necessary to construct, expand, or rehabilitate a building for commercial or industrial use.

1. Qualified zone improvements include the costs associated with excavation, grading, paving, driveways, roads, sidewalks, landscaping or other land improvements, demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing and flashing, exterior repair, cleaning, and clean-up.

2. Qualified zone improvements do not include (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering, and interior design fees; (iii) loan fees, points, or capitalized interest; (iv) legal, accounting, realtor, sales, and marketing or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, or inspection fees; (vi) bids insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction; (vii) utility hook-up or access fees; (viii) outbuildings; (ix) the cost of any well, septic, or sewer system; or (x) cost of acquiring land or an existing building.

3. In the case of new nonresidential construction, qualified zone improvements also do not include land, land improvements, paving, grading, driveway, and interest. This definition applies only for the purposes of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Qualified zone investment" means the sum of qualified zone improvements and the cost of machinery, tools, and equipment used in manufacturing tangible personal property and placed in service on or after July 1, 1995. Machinery, equipment, tools, and real property that are leased through a capital lease and that are being depreciated by the lessee or that are transferred from

out-of-state to a zone location by a business firm may be included as qualified zone investment. Such leased or transferred machinery, equipment, tools, and real property shall be valued using the depreciable basis for federal income tax purposes. Machinery, tools, and equipment shall not include the basis of any property (i) for which a credit was previously granted under § 59.1-280.1 of the Code of Virginia; (ii) that was previously placed in service in Virginia by the taxpayer, a related party, as defined by Internal Revenue Code § 267(b), or a trade or business under common control, as defined by Internal Revenue Code § 52(b); or (iii) that was previously in service in Virginia and has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person whom acquired it, or Internal Revenue Code § 1014(a). This definition applies only for the purposes of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Qualified zone investor" means an owner or tenant of real property located within an enterprise zone who expands, rehabilitates, or constructs such real property for commercial, industrial, or mixed use. In the case of a tenant, the amounts of qualified zone investment specified in this section shall relate to the proportion of the building or facility for which the tenant holds a valid lease. In the case of an owner of an individual unit within a horizontal property regime, the amounts of qualified zone investments specified in this section shall relate to that proportion of the building for which the owner holds title and not to common elements. Units of local, state, and federal government or political subdivisions shall not be considered qualified zone investors.

"Qualified zone resident" means an owner or tenant of nonresidential real property located in an enterprise zone who expands or rehabilitates such real property to facilitate the conduct of a trade or business by such owner or tenant within the enterprise zone. In the case of a partnership, limited liability company, or S corporation, the term "qualified zone resident" means the partnership, limited liability company, or S corporation. This definition applies only for the purposes of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Real property investment grant" means a grant made under § 59.1-548 of the Code of Virginia. This definition applies only for the purposes of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-330.

"Reduced wage rate threshold" means 125% of the minimum wage pursuant to 13VAC5-112-270, 13VAC5-112-280, and 13VAC5-112-285 and high unemployment areas.

"Rehabilitation" means the alteration or renovation of all or part of an existing nonresidential building without an increase in square footage. Pursuant to real property investment grants this shall include mixed-use buildings.

"Regular basis" means at least once a month. This definition applies only for the purposes of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-260.

"Related party" means those as defined by Internal Revenue Code § 267(b).

"Report to work" means that the employee filling a permanent full-time position reports to the business' zone establishment on a regular basis.

"Retail" means a business whose classification falls under sectors 44-45 Retail Trade of North American Industry Classification System.

"Same trade or business" means the operations of a single company, related companies, or companies under common control.

"Seasonal employee" means any employee who normally works on a full-time basis and whose customary annual employment is less than nine months. For example, individuals hired by a certified public accountant firm during the tax return season in order to process returns and who work full-time over a three-month period are seasonal employees.

"Small qualified business firm" means any qualified business firm other than a large qualified business firm. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

"Small qualified zone resident" means any qualified zone resident other than a large qualified zone resident. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-350 C.

"Subsequent base year" means the base year for calculating the number of grant-eligible positions in a second or subsequent five consecutive calendar year grant period. If a second or subsequent five-year grant period is requested within two years after the previous five-year grant period, the subsequent base year will be the last grant year. The calculation of this subsequent base year employment will be determined by the number of permanent full-time positions in the preceding base year, plus the number of threshold positions, plus the number of grant-eligible positions in the final year of the previous grant period. If a business firm applies for subsequent five consecutive calendar-year grant periods beyond the two years immediately following the completion of the previous five-year grant period, the business firm shall use one of the two preceding calendar years as subsequent base year, at the choice of the business firm.

"Tax due" means the amount of tax liability as determined by the Department of Taxation or the State Corporation Commission. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20 and 13VAC5-112-110.

"Tax year" means the year in which the assessment is made. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Taxable year" means the year in which the tax due on state taxable income, state taxable gross receipts, or state taxable net capital is accrued. This definition applies only for the purpose of qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20 and 13VAC5-112-110.

"Threshold number" means an increase of four permanent full-time positions over the number of permanent full-time positions in the base year or subsequent base year.

"Transferred employee" means an employee of a firm in the Commonwealth who is relocated to an enterprise zone facility owned or operated by that firm.

"Useable floor space" means all space in a building finished as appropriate to the use of the building as represented in measured drawings. Unfinished basements, attics, and parking garages would not constitute useable floor space. Finished common areas such as stairwells and elevator shafts should be apportioned appropriately based on the majority use (51%) of that floor.

"Virginia minimum wage" means the applicable minimum wage as determined pursuant to the Virginia Minimum Wage Act (§ 40.1-28.8 et seq. of the Code of Virginia).

"Wage rate" means the hourly wage paid to an employee inclusive of shift premiums and commissions. In the case of salaried employees, the hourly wage rate shall be determined by dividing the annual salary, inclusive of shift premiums and commissions, by 1,820 hours. Bonuses, overtime, and tips are not to be included in the determination of wage rate.

