



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

December 3, 2025

MEMORANDUM

TO: Board of Housing and Community Development Members

FROM: DHCD Staff

SUBJECT: Board of Housing and Community Development Meeting – December 8, 2025

Enclosed is the agenda and information package for the Board of Housing and Community Development meeting to be held on **Monday, December 8, 2025**. The full Board will convene at 10:00 a.m. The Board meeting will be held in an all-virtual format via Microsoft Teams. Below is the link for the meeting:

Electronic Meeting Access Information

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

Meeting ID: 277 916 238 208 77 | Passcode: rb3iW955

Call in (audio only) +1 434-230-0065 | Phone Conference ID: 512 008 348#

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, December 8, 2025
10:00 AM
All-Virtual Public Meeting
Via Microsoft Teams

Public Comment before the Board will begin at 10:00 AM.

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.

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|------|------------------------------------------------------------------------------|------------|
| 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> : September 22, 2025 | |
| III. | RESOLUTION TO COMMEND BOARD MEMBER | Chair |
| | <i>Action Item</i> | |
| IV. | ENTERPRISE ZONE GRANT PROGRAM REGULATORY ACTION PURSUANT TO 2025 LEGISLATION | DHCD Staff |
| | <i>Action Item</i> | |
| V. | ENTERPRISE ZONE GRANT PROGRAM MANUALS UPDATE FOR GY2025 | DHCD Staff |
| | <i>Action Item</i> | |
| | o Job Creation Grant Instruction Manual | |
| | o Real Property Investment Grant Instruction Manual | |
| | o CPA Agreed Upon Procedures Manual | |
| VI. | STATE FIRE MARSHAL’S OFFICE FEE REPORT (BUDGET ITEM 407) | DHCD Staff |
| VII. | LEGISLATIVE AND REGULATORY UPDATE | DHCD Staff |
| | o 2024 Code Development Cycle Update | |
| | o Private Activity Bond Update | |

VIII.	REPORTS AND INFORMATION	
	a. Virginia Housing Report	Tammy Neale
	b. Report of the Virginia Fire Services Board	J.M. Snell
	c. Report of the Director	Maggie Beal
IX.	UNFINISHED BUSINESS	Board Members
X.	NEW BUSINESS	Board Members
XI.	BOARD MATTERS	Board Members
	o COIA Filing	
XII.	FUTURE BOARD MEETING DATES	DHCD Staff
	o 2026 Proposed Schedule Attached	
XIII.	ADJOURNMENT	Chair

**Minutes of the
BOARD OF HOUSING AND COMMUNITY DEVELOPMENT
September 22, 2025
12:33 PM
Virginia Housing Center
4224 Cox Road
Glen Allen, Virginia**

Members Present

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

Members Absent

Cindy Davis
Keith Johnson

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

Maggie Beal, Director
Jeff Brown, Deputy Director of Building and Fire Regulation
Alan Jones, Sr. Public Finance Analyst
Trisha Lindsey, Policy and Legislative Services Director (Remote)
Andrew Malloy, Sr. Policy Analyst
Sandra Powell, Sr. Deputy Director of Community Development and Housing (Remote)
Sulaiman Safi, Board Coordinator
Chase Sawyer, Policy Manager
Todd Weinstein, Deputy Director

Call to Order

Mr. Berbert, Chair of the Board of Housing and Community Development, called the meeting of the Board to order at 12:33 p.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. Goodman (personal matters), and Mr. R. Jones (personal matters), had been pre-approved by the Chair to participate in the meeting remotely.

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

Ms. Goodman stated she was participating from Prince William County, VA. Mr. R. Jones stated he was participating from Nelson County, VA.

Mr. Berbert welcomed Mr. Charlie Jones, the newly appointed member of the Board.

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

Mr. Andrew Clark, representing the Homebuilders Association of Virginia, shared comments advocating to push back the timeline for submitting code change proposals during the current building code update cycle. Mr. Clark asked the Board to consider allowing more time for his industry members to work with other stakeholders to consider proposals and reach consensus before submission.

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

Approval of Minutes A motion was made by Mr. Trostle and seconded by Mr. Osleger to approve the minutes of the July 14, 2025 meeting of the Board. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Garrett, Goldberg, Goodman, C. Jones, R. Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Private Activity Bond Guidelines Mr. Sawyer gave an update on Private Activity Bond (PAB) guidelines and recent changes to federal law. Mr. Sawyer noted that DHCD is responsible for the portion of Virginia's PABs set aside for local housing authorities and state allocation. Mr. Sawyer explained that in July 2025, Congress passed and the President signed the One Big Beautiful Bill Act, which included provisions related to PABs. Mr. Sawyer added that as a result of

the federal legislation, 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, instead of the previous 50% aggregate basis. Mr. Sawyer noted that this lower threshold gives more flexibility. Mr. Sawyer stated that staff recommended changes to the PAB guidelines that incorporate the federal changes. Board members asked questions about the administration of PABs and staff answered questions. A motion was made by Ms. Neale and seconded by Mr. Stosser to approve the proposed update to the Private Activity Bond guidelines for the 2026 program year. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Garrett, Goldberg, Goodman, C. Jones, R. Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Enterprise Zone Grant
Program Regulations
(13VAC5-112)

Mr. Sawyer provided an update on proposed amendments to the Enterprise Zone Grant Program regulations (13VAC5-112). Mr. Sawyer stated that the Board is responsible for promulgating regulations prescribing procedures for implementing the Enterprise Zone Grant Program and that the regulations promulgated by the Board must be in compliance with the applicable provisions in State Code. Mr. Sawyer stated that legislation approved by the General Assembly and signed by the Governor (HB2163, 2025) amended the Enterprise Zone Grant Program, specifically the Real Property Investment Grant (RPIG) program, by creating an elevated tier for investments in excess of \$20 million and increasing the grant limit for such investments to \$300,000. Mr. Sawyer added that the legislation also clarified that child day care centers are an eligible activity for the RPIG program. Ms. Beal, Director of DHCD, asked the Board to postpone voting on the proposed amendments to the Enterprise Zone Grant Program regulations so that the regulations may be reviewed further. A motion was made by Ms. Neale and seconded by Mr. Trostle to defer action on updates to the Enterprise Zone Grant Program regulations until the next meeting of the Board. The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Garrett, Goldberg, Goodman, C. Jones, R. Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

Statewide Fire Prevention
Code Regulations
(13VAC5-52)

Mr. Sawyer provided an update on proposed amendments to the Statewide Fire Prevention Code (SFPC) regulations (13VAC5-52). Mr. Sawyer stated that the Board is responsible for adopting and promulgating the SFPC and that the regulations promulgated by the Board must be in compliance with the applicable provisions in State Code. Mr. Sawyer stated that legislation

approved by the General Assembly and signed by the Governor (HB2642, 2025) amended the SFPC to prohibit the sale of unsafe or counterfeit lighters. Board members asked questions about the proposed amendments to the SFPC and staff answered questions. A motion was made by Mr. Snell and seconded by Mr. Osleger to approve the proposed amendments to the SFPC regulations (13VAC5-52). The motion passed on a unanimous voice vote (YEAS: Berbert, Bryant, Garrett, Goldberg, Goodman, C. Jones, R. 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 (NOIRAs) 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 October 10, 2025 is the deadline for submitting code change proposals. The Board discussed this deadline and potential effects to the code adoption timeline if this deadline were to be extended. There was general consensus amongst the Board that the October 10 deadline should be pushed back by approximately two weeks to allow stakeholders more time to review and develop proposals and reach consensus on some proposals before they are submitted. DHCD staff stated that they will accommodate the request to extend the code change proposal submission deadline and will notify stakeholders of the change.

Mr. Sawyer provided an update on a National Transportation Safety Board Report regarding recommendations for natural gas alarms. Mr. Sawyer noted that the report is being shared with the Board for informational purposes.

Mr. Sawyer provided an update on the State Fire Marshal's Office Fee Report. Mr. Sawyer stated that Budget Item 407 (2025 Budget Bill) directed the Department of Fire Programs, in cooperation with the State Fire Marshal's Office, the Virginia Fire Services Board, DHCD, and the Board to conduct an assessment of the fees charged by the State Fire Marshal's Office to conduct fire safety inspections. Mr. Snell provided additional information regarding the report. A motion was made by Mr. Snell and seconded by Ms. Goodman to authorize the Chair to designate members of the Board, in consultation with staff, to assist with the development of joint recommendations in partnership with the Virginia Fire Services Board and present any such recommendations to the full Board for approval. The motion passed on a unanimous voice vote (YEAS: Berbert,

Bryant, Garrett, Goldberg, Goodman, C. Jones, R. Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None).

- Virginia Housing Report Ms. Neale, CEO of Virginia Housing, shared that the Virginia Housing Board met and welcomed Mr. R. Jones as the Board's representative to the Virginia Housing Board. Ms. Neale thanked DHCD for their work on Private Activity Bonds and shared Virginia Housing's efforts on making changes to its PAB guidelines in light of federal changes. Board members asked Ms. Neale questions about Virginia Housing's share of PAB allocations.
- Fire Services Board Report Mr. Snell shared that the Fire Services Board will be meeting this week in Harrisonburg, VA. Mr. Snell shared the priorities of the Fire Services Board, which includes the State Fire Marshall's Office fee recommendations and NFPA rules related to live fire training facilities. Mr. Snell also noted the state budget included some increases in funding for personal protective equipment for firefighters.
- Report of the Director Ms. Beal introduced herself as DHCD's new director (no longer interim director). Ms. Beal remarked that the state reached an economic development agreement with an energy company operating in South Boston and that this agreement is the first incentive package in Virginia to include a housing component to support the workforce in the area. Ms. Beal noted that DHCD is working on planning the Virginia Housing Conference in Roanoke in November. Ms. Beal stated that the Virginia Disaster Assistance Fund has been announced and is currently intaking applications for assistance for those affected by flooding from Helene and winter storms in certain Virginia localities.
- Unfinished Business There was no unfinished business to be discussed.
- New Business There was no new business to be discussed.
- Board Matters Staff invited interested Board members to attend the Virginia Governor's Housing Conference in November. Staff asked Board members to indicate their interest in working with the Virginia Fire Services Board on the State Fire Marshal's Office Fee Report.
- Future Meetings Mr. Sawyer stated that the next meeting of the Board was scheduled for December 8, 2025.
- Adjournment A motion was made by Mr. Trostle and seconded by Mr. Stosser to adjourn the meeting. The motion passed on a unanimous voice

vote (YEAS: Berbert, Bryant, Garrett, Goldberg, Goodman, C. Jones, R. Jones, Neale, Osleger, Snell, Stosser, Trostle; NAYS: None). The meeting was adjourned at 1:28 p.m.

DRAFT

**BOARD of HOUSING and COMMUNITY DEVELOPMENT
COMMONWEALTH OF VIRGINIA**

At a regular meeting of the Board of Housing and Community Development held on Monday, December 8, 2025, at the hour of 10:00 a.m., the following resolution was unanimously adopted:

WHEREAS, **Abigail Johnson** was appointed by Governor Terry McAuliffe and confirmed by the 2018 Virginia General Assembly to serve on the Board of Housing and Community Development for a term of four years and was reappointed by Governor Ralph Northam and confirmed by the 2022 Virginia General Assembly for a term of four years; and

WHEREAS, She served the Board with distinction from 2017 until 2025, serving on the Housing and Community Development and Codes and Standards committees, and the Virginia Housing Board; and

WHEREAS, Her commitment to the best interests of the Commonwealth coupled with her knowledge and experience made her an asset to this Board; and

WHEREAS, Her effective advocacy of her perspective, along with her respectful consideration of the views of others rendered her an invaluable participant in the Board's deliberations; and

WHEREAS, Her intelligence, integrity and dedication earned her the sincere respect and admiration of the members of this Board, its staff, and all others associated with its activities; and

WHEREAS, Her good humor, her wit and her graciousness added immeasurably to the pleasure and satisfaction derived from service on this Board; and

WHEREAS, The termination of her service with the Board deprives the Commonwealth of a distinguished and faithful public servant and this body of a valued member and good friend;

NOW, THEREFORE, BE IT RESOLVED, That the Board of Housing and Community Development does hereby express its gratitude to **Abigail Johnson**, for her many contributions to this body and acknowledges with regret the loss of her company and good counsel.

BE IT FURTHER RESOLVED, That a copy of this resolution be spread upon the Minutes of this meeting and that a framed copy thereof be presented to **Abigail Johnson** as a permanent testament of our affection, esteem, and high regard.

Chair



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: December 1, 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.

The proposed regulatory changes were originally presented to the Board at its meeting on September 22, 2025. Staff recommends the Board approves the amended regulations as presented and authorizes staff to proceed with submitting the 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

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 Manuals Update for GY2025

Date: December 1, 2025

The Enterprise Zone Grant Program is a partnership between state and local government that encourages job creation and private investment. The program accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the locality provides local incentives.

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. Enclosed for the Board's review and approval are three guidance documents related to the program with updates for Grant Year 2025: Job Creation Grant Instruction Manual, Real Property Investment Grant Instruction Manual, and CPA Agreed Upon Procedures Manual. A summary of the updates has also been included.

Enclosure



Enterprise Zone Manual(s) | Summary of Updates – GY2025

**Please note the page numbers in the Table of Contents and referenced in the guides may change prior to publication.*

Job Creation Grant (JCG) Instruction Manual

1. Updated dates & deadlines for Grant Year 2025
2. Updated High Unemployment Areas (HUAs) for Grant Year 2025
3. Updated screenshots and references to depicted examples (ex. edited fictitious names)
4. Corrected clerical and grammatical errors/typos

Real Property Investment Grant (RPIG) Instruction Manual

1. Updated dates & deadlines for Grant Year 2025
2. Added information to reflect changes required by 2025 legislation (HB2163) that created a new tier of investment for major qualified investments and revised existing investment tiers where appropriate and necessary as a result of the legislation
3. Added language to reflect changes required by 2025 legislation (HB2163) that clarify child day centers as an eligible activity
4. Removed mention of hard copies no longer being accepted as the application process has been fully online since 2020
5. Updated screenshots to include new investment tier
6. Corrected clerical and grammatical errors/typos

CPA Agreed Upon Procedures Manual

1. Updated dates & deadlines for Grant Year 2025
2. Updated High Unemployment Areas (HUAs) for Grant Year 2025
3. Added information to reflect changes required by 2025 legislation (HB2163) that created a new tier of investment for major qualified investments
4. Updated language to align the procedures used with the standard practices recommended by the American Institute of CPAs (AICPA) for performing attestations
5. Removed mention of hard copies no longer being accepted as the application process has been fully online since 2020
6. Corrected clerical and grammatical errors/typos

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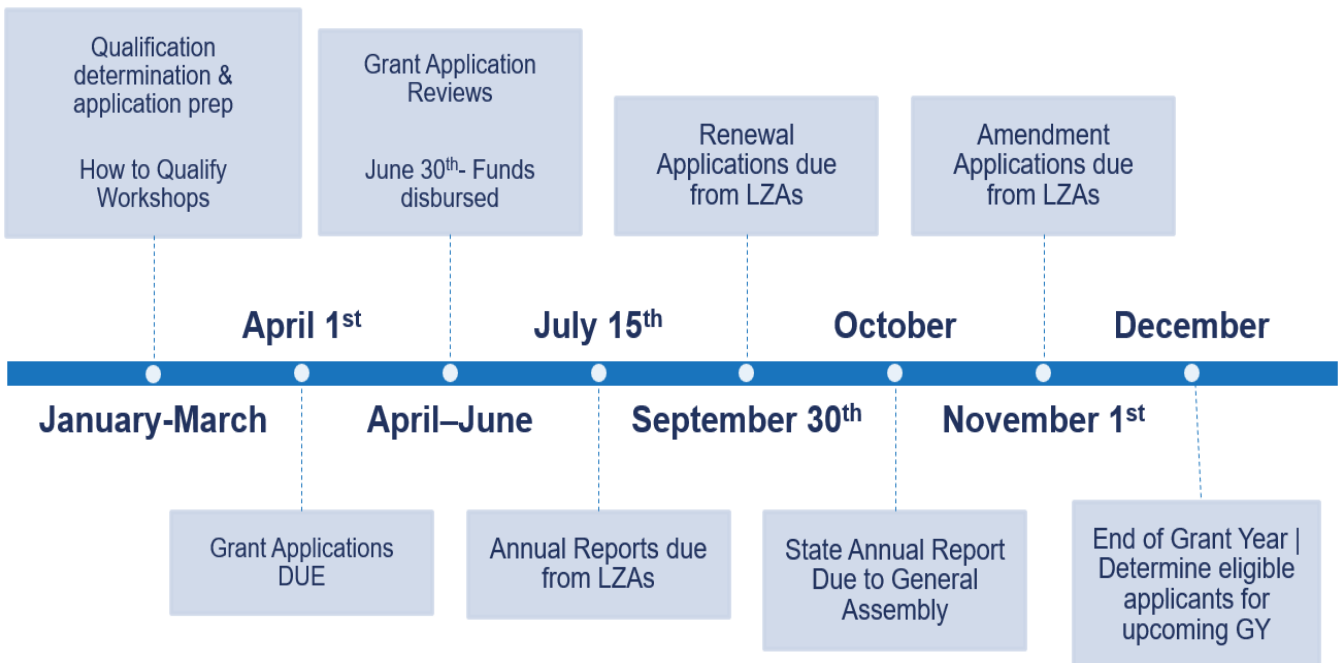
The Virginia Enterprise Zone (VEZ) program is a partnership between state and local government that encourages job creation and private investment. VEZ accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the locality provides local incentives.



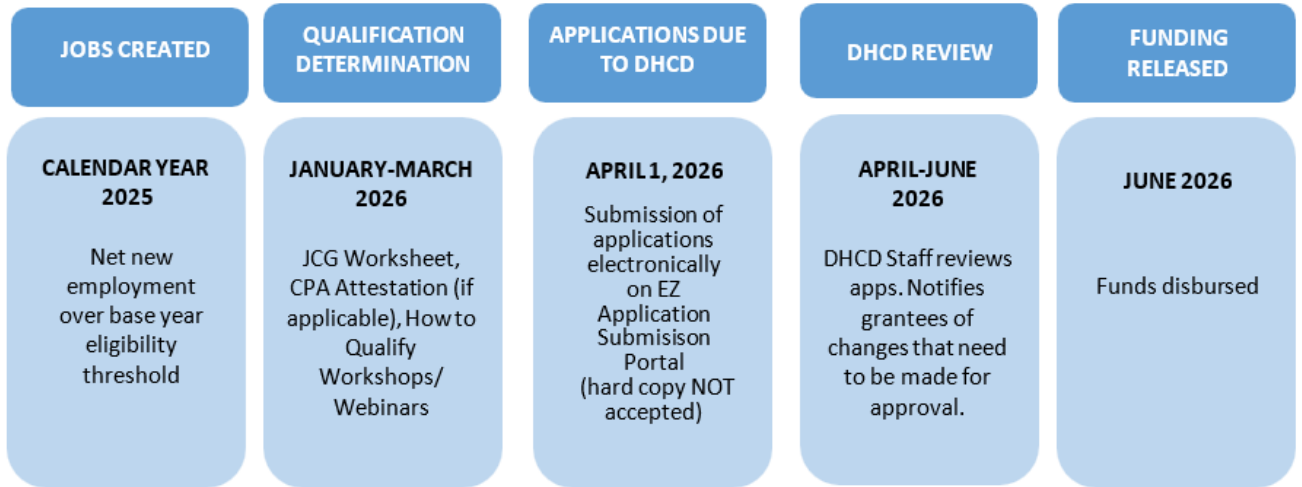
VEZ grants are subject to an annual appropriation by the General Assembly. By statute, the Job Creation Grants (JCGs) receive funding priority. After fully funding the JCGs, the remaining funds will be allocated to the Real Property Investment Grants (RPIGs) and the amount paid to each RPIG applicant will be prorated proportionally should grant requests exceed the remaining funds.

In Grant Year 2024, RPIGs were fully funded for the fourth consecutive year. In the past, the program faced challenges in fully funding grant applications. Since 2021, however, there has been an increase in program funding,, allowing for the full financing of JCG and RPIG grants.

ANNUAL TIMELINE



GRANT YEAR 2025 TIMELINE



APPLICATION INFORMATION

APPLICANT | The entity or business firm that creates the net new permanent full-time positions who is the entity that has those positions on their books or deducts the wages as a business expense under federal Treasury Regulations for tax purposes (units of local, state, or federal government are NOT eligible).

APPLICATION | To be eligible, the business firm must complete and submit all required application components. The application is submitted online through the EZ Application Submission System site: <https://dmz1.dhcd.virginia.gov/EZonePortal/>

- Commonwealth of Virginia W-9 Form
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- JCG Worksheet (or JCG-HUA/SWaM Worksheet)
- CPA Attestation Report (if applicable)

SAMPLE APPLICATION PAGE | This document is in place of Form EZ-RPIG and Form EZ-JCG/JCG-HUA/SWaM. It is NOT a required upload.

- Form EZ-RPIG & Form EZ-JCG/JCG-HUA/SWaM are no longer required documents to be uploaded.
- Information from these forms is entered directly into the EZ Application Submission System.
- It is not possible to open the application, fill in some information, and save the application. All information must be filled in and submitted at the same time.
- The Sample Application Page document is provided for zone investors to utilize to gather the necessary information for the application submission BEFORE submission.
- The Sample Application Page document is NOT required for submission and is NOT required to be uploaded.
- All required attachments/uploads, including the COV W-9, the LZA Review, the Application Declaration, the CPA Attestation Report (if applicable), and all supplemental documents must be uploaded in the EZ Application Submission System in the appropriate “Uploaded Documents” Section.

CPA ATTESTATION REPORT | An independent (must be independent of the qualified zone investor) Certified Public Accountant (CPA), licensed in Virginia, must attest to the application materials, and complete the CPA Attestation Report to be submitted with most JCG applications, unless otherwise noted in this manual. The Agreed Upon Procedures for CPA Attestations and Attestation Report Templates are available on the EZ Application Submission System link above.

CPA ATTESTATION EXEMPTION | As provided in §59.1-547 of the Code of Virginia, business firms with base year employment of 100 or fewer permanent full-time positions that create **25 or fewer grant eligible positions** are exempt from the attestation requirement for that qualification year. If a firm is exempt from the Attestation Report, the firm must submit the Job Creation Worksheet with their application (regardless of qualification year). **The JCG Worksheet must be completed each year the firm seeks qualification for the JCG, regardless of whether the Attestation Report is required.**

SUBMITTAL REQUIREMENTS

APPLICATIONS MUST BE SUBMITTED THROUGH THE SYSTEM NO LATER THAN 11:59PM, APRIL 1, 2026 (EDT). Applicants will be prompted to save and print the completed application for their own records. DHCD is unable to pre-qualify any applicants.

LATE APPLICATIONS/APPLICATIONS WITHOUT CPA ATTESTATION REPORT | Any application submitted without the required documents or submitted after the deadline will be considered late. Such applications are held until DHCD determines that funds remain after full funding on-time applications. At such time, DHCD will review and process late applications on a first-come, first-served basis.

MULTIPLE APPLICATIONS | If submitting more than one application, each grant application and associated materials must be submitted separately via electronic submission.

APPLICATION CONFIRMATIONS | Email confirmations will be sent throughout the submittal process to keep the applicant informed of the status of the application and to bring any submittal issues to the applicant's attention prior to certain deadlines. Applicants will receive confirmations in the following order:

- 1. Successful submission of online application:** This email will indicate the date and time of the submittal. DHCD recommends applicants print the application at this time and retain confirmation emails with their grant records. If the applicant has submitted all required documents with required signatures, this notification is the only one that will be received.
- 2. Notification of deficiencies:** DHCD will notify applicants by May 15th in cases where any additional information is required due to application deficiencies. The email will be sent from the following address: ezone@dhcd.virginia.gov. Please reply directly to that address when responding.
- 3. Notification of resolution of deficiencies:** Applicants must resolve any identified deficiencies by June 1st. Once the applicant provides the requested information, a final email will be sent to the applicant confirming DHCD's receipt of the requested material.

SUMMARY | ELIGIBILITY REQUIREMENTS

To be eligible, companies must be located within the boundaries of an Enterprise Zone.

To determine whether your company is located in an EZ, contact your locality's Economic Development Department.

ELIGIBILITY REQUIREMENTS:

- Must create at least 4 net new permanent full-time positions over the base year employment total.
- Base Year employment can be either of the two calendar years immediately preceding the first grant year. For Grant Year 2025, the Base Year may be either 2024 or 2023.
- Base Year employment is established in the first grant application and remains the same for the full 5-year period.
- Eligible positions must meet wage and health benefit requirements:
 - Positions must earn at least 150% of the minimum wage (125% in High Unemployment Areas and for SWaM-certified businesses) (see page 11 for more info)
 - Firms must offer to cover at least 50% of employee's health insurance premium (employees may choose to waive the health benefit)

INELIGIBLE APPLICANTS:

The following are prohibited from applying for the JCG:

- units of local, state, or federal government
- nonprofit, other than those classified as NAICS 813910 and 813920
- positions: personal service, food and beverage, and retail

(For a detailed list, see Chart of Activity Numbers on page 33.)

GRANT TERM:

Grants are awarded for 5-year periods beginning with the first grant year in which a JCG was awarded. To be eligible in years 2-5, the firm must maintain or increase the number of eligible permanent full-time positions (above the four-job threshold) over base year employment. Firms may apply for a subsequent 5-year period given they meet the grant eligibility requirements. See Appendix A for more information on subsequent 5-year periods.

GRANT CALCULATIONS:

JCG awards are determined by the wages paid and the number of months positions were filled during the Grant Year. Grants are available in amounts of:

- Up to **\$500 per grant eligible position** filled by an employee earning at least 150% of the minimum wage (125% for businesses in HUAs and SWaM-certified businesses) *must meet all other eligibility requirements (including offering health benefits)
- Up to **\$800 per grant eligible position** filled by an employee earning 175% of the minimum wage *must meet all other eligibility requirements (including offering health benefits)
- Firms may receive grants for up to 350 positions per year.

According to the Virginia Code (13VAC5-112-10), “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.

The upcoming grant cycle is Grant Year 2025 and includes jobs created in calendar year 2025. On December 1, 2024 the state minimum wage was \$12.00 per hour (and higher than the federal minimum wage.)

ELIGIBLE BUSINESSES	PERCENT OF MINIMUM WAGE	WAGE RATE THRESHOLD	GRANT PER PFTE
All businesses	175%	\$21.00/hour	\$800 per PFTE
All businesses	150%	\$18.00/hour	\$500 per PFTE
HUA/SWaM-certified businesses	125%	\$15.00/hour	\$500 per PFTE

*More info on HUA and SWaM-certified businesses on page 11.

GENERAL LIMITATIONS:

A firm can receive Job Creation Grants for a maximum of **350 grant-eligible positions per year**. Firms with multiple locations in Enterprise Zones can receive Job Creation Grants for a maximum of 350 positions total. For example, if a firm has a location in the Martinsville EZ and the Petersburg EZ, they can only qualify 350 total positions for the two locations. Although businesses may qualify for both the Enterprise Zone Job Creation Grant and the **Major Business Facility Job Tax Credit**, firms may not qualify the same positions for both incentive programs.

EMPLOYMENT REQUIREMENTS:

Job Creation Grants are awarded for the creation of net new permanent full-time positions meeting certain wage and health benefits requirements. Given the normal turnover of employees, it is possible that several employees will fill one permanent full-time position in any one calendar year. This is acceptable if it is not “job sharing” where two employees, each working part-time, fill one position.

ELIGIBLE EMPLOYEES

(INCLUDED ON JCG WORKSHEET or JCG-HUA/SWaM Worksheet)

A person employed by a business firm, located within an Enterprise Zone, who is **normally scheduled** to work **full-time**, based on the following criteria:

- Minimum of 35 hours per week for the entire normal year of the business firm's operations, which a normal year must consist of at least 48 weeks;
- 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
- Minimum of 1,680 hours per year if the standard fringe benefits are paid by the business firm for the employee.

Grant awards will be prorated based on the number of **full months** of the grant year in which the employee met the wage and health benefits requirements. The following situations would trigger the proration of the \$500 and \$800 grant per position:

- An employee was employed less than 12 months during the grant year.
- An employee only met the wage and health benefits requirements for a portion of the grant year.
- The employee's wages changed.

