

HOUSE BILL 374

By Delegate John Cosgrove

TEMPORARY PROFFER REFORM / JOB CREATION

Among the impediments to the recovery of the new housing industry and job growth in many markets in Virginia, is the requirement that Per Lot Cash Proffers and other fees must be paid to localities “UPFRONT”. In most circumstances the Per Lot Cash Proffers, which range from \$15,000 in the Richmond area to as high as \$55,000 Per Lot in Loudon County, must be paid in conjunction with an Application for a Building Permit. In some cases the Per Lot Cash Proffers must be paid prior to that point in the development or construction process.

The required Per Lot Cash Proffers are in addition to the thousands (\$\$\$) of dollars that must be paid “UPFRONT” in most cases for water and sewer connection fees, and the substantial amount other fees that are required to be paid to a locality in connection with the Application for a Building Permit.

Such “UPFRONT” required cash payments to local governments, in the current building and banking environment, stifles job production by the housing industry. In the acquisition, financing and production of every new home in Virginia, over 50 local companies go back to work.

HBAV urges your support for HB 374. The measure would provide for a “TEMPORARY” period of 3 ½ years: *Per dwelling unit or per-home residential cash proffers shall NOT be collected or accepted by a locality until after of final inspection has been completed and prior to the time the same locality issues a Certificate of Occupancy for the subject property.* The measure will only “TEMPORARILY” delay the payment of the cash proffers. It will not reduce or eliminate the amount of the cash proffer. In most localities, cash proffers fund less than 5% of the localities total capital improvement budget. **HB 374 passed the House of Delegates and has been assigned to the Senate Committee on Local Government for review.**

It is also very important to remember that Cash Proffers are not required to be paid to localities to offset the impact of a new home on public facilities. They are paid to offset the impact of the occupants on the new home on public facilities. New homeowners CANNOT occupy a new home until a CO has been issued.

As a result in the significant decline in the production of new housing since 2005, the receipts of Cash Proffers by local governments have also declined significantly. In Fiscal Year 2005, total locality Cash Proffer receipts were just over \$71 million. By Fiscal Year 2009, total locality Cash Proffer Receipts had declined to approximately \$43 million, according to the Virginia Commission on Local Government. HBAV believes this measure could stimulate housing production and job growth, and could result in more cash proffers receipts for localities.