"Zone" means an enterprise zone declared by the Governor to be eligible for the benefits of this program.

"Zone real property investment tax credit" means a credit provided to a large qualified zone resident pursuant to § 59.1-280.1 J of the Code of Virginia. This definition applies only for qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-110.

"Zone resident" means a person whose principal place of residency is within the boundaries of any enterprise zone. Persons who meet the definition of both low-income and zone resident may not be counted as both for purposes of meeting employment requirements for the general tax credit. Instead, qualifying business firms must claim these persons as either low-income or zone resident. Zone residency must be verified annually. This definition applies only for qualifying for Enterprise Zone incentives pursuant to 13VAC5-112-20.

Part V. Procedures for Qualifying for Real Property Investment Grant

13VAC5-112-340. Computation of grant amount.

A. For any qualified zone investor, the amount of the grant shall be equal to 20% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility. In the case of the rehabilitation or expansion of an existing building or facility grants shall be equal to 20% of the amount of qualified real property investment in excess of \$100,000. Beginning on January 1, 2019, the installation of solar panels shall be considered eligible investments for the purposes of the real property investment grant. A qualified zone investor may receive a grant for the installation of solar panels provided that such solar installation investment is in an amount of at least \$50,000 and the grant shall be calculated at a rate of 20% of the amount of qualified real property investments in excess of \$450,000 in the case of construction of a new building or facility. Grants shall be calculated at a rate of 20% of the amount of qualified real property investment in excess of \$50,000 in the case of the rehabilitation or expansion of an existing building or facility. In the case where the grant is awarded based solely on solar investment, the grant shall be calculated at a rate of 20% of the amount of total qualified real property investments made in solar installation. For such properties eligible for real property investment grants made solely on the basis of solar installation investments of at least \$50,000 but not more than \$100,000, awards shall not exceed \$1 million in aggregate in any fiscal year. Beginning on July 1, 2025, for any major qualified zone investor, the amount of the grant shall be equal to 25% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, and, in the case of the rehabilitation or expansion of an existing building or facility, grants shall be equal to 25% of the amount of qualified real property investment in excess of \$100,000. Qualified zone investments are defined in subdivisions 1 and 2 of this subsection:

1. Qualified zone investments include expenditures associated with (i) any exterior, interior, structural, mechanical, or electrical improvements necessary to construct, expand, or rehabilitate a building for commercial, industrial, or mixed use; (ii) excavations; (iii) grading and paving; (iv) installing driveways; and (v) landscaping or land improvements. These can include costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, cleaning and cleanup, and solar panels.

2. Qualified real property investments do not include:

a. The cost of acquiring any real property or building.

b. Other costs, including (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering, surveying, and interior design fees; (iii) loan fees, points, or capitalized interest; (iv) legal, accounting, realtor, sales and marketing, or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, and inspection fees; (vi) bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction;

(vii) utility connection or access fees; (viii) outbuildings; (ix) the cost of any well or septic or sewer system; and (x) roads.

c. The basis of any property (i) for which a grant under this section was previously provided; (ii) for which a tax credit under § 59.1-280.1 of the Code of Virginia was previously granted; (iii) which was previously placed in service in Virginia by the qualified zone investor, a related party as defined by § 267(b) of the Internal Revenue Code, or a trade or business under common control as defined by § 52(b) of the Internal Revenue Code; or (iv) that was previously in service in Virginia and has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom it was acquired or § 1014(a) of the Internal Revenue Code.

B. For any qualified zone investor making less than \$5 million in qualified real property investment, the cumulative grant will not exceed \$100,000 within any five-year period for any building or facility.

1. In cases where subsequent qualified real property investment within the five-year period results in the total qualified real property investment equaling more than \$5 million ~~or more~~ but not more than \$20 million then the qualified investors shall be eligible to receive grants provided that the total of all grants received within the five-year period does not exceed a maximum of \$200,000 per building or facility.

2. In such cases the grant will be available to the qualified zone investor whose qualified real property investment application results in the total qualified real property investment for the building or facility to equal more than \$5 million ~~or more~~ but not more than \$20 million for the calendar year in which the \$5 million threshold is met. The grant will be equal to 20% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, or in the case of the rehabilitation or expansion of an existing building or facility 20% of the amount of qualified real property investment in excess of \$100,000 notwithstanding the \$200,000 cap per building or facility pursuant to subsection D of this section.

3. In cases where subsequent qualified real property investment within the five-year period results in the total qualified real property investment equaling more than \$20 million then the major qualified investors shall be eligible to receive grants provided that the total of all grants received within the five-year period does not exceed a maximum of \$300,000 per building or facility.

4. In such cases the grant will be available to the major qualified zone investor whose qualified real property investment application results in the total qualified real property investment for the building or facility to equal more than \$20 million for the calendar year in which the \$20 million threshold is met. The grant will be equal to 25% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, or in the case of the rehabilitation or expansion

of an existing building or facility 25% of the amount of qualified real property investment in excess of \$100,000 notwithstanding the \$300,000 cap per building or facility pursuant to subsection D of this section.

C. For any qualified zone investor making more than \$5 million ~~or more~~ but not more than \$20 million in qualified real property investments, the cumulative grant will not exceed \$200,000 within any five-year period for any building or facility. For any major qualified zone investor making more than \$20 million in qualified real property investments, the cumulative grant will not exceed \$300,000 within any five-year period for any building or facility.

D. Notwithstanding subsection E of this section, in the case of a building with multiple tenants or owners, the maximum amount of the real property investment grant to each tenant or owner shall relate to the proportion of the property for the tenant holds a valid lease or the owner has a deed of trust.

1. This maximum shall be determined by the cumulative level of qualified real property investment made within the five consecutive year period. The first five consecutive year period starts with the first real property investment grant issued pursuant to § 59.1-548 of the Code of Virginia.

