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HOUSE BILL NO. 1501

Offered January 19, 2024

A *BILL to amend and reenact § 15.2-2303.2 of the Code of Virginia, relating to cash proffers; development rights.*

Patron—Milde

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:**1. That § 15.2-2303.2 of the Code of Virginia is amended and reenacted as follows:****§ 15.2-2303.2. Proffered cash payments and expenditures; report.**

A. The governing body of any locality accepting cash payments voluntarily proffered on or after July 1, 2005, pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall, within 12 years of receiving full payment of all cash proffered pursuant to an approved rezoning application, begin, or cause to begin (i) construction, (ii) site work, (iii) engineering, (iv) right-of-way acquisition, (v) surveying, or (vi) utility relocation on the improvements for which the cash payments were proffered. A locality that does not comply with the above requirement, or does not begin alternative improvements as provided for in subsection C, shall forward the amount of the proffered cash payments to the Commonwealth Transportation Board no later than December 31 following the fiscal year in which such forfeiture occurred for direct allocation to the secondary system construction program or the urban system construction program for the locality in which the proffered cash payments were collected. The funds to which any locality may be entitled under the provisions of Title 33.2 for construction, improvement, or maintenance of primary, secondary, or urban roads shall not be diminished by reason of any funds remitted pursuant to this subsection by such locality, regardless of whether such contributions are matched by state or federal funds.

B. The governing body of any locality eligible to accept any proffered cash payments pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall, for each fiscal year beginning with the fiscal year 2007, (i) include in its capital improvement program created pursuant to § 15.2-2239, or as an appendix thereto, the amount of all proffered cash payments received during the most recent fiscal year for which a report has been filed pursuant to subsection E F, and (ii) include in its annual capital budget the amount of proffered cash payments projected to be used for expenditures or appropriated for capital improvements in the ensuing year.

C. Regardless of the date of rezoning approval, unless prohibited by the proffer agreement accepted by the governing body of a locality pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1, a locality may utilize any cash payments proffered for any road improvement or any transportation improvement that is incorporated into the capital improvements program as its matching contribution under § 33.2-357. For purposes of this section, "road improvement" includes construction of new roads or improvement or expansion of existing roads as required by applicable construction standards of the Virginia Department of Transportation to meet increased demand attributable to new development. For purposes of this section, "transportation improvement" means any real or personal property acquired, constructed, improved, or used for constructing, improving, or operating any (i) public mass transit system or (ii) highway, or portion or interchange thereof, including parking facilities located within a district created pursuant to this title. Such improvements shall include, without limitation, public mass transit systems, public highways, and all buildings, structures, approaches, and facilities thereof and appurtenances thereto, rights-of-way, bridges, tunnels, stations, terminals, and all related equipment and fixtures.

Regardless of the date of rezoning approval, unless prohibited by the proffer agreement accepted by the governing body of a locality pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1, a locality may utilize any cash payments proffered for capital improvements for alternative improvements of the same category within the locality in the vicinity of the improvements for which the cash payments were originally made. Prior to utilization of such cash payments for the alternative improvements, the governing body of the locality shall give at least 30 days' written notice of the proposed alternative improvements to the entity who paid such cash payment mailed to the last known address of such entity, or if proffer payment records no longer exist, then to the original zoning applicant, and conduct a public hearing on such proposal advertised as provided in subsection F of § 15.2-1427. The governing body of the locality prior to the use of such cash payments for alternative improvements shall, following such public hearing, find: (a) the improvements for which the cash payments were proffered cannot occur in a timely manner or the functional purpose for which the cash payment was made no longer exists; (b) the alternative improvements are within the vicinity of the proposed improvements for which the cash

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59 payments were proffered; and (c) the alternative improvements are in the public interest.
 60 Notwithstanding the provisions of the Virginia Public Procurement Act, the governing body may
 61 negotiate and award a contract without competition to an entity that is constructing road improvements
 62 pursuant to a proffered zoning condition or special exception condition in order to expand the scope of
 63 the road improvements by utilizing cash proffers of others or other available locally generated funds.
 64 The local governing body shall adopt a resolution stating the basis for awarding the construction
 65 contract to extend the scope of the road improvements. All road improvements to be included in the
 66 state primary or secondary system of highways must conform to the adopted standards of the Virginia
 67 Department of Transportation.

68 D. Notwithstanding any provision of this section or any other provision of law, general or special, no
 69 cash payment proffered pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall be used for any capital
 70 improvement to an existing facility, such as a renovation or technology upgrade, that does not expand
 71 the capacity of such facility or for any operating expense of any existing facility such as ordinary
 72 maintenance or repair.

73 E. Notwithstanding any provision of this section or any other provision of law, general or special,
 74 cash payments proffered pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 may be used for the
 75 purpose of extinguishing development rights elsewhere in the locality if the development rights to be
 76 extinguished are greater than the development rights being granted and the extinguishing of those
 77 development rights results in a perpetual conservation easement. Cash payments proffered may be used
 78 to seek matching funds from the Virginia Land Conservation Foundation and the Virginia Farmland
 79 Preservation Fund.

80 F. The governing body of any locality with a population in excess of 3,500 persons accepting a
 81 cash payment voluntarily proffered pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall within three
 82 months of the close of each fiscal year, beginning in fiscal year 2002 and for each fiscal year thereafter,
 83 report to the Commission on Local Government the following information for the preceding fiscal year:

- 84 1. The aggregate dollar amount of proffered cash payments collected by the locality;
- 85 2. The estimated aggregate dollar amount of proffered cash payments that have been pledged to the
 86 locality and which pledges are not conditioned on any event other than time; and
- 87 3. The total dollar amount of proffered cash payments expended by the locality, and the aggregate
 88 dollar amount expended in each of the following categories:

89	Schools	\$ _____
90	Road and other Transportation Improvements	\$ _____
91	Fire and Rescue/Public Safety	\$ _____
92	Libraries	\$ _____
93	Parks, Recreation, and Open Space	\$ _____
94	Water and Sewer Service Extension	\$ _____
95	Community Centers	\$ _____
96	Stormwater Management	\$ _____
97	Special Needs Housing	\$ _____
98	Affordable Housing	\$ _____
99	Miscellaneous	\$ _____
100	Total dollar amount expended	\$ _____

101 F. G. The governing body of any locality with a population in excess of 3,500 persons eligible to
 102 accept any proffered cash payments pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 but that did not
 103 accept any proffered cash payments during the preceding fiscal year shall within three months of the
 104 close of each fiscal year, beginning in 2001 and for each fiscal year thereafter, so notify the
 105 Commission on Local Government.

106 G. H. The Commission on Local Government shall by November 30, 2001, and by November 30 of
 107 each fiscal year thereafter, prepare and make available to the public and the ~~chairmen~~ Chairmen of the
 108 Senate ~~Committee on Local Government Committee~~ and the House ~~Committee on Counties, Cities and~~
 109 Towns ~~Committee~~ an annual report containing the information made available to it pursuant to
 110 subsections E and F and G.