INELIGIBLE EMPLOYEES

(INCLUDED ON JCG WORKSHEET or JCG-HUA/SWaM Worksheet)

Positions paid **less than 150%** of the minimum wage (\$18.00/hour) **or less than 125%** of the minimum wage (\$15.00/hour) for businesses in HUAs and SWaM-certified businesses.

- Positions that were **not offered health insurance coverage** equal to at least 50% of health insurance premium based on the health benefits agreement.
- **Employees not meeting wage or health insurance thresholds should be included on the worksheet but will be automatically filtered out of the grant calculations on the JCG Worksheet in Excel (the cells will automatically black out).**

INELIGIBLE EMPLOYEES

(NOT INCLUDED ON JCG WORKSHEET or JCG-HUA/SWaM Worksheet)

- Positions not meeting the statutory definition of 'Full-Time', as defined in the Glossary at the end of this document.
- Positions in retail, personal service, or food and beverage services.
- Positions that are seasonal, temporary, leased, or contracted.
- Positions that previously existed elsewhere in the Commonwealth, including any positions that were transferred from outside a zone location to a zone location.
- Positions created by a business that is simultaneously closing or downsizing other facilities in the Commonwealth.
- A person that was previously employed in the same job function in Virginia by a related party, or a trade or business under common control. This includes positions filled by a business that was then purchased by another taxpayer who continued its operation (not net new to Virginia).
- A person that previously qualified for a JCG in connection with a different Enterprise Zone location on behalf of the applicant taxpayer, a related job, or a trade or business under common control (cannot claim the same job twice).
- A person whose position previously qualified a firm for the Major Business Facility Tax Credit.
- **EXAMPLE** - My business is not a retail business, but I have retail positions. Is my firm eligible for JCG? If your business firm is not a retail business, you can only include those positions that are not retail, food/beverage, or personal service positions for the purposes of qualifying for the Job Creation Grant. For example: A hotel is a qualified business for JCG purposes. However, positions in a hotel restaurant or gift shop should be excluded.

HIGH UNEMPLOYMENT AREAS (HUAs)

Businesses located in HUAs and SWaM-certified businesses are eligible to apply for the JCG at the reduced wage rate threshold of \$15.00/hour, or 125% of minimum wage.

Any business applying as an HUA applicant must select the appropriate box on the online application indicating that the application is for a business in an HUA or a SWaM-certified business and must complete the **JCG-HUA/SWaM Worksheet**. This document is specifically tailored to accommodate the reduced wage rate threshold.

LOCALITY	ZONE #
City of Danville*	1 & 57B
City of Emporia*	43B
City of Martinsville*	36 & 54
Northumberland County*	50
City of Petersburg	10
Prince Edward County*	48

*The following communities in joint zones are **NOT HUAs**:

- Pittsylvania County
- Greensville County
- Henry County
- Lancaster County
- Westmoreland County
- Richmond County
- Town of Kilmarnock
- Town of Warsaw
- Charlotte County
- Lunenburg County

Businesses in the above listed communities are **NOT ELIGIBLE** for the reduced wage threshold.

Any existing business that has previously applied for the JCG as an HUA applicant in one of these zones may continue to qualify at 125% of the minimum wage for the remainder of their 5-year grant period, even if the locality is no longer considered an HUA.

Any new businesses applying for the JCG in these zones must pay **at least 125% of the minimum wage** to qualify.

SWaM-CERTIFIED BUSINESSES

2021 legislation passed allows for **SWaM-certified (Small, Women-owned, and Minority-owned) businesses to be eligible to use the reduced wage threshold (125% minimum wage=\$15.00/hour) to qualify for the \$500 grant amount**. To be eligible at the reduced wage threshold, the company must have been SWaM-certified in calendar year 2025. SWaM-certified businesses must select the appropriate box on the online application indicating that the application is for a business in an HUA or a SWaM-certified business and must complete the **JCG-HUA/SWaM Worksheet**.

Look up whether a business is SWaM-certified on the online directory-
<https://directory.sbsd.virginia.gov/#/executiveExport>

REQUIRED APPLICATION MATERIALS

| EZ APPLICATION SYSTEM |

Hard copies are no longer accepted. Applicants must submit their application, and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia FORM W-9 (federal IRS form NOT accepted)
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- JCG Worksheets or JCG-HUA/SWaM Worksheets

(In year one, all firms are required to submit Sheets 1 & 2 from the JCG Worksheet. In years 2-5, only firms that are exempt from the attestation are required to submit the JCG Worksheets 1 & 2.)

- CPA Attestation Report Form (if applicable)

(As provided in §59.1-547, A CPA attestation is a required component to ALL JCG applications except: When the applicant has a Base Year employment ≤ 100 PFTP AND Grant Eligible positions ≤ 25 PFTP.)

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due **by 11:59 p.m. on April 1, 2026.**

JCG WORKSHEET & JCG-HUA/SWaM WORKSHEET

The JCG Worksheet and JCG-HUA/SWaM Worksheet must be completed and uploaded to complete the application. Business firms applying as HUA or SWaM applicants must use the JCG-HUA/SWaM Worksheet. All other business firms should use the standard JCG Worksheets.

To determine eligibility, the business firm will then need to utilize I-9 or comparable employment documentation to verify the start date of permanent full-time employment for all permanent full-time positions in the base year and grant year and identify which permanent full-time positions are net new after the base year. If the company has created at least 4 new permanent full-time positions, **the firm must complete the applicable JCG Worksheet or JCG-HUA/SWaM Worksheet to calculate eligible employment in the base and grant years.**

The JCG Worksheet and JCG-HUA/SWaM Worksheet are **Excel spreadsheets** that tabulate information on all employees filling permanent full-time positions and the hourly wage rates of the employees hired in the grant year. Based on the work dates and applicable wage rates entered for the net new positions, the remainder of the qualification information is automatically calculated within the Worksheet. The grant award for each position is determined based on the wages entered for each grant-eligible position, and the full months they were employed in the grant year. The JCG Worksheet and JCG-HUA/SWaM Worksheet are available at <https://dmz1.dhcd.virginia.gov/EZonePortal/>.

WORKSHEET: SHEET 1

1. Determine the Grant Year.

- The calendar year for which the firm is requesting the Job Creation Grant must be **2025**.

2. Determine the Base Year.

- The base year is either of the two calendar years immediately preceding a business firm's first year of grant eligibility.
 - For Grant Year 2025, Year 1 applicants may choose from calendar year 2024 or 2023 as the base year.
- **Base Year Employment is a static number and should remain the same for each year in the firm's five-year grant period.** Therefore, firms applying in Years 2-5 should report the same base year employees on the JCG Worksheet or JCG-HUA/SWaM Worksheet and Part II, Box 3 in the EZ Application System as was reported on their Year 1 application and Worksheet.

IMPORTANT:

The columns of the Worksheets must be filled out from LEFT TO RIGHT. Filling out the columns out of order may result in calculation errors, as it may allow wages to be entered for ineligible employees.

Please note the following settings in the Worksheets:

- The cells and formulas within the Worksheet are **locked**. The applicant can only enter in information where requested; no formulas can be overridden.
- Some columns are **hidden** (in order for the auto-calculations to function) and are therefore not visible to the user.
- The Worksheet will also highlight cells in red when duplicate names and/or SSNs have been entered.
- All **shaded** columns in the Worksheet automatically populate; the applicant only has to enter in values in the **non-shaded** columns and the yellow wage rate column.

| COLUMNS A-D: EMPLOYEES FILLING PERMANENT FULL-TIME POSITIONS |

1. Column C: “Employee Name” *List all employees filling permanent full-time positions (EF-PFTPs) in **alphabetical order**, beginning with Base Year employees, followed by Grant Year employees. Due to locks on the spreadsheet, applicants will not be able to use the “sort” function in Excel to alphabetize the employees’ names.*

- Include **every employee that worked in the base year** in a permanent full-time capacity regardless of how many months he or she was employed. This could be one day, one week, one month, or the full year. All EF-PFTPs that worked during the base year must be included on the list except for unqualified positions described on Page 10.
- The Worksheet has a function that highlights cells in red when duplicate names and/or SSNs/Employee ID numbers have been entered. If an employee has been intentionally entered twice due to the reasons described in the text box below, ignore the red cells.
- **BASE YEAR EMPLOYEES SHOULD ONLY BE LISTED ONCE**, unless there was a gap in employment (ex. an employee that left for 2 months and was rehired). Base Year employees should NOT be listed more than once to reflect changes in wages.

2. Column D: “Last 4 Digits of SSN or employee ID number” *Enter in the last 4 digits of each employee’s social security number. Employees may be assigned an employee ID number to be used in place of the SSN.*

3. Column B: “Included in CPA Sample Y/N” CPA must indicate which employees have been selected to be sampled through preparation of the CPA Attestation Report. **This is the final step of the Worksheet.**

4. Repeat steps 1-3, listing all EF-PFTPs in the grant year. Include every employee that worked in the grant year in a permanent full-time capacity regardless of how many months he or she was employed. The result should be 2 alphabetical lists of employees, with the base year employees listed first, and the grant year employees listed second. See the information below for directions on reflecting Grant Year employees with wage fluctuations.

Employees Filling Permanent Full-Time Positions				Base Year (new companies use BY2023 or BY2024 YR 2-5 applicants use original BY employee amount)			Current G	
Employee Number	FOR CPA: Employee included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN or employee ID number	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2025	Last work date in grant year 2025
1	Y	Allison Adams	4444	01/01/23	03/13/23	2.37		
2	Y	Patrick Baker	2222	01/01/23	12/31/23	12.00	01/01/25	12/31/25
3	Y	Patrick C. Baker	2236	01/01/23	12/31/23	12.00	01/01/25	12/31/25
4	Y	Michelle Clark	1234	06/12/23	12/31/23	6.67	01/01/25	07/31/25
5	Y	Thomas Davis	2222	01/19/23	12/31/23	11.41	01/01/25	12/31/25
6	Y	Thomas Evans Jr	5555	09/14/23	12/31/23	3.58	01/01/25	12/31/25
7	Y	Lindsey Fleming	7777	01/01/23	11/23/23	10.75		
8	Y	Ashley Gates	8888	07/01/23	12/31/23	6.05	01/01/25	12/31/25
9	Y	Jennifer Holland	3333			0.00	01/01/25	11/15/25
10	Y	Jack Irving III	4321			0.00	01/05/25	03/05/25
11	Y	Jack Irving III	4321			0.00	03/06/25	12/31/25
12	Y	Lauren Johnson	5656			0.00	01/01/25	12/31/25
13	Y	Matthew Klein	4545			0.00	01/01/25	03/01/25
14	Y	Megan Lopez	8989			0.00	05/01/25	12/31/25
15	Y	Josh Mason	9898			0.00	02/01/25	12/31/25
16	Y	Sarah Noland	1414			0.00	02/01/25	08/31/25
17	Y	Sarah Noland	1414			0.00	10/01/25	12/31/25
18	Y	Trevor Osborne	9897			0.00	01/01/25	12/31/25
19	Y	Christy Reilly	4545			0.00	05/06/25	12/31/25
20	Y	Amanda Williams	8145			0.00	01/01/25	12/31/25
21						0.00		

Employees should only be listed on the JCG worksheet once UNLESS:

- An employee was employed during two or more separate periods in the base or grant year.
- A grant-year employee’s wages fluctuated during the grant year. This does NOT apply to base year employees.

In the template above, Jack Irving III is listed twice due to a wage fluctuation and Sarah Noland is also listed twice because he was employed during two separate time periods within the grant year.

The SSN cells for Patrick Baker & Thomas Davis along with Matthew Klein & Christy Reilly are highlighted because the same value has been entered twice. This could be a coincidence, or it could be an error. The red is a warning to double check.

| COLUMNS E-M: BASE AND GRANT YEAR EMPLOYMENT |

To complete this portion of the JCG Worksheet, firm management must utilize the employees' payroll record documentation and I-9 Form.

- 5. Column E: "First work date in base year"** Enter first work date of EF-PFTP in base year.
 - All dates entered in Columns E & F must fall within the base calendar year.
 - For employees who were only employed during the grant year, Columns E and F should be left blank.
- 6. Column F: "Last work date in base year"** Enter last work date of EF-PFTP in base year.
 - The months worked in the base year (Column I) for each employee filling a permanent full-time position will be automatically calculated.
 - Column I will highlight red if the total months worked is greater than 12. This indicates an error in dates entered, and Steps 5-6 should be corrected.
 - *Example:* Lauren Johnson (Employee Line 12) was hired in 2025. For this reason, Columns E and F are left blank for the row pertaining to his base year work dates.
- 7. Column J: "First work date in grant year 2025"** Enter the first work date of EF-PFTP in the grant year.
 - All dates entered in Columns J & K must fall within the grant calendar year (2025).
 - Columns J and K should be left blank for employees who worked in the base year but not grant year.
 - *Example:* Allison Adams & Lindsey Fleming (Employee Lines 1 & 7) was only employed in the base year 2023. For this reason, Columns J and K are left blank for the row pertaining to his employment.
- 8. Column K: "Last work date in grant year 2025"** Enter in the last work date of EF-PFTP.
 - The months worked in the grant year (Column M) for each employee filling a permanent full-time position will be automatically calculated.

Employees Filling Permanent Full-Time Positions				Base Year (new companies use BY2023 or BY2024 YR 2-5 applicants use original BY employee amount)			Current G	
Employee Number	FOR CPA: Employee included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN or employee ID number	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2025	Last work date in grant year 2025
1	Y	Allison Adams	4444	01/01/23	03/13/23	2.37		
2	Y	Patrick Baker	2222	01/01/23	12/31/23	12.00	01/01/25	12/31/25
3	Y	Patrick C. Baker	2236	01/01/23	12/31/23	12.00	01/01/25	12/31/25
4	Y	Michelle Clark	1234	06/12/23	12/31/23	6.67	01/01/25	07/31/25
5	Y	Thomas Davis	2222	01/19/23	12/31/23	11.41	01/01/25	12/31/25
6	Y	Thomas Evans Jr	5555	09/14/23	12/31/23	3.58	01/01/25	12/31/25
7	Y	Lindsey Fleming	7777	01/01/23	11/23/23	10.75		
8	Y	Ashley Gates	8888	07/01/23	12/31/23	6.05	01/01/25	12/31/25
9	Y	Jennifer Holland	3333			0.00	01/01/25	11/15/25
10	Y	Jack Irving III	4321			0.00	01/05/25	03/05/25
11	Y	Jack Irving III	4321			0.00	03/06/25	12/31/25
12	Y	Lauren Johnson	5656			0.00	01/01/25	12/31/25
13	Y	Matthew Klein	4545			0.00	01/01/25	03/01/25
14	Y	Megan Lopez	9898			0.00	05/01/25	12/31/25
15	Y	Josh Mason	9898			0.00	02/01/25	12/31/25
16	Y	Sarah Noland	1414			0.00	02/01/25	08/31/25
17	Y	Sarah Noland	1414			0.00	10/01/25	12/31/25
18	Y	Trevor Osborne	9897			0.00	01/01/25	12/31/25
19	Y	Christy Reilly	4545			0.00	05/06/25	12/31/25
20	Y	Amanda Williams	8145			0.00	01/01/25	12/31/25
21						0.00		

* Column M will highlight red if the total months worked is greater than 12. This indicates an error in dates entered, and Steps 7-8 should be corrected.

| COLUMNS N-O: HEALTH BENEFITS & HOURLY WAGES FOR GRANT YEAR EMPLOYEES |

To complete this portion of the JCG Worksheet, firm management must utilize the employees' payroll record documentation, I-9 Form, and Health Benefits records.

9. Column N: "Offered Health Benefits Y/N" For the employees listed only in the grant year, indicate their health benefits status.

- "Y" indicates that the employee received or was offered health benefits; "N" indicates the employee did not receive or was not offered health benefits.
- Column N may be left blank for any employees that worked in the base year.
- The hourly wage column (Column O) is programmed to shade black for any grant year employees that were not offered health benefits, as indicated by an "N".
- **DO NOT enter the wage rate for employees not offered health benefits. If this column does not shade black, the excel sheet has not been completed correctly. Employees not offered health benefits are NOT eligible.**

Example: Matthew Klein (Employee Line 13) was not offered health insurance. The "N" in Column N automatically triggered Column O to shade in black.

Employees Filling Permanent Full-Time Positions				Base Year (new companies use BY2023 or BY2024 YR 2-5 applicants use original BY employee amount)			Current Grant Year (GY): 2025				
Employee Number	FOR CPA: Employee included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN or employee ID number	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2025	Last work date in grant year 2025	Months the EF PFTP worked in Grant Year 2025	Offered Health Benefits Y / N	Hourly wage Rate for Employees listed in ONLY Grant Year 2025
1	Y	Allison Adams	4444	01/01/23	03/13/23	2.37			0.00	Y	
2	Y	Patrick Baker	2222	01/01/23	12/31/23	12.00	01/01/25	12/31/25	12.00	Y	
3	Y	Patrick C. Baker	2236	01/01/23	12/31/23	12.00	01/01/25	12/31/25	12.00	Y	
4	Y	Michelle Clark	1234	06/12/23	12/31/23	6.67	01/01/25	07/31/25	6.97	Y	
5	Y	Thomas Davis	2222	01/19/23	12/31/23	11.41	01/01/25	12/31/25	12.00	Y	
6	Y	Thomas Evans Jr	5555	09/14/23	12/31/23	3.58	01/01/25	12/31/25	12.00	Y	
7	Y	Lindsey Fleming	7777	01/01/23	11/23/23	10.75			0.00	Y	
8	Y	Ashley Gates	8888	07/01/23	12/31/23	6.05	01/01/25	12/31/25	12.00	Y	
9	Y	Jennifer Holland	3333			0.00	01/01/25	11/15/25	10.49	Y	17.00
10	Y	Jack Irving III	4321			0.00	01/05/25	03/05/25	1.97	Y	17.50
11	Y	Jack Irving III	4321			0.00	03/06/25	12/31/25	9.90	Y	18.50
12	Y	Lauren Johnson	5656			0.00	01/01/25	12/31/25	12.00	Y	22.00
13	Y	Matthew Klein	4545			0.00	01/01/25	03/01/25	1.97	N	
14	Y	Megan Lopez	8989			0.00	05/01/25	12/31/25	8.05	Y	21.50
15	Y	Josh Mason	9898			0.00	02/01/25	12/31/25	10.98	Y	20.00
16	Y	Sarah Noland	1414			0.00	02/01/25	08/31/25	6.97	Y	18.25
17	Y	Sarah Noland	1414			0.00	10/01/25	12/31/25	3.02	Y	18.25
18	Y	Trevor Osborne	9897			0.00	01/01/25	12/31/25	12.00	Y	19.00
19	Y	Christy Reilly	4545			0.00	05/06/25	12/31/25	7.89	Y	19.02
20	Y	Amanda Williams	8145			0.00	01/01/25	12/31/25	12.00	Y	35.56

10. Column O: “Hourly wage rate for Employees listed ONLY in Grant Year” Enter hourly wage rates for grant year employees who received or were offered health benefits.

- Employees with wage fluctuations will be entered on multiple lines, reflecting the grant year dates worked at each wage. Wage fluctuations should not be reflected for base year employees.
- **Wages should never be entered for employees that worked in the base year.** The worksheet is programmed to shade the applicable wage cell in black since these are not new positions.
- **Wages should never be entered for employees not offered health benefits.**
- **Starting, Ending, or Average Wages should NOT be used to reflect an annual hourly wage.**
- *Example:* Jack Irving III (Employee Lines 10-11) received a wage raise, effective March 6th as reflected in Columns J-K and Column O

| COLUMNS P/Q/R/S: FULL MONTHS FOR GRANT YEAR EMPLOYEES |

Based on the wages entered for the grant year employees filling permanent full-time positions, all the Columns P, Q, R, & S auto-populate such that the applicant does not have to manually distribute the total number of months each employee met the 150% (or 125% for businesses in HUAs and SWaM-certified businesses) or 175% of the minimum wage grant eligibility requirement.

****Note: Column S appears only on the JCG HUA/SWaM worksheet.**

Employment calculations for the base year and grant year are based on full-months. As such, the 4-job threshold is equivalent to **48 full-months** worked in excess of the full-months worked in the base year.

If a firm hires 5 employees on October 1 of the grant year (assuming no turnover), each employee will work 3 full-months in the grant year for a total of 15 full-months in the base year. While the firm hired 5 *people*, the firm would NOT exceed the 4-job threshold because each person only worked a small portion of the year.

A	B	C	D	E	F	I	J	K	M	N	O	P	Q	R
Employees Filling Permanent Full-Time Positions			Base Year			Current Grant Year (GY): 2024					Wage Classification for Net New Positions			
Employee Number	Included in CPA Sample Y/N	Employee Name	Last 4 digits of SSN	First work date in base year	Last work date in base year	Months the EF-PFTP worked in Base Year	First work date in grant year 2024	Last work date in grant year 2024	Months the EF PFTP worked in Grant Year 2024	Offered Health Benefits Y / N	Hourly wage Rate for Employees listed in ONLY Grant Year 2024	PFTP in GY not grant eligible (not new in grant year or not meeting wage & health benefit requirement)	New EF PFTP in GY earning at least \$18.00/hr but less than \$21.00/hr	New EF PFTP in GY earning at least \$21.00/hr
1	Y	William Fleming	4444	01/01/22	03/13/22	2.37				0.00	Y		0.00	0.00
2	Y	Patrick Henry	2262	01/01/22	12/31/22	12.00	01/01/24	12/31/24	12.00	Y		12.00	0.00	0.00
3	Y	Patrick C Henry	2236	01/01/22	12/31/22	12.00	01/01/24	12/31/24	12.00	Y		12.00	0.00	0.00
4	Y	David Jameson	1234	06/12/22	12/31/22	6.67	01/01/24	07/31/24	7.00	Y		7.00	0.00	0.00
5	Y	Thomas Jefferson	2222	01/19/22	12/31/22	11.41	01/01/24	12/31/24	12.00	Y		12.00	0.00	0.00
6	Y	Thomas Nelson Jr	5555	09/14/22	12/31/22	3.58	01/01/24	12/31/24	12.00	Y		12.00	0.00	0.00
7	Y	Benjamin Pratt	7777	01/01/22	11/23/22	10.75				0.00	Y		0.00	0.00
8	Y	Edmund Randolph	8888	07/01/22	12/31/22	6.05	01/01/24	12/31/24	12.00	Y	21.00	0.00	0.00	12.00
9	Y	James Barbour	3333			0.00	01/01/24	11/15/24	10.52	Y	17.00	10.52	0.00	0.00
10	Y	Henry Lee III	4321			0.00	01/05/24	03/05/24	2.01	Y	17.50	2.01	0.00	0.00
11	Y	Henry Lee III	4321			0.00	03/06/24	12/31/24	9.90	Y	18.50	0.00	9.90	0.00
12	Y	James Monroe	5656			0.00	01/01/24	12/31/24	12.00	Y	22.00	0.00	0.00	12.00
13	Y	John Page	8888			0.00	01/01/24	03/01/24	2.01	N		0.00	0.00	0.00
14	Y	Peyton Randolph	9899			0.00	05/01/24	12/31/24	8.05	Y	21.50	0.00	0.00	8.05
15	Y	George William Smith	9898			0.00	02/01/24	12/31/24	11.01	Y	20.00	0.00	0.00	11.01
16	Y	John Tyler Sr	1414			0.00	02/01/24	08/31/24	7.00	Y	18.25	0.00	7.00	0.00
17	Y	John Tyler Sr	1414			0.00	10/01/24	12/31/24	3.02	Y	18.25	0.00	3.02	0.00
18	Y	Trevor Vale	9897			0.00	01/01/24	12/31/24	12.00	Y	19.00	0.00	12.00	0.00
19	Y	Allison Williams	4545			0.00	05/06/24	12/31/24	7.89	Y	19.02	0.00	7.89	0.00
20	Y	Pink Zebra	8145			0.00	01/01/24	12/31/24	12.00	Y	35.56	0.00	0.00	12.00
21						0.00			0.00			0.00	0.00	0.00

WORKSHEET: SHEET 2

As soon as Columns P, Q, R, and S auto-populate, Sheet 2 automatically calculated the figures that will need to be entered into the **EZ Application System**. Column B lists the values to be entered into the EZ-JCG fields online.

	A	B	C
1	Values to be Entered in Form EZ-JCG		
2	New Job Creation	<i>Total Value</i>	<i>Form Reference</i>
3	# of all equivalent PFTP filled by the firm during the BASE year	5.40	Part II., 4.A.
4	# of all equivalent PFTP filled by the firm during the GRANT year	13.70	Part II., 4.B.
5	New eligible PFTP filled in grant year earning at least 175% of the minimum wage and health benefits	3.67	Part II., 5.E.
6	New eligible PFTP filled in grant year earning at least 150% of the minimum wage (but less than 175%) and health benefits	4.24	Part II., 5.F.
7			
8			

Navigation tabs: JCG Worksheet | **Form EZ-JCG Values** | Printing Instructions

Status: Ready | Accessibility: Investigate

When printing a hard copy of the JCG Worksheet or JCG-HUA/SWaM Worksheet for your grant documentation files, follow the formatting and printing instructions specified on third tab of the worksheet.

JCG SUBMISSION IN EZ APPLICATION SUBMISSION SYSTEM

| PART I: BACKGROUND INFORMATION |

Form EZ-JCG

PART I: BACKGROUND INFORMATION

1. Qualified Zone Investor's Legal Name <input type="text"/>	2. Trading name, if different than Legal Name <input type="text"/>	3. Date Bus. Began Operation in Zone <input type="text"/> (MM/DD/YYYY)
4. Federal Employment ID# (FEIN) <input type="text"/>	5. Activity # (First three digits of the NAICS) <input type="text"/>	

1. **Qualified Zone Investor's Legal Name:** *Indicate the applicant's legal business name.*
2. **Trading Name:** *Indicate the applicant's trading name, if different than its legal name.*
3. **Date Business Began Operation in Zone:** *Indicate the month, day, and year the applicant started operating its business at the zone establishment.*
4. **FEIN/SSN :** The FEIN/SSN provided with the application is used to track the qualified investors and to disburse all grant funds.
 - **"FEIN":** If the applicant is an S Corp, LLC, Partnership, Corporation, Sole Proprietorship, or other business entity, indicate the applicant's Federal Employment Identification Number (FEIN).
 - **"SSN":** If the applicant is an individual, indicate the applicant's Social Security Number (SSN).
5. **Activity #:** *Indicate the three-digit activity number that applies to the applicant's business type.*
 - A [chart of activity numbers](#) is located on pages 33-36. If your firm's activity number is highlighted in red in the chart, your firm or specific positions at your firm are ineligible for JCG. These positions include:
 - Food & Beverage (NAICS 722), Retail (NAICS 44-45), Personal Services (NAICS 812)
 - Units of Local, State, or Federal Government (Typically FEIN 746)

6. Physical Address of Zone Establishment <input type="text"/>		City/County/Town <input type="text"/>	Zip Code <input type="text"/>
7. Type of Application <input checked="" type="radio"/> Standard <input type="radio"/> High Unemployment Area (HUA) OR SWaM- Certified Business		8. Type of Job Creation Made by the Applicant <input type="radio"/> Expansion of an existing firm <input type="radio"/> New firm (start up) <input type="radio"/> Relocation of a firm from outside Virginia <input type="radio"/> Relocation and expansion of a firm within Virginia <small>Note: Firms are not eligible to apply for the JCG if simultaneously closing a facility in Virginia.</small>	
9. Federal Employment ID# (FEIN) of Parent Company (if applicable) <input type="text"/>		10. If the Firm is Subsidiary, Name of the Parent Company <input type="text"/>	
11. Zone Name <input type="text" value="[Select Zone Name]"/>	12. Zone # <input type="text"/>	13. Zone Designation Date <input type="text"/>	14. Name of Local Zone Administrator <input type="text"/>
15. Name of Grant Applicant Representative First: <input type="text"/> Last: <input type="text"/>	Title <input type="text"/>	Daytime Phone # <input type="text"/>	E-mail Address <input type="text"/>
16. Principal Mailing Address <input type="text"/>	City <input type="text"/>	State VA <input type="text"/>	Zip Code <input type="text"/>

6. Physical Address of Zone Establishment: Indicate the physical location of the applicant’s business operation. This establishment must be located within the boundaries of an Enterprise Zone. Contact the Local Zone Administrator for verification of zone location.