2. If the total of all qualified real property investments up to and including those made in the current grant year are less than \$5 million then the maximum real property investment grant that any one qualified zone investor shall receive shall be equal to the qualified zone investor's proportion of the building or facility's useable floor space times \$100,000 or 20% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, or in the case of the rehabilitation or expansion of an existing building or facility 20% of the amount of qualified real property investment in excess of \$100,000, whichever is less.

3. If the total of all qualified real property investments up to and including those made in the current grant year are more than \$5 million ~~or more~~ but not more than \$20 million then the maximum real property investment grant that any one qualified zone investor shall receive shall be equal the qualified zone investor's proportion of the building or facility's useable floor space times \$200,000 or 20% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, or in the case of the rehabilitation or expansion of an existing building or facility, 20% of the amount of qualified real property investment in excess of \$100,000, whichever is less.

4. If the to total of all qualified real property investments up to and including those made in the current grant year are more than \$20 million then the maximum real property investment grant that any one major qualified zone investor shall receive shall be equal to the major qualified zone investor's proportion of the building or facility's useable floor space times \$300,000 or 25% of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility, or in the

case of the rehabilitation or expansion of an existing building or facility, 25% of the amount of qualified real property investment in excess of \$100,000, whichever is less.

E. The total grant amount per building or facility within a five-year period shall not exceed ~~\$200,000~~ \$300,000.

VIRGINIA ACTS OF ASSEMBLY - 2025 SESSION

CHAPTER 250

An Act to amend and reenact § 59.1-548 of the Code of Virginia, relating to enterprise zone grant program work group; report.

[H 2163]

Approved March 21, 2025

Be it enacted by the General Assembly of Virginia:

1. That § 59.1-548 of the Code of Virginia is amended and reenacted as follows:

§ 59.1-548. Enterprise zone real property investment grants.

A. As used in this section:

"Facility" means a complex of buildings, co-located at a single physical location within an enterprise zone, all of which are necessary to facilitate the conduct of the same trade or business. This definition applies to new construction as well as to the rehabilitation and expansion of existing structures.

"Major qualified zone investor" means a qualified zone investor making qualified real property investments in excess of \$20 million.

"Mixed use" means a building incorporating residential uses in which a minimum of 30 percent of the useable floor space will be devoted to commercial, office, or industrial use.

"Qualified real property investment" means the amount expended for improvements to rehabilitate, expand, or construct depreciable real property placed in service during the calendar year within an enterprise zone provided that the total amount of such improvements equals or exceeds (i) \$100,000 with respect to a single building or a facility in the case of rehabilitation or expansion or (ii) \$500,000 with respect to a single building or a facility in the case of new construction. *Such real property may include a child day center as such term is defined in § 22.1-289.02.*

"Qualified real property investment" includes any such expenditure regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury Regulations.

"Qualified real property ~~investments include~~ investment" includes expenditures associated with (a) exterior, interior, structural, mechanical, or electrical improvements necessary to construct, expand, or rehabilitate a building for commercial, industrial, or mixed use; (b) excavations; (c) grading and paving; (d) installing driveways; and (e) landscaping or land improvements. "Qualified real property ~~investments shall include~~ investment" includes, but is not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, cleaning, and cleanup.

"Qualified real property investment ~~shall~~" does not include:

1. The cost of acquiring any real property or building.
2. Other costs including: (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering, surveying, and interior design fees; (iii) loan fees, points, or capitalized interest; (iv) legal, accounting, realtor, sales and marketing, or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, and inspection fees; (vi) bids, insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction; (vii) utility connection or access fees; (viii) outbuildings; (ix) the cost of any well or septic or sewer system; and (x) roads.

3. The basis of any property: (i) for which a grant under this section was previously provided; (ii) for which a tax credit under § 59.1-280.1 was previously granted; (iii) which was previously placed in service in Virginia by the qualified zone investor, a related party as defined by Internal Revenue Code § 267 (b), or a trade or business under common control as defined by Internal Revenue Code § 52 (b); or (iv) which was previously in service in Virginia and has a basis in the hands of the person acquiring it, determined in whole or in part by reference to the basis of such property in the hands of the person from whom it was acquired or Internal Revenue Code § 1014 (a).

"Qualified zone investor" means an owner or tenant of real property located within an enterprise zone who expands, rehabilitates, or constructs such real property for commercial, industrial, or mixed use. In the case of a tenant, the amounts of qualified zone investment specified in this section shall relate to the proportion of the building or facility for which the tenant holds a valid lease. In the case of an owner of an individual unit within a horizontal property regime, the amounts of qualified zone investments specified in this section shall relate to that proportion of the building for which the owner holds title and not to common elements.

B. 1. Grants shall be calculated at a rate of 20 percent of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility.

Grants shall be calculated at a rate of 20 percent of the amount of qualified real property investment in excess of \$100,000 in the case of the rehabilitation or expansion of an existing building or facility.

For any qualified zone investor making \$5 million or less in qualified real property investment, a real property investment grant shall not exceed \$100,000 within any five-year period for any individual building or facility. For any qualified zone investor making more than \$5 million *but not more than \$20 million* in qualified real property investment, a real property investment grant shall not exceed \$200,000 within any five-year period for any individual building or facility.

2. On and after July 1, 2025, grants to major qualified zone investors shall be calculated at a rate of 25 percent of the amount of qualified real property investment in excess of \$500,000 in the case of the construction of a new building or facility.

On and after July 1, 2025, grants to major qualified zone investors shall be calculated at a rate of 25 percent of the amount of qualified real property investment in excess of \$100,000 in the case of the rehabilitation or expansion of an existing building or facility.

A real property investment grant to a major qualified zone investor shall not exceed \$300,000 within any five-year period for any individual building or facility.

C. A qualified zone investor shall apply for a real property investment grant in the calendar year following the year in which the property was placed in service.

