

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** SB1430

House of Origin    ☐ Introduced    ☒ Substitute    ☐ Engrossed  
Second House      ☒ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Stosch

**3. Committee:** General Laws

**4. Title:** Grants to purchasers of newly constructed residential homes.

**5. Summary:** Authorizes the issuance of \$50 million in bonds through the Virginia Public Building Authority (VPBA) to fund grants to individuals who purchase a principal residence in the Commonwealth that was first issued a certificate of occupancy on or after July 1, 2007, but before July 1, 2010. The provisions of the bill are contingent upon the passage of federal legislation providing \$50 million in supplemental funding which could be used to support the homebuyer grant program. If such federal funding is not available, the bond authorization in the bill is contingent upon a determination by the State Treasurer that such bonds would not negatively impact the state's debt capacity. Homebuyers eligible for the grant program would be those who had no present ownership in a principal residence within the last three years and whose income did not exceed \$150,000 for married persons and \$75,000 for all others. The Virginia Housing Development Authority (VHDA), in consultation with the Virginia Economic Development Partnership (VEDP), would develop guidelines for purposes of determining eligible homebuyers and the amount of grant awards.

**6. Fiscal Impact Estimates are preliminary.** See item 8, below.

**7. Budget Amendment Necessary:** Yes. See item 8, below.

**8. Fiscal Implications:** The proposed legislation authorizes the issuance of up to \$50 million in bonds through VPBA to fund grants to individuals who purchase a principal residence in the Commonwealth that was first issued a certificate of occupancy between January 1, 2007, and July 1, 2010. Once bonds are issued, the proposed legislation will have an expenditure impact, as funding will need to be appropriated to the Treasury Board for debt service payments.

Based on current interest rate assumptions, debt service on \$50 million of bonds issued through VPBA and financed over a 20-year period would be approximately \$4.2 million to \$5.4 million annually, depending on whether such are issued on a tax exempt basis. Generally, debt service must be appropriated in the budget for the fiscal year following the calendar year in which the bonds are sold. The bill directs the sale of all bonds no later than January 1, 2011.

The Virginia Housing Development Authority (VHDA) is tasked with administering this program. The bill directs VHDA to develop guidelines for the program, in conjunction with

the Virginia Economic Development Authority. VHDA is not a state agency and therefore does not have an appropriation in the Appropriation Act. However, there is no provision in the bill for funding any costs VHDA may incur in administering the program.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Housing Development Authority, Treasury Board, Virginia Economic Development Partnership.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/17/2009 tmw

**Document:** G:\2009 Session\Legislation\Fiscal Impact Statements\SB1430S1.doc

cc: Secretary of Commerce and Trade  
Secretary of Finance