7. Check the type of application. Check whether the application is for a standard JCG, JCG in High Unemployment Area, or JCG SWaM-certified business. If an HUA/SWaM-certified applicant, be sure the JCG-HUA/SWaM Worksheet is utilized.

8. Check the type of job creation made by the applicant: For applicants selecting “Relocation and expansion of firm within Virginia,” make sure the positions are not restricted from the Job Creation Grant, as specified in the Employment Requirements section on pages 9-10.

9-10. FEIN of Parent Company and if Firm is Subsidiary, Name of Parent Company: If the business firm is a subsidiary, list the FEIN (#9) and the name of the Parent Company (#10).

11-13. Zone Name, Zone #, Zone Designation Date: Indicate the Enterprise Zone in which the business is located. Zone names, zone numbers and designation dates are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/>.

14. Name of Local Zone Administrator: State the name of the Local Zone Administrator (LZA). LZA contact information is available at <https://dmz1.dhcd.virginia.gov/EZonePortal/>.

15-16. The Qualified Zone Investor must provide **contact information** for the grant applicant representative. The email address of the applicant representative is required as applicants will receive email confirmations and updates throughout the application submission and review process. See page 6 of this manual for more information.

PART II: QUALIFICATION INFORMATION

1. Grant is requested for calendar year (YYYY). 2. Check year of qualification. YR 1 YR 2 YR 3 YR 4 YR 5

3. Base Calendar year used by the business firm (YYYY). *This base year remains the same for the five years of qualification.*

4. **New Job Creation** (Note: PFTP=Permanent full-time position.)
All documented jobs must exclude positions in retail, food and beverage, and personal service.

A. # of all equivalent PFTP filled by the firm during the BASE year. (Base Year remains the same for the five years of qualification.) A


B. # of all equivalent PFTP filled by the firm during the GRANT year. B

C. Increase in the # of equivalent PFTP created over the base year. Subtract line A from line B. C

D. New jobs created over four net new job threshold. Subtract 4 from line (C). D

Note: If line C is equal to or less than 4, the firm will not qualify for job creation grants.

Base Year Employment is a static number, and should remain the same for each year in the firm's five-year grant period.

 Auto-calculated on the online application based on values entered in 4A - B.

1. Grant Year: Enter the calendar year for which the grant is requested. (Current Grant Year: 2025)

2. Qualification Year: Enter the qualification year (1 -5) for which the grant is requested.

3. Base Year: Determine the base year from which the business firm is claiming an increase in employment.


Firms may use either of the two calendar years immediately preceding its first year of grant eligibility as the base year. This allows a business the discretion to select a base year with lower employment to maximize grant benefits. For GY2025, use BY2024 or BY2023.

- Companies new to Virginia within the past two years will have a base year employment of zero.
- Please see Appendix A for instructions on how to qualify for a subsequent five-year grant period.
- **4. New Job Creation:** Determine the base year for which the business firm is claiming an increase in employment.
 - Boxes 4A & 4B should be populated with the figures provided on Sheet 2 of the Job Creation Worksheet (excel) in cells B3 & B4.
 - Box 4C must be greater than 4 to qualify for a grant.
 - Box 4C-D will auto calculate based on information enter in 4A-B.

5. Grant Eligible Employees: *Determine which new positions meet the wage requirements for each grant level.*

- Boxes 5E & 5F should be populated with the figures provided on Sheet 2 of the Job Creation Worksheet (excel) in cells B5 & B6.

5. Grant Eligible Employees	
E. New eligible PFTP filled in grant year earning at least 175% of the minimum wage and offered health care benefits. * B5 on JCG Worksheet.	E <input type="text"/>
F. Net new eligible PFTP filled in grant year earning at least 150% of the minimum wage (but less than 175%) and offered health care benefits. * B6 on JCG Worksheet.	F <input type="text"/>
G. Number of new grant year PFTP meeting wage and health benefits requirements. * Add lines E and F	G <input type="text"/>

 *Auto-calculated on the online application based on values entered in 5E - F.*

| CALCULATION OF GRANT AWARDS |

When Box 4D is greater than Box 5G... Use numbers in Boxes E and F to calculate the grant amounts in Boxes 6A and 6B.

When Box 4D is less than Box 5G....

If Box E = 0: Multiply Box D by \$500 and enter total in Box 6B and “0” in Box 6A.

If Box F = 0: Multiply Box D by \$800 and enter total in Box 6A and “0” in Box 6B.

If values in both Boxes E and F:

- If Box E is less than D, multiply Box E by \$800 and enter total in Box 6A. Then subtract Box E from Box D, multiply by \$500, and enter total in Box 6B.
- If Box E is greater than Box D, multiply Box D by \$800 and enter total in Box 6A, and “0” in Box 6B

When Box 4D or Box 5G are greater than 350...

If the number of grant eligible positions is greater than 350: Follow the calculation instructions described above. However, during the review process, DHCD will adjust the calculations to take the 350-job cap into consideration. Grants will be awarded for eligible positions at the higher grant level first.

Boxes 6A-C are all auto-calculated on the online application. The email address is required, as applicants will receive email confirmations/updates throughout the application submission and review.

| PART III: CPA CONTACT INFORMATION |

The business firm representative needs to provide contact information for the CPA who prepared the Attestation Report in this section. If no attestation report is required, put EXEMPT as CPA name.

PART III: CPA INFORMATION

If company is exempt from CPA Attestation, put EXEMPT as CPA name.

Name of Certified Public Accountant	VA License #	Daytime Phone #	E-mail Address	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Accounting Firm	Address	City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>	VA <input type="text"/>	<input type="text"/>

| PART IV: UPLOAD DOCUMENTS |

ALL uploaded documents must be uploaded separately (one PDF with all the documents will NOT be accepted). Password protected documents will NOT be accepted. The following documents are **REQUIRED**.

- Applicant Declaration Form
- JCG Worksheet Excel Doc
- Completed Commonwealth of Virginia Form W-9
- LZA Review
- CPA Attestation Report Form (if not exempt)

PART IV: UPLOAD DOCUMENTS

Password protected documents will NOT be accepted. All documents must be uploaded separately (one PDF with all the documents will NOT be accepted).

* Indicates a document that must be uploaded to submit application .

Applicant Declaration Form*

 No file chosen

JCG Worksheet Sheets (must upload excel version)*

 No file chosen

COV Form W-9*

 No file chosen

LZA Review*

 No file chosen

CPA Attestation Report Form (If Not Exempt)

 No file chosen

Additional Information

 No file chosen

| APPLICANT DECLARATION FORM |

The Applicant Declaration Form must be signed and dated by a representative of the business firm that has made the management decisions necessary to complete the application and has reviewed the application and required attachments for accuracy and completion. The Applicant Declaration Form must be uploaded in PART IV of the Portal Submission System.

| JCG WORKSHEET SHEET |

Upload the completed JCG worksheet as an Excel file in PART IV of the Portal Submission System.

| COMMONWEALTH OF VIRGINIA W-9 |

A **completed Commonwealth of Virginia Form W-9** form must be submitted with each grant application in PART IV of the JCG page of the Portal Submission System. The FEIN or SSN listed in PART I must match the FEIN or SSN on the W-9. A blank W-9 form can be found here: https://www.doa.virginia.gov/forms/CVG/W9_COVSubstitute.pdf. Federal Form W-9 will **NOT** be accepted.

| DISREGARDED ENTITIES & SUBSIDIARIES |

The applicant should be the company or individual that is capitalizing on the investment. **The applicant cannot be a disregarded entity.** Often, disregarded entities have a parent company, and in that case the parent company should be the applicant. In other cases of a disregarded entity the individual owner is the applicant and should apply in their own name with their social security number. If the zone investor is a disregarded entity for tax purposes, please utilize the Legal Name and FEIN/TIN of the parent/taxable entity on Form EZ-RPIG and fill out the [Commonwealth of Virginia W-9](#) Form accordingly.

| LZA REVIEW |

The Local Zone Administrator Review document must be signed and uploaded in Part IV.

| CPA ATTESTATION REPORT |

As required by statute, a CPA must perform an attestation following the Agreed-Upon Procedures outlined by DHCD. The CPA must be independent of the Qualified Zone Investor and licensed in the Commonwealth of Virginia. The CPA will test the documentation and calculations used to prepare the Job Creation Grant application and will report on these procedures and their findings in the Attestation Report. This report is to be signed by the CPA and uploaded and submitted electronically.

Contact your CPA to find out if they are able to fulfill the attestation requirements for the Job Creation Grant application. All CPAs should know if they are able to perform agreed upon procedures.

These procedures and additional information are available on the EZ Online Submission System site at: <https://dmz1.dhcd.virginia.gov/EZonePortal> to DHCD by **April 1, 2026**.

CPA Attestation Exemption: As provided in §59.1-547 of the Code of Virginia, business firms with base year employment of 100 or fewer permanent full-time positions that create 25 or fewer grant eligible positions **are** exempt from the attestation requirement for that qualification year. If a firm is exempt from the Attestation Report, the firm must submit the Job Creation Worksheet with their application (regardless of qualification year). **The JCG Worksheet must be completed each year the firm seeks qualification for the JCG, regardless of whether the Attestation Report is required.**

PART III: CPA INFORMATION

If company is exempt from CPA Attestation, put EXEMPT as CPA name.

Name of Certified Public Accountant	VA License #	Daytime Phone #	E-mail Address	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Accounting Firm	Address	City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>	VA <input type="text"/>	<input type="text"/>

Can my CPA prepare the application, accompanying materials (worksheets), and attest?

Professional standards (AICPA) provide that a CPA can offer assistance provided the CPA does not assume management responsibilities, such as making management decisions or performing management functions. The decision to follow any advice provided remains with management of the entity.

| PART V: COMMENTS |

The applicant may enter any additional information or notes in this section.

PART V: COMMENTS

Please enter your notes here:

| TAXABILITY OF GRANTS |

Under IRS regulations, grant awards may be considered taxable income. A 1099 will be issued to all EZ grantees for the grant awards received. For tax-related questions, please contact your tax professional for guidance.

Note: If a grant applicant has any type of outstanding liability to the State (such as an outstanding tax liability), the awarded grant amount will be reduced by the dollar amount of the liability. DHCD does not have records of potential liabilities as this process is handled outside the agency. **If you receive a grant award that is less than the amount noted in the qualification letter, please call the Department of Accounts at (804) 371-8383.**

| RECORD KEEPING REQUIREMENTS |

The Department may at any time review an applicant's records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding JCG qualification for a minimum of three years following the receipt of the grant. Grants that do not have adequate documentation regarding qualified real property investments may be subject to repayment. **All JCG grantees are monitored for their first grant year.** Job Creation Grants that do not have adequate documentation regarding permanent full-time positions, [report to work](#) criteria, wage rates, or the provision of health benefits may be subject to repayment. The digital version along with a hard copy print out must be kept on file with other grant request records.

| CONTACT INFORMATION |

If you have any questions about qualifying for the Enterprise Zone grants or other aspects of the program, please contact:

Virginia Department of Housing and Community Development

(804) 371-7000

EZONE@dhcd.virginia.gov

www.dhcd.virginia.gov

APPENDIX A

A. Requesting a Second or Subsequent five-year Job Creation Grant Period

Business firms who have finished their first 5-year incentive period may qualify for a subsequent grant period provided that they are still creating new jobs eligible to receive Job Creation Grants.

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.

If a business firm applies for a subsequent five-year grant period 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.

DEFINITIONS FOR JCGs

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the business or qualified zone investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will test and report on the assertion of the business or qualified zone investor as to their qualification to receive the Enterprise Zone incentive pursuant to 59.1-549 of the Code of Virginia.

Base year, for wage-based Job Creation Grants:

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

Bonus:

Means a payment made in addition to the employee's regular earnings.

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 813910 of the North American Industry Classification System (NAICS) and that generate the majority of their revenue from customers outside the Commonwealth.

Commission:

Means the compensation paid to an employee after completing a task, which is usually selling a certain amount of goods or services.

Common control:

Means such firms as defined by Internal Revenue Code § 52(b).

Food and beverage service:

Means a business whose classification falls under subsector 722 Food Services and Drinking Places of North American Industry Classification Systems (NAICS).

Full month:

Means the number of days that the permanent full-time position must be filled in order to count in the calculation of the grant amount. A full month 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 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 percent of the cost of the premium at the time of employment and annually thereafter.

High Unemployment Areas (HUA):

Means Enterprise Zone localities with unemployment rates one and one-half times or more than state average based on the most recent annualized unemployment data published by the Virginia Employment Commission.

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 grants under this Program.

Local Zone Administrator:

Means the chief executive of the city or county in which an Enterprise Zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

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, according to the Virginia Code (13VAC5-112-10).

Permanent full-time position:

Means a job of indefinite duration at a business firm located in an enterprise zone, requiring the employee to report to work within an enterprise zone; and requiring (i) a minimum of 35 hours of an employee's time per week for the entire normal year of a business firm's operation, which a normal year must consist of 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 positions shall not include: (i) seasonal, temporary, or contract positions, (ii) 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, (iii) any position that previously existed in the Commonwealth, or (iv) positions created by a business that is simultaneously closing facilities in other areas of the Commonwealth.

Personal Service:

Means such positions as classified under NAICS 812.

Regular basis:

Means at least once a month as related to “report to work” requirements for the wage-based job creation grants.

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 sector 44-45 Retail Trade of the North American Industry Classification System (NAICS).

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 CPA firm during the tax return season in order to process returns who work full-time over a three-month period are seasonal employees.

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 firm’s 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 a subsequent five- consecutive-year grant period 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.

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 Virginia that is relocated to an enterprise zone facility owned or operated by that firm.

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.

CHART OF ACTIVITY NUMBERS

Agriculture, Forestry, Fishing and Hunting	
Activity Code	Subsector Description
<u>111</u>	Crop Production
<u>112</u>	Animal Production
<u>113</u>	Forestry and Logging
<u>114</u>	Fishing, Hunting and Trapping
<u>115</u>	Support Activities for Agriculture and Forestry
Mining	
Activity Code	Subsector Description
<u>211</u>	Oil and Gas Extraction
<u>212</u>	Mining (except Oil and Gas)
<u>213</u>	Support Activities for Mining
Utilities	
Activity Code	Subsector Description
<u>221</u>	Utilities
Construction	
Activity Code	Subsector Description
<u>236</u>	Building, Developing, and General Contracting
<u>237</u>	Heavy and Civil Engineering Construction
<u>238</u>	Special Trade Contractors
Manufacturing	
Activity Code	Subsector Description
<u>311</u>	Food Manufacturing
<u>312</u>	Beverage and Tobacco Product Manufacturing
<u>313</u>	Textile Mills
<u>314</u>	Textile Product Mills
<u>315</u>	Apparel Manufacturing
<u>316</u>	Leather and Allied Product Manufacturing
<u>321</u>	Wood Product Manufacturing
<u>322</u>	Paper Manufacturing
<u>323</u>	Printing and Related Support Activities
<u>324</u>	Petroleum and Coal Products Manufacturing
<u>325</u>	Chemical Manufacturing
<u>326</u>	Plastics and Rubber Products Manufacturing
<u>327</u>	Nonmetallic Mineral Product Manufacturing
<u>331</u>	Primary Metal Manufacturing
<u>332</u>	Fabricated Metal Product Manufacturing
<u>333</u>	Machinery Manufacturing

334	Computer and Electronic Product Manufacturing
335	Electrical Equipment, Appliance, and Component Manufacturing
336	Transportation Equipment Manufacturing
337	Furniture and Related Product Manufacturing
339	Miscellaneous Manufacturing

Wholesale Trade	
Activity Code	Subsector Description
423	Wholesale Trade, Durable Goods
424	Wholesale Trade, Nondurable Goods
425	Wholesale Electronic Markets and Agents and Brokers
Retail Trade – PROHIBITED FROM APPLYING FOR JOB CREATION GRANTS	
Activity Code	Subsector Description
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliance Stores
444	Building Material and Garden Equipment and Supplies Dealers
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book, and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers
Transportation and Warehousing	
Activity Code	Subsector Description
481	Air Transportation
482	Rail Transportation
483	Water Transportation
484	Truck Transportation
485	Transit and Ground Passenger Transportation
486	Pipeline Transportation
487	Scenic and Sightseeing Transportation
488	Support Activities for Transportation
491	Postal Service
492	Couriers and Messengers
493	Warehousing and Storage
Information	
Activity Code	Subsector Description

511	Publishing Industries
512	Motion Picture and Sound Recording Industries
515	Broadcasting and Telecommunications
517	Telecommunications
518	Data Processing Services, Hosting, and Related Services
519	Other Information Services
Finance and Insurance	
Activity Code	Subsector Description
521	Monetary Authorities - Central Bank
522	Credit Intermediation and Related Activities
523	Securities, Commodity Contracts, Other Financial Investments and Related Activities
524	Insurance Carriers and Related Activities
525	Funds, Trusts, and Other Financial Vehicles

Real Estate and Rental and Leasing	
Activity Code	Subsector Description
531	Real Estate
532	Rental and Leasing Services
533	Lessors of Nonfinancial Intangible Assets (except Copyright)
Professional, Scientific, and Technical Services	
Activity Code	Subsector Description
541	Professional, Scientific, and Technical Services
Management of Companies and Enterprises	
Activity Code	Subsector Description
551	Management of Companies and Enterprises
Activity Code	Subsector Description
562	Waste Management and Remediation Services
Educational Services	
Activity Code	Subsector Description
611	Educational Services
Health Care and Social Assistance	
Activity Code	Subsector Description
621	Ambulatory Health Care Services
622	Hospitals

623	Nursing and Residential Care Facilities
624	Social Assistance
Arts, Entertainment, and Recreation	
Activity Code	Subsector Description
711	Performing Arts, Spectator Sports, and Related Industries
712	Museums, Historical Sites, and Similar Institutions
713	Amusement, Gambling, and Recreation Industries
Accommodation and Food Services	
Activity Code	Subsector Description
721	Accommodation
722	Food Services and Drinking Places-- PROHIBITED FROM APPLYING FOR JOB CREATION GRANTS
Other Services (except Public Administration)	
Activity Code	Subsector Description
811	Repair and Maintenance
812	Personal and Laundry Services—PROHIBITED FROM APPLYING FOR THE JOB CREATION GRANT
813	Religious, Grant making, Civic, Professional, and Similar
814	Private Households

Virginia Enterprise Zone

Grant Year 2025

Real Property Investment Grant Instruction Manual



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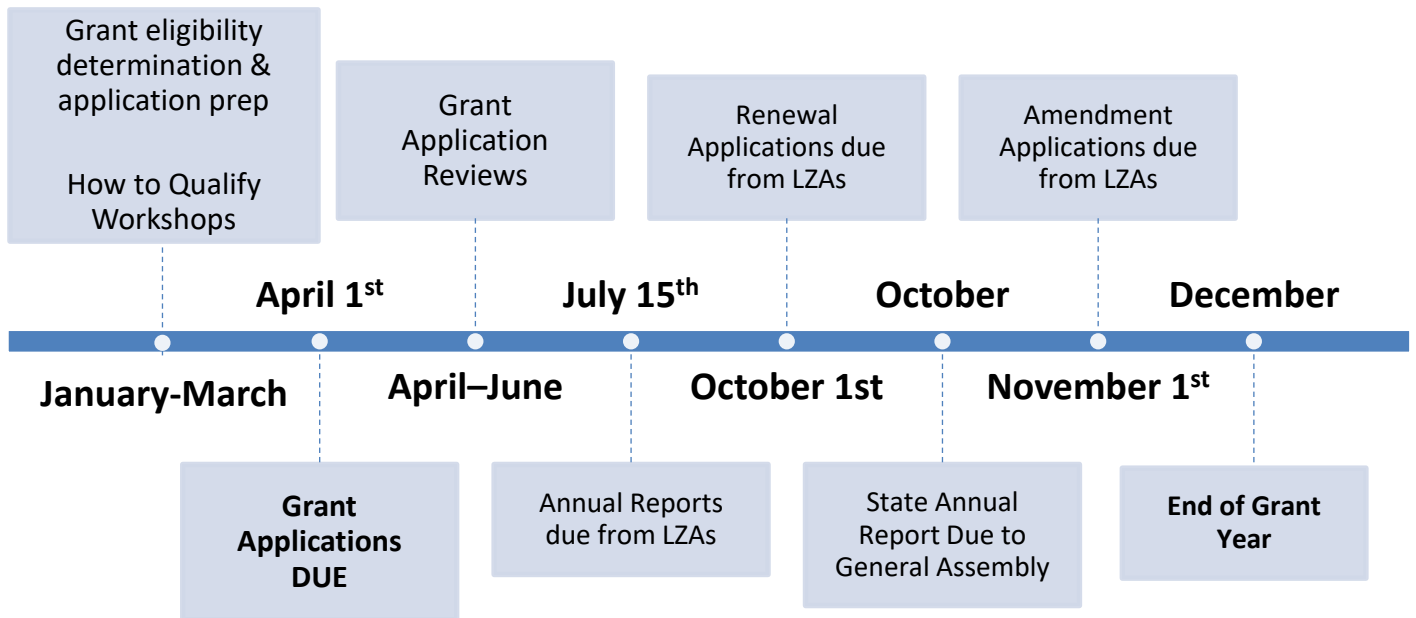
The Virginia Enterprise Zone (VEZ) program is a partnership between state and local government that encourages job creation and private investment. VEZ accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the locality provides local incentives.



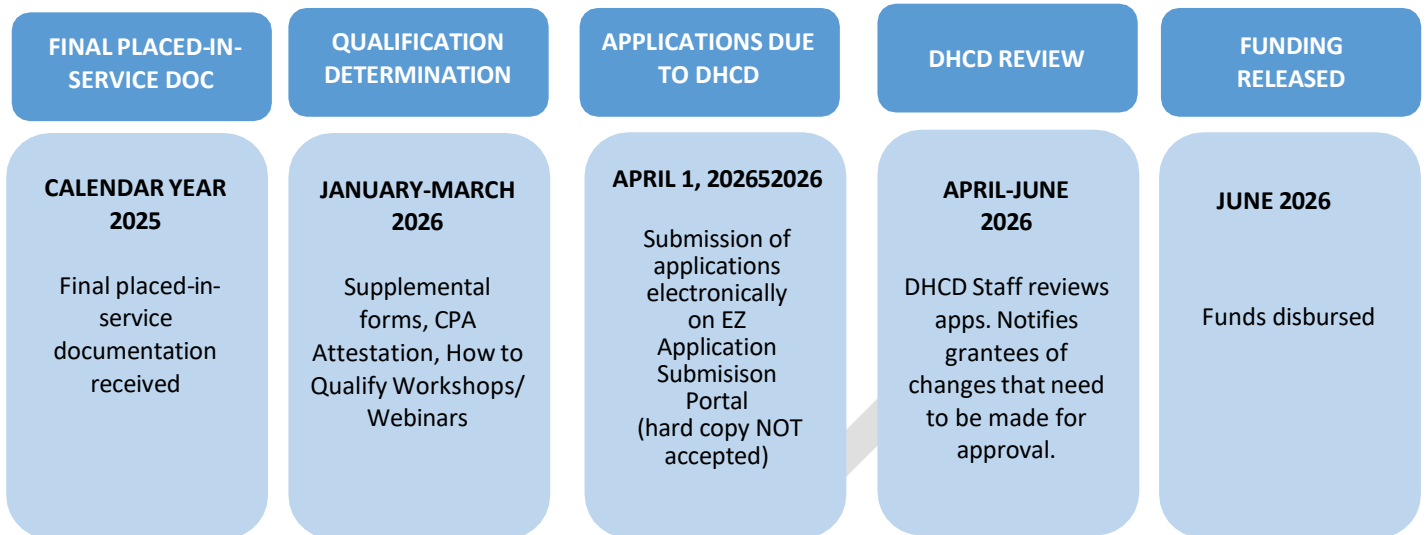
VEZ grants are subject to an annual appropriation by the General Assembly. By statute, the Job Creation Grants (JCGs) receive funding priority. After fully funding the JCGs, the remaining funds are allocated to the Real Property Investment Grants (RPIGs) and the amount paid to each RPIG applicant is prorated proportionally if grant requests exceed the remaining funds.

In Grant Year 2024, RPIGs were fully funded for the third consecutive year. In the past, the program faced challenges in fully funding grant applications. Since 2021, however, there has been an increase in program funding, allowing for the full financing of JCG and RPIG grants.

ANNUAL TIMELINE



GRANT YEAR 2025 TIMELINE



APPLICATION INFORMATION

APPLICANT | the person who capitalizes on the investment on their books or deducts the investment as a business expense under federal Treasury Regulations for tax purposes (units of local, state, or federal government are NOT eligible). The applicant is also referred to in this manual as the qualified zone investor.

QUALIFIED ZONE INVESTOR | means an owner, tenant, or developer of real property located within an Enterprise Zone who expands, rehabilitates, or constructs such real property for commercial, industrial, or mixed use.

APPLICATION | In order to be eligible, the qualified zone investor must complete and submit all required application components. The application is submitted online through the EZ Application Submission System site: <https://dmz1.dhcd.virginia.gov/EZonePortal/>

- Commonwealth of Virginia W-9 Form
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- Final Placed-in-Service Document
- CPA Attestation Report
- Supplemental Forms include Multiple Owner Form, Tenant Coordination Form, Tenant Owner Consent Form, and Mixed-Use Form.

SAMPLE APPLICATION PAGE | This document is in place of Form EZ-RPIG and Form EZ-JCG/JCG-HUA/SWaM. It is NOT a required upload.

- Form EZ-RPIG & Form EZ-JCG/JCG-HUA/SWaM are no longer required documents to be uploaded.
- Information from these forms is entered directly into the EZ Application Submission System.
- It is not possible to open the application, fill in some information, and save the application. All information must be filled in and submitted at the same time.
- The Sample Application Page document is provided for zone investors to utilize to gather the necessary information for the application submission BEFORE submission.
- The Sample Application Page document is NOT required for submission and is NOT required to be uploaded.
- All required attachments/uploads, including the COV W-9, the LZA Review, the Application Declaration, the CPA Attestation Report, Final Placed-in-Service document, and all supplemental documents must be uploaded in the EZ Application Submission System in the appropriate “Uploaded Documents” Section.

CPA ATTESTATION REPORT | An independent (external of the zone investor) Certified Public Accountant (CPA), licensed in Virginia, must attest to the application materials and complete the CPA Attestation Report to be submitted with all RPIG applications. The Agreed Upon Procedures for CPA Attestations and Attestation Report Templates are available on the EZ Application Submission System (link on previous page).

DRAFT

SUBMITTAL REQUIREMENTS

APPLICATIONS MUST BE SUBMITTED THROUGH THE SYSTEM NO LATER THAN 11:59PM, APRIL 1, 2026 (EDT). Applicants will be prompted to save and print the completed application for their own records. DHCD is unable to pre-qualify any applicants.

LATE APPLICATIONS/APPLICATIONS WITHOUT CPA ATTESTATION REPORT | Any application submitted without the required CPA Attestation Report or submitted after the deadline will be considered late. Such applications are held until DHCD determines that funds remain after fully funding on-time applications. At such time, DHCD will review and process late applications on a first-come, first-served basis.

MULTIPLE APPLICATIONS | If submitting more than one application, each grant application and associated materials must be submitted separately via electronic submission.

APPLICATION CONFIRMATIONS | Email confirmations will be sent throughout the submittal process to keep the applicant informed of the status of the application and to bring any submittal issues to the applicant's attention prior to certain deadlines. Applicants will receive confirmations in the following order:

- 1. Successful submission of online application -** This email will indicate the date and time of the submittal. DHCD recommends applicants print the application at this time and retain confirmation emails with their grant records. If the applicant has submitted all required documents with required signatures, this notification is the only one that will be received.
- 2. Notification of deficiencies -** DHCD will notify applicants by May 15th in cases where any additional information is required due to application deficiencies. The email will be sent from the following address: ezone@dhcd.virginia.gov. Please reply directly to that address when responding.
- 3. Notification of resolution of deficiencies -** Applicants must resolve any identified deficiencies by June 1st. Once the applicant provides the requested information, a final email will be sent to the applicant confirming DHCD's receipt of the requested material.