2. That the Department of Housing and Community Development (the Department), in collaboration with the Virginia Economic Development Partnership Authority, shall convene a work group to review the utilization of currently designated enterprise zones and make recommendations on renewals or terminations of such zones. Such work group shall include representatives of the Virginia Economic Developers Association, the Virginia Association of Counties, the Virginia Municipal League, Virginia First Cities, and other interested parties as deemed appropriate by the Department. The work group shall report its findings and recommendations, including specific legislative recommendations to be considered during the 2026 Regular Session of the General Assembly, to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations by November 1, 2025.



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Maggie Beal
Director

Memorandum

To: Board of Housing and Community Development

From: DHCD Staff

Subject: Statewide Fire Prevention Code Regulatory Action Pursuant to 2025 Legislation

Date: September 19, 2025

During the 2025 General Assembly Session, [HB2642](#) was approved by the General Assembly and signed by the Governor (Chapter 97, 2025 Acts of Assembly). The bill amends the Statewide Fire Prevention Code (SFPC) to prohibit the sale of unsafe or counterfeit lighters. The bill defines both terms and clarifies that the SFPC does not prohibit the interstate transportation or private warehouse storage of unsafe or counterfeit lighters.

The Board of Housing and Community Development is authorized by State Code ([§ 27-97.](#)) to adopt and promulgate a Statewide Fire Prevention Code. The regulations promulgated by the Board must be in compliance with the applicable provisions of State Code. With the passage of the 2025 legislation, the Statewide Fire Prevention Code (13VAC5-52) must be amended to reflect the changes related to unsafe and counterfeit lighters. The proposed changes to 13VAC5-52-140 and 13VAC5-52-150 are enclosed.

Staff recommends the Board approves the amended regulations as presented and authorizes staff to proceed with submitting the Exempt Action-Final regulatory action for 13VAC5-52-140 and 13VAC5-52-150, making any non-substantial changes if necessary.

Enclosure



Part II. Technical Amendments

13VAC5-52-140. IFC Section 202 Definitions.

A. Add the following definitions to read:

Applicable building code. The local or statewide building code and referenced standards in effect at the time the building or portion thereof was constructed, altered, renovated, or underwent a change of occupancy. See Section 103 for the application of the code.

Background clearance card or BCC. An identification card issued to an individual who is not a certified blaster or pyrotechnician and is responsible management or an employee of a company, corporation, firm, or other entity solely for the purpose of submitting an application to the fire official for a permit to manufacture, use, handle, store, or sell explosive materials or conduct a fireworks display. A person to whom a BCC has been issued can fulfill the role of a designated individual on an application for a permit to manufacture, use, handle, store, or sell explosive materials or on an application for a permit to design, setup, and conduct a fireworks display.

Blaster, restricted. Any person engaging in the use of explosives or blasting agents utilizing five pounds (2.25 kg) or less per blasting operation and using instantaneous detonators. A certified restricted blaster can fulfill the role of a designated individual on an application for permit to manufacture, use, handle, store, or sell explosive materials.

Blaster, unrestricted. Any person engaging in the use of explosives or blasting agents without the limit to the amount of explosives or blasting agents or type of detonator. A certified unrestricted blaster can fulfill the role of a designated individual on an application for permit to manufacture, use, handle, store, or sell explosive materials.

Cooking tent. A structure, enclosure, or shelter, with or without sidewalls or drops, constructed of fabric or pliable material supported by any manner except by air or the contents that it protects and that contains cooking equipment that utilize open flames or produce smoke or grease laden vapors for the purpose of preparing and serving food to the public.

Counterfeit lighter. Any lighter designed in a way that infringes on the intellectual property rights of any citizen of the United States or any entity that is protected by any federal or state intellectual property law

Design. For the purposes of a fireworks display, either inside a building or structure or outdoors, design shall mean the pyrotechnician who will be in attendance and makes the

final artistic determination for the placement of fireworks and ground display pieces suitable for the display site.

Designated individual. A person who is in possession of a BCC issued by the SFMO, certified by the SFMO as a pyrotechnician or a restricted or unrestricted blaster, any of whom are responsible for ensuring compliance with state law and regulations relating to blasting agents and explosives and applying for explosives or firework permits; is at least 21 years of age; and demonstrates the capability to effectively communicate safety messages verbally and in writing in the English language.

DHCD. The Virginia Department of Housing and Community Development.

Emergency supplemental hardware. Any approved hardware used only for emergency events or drills to keep intruders from entering the room during an active shooter or hostile threat event or drill.

Explosive manufacturing. Mixing, blending, extruding, assembling articles, disassembling, chemical synthesis, and other functions involved in making a product or device that is intended to explode.

LBFPCA. Local Board of Fire Prevention Code Appeals.

Lighter. Any electrical or mechanical device that operates using any type of fuel, including butane or another liquid fuel, and is typically used to light a cigarette, cigar, or pipe.

Local government, local governing body, or locality. The governing body of any county, city, or town, other political subdivision, and state agency in this Commonwealth charged with the enforcement of the SFPC under state law.

Maintained. To keep unimpaired in an appropriate condition, operation, and continuance as installed in accordance with the applicable building code or as previously approved and in accordance with the applicable operational and maintenance provisions of this code.

Night club. Any building or portion thereof in which the main use is a place of public assembly that provides exhibition, performance, or other forms of entertainment; serves alcoholic beverages; and provides music and space for dancing.

Outdoor fireplace. A portable or permanent, outdoor, solid-fuel-burning fireplace that may be constructed of steel, concrete, clay, or other noncombustible material. An outdoor fireplace may be open in design with a spark arrester or may be equipped with a small hearth opening and a short chimney or chimney opening in the top with a combustion chamber of not more than 36 inches in diameter by 24 inches in height size.

Permissible fireworks. Any fountains that do not emit sparks or other burning effects to a distance greater than five meters (16.4 feet); wheels that do not emit a flame radius greater than one meter (39 inches); crackling devices and flashers or strobes that do not emit sparks or other burning effects to a distance greater than two meters (78.74 inches); and sparkling devices or other fireworks devices that (i) do not explode or produce a report, (ii) do not travel horizontally or vertically under their own power, (iii) do not emit or function as a projectile, (iv) do not produce a continuous flame longer than 20 inches, (v) are not capable of being reloaded, and (vi) if designed to be ignited by a fuse, have a fuse that is protected to resist side ignition and a burning time of not less than four seconds and not more than eight seconds.

