

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB106

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

2. Patron: Stanley

3. Committee: General Laws and Technology

4. Title: Building Revitalization Grant Fund; created, report.

5. Summary: This bill establishes the Building Revitalization Grant Fund to be administered by the Department of Housing and Community Development (DHCD). The department is authorized to award grants of up to \$100,000 to businesses that make a capital investment of \$1.0 million in revitalizing or retrofitting existing buildings in the Commonwealth to serve as a new place of business. This bill is a recommendation of the Virginia Housing Commission.

DHCD is to administer the program under guidelines established by the Board of Housing and Community Development. The aggregate amount of grants awarded and outstanding at any time cannot not exceed \$600,000. DHCD is also required to provide an annual report on the status of the fund.

6. Budget Amendment Necessary: Yes, Item 104 of the Introduced Budget Bill (HB30/SB30). DHCD will require \$27,500 from the general fund annually for the estimated costs the department will incur to administer the grant program. The figure does not reflect the cost related to the capitalization of the grant fund. A budget amendment will also be required to capitalize the grant fund.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: The bill establishes a new grant program, as well as a special fund in the state treasury, the Building Revitalization Grant Fund, from which the grants will be paid. The proposed legislation states that capitalization of the fund is subject to appropriation by the General Assembly. At this time, a specific funding source has not been identified. The amount of funding to capitalize the fund is indeterminate; however, this bill establishes a cap on the aggregate amount of grants awarded and outstanding at any time at \$600,000.

Under the provisions of the bill, DHCD will develop and manage a program awarding grants to qualifying businesses that make a capital investment in revitalizing or retrofitting existing businesses to serve as a new place of business. Grants to eligible businesses shall be awarded at no more than \$100,000 and a memorandum of understanding must be established between the business and DHCD before such award can be made.

As part of the administration of this program, this bill requires DHCD to develop program guidelines and submit an annual report to the Governor and the General Assembly to include the list of grants, the amount of each approved grant, a description of approved proposals, the amount of matching funds anticipated, and an assessment of the effectiveness of the fund. Program development, according to DHCD, normally involves input sessions leading to the creation of an on-line application process that will be added to the agency's existing system. Cost estimates related to the input sessions and the addition of application configurations to the current system total approximately \$4,500. To administer the program, DHCD anticipates that the agency will incur costs by creating program materials, conducting informational sessions for potential applicants, providing technical assistance to applicants, and program oversight and monitoring.

Existing staff for similar programs cannot absorb the additional workload. As such, the department believes that it will need to hire a part-time employee. In total, DHCD estimates that for such a program, the agency will require a budget amendment to Item 104 of the Introduced Budget Bill (HB30/SB30) for a annual general fund appropriation of \$27,500 beginning in FY 2015.

9. Specific Agency or Political Subdivisions Affected: Department of Housing and Community Development.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to HB687.