SUMMARY | ELIGIBILITY REQUIREMENTS

To be eligible, properties must be located in the boundaries of an Enterprise Zone. To determine whether your property is located in an EZ, contact your locality's Economic Development Department.

ELIGIBLE INVESTORS/GRANTEES:

- Owns building (occupant)
- Owns building (non-occupant)
- Owns space in building (office condo)*
- Tenant*
- Developer

ELIGIBLE PROPERTY TYPES:

- Building
- Facility

ELIGIBLE PROPERTY USES:

- Industrial
- Commercial (includes office space & childcare)
- Mixed-use (at least 30% of the usable floor space must be industrial or commercial to be eligible)

ELIGIBLE INVESTMENTS:

- Rehabilitation or expansion
- New construction
- Solar-only (meaning solar is the only component added to the building or facility)
- Rehabilitation/expansion with solar
- New construction with solar

INVESTMENT THRESHOLDS:

- **Rehabilitation or expansion** - total amount of improvements must exceed \$100,000 in Qualified Real Property Investments (QRPI) to be eligible

- **New construction** - total amount of improvements must exceed \$500,000 in QRPI
- **Solar-only** – no minimum threshold
- **Rehabilitation/expansion with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$50,000 in QRPI to be eligible
- **New construction with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$450,000 in QRPI to be eligible

GRANT CAP & CALCULATIONS

- Grants based on amount of **qualified real property investment (QRPI)**=hard construction costs (full list on page 13)
- Grants up to **20% of the QRPI up to \$100,000** per building/facility for QRPIs ≤\$5M in a 5-year period (less the threshold amount)
- Grants up to **20% of the QRPI up to \$200,000** per building/facility for QRPIs > \$5M but ≤ \$20M in a 5-year period (less the threshold amount)
- Grants up to **25% of the QRPI up to \$300,000** per building/facility for QRPIs >\$20M in a 5-year period (less the threshold amount)
- Real property investment expenditures funded by federal, state, or local grants are **NOT ELIGIBLE** for an RPIG and must be **excluded** from the application



ELIGIBLE PROPERTIES

| MUST BE LOCATED IN AN EZ TO BE ELIGIBLE |

Contact your **Local Zone Administrator (LZA)** (usually a member of the locality's Economic Development staff) to confirm that the building or facility is within the boundaries of an Enterprise Zone. Contact information for Local Zone Administrators is available online at:

<https://dmz1.dhcd.virginia.gov/EZoneportal/ZoneAdminInfo.aspx>

| BUILDINGS & FACILITIES ARE ELIGIBLE |

A facility is 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. A facility typically represents a group of buildings under common ownership, management, and operations. **Examples of facilities: mall, lumber mill plant, hotel with multiple buildings**

Common management and operations means that the group of buildings is designed to function as a unit, such that in the case of tenants, a management company dictates their hours of operations, etc. Clustered buildings that are not related operations but choose to co-locate for convenience or by coincidence do NOT constitute a facility. Clustered buildings that share operations, amenities, and employees DO constitute a facility.

| ELIGIBLE PROPERTY END-USES |

- Commercial (includes office space)
- Industrial
- Mixed-use—those incorporating residential uses in which a minimum of 30% of the usable floor space is devoted to commercial, office, or industrial use. (No more than 70% of the usable floor space in a mixed-use building or facility may be devoted to residential use to be eligible.)

| ELIGIBLE PROPERTY INVESTMENTS |

- Rehabilitation (with or without solar)
- Expansion (with or without solar)
- New construction (with or without solar)
- Solar-only (meaning solar is the only component added to the building or facility)



ELIGIBLE APPLICANTS

| APPLICANTS/ZONE INVESTORS |

The entity or individual capitalizing or expensing the costs associated with the real property investment is the applicant/zone investor and may apply for the RPIG and includes:

- Property owner (occupant or non-occupant)
- One of multiple owners within a building
- Tenant
- Developer

| MULTIPLE OWNERS IN A BUILDING/FACILITY |

The **applicant must coordinate qualification with all other owners** within the building/facility.

The qualified zone investor applying for an RPIG must have **adequate documentation (such as a deed of trust or an official property assessment)** to indicate the portion of the building (square footage) owned by the zone investor on the date of issued placed in service document.

The applicant must also request supporting documentation to **determine the portion of the building that is owned by the other individuals or entities.**

In cases where the required coordination does not take place, DHCD will determine the maximum grant amount available based on the proportion of the building the applicant owns.

1. The maximum grant amount available (either \$100,000 or \$200,000) will be determined by the cumulative qualified real property investments made to the building/facility within the consecutive five-year period.
2. DHCD will then multiply the applicable grant cap by the percent of the building's usable floor space for which the tenant has a lease or for which the owner has a deed of trust.

For qualified real property investments less than or equal to \$20 million, the grant cannot exceed the amount of 20% of the applicant's qualified real property investment made in excess of the applicable investment threshold (not to exceed the maximum investment cap), whichever is less. For qualified real property investments greater than \$20 million, the grant cannot exceed the amount of 25% of the applicant's qualified real property investment made in excess of the applicable investment threshold (not to exceed the maximum investment cap), whichever is less.

*Qualified zone investors applying as an owner of space within a building **MUST** submit supplemental forms verifying coordination with the other owners. Coordination requires all owners to provide their notarized signatures and square footage owned as indication of their understanding that RPIG awards are capped per building or facility. This is to ensure that no more than the applicable grant cap is requested within a five-consecutive year period for the building or facility. All forms must be uploaded and submitted in the EZ Submission System at the same time as other application materials.

| TENANTS |

Tenants may apply for qualified real property investments made to the portion of the building for which they hold a valid lease, only if the improvements were made directly by the tenant and not the owner of the property.

Only leasehold improvements made directly by a tenant or improvements made under a capital lease are considered grant-eligible.

*Qualified zone investors applying as a tenant **MUST** submit supplemental forms verifying coordination with the owner of the property and/or other tenants. Coordination requires all owners and/or tenants to provide their notarized signatures and square footage owned as indication of their understanding that RPIG awards are capped per building or facility. This is to ensure that no more than the applicable grant cap is requested within a five-consecutive year period for the building or facility. All forms must be uploaded and submitted in the EZ Submission System at the same time as other application materials.

INVESTMENT	APPLICANT
Leasehold improvements made directly by tenant	Tenant
Improvements made by landlord/owner under a capital lease	Tenant
Improvements paid for by landlord/owner as part of an operating lease	Landlord and/or owner

| DEVELOPERS |

If a developer incurred expenditures for the real property investments but does not own the building at the time of application for RPIG, additional documentation must be submitted. Depending on the developer/owner situation, different forms of documentation will be required:

If the developer owned the building when placed-in-service documentation was issued (the name of the developer is listed as “owner” on placed-in-service document), the developer must provide documentation that verifies ownership at the time of issuance. This could be a parcel print out that provides transaction history or a sales document that proves the date of sale as AFTER the placed-in-service issuance.

If the developer sold the property before the issuance of the final placed-in-service documentation, the developer must prove that they have received consent from or coordinated with the current building owner(s) in one of two ways:

- Provide the sales contract with the new owner(s) that notifies them of the grant availability and the developer’s intent to apply.
- Provide a letter that notifies the current owners of the grant availability and the developer’s intent to apply. The letter must be signed by the current owners and notarized.

If the developer builds a new building and sells the office space within the building prior to receiving the final CO, then then the developer may be eligible for the maximum grant amount. The developer **MUST** stipulate that the intention to apply for the full grant amount was in the sales contract with the new owners (developer **MUST** provide this to DHCD). If there was no stipulation, the grant request must be coordinated with the other owners of the building as of the date of the issued Certificate of Occupancy or other applicable final placed-in-service documentation. A notarized letter signed by the current owners qualifies as coordination.

DETERMINATION OF GRANT YEAR

| GRANT YEAR = YEAR THAT THE PROPERTY WAS PLACED-IN-SERVICE |

An applicant must apply for the RPIG for the calendar year in which the building was placed in service. To be eligible for Grant Year 2025, the placed-in-service documentation must be approved within the 2025 calendar year (between January 1st and December 31st, 2025). **Grant Year 2025 RPIG applications are due by 11:59 p.m. on April 1, 2026.**

The RPIG application may only include qualified real property investments that were completed under the final placed-in-service document provided and capitalized or expensed by the qualified zone investor. The placed in service date is:

- the date in which the final, approved Certificate of Occupancy (CO) is issued
- the date in which a final inspection is approved for work done at the property, as long as no other trades permits are pending for the project and a CO was not required
- in cases where the locality did not require permits, the date of a licensed third party inspector's report which states that the project is complete (accompanied by a letter from the locality stating no permits were required for the scope of work)
- more details on placed-in-service documentation available on pages 16-18

Due to statutory restrictions, DHCD is unable to process applications with placed-in-service documentation from previous calendar years, such as a final building inspection or final CO issued in 2024. Also, properties placed-in-service during 2026 will need to wait until the next grant cycle to apply for funding.

QUALIFIED REAL PROPERTY INVESTMENTS

Prior to beginning an RPIG application, a Qualified Zone Investor should determine if they meet the basic qualification criteria. Applicants should first assess the applicable type of qualified real property investment—[rehabilitation, expansion](#), or [new construction](#). They should then determine if they meet the respective minimum investment threshold in qualified real property investments.

INVESTMENT TYPE	MINIMUM THRESHOLD
Rehabilitation & expansion	\$100,000 in QRPIs
New Construction	\$500,000 in QRPIs
Solar-only (solar is the only component added to a building/facility)	No minimum threshold
Rehab/Expansion with solar	If solar investment is more than \$50,000, the minimum threshold is \$50,000 in QRPIs
New construction with solar	If solar investment is more than \$50,000, the minimum threshold is \$450,000 in QRPIs

Qualified real property investments include expenditures associated with any exterior, interior, structural, mechanical, or electrical improvements necessary to construct, expand or rehabilitate depreciable real property for commercial, industrial, or mixed use. Qualified real property investments include 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.

For example, if a Zone Investor’s qualified real property investment (QRPI) in the rehabilitation of an existing building is \$500,000, the amount of RPIG they would be eligible to apply for is \$80,000 (\$500,000 - \$100,000 threshold = \$400,000 grant eligible QRPI; 20% of \$400,000 is \$80,000).

INVESTMENT TYPE	REHAB &/OR EXPANSION	NEW CONST	REHAB/EXP. CAPPED	NEW CONST. WITH OVER \$50K SOLAR	REHAB/EXP. WITH OVER \$50K SOLAR	SOLAR -ONLY
TOTAL QRPI	\$500,000	\$900,000	\$2,000,000	\$1,000,000	\$100,000	\$75,000
SUBTRACT THRESHOLD	<u>-\$100,000</u>	<u>-\$500,000</u>	<u>-\$100,000</u>	<u>-\$450,000</u>	<u>-\$50,000</u>	<u>-\$0</u>
GRANT-ELIGIBLE QRPI	\$400,000	\$400,000	\$1,900,000	\$550,000	\$50,000	\$75,000
MULTIPLY BY 20 %	X <u>.20</u>	X <u>.20</u>	X <u>.20</u>	X <u>.20</u>	X <u>.20</u>	X <u>.20</u>
	\$80,000	\$80,000	\$380,000 (exceeds max)	\$110,000 (exceeds max)	\$10,000	\$15,000
GRANT REQUEST	\$80,000	\$80,000	\$100,000	\$100,000	\$10,000	\$15,000

| QUALIFIED |

Cabinetry (if taxed as real property)
Carpentry
Ceilings
Clean-up & dumpsters
Contractors
Doors & windows
Drainage systems
Driveways & paving (to property line)
Drywall & plaster
Electrical improvements*
Elevators
Excavation & grading
Exterior repair
Fencing & gates
Fire suppression systems & sprinkler systems
Fixtures
Gas station canopies (if taxed as real property)
HVAC
Landscaping (including retention ponds)
Lead & termite abatement
Loading docks
Management (superintendents, CM/PM)
Masonry
Mechanical improvements*
Painting
Plumbing
Roofing & flashing
Sidewalks (to property line) & patios
Solar panels**
Storm water management
Thermal/moisture protection
Wheelchair lift

***EQUIPMENT UNRELATED TO CONSTRUCTION & LABOR/
MATERIAL MAY NOT BE INCLUDED IN THIS CATEGORY**

****SOLAR PANELS IN EXCESS OF \$50,000 CAN QUALIFY
FOR LOWER THRESHOLDS**

| UNQUALIFIED |

Accounting & bookkeeping costs
Acquisition costs
Appraisals
Architectural, engineering & design fees
Bidding Process
Blinds or other window treatments
Bonding
Closing costs
Furnishings
Insurance
Kitchen & laundry appliances
Legal, marketing, or other
Machinery, tools, & equipment
Outbuildings
Permits, user fees, zoning fees, impact fees, inspection fees, or development fees
Professional services (soft costs)
Realtor, sales, & leasing fees
Real estate taxes
Rent loss
Signage or wayfinding signage
Soil testing
Surveying fees
Sweat equity
Temporary facilities
Public roads & sidewalks
Utility hook-up, extension, or access fees
Well, septic, or sewer systems
Workstations & cubicles (unless taxed as real property)

NO SOFT COSTS

NO MACHINERY & TOOLS

NO BUSINESS PERSONAL PROPERTY

All grants of public funds (federal, state, local) where the grant proceeds were used to fund QRPIs **SHOULD BE EXCLUDED** from the investment total. Grants received from private foundations may be used for QRPIs that can be included in the investment total.

| QUALIFIED INVESTMENTS |

How to know if something qualifies for RPIG:

1. Was it capitalized or expensed on the Qualified Zone Investor’s books? (If no, then ineligible.)
2. How is it taxed by the locality? (If not Real Property, then ineligible).
3. If the tenant moved out, could the item be removed? (If yes, then ineligible).

*These questions are not a clearinghouse for qualification. For questions regarding the eligibility of certain investments, please contact DHCD at ezone@dhcd.virginia.gov.

QUALIFIED	UNQUALIFIED
Clearing	Sewer tie-in fees
Concrete excavation or earthwork	Utilities
Construction overhead	Work extending beyond property line
Paving	Installation/removal of septic systems

QUALIFIED	UNQUALIFIED
Clean up	Utilities
General Labor	Travel
Hoisting	Professional Fees
Mobilization	Signage
Project Management	Rent/Income Loss
Project Superintendents	Off-site Space Rentals
Rental Equipment	

| SITE WORK & GENERAL CONDITIONS |

“Site work” and “general conditions” are common schedule items; however, not all items typically included under these categories constitute QRPIs. Often, unqualified items are inappropriately lumped into “site work” or “general conditions” and therefore, it is always best to break down and list all work included under the “site work” and “general conditions” categories.

| CONDITIONAL ITEMS |

The following items qualify as real property investments (i.e. their corresponding dollar amount can be included in the investment total) only if the described conditions are met.

Awning/canopy	Must be structurally part of building/roof to qualify. Awnings or canopies that are fabric or non-structural do NOT constitute a real property investment. If possible, submit a photo with hard-copy application.
Change orders	Needs to be broken down into more specific categories, such as “additional flooring work” in order to ensure that each item is a qualified real property investment.
Plumbing/piping	Can only include work that is structurally within the building/facility, not what runs from the building to the public utilities.
Kitchens	The improvements must be structurally part of the building (such as hood or walk-in freezer that is taxed as real property and not business personal property). Kitchen appliances and furniture are ineligible.

REQUIRED APPLICATION MATERIALS

| EZ APPLICATION SYSTEM |

Hard copies are no longer accepted. Applicants must submit their application and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia Form W-9 (federal IRS form NOT accepted)
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- Final Placed-in-Service Document
- CPA Attestation Report Form
- Supplemental Forms: (*if applicable)
 - FORM EZ-RPIG Multiple Owner*
 - FORM EZ-RPIG Tenant-Owner Consent*
 - FORM EZ-RPIG Tenant Coordination*
 - FORM EZ-RPIG Mixed-Use*

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due by 11:59 p.m. on April 1, 2026.



| PLACED-IN-SERVICE DOCUMENTATION |

ALL RPIG applications must include an **APPROVED & FINAL** placed-in-service document for the qualified real property investments. Acceptable documents:

1. Certificate of Occupancy
2. Final building inspection
3. Licensed third-party inspection report-for projects that do not require any permits

Applicants must apply with the highest form of placed-in-service document required by the locality. If the nature of the project requires a Certificate of Occupancy, a qualified zone investor **CANNOT** apply with a final building inspection even if a final building inspection was issued prior to a Certificate of Occupancy. DHCD verifies placed-in-service documentation issued/required for each project with local building code departments.

When submitting the final placed-in-service documentation, please make note of the following:

- The name on the final Certificate of Occupancy, final building inspection, or licensed third-party inspector's report must match the Qualified Zone Investor's Legal Name on Part 1, #1 of the Sample Application Page document.
- The physical address on the final placed-in-service documentation must be within an Enterprise Zone and must match the physical address listed on Part 1, #4 of the Sample Application Page document.
- If the name or address on the documentation differs from what is listed on Part 1, #1 & 4 of the Sample Application Page document, the applicant must complete Part II, Box B to explain the differences.
- The date on the placed-in-service document must fall within the 2025 calendar year.

| CERTIFICATE OF OCCUPANCY |

The Certificate of Occupancy must be **FINAL**, meaning it is **NOT** temporary, conditional, or pending. For information regarding projects that require a Certificate of Occupancy, see Section 116 of the Virginia Uniform Statewide Building Code.



| FINAL INSPECTION |

When submitting a final building inspection as the placed-in-service documentation, the inspection must be **APPROVED** by the local jurisdiction in which the project was completed and final, meaning the final building inspection is completely passed and there are no associated trades permits still pending. There should be **NO** pending items or additional work (however minor they may be) remaining when such a document is submitted.

In some localities, final building inspections are issued prior to the finalization of associated trades inspections (mechanical, electrical, plumbing, etc.). DHCD does not consider a property fully placed-in-service until all building permits are finalized, including trades. In addition, DHCD does **NOT** accept letters from the locality as adequate final inspection placed-in-service documentation. For information regarding projects that require a final building inspection, see Section 113.8 of the Virginia Uniform Statewide Building Code.

EXAMPLE— During your inspection, the inspector noticed that the handrails along the stairway were loose and documented that the inspection was approved pending the installation of the new handrails. You ordered new handrails, had them installed, and received another final building inspection that was approved in January 2026. Can you still apply for the 2025 calendar year?

The final inspection wasn't fully approved until 2026, so the zone investor/applicant would need to wait and apply for the 2026 calendar year. This holds true even if the final inspection was originally conducted in 2025. The inspection has to be completely passed with no pending items.

| LICENSED THIRD-PARTY INSPECTOR'S REPORT |

A licensed third-party inspector's report (performed, signed, and dated within the 2025 calendar year) can be submitted as the placed-in-service document **only when a project does not require any permits**. The third-party inspector's report must meet the guidelines set forth by the local jurisdiction in which the project was completed. The inspection report should reference the Qualified Zone Investor, the Physical Address of the Zone Establishment, and shall list the qualified zone investments and the dates in which they were inspected for completion. The property is considered placed-in-service on the **date of the third-party inspection**, not the date of the report.



It is the responsibility of the applicant to provide **documentation from the locality** that no permits were required for the scope of work included in the application. The locality's building officials must provide a letter on official letterhead that references the physical address of the zone establishment and lists the qualified real property investments for which the applicant is seeking the grant.

Based on [Section 113.7.1](#) "Third-Party Inspectors" of the Virginia Uniform Statewide Building Code:

"Each building official charged with the enforcement of the USBC shall have a written policy establishing the minimum acceptable qualifications for third-party inspectors. The policy shall include the format and time frame required for submission of reports, any prequalification or preapproval requirements before conducting a third-party inspection and any other requirements and procedures established by the building official."

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EZ APPLICATION SUBMISSION SYSTEM

| PART I—BACKGROUND INFORMATION |

PART I: BACKGROUND INFORMATION	
1. Qualified Zone Investor's Legal Name <input type="text"/>	2. Type of Zone Investor (check one) <input type="radio"/> Owns building - occupant <input type="radio"/> Owns building - non-occupant <input type="radio"/> Owns space in building (i.e. office condo) - <i>Supplemental multiple owner form required</i> <input type="radio"/> Tenant in building - <i>Supplemental tenant form required</i> <input type="radio"/> Developer (not owner) - <i>See page 9 of Instruction Manual</i>
3. Federal Employment ID# (FEIN) <input type="text"/>	
4. Physical Address of Zone Establishment <input type="text"/>	City/County/Town <input type="text"/> Zipcode <input type="text"/>

1. Qualified Zone Investor's Legal Name: *Indicate the applicant's legal name.*

If the zone investor is a disregarded entity for tax purposes, please utilize the Legal Name and FEIN of the parent/taxable entity, and note the name of the disregarded entity on the [COV W-9](#).

2. Type of Zone Investor: *A Qualified Zone Investor is the individual or entity that incurred the cost of the qualified real property investments. A description of each classification follows.*

- **“Owns building - Occupant”**: Owns and occupies the entire building/facility
- **“Owns building - Non-occupant”**: Owns the entire building or facility but does *not* occupy the building.
- **“Owns space in building”**: Qualified Zone Investor only owns a portion of the building. For example, owning a medical office condominium that spans one of eight floors of a building. This type of Qualified Zone Investor is required to submit the supplemental **Form EZ-RPIG Multiple Owner** and coordinate qualification with all other owners within the same building/facility.
- **“Tenant in building”**: Qualified Zone Investor occupies leased space in a building or facility. This type of Qualified Zone Investor is required to submit the supplemental **Form EZ-RPIG Tenant-Owner Consent** and may be required to coordinate qualification with other tenants using **Form EZ- RPIG Tenant Coordination**.
- **“Developer”**: Entity or individual that capitalizes or expenses the qualified real property investment but does not currently own or occupy the building. See Page 10 of this manual for more detail.

3. **FEIN/SSN:** The FEIN/SSN provided with the application is used to track the qualified investors and to disburse all grant funds.
- **“FEIN”:** If the applicant is an S Corp, LLC, Partnership, Corporation, Sole Proprietorship, or other business entity, indicate the applicant’s Federal Employment Identification Number (FEIN).
 - ***If the zone investor is a disregarded entity for tax purposes, please utilize the Legal Name and FEIN of the parent/taxable entity, and note the name of the disregarded entity on the W-9.**
 - **“SSN”:** If the applicant is an individual, indicate the applicant’s Social Security Number (SSN).

4. Physical Address of Building: *Indicate the physical location of the applicant’s property.*

<p>5. Real Property Use Classification</p> <p><input type="radio"/> Industrial</p> <p><input type="radio"/> Commercial</p> <p><input type="radio"/> <u>Mixed use</u> - Supplemental mixed use form required</p> <p>7. Type of real property investment that was made</p> <p><input type="radio"/> Rehabilitation of an existing building/facility</p> <p><input type="radio"/> Expansion of an existing building/facility</p> <p><input type="radio"/> New construction</p> <p><input type="radio"/> Solar Only (\$50,000 to \$100,000)</p> <p><input type="radio"/> Rehab/expansion with solar</p> <p><input type="radio"/> New construction with solar</p>	<p>6. Type of Real Property</p> <p><input type="radio"/> Building</p> <p><input type="radio"/> Facility</p> <p>8. Amount of square footage of rehab/expansion or new construction completed</p> <p><input type="text"/></p> <p>9. <u>Property Identification Number</u></p> <p><input type="text"/></p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

5. Real Property Use Classification: Indicate the use classification of the real property as industrial, commercial, or mixed-use.

- If the building/facility is mixed-use, the supplemental form **EZ-RPIG Mixed-Use** must be submitted.

6. Type of Real Property: *Indicate whether the real property investments were made to a building or facility.*

- See Page 8 of this manual for more information on how to distinguish between a building and a facility.
- If the building for which an RPIG is being sought is part of a complex of buildings, it must be classified as a "facility" per the definition in the Program Regulations.

7. Type of Real Property Investment: *Indicate whether the investment was for new construction or the rehabilitation or expansion of an existing building/facility.*

- To determine whether or not the investment is classified as [rehabilitation](#), [expansion](#), or [new construction](#), refer to the definitions in the Glossary at the end of the manual.

8. Amount of square footage of rehab/expansion or new construction completed: *Provide an estimate of the total square footage that was part of the project for which you are applying for this grant.*

9. Property Identification Number: *List the property identification number(s) associated with the physical address listed in Part I, Box 4.*

- These unique identification numbers vary by locality and are also called tax id numbers, tax parcel number, property tax numbers, etc. The Local Zone Administrator will provide the proper number to use for their zone. LZA Contact information is available at <https://dmz1.dhcd.virginia.gov/EZoneportal/ZoneAdminInfo.aspx>
- A building or facility can span multiple parcels. Additionally, a building with multiple owners or tenants, or even with multiple street fronts, may have multiple property identification numbers. In such cases, all property identification numbers corresponding to the building/facility must be identified in this space.

10. Zone Name [Select Zone Name] ▼	11. Zone #	12. Zone Designation Date	13. Name of Local Zone Administrator
14. Narrative Summary: See RPIG Manual for Instructions (*maximum characters allowed: 1500)			

10 - 12. Zone Name and Zone #, Zone Designation Date: *Indicate the Zone in which the property is located.*

- Contact the Local Zone Administrator to verify which Zone the property is located in (Box 10). Once the zone name is entered online, the corresponding zone number field (Box 11) and zone designation date (Box 12) will automatically populate.

13. Name of Local Zone Administrator: State the name of the Local Zone Administrator (LZA). LZA contact information is available at <https://dmz1.dhcd.virginia.gov/EZoneportal/ZoneAdminInfo.aspx>

14. Narrative Summary: Provide a summary paragraph explaining the building use and building owner, a summary of the work completed, and any other helpful background information on the project (limited to 1,500 characters).

15. Name of Grant Applicant Representative		Title	Daytime Phone #	E-mail Address
▼ First:	Last:			
16. Principal Mailing Address		City	State	Zip Code
			VA ▼	

15-16. The Qualified Zone Investor must provide contact information for the grant applicant representative. The email address of the applicant representative is required as applicants will receive email confirmations and updates throughout the application submission and review process. See Page 4 of this manual for more information.

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| PART II—PLACED-IN-SERVICE DOCUMENTATION |

PART II: PLACED-IN-SERVICE DOCUMENTATION

- A. Certificate of Occupancy Final Inspection Third Party Inspector's Report
- B. Please explain any differences in the name and address listed on the final Placed-in-Service documentation from the name and address listed in Part I, Boxes 1 and 4. Please contact us at ezone@dhcd.virginia.gov if additional space is required to explain discrepancies. A letter from the locality may not be provided in lieu of placed-in-service documentation if a Certificate of Occupancy or Final Building Inspection was required by the locality. Documentation should be dated within **the current application Grant Year**. (*maximum characters allowed: 1500)

A. Type of Placed-in-Service Documentation: *Check the box that corresponds with the type of Placed-in-Service documentation that you are submitting with your application.*

B. Explanation of Placed-in-Service Documentation: *Provide clarification on any differences between the name appearing as the Qualified Zone Investor's Legal Name and Physical Address of the Zone Property, and the name and address listed on the final Placed-in-Service Documentation.*

- If the documentation refers to multiple-addresses, a thorough explanation should be provided in this section. All inspections/certificates of occupancy must be dated within the calendar year.
- If there are multiple inspections/certificates of occupancy, an explanation of the scope of work included in each inspection/certificate can be included if not shown on the documentation. If the property was placed into service on more than one date in the calendar year, please enter the earlier date in Part IV, Box 1, but note all other dates in the explanation in Part II, Box B.
- The text box is limited to 1,000 characters. Applicants may upload additional information as an attachment in Part VIII of the online application.

| PART III—ITEMIZED LIST OF QUALIFIED REAL PROPERTY INVESTMENTS |

PART III: ITEMIZED LIST OF QUALIFIED REAL PROPERTY INVESTMENTS

	Type of Qualified Real Property Investment	\$ Amount
1.	<input type="text"/>	\$ <input type="text"/>
2.	<input type="text"/>	\$ <input type="text"/>
3.	<input type="text"/>	\$ <input type="text"/>
4.	<input type="text"/>	\$ <input type="text"/>
5.	<input type="text"/>	\$ <input type="text"/>
6.	<input type="text"/>	\$ <input type="text"/>
7.	<input type="text"/>	\$ <input type="text"/>
8.	<input type="text"/>	\$ <input type="text"/>
9.	<input type="text"/>	\$ <input type="text"/>
10.	<input type="text"/>	\$ <input type="text"/>
11.	<input type="text"/>	\$ <input type="text"/>
12.	<input type="text"/>	\$ <input type="text"/>
13.	<input type="text"/>	\$ <input type="text"/>
14.	<input type="text"/>	\$ <input type="text"/>
15.	<input type="text"/>	\$ <input type="text"/>
16.	<input type="text"/>	\$ <input type="text"/>
17.	<input type="text"/>	\$ <input type="text"/>
18.	<input type="text"/>	\$ <input type="text"/>
19.	<input type="text"/>	\$ <input type="text"/>
20.	<input type="text"/>	\$ <input type="text"/>
21.	Total Qualified Real Property Investment	\$ <input type="text"/> (amount to enter in line 3A)

This section has two columns; one column is for the type of qualified real property investment (ex. roofing, electrical, HVAC) and the second column for the amount for that specific investment. For projects that contain more than 20 qualified real property investments, list the sum of the remaining dollar amount in line 20 and label the category as “see attachment.” Upload a list of the remaining items and corresponding dollar amounts in Part VIII of the online application.