Pyrotechnician (firework operator). Any person supervising or engaged in the design, setup, or conducting of any fireworks display, either inside a building or outdoors. A certified pyrotechnician can fulfill the role of a designated individual on an application for a permit for a fireworks display.

Pyrotechnician, aerial. A person supervising or engaged in the design, setup, or conducting of an outdoor aerial fireworks display performed in accordance with the regulations as set forth in this code and NFPA 1123, a referenced standard for fireworks displays.

Pyrotechnician, proximate. A person supervising or engaged in the design, setup, or conducting of a fireworks display, either inside a building or outdoors, performed in accordance with the regulations as set forth in this code and NFPA 1126, a referenced standard for the use of pyrotechnics before a proximate audience.

Reactive target. A target designator intended to be shot at with a firearm and is purchased or obtained through a commercial or retail outlet and is comprised of two or more components in presized quantities of one pound (0.453592 kg) or less that are advertised, and the two are sold together with instructions on how to combine the components or create a target that explodes upon impact. Also known as exploding targets.

Responsible management. A person who is any of the following:

1. The sole proprietor of a sole proprietorship.
2. The partners of a general partnership.
3. The managing partners of a limited partnership.
4. The officers or directors of a corporation.
5. The managers or members of a limited liability company.
6. The managers, officers, or directors of an association.

7. Individuals in other business entities recognized under the laws of the Commonwealth as having a fiduciary responsibility to the firm.

Restricted explosives manufacturing. When an individual is engaged in the incidental manufacture or production of explosive materials composed of commercially available components that are packaged or marketed for the purpose of producing explosive materials, including reactive targets, at a location not within the definition of unrestricted explosives manufacture; is for immediate use at the site of incidental explosives manufacturing or production without residual storage; and does not involve or include the bulk mixing and delivery vehicles that are within the scope of NFPA 495.

Sole proprietor. A person or individual, not a corporation, who is trading under the person's or individual's own name or under an assumed or fictitious name pursuant to the provisions of §§ 59.1-69 through 59.1-76 of the Code of Virginia.

State Fire Marshal. The State Fire Marshal as provided for by § 9.1-206 of the Code of Virginia.

State regulated care facility or SRCF. A building occupied by persons in the care of others where program oversight is provided by the Virginia Department of Social Services, the Virginia Department of Behavioral Health and Developmental Services, the Virginia Department of Education, the Virginia Department of Health, or the Virginia Department of Juvenile Justice.

State Review Board. The Virginia State Building Code Technical Review Board as established under § 36-108 of the Code of Virginia.

Teaching and research laboratory. A building or portion of a building where hazardous materials are stored, used, and handled for the purpose of testing, analysis, teaching, research, or developmental activities on a nonproduction basis rather than in a manufacturing process.

Technical assistant. Any person employed by or under an extended contract to a local enforcing agency for enforcing the SFPC. For the purposes of this definition, an extended contract shall be a contract with an aggregate term of 18 months or longer.

Unsafe lighter. A disposable or refillable lighter used for cigarettes, cigars, or pipes that does not comply with ASTM International standard F400-20, as amended from time to time, or a lighter used for utilities, grills, or fireplaces or a lighting rod or gas match that does not comply with ASTM International standard F2201-20, as amended from time to time.

Unrestricted explosives manufacturing. When any company, person, or group of persons is engaged in the business of manufacturing or producing explosive materials at a fixed site or facility for the purpose of commercial sale, use, or distribution of explosives.

USBC. The Virginia Uniform Statewide Building Code (13VAC5-63).

B. Change the following definitions to read:

Approved. Acceptable to the authority having jurisdiction.

Automatic fire-extinguishing system. An approved system of devices and equipment that automatically detects a fire and discharges an approved fire-extinguishing agent onto or in the area of a fire. Such system shall include an automatic sprinkler system, unless otherwise expressly stated.

Building. A combination of materials, whether portable or fixed, having a roof to form a structure for the use or occupancy by persons, or property. The word "building" shall be construed as though followed by the words "or part or parts thereof" unless the context clearly requires a different meaning. "Building" shall not include roadway tunnels and bridges owned by the Virginia Department of Transportation, which shall be governed by construction and design standards approved by the Commonwealth Transportation Board.

Change of occupancy. Either of the following shall be considered a change of occupancy where the current Virginia Construction Code (VCC) requires a greater degree of accessibility, structural strength, fire protection, means of egress, ventilation, or sanitation than that which is existing in the current building or structure:

1. Any change in the occupancy classification of a building or structure.
2. Any change in the purpose of, or change in the level of activity within, a building or structure.

Note: The use and occupancy classification of a building or structure shall be determined in accordance with Chapter 3 of the VCC.

Corrosive. A chemical that causes visible destruction of or irreversible alterations in living tissue by chemical action at the point of contact. A chemical shall be considered corrosive if when tested on the intact skin of albino rabbits by the method described in DOTn 49 CFR 173.137, such chemical destroys or changes irreversibly the structure of the tissue at the point of contact following an exposure period of four hours. This term does not refer to action on inanimate surfaces. A substance shall be considered corrosive if it has a pH less than or equal to 2.0 or a pH greater than or equal to 12.5 on a pH scale of 0-14.

Fire code official. The officer or other designated authority charged with administration and enforcement of this code, or a duly authorized representative. For the purpose of this code, the terms "code official" and "fire official" shall have the same meaning as the term "fire code official" and, in addition, such official shall have the powers outlined in § 27-98.1 of the Code of Virginia.

Fireworks. Any firecracker, torpedo, skyrocket, or other substance or object of whatever form or construction that contains any explosive or inflammable compound or substance and is intended or commonly known as fireworks and that explodes, rises into the air or travels laterally, or fires projectiles into the air. Fireworks shall not include automobile flares, paper caps containing not more than the average of 0.25 grain (16 mg) of explosive content per cap or toy pistols, toy canes, toy guns, or other devices utilizing such caps and items commonly known as party poppers, pop rocks, and snap-n-pops. Fireworks may be further delineated and referred to as:

Fireworks, 1.4G (formerly known as Class C, Common Fireworks). Small fireworks devices containing restricted amounts of pyrotechnic composition designed primarily to produce visible or audible effects by combustion. Such 1.4G fireworks that comply with the construction, chemical composition, and labeling regulations of the DOTn for Fireworks, UN0336, and the U.S. Consumer Product Safety Commission (CPSC) as set forth in CPSC 16 CFR Parts 1500 and 1507, are not explosive materials for the purpose of this code.

Fireworks, 1.3G (formerly Class B, Special Fireworks). Large fireworks devices, which are explosive materials intended for the use in fireworks displays and designed to produce audible or visible effects by combustion, deflagration, or detonation. Such 1.3G fireworks include firecrackers containing more than 130 milligrams (two grains) of explosive composition, aerial shells containing more than 40 grams of pyrotechnic composition, and other display pieces that exceed the limits for classification as 1.4G fireworks. Such 1.3G fireworks are also described as Fireworks, UN0335 by the DOTn.

Laboratory suite. A fire-rated enclosed laboratory area that will provide one or more laboratory spaces within a Group B educational occupancy that are permitted to include ancillary uses such as offices, bathrooms, and corridors that are contiguous with the laboratory area and are constructed in accordance with Section 428.3 of the USBC, Part I, Construction (13VAC5-63-220 L).

Mobile food preparation vehicles. Vehicles, covered trailers, carts, and enclosed trailers, or other moveable devices capable of being able to be occupied by persons during cooking operations and that contain cooking equipment that utilize open flames or are capable of producing smoke or grease laden vapors for the purpose of preparing and serving food to the public. Vehicles used for private recreation shall not be considered mobile food preparation vehicles.

Occupancy classification. For the purposes of this code, occupancies are defined in accordance with the applicable building code.

Smokeless propellants. Solid propellants, commonly referred to as smokeless powders or any propellant classified by DOTn as a smokeless propellant in accordance with NA3178, Smokeless Powder for Small Arms, used in small arms ammunition, firearms, cannons, rockets, propellant-actuated devices, and similar articles.

13VAC5-52-150. IFC Chapter 3 General Requirements.

(Items A through N to remain unchanged)

O. Add Section 322, Lighters, to read:

322.1 Counterfeit and unsafe lighters. The offering or sale to the public of unsafe lighters or counterfeit lighters is prohibited regardless of whether such offering or sale is conducted on a retail basis or wholesale basis.

Exceptions:

1. The interstate transportation of counterfeit lighters or unsafe lighters through the Commonwealth.

2. The storage of counterfeit lighters or unsafe lighters in any distribution center or warehouse located in the Commonwealth, if such distribution center or warehouse is closed to the public and does not distribute or sell such lighters to the public.

VIRGINIA ACTS OF ASSEMBLY - 2025 SESSION

CHAPTER 97

An Act to amend and reenact §§ 27-95 and 27-97 of the Code of Virginia, relating to Statewide Fire Prevention Code Act; counterfeit and unsafe lighters prohibited.

[H 2642]

Approved March 19, 2025

Be it enacted by the General Assembly of Virginia:

1. That §§ 27-95 and 27-97 of the Code of Virginia are amended and reenacted as follows:

§ 27-95. Definitions.

As used in this chapter, unless the context or subject matter requires otherwise, the following words or terms shall have the meaning herein ascribed to them:

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

"Code provisions" means the provisions of the Fire Prevention Code as adopted and promulgated by the Board, and the amendments thereof as adopted and promulgated from time to time by such Board.

"Counterfeit lighter" means any lighter designed in a way that infringes on the intellectual property rights of any citizen of the United States or any entity that is protected by any federal or state intellectual property law.

"Enforcement agency" means the agency or agencies of any local governing body or the State Fire Marshal charged with the administration or enforcement of the Fire Prevention Code.

"Fire Prevention Code" or "Code" means the Statewide Fire Prevention Code.

"Fire prevention regulation" means any law, rule, resolution, regulation, ordinance or code, general or special, or compilation thereof to safeguard life and property from the hazards of fire or explosion arising from the improper maintenance of life safety and fire prevention and protection materials, devices, systems and structures, and the unsafe storage, handling and use of substances, materials and devices, including explosives and blasting agents, wherever located, heretofore or hereafter enacted or adopted by the Commonwealth or any county or municipality, including departments, boards, bureaus, commissions or other agencies.

"Fire Services Board" means the Virginia Fire Services Board as provided for in § 9.1-202.

"Fireworks" means any firecracker, torpedo, skyrocket, or other substance or object, of whatever form or construction, that contains any explosive or inflammable compound or substance, and is intended, or commonly known as fireworks, and which explodes, rises into the air or travels laterally, or fires projectiles into the air.

"Fireworks operator" or "pyrotechnician" means any person engaged in the design, setup, and firing of any fireworks other than permissible fireworks either inside a building or structure or outdoors.

"Inspection warrant" means an order in writing, made in the name of the Commonwealth, signed by any judge or magistrate whose territorial jurisdiction encompasses the building, structure or premises to be inspected or entered, and directed to a state or local official, commanding him to enter and to conduct any inspection, examination, testing or collection of samples for testing required or authorized by the Virginia Statewide Fire Prevention Code.

"Lighter" means any electrical or mechanical device that operates using any type of fuel, including butane or another liquid fuel, and is typically used to light a cigarette, cigar, or pipe.

"Local government" means the governing body of any city, county or town in this Commonwealth.