- See Page 13-14 of this manual for a list of qualified real property investment examples.
- Labor and material costs associated with a particular real property investment such as “painting” or “demolition” should be combined and listed as one category. For each item listed on the schedule, DHCD assumes that the labor, materials, and equipment necessary to perform such qualified real property investments are included in the total cost of each investment.
- Costs on the schedule should represent the actual dollar amount of investment. Investment amounts reflected in the schedule **should NOT be rounded**.
- The Qualified Zone Investor may only include QRPIs that correspond with the final placed in service documentation.

| PART IV—QUALIFICATION INFORMATION |

PART IV: QUALIFICATION INFORMATION

1. Date Real Property placed in service (MM/DD/YYYY)	1	<input type="text"/>
2. Qualification is requested for calendar year (YYYY)	2	<input type="text"/>
3. Grant Calculation		
A. Actual dollar amount of qualified real property investments made by applicant.	3A \$	<input type="text"/>
B. Applicable investment threshold based on the type of real property investment.	3B \$	<input type="text"/>
C. Amount of public grant funds received and used to fund qualified real property investments.	3C \$	<input type="text"/>
D. Grant eligible dollar amount. (Line 3A minus Line 3B and Line 3C)	3D \$	<input type="text"/>
E. Calculate grant amount as follows:	3E \$	<input type="text"/>
<ul style="list-style-type: none"> • For investments (line 3A) less than or equal to \$5 million multiply line 3D by 20%, this amount cannot exceed \$100,000 • For investments (line 3A) greater than \$5 million but less than \$20 million multiply line 3D by 20%, this amount cannot exceed \$200,000 • For investments (line 3A) of \$20 million or more multiply line 3D by 25%, this amount cannot exceed \$300,000 		
<i>Note: Tenants or zone investors who own a space within a building cannot request the maximum grant amount if they did not coordinate qualification.</i>		
4. If Real Property Investment Grants have been previously issued to the building or facility in the last five years, enter that amount here. (If none, enter "0.") The sum of Line 3E and Line 4 shall not exceed the applicable maximum grant amount per the regulations in line 3E above.	4 \$	<input type="text"/>
5. Total Grant Requested	5 \$	<input type="text"/>

In Part IV the Qualified Zone Investor fills in information regarding the dollar amount of Qualified Real Property Investments and the resulting grant request based on the level of investment. For Qualified Zone Investors applying as owners of a space within a building/facility, such applicants can only request the full, applicable grant amount if they coordinated qualification. See the **Supplemental Forms** section for more details.

| PART V—CPA CONTACT INFORMATION |

PART V: CPA INFORMATION

Name of Certified Public Accountant	VA License #	Daytime Phone #	E-mail Address
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Accounting Firm	Address	City	State Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>	VA <input type="text"/> <input type="text"/>

The Qualified Zone Investor must provide contact information for the CPA who prepared the Attestation Report in this section.

PART VI: APPLICATION INFORMATION

Check the boxes below that apply to your application submission.

1. Submission includes Supplemental EZ-RPIG Mixed-Use Form
2. Submission includes Supplemental EZ-RPIG Multiple-Owner Form
3. Submission includes Supplemental EZ-RPIG Tenant Coordination Form
4. Submission includes Supplemental EZ-RPIG Tenant Owner Consent Form
5. Submission includes CPA Attestation Report Form
6. Submission includes Final Placed-in-Service documentation
7. Submission includes Form W-9

| PART VI—APPLICATION INFORMATION |

This portion of the online submittal notifies DHCD that required and supplemental forms should accompany the online submission. Check the boxes that are applicable to check that the documents apply to your submission and have been uploaded in Part VIII.

| PART VII—COMMENTS |

PART VII: COMMENTS

Please enter your notes here:

The applicant may enter any additional information or notes in this section.

| PART VIII—UPLOAD DOCUMENTS |

PART VIII: UPLOAD DOCUMENTS

Password protected documents will NOT be accepted. All documents must be uploaded separately (one PDF with all the documents will NOT be accepted).

* Indicates a document that must be uploaded to submit application .

Placed in Service Documentation*

Choose File No file chosen

CPA Attestation Report Form*

Choose File No file chosen

COV Form W-9*

Choose File No file chosen

Applicant Declaration Form*

Choose File No file chosen

LZA Review*

Choose File No file chosen

Form EZ-RPIG Multiple Owner (If Applicable)

Choose File No file chosen

Form EZ-RPIG Tenant-Owner Consent (If Applicable)

Choose File No file chosen

Form EZ-RPIG Tenant Coordination (If Applicable)

Choose File No file chosen

Form EZ-Mixed-Use (If Applicable)

Choose File No file chosen

Additional Information

Choose File No file chosen

Additional Information

Choose File No file chosen

Additional Information

Choose File No file chosen

Additional Information

Choose File No file chosen

Additional Information

Choose File No file chosen

Check COV W-9 Remittance Address to be sure that this is the correct address to which the Department will send the company's grant check.

Reset

Submit

All required and supplemental documents must be uploaded in this section.

- Password protected documents will NOT be accepted.
- All documents must be uploaded separately. One PDF with all the documents will NOT be accepted.

The final field in this section requires the applicant to check the Commonwealth of Virginia W-9 to ensure that the correct FEIN was used and the Remittance Address field is the correct address to which the Department will send the company's grant check. The final step is to submit the application by clicking the "Submit" button.

| SUPPLEMENTAL FORMS—FORM EZ-RPIG MULTIPLE OWNER |

For a Qualified Zone Investor that owns a space within a building, the supplemental form **EZ-RPIG Multiple-Owner** must be uploaded **in Part VIII of the portal submission system**. This form documents the amount of space within the building or facility owned by the applicant and enables the applicant to coordinate the qualification process with the other owners of the building/facility. Each owner within the building/facility must sign the coordination statement on Page 2 of the form.

In the case where there has been no coordination with the other owners, DHCD will implement its proration procedures based on the [usable floor space](#) owned by the Qualified Zone Investor. The maximum grant amount available is determined by whichever is less of the following scenarios:

The square foot percentage owned by the Qualified Zone Investor (as documented in Part II of the supplemental form) multiplied by the applicable investment cap, \$100,000, \$200,000, or \$300,000

- For qualified real property investments less than or equal to \$20 million, 20 percent of the Qualified Zone Investor's grant eligible investment, capped at the applicable limit or the cumulative level of investment; or
- For qualified real property investments greater than \$20 million, 25 percent of the Qualified Zone Investor's grant eligible investment, capped at the applicable limit or the cumulative level of investment; or
- The square foot percentage owned by the Qualified Zone Investor (as documented in Part II of the supplemental form) multiplied by the applicable investment cap, \$100,000 or \$200,000.

The purpose of coordination is to ensure that no more than the applicable grant cap is requested within a five-consecutive year period for the building or facility. This especially holds true in instances where there are multiple applicants from the same building that simultaneously apply for the RPIG for work completed in the same calendar year.

Irrespective of each applicant's level of investment, coordination entails that the Zone Investors agree upon the amount each owner will request such that no more than the applicable grant cap is requested within a five-consecutive-year period.

I am an authorized representative of the owner located within the building/facility located at Physical Address of Zone Establishment, Town/County/City, Virginia, Zip Code. I acknowledge that Qualified Zone Investor's Legal Name is applying for the Real Property Investment Grant.

As a representative of the owner listed below, I give my consent to Qualified Zone Investor's Legal Name, listed in Part I, Box 1, to apply for the Real Property Investment Grant in the amount of \$Grant Requested. I am aware that the Real Property Investment Grant is capped per building or facility within 5-consecutive-years and the filing of this application and subsequent disbursement of funds will be counted towards reaching the grant cap applicable to this property for 5 consecutive years.

A. Owner	B. Representative, Title	C. Square footage owned
D. Signature		E. Date
F. Notary		
Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____		
this ____ day of _____, 201__.		
Notary Public _____		Registration Number _____
My Commission Expires: _____		

Dollar amount indicated in Submission System Part IV,

Cells A - E must be completed by EACH owner in the building and be **notarized**.

| SUPPLEMENTAL FORMS—FORM EZ-RPIG TENANT-OWNER CONSENT |

Supplemental Form EZ-RPIG Tenant-Owner Consent must be completed and submitted in Part VIII of the RPIG page of the Portal submission system by all tenants in buildings applying for RPIG funds, regardless of whether the owner of the building requires further tenant coordination or not.

For **tenants** applying for the grant, the tenant is required to:

1. Disclose the total number of square feet in the building in addition to the amount of space they are leasing from the owner.

PART III: QUALIFICATION INFORMATION	
1. Square footage leased by Zone Investor As indicated on valid lease agreement.	1. _____ square feet
2. Total useable floor space in building	2. _____ square feet
3. Total useable floor space occupied by zone investor Divide line 1 by line 2 and multiply by 100.	3. _____ %

2. Confirm the owner's consent for allowing the tenant to submit an application for the Real Property Investment Grant.

PART IV: TYPE OF CONSENT (CHECK ONLY ONE BOX BELOW)
A. Sole Tenant
<input type="checkbox"/> My consent is not contingent on coordination as this applicant is the sole tenant in this building.
B. Multiple Tenants:
<input type="checkbox"/> My consent is not contingent upon the applicant coordinating with the building's other tenants.
<input type="checkbox"/> My consent is contingent upon the applicant coordinating with the building's other tenants. If so, the EZ-RPIG Tenant Coordination Form must also accompany the hard-copy application submitted to DHCD, with signatures from each additional tenant in the building/facility.

3. Obtain written consent from the owner of the property.

PART V: CONSENT OF OWNER

_____, owner of the property located at Part I, Box 2 above, grants permission to the tenant referenced in Part I, Box 1 to apply for the Real Property Investment Grant in the amount of \$ _____, as indicated on Form EZ-RPIG, Part IV, Box 3D.

Name of Owner Signature Date

Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____, this ____ day of _____, 202__.

Notary Public Registration Number My Commission Expires: _____

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4. Sign the declaration.

GRANT APPLICANT REPRESENTATIVE: I, the undersigned representative of the qualified zone investor, declare that the information has been prepared and examined by me and is, to the best of my knowledge, accurate. I also understand that I will disclose the lease or other applicable real estate documents to the CPA performing the agreed upon procedures established by DHCD and to DHCD at their request.			
Grant Applicant Representative	Title	Daytime Phone # ()	E-mail Address
Signature			Date (MM/DD/YYYY)

5. Upload the document in Part VIII of the RPIG page of the EZ Submission System.

| FORM EZ-RPIG TENANT COORDINATION |

Form **EZ-RPIG Tenant Coordination** is required when tenants applying for RPIG funds receive owner consent contingent upon the notification and coordination of all other tenants in the building. For **tenants** applying for the grant, the tenant is required to:

1. Disclose the total number of square feet in the building in addition to the amount of space they are leasing from the owner.

PART II: QUALIFICATION INFORMATION	
1. Square footage leased by zone investor (for which grant is being sought) ▪ Square footage as indicated on valid lease agreement.	1. square feet
2. Total useable floor space in building ▪ For multi-tenanted buildings, this amount should equal the sum of the values entered Line 1(above) and in Part III Cell C of the EZ-RPIG Tenant Coordination Form.	2. square feet
3. Total useable floor space occupied by zone investor ▪ Divide line 1 by line 2 and multiply by 100.	3. %

2. Coordinate with all other tenants in the building/facility, by having them fill out the Tenant Coordination Form which must be notarized.

PART III: COORDINATION		
I am an authorized representative of the tenant located within the building/facility located at Physical Address of Zone Establishment, Town/County/City, Virginia, Zip Code. I acknowledge that Qualified Zone Investor's Legal Name is applying for the Real Property Investment Grant.		
As a representative of the owner listed below, I give my consent to Qualified Zone Investor's Legal Name, listed in Part I, Box 1, to apply for the Real Property Investment Grant in the amount of \$Grant Requested. I am aware that the Real Property Investment Grant is capped per building or facility within 5-consecutive-years and the filing of this application and subsequent disbursement of funds will be counted towards reaching the grant cap applicable to this property for 5 consecutive years.		
A. Tenant	B. Representative, Title	C. Square footage leased
D. Signature		E. Date
F. Notary		
Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____		
this ____ day of _____ 202__.		
Notary Public _____ Registration Number _____		
My Commission Expires: _____		

3. Sign the declaration.

<p>GRANT APPLICANT REPRESENTATIVE: I, the undersigned representative of the qualified zone investor, declare that the information has been prepared and examined by me and is, to the best of my knowledge, accurate. I also understand that I will disclose the lease or other applicable real estate documents to the CPA performing the agreed upon procedures established by DHCD and to DHCD at their request.</p>			
Grant Applicant Representative	Title	Daytime Phone #	E-mail Address
Signature			Date (MM/DD/YYYY)

4. Upload the document in Part VIII of the RPIG page of the EZ Submission System.

5. If the owner requires coordination (as indicated on the Tenant-Owner Consent Form) with other tenants and no coordination is provided, DHCD will apply its proration formula to the grant award as illustrated in the example below:

- EXAMPLE:** A commercial building is occupied by two tenants. Each makes improvements to the portion for which they hold a valid lease but the two tenants do not coordinate their applications for the RPIG. The total usable floor space in the building is 100,000 square feet. Each of these tenants occupies one half of the building (50% each). Tenant A spent \$500,000 in qualified real property investments; Tenant B spent \$200,000 in QRPIs.

 - Since the cumulative investment in 2025 (between tenants A and B) is less than \$5 million, the maximum grant amount for the entire building is capped at \$100,000. Because Investors A and B each occupy 50% of the building, the grant cap translates into a maximum of grant award of \$50,000 per tenant. While 20% of \$400,000 is \$80,000, Investor A would only be eligible to receive a maximum RPIG of \$50,000. Investor B, however, would receive the full \$20,000 (20% of \$100,000) because he is still under his individual cap of \$50,000. If the two investors had coordinated, both could have received their full request: \$80,000 for Investor A and \$20,000 for Investor B.

| FORM EZ-RPIG MIXED-USE |

The supplemental **Form EZ-RPIG Mixed-Use** must be uploaded in **Part VIII of the RPIG page of the Portal submission system** for Qualified Zone Investors applying for qualified investments to a mixed-use building. *Mixed-use* is defined in Section 59.1-548A of the Code of Virginia as “a building incorporating residential uses in which a minimum of 30 percent of the usable floor space will be devoted to commercial, office, or industrial use.” For a property that contains any residential or non-commercial uses, the applicant is required to:

1. Obtain a declaration from the preparer of the measure drawings or plans for the work done to the referenced building. The preparer of these plans may be the licensed architect, surveyor, or drafts person (or representative of the architect, surveyor, etc.) that created the approved plans that were submitted to the locality to obtain the necessary permits for the real property investment. This individual will supply the [usable floor space](#) calculations as indicated on the measured drawings/plans.

PART II: QUALIFICATION INFORMATION		
1. Number of Useable Floors in Building	1.	█
2. Useable Floor Space By Use <i>* See the Real Property Investment Grant Instruction Manual for the definition of “useable floor space.”</i>		
a. Useable square footage for <u>office, commercial, or industrial use</u>	2a.	█ square feet
b. Useable square footage for <u>residential use</u>	2b.	█ square feet
3. Total Useable Floor Space ▪ Add Part II, Boxes 2a + 2b	3.	█ square feet
4. Total useable floor space in building devoted to commercial, office, retail, or industrial use. ▪ Divide Box 2a by Box 3 and multiply by 100. ▪ Box 4 must be at least 30 percent of the useable floor space to meet the VEZ definition of mixed-use.	4.	█ %

2. Obtain an official AIA seal on the form. If the preparer of the plans is a **surveyor, drafts person, contractor**, etc., that individual must have his/her signature notarized on the form. If the preparer cannot be contacted, the applicant may obtain Third Party Verification by a licensed, independent third party as described below.

PART III: ARCHITECT VERIFICATION			
PREPARER OF MEASURED DRAWINGS/PLANS: I, the undersigned, declare that I have prepared the measured drawings/plans used to complete this form and that such plans were submitted to the locality and approved in order to obtain the necessary permits for the mixed-use building. In addition to my signature, I have included my professional seal (i.e. AIA) as the verification that the information on this form is accurate and based on the above mentioned measured drawings/plans. If an architect did not prepare the drawings, the preparer of the drawings (i.e. surveyor, drafts person) must sign and have this form notarized.			
Preparer of Drawings/Plans █	Title █	Daytime Phone # () █	E-mail Address █
Signature █		Date (MM/DD/YYYY) █	
AIA Seal	Notary Sworn and subscribed to before me, a Notary Public, in and for the Commonwealth of Virginia by _____, this ____ day of _____ 202__. Notary Public _____ Registration Number _____ My Commission Expires: _____		

3. Third Party Verification: If no plans were required by the local jurisdiction to obtain the necessary building permits for the project or if the applicant (or a member of the applicant’s firm) prepared his/her own drawings, EZ-RPIG Mixed-Use, Part II can be completed by the applicant and verified by a licensed, independent third-party. The licensed third-party will need to provide his/her signature on the form, verifying the accuracy of the information provided in Part II.

- A letter from the local jurisdiction’s Building Code Office verifying that no plans or drawings were required must be included with the application materials. A licensed third-party can be an architect (AIA seal required), surveyor, or draftsman (notarization required).

4. Sign the declaration.

GRANT APPLICANT REPRESENTATIVE: I, the undersigned representative of the qualified zone investor, declare that the information has been prepared and examined by me and is, to the best of my knowledge, accurate. I also understand that I will disclose the lease or other applicable real estate documents to the CPA performing the agreed upon procedures established by DHCD and to DHCD at their request.			
Grant Applicant Representative	Title	Daytime Phone #	E-mail Address
Signature		()	Date (MM/DD/YYYY)

5. Upload the document in **Part VIII of the RPIG page of the Portal submission system.**

| COMMONWEALTH OF VIRGINIA W-9 |

A completed Commonwealth of Virginia W-9 form must be submitted with each grant application in **Part VIII of the RPIG page of the Portal Submission System.** The FEIN or SSN listed in PART I must match the FEIN or SSN on the W-9. A blank W-9 form can be found here: https://www.doa.virginia.gov/forms/CVG/W9_COVSubstitute.pdf.

| DISREGARDED ENTITIES & SUBSIDIARIES |

The applicant should be the company or individual that is capitalizing on the investment. **The applicant cannot be a disregarded entity.** Often, disregarded entities have a parent company and in that case, the parent company; should be the applicant. In other cases of a disregarded entity the individual owner is the applicant and should apply in their own name with their social security number. If the zone investor is a disregarded entity for tax purposes, please utilize the Legal Name and FEIN/TIN of the parent/taxable entity on Form EZ-RPIG, and fill out the Commonwealth of Virginia W-9 Form accordingly.

| CPA ATTESTATION REPORT |

As required by statute, a CPA must perform an attestation following the Agreed-Upon Procedures outlined by DHCD with every RPIG application. There are no exemptions from the attestation for RPIG applications. The CPA must be independent of the Qualified Zone Investor and licensed by the Commonwealth of Virginia. The CPA will test the documentation and calculations used to prepare the Real Property Investment Grant application and will report on these procedures and their findings in the Attestation

Report. This report is to be signed by the CPA and uploaded into **Part VIII of the RPIG page of the Portal submission system** by **April 1st, 2026**.

Contact your CPA to find out if they can fulfill the attestation requirements for the Real Property Investment Grant application. All CPAs should know if they are able to perform agreed upon procedures. These procedures and additional information is available on the EZ Online Submission System site at:

<https://dmz1.dhcd.virginia.gov/EZonePortal/cpas.aspx>.

Can your CPA prepare the application and accompanying materials and attest? Professional standards (AICPA) provide that a CPA can offer assistance provided the CPA does not assume management responsibilities, such as making management decisions or performing management functions. The decision to follow any advice provided remains with management of the entity.

| TAXABILITY OF GRANTS |

Under IRS regulations, grant awards may be considered taxable income. A 1099-G will be issued to all grantees for the EZ awards received. For tax-related questions, please contact your tax professional for guidance. If a grant applicant has any type of outstanding liability to the State (such as an outstanding tax liability), the awarded grant amount will be reduced by the dollar amount of the liability. DHCD does not have records of potential liabilities as this process is handled outside the agency. **If you receive a grant award that is less than the amount noted in the qualification letter, please call the Department of Accounts at (804) 371-8383.**

| RECORD KEEPING REQUIREMENTS |

The Department may at any time review an applicant's records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding RPIG qualification for a minimum of three years following the receipt of the grant. Real Property Investment Grantees are annually monitored by DHCD at random. Grants that do not have adequate documentation regarding qualified real property investments may be subject to repayment.

| CONTACT INFORMATION |

If you have any questions about qualifying for the Enterprise Zone grants or other aspects of the program, please contact: Virginia Department of Housing and Community Development

(804) 371-7000
EZONE@dhcd.virginia.gov
www.dhcd.virginia.gov

DEFINITIONS FOR RPIGS

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the Qualified Zone Investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will test and report on the assertion of the Qualified Zone Investor as to their qualification to receive the Enterprise Zone incentive pursuant to 59.1-549 of the Code of Virginia.

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 1) areas separated by interior floors or other horizontal assemblies and 2) 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.

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 percent 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 percent of the fair market value of the property.

Common control:

Means those firms as defined by Internal Revenue Code § 52(b).

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 includes 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.

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.

Local Zone Administrator:

Means the chief executive of the city or county, in which an enterprise zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

Mixed-use:

Means a building incorporating residential uses in which a minimum of 30 percent of the usable floor space will be devoted to commercial, office or industrial use. Buildings where less than 30 percent of the usable floor space is devoted to commercial, office or industrial use shall be considered primarily residential in nature and shall not be eligible for the Real Property Investment Grant under 13 VAC 5-112-330. This definition applies only for the purpose of qualifying for Enterprise Zone incentives.

Mobilization:

Mobilization includes preparatory work and operations necessary for the movement of heavy equipment and supplies (construction supplies NOT office supplies) to the project site, necessary for work on the project.

New construction:

Means a single, nonresidential facility built on previously undeveloped land or a nonresidential structure built on the site/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.

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 indicating that the project is complete.

Qualified real property investment:

Means the amount expended for improvements to rehabilitate, expand, or construct depreciable real property, regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury Regulations. The improvements must be 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. Qualified real property investments include 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, but not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, solar panels, cleaning, and cleanup.

Consistent with the provisions of §13VAC5-112-340, Code of Virginia, beginning on January 1, 2020, the installation of solar panels shall be considered eligible investments for the purposes of the real property investment grants, 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 percent 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 percent 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 percent 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 \$1,000,000 in aggregate in any fiscal year.

Qualified real property investment shall not include: The cost of acquiring any real property or building; 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; 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 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, tenant, or developer 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 property for which the tenant holds a valid lease. Units of local, state and federal government or political subdivisions shall not be considered Qualified Zone Investors.

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 building.

Same trade or business:

Means the operations of a single company, related companies, or companies under common control.

Usable floor space:

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



Virginia Enterprise Zone

CPA Agreed Upon Procedures Manual (GY2025)

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INTRODUCTION

This document provides instructions for CPAs performing the Agreed-Upon Procedures outlined by the Department of Housing and Community Development. These procedures test and report on the assertion of a business or qualified zone investor as to their qualification to receive Job Creation Grants (JCGs) or Real Property Investment Grants (RPIGs). The findings from these procedures are reported in the CPA Attestation Report. This report is a required application component for both the Job Creation Grant and Real Property Investment Grant.

Agreed-Upon Procedures for the Job Creation Grant are provided in the first half of this document and in the second half for the Real Property Investment Grant.

Each respective grant section contains information regarding:

- An overview of the grant amount and eligibility criteria;
- Required grant documentation;
- The CPA's attestation responsibilities;
- The applicant firm's responsibilities;
- And purpose and procedures for each attestation requirement.

As provided in §59.1-547 of the Code of Virginia, business firms with Base Year employment of 100 or fewer permanent full-time positions that create 25 or fewer grant eligible positions are exempt from the attestation requirement for that qualification year. However, the firm is not exempt from completing the required Job Creation Grant Worksheet. The JCG Worksheet must be completed each year the firm seeks qualification for the JCG.

Virginia Enterprise Zone (VEZ) program is partnership between state and local government that encourages job creation and private investment. VEZ accomplishes this by designating Enterprise Zones throughout the state and providing two grant-based incentives, the Job Creation Grant (JCG) and the Real Property Investment Grant (RPIG), to qualified investors and job creators within those zones, while the locality provides local incentives.

VEZ grants are subject to an annual appropriation by the General Assembly. By statute, the Job Creation Grants (JCGs) receive funding priority. After fully funding the JCGs, the remaining funds will be allocated to the Real Property Investment Grants (RPIGs) and the amount paid to each RPIG applicant will be prorated proportionally should grant requests exceed the remaining funds.

In Grant Year 2024, RPIGs were fully funded for the fourth consecutive year. In the past, the program faced challenges in fully funding grant applications. Since 2021, however, there has been an increase in program funding, allowing for the full financing of JCG and RPIG grants.

GRANT YEAR 2025 JOB CREATION GRANT TIMELINE

JOBS CREATED	QUALIFICATION DETERMINATION	APPLICATIONS DUE TO DHCD	DHCD REVIEW	FUNDING RELEASED
CALENDAR YEAR 2025 Net new employment over base year eligibility threshold	JANUARY-MARCH 2026 JCG Worksheet, CPA Attestation (if applicable), How to Qualify Workshops/ Webinars	APRIL 1, 2026 Submission of applications electronically on EZ Application Submission Portal (hard copy NOT accepted)	APRIL-JUNE 2026 DHCD Staff reviews apps. Notifies grantees of changes that need to be made for approval.	JUNE 2026 Funds disbursed

GRANT YEAR 2025 REAL PROPERTY INVESTMENT GRANT TIMELINE

FINAL PLACED-IN-SERVICE DOC	QUALIFICATION DETERMINATION	APPLICATIONS DUE TO DHCD	DHCD REVIEW	FUNDING RELEASED
CALENDAR YEAR 2025 Final placed-in-service documentation received	JANUARY-MARCH 2026 Supplemental forms, CPA Attestation, How to Qualify Workshops/ Webinars	APRIL 1, 2026 Submission of applications electronically on EZ Application Submission Portal (hard copy NOT accepted)	APRIL-JUNE 2026 DHCD Staff reviews apps. Notifies grantees of changes that need to be made for approval.	JUNE 2026 Funds disbursed

APPLICATION INFORMATION

The Qualified Zone Investor is expected to complete and submit all required application components through the EZ Application Submission System. All required attachments/uploads, including the JCG Online Worksheets, the CPA Attestation Report, Final Placed-in-Service document, and supplemental documents must be submitted electronically through the Submission System, which can be found here: <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>



As part of the application process, an independent Certified Public Accountant (CPA), licensed in Virginia, must attest to these application materials. The **CPA Attestation Report** is required and must be submitted with RPIG applications and most JCG applications, unless otherwise noted in this manual. The **Agreed upon Procedures for CPA Attestations** and **Attestation Report Templates** are available on the [EZ Application Submission System](#).

AGREED UPON PROCEDURES ENGAGEMENT

As required by statute, a CPA must perform the [Agreed-Upon Procedures](#) outlined by DHCD in this document. The CPA selected to perform these procedures must be independent of the company and currently licensed in the State of Virginia. The CPA will review information, apply tests, and will report on these procedures and their findings in the attestation report signed and submitted by the CPA on behalf of their client. The Attestation Report Form for both grant programs and a sample engagement letter are available on the [EZ Online Submission](#) site.

How is an attestation different from an audit?

The American Institute of Certified Public Accountants (AICPA) has promulgated standards for attestation engagements, other than those involving audits of financial statements, in the "AT" section of professional standards.

The Agreed-Upon Procedures Engagement outlines specific procedures to be performed on a subject matter whereby a CPA is engaged by a client to issue a report of findings. Distribution of the report based on such an engagement is limited to specific, identified users (in this case, the applicant and DHCD). Guidance for the performance of such engagements can be found in [AT Section 201](#) of the American Institute of Certified Public Accountants (AICPA) Professional Standards. Under the Enterprise Zone Statute, Enterprise Zone grant applicants must hire an independent CPA currently licensed in Virginia to perform the Agreed Upon Procedures established by DHCD. The CPA's attestation report **MUST BE SUMMITTED ONLINE** with the grant application materials no later than **11:59 p.m. on April 1, 2026**, in order for the application to be considered on time.

CPA ATTESTATION REPORT: FORM REQUIREMENTS

Findings from the Agreed-Up-On Procedures are to be reported on the required CPA Attestation Report forms. The forms have been created to ensure that all CPAs are reporting on the procedure as indicated. The forms and use of the forms have the support of the VA Society of CPAs. CPAs must use the Attestation Report templates provided by DHCD to document findings. Attestation report forms for both the Real Property Investment Grant and the Job Creation Grant are available for download on the [EZ Online Submission System](#) site under the CPA Attestation Report header.

The link to the EZ Online Submission System to access the appropriate forms is included below:
<https://dmz1.dhcd.virginia.gov/EZonePortal/CPAs.aspx>.

CPA Attestation Report (RPIG and JCG)	
Real Property Investment Grant Attestation Report Form	Required in prescribed format
	Required in prescribed format
Job Creation Grant Attestation Report Form	This document was updated as of 2/9/2015. Language in section 3B, Part 3 was changed to refer to employees 'who worked' in the grant year (previously incorrectly identified as employees that were 'hired' in the grant year). Section 3B, Part 4 was updated to reflect that the columns referenced in this portion of the attestation are columns P, Q, and R (previously incorrectly identified as Q, R, and S.)
UPDATED DRAFT CPA Agreed Upon Procedures Manual (RPIG and JCG)	Includes information regarding procedures for each grant
Guidance on CPA Attestation Report Format and Documentation of Findings	Includes information on appropriate description of CPA's findings

The attestation report that accompanies the application must be submitted on the appropriate DHCD Attestation Report form or the application will be deemed incomplete. Do not retype the procedures or submit findings using any document other than what has been provided by DHCD. Applications will have to be resubmitted using the correct form to be processed.

Additionally, any reports submitted that do not state the findings for each procedure are also considered incomplete. The AICPA professional standards set forth in [Section AT 201.25](#), states that the "practitioner should report all findings from the application of the Agreed-Up-On Procedures." Furthermore, [Section AT 201.26](#) specifies that "a practitioner should avoid vague or ambiguous language in reporting findings." Please see the examples of appropriate and inappropriate descriptions of findings within [Section AT 201.26](#). Based on the professional standards set forth, **providing one's initials and/or "no findings" by each procedure does not constitute an adequate description of findings.** In instances where no findings are reported or only the CPA's initials are listed as the findings, the report will be deemed incomplete, and the application will not be processed until the report is re-submitted.

SUBMITTAL REQUIREMENTS

APPLICATIONS MUST BE SUBMITTED THROUGH THE SYSTEM NO LATER THAN 11:59PM, APRIL 1, 2026 (EDT). Applicants will be prompted to save and print the completed application for their own records. DHCD is unable to pre-qualify any applicants.

LATE APPLICATIONS/APPLICATIONS WITHOUT CPA ATTESTATION REPORT | Any application submitted without the required CPA Attestation Report or submitted after the deadline will be considered late. Such applications are held until DHCD determines that funds remain after full funding on-time applications. At such time, DHCD will review and process late applications on a first-come, first-served basis.

MULTIPLE APPLICATIONS | If submitting more than one application, each grant application and associated materials must be submitted separately via electronic submission.

APPLICATION CONFIRMATIONS | Email confirmations will be sent throughout the submittal process to keep the applicant informed of the status of the application and to bring any submittal issues to the applicant's attention prior to certain deadlines. Applicants will receive confirmations in the following order:

- 1. Successful submission of online application** - This email will indicate the date and time of the submittal. DHCD recommends applicants print the application at this time and retain confirmation emails with their grant records. If the applicant has submitted all required documents with required signatures, this notification is the only one that will be received.
- 2. Notification of deficiencies** - DHCD will notify applicants by May 15th in cases where any additional information is required due to application deficiencies. The email will be sent from the following address: ezone@dhcd.virginia.gov. Please reply directly to that address when responding.
- 3. Notification of resolution of deficiencies** - Applicants must resolve any identified deficiencies by June 1st. Once the applicant provides the requested information, a final email will be sent to the applicant confirming DHCD's receipt of the requested material.



Virginia

Enterprise Zone

Job Creation Grant Agreed Upon Procedures (GY2025)



JOB CREATION GRANT

To be eligible, companies must be located in the boundaries of an Enterprise Zone. To determine whether your company is located in an EZ, contact your locality's Economic Development Department.

ELIGIBILITY REQUIREMENTS:

- must create at least 4 net new permanent full-time positions over the base calendar year
- Base Year employment can be either of the two calendar years immediately preceding the first grant year.
- Base Year employment is established in the first grant application and remains static for the full 5-year period.
- Eligible positions must meet wage and health benefit requirements:
 - Positions must earn at least 150% of the minimum wage (125% in High Unemployment Areas or SWaM-certified businesses) (see page 9 for more info)
 - Firms must offer to cover at least 50% of employee's health insurance premium

According to the Virginia Code (13VAC5-112-10), "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. The upcoming grant cycle is Grant Year 2025 and includes jobs created in calendar year 2025. On December 1, 2024 the state minimum wage was \$12.00 per hour (and higher than the federal minimum wage).

INELIGIBLE APPLICANTS:

The following are prohibited from applying for the JCG:

- units of local, state, or federal government
- nonprofit, other than those classified as NAICS 813910 and 813920
- positions: personal service, food & beverage, & retail

GRANT TERM:

Grants are awarded for 5-year periods beginning with the first grant year in which a JCG was awarded. To be eligible in years 2-5, the firm must maintain or increase the number eligible permanent full-time positions (above the four-job threshold) over base year employment. Firms may apply for a subsequent 5-year period given they meet the grant eligibility requirements. See page 17 under JCG definitions for more information on subsequent 5-year periods.

GRANT CALCULATIONS:

JCG awards are determined by the wages paid and the number of months positions were filled during the Grant Year. Grants are available in amounts of:

- Up to \$500 per grant eligible position filled by an employee earning at least 150% minimum wage (125% for businesses in HUAs and SWaM-certified businesses) who meets all other eligibility requirements (including offered health benefits)
- Up to \$800 per grant eligible position filled by an employee earning 175% of the minimum wage who meets all other eligibility requirements (including offered health benefits)
- Firms can receive grants for up to 350 positions per year

HIGH UNEMPLOYMENT AREAS (HUAs)

Any business applying as an HUA applicant must enter all required information into the EZ Application Submission System and complete and upload the **JCG-HUA/SWaM Worksheet**. These documents are specifically tailored to accommodate the reduced wage rate threshold. **Businesses located in HUAs are eligible to apply for the JCG at the reduced wage rate threshold of \$15.00/hour, or 125% of minimum wage.**

ZONE NAME	ZONE #
City of Martinsville	36 & 54
City of Danville	1 & 57
Northumberland County	50
City of Emporia	43
Prince Edward County	48
City of Petersburg	10

*The following localities in joint zones with the HUAs on the left are **NOT** HUAs:*

Henry County
 Lancaster County
 Town of Kilmarnock
 Richmond County
 Town of Warsaw
 Westmoreland County
 Pittsylvania County
 Greensville County
 Charlotte County
 Lunenburg County

Any existing business that has previously applied for the JCG as an HUA applicant in one of these zones may continue to qualify at 125% of the minimum wage for the remainder of their 5-year grant period.

Any new businesses applying for the JCG in these zones must pay at least 125% of the minimum wage to qualify.

SWaM-CERTIFIED BUSINESSES

2021 legislation passed allows for **SWaM-certified (Small, Women-owned, and Minority-owned) businesses to be eligible to use the reduced wage threshold (125% minimum wage=\$15.00/hour) to qualify for the \$500 grant amount.** To be eligible at the reduced wage threshold, the company must have been SWaM-certified in calendar year 2025. SWaM-certified businesses must select the appropriate box on the online application indicating that the application is for a SWaM-certified business and must complete the **JCG-HUA/SWaM Worksheet**.

- Look up whether a business is SWaM-certified on the online directory <https://directory.sbsd.virginia.gov/#/executiveExport>

REQUIRED JCG MATERIALS

| EZ APPLICATION SYSTEM |

Applicants must submit their application, and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia FORM W-9
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- JCG Worksheets or JCG-HUA/SWaM Worksheets
(In year one, all firms are required to submit Sheets 1 & 2 from the JCG Worksheet. In years 2-5, only firms that are exempt from the attestation are required to submit the JCG Worksheets 1 & 2.)
- CPA Attestation Report Form (if applicable)
(As provided in §59.1-547, A CPA attestation is a required component to ALL JCG applications except: When the applicant has a Base Year employment ≤ 100 PFTP AND Grant Eligible positions ≤ 25 PFTP.)

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due by **11:59 p.m. on April 01, 2026.**

RECORD KEEPING REQUIREMENTS

The Department may at any time review an applicant’s records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding JCG qualification for a minimum of **three years** following the receipt of the grant.

All JCG grantees are monitored for their first Grant Year. Job Creation Grants that do not have adequate documentation regarding permanent full-time positions, report to work criteria, wage rates, or the provision of health benefits may be subject to repayment. The digital version along with a hard copy print out must be kept on file and accessible with other grant request records.

CPA ATTESTATION RESPONSIBILITIES

The Job Creation Grant attestation procedures outlined in the following pages are structured to ensure that:

- The company is not a personal service, food or beverage, or retail establishment, as such businesses are prohibited from applying for the grant;
- The company only includes permanent full-time positions (PFTP) in the Base Year and Grant Year on the JCG and JCG-HUA/SWaM Worksheet and that the wage rates for the net new equivalent PFTPs in the Grant Year are accurately indicated; and
- Employment dates and wage rates for positions listed on the JCG and JCG-HUA/SWaM Worksheet are accurate and identical to the information on payroll and personnel documentation.

Can the CPA prepare the application and accompanying materials and attest?

Professional standards (AICPA) provide that a CPA can offer assistance provided the CPA does not assume management responsibilities, such as making management decisions or performing any management functions. The decision to follow any advice provided remains with management of the entity.

JCG APPLICANT RESPONSIBILITIES

The business firm will provide the CPA with the following:

- The **JCG and JCG-HUA/SWaM Worksheet** include all employees filling permanent full-time positions in the Base Year (in alphabetical order) followed by all employees filling permanent full-time positions in the Grant Year (**in alphabetical order**). Failure to provide a complete and accurate list of **all employees**, the dates they were employed, and their wage rates may result in an under- or overpayment of grant funds. **The Commonwealth will require the grantee to return any overpayment to the Treasurer of Virginia.**
 - **Employees receiving raises (or decreases) in pay during the Grant Year must be listed on a separate line for each wage fluctuation. Applicants may not use their average wage rate OR ending wage rate to represent an employee's annual wages.**
- **I-9s and paystub/payroll records** indicating the first work date, last work date, and wage rates in the Base Year and Grant Year for each employee listed on the JCG Online Worksheet, where applicable.
- **Health benefits documentation (including written benefit waivers).**
- **The business firm representative must provide his/her signature on the Applicant Declaration Form and submit as an uploaded document in Part IV of the online application.**

JCG AGREED UPON PROCEDURES

| PROCEDURE 1 – Attestation Regarding Prohibited Positions |

The CPA will read the NAICS code listed on the Online Application or Sample Application (Part I, Box 5) to determine that the NAICS code listed on the application is one other than NAICS 441-454 ([retail](#)); 722 ([food/beverage](#)) or 812 ([personal service](#)), which are NOT eligible to receive JCG.

*A business is not a retail business, but has retail positions.
Is this firm eligible for the Job Creation Grant?*

Yes, but only positions that are not retail, food/beverage, or personal service can be included in the JCG/JCG-HUA Worksheet for the purposes of qualifying for the Job Creation Grant.

| PROCEDURE 2 – Attestation of Permanent Full-Time Positions |

The CPA will follow the sampling procedure explained below to obtain employment documentation and the **JCG/JCG-HUA Worksheet for Employees Filling Permanent Full-Time Positions (EF- PFTPs)** during the Base Year permanent full-time positions:

Rules for Sampling: The Base Year and Grant Year employee sample is REQUIRED FOR YEAR 1 APPLICANTS. If applying for years 2-5 of the JCG, only GRANT YEAR sampling is required. The following procedures should be used in establishing a sample of PFTPs:

- **Firms with 100 or fewer Employees Filling Permanent Full-time Positions (EF-PFTPs)**
The CPA will obtain a random sample of the documentation for 20 EF-PFTPs on the worksheet and read to ensure the start/end work dates for such employees agrees without exception to the information provided on payroll records using the random sampling techniques established below. If there are 20 or fewer EF-PFTPs, the documentation and worksheet calculations for all employees will be included in the CPA's sample.
- **Firms with More than 100 Employees Filling Permanent Full-time Positions (EF-PFTPs)**
For firms with more than 100 EF-PFTPs on the worksheet, the CPA will obtain a random sampling of payroll records and health benefits documentation for 20 percent of all employees shown. The CPA will read to ensure the start/end work dates for such employees agrees without exception to the information provided on payroll records using the random sampling techniques established below.

Random Sampling

The CPA will obtain a random sampling for the greater of 20 employees or 20 percent of employees listed on the worksheet based on the above criteria. The random sampling will be based on the use of a table of random numbers. The CPA will first assign each employee listed on the JCG Worksheet a unique identification number. Then, the CPA will select cases for the 20 employees or 20 percent sample when their identification number corresponds to the number chosen from the table. The CPA will indicate in Column B of the JCG Worksheet which employees have been selected to be sampled. The CPA will stop selecting cases when they have reached the desired sample size. If an identification number is selected more than once, the CPA will ignore the repeats.

Non-reconciled errors

Should the CPA find any non-reconcilable errors (any unexplained difference between information on the documentation provided and what is entered on the Worksheet) in the sample population, the CPA should repeatedly select another 20 employees or 20 percent sample from the original population until the subsequent sample produces no non-reconcilable errors. The CPA shall submit by name any non-reconcilable errors found during this procedure in the attestation report. If the client chooses to revise the Worksheet and application to remove the non-reconcilable item(s), the CPA shall read to ensure that the revised Worksheet has omitted the non-reconcilable item(s) and that there are no resulting changes from the original Online Worksheet.

| PROCEDURE 3 – Attestation & Required Documentation |

Using the applicable sampling technique indicated in Procedure 1, the CPA will compare the JCG/JCG-HUA Worksheet for Base and Grant Year employment information listed on the Worksheets to the required documentation (I-9, first payroll, last payroll for Base Year and/or Grant Year, and health benefits enrollment information) provided by the company. In the case of a business in a qualification year other than its first year, the sample should only include the Grant Year information. The Base Year employment should only be sampled in the first Grant Year along with Grant Year employment, as the base year employment should match that presented on the first grant year application. The CPA will report any missing documentation and any discrepancies between the employment documents and the JCG/JCG-HUA Worksheet.

Employees should only be listed on the JCG Online Worksheet one time UNLESS:

- *They have worked two or more separate times in the Base or Grant Year.*
- *The grant-year employee's wage fluctuated during the Grant Year.*

To accurately calculate grant awards, separate rows should be included showing the start date and end date for each separate employment period or wage fluctuation (grant year employees only) based on the employee's I-9 or payroll record documentation.

Since the JCG and JCG-HUA/SWaM Online Worksheet is equipped with formulas to apportion the eligible months employees were earning at least 150% of the minimum wage or 125% in HUAs or for SWaM-certified businesses, please note that employees should only be listed more than once if the business firm increased/decreased the employee's wage rate (irrespective of the increase in the federal minimum wage).

- A. I-9:** The CPA will obtain the sample population's I-9s to determine the Base Year and/or Grant Year employee's name, social security number, address, and start date of employment. In cases where the I-9 was signed prior to the actual hire date (for example, required as part of the job application), the CPA will read and compare the I-9 in conjunction with the supporting employee payroll documentation and attest to the hire date of the employee.
- B. Payroll records for Base Year and/or Grant Year employees** (first and last payroll records for the time the employee worked in the Base Year and/or Grant Year). The CPA will complete the following procedures:
1. Compare the employee's name and employee number (where assigned) with the information included on the Worksheet.
 2. Read and compare records to attest that the first and last work date for each employee within Base Year and/or Grant Year correspond to those dates listed for the employee on the Worksheet.

3. Compare the wage rates as indicated on the first and last payroll records for those sampled employees hired in the Grant Year (i.e. net new employees) with the specific wage rates listed in column O of the JCG Worksheet and report any differences.

If an employee received raises (or a decrease in pay) during the Grant Year, the employee MUST be listed on a separate line for each wage fluctuation. DO NOT use their average wage rate OR ending wage rate. The CPA will read the Worksheet and determine that employees with wage fluctuations during the Grant Year have been listed in the spreadsheet as many times as payroll records show wage fluctuations.

- a. For sampled employees with information in column(s) P, Q, R and/or S, the CPA will read the employment documentation to determine that the employees reflected on the Worksheet are permanent and full-time.
4. If the sampled employee's wage rate was converted from salary to hourly, the CPA will determine that it is mathematically correct by dividing the annual salary, inclusive of shift premiums and commissions by **1,820 hours**.

C. Health benefits information:

1. The CPA will obtain and read the **signed health benefits enrollment** agreements and compare insurance coverage materials indicating employer contribution to payroll documents indicating employee contribution to health care premiums, and to payroll documents indicating employee deductions. The CPA should compare the individual employee information on these documents to the information presented in Column N indicating they were offered/received health benefits and for which wages are listed in Column O (as such employees are net new over the Base Year employment), and report on these findings. The CPA should report all instances where the firm does not offer to contribute at least 50% of the cost of the health insurance premium.
2. For employees filling grant-eligible PFTPs that have declined health insurance coverage, the CPA will obtain and read the employees' **signed waiver of health benefits**. For firms that self-insure their employees' medical claims, a copy of the firm's policy signed by the EF-PFTP (with wages listed in Column O) is acceptable documentation.

A business does not make health insurance benefits available for new permanent full-time positions until after a 90-day employment period. How should this be documented on the JCG/JCG-HUA Online Worksheet?

*The initial 90-day employment period during which health benefits were not available **can** be included in the Worksheet. The firm should list the first date and last date the employee filling the net new permanent full-time position met the wage requirement for those employees whose health benefits were effective after a specified employment period, provided they were offered by the start date.*

| PROCEDURE 4 – Attestation of Grant Eligible Positions with Qualifying Wage Rates & Health Benefits |

The CPA will read the qualification information on Part II of the online application or sample application page to compare whether the information entered on Part II, Boxes 4 A-B and Boxes 5 E-F corresponds with the auto-calculated values in the following cells of second sheet of the Worksheet: B3, B4, B5, and B6 (respectively) and indicate any discrepancies in the Attestation Report.

DEFINITIONS FOR JOB CREATION GRANTS

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the business or qualified zone investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will apply tests and report regarding the assertion of the business or qualified zone investor in connection with its qualification to receive the Enterprise Zone incentive pursuant to § 59.1-549 of the Code of Virginia.

Base Year, for wage-based Job Creation Grants:

Means either of the two calendar years immediately preceding the firm's first year of grant eligibility, at the choice of the business firm.

Bonus:

Means a payment made in addition to the employee's regular earnings.

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 813910 of the North American Industry Classification System (NAICS) and that generate the majority of their revenue from customers outside the Commonwealth.

Commission:

Means the compensation paid to an employee after completing a task, which is usually selling a certain amount of goods or services.

Common control:

Means such firms as defined by Internal Revenue Code § 52(b).

Food and beverage service:

Means a business whose classification falls under subsector 722 Food Services and Drinking Places of North American Industry Classification Systems (NAICS).

Full month:

Means the number of days that the permanent full-time position must be filled in order to count in the calculation of the grant amount. A full month 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 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 percent of the cost of the premium at the time of employment and annually thereafter.

High Unemployment Areas (HUA):

Means Enterprise Zone localities with unemployment rates one and one-half times or more than state average based on the most recent annualized unemployment data published by the Virginia Employment Commission.

Independent Certified Public Accountant:

Means a public accountant certified and licensed by the Commonwealth of Virginia who is independent of the entity 'in fact' and in appearance. The CPA must comply with the independence requirements in the AICPA Code of Professional Conduct. Potential scenarios that may impair a CPA's independence include financial interest in the client, business relationships with the client, family or personal ownership of or employment by the client (present or former), and being on the Board of Directors or a Trustee of the client. This list is not all-inclusive and other situations may arise that impair the independence of the CPA.

Local Zone Administrator:

Means the chief executive of the city or county in which an Enterprise Zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

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, according to the Virginia Code (13VAC5-112-10).

Permanent full-time position:

Means a job of indefinite duration at a business firm located in 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 a business firm's operation, which a normal year must consist of 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 positions shall not include: (i) seasonal, temporary, or contract positions, (ii) 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, (iii) any position that previously existed in the Commonwealth, or (iv) positions created by a business that is simultaneously closing facilities in other areas of the Commonwealth.

Personal Service:

Means such positions as classified under NAICS 812.

Regular basis:

Means at least once a month as related to "[report to work](#)" requirements for the wage-based job creation grants.

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 sector 44-45 Retail Trade of the North American Industry Classification System (NAICS).

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 CPA firm during the tax return season in order to process returns who work full-time over a three-month period are seasonal employees.

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 firm's 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 a subsequent five-consecutive-year grant period 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.

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 Virginia that is relocated to an enterprise zone facility owned or operated by that firm.

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.



Virginia

Enterprise Zone

Real Property Investment Grant Agreed Upon Procedures (GY2025)



SUMMARY ELIGIBILITY REQUIREMENTS

To be eligible, properties must be located in the boundaries of an Enterprise Zone. To determine whether your property is located in an EZ, contact your locality's Economic Development Department.

ELIGIBLE INVESTORS/GRANTEES:

- Owns building (occupant)
- Owns building (non-occupant)
- Owns space in building (office condo)*
- Tenant*
- Developer

ELIGIBLE PROPERTY TYPES:

- Building
- Facility

ELIGIBLE PROPERTY USES:

- Industrial
- Commercial (includes office space)
- Mixed-use (at least 30% of the useable floor space must be industrial or commercial to be eligible)

ELIGIBLE INVESTMENTS:

- Rehabilitation or expansion
- New construction
- Solar-only (meaning solar is the only component added to the building or facility)
- Rehabilitation/expansion with solar
- New construction with solar

INVESTMENT THRESHOLDS:

- **Rehabilitation or expansion**-total amount of improvements must exceed \$100,000 in Qualified Real Property Investments (QRPI) to be eligible
- **New construction**-total amount of improvements must exceed \$500,000 in QRPI to be eligible
- **Solar-only** – no minimum threshold

- **Rehabilitation/expansion with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$50,000 in QRPI to be eligible

- **New construction with solar** – if solar investment is more than \$50,000, the total amount of improvements must exceed \$450,000 in QRPI to be eligible

GRANT CAP & CALCULATIONS:

- Grants based on amount of **qualified real property investment (QRPI)** – hard construction costs (full list in the RPIG manual)
- Grants up to **20% of the QRPI up to \$100,000** per building/facility for QRPIs ≤\$5M in a 5-year period (less the threshold amount)
- Grants up to **20% of the QRPI up to \$200,000** per building/facility for QRPIs >\$5M but ≤ \$20M in a 5-year period (less the threshold amount)
- Grants up to **25% of the QRPI up to \$300,000** per building/facility for QRPIs >\$20M in a 5-year period (less the threshold amount)
- Real property investment expenditures funded by federal, state, or local grants are **NOT ELIGIBLE** for an RPIG and must be **excluded** from the application.

REQUIRED APPLICATION MATERIALS

| EZ APPLICATION SYSTEM |

. Applicants must submit their application and all required supporting documentation electronically through the EZ Online Submission System.

- Commonwealth of Virginia Form W-9 (federal IRS form NOT accepted)
- Local Zone Administrator (LZA) Review Form
- Applicant Declaration Form
- Final Placed-in-Service Document
- CPA Attestation Report Form
- Supplemental Forms: (*if applicable)
 - FORM EZ-RPIG Multiple Owner*
 - FORM EZ-RPIG Tenant-Owner Consent*
 - FORM EZ-RPIG Tenant Coordination*
 - FORM EZ-RPIG Mixed-Use*

Applicants should print and retain the application for their records. To print the application before submitting, the user may use the “print” function in their browser. For example, on Chrome, click the three vertical dots on the right-top corner, then select “print” from the pop-up menu. Applicants can also print after submission. Details and instructions regarding each of the listed application materials are included in the following sections. All supplemental forms are available on the EZ Online Submission System site at <https://dmz1.dhcd.virginia.gov/EZonePortal/Default.aspx>

| SUBMISSION DEADLINE |

All application materials are due by **11:59 p.m. on April 01, 2026.**

| RECORD KEEPING REQUIREMENTS |

The Department may at any time review an applicant’s records related to qualification under this section to assure that information provided in the application process is accurate. Qualified Zone Investors shall maintain all documentation regarding RPIG qualification for a minimum of three years following the receipt of the grant. **Real Property Investment Grantees are monitored annually by DHCD at random.** Grants that do not have adequate documentation regarding qualified real property investments may be subject to repayment.

CPA ATTESTATION RESPONSIBILITIES

CPAs will apply the procedures specified in this document to satisfy the attestation requirement of the Code of Virginia § 59.1-549 Policies and Procedures for allocation of Enterprise Zone grants. This attestation should report on the following:

- The zone investor only includes [qualifying real property investments](#) and that all costs listed on the schedule on the Itemized List of Qualified Real Property Investments document were either capitalized or expensed by the [qualified zone investor](#). Further, the Itemized List should exclude real property investments that were funded from public grants from federal, state, or local sources;
- The real property for which the qualified real property investments were made has been placed in service during the applicable Grant Year (2025);
- In the case of mixed-use buildings, the square footage information and use is accurately indicated on the supplemental form, EZ-RPIG Mixed-Use;
- And, in the case of zone investors owning a space within a building or zone investors applying as tenants, the square footage information is accurately indicated on the supplemental form(s) and the grant application process has been coordinated with all other owners/tenants within the building. For more information regarding the required steps of coordination, see Pages 9-10 and 28 of the Real Property Investment Grant Instruction Manual.

RPIG APPLICANT RESPONSIBILITIES

The zone investor will provide the CPA with the following:

- The Real Property Investment Grant information required to complete the online application and all other required attachments (a sample application page can be downloaded and used for this purpose but is not a required document to be uploaded);
- **All invoices and receipts** for qualified real property investments **capitalized or expensed** by the zone investor;
- The final [placed-in-service documentation](#) issued by the locality for the completed real property improvements;
- For [mixed-use](#) buildings, **the measured drawings** for the building indicating the square footage and use of the building;
- For zone investors applying as owners of space within a building, **the closing documents** or deed of trust indicating the building's square footage;
- For zone investors applying as tenants, **the current lease agreement** indicating the building's square footage.