"Permissible fireworks" means any fountains that do not emit sparks or other burning effects to a distance greater than five meters (16.4 feet); wheels that do not emit a flame radius greater than one meter (39 inches); crackling devices and flashers or strobes that do not emit sparks or other burning effects to a distance greater than two meters (78.74 inches); and sparkling devices or other fireworks devices that (i) do not explode or produce a report, (ii) do not travel horizontally or vertically under their own power, (iii) do not emit or function as a projectile, (iv) do not produce a continuous flame longer than 20 inches, (v) are not capable of being reloaded, and (vi) if designed to be ignited by a fuse, have a fuse that is protected to resist side ignition and a burning time of not less than four seconds and not more than eight seconds.

"State Fire Marshal" means the State Fire Marshal as provided for by § 9.1-206.

"Unsafe lighter" means (i) a disposable or refillable lighter used for cigarettes, cigars, or pipes that does not comply with ASTM International standard F400-20, as amended from time to time, or (ii) a lighter used for utilities, grills, or fireplaces or a lighting rod or gas match that does not comply with ASTM International standard F2201-20, as amended from time to time.

§ 27-97. Adoption of Fire Prevention Code.

The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board

pursuant to procedures agreed to by the two Boards. The Fire Prevention Code shall prescribe regulations to be complied with for the protection of life and property from the hazards of fire or explosion and for the handling, storage, sale, and use of fireworks, explosives, or blasting agents, and shall provide for the administration and enforcement of such regulations. The Fire Prevention Code shall require manufacturers of fireworks or explosives, as defined in the Code, to register and report information concerning their manufacturing facilities and methods of operation within the Commonwealth in accordance with regulations adopted by the Board. In addition to conducting criminal background checks pursuant to § 27-97.2, the Board shall also establish regulations for obtaining permits for the manufacturing, storage, handling, use, or sales of fireworks or explosives. In the enforcement of such regulations, the enforcing agency may issue annual permits for such activities to any state regulated public utility. Such permits shall not apply to the storage, handling, or use of explosives or blasting agents pursuant to the provisions of Title 45.2.

The Fire Prevention Code shall prohibit any person, firm, or corporation from transporting, manufacturing, storing, selling, offering for sale, exposing for sale, or buying, using, igniting, or exploding any fireworks except for those persons, firms, or corporations that manufacture, store, market and distribute fireworks for the sole purpose of fireworks displays permitted by an enforcement agency or by any locality.

The Fire Prevention Code shall supersede fire prevention regulations heretofore adopted by local governments or other political subdivisions. Local governments are hereby empowered to adopt fire prevention regulations that are more restrictive or more extensive in scope than the Fire Prevention Code provided such regulations do not affect the manner of construction, or materials to be used in the erection, alteration, repair, or use of a building or structure, including the voluntary installation of smoke alarms and regulation and inspections thereof in commercial buildings where such smoke alarms are not required under the provisions of the Code. The Fire Prevention Code shall prohibit any person not certified by the State Fire Marshal's Office as a fireworks operator or pyrotechnician to design, set up, or conduct or supervise the design, setup, or conducting of any fireworks display, either inside a building or structure or outdoors and shall require that at least one person holding a valid certification is present at the site where the fireworks display is being conducted. Certification shall not be required for the design, storage, sale, use, conduct, transportation, and set up of permissible fireworks or the supervision thereof or in connection with any fireworks display conducted by a volunteer fire department provided one member of the volunteer fire department holds a valid certification.

In formulating the Fire Prevention Code, the Board shall have due regard for generally accepted standards as recommended by nationally recognized organizations including, but not limited to, standards of the International Code Council, the National Fire Protection Association, and recognized organizations issuing standards for the protection of the public from the hazards of explosives and blasting agents. Such standards shall be based on the companion document to the model building code referenced by the Uniform Statewide Building Code.

The Fire Prevention Code shall require that buildings constructed prior to 1973 be maintained in accordance with state fire and public building regulations in effect prior to March 31, 1986, and that any building which is (i) more than 75 feet or more than six stories high and (ii) used, in whole or in part, as a dormitory to house students by any public or private institution of higher education shall be required to comply with the provisions of § 36-99.3. The Fire Prevention Code shall also require annual fire drills in all buildings having floors used for human occupancy located more than 75 feet above the lowest level of fire department vehicle access. The drills shall be conducted by building staff personnel or the owner of the building in accordance with a plan approved by the appropriate fire official and shall not affect other current occupants. The Board may modify, amend, or repeal any Code provisions as the public interest requires. Any such Code changes shall be developed in cooperation with the Fire Services Board pursuant to procedures agreed to by the two Boards.

The Fire Prevention Code shall prohibit the offering or sale to the public of unsafe lighters or counterfeit lighters regardless of whether such offering or sale is conducted on a retail basis or wholesale basis; however, the Fire Prevention Code shall not prohibit (i) the interstate transportation of counterfeit lighters or unsafe lighters through the Commonwealth or (ii) the storage of counterfeit lighters or unsafe lighters in any distribution center or warehouse located in the Commonwealth, if such distribution center or warehouse is closed to the public and does not distribute or sell such lighters to the public.



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Memorandum

To: Board of Housing and Community Development

From: DHCD Staff

Subject: National Transportation Safety Board Report

Date: September 19, 2025

The Department of Housing and Community Development (DHCD) received a letter from the National Transportation Safety Board (NTSB) related to a recent report published by the NTSB following the 2023 natural gas-fueled explosion in West Reading, Pennsylvania. The full report can be found here: <https://www.nts.gov/investigations/AccidentReports/Reports/PIR2501.pdf>.

The report contains recommendations from the NTSB as a result of its investigation into the accident. One recommendation the report has for Virginia is to require the installation of natural gas alarms that meet the specifications of National Fire Protection Association 715 in businesses, residences, and other buildings where people congregate that could be affected by a natural gas leak. This requirement would fall within the scope of the Uniform Statewide Building Code.

Enclosed is the letter from the NTSB, as well as DHCD's response to the NTSB. This correspondence is being provided for the Board's review and consideration during the 2024 Code Development Cycle. DHCD staff has no recommendations at this time.

Enclosure



April 8, 2025

The Honorable Glenn A. Youngkin
Governor of Virginia
PO Box 3950
Fairfax, VA 22116

The attached letter from the NTSB Chairman provides information about the March 18, 2025, report *UGI Corporation Natural Gas-Fueled Explosion and Fire, West Reading, Pennsylvania, March 24, 2023, PIR-25-1*. The details of this accident investigation and the resulting safety recommendations may be found in the attached report, which can also be accessed at <http://www.nts.gov>.

The NTSB is vitally interested in these recommendations because they are designed to prevent accidents and save lives. We would appreciate a response within 90 days of the date of this letter detailing the actions you have taken or intend to take to implement these recommendations. When replying, please refer to the safety recommendation by number (for example, P-25-5). We encourage you to submit your response to ExecutiveSecretariat@nts.gov. If your reply exceeds 20 megabytes, including attachments, please e-mail us at the same address for instructions on how to send larger documents. Please do not submit both an electronic copy and a hard copy of the same response.



NTSB Executive Secretariat-LRM
Office of the Managing Director
National Transportation Safety Board
490 L'Enfant Plaza SW
Washington, DC 20594
Email: ExecutiveSecretariat@nts.gov

National Transportation Safety Board

Office of the Chairman
Washington, DC 20594



April 8, 2025

The Honorable Glenn A. Youngkin
Governor of Virginia
PO Box 3950
Fairfax, VA 22116

Dear Governor Youngkin:

The National Transportation Safety Board (NTSB) is an independent federal agency charged by Congress with investigating every civil aviation accident in the United States and significant accidents in other modes of transportation—railroad, highway, marine, and pipeline. We determine the probable cause of the accidents and issue safety recommendations aimed at preventing future accidents. In addition, we carry out special studies concerning transportation safety and coordinate the resources of the federal government and other organizations to assist victims and their family members affected by major transportation disasters.

We are providing the following information to urge the Commonwealth of Virginia to act on the safety recommendation in this letter because we believe your organization can help reduce the risk of future accidents. For more information about the NTSB and our recommendation process, please see the attached one-page summary.

This letter also includes information about our March 18, 2025, report, *UGI Corporation Natural Gas-Fueled Explosion and Fire, West Reading, Pennsylvania, March 24, 2023*, NTSB/PIR-25/01. The details of this accident investigation and the resulting safety recommendations may be found in the attached report, which can also be accessed at <http://www.nts.gov>.

As a result of this investigation, we identified the following safety issues:

- Degradation of a retired Aldyl A service tee that was accelerated by elevated ground temperatures from a corroded and cracked steam pipe nearby.
- UGI Corporation's insufficient consideration of pipeline integrity threats, particularly Aldyl A service tees with Delrin inserts at elevated temperatures.
- Presence of unmarked and unreported private assets crossing public rights-of-way, excluding them from the Pennsylvania One Call System and increasing the risk of damage to them.

- Delayed evacuation of Palmer’s Building 2 despite detection of natural gas by employees and others.
- Natural gas safety messaging from pipeline operator public awareness programs that may not reach certain members of the public.
- Insufficient guidance on natural gas emergency procedures.
- Absence of natural gas alarms in commercial buildings.
- Insufficient accessibility of gas distribution line valves.

Accordingly, the NTSB makes the following safety recommendation to the Commonwealth of Virginia (additional information regarding this recommendation can be found in the noted section of the report):

- Require the installation of natural gas alarms that meet the specifications of National Fire Protection Association 715 in businesses, residences, and other buildings where people congregate that could be affected by a natural gas leak. (P-25-5) (See section 2.5.1.)

The NTSB is vitally interested in this recommendation because it is designed to prevent accidents and save lives. We would appreciate a response within 90 days of the date of this letter, detailing the actions you have taken or intend to take to implement this recommendation. When replying, please refer to the safety recommendation by number (Safety Recommendation P-25-5). We encourage you to submit your response to ExecutiveSecretariat@ntsb.gov. If your reply, including attachments, exceeds 20 megabytes, please e-mail us at the same address for instructions on how to send larger documents. Please do not submit both an electronic copy and a hard copy of the same response.

All communications regarding safety recommendations are stored by the NTSB and viewable by the public. Please do not send privileged or confidential communications in response to this recommendation. Responses marked as confidential or privileged (or similar designations) will be considered nonresponsive. In the likely event that your company uses auto-generated and/or preformatted confidentiality statements on letterhead or outgoing e-mails, please include a statement in your letter indicating that the information can be publicly released. If you have concerns about this protocol, please contact us at ExecutiveSecretariat@ntsb.gov.

Sincerely,

[Original Signed]

Jennifer L. Homendy
Chairman
On behalf of the entire Board



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Interim Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

July 02, 2025

Jennifer L. Homendy, Chairman
National Transportation Safety Board
NTSB Executive Secretariat-LRM
Office of the Managing Director
National Transportation Safety Board
490 L'Enfant Plaza SW
Washington, DC 20594

Dear Chair Homendy:

On behalf of Governor Youngkin, thank you for your email regarding the recent recommendation of the National Transportation Safety Board (NTSB). I am currently serving as acting director of the Virginia Department of Housing and Community Development (DHCD) which includes the Board of Housing and Community Development (Board). The Board is responsible for promulgating the Uniform Statewide Building Code and Statewide Fire Prevention Code in Virginia.

The Board recently began the regulatory process for the review and adoption of the 2024 International Codes and is currently collecting code change proposals from the public for consideration during the review process. Accordingly, the Board will be provided with the recommendation from the NTSB as it pertains to the *UGI Corporation Natural Gas-Fueled Explosion and Fire, West Reading, Pennsylvania*.

Thank you again for bringing the NTSB's recommendation to our attention. Please let me know if I can provide anything additional.

Sincerely,

Maggie Beal
Acting Director, DHCD
Deputy Secretary of Commerce and Trade

Cc: Scott A. Marshall, Deputy Director, Division of Utility and Railroad Safety
State Corporation Commission