RPIG AGREED UPON PROCEDURES

| PROCEDURE 1 – Attestation of Completed Application |

The CPA will read the Real Property Investment Grant Application and report that all required documents listed below, where applicable, have been appropriately included in the application, and the Applicant Declaration Form has been signed and completed. Required documentation is as follows:

1. Completed and signed Commonwealth of Virginia W-9;
2. Signed Local Zone Administrator Form;
3. Signed Applicant Declaration Form;
4. Copy of final placed in service documentation;
 - **Final Placed-in-Service Documentation** for the same physical address as referenced on the application and approval/issuance date within the current Grant Year (2025).
5. Completed, signed and seal/notarized supplemental form for a mixed-use building (if applicable);
 - For mixed-use buildings, **the supplemental Form EZ-RPIG Mixed-Use** must be filled out to indicate the useable floor space in the building (by use). The form will be completed by the individual/firm that prepared the measured drawings/plans submitted to the local building official to obtain necessary permits for improvements to the mixed-use building. If the preparer cannot be contacted, the applicant may obtain Third Party Verification by a licensed, independent third party. The useable floor space as documented on the measured drawings must be indicated on this form. The form must also include a statement to be signed by the preparer of the measured drawings. Stamped and sealed measured drawings will be provided to DHCD at their request. If they are not provided at DHCD's request, the applicant may be denied a grant.
6. Completed, signed, and notarized supplemental form for owners of space in building (if applicable);
 - For buildings with multiple owners, supplemental **Form EZ-RPIG Multiple-Owner** must be filled out to indicate the useable floor space occupied by each owner. The applicant completing the form will need to obtain information on the total building square footage if not specified in the closing documents (condo owner). The form must include coordination with all other owner(s) of space within the building; otherwise DHCD will use proration procedures to determine the grant amount based on the level of investment made to the building and the percentage of the useable floor space owned by the applicant.
7. Completed, signed, and notarized supplemental consent forms for a tenant in a building (if applicable);
 - For buildings with one or more tenants, supplemental **Form EZ-RPIG Tenant-Owner Consent** must be filled out to obtain the owner's consent to apply for grant funds. The owner can either give unconditional consent or may require the applicant tenant to coordinate with all other tenants within the building/facility. The owner's signature must be notarized. The applicant completing the form will need to contact the building

- owner/management company to obtain information on the total building square footage if not specified in the current lease agreement.
- If the owner of the building/facility has required tenant coordination, supplemental **Form EZ-RPIG Tenant Coordination** must be filled out to indicate the useable floor space occupied by each tenant. The applicant completing the form will need to contact the building owner/management company to obtain information on the total building square footage if not specified in the current lease agreement (tenant). The form will be completed to include coordination with all other tenants(s) of space in the building otherwise DHCD will use proration procedures to determine the prorated grant amount based on the level of investment made to the building and the percentage of the useable floor space leased by the applicant.

| PROCEDURE 2 – Attestation of Qualified Real Property Investments |

The CPA will read the schedule of [Qualified Real Property Investments](#) included in Part III of the RPIG Application, as well as supporting documentation in the form of invoices, receipts, contracts, etc. to compare the classification of costs on Part III of the schedule to the cost categories listed in the Real Property Investment Grant Manual and report any non-qualified cost categories; to compare the amount and type of qualified real property investments listed on the schedule to supporting documentation noted above and report differences; and to compare that the total cost of qualified real property investments indicated on the invoices or receipts to the amount reported by the zone investor and report differences. The CPA will obtain management’s written representation should be obtained from the Zone Investor to determine that federal, state, and local source grant monies were not used to obtain the real property investments;

- A. The CPA will obtain and read the schedule of [Qualified Real Property Investments](#) (Part III of the RPIG Application) including the cost categories qualifying for the Enterprise Zone “qualified real property investments” per § 59.1-548. (Enterprise zone real property investment grants) of the Code of Virginia, and 13VAC5-112 of the Virginia Administrative Code, which defines Qualified Real Property Investment as “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 (\$50,000 for projects that include solar panels and installation costs totaling \$50,000 or more); (ii) \$500,000 with respect to a single building or a facility in the case of new construction (\$450,000 for projects that include solar panels and installation costs totaling \$50,000 or more); OR (iii) projects with no minimum threshold are solely solar panels and installation costs. Qualified real property investments include 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, but not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, cleaning, cleanup, and solar panels and installation costs.”

- B. In the case of cost categories listed on the schedule of Qualified Real Property Investments that include more than one type of work (such as drywall and demolition), a breakdown of the work included in such category will be obtained by the CPA and read to compare and confirm that all cost categories are Qualified Real Property Investments according to § 59.1-548A of the Code of Virginia. The CPA will report any items whose qualifications are uncertain, including the exact dollar amount of the corresponding qualified real property investments submitted on the RPIG Application.
- C. The CPA will compare Part III-Qualified Real Property Investments of the RPIG Application to the general ledger entries to determine that the items and costs listed on the schedule were charged to the appropriate capital (asset) account or expense account. The CPA will read the schedule and include in findings any items that are not charged to the capital account or expense account. In cases where not all qualified real property investments under the Final CO charged to the capital account or expensed have been paid for, a charge to a capital account or an expense account with a corresponding recorded entry to a liability account and proof of subsequent payment thereof within 60 days of the calendar year end is satisfactory proof to count those qualified real property investments.
- D. The CPA will obtain and read 100 percent of the invoices, receipts, AIA reports, and any other relevant documentation of construction expenses. The CPA shall compare these documents to the dollar values presented on the schedule of Qualified Real Property Investments and report on whether the charges agree.
- E. The CPA shall obtain and read the schedule of Qualified Real Property Investments and the contents of their Attestation Report, to determine whether the total Qualified Real Property Investment reported on the RPIG Application meets the minimum investment threshold, as established by § 59.1-548. Enterprise zone Real Property Investment Grants.
- F. The CPA shall inquire of the source of all grant monies used to fund the Qualified Real Property Investment, by obtaining management representation, to determine that federal, state, and local source grants of public funds were not used to purchase items on the RPIG Application.

| PROCEDURE 3 – Attestation of Placed in Service Documentation |

The CPA will read the Placed-In-Service Documentation which indicates that work is complete and up to code as evidenced by the “placed in service date” (the date of the final Certificate of Occupancy (CO), final building inspection, or the date of the third-party inspection report for the building). The “placed in service date” dictates the calendar year in which the qualified zone investor applies for the grant.

For All Types of Placed in Service Documentation

- A. The CPA will read to confirm that the placed in-service document is final and does not indicate “temporary” or “pending”. The CPA will report if the placed in-service documentation indicates other than final.

- B. In cases in which the final placed in service documentation issued was only for a portion of the building/facility (for example, a CO for the first floor in a four story building), the CPA will read the qualified real property investment amount listed on Part IV, Box 3A of the RPIG Application and supporting documentation obtained in Procedure 2, and report any expenses not related to work completed on the portion of the building/facility covered under the CO. The CPA may contact the agency that issues the final certificate of occupancy or inspection documentation to determine the scope of work approved in Placed in Service documentation.

When Placed in Service Documentation is a Final CO

- A. The CPA will compare the physical address on the final Certificate of Occupancy (CO) for the building to determine it is the same physical address as listed on the RPIG Application.
- B. The CPA will read the final CO to determine that the date of issuance is within Grant Year 2025.
- C. The CPA will read the final CO to determine that it indicates that it was final, not temporary or pending. Applications will not be accepted for work done under a temporary, pending, or failed CO.
- D. In the case of a shell CO, the CPA read the RPIG Application- Part I, Box 2 to determine that the zone investor is not a tenant of the building, unless they have completed the appropriate tenant owner consent form and attached it to the application.
- E. The CPA will read the final CO to determine that the name listed on the final CO matches the name of the qualified zone investor on EZ-RPIG Part I, Box 1. If a different entity or individual is listed on the final CO, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the CO has been included in Part II, Section B of the RPIG application.

When Placed in Service Documentation is a Final Building Inspection

- A. In cases where the building was in continual service during the rehab/expansion work, or there was no change in use or final CO required, the CPA will read the final building inspection to determine that the physical address on the final building inspection is the same physical address as listed on the RPIG application.
- B. The CPA will read the final building inspection to determine that the date of issuance is within the Grant Year.
- C. The CPA will read the final building inspection report to determine that the final inspection is marked as approved and not pending or temporary. In cases in which localities issue multiple inspections for a project (building, electrical, mechanical, etc.), the CPA will read all final inspection documents to determine that all the inspections indicate they are fully approved/passed in order for the corresponding dollar amounts under each inspection to be included in the total qualified real property investment amount.

- D. The CPA will read the final building inspection to determine that the name listed on the final inspection matches the name of the qualified zone investor RPIG Application Part 1, Box 1. If a different entity or individual is listed on the final inspection, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the final building inspection has been included in Part II, Section B of the RPIG application.

When Placed in Service Documentation is a Third-Party Licensed Inspector's Report

- A. In cases where the locality did not require any building permits or other permits for ANY of the qualified real property investments listed on the schedule in Part III of the EZ-RPIG information entered online, the CPA will read an official letter from the building code official to determine that it references the physical address and states that such permits were not required for the work.
- B. The CPA will read the licensed third-party inspector's report to determine that the physical address on the report is the same physical address as listed in the RPIG Application information entered online.
- C. The CPA will read the third-party inspector's report to determine that the date the report was issued was within the Grant Year.
- D. The CPA will read the third-party inspector's report to determine that it indicates that all work was complete in the appropriate with no outstanding or failed items reported.
- E. The CPA will read the licensed third-party inspector's report to determine that the name listed on the report matched the name of the qualified zone investor on RPIG Application Part I, Box 1 (which will be submitted electronically). If a different entity or individual is listed on the report, the CPA will determine that the required explanation of the relationship between the applicant and the entity listed on the third-party inspector's report has been include in Part II, Section B of the RPIG Application.

What is the required format of the Third-Party Inspector's Report?

Based on Section 113.7.1 ("Third-Party Inspectors") of the Virginia's Uniform Statewide Building Code: "Each building official charged with the enforcement of the USBC shall have a written policy establishing the minimum acceptable qualifications for third-party inspectors. The policy shall include the format and time frame required for submission of reports, any prequalification or pre-approval requirements and any other requirements and procedures established by the building official." Hence, the Third-Party Inspector's Report must meet the guidelines set forth by the local jurisdiction in which the project was completed.

| PROCEDURE 4 – Attestation of Square Footage for Mixed-Use Buildings |

When building is mixed-use:

- A. The CPA will read to determine that if the applicant has indicated “Mixed-Use” in Part I of the RPIG Application on Box 5, the applicant has provided the CPA with the supplemental **Form EZ-RPIG Mixed-Use** where Part II of the form has been “completed by the preparer (or the representative of the preparer) of the measured drawings/plans submitted to the locality” and that it contains the professional seal (AIA) or notarized signature of the preparer (or representative of the preparer) of the drawings, if not an architect. In the case where no formal drawings were required by the locality or the zone investor prepared their own measured drawings, the CPA will determine that a licensed third-party architect or contractor has signed and sealed the form certifying that at least 30 percent of the useable floor space in the building is devoted to commercial, industrial, or office use. To determine that validity of an architect or contract license in the State of Virginia, the CPA should reference the Virginia Department of Professional and Occupational Regulations (<http://www.dpor.virginia.gov/LicenseLookup/>).
- B. The CPA will determine that Part II, Box 4 of the **Form EZ-RPIG Mixed-Use** is mathematically correct based on information on Part II, Boxes 2a, 2b, and 3 and **is at least 30 percent**.

| PROCEDURE 5 – Attestation of Owners of Space in Building |

When building has multiple owners of space in the building/facility (condo):

The CPA will determine that the square footage information indicated in the closing documents or deed of trust is accurately indicated on the supplemental form for zone investors who own space in a building. The qualified zone investor must provide the CPA with access to the closing documents or the deed of trust. Additionally, the CPA must determine that the zone investor has coordinated qualification with all other owners of the building; otherwise DHCD’s proration procedures will be used to determine the grant amount. For more information regarding the required steps of coordination for owners of space within a building, see pages 9-10 and 28 of the Real Property Investment Grant Instruction Manual.

- A. The CPA will determine that if the applicant has indicated “owns space in a building (i.e. office condo)” in Part I of the RPIG Application that a supplemental **Form EZ-RPIG Multiple-Owner** has been completed and signed by the applicant. The CPA should compare Part II Boxes 1 and 2 of the supplemental **Form EZ-RPIG Multiple Owner** to any backup documentation provided by the applicant (deed of trust or other closing documents) and report on these findings.
- B. The CPA will determine that Part II, Box 3 of the supplemental form is mathematically correct.
- C. The CPA will determine that information in Part III of the supplemental form agrees with the grant requested by the zone investor on RPIG Application indicating that either the grant request is being prorated or has been coordinated with all other owners of space in the building. In the case of coordination, the CPA will determine that all the building/facility’s square footage has been accounted for by the other owners’ notarized signatures such that the sum of the square

feet listed in Part III Box C and the square footage listed in Part II, Box 1 equals Part II, Box 2 (building's total square footage).

| PROCEDURE 6 – Attestation of Tenant(s) in a Building |

When applicant firm is a tenant in the building/facility:

The CPA will determine that the square footage information indicated in the current lease agreement is accurately indicated on the supplemental form for buildings with tenant(s). The qualified zone investor must provide the CPA with access to the lease. Additionally, the purpose is to ensure that the zone investor has obtained the consent of the building owner and (if required by the owner) has coordinated qualification with all other tenants in the building, otherwise DHCD's proration procedures will be used to determine the appropriate grant amount.

- A. The CPA will determine that if the applicant has indicated "tenant in building" in Part I of the RPIG Application in Box 2, a supplemental **Form EZ-RPIG Tenant-Owner Consent** has been completed and the applicant has provided the CPA with documentation (valid lease) that agrees with Part III Boxes 1 and 2 of the supplemental **Form EZ-RPIG Tenant-Owner Consent**.
- B. The CPA will determine that Part IV & V of **Form EZ-RPIG Tenant-Owner Consent** have been completed whereby the owner of the building gives consent to the tenant to apply for the grant.
- C. The CPA will determine that Part III, Box 3 of **Form EZ-RPIG Tenant-Owner Consent** is mathematically correct.
- D. The CPA will determine that in the supplemental **Form EZ-RPIG Tenant-Owner Consent** agrees with the grant requested by the zone investor in the RPIG Application Part IV, Box 3D which indicates that the grant request is either being prorated, has been coordinated with all other owners/tenants within the building, or the owner has given consent without requiring coordination. In the case of coordination, the CPA will determine that the building/facility's square footage has been accounted for by the other owners' or tenants' notarized signatures such that the sum of the square feet listed in Part III Box C of the supplemental **Form EZ-RPIG Tenant Coordination** and the square footage listed in Part II, Box 1 equals Part II, Box 2 (building's total square footage).

Multi-Tenant/Owner Proration Formula

*If the required coordination has not been performed, DHCD will implement its **proration procedures** for such buildings based on the useable floor space leased/owned by the zone investor.*

The maximum grant amount available (either \$100,000 or \$200,000) be will determined by the cumulative qualified real property investments made to the building/facility within the consecutive five-year period starting with the qualification year in which a grant was first awarded.

- *DHCD will then multiply the applicable grant cap by the percent of the building's useable floor space for which the tenant has a lease or for which the owner has a deed of trust (or other closing documents).*
- *The grant cannot exceed this amount or 20% of the applicant's qualified real property investment (not exceeding the investment threshold cap), whichever is less.*

DEFINITIONS FOR REAL PROPERTY INVESTMENT GRANTS

Agreed upon procedures engagement:

Means an engagement between an independent Certified Public Accountant licensed by the Commonwealth and the qualified zone investor seeking to qualify for Enterprise Zone incentive grants whereby the independent Certified Public Accountant, using procedures specified by the Department, will test and report regarding the assertion of the qualified zone investor in connection with its qualification to receive the Enterprise Zone incentive pursuant to § 59.1-549 of the Code of Virginia.

Building:

Means any construction meeting the commonly ordinarily accepted meaning of the term (building, *n*, a usually roofed and walled structure built for permanent use) where 1) areas separated by interior floors or other horizontal assemblies; and 2) 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.

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 percent 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 percent of the fair market value of the property.

- ***Special information for Tenant applicants:*** Investments to real property made under an operating lease do not qualify as investment capitalized by a tenant. Only leasehold improvements made directly by a tenant, or improvements made under a capital lease are considered grant-eligible.

Investment	Applicant
Leasehold improvements made directly by tenant	Tenant applies for RPIG
Improvements made under a capital lease	Tenant applies RPIG
Improvements paid for as part of an operating lease	Tenant may not apply for RPIG

Common control:

Means those firms as defined by Internal Revenue Code § 52(b).

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 includes 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.

Independent Certified Public Accountant:

Means a public accountant certified and licensed by the Commonwealth of Virginia who is independent of the entity 'in fact' and in appearance. The CPA must comply with the independence requirements in the AICPA Code of Professional Conduct. Potential scenarios that may impair a CPA's independence include financial interest in the client, business relationships with the client, family or personal ownership of or employment by the client (present or former), and being on the Board of Directors or a Trustee of the client. This list is not all-inclusive and other situations may arise that impair the independence of the CPA.

Local Zone Administrator:

Means the chief executive of the city or county, in which an enterprise zone is located, or his or her designee. Pursuant to Enterprise Zone designations made prior to July 1, 2005, this shall include towns.

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. Buildings where less than 30 percent 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 the Real Property Investment Grant under 13 VAC 5-112-330. This definition applies only for the purpose of qualifying for Enterprise Zone incentives.

Mobilization:

Mobilization includes preparatory work and operations necessary for the movement of heavy equipment and supplies (construction supplies NOT office supplies) to the project site, necessary for work on the project.

New construction:

Means a single, nonresidential facility built on previously undeveloped land of a nonresidential structure built on the site/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.

Placed in service:

Means the final Certificate of Occupancy has been issued or the final building inspection has been approved (as well as all associated trades inspections) 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 indicating that the project is complete.

Qualified real property investment:

Means the amount expended for improvements to rehabilitate, expand, or construct depreciable real property, regardless of whether it is considered properly chargeable to a capital account or deductible as a business expense under federal Treasury Regulations. The improvements must be 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. Qualified real property investments include 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, but not be limited to, costs associated with demolition, carpentry, sheetrock, plaster, painting, ceilings, fixtures, doors, windows, fire suppression systems, roofing, flashing, exterior repair, solar panels, cleaning, and cleanup.

Consistent with the provisions of §13VAC5-112-340, Code of Virginia, beginning on January 1, 2020, the installation of solar panels shall be considered eligible investments for the purposes of the real property investment grants, 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 percent 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 a rate of 20 percent 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 percent 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 \$1,000,000 in aggregate in any fiscal year.

Qualified real property investment shall not include: The cost of acquiring any real property or building; 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. 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 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, tenant, or developer 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 property for which the tenant holds a valid lease. Units of local, state and federal government or political subdivisions shall not be considered qualified zone investors.

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 building.

Same trade or business:

Means the operations of a single company, related companies, or companies under common control.

Solar Panels:

Means the cost of solar equipment and shipping, supporting structural frames and foundations, fasteners, professional installer costs, and electricians. The costs of engineering, permits, and consulting fees do not qualify.

DRAFT



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: State Fire Marshal's Office Fee Report

Date: December 3, 2025

The 2025 Budget Bill (HB1600), as approved by the General Assembly and signed by the Governor, included Item 407 related to the State Fire Marshal's Office (SFMO) assessment of fees for conducting fire safety inspections. Item 407 outlines elements to be included in the SFMO's assessment, as well as requires the Department of Fire Programs to submit a report that includes "a joint recommendation from the Virginia Fire Services Board and the Board of Housing and Community Development on whether the fees should be adjusted or not, including a description of which fees, if any, are recommended for an increase based on the market cost and the projected additional revenue that would result from such recommended increase."

At the Board of Housing and Community Development (the Board) meeting on September 22, 2025, the Board approved a motion to authorize the Chair to designate members of the Board, in consultation with staff, to assist with the development of joint recommendations in partnership with the Virginia Fire Services Board (VFSB) and present any such recommendations to the full Board for approval. The Chair designated Cindy Davis and Bill Garrett as the board members to participate in these efforts with the VFSB. Two meetings were held between each board's respective designees, as well as staff from the Department of Fire Programs and the Department of Housing and Community Development. Enclosed is the most recent version of the report that incorporates elements of the discussion during the two meetings between the respective boards' designees. This version of the report was approved by the VFSB at its meeting on December 2, 2025.

Enclosure



VIRGINIA STATE BUDGET

2025 Session

Budget Bill - HB1600 (Chapter 725)

All Items » Item 407

Department of Fire Programs

Item 407	First Year - FY2025	Second Year - FY2026
Regulation of Structure Safety (56200)	\$3,923,932	\$3,923,932 \$4,153,362
State Fire Prevention Code Administration (56203)	\$3,923,932	\$3,923,932 \$4,153,362
Fund Sources:		
General	\$3,363,810	\$3,363,810 \$3,593,240
Special	\$560,122	\$560,122

Authority: §§ [9.1-201](#), [9.1-206](#), and [27-94](#) through [27-99](#), Code of Virginia.

A. The State Fire Marshal may charge no fee for any permits or inspections of any school, whether it be public or private.

B. The State Fire Marshal shall submit a report to the Chairs of the House Appropriations and the Senate Finance and Appropriations Committees, no later than November 1, 2024, that assesses options for increasing fees for fire inspections, other than complaint-based inspections, to align with the actual cost of providing the inspection service. The assessment shall include an analysis of inspection workload, costs incurred, and fees collected organized by categories that are based on the type of organizations and activities being inspected.

C. The Department of Fire Programs, in cooperation with the State Fire Marshal's Office, the Virginia Fire Services Board, the Department of Housing and Community Development, and the Board of Housing and Community Development, shall conduct an assessment of the fees charged by the State Fire Marshal's Office to conduct fire safety inspections. The assessment shall include a review of (i) existing inspection fees, (ii) the number of inspections conducted by fee category, (iii) the cost of conducting each inspection, and (iv) the total revenue from each fee category to determine whether there is a need to adjust the fees based on the market cost of conducting inspections. The Department of Fire Programs shall submit a report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director of the Department of Planning and Budget, no later than October 17, 2025, that outlines the findings of the assessment and a joint recommendation from the Virginia Fire Services Board and the Board of Housing and Community Development on whether the fees should be adjusted or not, including a description of which fees, if any, are recommended for an increase based on the market cost and the projected additional fee revenue that would result from such recommended increase.



Report from the State Fire Marshal to the Virginia General Assembly

Assessing Options for Increasing Fees for Fire Inspections

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Preface:

Virginia’s adopted budget (2025 Va. Acts Ch. 725) directed the Department of Fire Programs, in cooperation with the State Fire Marshal's Office, the Virginia Fire Services Board, the Department of Housing and Community Development, and the Board of Housing and Community Development to conduct an assessment of the fees charged by the State Fire Marshal's Office to conduct fire safety inspections. The assessment shall include a review of (i) existing inspection fees, (ii) the number of inspections conducted by fee category, (iii) the cost of conducting each inspection, and (iv) the total revenue from each fee category to determine whether there is a need to adjust the fees based on the market cost of conducting inspections. The Department of Fire Programs shall submit a report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director of the Department of Planning and Budget, no later than October 17, 2025, that outlines the findings of the assessment and a joint recommendation from the Virginia Fire Services Board and the Board of Housing and Community Development on whether the fees should be adjusted or not, including a description of which fees, if any, are recommended for an increase based on the market cost and the projected additional fee revenue that would result from such recommended increase.

This report is provided to meet the requirements of the assessment noted above related to fees assessed by the State Fire Marshal’s Office.

Acknowledgements

The State Fire Marshal would like to acknowledge the following individuals of the Department of Fire Programs that contributed to the report:

Office of the Executive Director

Brad Creasy, Executive Director
Spencer Willett, Government Affairs Manager
Gregory Cavalli, Policy Analyst

State Fire Marshal’s Office

Joshua “Jay” Davis, Assistant State Fire Marshal - Field Operations
Franklin “Troy” Bower, Assistant State Fire Marshal - Special Operations
Matthew Bright, Chief Deputy State Fire Marshal – Special Operations

VDFP Administration

Theresa Hunter, Chief Administrative Officer
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COMMONWEALTH of VIRGINIA

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Brad Creasy
EXECUTIVE DIRECTOR

BILLY HUX
CHIEF STATE FIRE MARSHAL

To: Virginia General Assembly

From: Billy Hux, Chief State Fire Marshal

RE: Overview of the Virginia State Fire Marshals Office

The intent of this letter is to provide an overview of the operations within the Virginia State Fire Marshals Office, statutory liabilities held, and historical budget issues.

Pursuant to §9.1-206 COV, the Virginia State Fire Marshals Office (SFMO) is the Authority Having Jurisdiction (AHJ) for all State owned or operated buildings, property or structures for the enforcement of all provisions of the Virginia Statewide Fire Prevention Code (SFPC). Subsequently, 13VAC5-52-40 Section 104.2 requires the SFMO to enforce all provisions of the SFPC for localities in the Commonwealth that have chosen to not legally adopt and enforce the SFPC. With this said, it leaves the Commonwealth holding the liability for all provisions of the SFPC on State owned property and localities that have chosen not to legally adopt the SFPC to include: all provisions of the SFPC, hazardous materials enforcement, special investigations, commercial fireworks & explosives permitting/enforcement, the fire safe cigarette program, commercial pyrotechnician & blaster licensing, an inventory of over 5000 mobile food preparation vehicle inspections and all citizen complaints received with perceived fire code complaints.

SFMO Area of Responsibility	Number of Localities	Land Mass SFMO Covers
State Property	Statewide	13,623 Square Miles
Counties	63 of 95	32,626 Square Miles
Towns	130 of 195	
Cities	6 of 39	
TOTAL	198 of 330	2,103 Square Miles per Deputy Fire Marshal

Staffing: At full staffing, the SFMO operates with the following positions: (1) Chief State Fire Marshal (2) Assistant Chiefs, (4) Chief Deputies (field supervisor per region), (22) Deputy Fire

Marshals, and (1) Executive Assistant for a total of 29 authorized FTE positions. However, due to lack of funding, the SFMO must maintain roughly 3-4 vacancies to balance the budget in any given year. We are currently operating at (25) total positions and have been so for the last four years.

Travel Time: Currently, with (22) field deputies located across seven divisions, each deputy covers approximately 2,103 square miles. Deputies spend on average 3.4hrs a day just in travel, prior to starting inspections and completing the legal binding inspection paperwork.

Duties & Schedule: Enforcement of the SFPC does not have “normal business hours”. We regularly work nights, weekends and holidays to protect the Commonwealth. Additionally, all SFMO staff are “designated employees” and subject to callback during times of natural disaster and Gover declared State of Emergencies for State Emergency Operations Center (EOC), COV Incident Management Team (COVIMT), and field work. Our field deputies work a flex schedule, and most are on 10-hour days to compensate for the extended travel times. Our budget does not allow for overtime so they must flex that additional time out within the pay period. This puts us in a unique position to still stay on schedule with General Assembly-mandated fire prevention inspections.

Previous Funding Stream: In FY2020 the SFMO was notified by the Virginia Department of Health (VDH) that they intended not to renew a long-standing MOU with our agency. This MOU covered federal life safety code inspections done by state fire marshals at healthcare facilities statewide. While total funding from this varied each year, we lost an average of \$600,000 to \$700,000 per year.

Implemented Cost Savings Measures: The SFMO has taken numerous cost saving measures over the last several years to account for the loss of revenue, however, we still face a significant deficit. These include the following:

- **IT cost:** The SFMO is in the process of outfitting our staff with iPads for their daily duties. By purchasing these devices, we can return leased computers from VITA. While this is a significant cost savings to the agency, it also increases productivity. This will allow SFMO field staff to complete inspection reports while conducting the inspection and email stakeholders their associated reports at the completion of the inspection with a mobile device.
- **Uniforms:** While the SFMO’s current budget does not support full uniforms for all staff, we have been able to work with Virginia Correctional Enterprises on many uniform items to save money rather than using outside vendors.
- **Vehicles:** After the completion of a cost analysis, it was determined that the SFMO could save significant money annually on vehicle cost if we were able to purchase out vehicles from the Sherriff’s contract. Currently the SFMO leases (25) vehicles from the Department of General Services. Over the last two fiscal budgets, we were able to purchase (2) vehicles. We can drive these vehicles for approximately 3 times as long as a leased vehicle that is collected by fleet at 80,000 miles and a new one is issued.

While this could be an instant cost savings to the agency, we just simply do not have the up-front capital needed to replace the entire fleet at one time.

- ***Creation of the Special Operations Section:*** As the SFPC has added duties and investigations have become more complex, the SFMO created the Special Operations Section. With the aforementioned on SFMO travel and schedule, we created a new section of the agency. This allowed us to take a small group of deputies and make their regular duties those events, investigations and tasks that typically happen on nights, weekends and holidays. Furthermore, most investigations involve the issuance of a Virginia Uniform Summons and court time. We are able to keep this small, specialized group as the primary for these types of duties. It should be noted that we still must use field operations deputies to supplement where we just do not have enough people to cover the number events we have. This also allows one supervisor statewide to oversee this entire section
- ***Conferences:*** State and local fire marshals are legally required to maintain several certifications. To do this, it requires continuing education hours that are offered at fire service conferences throughout the state. Internally, we have aligned staff with the conference closest to their home locations to save on travel costs. Many times, our staff can now obtain their required hours without requiring hotel stays and per diem.

Liability to the Commonwealth: The Commonwealth currently holds liability for all provisions of the Statewide Fire Prevention Code in the following areas: All State Property, 63 Counties, 130 Towns and 6 Cities in the Commonwealth. While we conduct the General Assembly minimum mandate inspections, there are a significant number of inspections, to include hotels/motels, restaurants, movie theaters, and other large public assembly occupancies that are handled on waiting for a complaint to come in basis, due to being unable to fill current vacancies and add more Deputy positions. Those localities in the Commonwealth that have adopted the SFPC conduct these on an annual basis as required by the SFPC.

In closing, the men and women of this agency take steps daily to be as efficient as possible and “work with what we have”. As the Chief State Fire Marshal, my overall goals are to use my experience to make this Commonwealth as safe as possible from fire, take care of my staff, recruit the best of the best to our Agency, and then retain the best all the while keeping budget implications at the forefront. I am asking for any help that you can provide to help me better the mission not only for our citizens, but also our state employees.

Respectfully,

William “Billy” Hux

Executive Summary

The current State Fire Marshal's Office (SFMO) was created in 2008 after its duties were moved from the Virginia Department of Housing and Community Development to the Virginia Department of Fire Programs (VDFP). Code of Virginia § 9.1-206 directs that the Executive Director of the Department of Fire Programs appoint a State Fire Marshal to carry out the provisions of the Statewide Fire Prevention Code. The Statewide Fire Prevention Code is an administrative code that regulates fire safety in the Commonwealth of Virginia.

SFMO's budget is funded through a combination of General Fund dollars appropriated by the Virginia General Assembly and revenue from fees as set forth in the Statewide Fire Prevention Code. SFMO also, in the past, has received funding from contracts with other Virginia state agencies. Over the past decade, VDFP and SFMO staff have noted the office is continually operating at a deficit, forcing it to make cost adjustments and hold vacancies to balance the budget. The fees that SFMO can charge have only seen minor adjustments since 2009, and none since the 2015 code development cycle. During that time, however, the cost of conducting the inspections related to those fees has increased noticeably.

SFMO can charge fees in two areas: fireworks and blasting, as well as annual compliance fees. The services mandated in the Statewide Fire Prevention Code were analyzed by comparing costs estimated from SFMO reported data contained in its record management system to revenues calculated from the fees listed in the SFPC. Costs were calculated using fixed and variable factors. The fixed amounts are derived from SFMO's annual Fiscal Year 2025 (FY25) technology, vehicle, and salary costs. The variable factors use inspection reports to estimate the travel time, hours worked, and the number of inspectors typically utilized for each inspection type. Data was analyzed from FY 2023 through FY 2025.

VDFP, and SFMO, understand the General Fund dollars should primarily cover expenses related to General Fire Code Inspections of General Assembly-mandated inspections. The deficit noted below does not consider the total amount of General Fund dollars allocated for these operations but instead focuses solely on the cost of inspections and fee revenue. However, the research conducted indicates that fee adjustments, while likely to reduce this deficit, will not eliminate the deficit entirely.

The analysis concluded that average annual inspection revenue was \$193,158.33 and annual average costs were \$997,220.54 leaving an annual deficit of \$804,062.21 from inspections conducted by SFMO. The largest losses came from General Fire Code Inspections and Re-Inspections. The category of General Fire Code Inspections includes inspections of state mandated facilities, and general inspections conducted at commercial establishments in state-responsible localities. The Imagetrend data collection program was not set up to distinguish between mandated and nonmandated inspections prior to FY 2025.

In producing this report, several options for reducing the deficit were considered. Discussions between representatives of the Virginia Fire Service Board and the Board of Housing and Community Development reached a consensus on recommending one of these options. That option is to charge fees for voluntary general fire inspections, reinspections, and fireworks

retailers in state-responsible localities. Voluntary general fire inspections would encompass any annual statewide fire prevention code inspection that is requested or conducted in a commercial occupancy where the State Fire Marshal is the authority-having-jurisdiction, either by request of the owner or when a substantiated complaint is made.

Background

The State Fire Marshal's Office (SFMO) is mandated by § 9.1-207 to inspect state property and certain buildings in localities that have chosen not to enforce the Statewide Fire Prevention Code. The office also issues permits for certain functions such as blasting and commercial fireworks. The SFMO also manages the Virginia Fire Marshal Academy, which trains both local and state fire marshals in fire inspection, investigation, and basic law enforcement.

§ 9.1-207 specifically requires that the office inspect "(i) residential care facilities operated by any state agency, (ii) assisted living facilities licensed or subject to licensure pursuant to Chapter 18 (§ 63.2-1800 et seq.) of Title 63.2 that are not inspected by the local fire marshal, (iii) student residence facilities owned or operated by a public institution of higher education, and (iv) public schools that are not inspected by the local fire marshal". The Code of Virginia does not allow the office to charge for inspections at public schools or institutions of higher education, meaning that only some of the inspections required under § 9.1-207 provide revenue. The Statewide Fire Prevention Code outlines other areas that the State Fire Marshal is responsible for and sets the fees that can be charged by the office in the performance of their duties. These fees are outpaced by the cost of providing the inspection service, leading to a consistent deficit year after year.

SFMO was originally a component of the Department of Housing and Community Development (DHCD). In 2008, the SFMO moved to the Department of Fire Programs (VDFP). During its time as a component of DHCD, SFMO fees were set by the Board of Housing and Community Development (BHCD). This board, comprised of stakeholders in the building and real estate industries, as well as the fire service, were in constant communication with DHCD. Under this system, the balance of DHCD budgets and stakeholder needs adequately funded the SFMO.

Although the SFMO was moved to the Department of Fire Programs in 2008, their fees are still set by the BHCD. The SFMO is only allowed to request changes or additions to fees as part of regular updates to the Statewide Fire Prevention Code, which occurs every three years. This is unlike local fire marshal's offices, which have their fees set by the local government body, such as the city council or board of supervisors. These fees can be regularly updated at the discretion of the governing body. The fees, as found in the Statewide Fire Prevention Code, last received minor updates in 2015, although the SFMO has requested updates since that time.

Since 2009, several factors have led to increased costs by SFMO. These costs include vehicle costs, salaries, and technological costs. Inflation has increased cost of living adjustments to salaries and prices paid for services such as software subscriptions. Continuous supply-side shocks in the past few years have kept vehicle costs high on top of inflationary pressures. This results in SFMO running a deficit of approximately \$804,062.21 each year.

The General Assembly funds the SFMO through the General Fund, with the expectation that the office will use inspection fees to fund the remaining expenses. In 2023, the office was funded by the General Fund at 83%, with fees expected to cover the remaining expenses. However, the fees collected, which last saw significant updates in 2009, do not completely cover the cost of providing the inspection for several reasons as noted above. When using the Consumer Price Index, as determined by the U.S Bureau of Labor Statistics, costs have increased by over 50% since 2009. This means that the current fees the SFMO can charge have only two thirds of the buying power they did in 2009. Therefore, the SFMO can only perform two thirds of their inspection duties with the current fee schedule. To operate within the budget provided via the General Fund, the deficits incurred by the inspection program have forced the SFMO to continually leave positions vacant on an annual basis.

Current Types of Inspections and Associated Fees

The State Fire Marshal’s Office (SFMO) can charge a number of fees associated with its inspection duties. These can be largely based on two distinct areas: fees for explosives, blasting agents, flame effects, and fireworks, or annual compliance inspection fees. These fees are set in sections 107.11 and 107.12 of the Statewide Fire Prevention Code (SFPC). The tables below outline the type of inspection, the fee found in the 2021 version of the Statewide Fire Prevention Code, and explanation of its requirement. The SFMO is prohibited from charging fees like local fire marshal’s offices unless they are found in the specific SFMO table related within the SFPC, limiting the office’s ability to raise revenue.

Table 1: Current Fees (Explosives, Blasting, Flame Effects, and Fireworks)

Inspection Type	Fee (\$)	Explanation
Storage of Explosives or Blasting Agent	250 (first magazine) 150 (each additional magazine)	12-month permit
Use of Explosives (Non-fixed site)	250	6-month permit
Use of Explosives (Fixed site)	250	12-month permit
Sale of Explosives	250	12-month permit
Manufacture of Explosives (Unrestricted)	250	12-month permit
Manufacture of Explosives (Restricted)	20	12-month permit
Fireworks Display	300	State Property Only
Pyrotechnics or Proximate Audience Display	300	State Property Only
Flame Effects	300	State Property Only
Hourly Inspection Rate	60 (normal business hours) 90 (nights, weekends, holidays)	

Nightclubs	350	100 or less occupancy load
	450	101 to 200 occupancy load
	500	201 to 300 occupancy load
	500+50	300 or more occupancy load (+\$50 for each 100 people past 300)
Private College Dormitories	150	3500 sq. ft. or less
	200	3500 sq. ft to 7000 sq. ft
	250	7000 sq. ft to 10000 sq. ft
	250+50	10000 sq. ft or more (+\$50 for each additional 3,000 sq. ft)
Assembly Areas of Private College Dormitories	50	10000 sq. ft or less
	100	10000 sq. ft to 25000 sq. ft
	100	Up to 25000 sq. ft when separate from dormitory
	150	
Hospitals	300	1 to 50 beds
	400	51 to 100 beds
	500	101 to 150 beds
	600	151 to 200 beds
	100	Each 100 beds past 200
State-Regulated Care Facilities and Family Day Homes Licensed by the Department of Education	50	1 to 8
	75	9 to 20
	100	21 to 50
	200	51 to 100
	300	101 to 150
	400	151 to 200
Registered Complaints	500	201 or more
	0 (first visit) 51 per hour on subsequent visits	
Bonfires	50	Small Bonfire on State Property Only
	100 (within 15 days of event)	
	150 (within 7 days of event)	

	150 300 (within 15 days of event) 450 (within 7 days of event)	Large Bonfire on State Property Only
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Inflation and Inspection Fees

As the inspection fee schedule has not been revised significantly since 2009, inflation has eroded the purchasing power of the dollar in that time. The Consumer Price Index (CPI) allows a comparison of the true value of the fee dollars in 2009, when those fees were set, to their value today. Per the U.S. Bureau of Labor Statistics, the cumulative increase in the CPI for that period is approximately 50.58%. The following table applies that cumulative increase in the CPI over the past sixteen years to illustrate the fiscal pressures exerted on SFMO by inflationary forces. It should be noted, however, that merely updating the fees to incorporate the change in the CPI results in total revenue of \$290,857.82. This total would reduce SFMO's operating deficit of \$804,062.21, but there would still be a significant shortfall.

Table 2: Inspection Fees Adjusted by Consumer Price Index Increase

Inspection Type	Fee (\$)	Fee Adjusted by CPI
Storage of Explosives or Blasting Agent	\$250 (first magazine) \$150 (each additional magazine)	\$376.45 (first magazine) \$225.87 (each additional magazine)
Use of Explosives (Non-fixed site)	\$250	\$376.45
Use of Explosives (Fixed site)	\$250	\$376.45
Sale of Explosives	\$250	\$376.45
Manufacture of Explosives (Unrestricted)	\$250	\$376.45
Manufacture of Explosives (Restricted)	\$20	\$30.12
Fireworks Display	\$300	\$451.74
Pyrotechnics or Proximate Audience Display	\$300	\$451.74
Flame Effects	\$300	\$451.74
Hourly Inspection Rate	\$60 (normal business hours) \$90 (nights, weekends, holidays)	\$90.35 (normal business hours) \$135.52 (nights, weekends, holidays)
Nightclubs	\$350 100 or less occupancy load	\$527.03
	\$450 101 to 200 occupancy load	\$677.61
	\$500	\$752.90

	201 to 300 occupancy load	
	\$500+\$50 300 or more occupancy load (+\$50 for each 100 people past 300)	\$752.90 + \$75.29
Private College Dormitories	\$150 3500 sq. ft. or less	\$225.87
	\$200 3500 sq. ft to 7000 sq. ft	\$301.16
	\$250 7000 sq. ft to 10000 sq. ft	\$376.45
	\$250+\$50 10000 sq. ft or more (+\$50 for each additional 3,000 sq. ft)	\$376.45 + \$75.26
Assembly Areas of Private College Dormitories	\$50 10000 sq. ft or less	\$75.29
	\$100 10000 sq.ft to 25000 sq.ft	\$150.58
	\$150 Up to 25000 sq. ft when separate from dormitory	\$225.87
Hospitals	\$300 1 to 50 beds	\$451.74
	\$400 51 to 100 beds	\$602.32
	\$500 101 to 150 beds	\$752.90
	\$600 151 to 200 beds	4903.48
	\$100	\$150.58 (Each 100 beds past 200)
State-Regulated Care Facilities and Family Day Homes Licensed by the Department of Education	\$50 1 to 8	\$75.29
	\$75 9 to 20	\$112.94
	\$100 21 to 50	\$150.58
	\$200 51 to 100	\$301.16
	\$300 101 to 150	\$451.74
	\$400 151 to 200	\$602.32

	\$500 201 or more	\$752.90
Registered Complaints	0 (first visit) \$51 per hour on subsequent visits	\$76.80 per hour on subsequent visits
Small Bonfire on State Property Only	\$50	\$75.29
	\$100 (within 15 days of event)	\$150.58
	\$150 (within 7 days of event)	\$225.87
Large Bonfire on State Property Only	\$150	\$225.87
	\$300 (within 15 days of event)	\$451.74
	\$450 (within 7 days of event)	\$677.61

Inspection Workload

The inspection types are based on the inspection categories reported in Imagetrend, the office's records management system (RMS). These include inspections related to fireworks and explosives, open flames and pyrotechnics, public facilities and high-occupancy locations such as hospitals, dormitories, nightclubs, and facilities owned by the Department of Social Services (DSS). It also includes general inspections at various sites such as schools and businesses and any re-inspections of those buildings that did not meet code standards.

The average is based on the average number of services from fiscal years 2023, 2024, and 2025. Blank spaces are a result of no data, which are not calculated into sums or averages.

Table 3: Workload

Inspection Type	FY2025	FY2024	FY2023	FY2023-2025 Average
Blasting	19	55	49	41.0
Bonfires	2	5	2	3.0
DSS Facility 1-8	20	27	28	25.0
DSS Facility 9-20	77	93	89	86.3
DSS Facility 21-50	171	175	169	171.7
DSS Facility 51-100	167	180	177	174.7
DSS Facility 101-150	46	50	47	47.7
DSS Facility 151-200	14	21	18	17.7
DSS Facility 201+	9	17	10	12.0
Fireworks Retail Establishment	41	27		22.7
Flame Effects	3	10	22	11.7

Explosives Storage		3	2	1.7
General Fire Code Inspection	1725	1694	1714	1711.0
Hospital 1-50	16	26	16	19.3
Hospital 51-100	37	38	26	33.7
Hospital 101-150	27	28	15	23.3
Hospital 151-200	20	15	21	18.7
Nightclub 0-100	3	6	3	4.0
Nightclub 101-200	8	7		5.0
Nightclub 201-300	7	7	2	5.3
Private College Dorms 0-3500 sq ft	29	39	36	34.7
Private College Dorms 3500-7000 sq ft	39	29	41	36.3
Private College Dorms 7000-10000 sq ft	28	32	34	31.3
Pyrotechnic	96	74	59	76.3
Re-Inspection	971	916	896	927.7
Total	3575	3574	3476	3541.7

Revenues from Inspections

Table 4 highlights the revenues from fees associated with inspections. Revenue is calculated by multiplying the fee by the number of inspections in a year. The percentage of total inspections is the percent of each inspection type of all inspections in a year. The total revenue from inspections in an average year is estimated at \$193,158.33. The final column outlines the percentage of the total revenue each inspection type represents.

Table 4: Revenue from Fees

Inspection Type	Fee (\$)	FY23-25 Average		Percentage of Revenue
		Average Revenue (\$)	% Total Inspections	
Blasting	250	10,250.00	1.16%	5.31%
Bonfires	50	150.00	0.08%	0.08%
DSS Facility 1-8	50	1,250.00	0.71%	0.65%
DSS Facility 9-20	75	6,475.00	2.44%	3.35%
DSS Facility 21-50	100	17,166.67	4.85%	8.89%
DSS Facility 51-100	200	34,933.33	4.93%	18.09%
DSS Facility 101-150	300	14,300.00	1.35%	7.40%
DSS Facility 151-200	400	7,066.67	0.50%	3.66%
DSS Facility 201+	500	6,000.00	0.34%	3.11%
Fireworks Retail Establishment	0	-	0.64%	0.00%

Flame Effects	300	3,500.00	0.33%	1.81%
Explosives Storage	250	416.67	0.05%	0.22%
General Fire Code Inspection	0	-	48.31%	0.00%
Hospital 1-50	300	5,800.00	0.55%	3.00%
Hospital 51-100	400	13,466.67	0.95%	6.97%
Hospital 101-150	500	11,666.67	0.66%	6.04%
Hospital 151-200	600	11,200.00	0.53%	5.80%
Nightclub 0-100	350	1,400.00	0.11%	0.72%
Nightclub 101-200	450	2,250.00	0.14%	1.16%
Nightclub 201-300	500	2,666.67	0.15%	1.38%
Private College Dorms 0-3500 sq ft	150	5,200.00	0.98%	2.69%
Private College Dorms 3500-7000 sq ft	200	7,266.67	1.03%	3.76%
Private College Dorms 7000-10000 sq ft	250	7,833.33	0.88%	4.06%
Pyrotechnic	300	22,900.00	2.16%	11.86%
Re-Inspection	0	-	26.19%	0
Total/Average	259	193,158.33	100.00%	100.00%

Cost of Conducting Inspections

The following provides information on direct costs incurred by the SFMO when conducting fire inspections. These costs include various factors to be considered, such as vehicle costs, information technology (IT) costs, and the wages of fire marshals, IT staff, and administrative staff. Fire marshals use vehicles to travel from one inspection site to the next. The SFMO receives support from the Department of Fire Programs IT to maintain and support operations and equipment for data systems such as the Division of Engineering and Buildings BITS system, inspections reported through Inspection Reports Online (IROL), and Imagetrend, a records management system for fire inspections conducted by the office. This technology is used to document inspections and maintain records. Staff wages contribute to the inspection itself, the processing of reports, and the maintenance of technology.

The SFMO determined the following factors impact individual inspection types. These factors are the average number of inspectors at an inspection, the number of hours spent at an inspection, and the number of hours it takes to travel to an inspection site. The SFMO found that there were on average 1.09 inspectors, inspections took 1.31 hours, and inspectors traveled for 1.39 hours. This is an average for the fiscal years 2023-2025

Using data provided from Imagetrend and the SFMO's Fiscal Year 2025 Budget, the average cost for the SFMO to conduct an inspection is \$267.90. The average cost of all inspections over the past three fiscal years is \$823,802.29. SFMO costs should be evaluated on an annual schedule that follows the SFMO annual budget process to evaluate the need for increase and compare the factors that set the hourly rate. It is recommended that the SFMO continues to

evaluate its policy concerning inspection reporting and budgeting to support an annual evaluation schedule.

Table 5 highlights the costs of inspections. The first column shows each inspection type. The second column demonstrates the percentage of total costs represented by each inspection type. The bottom number of the third column is the average cost of all inspection types, factoring in the frequency in which fire marshals perform those inspections. The last column shows total costs per year for each inspection type, with the bottom number showing total costs of inspections per year.

Table 5: Inspection Costs

Inspection Type	% of Total Costs	Average Cost Per Inspection (CPI)	Total Inspection Costs
Blasting	0.74%	179.7	7,367.51
Bonfires	0.06%	199.0	597.12
DSS Facility 1-8	0.37%	145.8	3,643.77
DSS Facility 9-20	1.30%	150.6	13,001.49
DSS Facility 21-50	3.20%	185.8	31,892.10
DSS Facility 51-100	3.67%	209.6	36,604.60
DSS Facility 101-150	1.35%	283.3	13,506.31
DSS Facility 151-200	0.56%	317.4	5,607.99
DSS Facility 201+	0.41%	343.2	4,117.94
Fireworks Retail Establishment	0.56%	247.0	5,598.48
Flame Effects	0.40%	342.1	3,991.74
Explosives Storage	0.03%	151.2	251.93
General Fire Code Inspection	57.77%	336.7	576,056.03
Hospital 1-50	0.91%	470.5	9,096.65
Hospital 51-100	1.19%	351.8	11,844.71
Hospital 101-150	0.69%	294.8	6,879.64
Hospital 151-200	1.23%	658.9	12,298.92
Nightclub 0-100	0.03%	76.5	306.05
Nightclub 101-200	0.08%	159.3	796.53
Nightclub 201-300	0.04%	79.5	424.00
Private College Dorms 0-3500 sq ft	0.80%	230.9	8,004.28
Private College Dorms 3500-7000 sq ft	0.47%	130.1	4,727.34
Private College Dorms 7000-10000 sq ft	0.71%	227.3	7,122.88
Pyrotechnic	4.66%	609.3	46,507.59

Re-Inspection	18.75%	201.6	186,974.95
Total/Average	100.00%	263.3	997,220.54

Revenue/Cost Analysis

Finally, Table 6 makes this comparison using average cost and revenue totals in a typical year. It is important to note that these total costs do not include some minor indirect costs associated with inspections, such as office supplies. It also does not include the costs of the entire SFMO.

Table 6: Total Profits

Inspection Type	Average Revenue	Average Costs	Average Profit
Blasting	10,250.00	7,367.51	\$2,882.49
Bonfires	150.00	597.12	-\$447.12
DSS Facility 1-8	1,250.00	3,643.77	-\$2,393.77
DSS Facility 9-20	6,475.00	13,001.49	-\$6,526.49
DSS Facility 21-50	17,166.67	31,892.10	-\$14,725.43
DSS Facility 51-100	34,933.33	36,604.60	-\$1,671.26
DSS Facility 101-150	14,300.00	13,506.31	\$793.69
DSS Facility 151-200	7,066.67	5,607.99	\$1,458.68
DSS Facility 201+	6,000.00	4,117.94	\$1,882.06
Fireworks Retail Establishment	-	5,598.48	-\$5,598.48
Flame Effects	3,500.00	3,991.74	-\$491.74
Explosives Storage	416.67	251.93	\$164.74
General Fire Code Inspection	-	576,056.03	-\$576,056.03
Hospital 1-50	5,800.00	9,096.65	-\$3,296.65
Hospital 51-100	13,466.67	11,844.71	\$1,621.96
Hospital 101-150	11,666.67	6,879.64	\$4,787.02
Hospital 151-200	11,200.00	12,298.92	-\$1,098.92
Nightclub 0-100	1,400.00	306.05	\$1,093.95
Nightclub 101-200	2,250.00	796.53	\$1,453.47
Nightclub 201-300	2,666.67	424.00	\$2,242.67
Private College Dorms 0-3500 sq ft	5,200.00	8,004.28	-\$2,804.28
Private College Dorms 3500-7000 sq ft	7,266.67	4,727.34	\$2,539.33
Private College Dorms 7000-10000 sq ft	7,833.33	7,122.88	\$710.46
Pyrotechnic	22,900.00	46,507.59	-\$23,607.59
Re-Inspection	-	186,974.95	-\$186,974.95
Total/Average	193,158.33	997,220.54	-\$804,062.21

General Fund Expenditures

The State Fire Marshal’s Office receives just over 80% of its operating budget from the General Fund, which by design, should provide a foundation for the office and fund the inspections of state-mandated facilities, such as public schools, public universities, and other state properties. No fee is assessed for inspections related to these mandated facilities. Although the current records management system does not separate state facilities from other commercial facilities under the General Fire Code Inspection category, most General Fire Code Inspections are in state facilities in which no fee is charged. The charge of this report, to examine fees charged for services, does not holistically examine General Fund dollars. However, the chart below shows marginal increases in General Fund dollars since SFMO was moved from the Department of Housing and Community Development to the Department of Fire Programs. As the Commonwealth expands infrastructure, including new buildings for state agencies and universities, the SFMO continues to see increased staff hours, and therefore increased costs, for General Fire Code Inspections during pre-construction, construction, and subsequent occupancy of state facilities.

Table 7: General Fund Allocations

Fiscal Year	General Fund Allocation (\$)	Allocation Adjusted for Inflation
2009	3,095,101	4,660,603
2015	2,910,209	3,939,595
2025	3,153,362*	-

Joint Recommendation of the Virginia Fire Service Board and the Board of Housing and Community Development

The analysis applied in this report was specifically focused on identifying potential options to alleviate the inspection program deficit via adjustments in fee revenue. While this recommendation represents steps towards reducing the deficit, it will not be sufficient to eliminate the deficit entirely. It is likely that a combination of the recommended fee adjustments and an increase in General Fund allocation will be necessary to do so.

Recommendation: Consider Charging Fees for General Inspections, Reinspection, and Fireworks Retailers in State-Responsible Localities

Certain fee categories identified in the report create a deficit for the State Fire Marshal’s Office (SFMO). Through the completion of the report, the agency noted that three of the categories produced most of the budget deficit. The fees with the largest deficits include General Fire Code Inspections, Re-Inspections, and Fireworks Retail Establishments. As noted, the office is responsible for 63 of Virginia’s 95 counties but cannot charge an inspection fee for any general fire code inspections, reinspection’s, or firework retailers inspected in these localities. In localities with their own fire marshal, these are common fees assessed.

Table 8: Largest Deficit by Fee Category

Fee Category	Current Fee	Percent of Deficit	Recommended Fee
General Fire Code	\$0	71.64%	\$250
Re-Inspection	\$0	23.25%	\$200
Fireworks Retail	\$0	2.94%	\$200

Note that the Imagetrend data collection program did not distinguish between mandated and nonmandated inspections prior to FY 2025. For FY 2025, the breakdown was approximately 17 percent nonmandated inspections and 83 percent mandated. The category of General Fire Code Inspections, for the purposes of this recommendation, would encompass any annual statewide fire prevention code inspection that is requested or conducted in a commercial occupancy where the State Fire Marshal is the authority-having-jurisdiction. The General Fire Code inspections that would be charged fees under this recommendation do not fall under General Assembly-mandated inspections. Rather, the fee would be charged for voluntary inspections that were requested for a commercial occupancy, either by the business owner or when a substantiated complaint for which code violations were discovered has been made.

Although this situates the office in a better financial position, it does not address the systemic issues that led to the inability for the fees to keep up with demands for inspections, as well as inflation that increases the cost of conducting inspections.

**BOARD OF HOUSING AND COMMUNITY DEVELOPMENT
BOARD MEETING SCHEDULE
2026**

Attached is a schedule for Board of Housing and Community Development meetings (usually the second or third Monday of the month). As the Board decides during each meeting the date and time of the next meeting, some of these meeting dates may change.

2026

Monday, **January 12**

Monday, **March 30**

Monday, **May 11**

Monday, **July 13**

Monday, **September 14**

Monday, **October 19**

Monday, **December 7**